PRODUCT SEGMENTATION, PRODUCT AND PRICING RECOMMENDATIONS, ABSORPTION POTENTIAL, AND LAND PLAN OPTIMIZATION FOR OLYMPIA HILLS IN SALT LAKE COUNTY, UTAH

(EXECUTIVE SUMMARY)

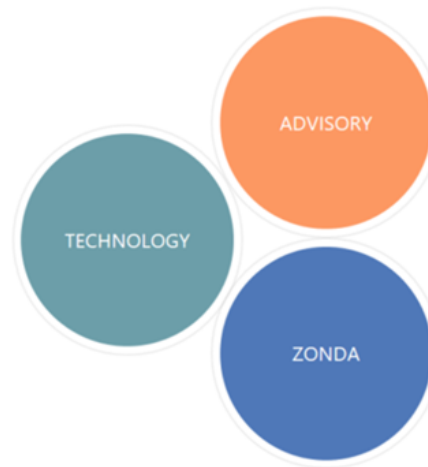PREPARED FOR OLYMPIA LAND LLC
DECEMBER 2019

Metrostudy

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Mark Boud
Chief Economist and Advisory Principal

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- Construction
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- Competitive Measurement
- Civic & County Behaviors
- Government Relations
- Sales and Marketing
- New Product Development

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STATEMENT OF PURPOSE

Metrostudy is pleased to present this Executive Summary report produced for the envisioned Olympia Hills master planned community in Salt Lake County, Utah. **We have designed a community that is sustainable and balanced – both in terms of housing and job creation.** We have evaluated the Salt Lake regional market area in terms of housing supply, demand and supportable values. We have thoroughly examined the competitive market area surrounding the subject community – both in terms of active and future housing. We have examined the economic, socio-economic and demographic foundation that supports new home sales and prices for Salt Lake County and the local market area. We have identified those market segments that are most under-served in the subject area. We have rendered our conclusions and recommendations for housing in this summary report, and determined the ideal magnitude and mix of commercial uses such that the resultant job base generated by Olympia Hills is sufficient to support and sustain the estimated number of workers within Olympia Hills.

Our product and pricing recommendations for Olympia Hills are derived such that the community is able to sustain itself in a true live-work-play environment, providing housing recommendations at densities, home sizes and prices that enable residents to take advantage of employment opportunities within the community, with job-generating commercial space that creates a local employment that sustains the projected household count. The resultant mix of product – both residential and commercial – creates a sustainable community that is able to provide for its population the jobs, services, shopping and recreational opportunities that result in a greatly reduced impact upon surrounding infrastructure.

This report is produced by Mark Boud, Chief Economist, and Evan Forrest, Senior Consultant, with participation from Tom Hayden, National Director of Consulting, and Eric Allen, Regional Director. Metrostudy has been engaged in analyzing real estate market conditions within the state of Utah since 2004.

Please contact us at your convenience with any comments or questions regarding this report, or any other matter relevant to your real estate market research needs. Any questions regarding this study may be directed to Mark Boud.

Respectfully Submitted,

Mark Boud – Principal and Chief Economist
Metrostudy I Meyers RESEARCH

EXECUTIVE SUMMARY AND RECOMMENDATIONS

SITE DESCRIPTION AND CURRENT LAND PLAN

The subject master plan situated in the picturesque foothills of the Oquirrh mountains with strong easterly views toward the Wasatch Mountain Front.

The community is proposed to be zoned for up to 6,330 homes on approximately 831 gross acres (including acreage associated with mixed-use elements of the community), with an additional 100 acres designated for uses associated with Utah State University.

To the right is a rendering of the currently proposed land plan. Below is an acreage summary of land uses:

|	Gross Acres	Net Acres		
		Total	Res.	Non-Res.
Neighborhood	359.9	287.9	273.5	14.4
Village	233.5	186.8	168.1	18.7
Town Center	238.0	190.4	142.8	47.6
USU Land	100.0	100.0	-	100.0
Total	931.4	765.1	584.4	180.7
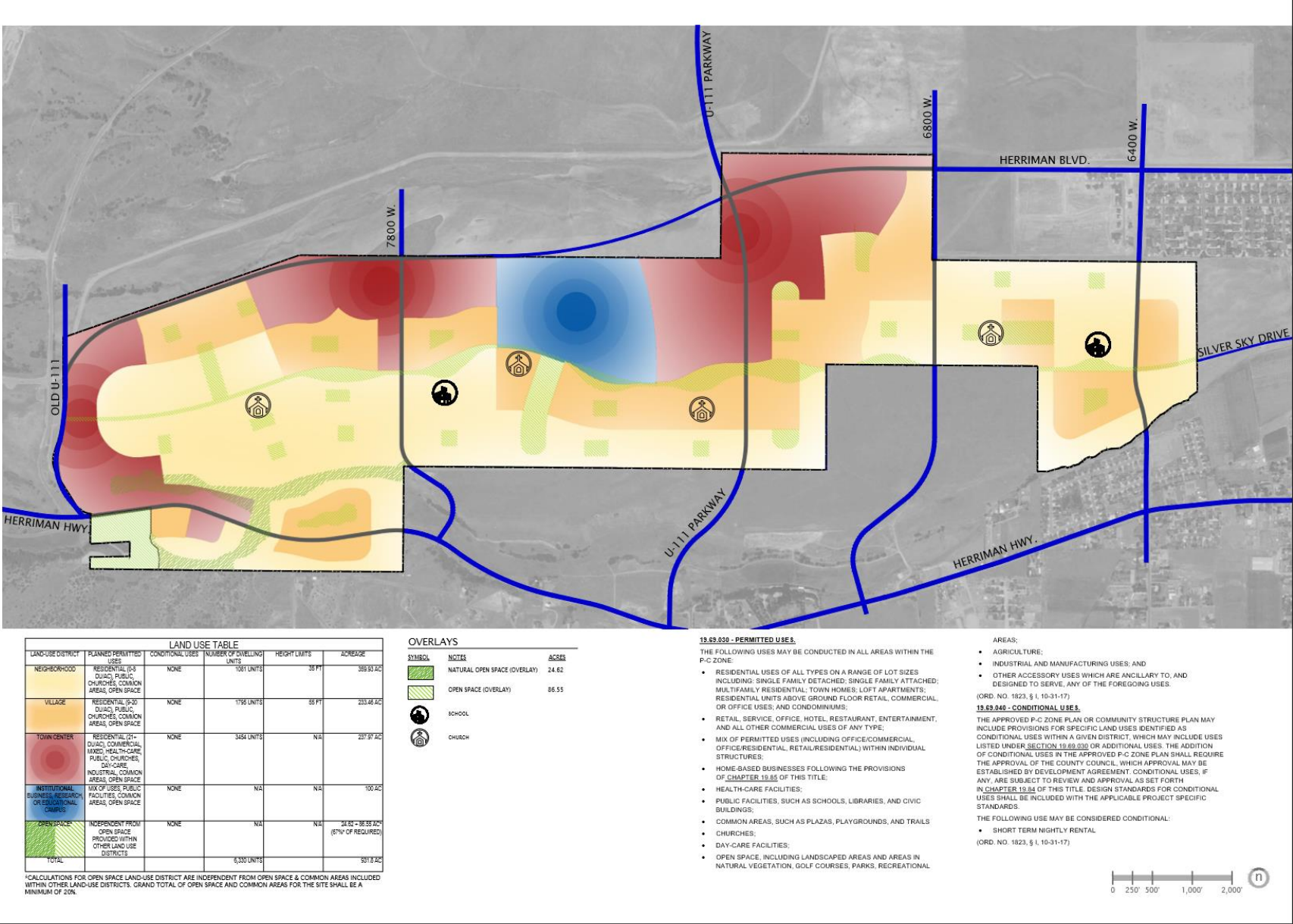
COMPETITIVE MARKET AREA (CMA)

The Olympia Hills local Competitive Market Area (CMA) is defined as the combined zip code areas of 84009 and 84096, generally covering portions surrounding the Daybreak community and the Herriman community, as shown on the map to the right.

Within this CMA, new home market conditions were assessed, current and projected new home supply and inventory levels were set forth, and overall new home demand relative to supply was determined.
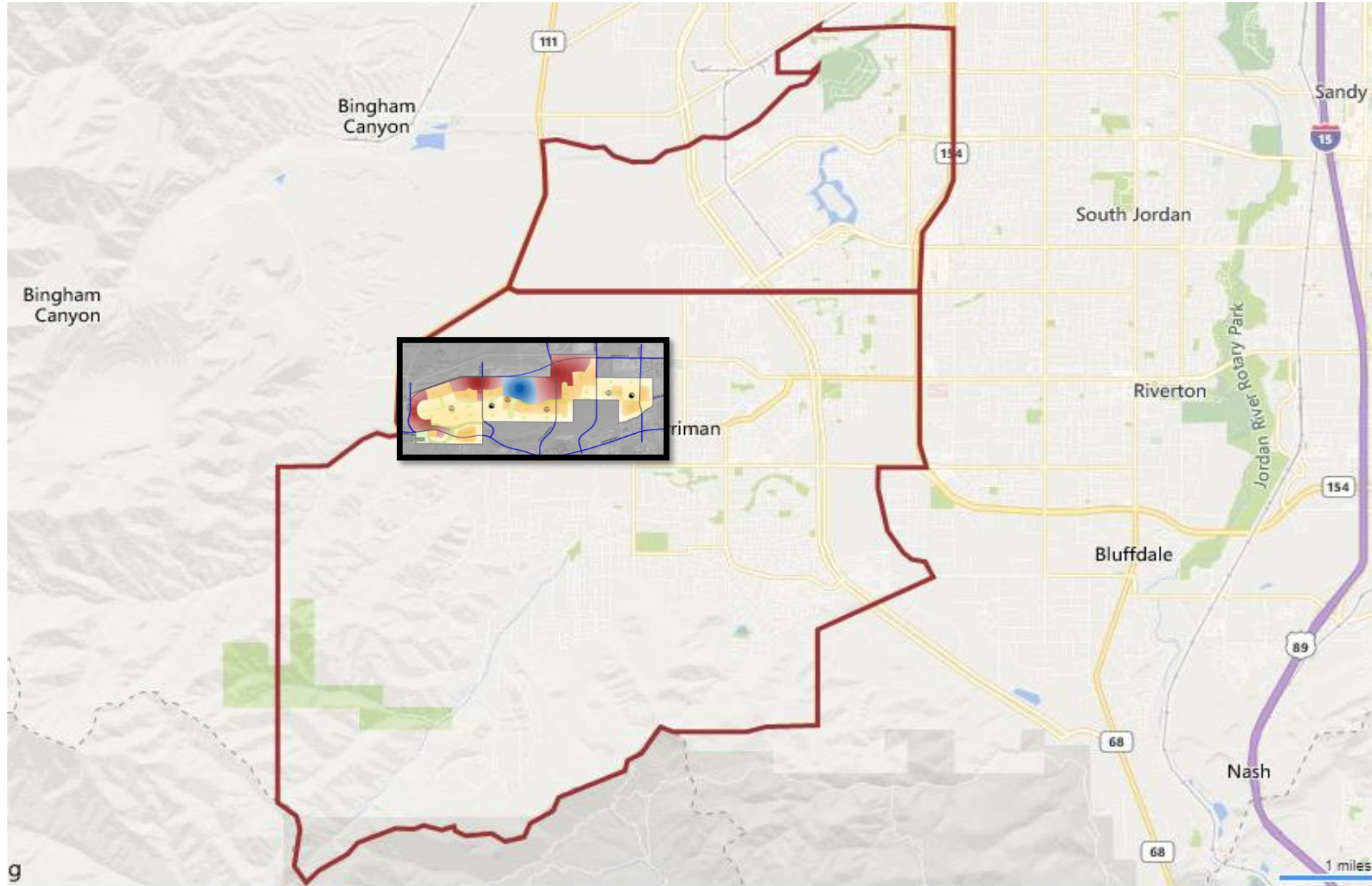
CURRENT CMA CONSUMER GROUPS

The buyer segmentation table and chart shown suggests The Olympia Hills community will draw an abundance of family buyers with children, some Affluent buyers seeking large lots and bench views, and entry level buyers. Below are the top five profiles for Olympia Hills, accounting for over 76% of the market:

Top Five Consumer Groups

| Rank	Consumer Group	Households	Share
1	Family Life Young Children	9,251	32.60%
2	Family Life School Age Children	5,183	18.26%
3	Affluent	3,283	11.57%
1	Entry Level Suburban	2,105	7.42%
5	Entry Level Urban	1989	7.01%
	Percent of Market	**21,811**	**76.86%**

Based on regional and national trends, other opportunities exist at Olympia Hills, and would likely draw new buyer groups if product were directed toward these groups. These include Renters – including renters who are near-term buyers, and Active Adult buyers. Though not represented in large numbers in the site area, these groups would be drawn from other areas of the region if product was designed and priced for these consumer groups.

The following page defines these consumer groups and highlights those most likely to be drawn to Olympia Hills.

NEUSTAR ELEMENT ONE BUYER SEGMENTATION
OLYMPIA HILLS IN SALT LAKE COUNTY
YEAR 2019

Group	NEUSTAR Code Name	Olympia CMA Households	%	Salt Lake County Households	%	United States Households	%	Area Index
G1	Entry Level Suburban	2,105	7.42%	30,792	7.92%	9,875,614	8.04%	92.3
G2	Entry Level Urban	1,989	7.01%	31,333	8.06%	6,516,548	5.30%	132.2
G3	Simple Life Affluent No Children	108	0.38%	12,086	3.11%	8,629,572	7.02%	5.4
G4	Simple Life Moderate Income With Children	550	1.94%	7,696	1.98%	5,163,584	4.20%	46.1
G5	Simple Life Moderate Income No children	36	0.13%	2,658	0.68%	6,577,327	5.35%	2.4
G6	Feature and Location	86	0.30%	34,936	8.98%	8,885,101	7.23%	4.2
G7	Family Life School Age Children	5,183	18.26%	29,672	7.63%	5,572,375	4.53%	402.8
G8	Family Life Young Children	9,251	32.60%	48,539	12.48%	5,932,675	4.83%	675.2
G9	Affluent	3,283	11.57%	51,582	13.26%	10,784,296	8.78%	131.8
G10	Active Adult Entry Level	233	0.82%	9,576	2.46%	7,432,961	6.05%	13.6
G11	Active Adult Feature and Location	1,591	5.61%	39,038	10.04%	12,302,015	10.01%	56.0
G12	Active Adult Affluent	911	3.21%	13,654	3.51%	7,344,299	5.98%	53.7
G13	Renters Near Term Buyers	1,603	5.65%	38,974	10.02%	11,564,587	9.41%	60.0
G14	Renters	1,448	5.10%	38,335	9.86%	16,294,608	13.26%	38.5

Source: Claritas; Real Estate Economics
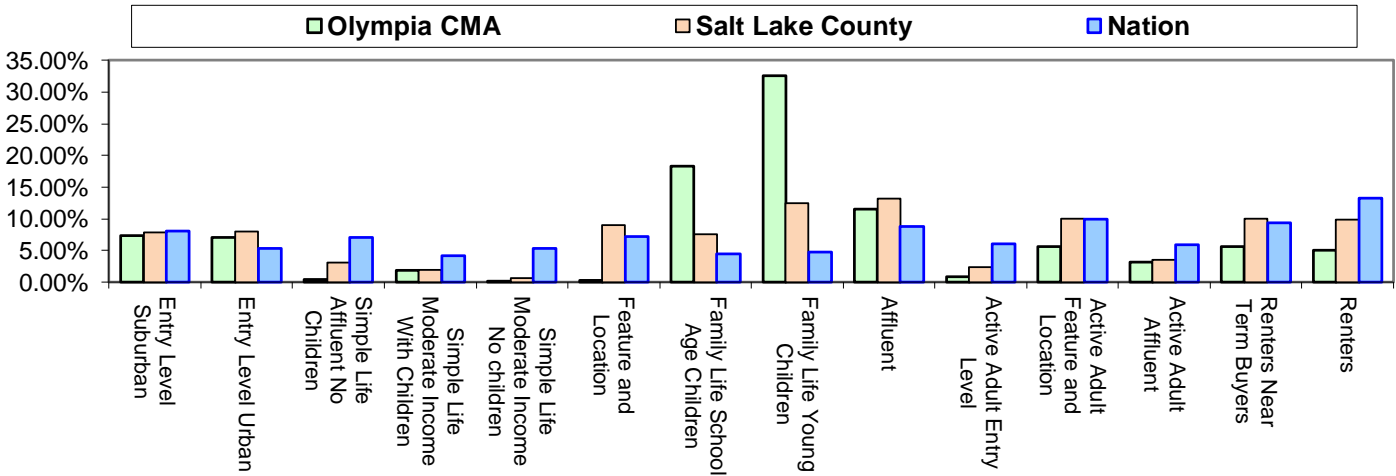
METROSTUDY CONSUMER GROUPS

Shown are the 14 Housing Consumer Groups defined by Metrostudy. Top groups represented within the CMA are circled in Blue while top groups represented in the region that could be drawn to Olympia Hills are circled in Red. It should be noted that, though the description of each consumer group is effective for the subject area, the household incomes, the household incomes shown are national averages.

Though most consumer groups represented in the CMA are drawn to traditional single-family product, extreme price appreciation during the past 5 years will cause many consumers to increasingly consider higher density detached and attached homes due to relative affordability of higher density product. Entry-level and near-term rental buyers will be especially drawn to relatively affordable, higher density product concepts.

ENTRY LEVEL— SUBURBAN

Average Annual HH Income	$38K
Average Age (Head of HH)	50
With Children in HH	36%
Dominant Education	High School Diploma
Married	38%
Homeownership	73%

- Average credit: small savings account; need education on how to budget their money and save to buy a home
- Employed in part-time job(s)
- Not concerned with personally saving the environment
- Use the internet for shopping, work, and entertainment
- High percentage of single parent families

ENTRY LEVEL— URBAN

Average Annual HH Income	$69K
Average Age (Head of HH)	47
With Children in HH	69%
Dominant Education	College Graduate
Married	49%
Homeownership	66%

- Good credit: have some savings including 401k and savings account
- Feel they work hard for their money and are workaholics; often self-employed
- Strong belief in sustainability; will pay more for energy efficiency and sustainability
- Read numerous magazines for news and entertainment
- Very family oriented: spend time and make decisions together; multi-generational households common

SIMPLE LIFE— AFFLUENT, NO CHILDREN

Average Annual HH Income	$125K
Average Age (Head of HH)	50
With Children in HH	14%
Dominant Education	College Graduate
Married	68%
Homeownership	79%

- Financially stable with mortgage, checking, and savings accounts
- Work for the government, either as active military or civilian; or are entrepreneurial, own and run a small business
- Not concerned with personally saving the environment
- Use the internet for shopping, work, and entertainment
- Two-person household; grown children recently left home to work or attend college

SIMPLE LIFE— MODERATE INCOME, WITH CHILDREN

Average Annual HH Income	$64K
Average Age (Head of HH)	39
With Children in HH	84%
Dominant Education	Some College
Married	62%
Homeownership	84%

- Some savings, but may be forced to borrow money for emergencies
- Employed by others in management, administrative work, or real estate
- Not concerned with personally saving the environment
- Heavy tablet use by all family members
- One spouse works, the other stays home with the children

SIMPLE LIFE— MODERATE INCOME, NO CHILDREN

Average Annual HH Income	$41K
Average Age (Head of HH)	52
With Children in HH	17%
Dominant Education	High School Diploma
Married	45%
Homeownership	88%

- Equity in current home is the majority of savings; spend money as quickly as it is earned
- Non-managerial employment including truck driver, retailer, or nurse
- Only concerned about energy efficiency and sustainability if it benefits them directly
- Enjoy gadgets, but not heavily dependent on the latest technology; average smartphone and internet usage
- Male works while the female stays home

FEATURE & LOCATION

Average Annual HH Income	$127K
Average Age (Head of HH)	40
With Children in HH	19%
Dominant Education	College Graduate
Married	52%
Homeownership	52%

- Significant savings in banks and invest in stock and money market accounts
- Own and run medium sized business; will change jobs for higher pay or better company
- Sustainability is important, but not a priority
- Conduct business and shopping on smartphone; shop primarily on the internet
- Multigenerational households common

FAMILY LIFE— YOUNG CHILDREN

Average Annual HH Income	$109K
Average Age (Head of HH)	32
With Children in HH	95%
Dominant Education	College Graduate
Married	86%
Homeownership	95%

- Some savings; will borrow money to purchase a home
- Employed as a manager in finance, insurance, and other professional sectors
- Indifferent about sustainability; will recycle if it's easy, but won't go out of the way
- High smartphone usage; research products and shop primarily on the internet
- Both spouses work; two to three kids under age of 12

FAMILY LIFE— SCHOOL AGE CHILDREN

Average Annual HH Income	$114K
Average Age (Head of HH)	46
With Children in HH	100%
Dominant Education	College Graduate
Married	82%
Homeownership	100%

- Financially stable and want to leave monetary legacy for kids; safe and stable investors
- Employed in education, engineering, and government
- Sustainability important because they believe it's best for their children
- Entertainment for all family members is primarily technology based
- Family focused: life revolves around children and parents put kids needs ahead of their own; two to three kids ages 12 to 18

RENTERS—NEAR TERM BUYERS

Average Annual HH Income	$41K
Average Age (Head of HH)	34
With Children in HH	71%
Dominant Education	High School Diploma
Married	39%
Homeownership	6%

- Little to no savings; credit challenged with limited credit history
- Employed in information systems, technical studies, managerial support, or sales
- Not concerned with personally saving the environment
- Affinity for latest technology; communicate on social media
- Engaged or living with partner; four or more children living at home

RENTERS

Average Annual HH Income	$33K
Average Age (Head of HH)	49
With Children in HH	29%
Dominant Education	High School Diploma
Married	27%
Homeownership	6%

- Credit challenged; not financially secure
- Temporarily unemployed or collecting disability
- Not concerned with personally saving the environment
- High smartphone usage; heavily influenced by media and advertisements
- Live alone or with partner

ACTIVE ADULT— ENTRY LEVEL

Average Annual HH Income	$24K
Average Age (Head of HH)	74
With Children in HH	3%
Dominant Education	High School Diploma
Married	28%
Homeownership	99%

- Live on a fixed income; very budget conscious
- Retired
- Feel indifferent about sustainability; will recycle if financially beneficial
- Little to no internet usage; read magazines and newspapers
- High percentage of widows; often live alone

ACTIVE ADULT— FEATURE & LOCATION

Average Annual HH Income	$61K
Average Age (Head of HH)	68
With Children in HH	4%
Dominant Education	College Graduate
Married	45%
Homeownership	73%

- Savings are in "safe" accounts, e.g. money market, annuities
- Retired; served in the armed forces
- Sustainability is important, but not a priority
- Read newspaper daily
- Not tech savvy: do not use internet on mobile devices
- Married; have grandchildren

ACTIVE ADULT— Affluent

Average Annual HH Income	$91K
Average Age (Head of HH)	64
With Children in HH	2%
Dominant Education	College Graduate
Married	70%
Homeownership	99%

- Excellent credit; strictly manages money; investments include IRA, CDs, and life insurance
- Retired; highly educated
- Strong belief in sustainability; will pay more for energy efficiency and sustainability
- Read newspaper daily; don't use mobile to shop
- Married; have grandchildren

Affluent

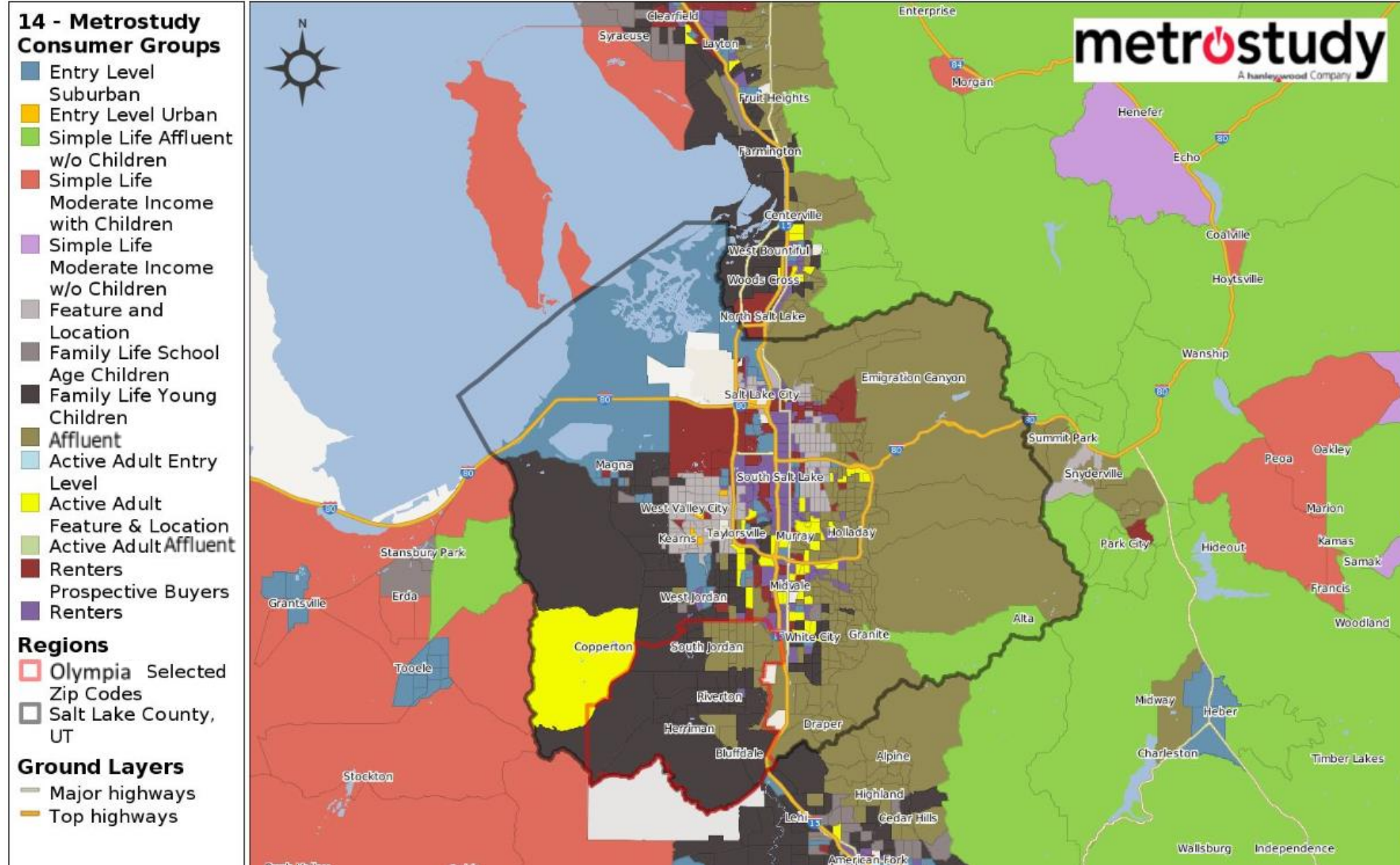|	
Average Annual HH Income	$175K
Average Age (Head of HH)	51
With Children in HH	35%
Dominant Education	College Graduate
Married	80%
Homeownership	90%

- Financially savvy and secure; high net-worth, have investments and 401k
- Employed as managerial architect, engineer, or doctor, and often self-employed
- Sustainability is important and part of their lifestyle
- Research, purchase, and conduct business primarily on the internet
- One or both adults work from home; older children of high school and college age

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The map shown presents a color coding of the dominant consumer groups throughout Salt Lake Valley. Olympia Hills CMA is heavily dominated by 'Family Life with Young Children' households. **'Affluent'**, **'Entry level Suburban', 'Feature & Location', 'Active Adult Feature & Location' and 'Simple Life'** households are all well represented within the Valley, but are represented in much smaller shares within the Olympia Hills CMA.

Salt Lake County, UT - Dominant 14 Consumer Groups by Block Group

14 - Metrostudy Consumer Groups
- Entry Level Suburban
- Entry Level Urban
- Simple Life Affluent w/o Children
- Simple Life Moderate Income with Children
- Simple Life Moderate Income w/o Children
- Feature and Location
- Family Life School Age Children
- Family Life Young Children
- Affluent
- Active Adult Entry Level
- Active Adult Feature & Location
- Active Adult Affluent
- Renters Prospective Buyers
- Renters

Regions
- Olympia Selected Zip Codes
- Salt Lake County, UT

Ground Layers
- Major highways
- Top highways

REGIONAL OVERVIEW

The Salt Lake City, UT CBSA is currently facing severe housing shortages, which has led to significant price appreciation during the past several years. Since the trough of the previous recession in Year 2011, the average price of housing in this region has increased by 82%. This rapid appreciation has resulted in an over valuation of the housing market which has increasingly inhibited sales volume. It is price exclusion, not the lack of housing demand, that is currently restricting absorption in the region.

Metrostudy believes based on current trends, the Salt Lake region's new home closings are predicted to increase in 2019 by 5.1% relative to 2018. Thereafter, growth will slow modestly in Year 2020 as price exclusion and higher costs restrict supply and sales activity. During Years 2021 and 2022 closings may recede from Year 2019/20 peak levels due to a predicted mild recession. Still, overall closings are forecast to remain above Year 2018 levels. As housing supply increases in the lower to moderate price ranges (largely due to the introduction of Olympia Hills), the rate of closings is forecast to exceed 5,000 new homes from Year 2022 through the end of the forecast.

There is evidence that Salt Lake City's economy and housing market remain vibrant and is expanding:

- Employers added over 20,500 jobs to their payrolls in the 12 months ended 3Q'19, and the Wasatch Front continues to diversify its economic base.
- Salt Lake County currently has a 3.2% unemployment rate. Salt Lake County's unemployment level is below that of the state of Utah (3.5%), and well below the National rate (4.5%).
- In-migration into Salt Lake County – both in terms of population and companies - continues at a strong pace. The high level of education combines with an abundance of younger workers to draw an abundance of tech companies to the region.
- Punitive tax laws in California, Washington and other high-cost/high-equity states continues to fuel the draw to Salt Lake County.
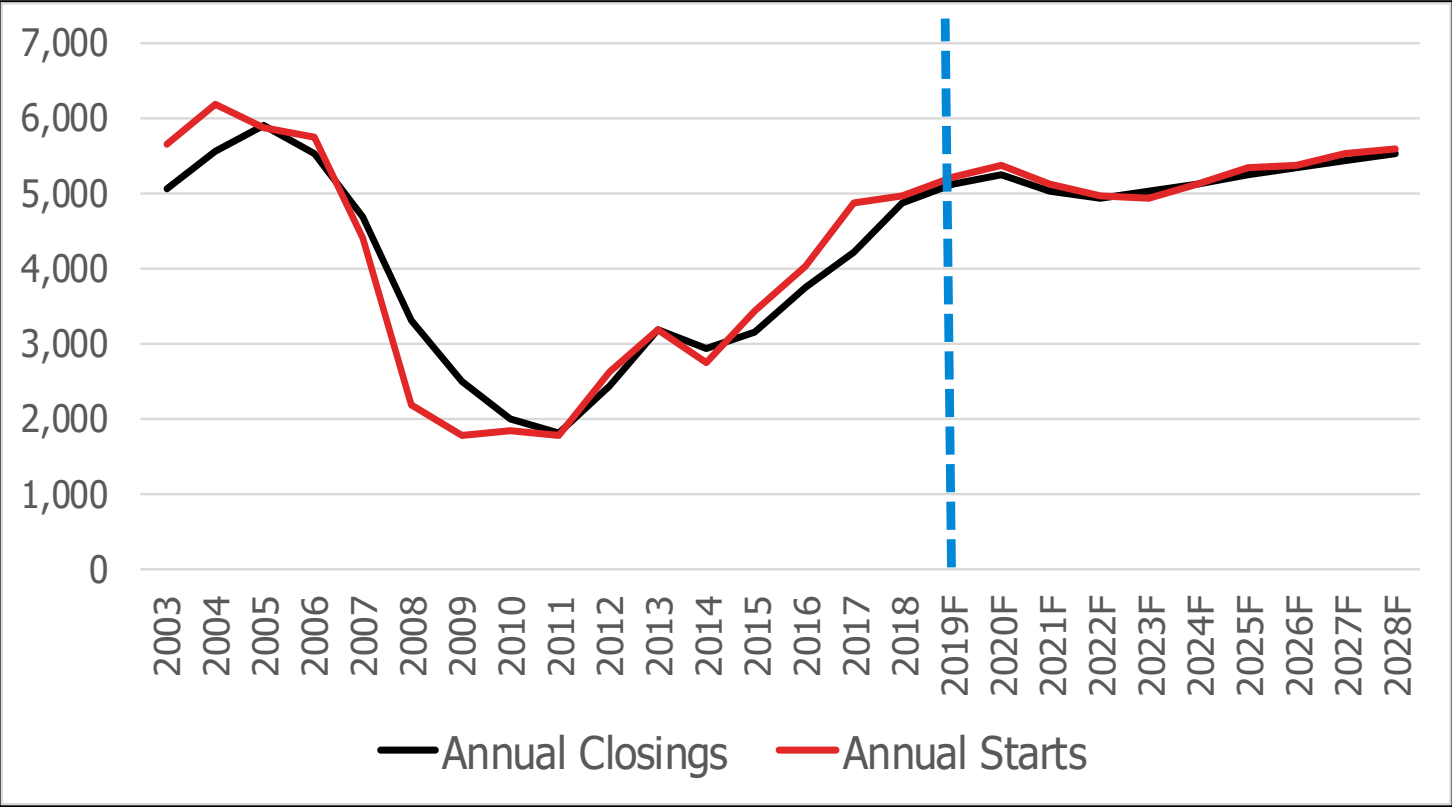
# REGIONAL HOUSING SUPPLY AND DEMAND PATTERNS AND NEAR-TERM FORECAST

Recent trends and the near-term forecast associated with the supply and economic-driven demand for housing in the subject region identify a severe positive mismatch between housing demand and supply, resulting in housing shortages that have exacerbated exorbitant price appreciation and exclusion.

Legend: Total Housing Supply — Total Housing Demand
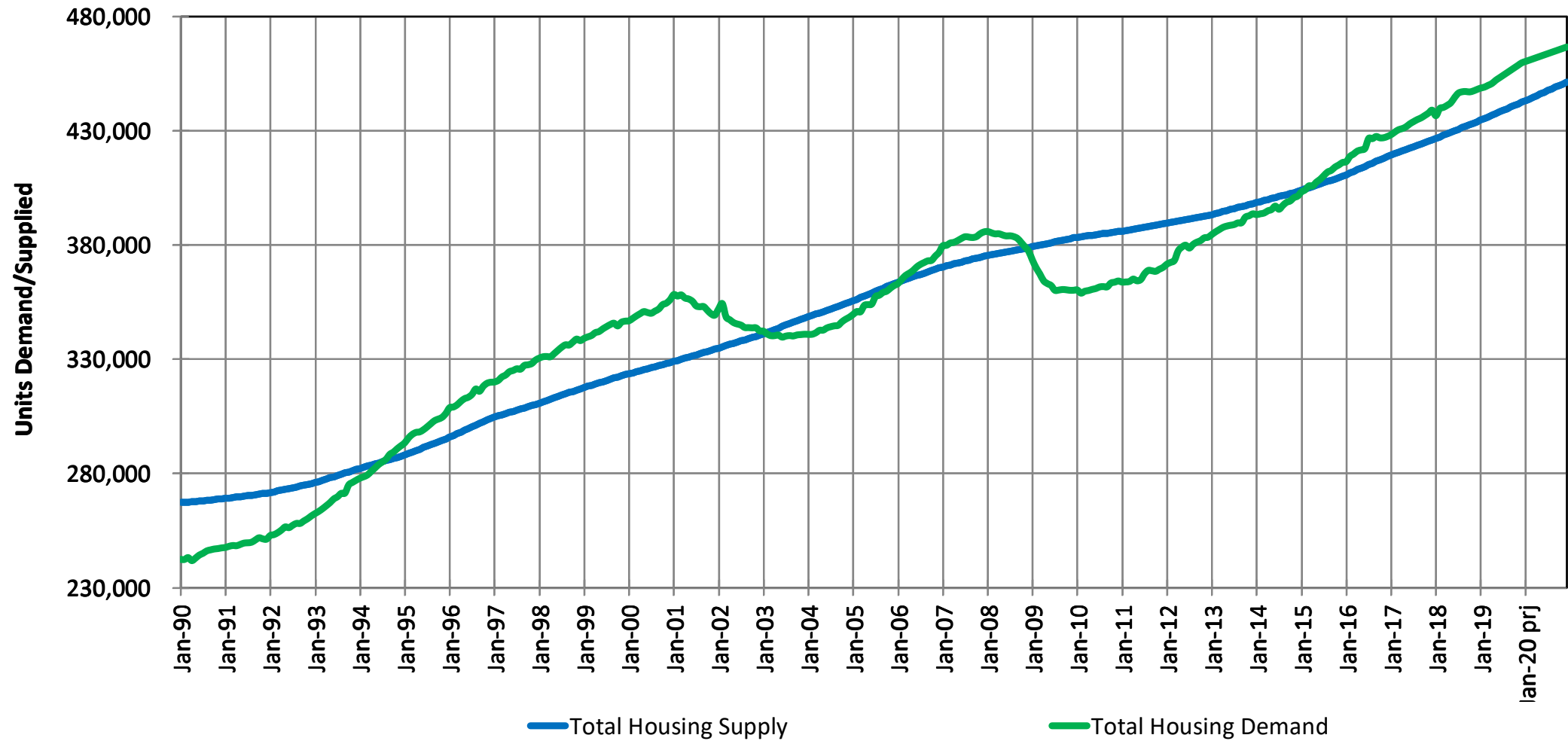
REGIONAL HOUSING SUPPLY AND DEMAND PATTERNS AND NEAR-TERM FORECAST

Because the regional economy has generated housing demand such that housing supply has not kept pace, housing shortages currently exceed 15,000 new homes and apartments throughout the region, peaking in pent-up housing demand in excess of 17,000 homes during the next 12 months.
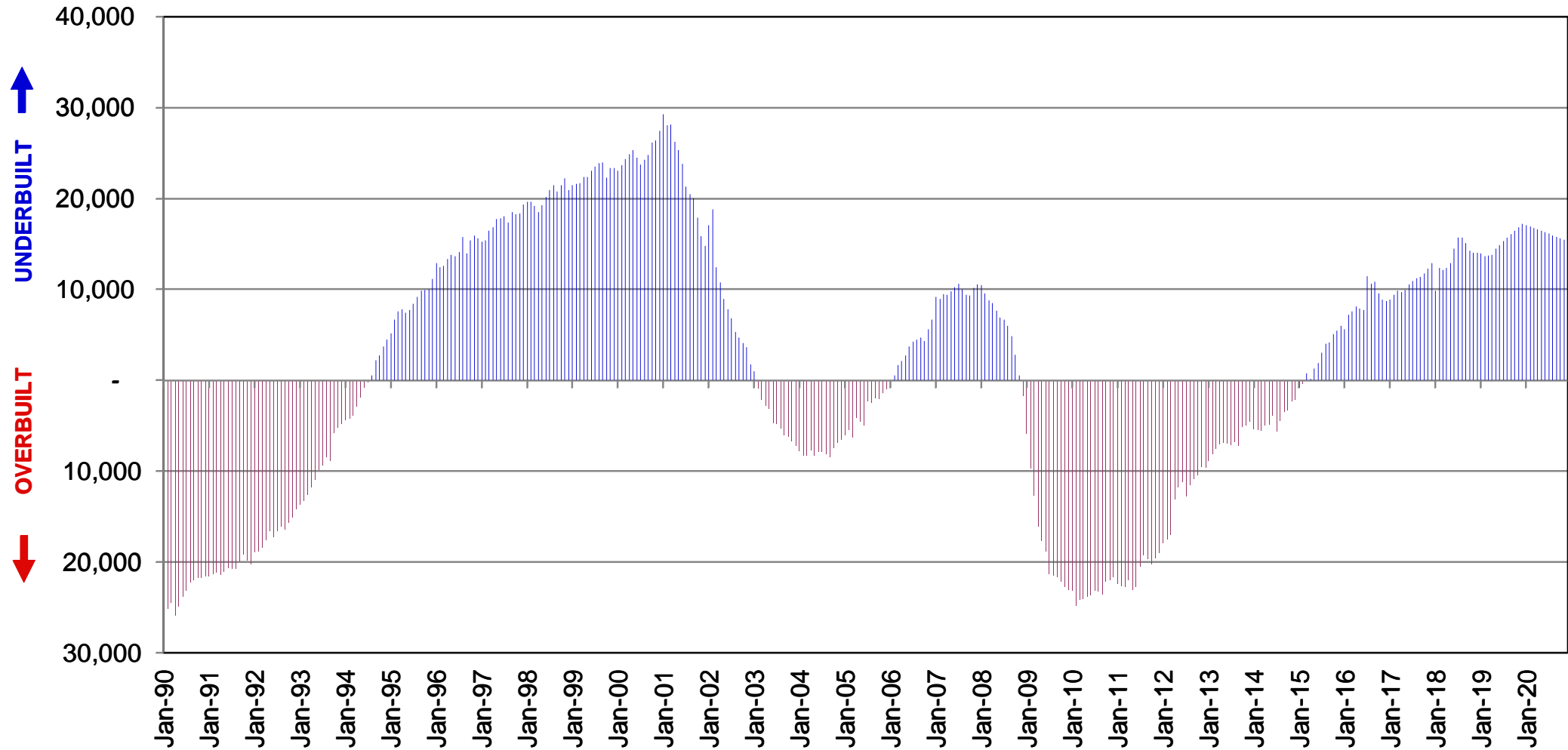
REGIONAL HOUSING VALUATION PATTERNS AND NEAR-TERM FORECAST

Severe housing shortages have led to prices rising 82% since Year 2011, resulting in an over valuation of the housing market which has increasingly inhibited sales volume, diverting huge amounts of housing demand toward Utah County where lower priced new homes are more abundant.

Legend: Historical/Forecast Home Price — Income Supported Home Price
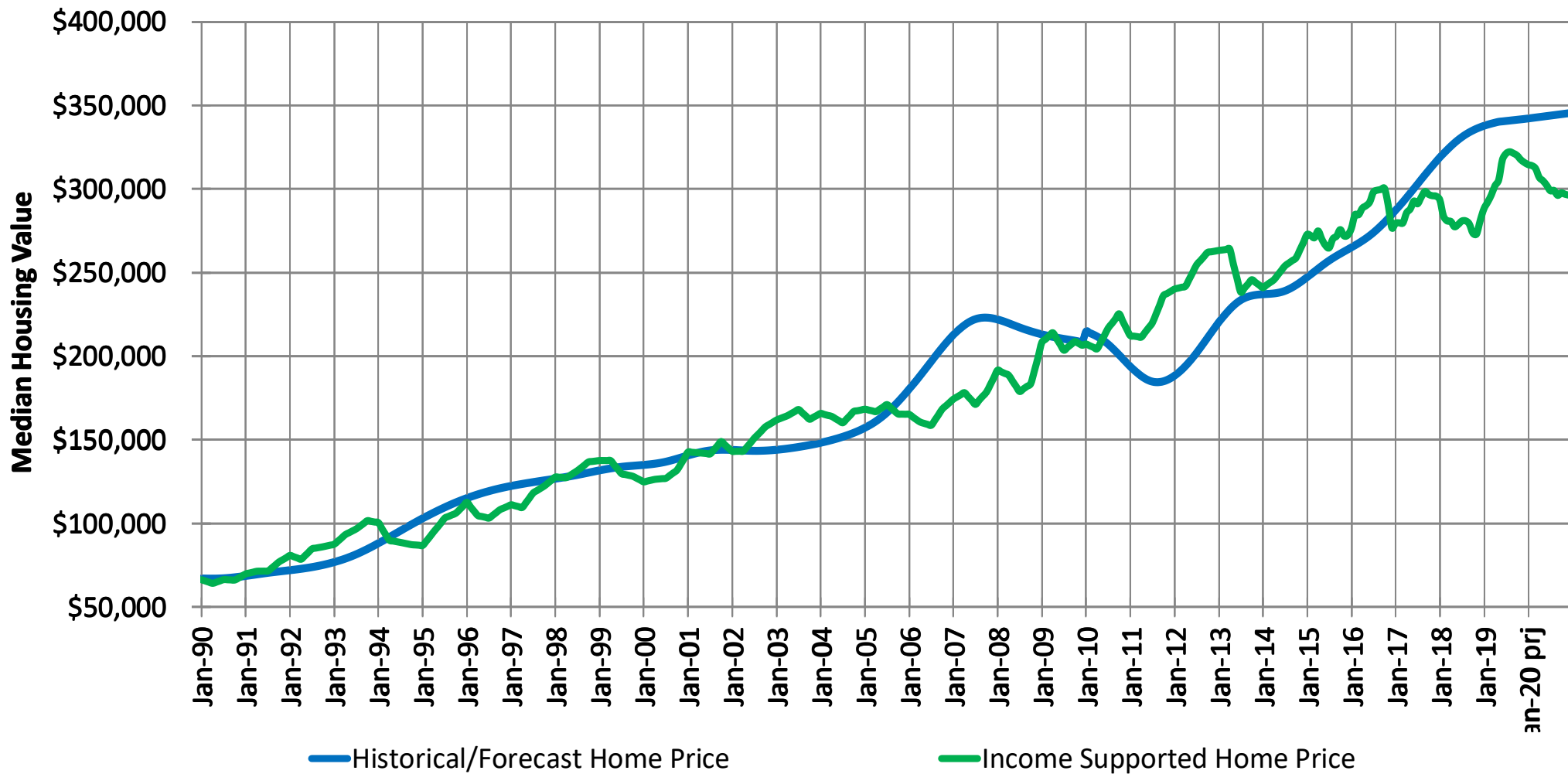
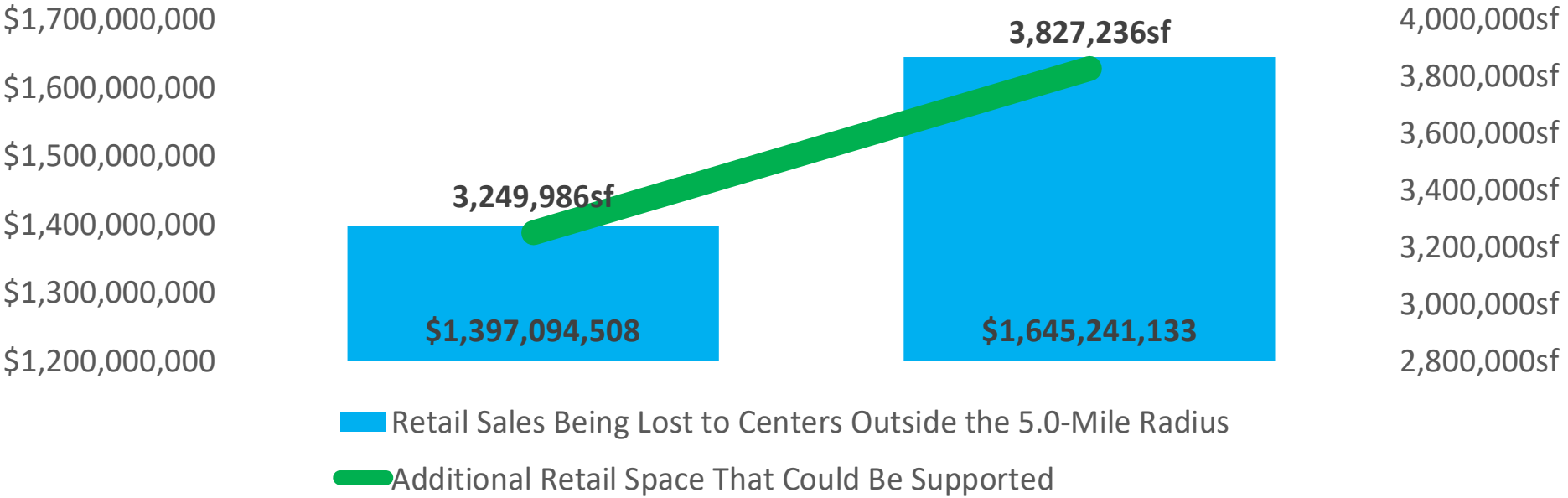# REGIONAL HOUSING OVER/UNDER VALUATION PATTERNS AND NEAR-TERM FORECAST

Housing has been less affordable in current and predicted near-term cycle than it was during the 'bubble' of Years 2006-08. It is price exclusion, not the lack of housing demand, that is currently restricting absorption in the Salt Lake region. If more affordable housing options at offered at Olympia Hills, less new housing demand would be diverted to Utah County.
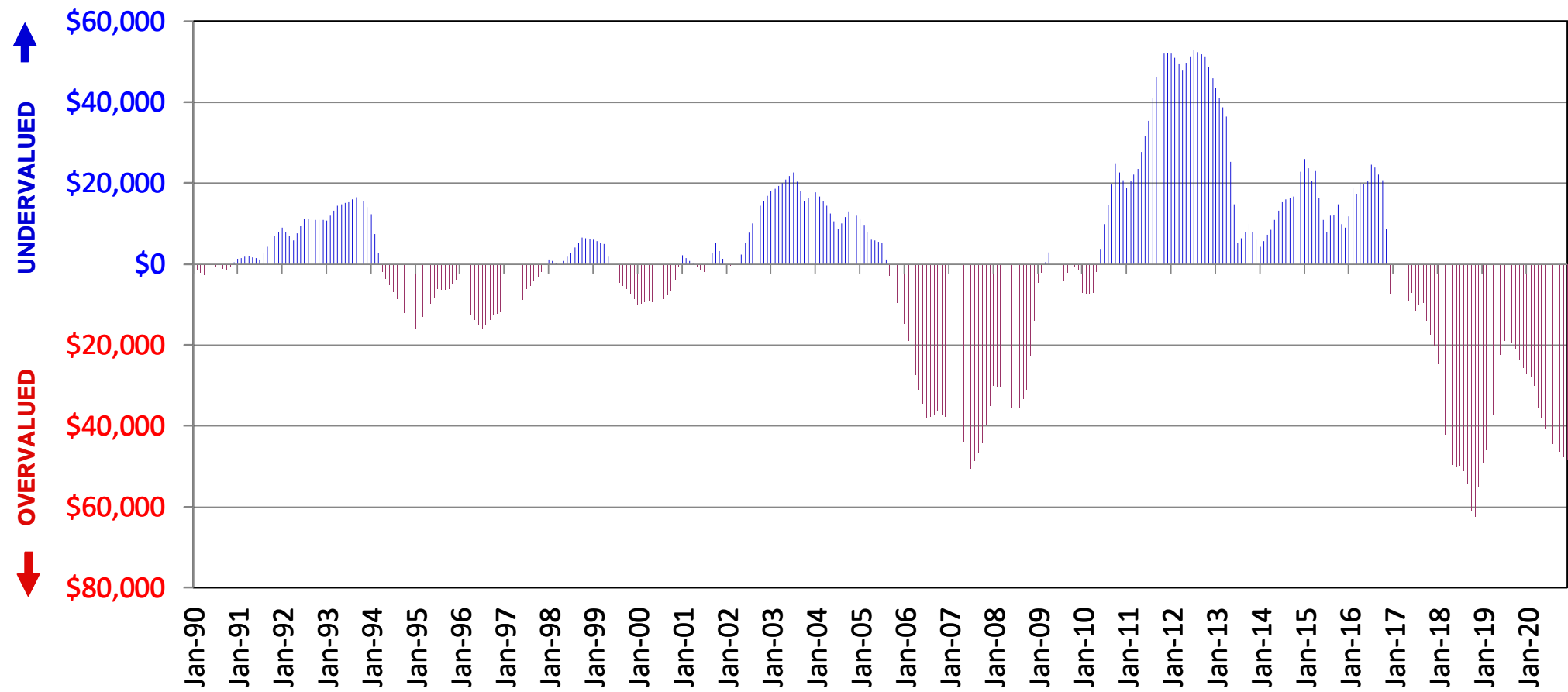
REGIONAL COMMERCIAL SUPPLY/DEMAND PATTERNS

Retail Stores	2019 Estimated Retail Sales	2019 Resident Expenditures	2024 Resident Expenditures	5.0-mile radius Opportunity Gap or (Surplus)	
				Yr. 2019	Yr. 2024
GLA in Shopping Centers w/in a 5.0-mile Radius:	2,343,725sf	5,593,711sf	6,170,961sf	3,249,986sf	3,827,236sf
Total Retail Sales Incl Eating and Drinking Places	$1,007,513,756	$2,404,608,264	$2,652,754,889	$1,397,094,508	$1,645,241,133
2019 Retail Expenditures Per Sq.Ft. of Resident Pop	$429.88/sf	$1,025.98/sf	$1,025.98/sf		
2019 Retail Expenditures Per Person of Resident Pop	$7,498/person	$17,895/person	$17,895/person		
Total Pop. in 5.0-mile Ring (incl. subject site):		**134,375 persons**	**148,242 persons**		

Legend:
- ■ Retail Sales Being Lost to Centers Outside the 5.0-Mile Radius
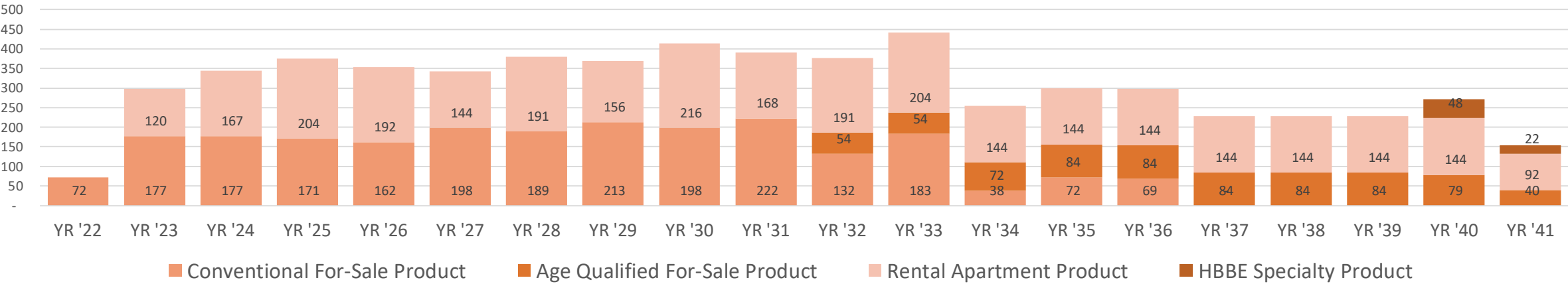- ▬ Additional Retail Space That Could Be Supported

SUMMARY OF PRODUCT AND PRICING RECOMMENDATIONS FOR OLYMPIA HILLS

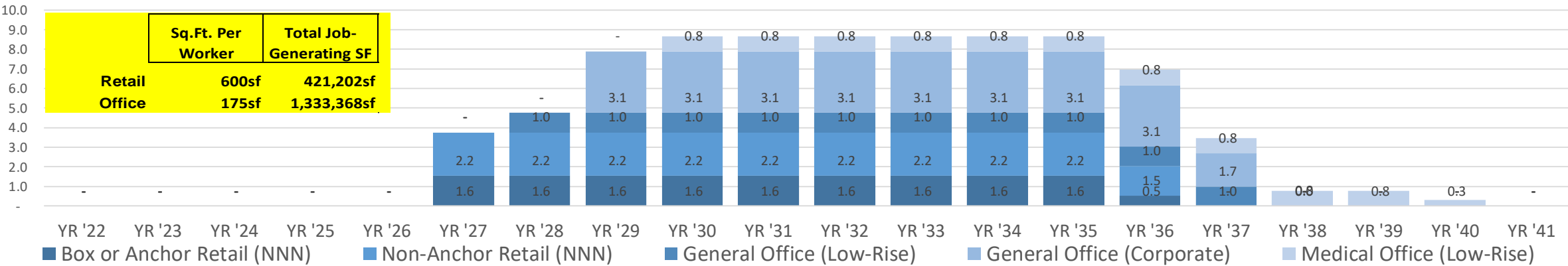| Product Type	Product Description	Average Home Sq.Ft.	Minimum Lot Size (Sq.Ft.)	Density (DU/Acre)	Price Recommendations Base	Price Recommendations Average	Sales Target
Rental	Apartments - 3-4 story Walk-up	900sf	900sf	30.0/acre	$1,176/mo.	$1,199/mo.	12.0/mo.
Rental	Apartments - 1-3 story Garden	1,150sf	1,500sf	17.0/acre	$1,489/mo.	$1,508/mo.	8.0/mo.
Market	Towns/ Flats	1,125sf	1,600sf	16.0/acre	$252,000	$254,533	3.00/mo.
Market	Row Towns	1,375sf	2,200sf	12.0/acre	$279,667	$282,967	3.00/mo.
Market	Alley/ Cluster/ Paseo (no bsmt)	1,600sf	2,800sf	9.0/acre	$316,333	$320,533	3.00/mo.
Market	Alley w/ Detached Garage/ Studio (no bsmt)	1,800sf	3,600sf	7.5/acre	$345,000	$349,800	3.00/mo.
Market	SFD 40x100'/ 50'x80' Lot (bsmt)	1,950sf	4,000sf	6.8/acre	$367,667	$374,933	2.75/mo.
Market	SFD 50'x100'/ 45'x110' Lot (bsmt)	2,150sf	5,000sf	5.0/acre	$394,000	$404,500	2.50/mo.
Market	SFD 60'x100'/ 55'x110' Lot (bsmt)	2,450sf	6,000sf	4.1/acre	$428,000	$442,000	2.25/mo.
Market	SFD 70'x100'/ 65'x110' Lot (bsmt)	2,750sf	7,000sf	3.6/acre	$463,333	$481,267	2.00/mo.
Market	SFD 80'x'110/ 70'x120' Lot (bsmt)	3,100sf	8,800sf	3.0/acre	$507,333	$530,067	1.75/mo.
Market	SFD 90'x120' Lot (bsmt)	3,600sf	10,800sf	2.4/acre	$587,333	$617,533	1.50/mo.
Market	1/2 Acre Estates (bsmt)	4,000sf	21,780sf	1.3/acre	$701,000	$728,167	0.75/mo.
AQ	AQ Attached Villas (no bsmt)	1,200sf	3,600sf	7.5/acre	$311,000	$324,933	2.50/mo.
AQ	AQ Detached Villas/ Cluster/ Alley (no bsmt)	1,500sf	4,000sf	6.0/acre	$353,000	$371,167	2.00/mo.
AQ	AQ 50'x100' Lot (bsmt)	1,650sf	5,000sf	5.0/acre	$376,000	$397,833	1.50/mo.
AQ	AQ 60'x100' Lot (bsmt)	2,050sf	6,000sf	4.0/acre	$415,667	$439,800	1.00/mo.
HBBE	HBBE Work Lofts (above Retail)	1,150sf	1,400sf	14.0/acre	$252,667	$267,333	2.00/mo.
HBBE	HBBE Shopkeeper Towns	1,675sf	2,200sf	12.0/acre	$294,333	$311,433	2.00/mo.
NonRes	Box or Anchor Retail (NNN)	13,000sf	43,560sf	1.0/acre	$237/sf		1.6 acres per yr.
NonRes	Non-Anchor Retail (NNN)	10,900sf	43,560sf	1.0/acre	$277/sf		2.2 acres per yr.
NonRes	Flex/ Light Industrial (NNN)	14,500sf	43,560sf	1.0/acre	$136/sf		3.7 acres per yr.
NonRes	General/Tech Office (Low-Rise)	20,500sf	43,560sf	1.0/acre	$206/sf		1.0 acres per yr.
NonRes	General/Tech Office (Mid-Rise)	36,000sf	43,560sf	1.0/acre	$220/sf		0.6 acres per yr.
NonRes	General/Tech Office (Corporate Tech User)	36,000sf	43,560sf	1.0/acre	$203/sf		3.1 acres per yr.
NonRes	Medical Office (Low-Rise)	20,500sf	43,560sf	1.0/acre	$235/sf		0.8 acres per yr.

Note: All or portions of these highlighted product categories provide homes within the Affordable Housing limits.

Source: Metrostudy

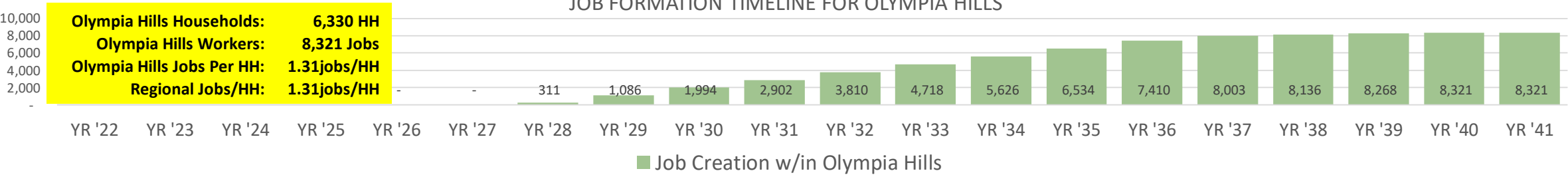# RESIDENTIAL OPTIMIZED LAND PLAN AND ABSORPTION TIMELINE FOR OLYMPIA HILLS

RESIDENTIAL ABSORPTION TIMELINE FOR OLYMPIA HILLS

Legend: Conventional For-Sale Product ■ Age Qualified For-Sale Product ■ Rental Apartment Product ■ HBBE Specialty Product

NON-RESIDENTIAL ABSORPTION TIMELINE FOR OLYMPIA HILLS

	Sq.Ft. Per Worker	Total Job-Generating SF
Retail	600sf	421,202sf
Office	175sf	1,333,368sf

Legend: Box or Anchor Retail (NNN) ■ Non-Anchor Retail (NNN) ■ General Office (Low-Rise) ■ General Office (Corporate) ■ Medical Office (Low-Rise)

JOB FORMATION TIMELINE FOR OLYMPIA HILLS

Olympia Hills Households:	6,330 HH
Olympia Hills Workers:	8,321 Jobs
Olympia Hills Jobs Per HH:	1.31jobs/HH
Regional Jobs/HH:	1.31jobs/HH

Legend: ■ Job Creation w/in Olympia Hills

metrostudy

SUMMARY AND CONCLUSIONS

Olympia Hills has the following positive features that greatly strengthen its position in the CMA and overall market:

- Olympia Hills is being designed to offer homes which tend to be smaller, lower priced and at higher densities than surrounding neighborhoods, allowing entry level buyers who are otherwise price-excluded from housing ownership in the area, to live and work in the same community. Even rental product is positioned to 'incubate' demand - to fuel increasing levels of for-sale housing demand as renter households mature.

- By offering the full spectrum of housing – from affordable apartments to executive move-up housing - Olympia Hills is defined as an effective 'launching pad' for renters and entry level buyers who will seek to move up 'in place' – within the very community that gave them the opportunity to advance over time. Each household is offered a sustainable path forward within the community. This format is ideal in terms of drawing the younger, tech-oriented workers that a **Silicon Slopes**-type corporation seeks.

- Olympia Hills, like Daybreak, will offer true master planned definition, offering amenities and open space that allow for the higher densities needed to reduce price. Parks, play areas, pathways, community centers, etc. all reduce the need for excessive yard space and promote a more sustainable living environment. The community, in effect, becomes the 'back yard', reducing the demand and need for large lots as household members are drawn to bigger community spaces.

- Olympia Hills offers access to major commuter routes, mass transit, local and regional employment centers, services and shopping.

- Olympia Hills is designed as a 'live-work-play' community, with enough job-generating commercial and tech-oriented office space to sustain a job base that is in balance with the anticipated household count. Though the local household transition to local jobs will take time, the strategic location and anticipated absorption of a **Silicon Slopes** extension in terms of job-generating space within the master plan allows for this sustainable transition to occur. **The accommodation of an abundance of tech-oriented office space will be an essential part of the master planned strategy in terms of balance and design.**

- Olympia Hills is designed to accommodate emerging technologies that will dramatically impact the housing market. Autonomous vehicles may reduce the need for 2-car and 3-car garages – even on executive move-up homes. Drone deliveries change the potential design of master planned infrastructure. New energy technologies change the design of housing and utility infrastructure, and reduce the burden of utilities for the master plan.

SUMMARY AND CONCLUSIONS (cont.)

Potential challenges and concerns associated with Olympia Hills are:

- If Olympia Hills is forced to develop larger, lower density housing (which has been the regional trend for the past several years) it, like most surrounding neighborhoods, will contribute to price exclusion and an over supply of larger move-up housing, resulting value degradation for larger homes while enormous levels of unrealized housing demand continue for inadequately supplied homes in the lower price ranges or rental ranges. **A community of larger, lower density single-family homes will miss the mark in terms of matching the household profile with the abundance of tech-oriented jobs anticipated to be drawn to Olympia Hills.**

- An artificially low unit count for Olympia Hills won't reduce housing demand or resolve local infrastructural challenges. Rather, it will simply deflect the demand 'down the road' toward Utah County's rapidly growing Saratoga Springs and Eagle Mountain communities – resulting in higher commuter traffic and overburdened demand for more freeways and thoroughfares.

- An effective master planned design is essential to the success of the community, enabling and promoting diversity, affordability, balance, cost-effective infrastructure and a park system/open spaces that act as an effective substitute for yard size. Instead of larger back yards, the master planned community, in effect, becomes the 'back yard' for each household. Without master planned design, these positive elements are not possible.

Based on the proposed product offerings and trends in the surrounding CMA, Metrostudy believes the Olympia Hills master plan has the potential to absorb an average of approximately 200 new homes during its anticipated peak years of 2027 – 2033, with an average annual absorption of about 200 new apartment units during the same peak years of development. These rates are based upon the projected growth of the Salt Lake City economy and housing market, upon forecast levels of home production in the region, upon the Olympia Hills CMA capture rate of the market, and upon the Subject Property's capture rate within the CMA.

Based upon all information provided in this report, the presented product and pricing recommendations, the competitive positioning, and the optimized land plan for the Olympia Hills Master Plan are optimally situated for both near- and long-term opportunities, while job-generating commercial space is configured such that the jobs-to-household ratio for Olympia Hills is in balance.

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