

Block 43 Cottages

A 176-unit Student Housing Community Conversion to Single-Family Rentals Opportunity to Serve the 775,000+ Residents of Greensboro, North Carolina



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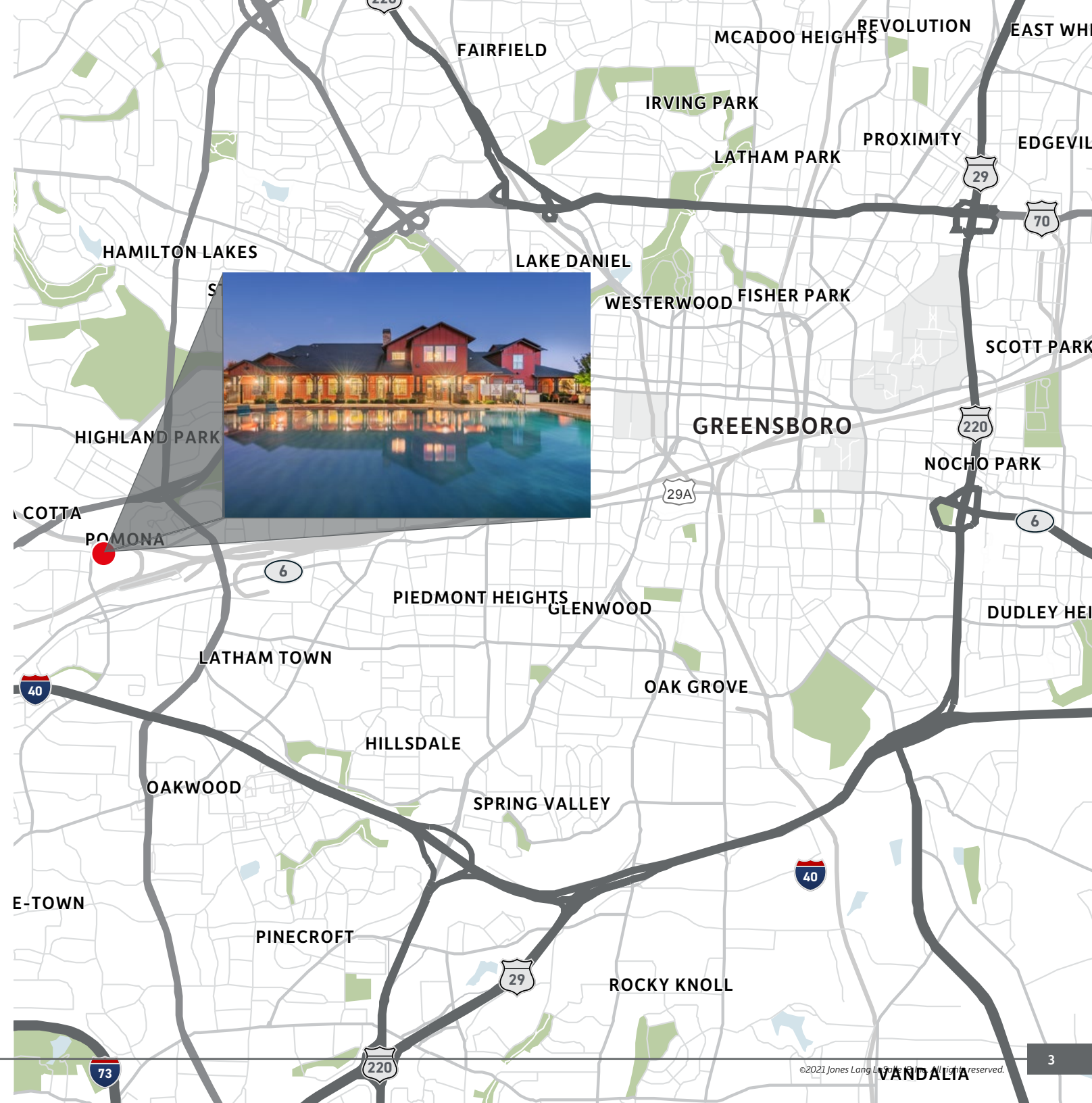
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Executive Summary

Jones Lang LaSalle, L.P., JLL Real Estate Limited (collectively “JLL”) proudly presents the Block 43 Cottages (the “Property”), a 176-home residential community situated in west Greensboro, North Carolina. The Property currently operates as a student-housing community with 98% occupancy. Given the exceptional Single-Family Rental (“SFR”) demand peripherals in Greensboro, the Property presents a preeminent opportunity to convert the cottage-style student-housing units into SFRs. Uniquely positioned in the market with 2-, 3-, and 4-bedroom layouts, state-of-the-art amenities, professional property management, and modern construction, **the Block 43 Cottages will give families a welcomed alternative to the vintage and limited SFR options in Greensboro.**

This SFR-conversion opportunity is aptly timed to meet the explosive housing demand in the Greensboro market. **The booming population of Greensboro – expanding to 782,607 residents in 2021 representing a 6.5% increase since 2012 – is outpacing the growth of the broader United States population.** Greensboro’s largest demographic cohort of 20- to 40-year-old young adults comprise a 31% majority of the city’s population, evidence that Greensboro is a favored destination among Millennials to start their families. **The property accommodates 3 paved parking spots per unit** providing ample space for young families hoping to have children. Furthermore, the Cottages have dual generational appeal as Baby Boomers downsize and seek lock-and-leave lifestyles. Boomers, aged 55 to 75, counterbalance their younger generation and account for 20% of Greensboro’s population.

The sparse supply and heightening demand differential is distinctly exhibited in Greensboro’s average home price trends. Over the last decade, home prices surged 50% – with exponential growth of 20% in the previous two years – again exceeding the broader national rate. The discontinuity in SFR supply & demand will stretch wider as the surrounding population continues its current upward trajectory more quickly than the city can build new residences. Subsequently, the **Greensboro housing market holds a superior occupancy rate of 97%, while landlords enjoyed a 10.5% rent growth across the city.**



PROPERTY SUMMARY

ADDRESS	3643 Clifton Rd
PRODUCT TYPE	Cottage-Style SFR
UNITS	176
BEDROOMS	600
AVERAGE UNIT SIZE	1,667 SF
YEAR BUILT	2011
OCCUPANCY	98%
AVG. RENT / UNIT (STUDENT - IN PLACE)	\$1,977 (\$1.19/SF)
AVG. RENT / UNIT (SFR - CONVERSION)	\$2,117 (\$1.34/SF)
PARKING SPACES	629

UNIT MIX SUMMARY

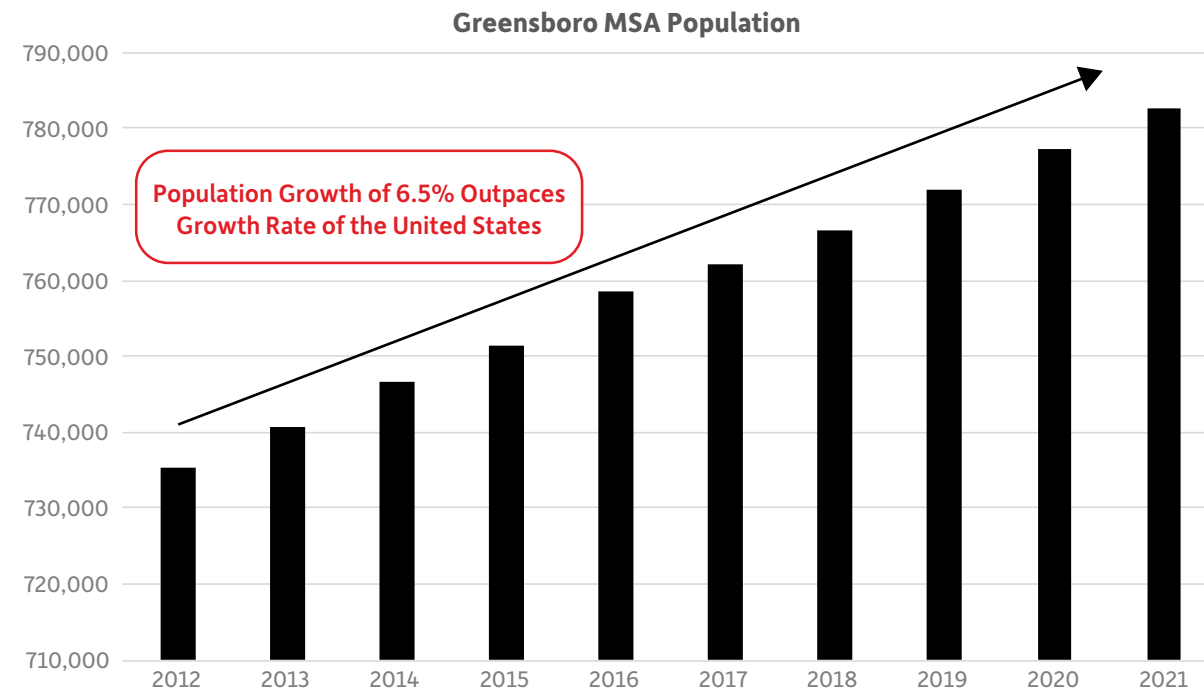
FLOORPLAN	UNITS	BEDROOMS	SF / UNIT
2 BEDROOM X 2.5 BATHROOM	40	80	1,380
3 BEDROOM X 3.5 BATHROOM	24	72	1,465
4 BEDROOM X 4 BATHROOM	5	20	1,556
4 BEDROOM X 4 BATHROOM	5	20	1,666
4 BEDROOM X 4.5 BATHROOM	102	408	1,833
TOTAL / AVG.	176	600	1,667



Strong Market Outlook: Why SFR?

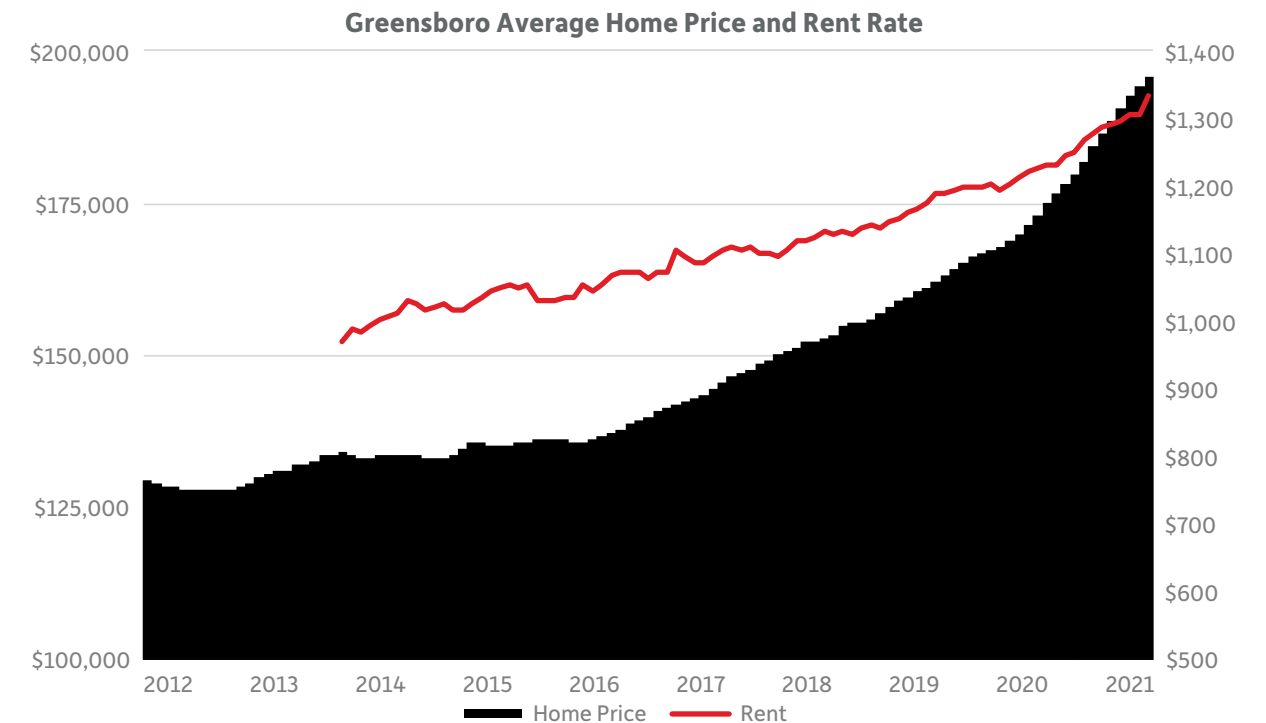
COMPELLING ASSET-CLASS TRAJECTORY

- The increase in home prices across the United States is fostering a decline in the home ownership rate
- The average renter stays for three years in a Single-Family Rental, a materially lower turnover than traditional multifamily properties
- More Americans live in Single-Family Rentals than any other asset type
- SFR rental rates increased over the previous year, while rates for apartments decreased
- National median rent increased 6% year-over-year in Q1 2020
- The SFR market is anticipating an extremely active leasing cycle this year based on current leasing activity levels



SUPPLY & DEMAND SNAPSHOT

The average price of a single-family home in the United States has risen dramatically over the previous decade from \$178,000 to \$275,000. This 60% increase is attributed to a heightened demand as Millennials starting families and Baby Boomers downsizing concurrently flood the market with buyers. Demand for SFRs is buoyed by a shift in housing preferences in favor of physical space and away from downtown metropolises. Furthermore, the supply of single-family residences is constrained by a decline in construction, as the number of permits issued for building single-family homes has decreased 41% from 2005 to 2020. These macro-economic influences position SFR assets to outperform traditional multifamily properties.



INVESTMENT HIGHLIGHTS

- **Growth Market** – North Carolina has been voted the *Best State for Business* 3 years consecutively¹ and the 3rd-highest population migration state² over the last decade.
- **Exceptional Housing Fundamentals** – Occupancy is consistently 97% across all neighborhoods in the city, leading to 10.5% annual rent growth
- **Veritable NOI Upside** – Expense savings opportunities advance out-sized NOI growth
 - \$24,000 of annual utility expense savings available through water overhaul program (quote available)
 - \$75,000 of cable & internet savings through revamping the property’s internet infrastructure (quote available)
- **Positively Differentiated** – The Property offers unique, market-leading communal areas to its residents, including a 24-hour fitness facility and co-working space, contributing to the property’s desirability
- **Secure Job Market** – Greensboro has emerged as a finance, education, and healthcare business hub with consistent job growth projections and an unemployment rate below the national average

1. Forbes

2. U.S. Census Bureau



AXIOMETRICS	GREENSBORO AVERAGE	PROXIMITY AVERAGE	SOUTH GREENSBORO (COTTAGES LOCATION)	WEST GREENSBORO	HIGH POINT	SOUTH WINSTON-SALEM	NORTH GREENSBORO	NORTH WINSTON-SALEM	BURLINGTON
EFFECTIVE RENT	\$975	\$964	\$952	\$1,010	\$929	\$952	\$921	\$984	\$1,075
RENT GROWTH	10.3%	10.8%	10.5%	9.7%	12.1%	10.7%	8.6%	8.1%	12.6%
RENT/SF	\$1.04	\$1.02	\$1.01	\$1.07	\$0.98	\$1.02	\$1.03	\$1.06	\$1.08
OCCUPANCY	96.7%	96.7%	97.0%	96.4%	96.7%	96.5%	96.3%	96.6%	97.2%
OCCUPANCY GROWTH	1.5%	1.6%	1.5%	1.9%	1.3%	2.1%	0.8%	0.4%	2.2%

*This Grouping Represents the Proximate Greensboro Neighborhoods to the Property

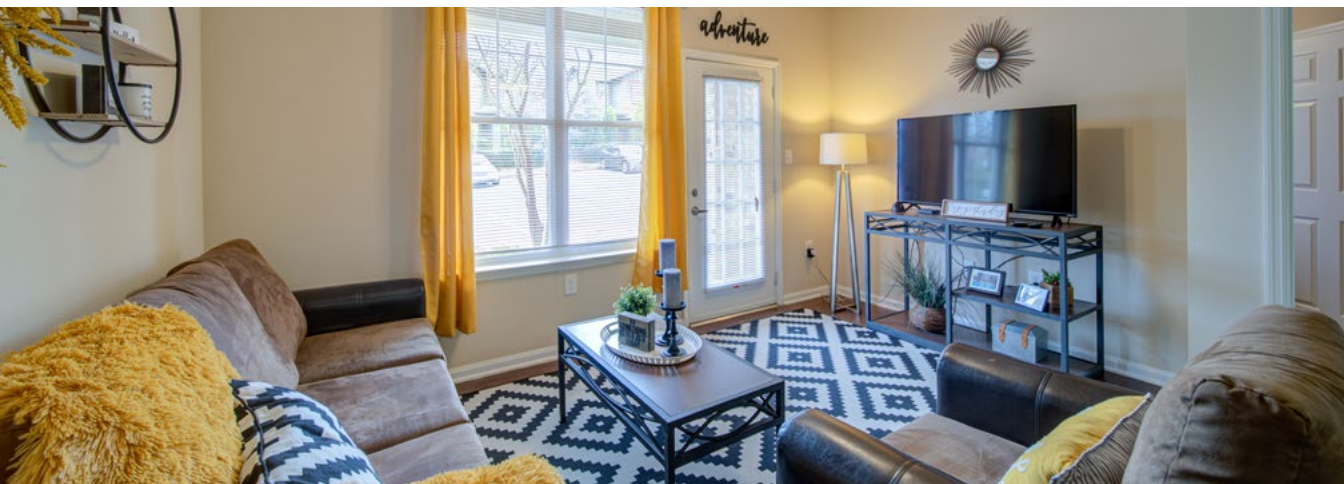
Best-in-Class Community Amenities

- 24-Hour Gym & Fitness Facility
- Ample Parking
- Resort-Style Pool and Pergolas
- Business Center with Co-Working Space and Conference Rooms
- Renovated Clubhouse
- Full-Size Basketball & Volleyball Court
- TV Lounge with Fireplace & Leather Couches



Top-Quality In-Unit Features

- Full Kitchen & Appliances
- Thoughtful and Modern Decor
- In-Unit Washer & Dryer
- Walk-in Closets in Each Bedroom
- Hardwood Floors
- Spacious Units with Two-Story Ceilings



Greensboro: Location Overview

GREENSBORO OVERVIEW

As the 3rd largest city in North Carolina, Greensboro acts as the cornerstone to the Piedmont Triad (the “Triad”) also containing Winston-Salem and High Point. Directly east of the Triad is the Research Triangle Park, the country’s largest research park, which employs 55,000 individuals aiding more than 300 businesses in highly innovative industries such as micro-electronics and biotechnology. The Research Triangle Park draws much of its talent from the twenty institutions of higher-education in the Triad region, six of which reside in downtown Greensboro. The abundance of collegiate students in the Greensboro area has inspired a cultural renaissance proliferating across downtown and the surrounding neighborhoods. Monthly art shows, massive music festivals, extravagant galleries, thought-provoking museums, innovative entertainment venues, and award-winning restaurants and breweries all cater to the prolific interests of an expansive student population. With a university-dense community and subsequently post-college population, the city of Greensboro and the Triad region supplies excellent opportunities post-graduation while also offering the quintessential young-adult experience.

RESEARCH TRIANGLE PARK

To capitalize on the population-dense region and the subsequent local talent, the Research Triangle Park was organized in 1951 to reinvigorate a North Carolina economy dependent on tobacco and textiles. A diverse range of organizations including Credit Suisse, IBM, and the U.S. Army call Research Triangle Park home for their research and development needs. With UNC - Greensboro announcing initiatives to promote STEM and health science degrees, Research Triangle Park is uniquely suited to provide professional opportunities locally to graduates within the fields of the university’s renewed focus.

CULINARY SCENE

Over 500 Greensboro restaurants substantiate Greensboro’s reputation as a budding foodie haven. Local brewer Hill Farmstead has been named the world’s best brewery for the fourth year in a row, while Stamey’s Barbecue was named home to North Carolina’s best BBQ pork sandwich. Greensboro Farmer’s Curb Market is approaching its 150th birthday, providing a traditional flavor to Greensboro’s innovative culinary options.

THE ARTS

ArtsGreensboro \$3.5 million annual budget supports eight annual music festivals and over 40 art galleries. The 17Days Arts and Culture Festival and NC Folk Festival attract over 300 world-class artists, including Grammy-winners, to perform annually. UNCG’s Weatherspoon Art Museum boasts over 6,000 works, including originals of Matisse, de Kooning, and Warhol. The vibrant art scene expands to nearly all creative outlets.

GREENSBORO LIVE

Greensboro’s prominence in both the American Revolution and the Civil Rights Era protests has inspired 16 monuments and museums to document the city’s history. Greensboro’s historic district also enjoys the Triad Stage, named “One of the Top 10 Most Promising Theatres”, among its many venues for opera, symphonies, ballets, choral singing, concerts, plays, musicals, and historical reenactments.



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