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August 10, 2021

Fred Starr  
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645 Holbrook Street  
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[fstarr@erieco.gov](mailto:fstarr@erieco.gov)

VIA EMAIL

**RE: Response to Lafferty Canyon Metropolitan District Service Plan Review**

Dear Mr. Starr:

White Bear Ankele Tanaka & Waldron represents Stratus Canyon Creek, LLC (the “**Applicant**”) for the purposes of forming Lafferty Canyon Metropolitan District (the “**District**”). The Applicant has submitted a proposed Service Plan for Lafferty Canyon Metropolitan District (the “**Service Plan**”) to the Town of Erie for consideration.

The Service Plan is substantively similar to other service plans that have been approved by the Board of Trustees and is in compliance with Article 1, Title 32, Colorado Revised Statutes (the “**Special District Act**”).

We received a memo dated January 22, 2021 from Ehlers addressed to you (the “**Memo**”), and the Applicant’s response to the “Decision Points – Considerations” and “Summary & Conclusions” identified in the Memo are listed below.

1. *Ehlers: No Market study was provided to conduct a full review of the feasibility of the project, including, but not limited to, anticipated development absorption and projected home values.*

**Applicant:** Enclosed with this letter is a market study.

2. *Ehlers: Exhibit D-1 of the Service Plan identifies the list of public improvements, which do not appear to be extraordinary. The line item enumeration of the project costs in both Exhibits D1- and D-2 are limited in detail as to the specifics of the infrastructure necessary for the development. A more detailed plan of development (including artists renditions) would be helpful in reviewing project costs, determining the essentiality of a metropolitan district funding*

*mechanism, and conformity to the service standards of overlapping jurisdictions, compliance with the Town's Master Plan and compliance with the Town's water quality plan.*

**Applicant:** We have replaced Exhibit D-2 with maps of the public infrastructure necessary for the development.

3. *Ehlers: The proposed debt issue will net approximately \$18.27 M of proceeds to be used for \$15.55 M in public improvements identified in Exhibit D-1, which is approximately \$2.7 M greater than the projects identified in said exhibit to be reimbursed. We do note that Exhibit D2 provides a list of "Overall Development Cost Estimate" of which we assume include the costs enumerated in Exhibit D-1. If we are understanding correctly, that would mean that the proponent is not being reimbursed for approximately \$14.8 M of infrastructure necessary to serve the development. While on the surface it would appear that the proponent is contributing significant capital, the numbers do not represent a full picture of the development finances. For example, most real estate projects assume that approximately 18% of the end home/lot package costs is related directly to the cost of the land and infrastructure. This calculation would generate approximately \$33.2 M of lot sale proceeds that would be used for initial land purchase, infrastructure improvements and other development costs. Therefore, without a full analysis of inflow revenues and outflow expenses, there is no ability to determine if a gap exists that needs to be filled by another source of revenue (through the metropolitan district). A gap analysis and ultimate evaluation of the proponent return on investment will help determine the reasonableness of the proposed metropolitan district. No information was provided regarding: i. Land sale revenue (see sub 6 below)*

*ii. Initial Land Cost – Title 32-1-202(2)f C.R.S*

*iii. Other contributions*

*iv. Proponent expected return on investment*

**Applicant:** A "full analysis of inflow revenues and outflow expenses" is not necessary for the Town to consider the factors listed in Section 32-1-203(2.5), C.R.S. and approve the Service Plan. The Applicant's "return on investment" is not listed in Section 32-1-203(2.5), C.R.S. because it is not appropriate for the Town to link the "reasonableness of the proposed metropolitan districts" with the "return on investment," which inherently includes an investigation and determination of a private party's financial investment. A more appropriate question to ask is: does the District propose to provide public services and public improvements to an area in the Town that does not have these services? The answer is, yes.

Furthermore, Section 32-1-203, C.R.S. provides "(4) The findings of the board of county commissioners [regarding the service plan] shall be *based solely* upon the service plan and evidence presented at the hearing by the petitioners, planning commission, and any interested party." It is not necessary or appropriate for the Board of Trustees to consider confidential or proprietary information from the Applicant as part of the public hearing to approve the Service Plan.

4. Ehlers: *Exhibit D-1 of the Service Plan identifies 320 residential units; however, no Market Analysis has been provided to determine whether the proposed absorption is realistic.*

**Applicant:** Enclosed with this letter is a market study.

5. Ehlers: *It does not appear as though there is a corresponding map of improvements to be installed related to the development. A better understanding of the development layout would help determine whether the costs enumerated in the engineering estimate are extraordinary in nature.*

**Applicant:** We have replaced Exhibit D-2 with maps of the public infrastructure necessary for the development.

6. Ehlers: *The Town may wish to consider expanding language in the Service Plan to address the following areas:*

- a. *Developer Advances – while the cash flow identifies no need for developer advances, the Town may wish to require definition of and the terms of any developer advance; define the method of interest calculation (recommend simple interest); define the maximum interest rate.*

**Applicant:** The Applicant is open to considering additional language if so proposed by the Town.

- b. *In Section II, Definitions, included as a definition of External Financial Advisor. We recommend that the following definitions be updated as follows to better reflect terminology present in the Dodd-Frank Financial Regulatory Reform Act:*

- i. *External Municipal Advisor: means a consultant Municipal Advisor that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; and (ii) is not an officer or employee of the District and has not been otherwise engaged to provide other services in connection with the transaction related to the applicable Debt.*

**Applicant:** Ehlers recommends two different definitions that related to External Municipal Advisor and Municipal Advisor (see below). We have revised Section II of the Service Plan to include the definition of Municipal Advisor, replacing the prior definition of External Financial Advisor.

- ii. *External Municipal Advisor Certificate: Opinion of a registered Municipal Advisor as to the reasonableness of the terms of any debt instrument issued by the District in substantially the form cited below:*

*We are [I am] a Municipal Advisor within the meaning of the District's Service Plan.*

*We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.*

**Applicant:** Section V.A.4 of the Service Plan has been modified to include the language requested by Ehlers.

- iii. Municipal Advisor: means as any person (who is not a municipal entity or an employee of a municipal entity) that provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, or that undertakes a solicitation of a municipal entity or obligated person. Said person shall be registered under Section 15B of the Securities Exchange Act of 1934, as amended from time to time.*

**Applicant:** Ehlers recommends two different definitions that related to External Municipal Advisor and Municipal Advisor. We have revised Section II of the Service Plan to include the definition of Municipal Advisor, replacing the prior definition of External Financial Advisor.

- c. In section VI, sub B, we recommend that the maximum voted interest rate be modified to be the Prime Lending Rate plus 4%, not to exceed 12% as reported at the time of voting. We further recommend that the maximum underwriting discount be modified to 2.5%.*

**Applicant:** Indexing the maximum voted interest rate to a Prime Lending Rate could result in a maximum voted interest rate below current market interest rates on non-rated senior or subordinate bonds if market conditions differed markedly from the day the organizational ballot were certified and the day District bonds were brought to market. North Slope does support lowering the maximum underwriter discount to 3%.

Tying the Districts to future interest rates may be unwise in general given the incentives of metropolitan districts to pay for as much public infrastructure as possible with available pledged revenue. Future debt markets may not conform with the suggested language in the Service Plan, especially when the index used is one tied to taxable bank lending, for

example the “Prime Rate.” Additionally, with the requirement that Debt be certified by a financial advisor, the max interest rate item is effectively moot.

- d. *Section V, sub B, we recommend adding language requiring a plan of finance to be reviewed by Town staff prior to the execution of any debt obligation. Town should be given 30 days to review financing plan.*

**Applicant:** Section VI.A of the Service Plan requires the District, prior to issuing any Debt, to deliver to the Town an opinion of nationally recognized bond counsel (acceptable to the Town Attorney) stating that the Debt satisfies the requirements of the Service Plan. This opinion should give the Town sufficient comfort that the District is acting in accordance with the Service Plan without reviewing the finance plan for any debt.

- e. *Section V, sub E, we recommend the following language: Issuance of Debt. Prior to the issuance of any general obligation, limited general obligation, revenue, annual appropriation or privately placed debt where the District has not engaged a Municipal Advisor defined herein, the District shall obtain an External Municipal Advisor Certificate from an External Municipal Advisor.*

**Applicant:** Section V.A.4 of the Service Plan has been modified to reflect the language requested by Ehlers.

7. *Ehlers: While the Service Plan identifies a \$100,000 initial operating budget, Ehlers recommends a full build-out operation budget in order to understand whether the 10 mill operations levy will be adequate to serve the operation and maintenance needs of the District.*

**Applicant:** A full build-out operation budget is not necessary for the Town to consider the factors listed 32-1-203(2.5), C.R.S. and approve the Service Plan. Section VI.I of the Service Plan includes a maximum operations and maintenance mill levy of 10 mills, adjusted from January 1, 2017. Section V.A.7 and Section V.A.8 read together allow the District to impose fees to cover the costs of covenant enforcement, design review services, and, operation and maintenance services including landscaping and snow removal. All other fees require the written consent to the Town prior to imposition.

The text of the Service Plan already provides the Town and the future residents of the District with the assurance that the District cannot increase operations and maintenance mill levy beyond the cap, or impose fees for additional operations and maintenance services without the Town’s written consent.

8. *Ehlers: Based on Ehlers review of the Lafferty Canyon Service Plan, we believe that the Plan substantially complies with Title 32-1-202(2) C.R.S.*

*Given the information reviewed substantially conforms, other than what is mentioned above, to the provisions under Title 32-1-202(2) C.R.S., Ehlers believes, contrary to any additional information the Town may have, there is enough evidence provided to substantiate the creation of*

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*a Metropolitan District. Based on our review, we believe there is existing and projected need for organized services to be provided; existing services available in the area are not sufficient to meet the current and projected needs; the proposed Plan provides an economical and sufficient service delivery to the area; and the proposed District will have the financial ability to discharge any obligations associated with the development.*

*Based on the above facts, Ehlers believes the mandatory disapproval criteria has been satisfied, however in the Town's final determination of whether to allow the proposed creation of the District may also take into consideration the provisions of Title 32-1-203(2.5) C.R.S. that it may disapprove the service plan unless evidence satisfactory to the board of any of the following, at the discretion of the board, is not presented:*

- a) No other jurisdiction will be able to provide the services proposed in a reasonable time and on a comparable basis*
- b) Service standards are compatible with the overlapping jurisdiction(s)*
- c) Compliance with a master plan*
- d) Compliance with a water quality plan*
- e) The district will be in the best interest of the area to be served*

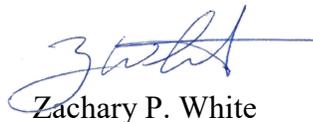
*In respect to the above criteria, if the Town chooses to evaluate the plan utilizing Title 32-1-203(2.5), we believe additional information should be provided to confirm that subs (a-d) are based on the something more than a general statement; and that Sub (e) is evaluated through a full accounting of sources and uses for the project to determine that the proponents return on investment for the project is not excessive.*

*When an approving authority is asked to create a Metropolitan District, Part 2 "Control Act", 32-1-202(2) identifies the components that must be included in the service plan, and includes sub h and sub i give broad authority to require additional information in making its determination under 32-1-203(2) and 32-1-203(2.5). The Town may want to exercise its authority to obtain additional information.*

**Applicant:** The Service Plan is substantively similar to other service plans that have been approved by the Board of Trustees based on similar information provided to the Board of Trustees and is in compliance with the Special District Act.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Zachary P. White  
Of Counsel

enclosures



LAFFERTY CANYON  
IN THE TOWN OF ERIE

**BOULDER COUNTY**

**Prepared for:**

**LAFFERTY CANYON METROPOLITAN DISTRICT**

**Second Quarter 2021**

**Zonda Advisory**

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June 4, 2021

Mr. Roger Hollard  
Mr. Richard Dean  
Lafferty Canyon Metropolitan District  
c/o Stratus Canyon Creek, LLC  
1842 Montane Drive East  
Golden, Colorado 80401

RE: Lafferty Canyon Market Study

Dear Metropolitan District Representative(s):

Zonda Advisory is pleased to present this market analysis and absorption forecast for the Lafferty Canyon Metropolitan District. We have evaluated the Denver Market area as well as the competitive area around the community, and rendered our conclusions in the following report. Zonda Advisory has reviewed the financial projections utilized in sizing the proposed Bond issuance and the District's ability to meet the debt service requirements of such Bonds including absorption rates, valuation, growth, and inflation rates, and has evaluated the same in comparison to current and projected market conditions for the Denver Market and the Lafferty Canyon Competitive Market Area.

Kapil Gopal, Consultant and Ryan Brault, Senior Manager, conducted this report, with participation from Tom Hayden, Senior Vice President of Advisory and John Covert, Senior Director of Colorado. Zonda Advisory (previously noted under Metrostudy) has been engaged in analyzing residential market conditions since 1975 with its proprietary lot-by-lot survey, and locally within the state of Colorado since 2001.

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.

Respectfully Submitted,

**Zonda Advisory**



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## Executive Summary

The purpose of this report is to provide the Lafferty Canyon Metropolitan District with an overview of the Denver Market economy and the competitive market area ("CMA") surrounding the subject property, the future Lafferty Canyon community to be developed within the Town of Erie, in Boulder County, Colorado. Lafferty Canyon Metropolitan District will total +/-110 acres and 320 single-family detached and attached homes (home sites are alley-loaded duplexes and single-family front-loaded detached homes on 51' x 110' and SFD 56' x 110' lots, all to be built by KB Home, which are the focus of this study.

Zonda Advisory analyzed the competitive position of Lafferty Canyon as it relates to other communities in the competitive market area. We have compiled data on the Denver Market economy, including demographics for Greater Denver and the Lafferty Canyon CMA. We have collected and reviewed data for both new and resale single-family detached and attached housing, and we have conducted field research in the competitive market area. Utilizing these data and research, Zonda Advisory has provided its conclusions about the marketability, competitive positioning, product mix, and absorption levels that should be achievable within the development.

**Note:** This report was completed during the ongoing global health crisis created by the COVID-19 (coronavirus) outbreak, which emerged in late February 2020, and resulted in government mandated shelter-at-home orders from mid-March to May throughout the State of Colorado. These orders were put in place to avoid overwhelming the health care and hospital systems with victims of this highly infectious virus, but also resulted in an unprecedented level of employment losses in less than two months. Vaccines were developed in record time and were approved for distribution in December 2020. The State removed the mark-mandate order in May 2021 (unless the setting requires otherwise).

While the availability to the vaccine moved to the full population in April 2021, still unknown, is the efficacy and "take-up" rate among the population, which will play a large role in the future outlook for the local economy, the state, as well as the nation. Our research and conclusions are based upon the best information available to us at the time of publication.

### Socioeconomic Overview

As of April 2021, employment figures by the Colorado Department of Labor and Employment identified the state as one of the healthier economies in the country during the Covid-19 outbreak and consequent economic shutdown. The Denver Market added 129,500 jobs to its payrolls over the past twelve months ending in April, increasing total employment levels for the Market to 1,484,000 workers. Nearly 60% of the jobs added were within the Leisure & Hospitality and Trade, Transport, & Utilities sectors. The average annual growth rate rose to 9.6% following the worst two months in recent history (April 2020, -9.6%, May 2020 -8.3%) as the YOY numbers now reflect the precipitous drop in April & May last year. Despite that sharp drop due to COVID 19, over the past five years, the Denver Market still reported a net gain of 58,100 jobs.

The unemployment rate in the Denver Market was at 6.3% as of April, down from April 2020's 12.1%, but considerably higher than the 2.7% reported in March 2020, as the economic impacts of the COVID-19 virus appear to have bottomed out. This was in line with the statewide unemployment level of 6.3% and above the national 6.1% rate. Boulder County did well as usual when comparing 12 county rates across the Colorado Front Range, at 5.3% (up from 4.1% in March 2020, but still way down from 10.3% in June 2020).

Looking ahead, Denver's population is anticipated to continue grow into the future, with current estimates expecting the area to approach the 3.6 million mark by 2025. Household formations are expected to rise 5.1% over the next five years. Estimates indicate the CMA population will rise at an annual rate of 1.1%, rising to nearly 124,000 residents and just above 48,000 households by 2026. The CMA is older in age with a higher level of wealth compared to the Denver Market overall, with a median age of 40.7 years (Denver Market = 36.7) and median household income of \$110,146 (Denver Market = \$88,179).

Within the Lafferty Canyon CMA, the greatest percentage increases are forecasted to occur in the age groups 65-84 (+2.9%) and the 25-34 segment (+2.8%). In terms of household incomes within the CMA, the largest gains are forecasted for the \$100,000+ income range (approximately +2,268 households over the next five years).

### **For-Sale New Housing Market Overview**

#### **Denver Market**

Since the Great Recession, Denver's housing market has been on a steady climb in volume and pricing. While still not back to the previous peak of housing starts achieved in 2006, the COVID-19 pandemic squeezed an already tight supply of housing to remarkably low levels, while accelerating pent-up demand and pushing prices to all-time highs. With a strong economic growth base, high in-migration, and supply-restricted housing on the resale side as well, conditions have provided a widening gap between owning and renting. Existing homeowners have magnified home equity gains, while conditions have simultaneously reduced the ability of first-time homebuyers to enter the market. Like the market overall, the high-end side of the market has continued to operate under an imbalance between demand and available supply levels.

Denver experienced a 3.5% increase in annual starts and a 4.2% increase in annual closings from 1Q20 to 1Q21. A total of 13,362 new homes were started in the Denver Market over the trailing 12 months, compared to 12,911 new homes recorded in 1Q20. A total of 13,731 new homes were closed over the trailing 12 months, compared to 13,180 closings the preceding 12 months.

Denver reported 9,824 single-family detached annual starts over the four quarters ended 1Q21, up 8.3% from the 9,068 single-family detached homes started the preceding year, a gain of 756 homes. Single-family detached closings (9,702 homes) from 2Q19 to 1Q21 increased 2.4% compared to the previous year's total of 9,474 closings. The single-family detached market experienced a -2.2% decrease in Vacant Developed Lots ("VDL"), down from 11,402 home sites at the end of 1Q20 to 11,146 home sites at the end of 1Q21. With gains in housing starts exceeding the gains in VDL, the months-of-supply decreased to the current 13.6 months-of-supply compared to 15.1 months reported as of 1Q20.

As single-family detached home prices escalate across the metropolitan Denver area, attached housing demand continues to gain traction despite a dip in production last year. The Denver Market reported 3,538 attached annual starts as of 1Q21, down 7.9% from a year ago. As of 1Q21, annual closings ticked up 8.7% to 4,029 attached homes closed compared to 3,706 attached home closings a year ago and only 2,687 attached home closings three years prior. The Denver Market experienced a 28% gain in the number of VDL designated for attached housing from 3,952 in 1Q20 to 5,059 as of 1Q21. With the decrease in housing starts and larger gains within VDL, the months-of-supply rose from 12.3 months in 1Q20 to 17.2 months as of 1Q21.

### **Lafferty Canyon CMA**

Historically, the Lafferty Canyon CMA has been a strong area for new housing demand, especially for more attainable new homes to the north of the Denver Market. In recent years, the increasing drive for affordable price points and value has continued to push further north and east of Denver and Boulder, into the Town of Erie at a fast pace.

At 892 single-family detached and 257 single-family attached home starts through the four quarters ended 1Q21 (1,149 total annual starts), the Lafferty Canyon CMA reported a production decrease of 8.6% over the past year from the 1,257 total annual starts noted in 1Q20. Through 1Q21, annual closings declined 14.5% to 1,216 homes closed from 1,422 home closings the previous year.

Annual lot deliveries through 1Q21 totaled 1,337 home sites, a 60% gain over the 834 annual lots delivered in 1Q20 (45% were attached deliveries). Lot deliveries in 1Q21 were 16% above the pace of home production (1,149 home starts), and reached their second highest since 3Q18. With the recent spike in lot deliveries, the VDL months-of-supply through 1Q21 registered a 15.8-month supply, compared to 12.6 months in 1Q20.

There were no new lots were delivered in the first quarter of 2021, the first time that has happened in over 10 years (3Q10). The 343 home starts in the quarter was 42 starts above the two-year historical average pace, and was the highest level of production since 3Q19. The majority of this activity was single-family detached (71% of starts). With the influx of CMA lots in 2020 coming from Baseline, Colliers Hill, Compass, Erie Highlands, Flatiron Meadows, Palisade Park, and Wyndham Hill (each delivered between 86 and 295 lots), the CMA remains positioned for growth in 2021.

### **Market Forecast**

The considerable momentum the new housing market had at the start of 2020 was interrupted by the COVID-19 health crisis. Beginning in mid-March of that year, the COVID-19 pandemic began significantly influencing the local economy. At the onset of the stay-at-home orders, and throughout the month of April, initial estimates about the unprecedented economic collapse and the impact on housing demand, and the homebuilding industry in general, were dire. New home sales contracts fell 12% in March and 48% in April, respectively. Once the stay-at-home orders were lifted, pent-up-demand reappeared to unexpected levels with sales momentum buoyed by record low levels of both resale inventory and mortgage interest rates. New home sales contracts rebounded in May and by July were running at a robust pace through year-end. Early results thus far into 2021 only further accelerated the pace to a level that many homebuilders, already facing uncertain rising material costs and

increased production times, have had to meter out lot releases and sales, raise base prices, and accommodate delayed supply orders, all to protect margins and their future lot pipeline.

While some economic volatility and uncertainty around the pandemic remain, disruptions in housing preferences are seemingly experiencing a swift and likely, enduring change. The pandemic has caused several paradigm shifts, including a move away from the urban, higher density areas to less dense suburban and more rural locations. Other shifting home buying demands include the need for new home designs that accommodate working remotely, including quiet work and study areas, exercise space, and multi-generational house sharing. In addition, there are increased requirements for better in-home technology (work and school-related) and better in-home wellness standards (health-related). **Low mortgage rates and an undersupplied resale environment favor continued growth in the Denver Market.**

As builders collectively adapt to these changing preferences in a way the resale market cannot, new home demand should continue to expand. However, recovery uncertainties remain as several employment sectors, such as lodging, restaurant, retail, air transportation, oil & gas, are far from recovered, which continues negatively affecting many households. In addition, how the actual and artificial restraints on supply play out in both the resale and new for-sale markets remains to be seen, while demand looks to slow only should mortgage rates rise. Due to new and existing home supply constraints, coupled with the meteoric rise in material costs of late, particularly lumber, builders have accelerated base price increases to cover costs and slow the pace of sales to avoid gapping out of lots. There is mounting concern within the builder community about buyer push-back on pricing, especially with the threat of mortgage interest rates climbing in the near future.

Due to the continued health and economic uncertainties related to the COVID-19 outbreak, Zonda Advisory has provided three scenarios (presented in more detail within the Denver Market Analysis section of this report) that are directing our future housing forecasts as the market proceeds in these unprecedented times. **For the purpose of this report, we are using the general parameters of Scenario 1 for guidance on our 2021 housing forecast.**

After finishing 2020 up 5% in new home starts over 2019, but down 1% in home closings, **Zonda Advisory believes the Denver Market's new housing levels will likely see a +/-11% increase in new home starts and a 9% uptick in annual new home closings from 2020 volume levels in 2021.** Denver is experiencing strengthening growth projections, and apartment vacancies have levelled off throughout the market thanks to the difficulty in finding an available home to buy. Concerns remain for the potential combination of a slower economic recovery in some sectors, uncertain levels of FED stimulus, and the possibility that buyers were "pulled forward" into 2020 and 2021 from "future demand" (likely would have purchased a home in the near future). The resulting inventory shortages in both the resale and new home segments have resulted in massive hikes to price points, with many homebuilders raising prices to defend themselves against rising material/labor costs, extending build cycle timelines, and protect future lot pipelines.

Still, demand remains rich with seemingly a sharp rise in mortgage rates, inflation, and rising costs the only credible threat to dampening momentum in the short term. As a result of the limited start production, this would result in three consecutive years of home closings outpacing start production. Attaining these figures will be based on the health and economic concerns staying within the general parameters defined for Scenario-1, within Exhibit 8.

Denver Market and Lafferty Canyon CMA Closing Forecasts													
	10-Yr Avg	2019	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Market	9,534	13,282	13,193	14,377	15,585	16,584	17,614	18,524	19,450	20,228	21,037	21,855	23,093
CMA	903	1,448	1,201	1,635	1,624	1,699	1,610	1,623	1,654	1,559	1,413	1,435	1,495
CMA %	9%	11%	9%	11%	10%	10%	9%	9%	9%	8%	7%	7%	6%

Note: For additional information, please refer to Exhibits 9 & 10.

The subject property and CMA have the following positive features:

- A well-designed land plan located in a quiet, secluded area just west of the original Town of Erie and within easy walking distance of Red Hawk Elementary school.
- Convenient access to Interstate 25, the Northwest Parkway, Highway 36, and U.S. Route 287, providing access to employment centers in Boulder, Broomfield, Westminster, Louisville, Lafayette, Thornton, Longmont and the northern Denver area, including the Central Business District.
- Benefits from Erie's small-town appeal, convenient access to the community's recreation center along with close proximity to the Indian Peaks, Broadlands & Colorado National golf courses.
- The immediate Erie submarket has proven to have strong home buyer appeal, especially from Boulder and the northern half of the greater metropolitan Denver area.
- The primary schools serving the Subject Property are high performing according to greatschools.org. Erie High School has a 7/10 overall rating and a strong 8/10 college-readiness rating, according to GreatSchools.org. Red Hawk Elementary (Pre-K through 5<sup>th</sup> grade) received a 7/10 overall and a strong 8/10 test score. Erie High School has reported far more academic progress given where it was last year, compared to other schools in the state. Both of these schools are located less than 3.5 miles from the Subject Property.
- Offering a range of product, including homes for first-time and move-up homebuyers with proposed prices from the \$400,000's up to the \$500,000's, which encompasses the primary range of activity within the CMA, and the majority of the new product offering is lower in price than new product offering available to the to the west in the towns/cities of Boulder, Louisville, Lafayette, and Superior.

Some potential challenges and concerns associated with the project are:

- Covid-19 (Coronavirus) Influenced Events as discussed in the market forecast.
- The Town of Erie requires new homebuyers to acknowledge proximity issues, including the Erie Municipal Tri-County Airport's overflight path, the Front Range Landfill, and its coal mining past; however, such activities are typical for all housing communities within the Erie area and appears to have had little-to-no effect on new home sales historically.
- Competition levels within the CMA are high, with several master planned communities in the immediate Erie area that will compete with the Subject Property for sales, most notably the currently active communities of Baseline, Colliers Hill, Compass, Erie Commons, Erie Highlands, Flatiron Meadows, Harvest Junction, Morgan Hill, Palisade Park, and Wyndham Hill, as well as upcoming future communities of Erie Village, Parkdale, Red Tail Ranch, and Westerly. Many of these projects are located closer to Boulder and northern Denver than Lafferty Canyon.
- The municipality of Erie possesses some of the highest fees for home construction, especially when compared to jurisdictions to the south of the community. This results in new home prices within the Town of Erie boundaries being typically higher than those in neighboring jurisdictions.
- The Town of Erie spans across both Boulder and Weld counties. The average new home closing price from January 2020 to present in the Town of Erie is \$647,195. New home prices on the Boulder County side of Erie (where the subject property is located), with an average price of \$699,269) sell for a price 13% higher than those in Weld County (\$607,976). Family buyers with school-aged children weigh the Boulder Valley School District, ranked 7<sup>th</sup> of 126 school districts in Colorado and the St. Vrain Valley RE School District, ranked 31<sup>st</sup>, heavily when looking for a home in the Erie area.

Based on the proposed product offerings and trends in the surrounding CMA, Zonda Advisory believes the Lafferty Canyon Metropolitan District has the potential to absorb up to 98 +/- homes during its anticipated peak year of 2024 (with all product lines selling), an average of 7.0 to 9.0 home closings per month. This rate is based upon projected growth of the Denver Market and upon forecasted levels of home production in the Market, the Lafferty Canyon CMA capture rate of the Market, and the Subject Property's capture rate within the CMA.

Subject Property Absorption Projection Summary (Home Closings)											
	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Lafferty Canyon Closings	0	0	24	96	98	60	42	0	0	0	0
Lafferty Canyon Mkt Share of CMA	0%	0%	1%	6%	6%	4%	3%	0%	0%	0%	0%

Note: For additional information, please refer to Exhibits 13, 14, & 15.

Additional information utilized in this analysis and our conclusions for the subject property are included within the context of the report beginning on the next page, as well as the Exhibit Package beginning on page 35.

## Introduction

The Lafferty Canyon Metropolitan District is inclusive of the future planned +/- 110-acre development featuring 320 single-family detached and attached homes, all to be built by KB Home. This will include 88 paired/duplex homes, 106 51' x 110 single-family detached lots, and 126 56' x 110' single-family lots. Lot development and model homes are anticipated by 2Q 2022, with the first home closings expected to be recorded in 3Q 2022. The Subject Property is in the northwestern quadrant of the Denver Market with close proximity to Interstate 25, the Northwest Parkway, Highway 36, and Highway 287. It offers access to employment opportunities in Longmont, Boulder, Lafayette, Louisville, and Broomfield, as well as those along the Highway 36 (Interlocken Business Park) and Interstate 25 corridor towards Downtown Denver. Specifically, the Subject Property is located south of Jay Road between County Line Road and 119<sup>th</sup> St, within the Town of Erie, in Boulder County.

For retail and entertainment, Erie's Town Center is one mile to the east (3 minutes), Village at the Peaks is 11.5 miles to the northwest (18 minutes), Village at Lafayette and Lafayette Marketplace are 5.4 miles southwest (10 minutes), and Larkridge Shopping Center is 9 miles to the southeast (12 minutes). Local Erie restaurant options include 24 Carrot Bistro, Azteca, Birdhouse, Dugout Grill and Bar, Gaucho De Argentina, and Piripi while other nearby retail centers in Longmont, Lafayette, and Louisville offer even more shopping and dining amenities.

For nearby parks and recreation, Erie includes approximately 149.8 acres of dedicated parkland (13 parks), 1,143 acres of open space, and 64 acres of water between Erie Lake and Thomas Reservoir. Boneyard at Reliance Park is 2 miles to the northeast (5 minutes), Coal Creek Disc Golf Course is 2 miles to the east (5 minutes), Colorado National Golf Club is 4.7 miles to the southeast (11 minutes), and Indian Peaks Golf Course is 6.4 miles to the southwest (14 minutes).

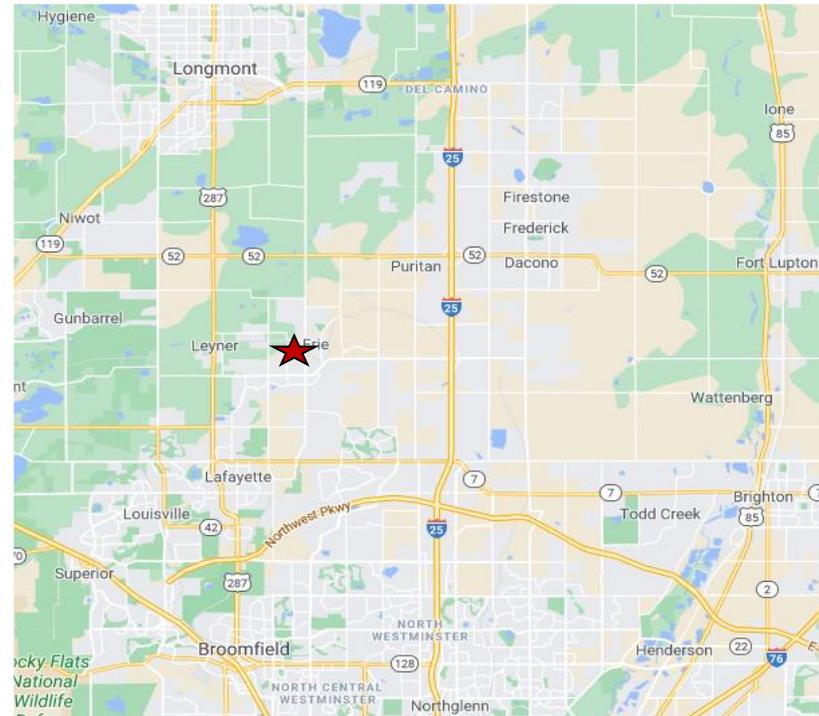
Exhibit 1 : *Location of Subject Property*



Major employment centers are within a reasonable commute using corridors that include Highway 287 (2.0 miles to the west via Jasper Rd), Interstate 25 (5.0 miles to the east via Erie Pkwy), and E-470 Toll Highway (7 miles south via Interstate 25 or 287). Interstate 70 and Interstate 25 intersect approximately 24 miles to the south (25 minutes) providing access to other major employment centers along the Front Range. Denver International Airport is located 34.5 miles away via Interstate 25 and E-470 (35 minutes) and Downtown Denver (Lower Downtown) 28 miles south (30 minutes).

With these and local transit routes, nearly all locations in Longmont, Boulder, Lafayette, Louisville, and Broomfield, as well as those along the Highway 36 (Interlocken Business Park) and Interstate 25 corridor towards downtown Denver are within a 30-45-minute drive (minus high traffic volume time periods).

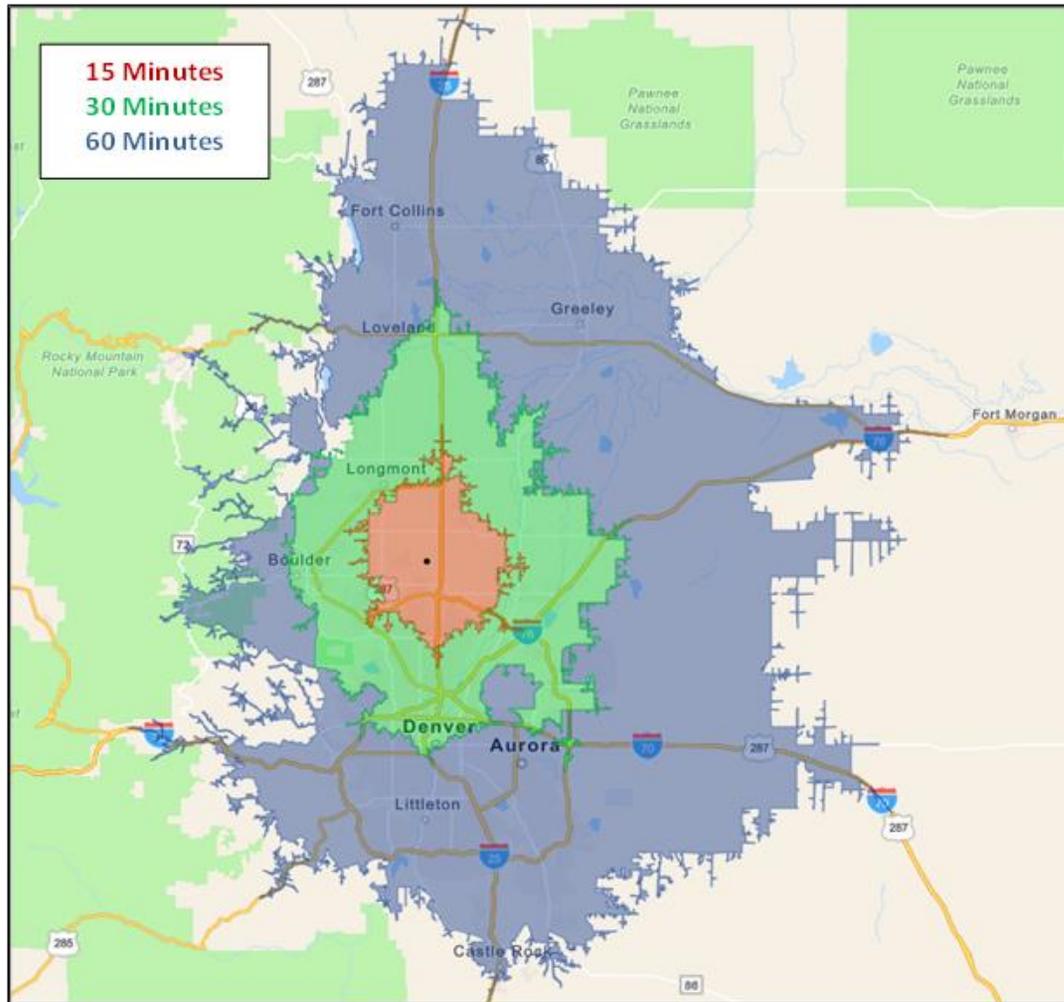
Exhibit 2 : *Regional Perspective Map*



The site is located within the jurisdiction of the St. Vrain Valley School District, which is ranked 31<sup>st</sup> of 126 school districts in Colorado. The schools which will service the Lafferty Canyon community include:

- Red Hawk Elementary (PreK-5; 0.2 miles from the site, with an individual score of 165 of 965 schools)
- Erie Middle School (6-8; 0.7 miles from the site, with an individual score of 101 of 458 schools)
- Erie High School (9-12; 3.3 miles from the site, with an individual score of 78 of 411 schools)

Exhibit 3 : *Site Drive-Time Analysis Map*



Currently, 39.6% of residents within the CMA have less than a 10-mile commute to employment, 40% of residents have a 10-to-24-mile commute to employment, and 14.9% have a 25-to-50-mile commute, so the drive time to the employment centers mentioned previously should be compatible with homebuyer expectations.

Exhibit 4 : *Employment Location Map*

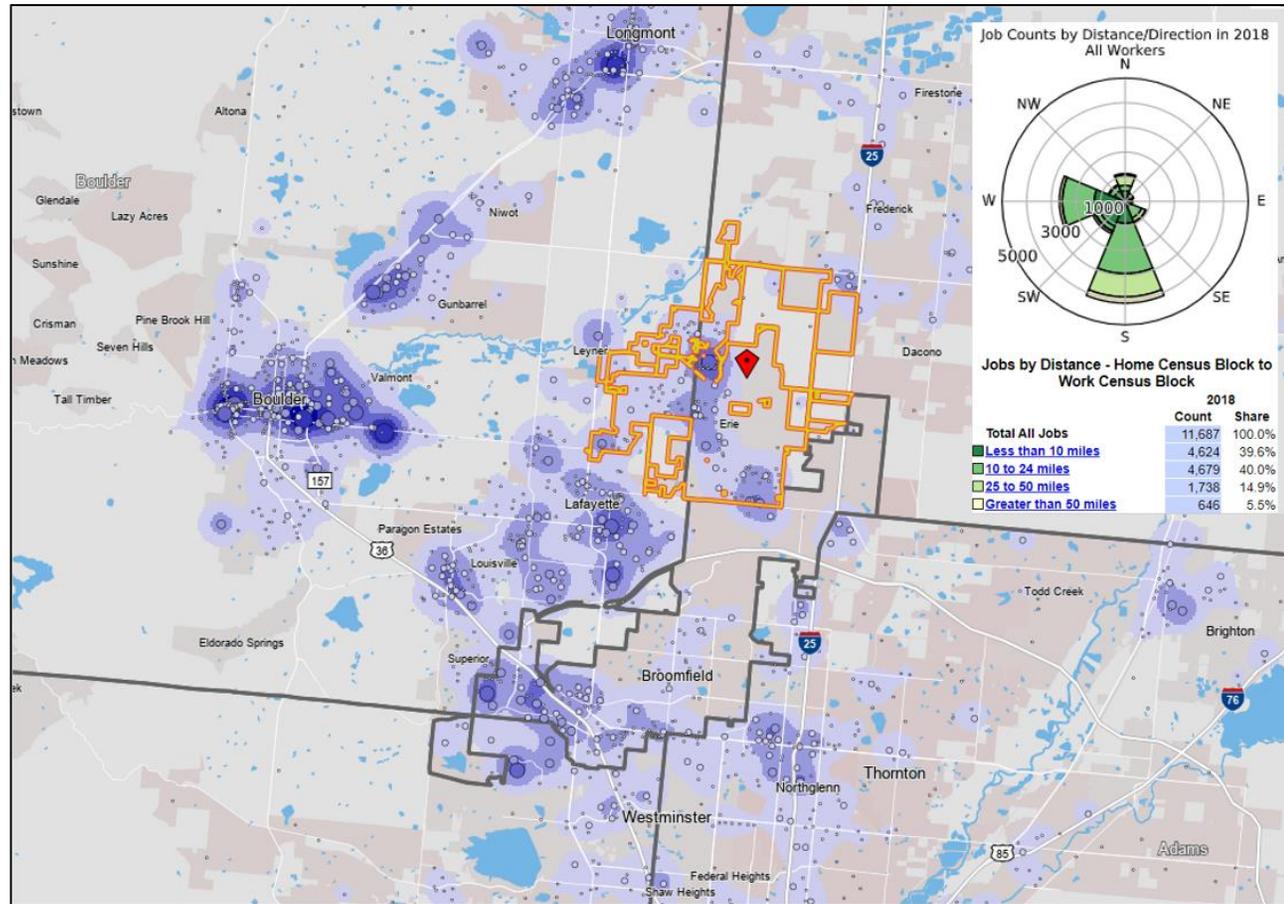
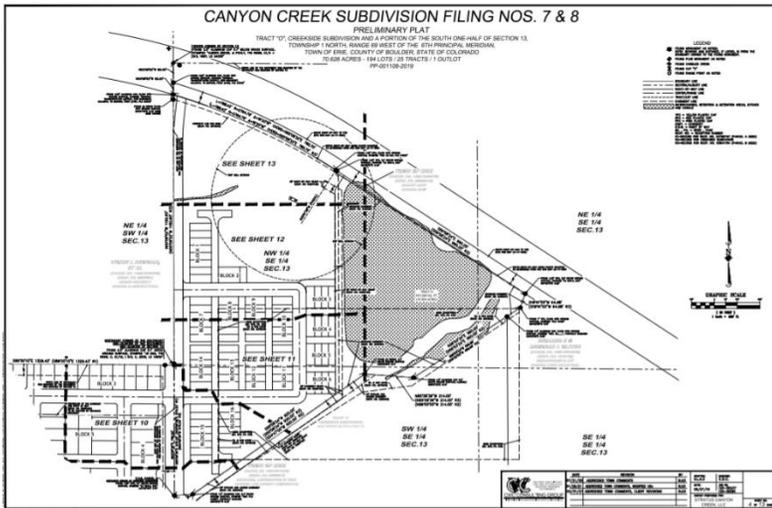
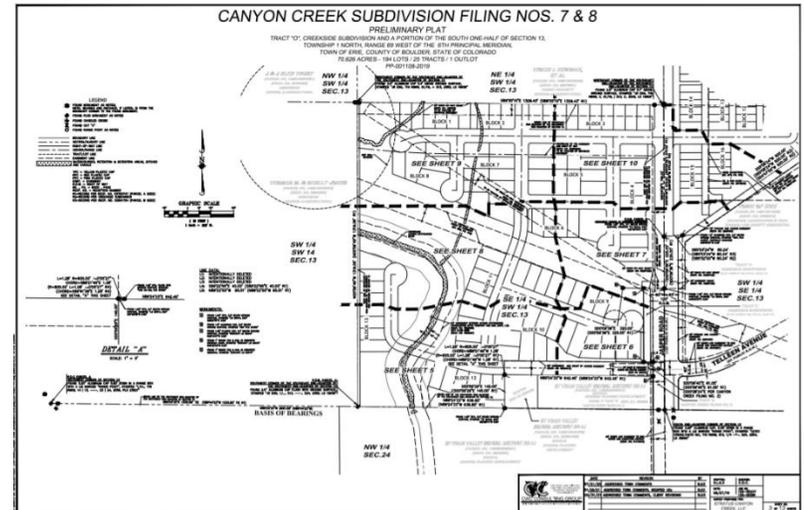
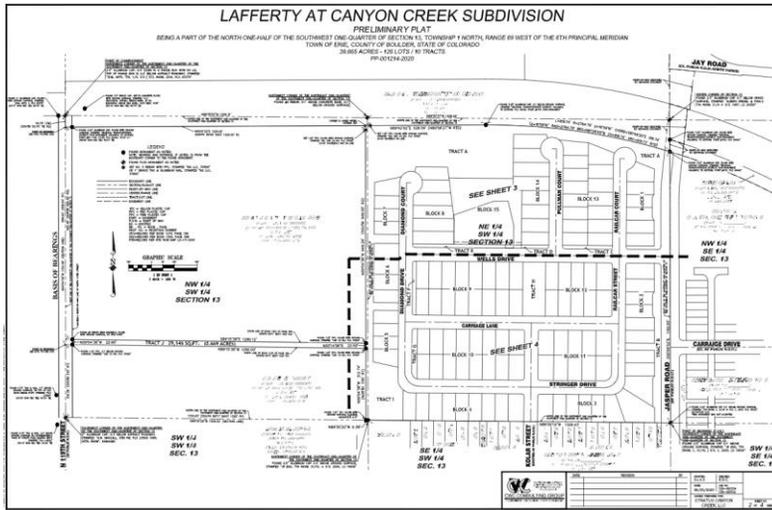


Exhibit 5 : *Subject Property Site Maps*



Onsite, lot development is anticipated to begin in late 2021 with finished lot deliveries expected by 2Q 2022. First home closings are expected to begin late 3Q 2022. KB Home is under contract on all 320 lots. Community amenities on the traditional suburban 110-acre development are to include pocket parks as well as a trail system.

At the end of the narrative of the report, an Exhibit Package has been included (page 35).

## Methodology

The Denver Market and Lafferty Canyon Competitive Market Area were analyzed by evaluating historical trends in housing supply, demographics, employment, and household formation to determine economic expansion trends and associated levels of housing demand. Further, to supplement the data indicating increasing demand from surrounding areas into the broader Denver Market area, we reviewed nearby major employment centers and known workforce commuting patterns.

The Zonda housing survey monitors the supply of detached and attached homes on a quarterly basis. Our survey tracks all condominium, townhome, duplex and single-family construction activity in the 11-county Colorado Front Range. The survey allows for accurately tracking the size of the total market, as well as supply and demand within the sub-markets. Further, it helps establish the depth of the market and the scope of the competition. In this study, Zonda Advisory supplemented the quarterly data with specific fieldwork needed to analyze the Lafferty Canyon competitive market area within the Denver Market.

## Definitions

- **Annual Starts:** The number of homes started during the last four quarters. A “start” occurs when a slab or foundation is initiated.
- **Annual Closings:** The number of homes closed during the last four quarters. A “closing” occurs when a home is moved into and occupied. Zonda tracks move-ins, as they are a better indicator of demand than deed deliveries.
- **Square Footage:** All measures of a home size are in terms of air-conditioned space.
- **Models:** Must be fully finished, furnished and decorated.
- **Finished Vacant:** Construction is complete, the site is clean, but there is no evidence of occupancy.
- **Finished Vacant Months of Supply:** F/V months of supply is calculated by dividing the number of F/V homes by the current annual closings pace; and then multiplying by twelve to yield months.
- **Vacant Developed Lots:** Also referred to as “VDL” and “Finished Lots”; a lot on a recorded plat with streets and utilities in place, ready for construction of a new home.
- **Vacant Developed Lots Months of Supply:** VDL months-of-supply is calculated by dividing the number of VDL by the current annual starts pace; and then multiplying by twelve to yield months.
- **Future Lots:** Lots that are platted, but not yet developed.

Exhibit 6 : *Denver Market Map*

- **Denver Market:** Defined as the Denver MSA, or Denver Metropolitan Statistical Area, including all of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert and Jefferson counties. This market area also includes the southern portion of Douglas County, as demarcated in the adjoining map.

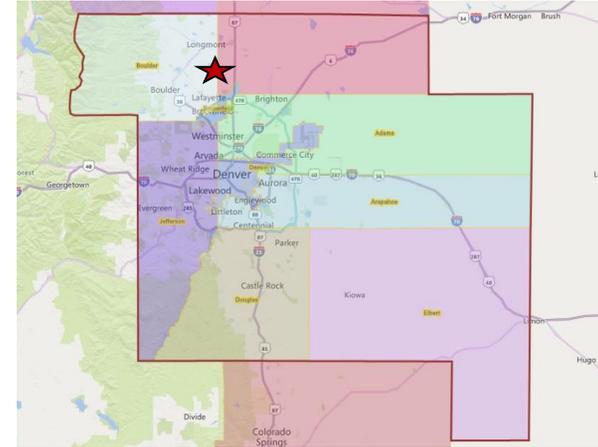
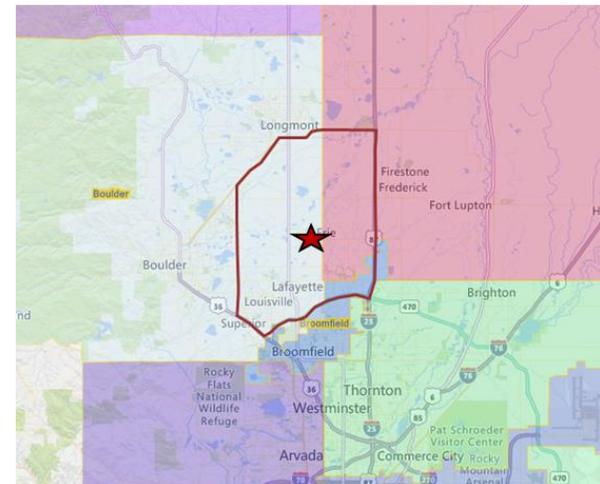


Exhibit 7 : *Lafferty Canyon CMA Map*

- **Lafferty Canyon CMA:** The CMA encompasses all or portions of the towns/cities of Broomfield, Lafayette, Louisville, and Erie. It also incorporates portions of Boulder, Broomfield, Adams, and Weld Counties. The boundary is defined generally by Ken Pratt Boulevard/Highway 119 to the north, North 75<sup>th</sup> Street to the west, Northwest Parkway/E-470 to the south, and Interstate 25 to the east. The CMA boundary includes competitive developments that are comparable to the Subject Property, and it considers drive times, school districts, county lines, infrastructure, manmade and natural barriers.



## Housing Market Statistics and Analysis

The most recent low point for housing starts came at the end of the Great Recession in 2009 when builders started fewer than 3,100 homes. From there up until 2019, home starts had continued to grow from year-to-year. In 2019, homebuilders started 12,198 new homes, which was a 9.4% decline from the 13,467 new homes started in 2018; this was the first decline in starts for the Denver Market in eight years. Start production in 2020 finished at 12,855 homes, a rebound of 5.7%. **Through the first quarter of 2021, the Denver Market started 3,704 new homes, 15.9% more than through the first quarter of 2020 (3,197 starts).**

The most recent low for new home closings came in 2011 when homebuilders closed less than 4,700 homes. With final new home closing figures reaching 13,336 transactions in 2019, the Denver Market experienced its ninth consecutive year of positive gains. However, following a decline of home start production in 2019, annual home closings ticked down 0.7% in 2020 to 13,193 homes closed. **Through the first quarter of 2021, the Denver Market has closed 3,511 homes, 18.1% above levels closed through the first quarter of 2020 (2,973 homes).**

Despite the challenges of the COVID-19 pandemic, 2020 and early 2021 have been a strong growth cycle for the new home industry in the Denver Market. With the Federal Reserve dropping interest rates to stimulate the economy, many households, including apartment dwellers, were motivated to make a home purchase. The pandemic re-allocated typical household expenditures, reducing spending on items like vacation travel, restaurant dining, entertainment venues, and fuel for normal work commutes. This in turn, increased saving rates among many households, which allowed for both larger down payments by households that were already considering a purchase, as well as encouraged new households dealing with their inadequate existing home situation, exacerbated by the pandemic, to consider making a purchase.

Further benefiting the new home market, was the extremely low inventory levels and high number of competing bids in the resale market. With increased overall demand for housing ownership, the supply of resale homes has dropped considerably (with only 0.4 months-of-supply through the end of March 2021). This lack of supply has also resulted in sharp increases of resale home prices, with an annual gain of 12% to a median (detached) price of \$572,000 at the end of the first quarter compared to an annual 2% gain in the new home median price of \$588,000. With the limited supply and a shrinking gap between the prices of new versus resale (outside of trade-offs between home and lot sizes), more potential buyers have been pointed towards new homes.

In terms of the continued pandemic, the magnitude and duration of the impact from COVID-19, ranging from the influences on health, economic, and especially on consumer behaviors, remain somewhat unsettled. Long term implications still cannot be reasonably defined, but the Denver Market has thus far exceeded most expectations for rebound. However, constraints remain in regards to social distancing, and the vaccination impact is not determined while monitoring the vaccine rollout pace, acceptance of and the "take-up" rate among the population, as well as the unknown effectiveness against new strains of the virus. From an economic standpoint, the longer the duration of the health crisis, the larger the negative effect on some businesses, which in turn may impact some buying decisions, the key driver of demand at this time appears to be low, but slowly rising, mortgage interest rates.

Exhibit 8 : COVID-19 – New Housing Recovery Scenarios

Due to the continued health and economic uncertainties related to the COVID-19 pandemic, Zonda Advisory has provided three scenarios (presented on Exhibit 8) that are directing our future housing forecasts as the market proceeds in these unprecedented times.

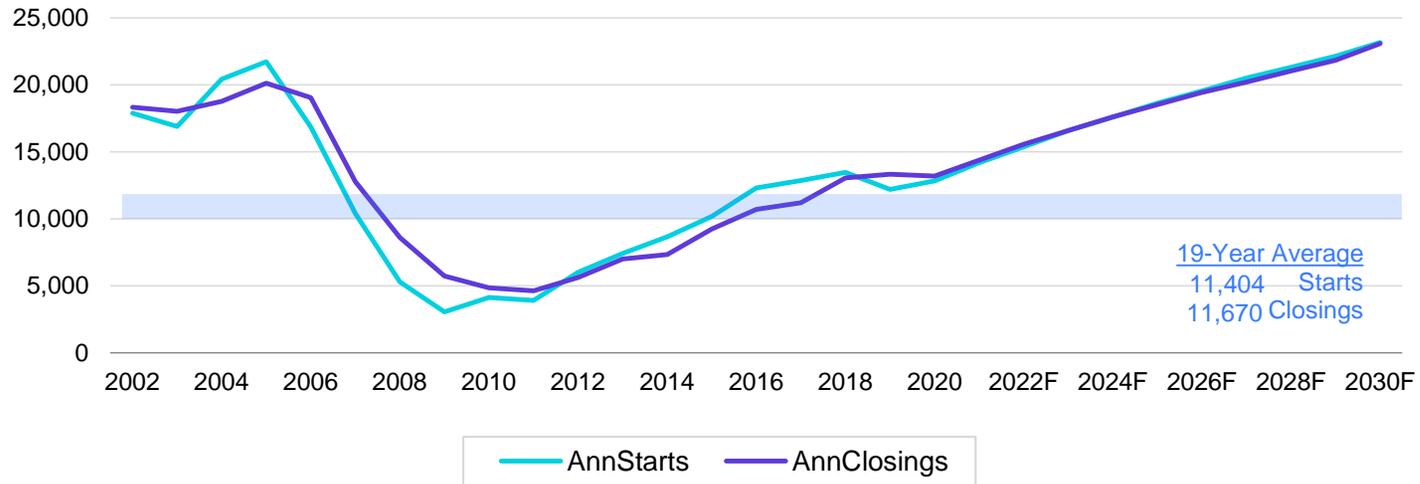
The scenarios rank from a lower impact on new housing demand based on economics prioritized over health concerns (Scenario-1); to a balance impact between economic and health concerns (Scenario-2), and finally, a high impact on new housing based on health concerns outweighing economic concerns (Scenario-3).

**For the purpose of this report, we are using the Denver Market’s Scenario 1 for our housing forecast.**

2021 Scenario 1	
<b>Health</b>	Positive cases and hospitalizations decline. No additional surges following holidays that would result in a return to 'stay-at-home orders'. Drop back to Levels Yellow (Concern) and/or Blue (Caution) for the majority of the Metro Area counties. Testing measures available for all. Vaccine available by the end of February for Health Care workers and high-risk populations; general public by late Spring or early summer.
<b>Government</b>	Restaurants return to 50% capacity in the short term and expand to full capacity by summer. Large gathering events allowed in the second half of 2021 (i.e. churches, sports, concerts, etc.). K-12 children able to attend school in-person in the Spring. Daycares remain open. Colleges & Universities remain open for either hybrid or in-person learning for Spring & Summer. Fully open in Fall '21. Governmental offices return to normal permitting and inspections.
<b>Economy</b>	Additional federal stimulus prior to end of 2020; and subsequent packages in early 2021 are also passed by Congress. Unemployment rate drops back to below 6% by end of January and 5% by beginning of Summer. Initial unemployment claims drop to near-normal levels by end of 2021. Airline travel returns to at least 50% of normal by end of 2020 and 90% of normal by end of 2021. Stock market indices remains stable (+/- 3%) through first six months of the year. Retail spending remain at 100% or greater of 2020 levels.
<b>Housing</b>	Model homes remain open without any major restrictions. Resale market has at least 95% of 2020 sales levels and 100-125% of inventory levels. Resale inventory supplies stay low - below 2.0 months. Mortgage rates remain below 3.5% for a 30-year term. Completed new home inventory remains at or below equilibrium of 1.5 to 2.0 months. New home start levels are <b>0 to 5%</b> above 2020 levels.
<b>Public narrative regarding economic concerns significantly outweigh health fear concerns.</b>	
2021 Scenario 2	
<b>Health</b>	Positive cases and hospitalizations slow/plateau, but remain elevated to keep most counties in Levels Orange (High Risk), or Red (Severe Risk). Vaccine slow to reach general population by early summer; slow adoption by public.
<b>Government</b>	Large public gathering events remain limited to 50 people, continuing restriction on attendance at concerts, sporting events and festivals through 2021. K-12 children attend school in the Spring, but with mix of districts using hybrid and virtual learning requiring at least one adult household member to be at home on some days. Restaurants allowed to remain open, but still at 50% capacity for the remainder of the year.
<b>Economy</b>	Additional federal stimulus delayed at the end of 2020 and pushed until after January 20th inauguration of new administration and Congress. Job growth stagnates and the unemployment rate remains above 6% first 6-months of 2021. Airline travel remains 50% to 75% of 2020 levels through the end of year. Retail spending remains low, or slows, in some segments, and generally declines to 90% to 95% of 2020 levels. Stock market indices are more volatile (- 5-10%) through first six months of the year.
<b>Housing</b>	Model homes remain open for normal visits (with minor inconveniences; i.e. face masks and physical distancing). Resale market has 85% to 95% of sales activity and 75-100% of inventory levels compared to 2020. Resale inventory supplies climb above 2.0-3.0 months, but remain historically low. Due to continued physical distancing requirements, construction timelines remain less efficient and municipal permitting and inspections delayed or unpredictable. Completed new home inventory grows above 2.0 months. New home start levels at <b>0% to 10%</b> below 2020 levels.
<b>Public narrative regarding economic concerns is balanced with health fear conversations.</b>	
2021 Scenario 3	
<b>Health</b>	Post holidays surge in cases & hospitalizations to stay at Level Red (Severe Risk) or elevate to Level Purple (Extreme Risk) with return to 'shut-at-home' orders. Vaccine deployment is delayed throughout the year and/or slow to adopt by public.
<b>Government</b>	K-12 schools and daycares forced to operate entirely virtually, likely requiring at least one adult household member to be at home full-time. Continued restrictions on large gathering events for the remainder of the year of 2020. Restaurants forced to close again due to restrictions under Red and Purple Levels.
<b>Economy</b>	Job growth declines again and the unemployment rate stays above 6-7% for the remainder of 2021. Airline travel remains below 50% of 2020 levels for at least remainder of year. Retail spending at less than 90% of 2020 levels. Stock market indices experience sharp declines of greater than -10% (doubledip recession; black swan event) during 2021.
<b>Housing</b>	Model homes sales centers forced to close or operate by appointments only again. Resale market has less than 85% of sales activity and over 150% of inventory levels compared to 2020. Price depreciation in resale and new home markets. Notice of foreclosures become part of narrative. Resale inventory climbs above a 4.0-month supply. New home start levels are <b>&gt; 10%</b> below 2020 levels.
<b>Public narrative regarding health concerns significantly outweigh economic concerns.</b>	

**Based on Scenario 1, Zonda Advisory believes the Denver Market’s new housing levels by year-end 2021 will likely see a +/-11% gain in new home starts and a 9% increase in annual new home closings from 2020 volume levels.** In this scenario, start activity would actually trail closing levels for the third consecutive year. Attaining these figures will be based on the health and economic concerns staying within the general parameters defined in Exhibit 8.

Exhibit 9 : *Denver Market Historical & Forecast of Total Starts & Closings*



Like the majority of the nation, the COVID-19 outbreak resulted in unprecedented impacts to the Denver Market economy in 2020, some of which will continue to linger into 2021 and possibly beyond. Zonda Advisory believes the Denver Market’s strong market conditions prior to the outbreak, its favorable demographics, and tight supply conditions will support strong new housing demand into the future, and, with continued advances of the COVID-19 vaccination take-up rate, return the economy closer to its pre-COVID 19 form.

**Ongoing Market Influences:**

- The level of vaccinations in Colorado is increasing, and COVID-19 cases continue to fall. State-ordered mask mandates were dropped on May 14<sup>th</sup>, through the Governor’s Executive Order stating that fully vaccinated people can go without masks in public indoor spaces unless the setting (i.e. private business) requires otherwise.

- Continued job recovery. While some employment sectors have seen growth, or have nearly regained jobs lost during the unprecedented shutdown in late March 2020 and nearly the entire month of April, many sectors are still ailing, including air transportation, retail and restaurants, tourism and hospitality, as well as oil and gas.
- The duration of the significant supply/demand imbalance. While beneficial to homebuilders in the short term, especially when targeting existing homeowners who are benefiting from price appreciation and potential equity gain rollover, it also discourages some potential home sellers from moving because of the rising costs for them to replace that home with a new home.
- Rising home prices exceeding wage growth, particularly as it relates to a post-COVID-19 recovery, where many small business owners (restaurant and service providers like fitness centers and salons) recover from the long disruption to their businesses and workers. Rapidly rising home prices also widen the gap between renting and owning for potential first-time home buyers who do not have the equity gains from an existing home, nor the savings required for a larger down payment.
- Any disruption to the vaccination rollout from supply level distribution, the “take-up” rate by the public, and overall effectiveness to new variants of the virus that are emerging, all of which in turn, will determine the level and pace at which consumers feel secure to return to “normal” activities.
- Levels of housing supply as homebuilders must navigate inventory management, build times, and material supply and labor disruptions, while in the resale market, the number of listings, or sellers willing to open their homes for potential buyers may fluctuate with health concerns.
- The potential of interest rates rising from the currently historic low rates, diminishing purchasing power and exacerbating the financial needs to qualify and provide a down payment for a new home.
- Stock market declines and volatility, as most indices are near, or at, all-time highs.
- High municipal, raw water and land costs.

Zonda Advisory will continue to monitor the market and update our Covid-19 (Coronavirus) Addendum as further events unfold.

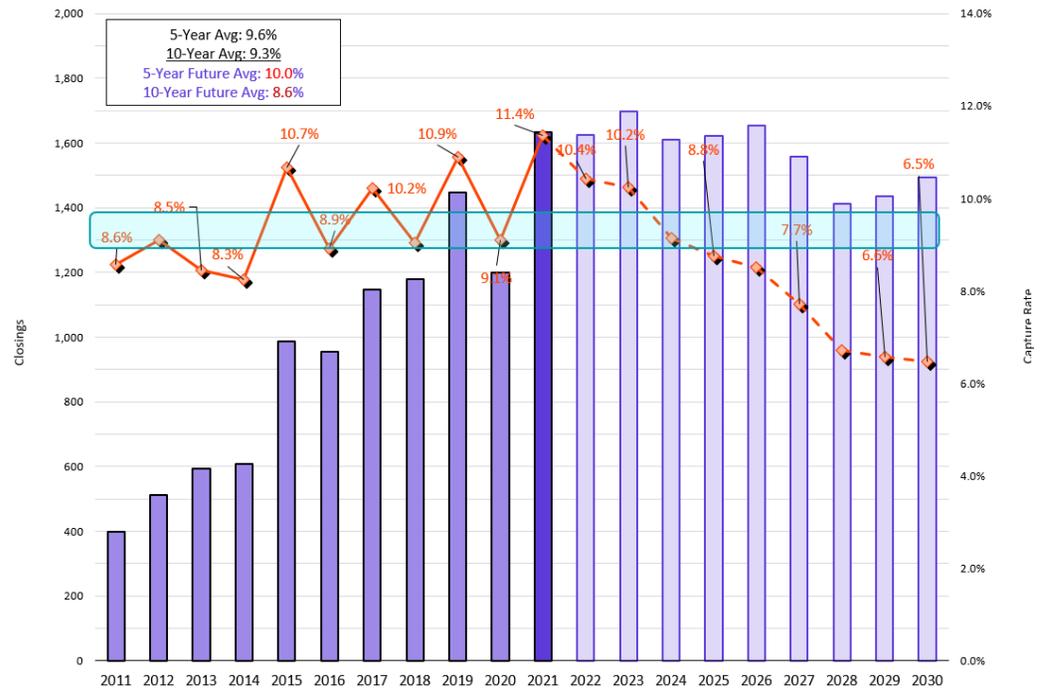
## Competitive Market Analysis

In reviewing the most competitive master planned communities and subdivisions within the Lafferty Canyon CMA, Zonda Advisory coupled data obtained from its quarterly survey database with field research, wherein the various developments and site locations were inspected, and sales agents and developers were interviewed.

The Lafferty Canyon CMA has managed to maintain its capture of the Denver Market over the last decade, even as developable land availability has diminished and development opportunities have continued to become more challenging in many of the jurisdictions within the CMA.

- From 2003 to 2005, the CMA increased new home closings by 14.3%.
- At its previous peak in 2006, the CMA reported 1,244 new home closings, representing 6.5% of all closings within the Denver Market.
- In 2007 and 2008, the CMA experienced precipitous drops of 15.4% and 36.5% in closing volume, respectively. In 2008 the CMA recorded only 668 closings while its share of the Denver Market fell to 7.8%.
- Following a steep 33% decline in 2009, closing volumes continued to decline from 2010 through 2011 another 11%, from 446 closings to a historic low of 398 homes closed in 2011 as the devastating effects from the housing recession continued. Market capture averaged 8.6% during that two-year low.

Exhibit 10 : *Lafferty Canyon CMA Ten-Year Forecast & Market Capture*

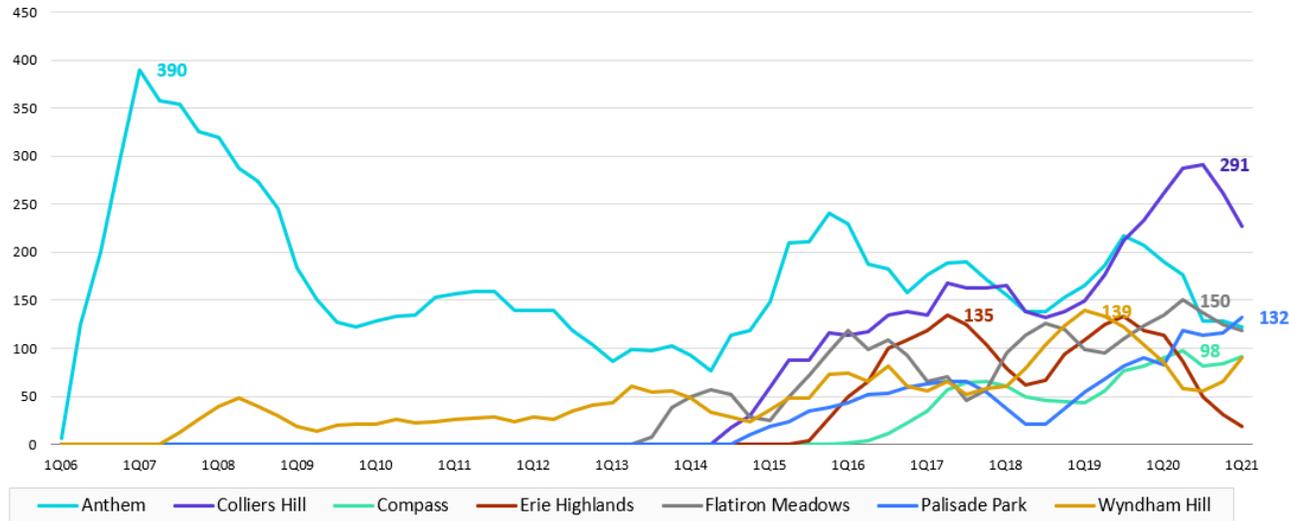


- New home closings grew 28.9% to 513 homes in 2012 and jumped to 593 homes in 2013 as the CMA steadily emerged from historical recession lows. In 2014, the CMA reported 607 homes closed, capturing 8.3% of market-wide closings. By 2015, the CMA reported a staggering year-over-year growth of 62.6% to 987 home closings representing a 10.2% share of market-wide closings.
- In 2016, the CMA reported a small decline of 3% from the leap in home closings reported in the previous year, with 954 homes closed. Year-over-year growth was reported in each year from 2017 through 2019 with home closings jumping to 1,147 in 2017, 1,177 in 2018, and 1,450 in 2019, representing a total increase of 46% and an average of 10.1% market share over the three-year period.
- Through the end of 2020, the CMA reported 1,202 new home closings, an increase of 9.1% over prior year levels, albeit a lower year-over-year increase primarily due to the COVID-19 pandemic. Annual starts were down 13.9% to 1,068 home starts representing an 8.3% capture, while annual lot deliveries rose 62% to 1,447 lots and captured 10.3% of market-wide deliveries.

On the previous page is an illustration of the CMA's historical and projected closings volumes and capture rates of the Denver Market. Actual annual closings within the CMA are noted from 2011 through 2020 in the solid purple columns. The solid orange line represents the CMA's capture of all annual closings within the Denver Market. A housing forecast for 2021 through 2030 is provided, identified by the light purple columns. More discussion of these figures is offered in the following pages concentrating on the CMA's Housing and Lot Supply Build-out model (Exhibit 13). The forecasted annual closings totals are derived from the Denver Market housing forecasts (as represented in Exhibit 9). Zonda Advisory believes that as the Denver Market's new housing activity moves forward, the Lafferty Canyon CMA is likely to continue growing its share of that activity as price escalation and available land will continue to push buyers north. This conclusion is based on the economic trends outlined within this analysis and existing supply constraints in other areas of the Denver Market, which continue to push demand into this CMA.

As can be seen within the following exhibits, the Lafferty Canyon CMA is composed primarily of mid-size to large master planned communities with a mix of single and multiple builder-controlled developments. In addition, as shown below, individual project volumes fluctuate from year to year depending on the life stage of the community (introduction, growth, maturity, and closeout), as well as when lots are delivered and made available in the individual communities.

Exhibit 11 : *Selected CMA Communities Historical Closings Trends & Peak*



For the trailing four quarters ended 1Q21, Colliers Hill led the CMA with 227 new home closings (18.7% capture rate of CMA activity), followed by Palisade Park (132 closings - 10.9% share), Anthem (122 closings – 10.0% share), Flatiron Meadows (118 closings – 9.7% share), Compass (91 closings – 7.5% share), Wyndham Hill (90 closings – 7.4% share), and Erie Highlands (18 closings – 1.5% share).

Exhibit 12 : *Selected Communities Profile and Starts/Closings Capture of CMA*

MPCs	Built-Out	Lots Remain	VDL	Home Inv	Ann Starts Capture	Historical Capture Peak & Qtr	Ann Close Capture	Historical Capture Peak & Qtr
Anthem	96.6%	95	37	58	7.7%	46.3% 2Q11	10.0%	38.7% 2Q11
Colliers Hill	43.2%	1,460	188	88	13.1%	22.5% 1Q20	18.7%	23.4% 3Q20
Compass	62.4%	193	139	54	8.4%	8.4% 1Q21	7.5%	7.5% 1Q21
Erie Highlands	51.3%	460	90	13	1.6%	11.7% 4Q16	1.5%	11.8% 1Q17
Flatiron	74.5%	241	150	81	10.9%	12.8% 4Q15	9.7%	12.2% 1Q16
Palisade Park	54.8%	354	266	88	12.0%	12.1% 3Q20	10.9%	10.9% 1Q21
Wyndham Hill	48.9%	798	50	57	8.4%	11.2% 3Q18	7.4%	11.2% 1Q19
Combined Total	---	3,601	920	439				

## **Lot Supplies**

Currently, there are 1,513 vacant developed lots and an estimated 11,642 undeveloped future lots in actively selling communities within the CMA. In addition, future projects currently moving through the development process will continue to enter the market in the next decade, pending entitlement approvals, development financing and ultimately, land development. These future proposed communities have an additional 17,635 potential lots. Based on the annual closing pace of 1,216 new homes closed in the CMA as of 1Q21, the lots identified in the active communities equate to 10.8 years of potential supply. The future proposed lots equate to an additional 14.5 years of potential supply.

For the purpose of understanding market supply in the years ahead, we have projected a build-out of active CMA communities' remaining lots, as well as estimated future projects' lots. This build-out model helps to identify when demand for lots and new home options in this portion of the Denver Market will no longer be met within the CMA within the framework of the currently active developments. This is a comprehensive list of all known lots in this CMA at the present time, featuring larger communities while grouping together the smaller scale communities. Projected absorptions for 2021 through 2030 are based on reasonable absorption projections of their remaining supply based on past performance and the stage of the community (introduction, growth, mature, close-out). Attached multi-family units including townhome, duplex, and condominiums are reflected within this model.

In our model, we have listed the competitive communities with their current housing trends, build-out percentage (highlighted in blue), historical absorption and projected an annual future absorption based on projected growth in the CMA, product segmentation, location strength analysis, and their overall anticipated position within the CMA housing market segment.

Eight future planned communities are represented within the model. All reasonable efforts have been made to determine the conceptual plans of these future communities, but many of these communities, even those fully platted, could face potential delays of one kind or another, changes in product segmentation to reflect market conditions, financing and other variables that could affect their market entry timeline. It is important to remember many are still conceptual and undefined future communities, while seeking a more macro view of the future lot supply within the Lafferty Canyon CMA.

In purple at the bottom of the exhibit, we have listed the CMA communities' combined annual closings, as well as their combined historical and projected closing totals, representing the CMA totals based on these community absorptions, and further tracking the forecasted CMA capture rate of closings within the overall Denver Market. This has been done in coordination with Zonda Advisory's Denver Market housing forecast, also represented in purple. The Denver Market actual and projected annual closings are also provided.

Exhibit 13 : CMA Projected Build-Out Model

	Total New Housing							Actual Historical Closings Volume										Projected Closings Volume											
	CMA Selected MPCs	Ann Lot Del	Ann St	Ann Cl	Hm Inv	VDL Inv	Future <sup>1</sup>	Built-Out %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Beyond
<b>Lafferty Canyon Total</b>	0	0	0	0	0	0	320	0.0%	0	0	0	0	0	0	0	0	0	0	0	24	96	98	60	42	0	0	0	0	---
<b>Active Development</b>	0%	0%	0%	0%	0%	1%	---	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	6%	6%	4%	3%	0%	0%	0%	0%	---	
Anthem Colorado	0	88	122	58	37	0	96.6%	140	104	103	119	241	158	172	153	207	128	95	6										
Baseline	101	39	10	29	168	8,366	0.1%	0	0	0	0	0	0	0	0	0	0	100	165	195	225	300	350	350	350	350	350	5,884	
Blue Sage	0	27	39	19	5	0	69.2%	0	0	0	0	0	0	0	0	7	39	32	24										
Canon Trail	0	11	13	7	11	0	53.8%	0	0	0	0	0	0	0	0	5	12	16	16	14	14	5							
Colliers Hill	211	150	227	88	188	1,184	43.2%	0	0	0	30	116	138	163	138	233	262	185	225	225	225	205	199						
Compass	146	97	91	54	139	0	62.4%	0	0	0	0	0	22	65	44	82	84	100	90	57									
Erie Commons	16	12	0	12	4	210	74.9%	28	49	95	47	19	1	0	0	0	0	120	100	52									
Erie Highlands	103	18	18	13	90	357	51.3%	0	0	0	0	27	109	104	94	118	31	80	75	105	125	95							
Erie Village	7	5	4	2	5	74	78.8%	5	3	3	6	7	5	5	3	2	5	10	10	10	10	10	10	10	10	10	10	8	
Flatiron Meadows	222	125	118	81	150	10	74.5%	0	0	38	28	96	93	57	120	124	125	110	110	75									
Harvest Junction	0	113	98	73	23	0	65.5%	0	0	0	0	0	0	0	4	63	89	116											
Morgan Hill	0	82	46	49	56	338	9.4%	0	0	0	0	0	0	0	0	0	24	100	125	125	125	44							
Palisade Park	295	138	132	88	266	0	54.8%	0	0	0	10	38	59	54	37	90	116	120	150	107									
Silver Creek	0	24	34	9	40	42	64.0%	14	36	0	25	29	0	0	0	6	33	35	35	35	17								
Wyndham Hill	86	96	90	57	50	691	48.9%	23	41	56	24	73	61	58	123	104	65	150	125	125	140	150	138						
Other (Combined) <sup>4</sup>	150	124	174	103	281	50	95.7%	188	280	298	318	341	309	468	463	407	188	225	209										
<b>Active Summary</b>	1,337	1,149	1,216	742	1,513	11,642	56.3%	398	513	593	607	987	955	1,146	1,179	1,448	1,201	1,595	1,489	1,221	979	889	745	559	360	360	360	5,892	
<b>Future Development</b>	0	0	0	0	0	600	0.0%																						
Erie Corporate Center	0	0	0	0	0	600	0.0%																						
Parkdale	0	0	0	0	0	973	0.0%																						
Red Tail Ranch	0	0	0	0	0	898	0.0%																						
Shores on Plum Creek	0	0	0	0	0	660	0.0%																						
Spring Hill	0	0	0	0	0	632	0.0%																						
Summerfield	0	0	0	0	0	2,144	0.0%																						
Westerly	0	0	0	0	0	1,252	0.0%																						
Willflower	0	0	0	0	0	355	0.0%																						
Other (Combined) <sup>4</sup>	0	0	0	0	0	10,121	0.0%																						
<b>Future Summary</b>	0	0	0	0	0	17,635	0.0%	0	0	0	0	0	0	0	0	0	0	40	135	478	631	734	909	1,000	1,053	1,075	1,135	11,045	
<b>CMA Totals:</b>								398	513	593	607	987	955	1,146	1,179	1,448	1,201	1,635	1,624	1,699	1,610	1,623	1,654	1,559	1,413	1,435	1,495	NA	
<b>Denver Market:</b>								4,649	5,631	7,014	7,355	9,247	10,721	11,212	13,033	13,282	13,193	14,377	15,585	16,584	17,614	18,524	19,450	20,228	21,037	21,855	23,093	NA	
<b>CMA Capture of Market:</b>								8.6%	9.1%	8.5%	8.3%	10.7%	8.9%	10.2%	9.0%	10.9%	9.1%	11.4%	10.4%	10.2%	9.1%	8.8%	8.5%	7.7%	6.7%	6.6%	6.5%	NA	

Notes:  
<sup>1</sup> Future lot counts are based on currently known breakouts of lots already identified within the Competitive Market Area. This figure may increase/decrease as future development parcel plans are realized.  
<sup>2</sup> 2021 forecast is based on the actual housing trends through the first quarter of 2021 (based on Zonda's lot-by-lot survey).  
<sup>3</sup> Information including total lots, closing pace and market entry time frames are estimated for all future communities based on information collected from developers and planners. Some of these future communities may have additional lot counts and sizes as several have not yet been planned. There may be additional future communities currently unknown at this time that enter the market during this time period; some of the communities listed may ultimately not enter the market. Actual lot counts and product type may prove different than information collected at this time.  
<sup>4</sup> Other (Combined) represent the combined total of remaining CMA subdivisions identified at this time, both within Active and Future segments.

This model tracks a moving target with many variables and requires amending over time as existing and future competition evolve. Affordability within the CMA will likely be at risk within the CMA, due to tight supplies and rising land entitlement & development costs. The most notable observation from this model is that the most established community within the CMA (Anthem) is projected to close out in 2022. Anthem has historically supported the highest number of annual closings in the area, and several new communities will be competing for those homebuyers in the coming years. The Lafferty Canyon CMA has a ten-year historical Denver Market closings capture rate of new home closings of 9.3%, and a five-year average of 9.6%, and finished 2020 at 9.1%. **Given the push into East Boulder/West Weld Counties for price attainable, employment centers along Interstate 25 and the Highway 36 corridor, and popularity of new communities in Erie, demand is expected to continue, which should result in gains of capture for the CMA over the next few years before falling below historical averages, as defined, as master plans close out.**

If some of the replacement communities fail to gain traction, due to challenges many developers/land owners face in trying to secure entitlements, water, services, and financing, the potential for existing communities to gain market volume exists. Success will be dependent on each of these communities' relevance to the consumer based on work commute times, price attainability, and lifestyle.

**Demand Analysis**

The assessment of housing demand and market capture is an iterative process with numerous ever-changing variables to consider. We have approached demand using our projected new home closings forecast within the Denver Market. We accounted for demand based on a review of all active and future lots within the CMA, and all the variables previously discussed to generate a supply-based CMA capture rate (as noted within the build-out model). From there, we reviewed the ratio of currently active to future planned lots, the transition of communities to build-out, and plausible timelines for new communities. We then reviewed demographic and economic trends and the outlook for new housing supply availability, and projected a CMA capture rate, estimated at an average of 8.6% over the next ten years.

We then calculated a potential demand variance of +/- 2.0% to account for unknown factors that could cause a negative or positive market movement from our estimate.

The resulting model is featured on the following page:

Exhibit 14 : **Demand Variance Analysis Model**

	Lafferty Canyon CMA														
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual					Forecast									
Total Denver Mkt Closings Projections <sup>1</sup>	10,721	11,212	13,033	13,282	13,193	14,377	15,585	16,584	17,614	18,524	19,450	20,228	21,037	21,855	23,093
Total CMA Capture <sup>2</sup>	955	1,146	1,179	1,448	1,201	1,635	1,624	1,699	1,610	1,623	1,654	1,559	1,413	1,435	1,495
	8.9%	10.2%	9.0%	10.9%	9.1%	11.4%	10.4%	10.2%	9.1%	8.8%	8.5%	7.7%	6.7%	6.6%	6.5%
Active Community Capture <sup>3</sup>	955	1,146	1,179	1,448	1,201	1,595	1,489	1,221	979	889	745	559	360	360	360
	100%	100%	100%	100%	100%	98%	92%	72%	61%	55%	45%	36%	25%	25%	24%
Future Community Capture <sup>4</sup>	0	0	0	0	0	40	135	478	631	734	909	1,000	1,053	1,075	1,135
	0%	0%	0%	0%	0%	2%	8%	28%	39%	45%	55%	64%	75%	75%	76%
Lafferty Canyon	0	0	0	0	0	0	24	96	98	60	42	0	0	0	0
Closings & CMA %	0%	0%	0%	0%	0%	0%	1%	6%	6%	4%	3%	0%	0%	0%	0%
Potential Demand Variance <sup>5</sup>															
CMA @ 6.6% Capture	NA	NA	NA	NA	NA	-687	-597	-606	-449	-402	-372	-226	-27	5	27
CMA @ 10.6% Capture	NA	NA	NA	NA	NA	-112	27	57	255	339	406	583	815	880	951

Notes:

- <sup>1</sup> Annual closings for 2017 to 2021 are based on the Zonda 1Q21 lot survey data results for the Lafferty Canyon CMA. Future annual closings between 2021 through 2030 are forecasted by Zonda Advisory. This level of sales can only be achieved if the housing market fundamentals continue to improve and homebuilders offer appropriately priced product in locations with price ranges in demand by the homebuying public.
- <sup>2</sup> Includes all annual closings within the Lafferty Canyon CMA per Zonda Advisory. Market share percentages between 2016 and 2020 are actual capture rates, at an average of 9.6%. Future closings within this segment were forecasted based on estimated capture rates that follow established start production and closing trends which are consistent with those listed in previous exhibits.
- <sup>3</sup> The combined total of all currently active selling communities' related closings within the CMA. 2016 through 2020 figures are actual capture counts, therefore equal 100%. Future closings with this segment were forecasting based on historical and anticipated absorption of these same communities within the CMA up until their completion.
- <sup>4</sup> The combined total of all currently future planned communities and their closings within the CMA. Years 2016 through 2020 will not have any activity since these communities are yet to enter the market. Future closings within this segment were forecasted based on estimated market entry for each community and anticipated absorption given what is currently known about each potential community. As with any future plans, all estimates are subject to change. Given today's current housing development environment, it is very possible that some of these communities may never be fully realized, may enter the market at another time than projected, and/or that additional communities currently unknown may enter the market over the next five years.
- <sup>5</sup> Based on the absorption analysis for the subject property, as shown within the build-out model.
- <sup>6</sup> Zonda Advisory acknowledges the possibilities of a variance in demand brought on by unforeseen circumstances such as interest rates spikes, gaps in lot deliveries and the ebb and flow of consumer confidence brought on by a variety of factors. Therefore, we have shown a +/- 2.0% variance from the average 8.6% capture rate by the CMA over the next ten years.

This demand analysis is consistent with historical trending and current projected upward growth within the Lafferty Canyon CMA. While we believe that these figures represent a realistic view of the market based on our experience, these types of demand models are best served as points of discussion.



the current scheduled lot delivery, anticipated opening, and first projected home closings, we estimate full community build-out to occur by the fourth quarter of 2026.

The CMA's capture rate of the Denver Market has averaged 9.6% over the past five years (2016 to 2020). Based on current economic and competitive conditions, land availability, and established history of the area, Zonda Advisory estimates the future capture rate of the CMA to expand over the next three years as more new development enters the market and average closer to 10.0% to 11.5% of the Denver Market's new housing activity, before returning to its historic capture rate in 2024, as communities within the CMA begin to close out. Zonda Advisory believes that Lafferty Canyon has the potential to capture between 5.0% and 7.0% of the CMA's total home closings, which seems reasonable given previous capture rates by similar-sized communities in the CMA, and the potential demand for housing within the CMA.

If the Denver Market achieves greater volumes than those forecasted by Zonda Advisory, absorption potential would obviously increase. On the other hand, if a down cycle occurs within our current projection, Denver's volumes may fall off pace, resulting in potentially lower absorption. And finally, should other communities build-out earlier than expected, or run short on available lots, capture rates would also increase (at the same time, if other competition emerges sooner than expected, capture rates could potentially decline).

### **Price Positioning in the Competitive Market**

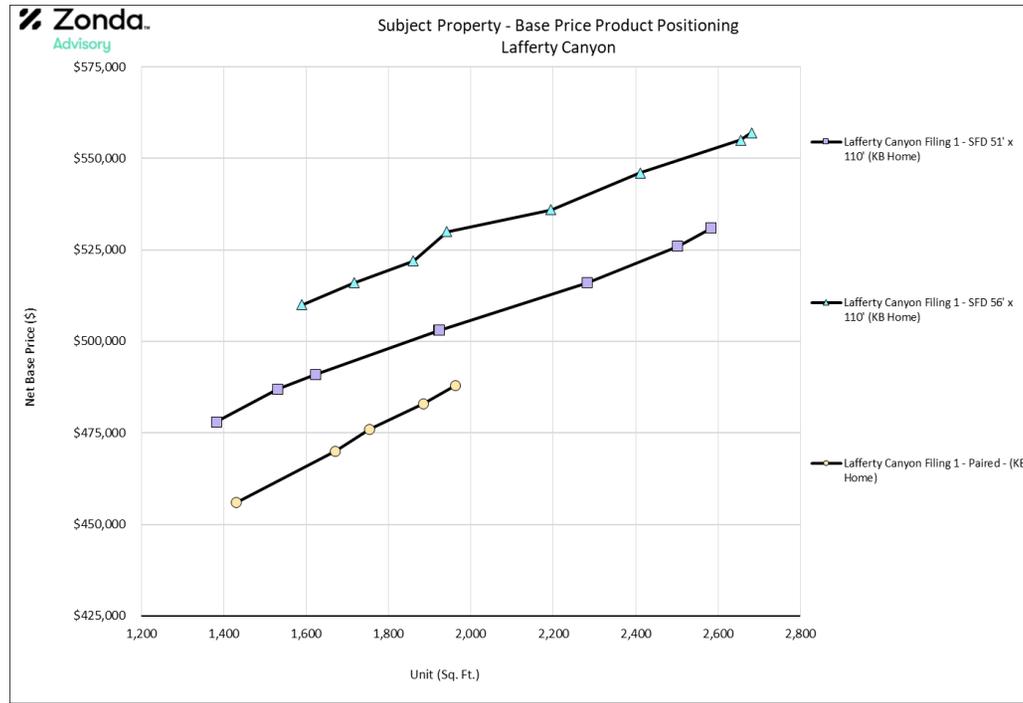
Zonda Advisory has evaluated the CMA in terms of price positioning, absorption levels, and market share. The recommendations and conclusions of Zonda Advisory with respect to estimated pricing for the subject property, which are based on present competition and market conditions, are set forth in Exhibit 16. We have utilized price information of the KB Home product offerings planned at the community as indicated by builder, but specific floor plans were not analyzed. This product remains conceptual and subject to change, though where possible, Zonda Advisory compared pricing of the Lafferty Canyon product to other KB Home communities finding that many of the plans are currently being marketed in multiple communities and the pricing for Lafferty Canyon is reasonable relative to those communities.

Pricing for future releases may need adjustment as the market continues to evolve. Over the past year, competitive single-family detached communities within the CMA have reported an average 14.7% increase in base price of all floor plans offered overall, at \$589,528 (\$240/PSF). **Single-family detached new home closings prices increased 6.2% to \$632,107, while the average square footage fell 13% to 2,511 square feet.** Resale average closing prices rose 27% to \$804,050 from March 2020 to March 2021.

Over the past year, attached CMA communities have reported an average 7.1% gain in the average base price of all floor plans offered overall, at \$508,373. **Attached new home closing prices rose 3.8% to \$463,285, while the average square footage increased 14.3% to 1,604 square feet.** Resale closing prices for attached housing increased 11.9% to \$462,267, with a 15.4% gain in home size at 1,821 square feet.

These prices represent the current minimum base price for all active product lines within the subject property. These base prices were matched against other competitive offerings base prices within the CMA. To calculate average closing prices, past deed records were reviewed and values for lot premiums and options/upgrades were estimated based on field data collected from interviews with sales agents and a review of deed records. Premiums varied based on the product line offered and consumer targeted. Lot premium values are typically based on orientation, size, topography, and the quality of views and open space behind the home site. Typical options/upgrades are the addition and finishing of basements and improvements to kitchens, bathrooms, and floorings from the base offering by the homebuilder. For details per product line on estimated premiums and options/upgrades, please refer to the Lafferty Canyon Pricing Program in Exhibit 16 on the next page.

Exhibit 16 : *Lafferty Canyon Metropolitan District Home Pricing Program*



--- Notes ---

- Product prices and plan information for the Subject Property is based on all currently available information regarding the Subject Property as provided by the Developer, and identified homebuilder(s). Additional assumptions and estimates have been included based on an analysis within the competitive market to determine the most likely additional product information.
- Average prices for the Subject Property is based on all currently available information regarding the Subject Property, as provided by the Developer and Homebuilder(s). Plan information used was from actively selling product lines when available, and when not, from a compilation of competitive market information for the most reasonable product comparison.
- All information is based on current market conditions. Pricing at the Subject Property's release may need adjustment. Zonda estimates a 3.0% annual increase in pricing in the CMA due to rising material and labor costs.

Exhibit 17 : *Lafferty Canyon Metropolitan District Home Pricing Program (Continued)*

Plan	Unit Size (Sq. Ft.)	Base Price (\$)	Base \$ / Sq. Ft.	Lot Premium	Opt / Upgrade	Est. Close Price	Close \$ / Sq. Ft.
Plan 1	1,382	\$477,990	\$345.87	2.5%	15.0%	\$563,431	\$407.69
Plan 2	1,532	\$486,990	\$317.88	2.5%	15.0%	\$574,039	\$374.70
Plan 3	1,624	\$490,990	\$302.33	2.5%	15.0%	\$578,754	\$356.38
Plan 4	1,922	\$502,990	\$261.70	2.5%	15.0%	\$592,899	\$308.48
Plan 5	1,923	\$502,990	\$261.57	3.0%	15.0%	\$595,792	\$309.82
Plan 6	2,282	\$515,990	\$226.11	3.0%	15.0%	\$611,190	\$267.83
Plan 7	2,502	\$525,990	\$210.23	3.0%	15.0%	\$623,035	\$249.01
Plan 8	2,583	\$530,990	\$205.57	3.0%	15.0%	\$628,958	\$243.50
<b>Average</b>	<b>1,969</b>	<b>\$504,365</b>	<b>\$256.19</b>	<b>2.8%</b>	<b>15.0%</b>	<b>\$596,012</b>	<b>\$302.74</b>

Lafferty Canyon  
Filing 1 - SFD 51' x  
110' (KB Home)

Plan	Unit Size (Sq. Ft.)	Base Price (\$)	Base \$ / Sq. Ft.	Lot Premium	Opt / Upgrade	Est. Close Price	Close \$ / Sq. Ft.
Plan 1	1,590	\$509,990	\$320.75	3.0%	15.0%	\$604,083	\$379.93
Plan 2	1,716	\$515,990	\$300.69	3.0%	15.0%	\$611,190	\$356.17
Plan 3	1,860	\$521,990	\$280.64	3.0%	15.0%	\$618,297	\$332.42
Plan 4	1,942	\$529,990	\$272.91	3.0%	15.0%	\$627,773	\$323.26
Plan 5	2,194	\$535,990	\$244.30	3.5%	15.0%	\$637,962	\$290.78
Plan 6	2,411	\$545,990	\$226.46	3.5%	15.0%	\$649,865	\$269.54
Plan 7	2,655	\$554,990	\$209.04	3.5%	15.0%	\$660,577	\$248.80
Plan 8	2,681	\$556,990	\$207.75	3.5%	15.0%	\$662,957	\$247.28
<b>Average</b>	<b>2,131</b>	<b>\$533,990</b>	<b>\$250.57</b>	<b>3.3%</b>	<b>15.0%</b>	<b>\$634,088</b>	<b>\$297.54</b>

Lafferty Canyon  
Filing 1 - SFD 56' x  
110' (KB Home)

Plan	Unit Size (Sq. Ft.)	Base Price (\$)	Base \$ / Sq. Ft.	Lot Premium	Opt / Upgrade	Est. Close Price	Close \$ / Sq. Ft.
Plan 1	1,430	\$455,990	\$318.87	1.0%	9.0%	\$501,999	\$351.05
Plan 2	1,671	\$469,990	\$281.26	1.0%	9.0%	\$517,412	\$309.64
Plan 3	1,754	\$475,990	\$271.37	1.0%	9.0%	\$524,017	\$298.76
Plan 4	1,885	\$482,990	\$256.23	1.0%	9.0%	\$531,724	\$282.08
Plan 5	1,963	\$487,990	\$248.59	1.0%	9.0%	\$537,228	\$273.68
<b>Average</b>	<b>1,741</b>	<b>\$474,590</b>	<b>\$272.66</b>	<b>1.0%</b>	<b>9.0%</b>	<b>\$522,476</b>	<b>\$300.17</b>

Lafferty Canyon  
Filing 1 - Paired -  
(KB Home)



## Exhibit Package

# Economic Overview

## Employment and Job Growth

Exhibit 18 : Denver, CO Employment by Industry Sector

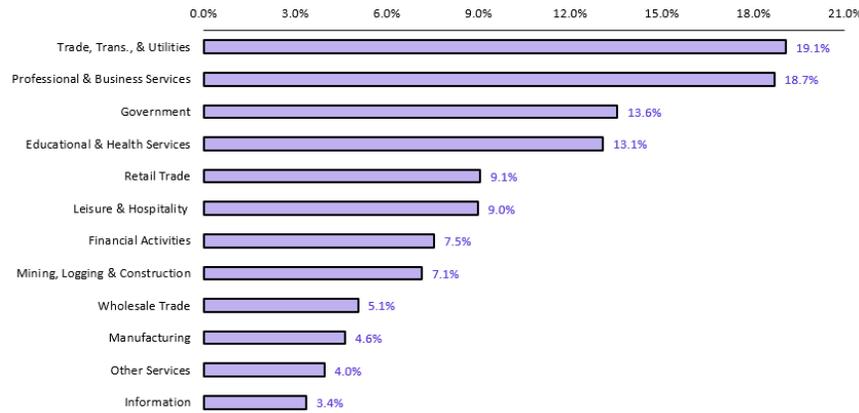
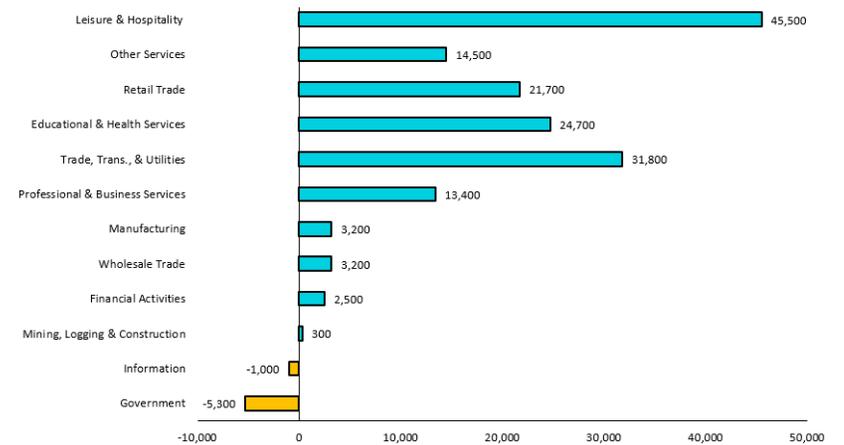


Exhibit 19 : Denver, CO Employment Growth Year-Over-Year



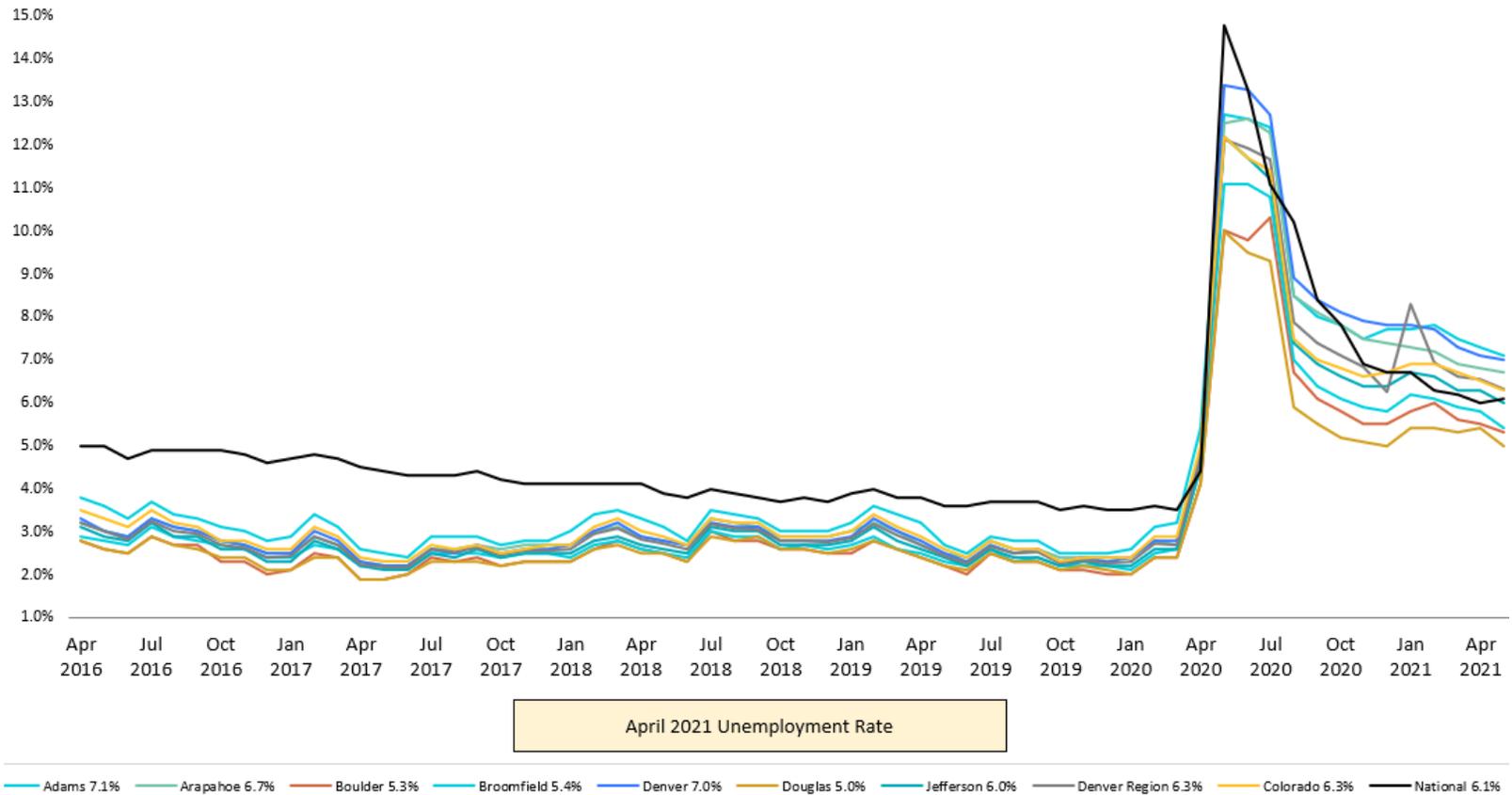
Ranked by Current Industry Sector Capture

Sector	Apr 2021	Apr 2020	Net Jobs			Capture %	YOY %
			1-Yr	3-Yr	5-Yr		
Trade, Trans., & Utilities	282,900	251,100	31,800	13,800	23,800	19.1%	12.7%
Professional & Business Services	277,300	263,900	13,400	8,100	21,300	18.7%	5.1%
Government	201,100	206,400	-5,300	-2,700	3,800	13.6%	-2.6%
Educational & Health Services	194,100	169,400	24,700	5,500	10,500	13.1%	14.6%
Retail Trade	134,500	112,800	21,700	-3,000	-500	9.1%	19.2%
Leisure & Hospitality	133,300	87,800	45,500	-34,200	-25,000	9.0%	51.8%
Financial Activities	112,000	109,500	2,500	1,200	7,000	7.5%	2.3%
Mining, Logging & Construction	106,100	105,800	300	-1,400	9,800	7.1%	0.3%
Wholesale Trade	75,000	71,800	3,200	2,200	4,000	5.1%	4.5%
Manufacturing	68,700	65,500	3,200	-900	0	4.6%	4.9%
Other Services	58,700	44,200	14,500	1,500	3,600	4.0%	32.8%
Information	49,900	50,900	-1,000	-200	3,400	3.4%	-2.0%
<b>Total Non-Farm</b>	<b>1,484,000</b>	<b>1,354,500</b>	<b>129,500</b>	<b>-9,400</b>	<b>58,100</b>	<b>100.0%</b>	<b>9.6%</b>

To further break down the economic characteristics of the area, we have provided a historical look at select county unemployment rates, as well as against the Denver region, the state, and national rates. As most rates continue to fall, there are some additional factors to consider when reviewing unemployment rate trends. These include fewer people looking for work and demographic shifts as workers who delayed retirement during the recession now begin to leave the workforce, leaving job openings to fill.

Boulder County (red-colored line), where the Subject Property is located, has historically held and continues to report unemployment rates below the other counties surveyed along the Front Range. Currently, Boulder County's unemployment rate stands at 5.3%, well below the April levels in the Denver Region and Colorado (both at 6.3%) and below the National (6.1%) rate.

Exhibit 20 : **Regional Unemployment Rate Trends by County**



**Demographic Overview**  
**Population and Households**

**Exhibit 21 : Denver Market Total Population**

Total Population			
	2010 Census	2021 Estimate	2026 Projection
<b>Population</b>	<b>2,880,570</b>	<b>3,410,487</b>	<b>3,586,641</b>
Total Numerical Change	---	529,917	176,154
Total Percent Change	---	18.4%	5.2%
Annual Number Change	---	48,174	35,231
Annual Percent Change	---	1.5%	1.0%
<b>Households</b>	<b>1,135,214</b>	<b>1,342,563</b>	<b>1,411,115</b>
Total Numerical Change	---	207,349	68,552
Total Percent Change	---	18.3%	5.1%
Annual Number Change	---	18,850	13,710
Annual Percent Change	---	1.5%	1.0%
<b>Average Household Size</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

Source: Zonda Advisory/Neustar/U.S. Census Bureau

**Exhibit 22 : Lafferty Canyon CMA Total Population**

Total Population			
	2010 Census	2021 Estimate	2026 Projection
<b>Population</b>	<b>88,666</b>	<b>117,030</b>	<b>123,852</b>
Total Numerical Change	---	28,364	6,822
Total Percent Change	---	32.0%	5.8%
Annual Number Change	---	2,579	1,364
Annual Percent Change	---	2.6%	1.1%
<b>Households</b>	<b>33,901</b>	<b>45,426</b>	<b>48,149</b>
Total Numerical Change	---	11,525	2,723
Total Percent Change	---	34.0%	6.0%
Annual Number Change	---	1,048	545
Annual Percent Change	---	2.7%	1.2%
<b>Average Household Size</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
Population	3.1%	3.4%	3.5%
Households	3.0%	3.4%	3.4%

Source: Zonda Advisory/Neustar/U.S. Census Bureau

**Age Distribution**

Exhibit 23 : *Market Age Distribution*

Age Group	2010 Census		2021 Estimate		2026 Projection	
	Total	%	Total	%	Total	%
0-24	977,672	33.9%	1,043,238	30.6%	1,079,103	30.1%
25-34	436,926	15.2%	571,522	16.8%	510,971	14.2%
35-44	425,262	14.8%	498,949	14.6%	543,026	15.1%
45-54	424,330	14.7%	435,345	12.8%	469,618	13.1%
55-64	328,769	11.4%	406,101	11.9%	416,160	11.6%
65-74	161,924	5.6%	283,151	8.3%	329,097	9.2%
75-84	88,791	3.1%	123,220	3.6%	173,671	4.8%
85+	36,896	1.3%	48,961	1.4%	64,993	1.8%
<b>Total</b>	<b>2,880,570</b>	<b>100.0%</b>	<b>3,410,487</b>	<b>100.0%</b>	<b>3,586,641</b>	<b>100.0%</b>

Annual Change						
Age Group	2010	2021	2026	2010	2021	2026
	Total	Total	Total	%	%	%
0-24	-	5,961	7,173	-	0.6%	0.7%
25-34	-	12,236	-12,110	-	2.5%	-2.2%
35-44	-	6,699	8,815	-	1.5%	1.7%
45-54	-	1,001	6,855	-	0.2%	1.5%
55-64	-	7,030	2,012	-	1.9%	0.5%
65-74	-	11,021	9,189	-	5.2%	3.1%
75-84	-	3,130	10,090	-	3.0%	7.1%
85+	-	1,097	3,206	-	2.6%	5.8%
<b>Median Age</b>	<b>35.6</b>	<b>36.7</b>	<b>38.6</b>			

Source: Zonda Advisory/Neustar/U.S. Census Bureau

Exhibit 24 : *CMA Age Distribution*

Age Group	2010 Census		2021 Estimate		2026 Projection	
	Total	%	Total	%	Total	%
0-24	28,698	32.4%	38,921	33.3%	37,348	30.2%
25-34	10,381	11.7%	11,991	10.2%	16,166	13.1%
35-44	13,993	15.8%	14,142	12.1%	13,635	11.0%
45-54	15,730	17.7%	16,793	14.3%	16,014	12.9%
55-64	11,588	13.1%	16,770	14.3%	16,766	13.5%
65-74	5,109	5.8%	11,886	10.2%	14,018	11.3%
75-84	2,299	2.6%	4,915	4.2%	7,390	6.0%
85+	868	1.0%	1,611	1.4%	2,516	2.0%
<b>Total</b>	<b>88,666</b>	<b>100.0%</b>	<b>117,030</b>	<b>100.0%</b>	<b>123,852</b>	<b>100.0%</b>

Annual Change						
Age Group	2010	2021	2026	2010	2021	2026
	Total	Total	Total	%	%	%
0-24	-	929	-315	-	2.8%	-0.8%
25-34	-	146	835	-	1.3%	6.2%
35-44	-	14	-101	-	0.1%	-0.7%
45-54	-	97	-156	-	0.6%	-0.9%
55-64	-	471	-1	-	3.4%	0.0%
65-74	-	616	426	-	8.0%	3.4%
75-84	-	238	495	-	7.2%	8.5%
85+	-	68	181	-	5.8%	9.3%
<b>Median Age</b>	<b>38.8</b>	<b>40.7</b>	<b>41.3</b>			

Source: Zonda Advisory/Neustar/U.S. Census Bureau

**Household Income**

**Exhibit 25 : *Market Household Income***

Annual Household Inc.	2010 Census		2021 Estimate		2026 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	229,058	20.2%	152,135	11.3%	151,235	10.7%
\$25,000-\$34,000	107,778	9.5%	77,017	5.7%	76,386	5.4%
\$35,000-\$49,000	149,894	13.2%	126,485	9.4%	127,935	9.1%
\$50,000-\$74,000	203,455	17.9%	221,249	16.5%	228,549	16.2%
\$75,000-\$99,000	150,325	13.2%	179,053	13.3%	186,612	13.2%
\$100,000-\$149,000	168,258	14.8%	267,674	19.9%	287,389	20.4%
\$150,000+	126,448	11.1%	318,952	23.8%	353,009	25.0%
	1,135,214	100.0%	1,342,563	100.0%	1,411,115	100.0%
<b>Average Household Inc.</b>	<b>\$78,919</b>		<b>\$112,886</b>		<b>\$116,062</b>	
<b>Median Household Inc.</b>	<b>\$59,546</b>		<b>\$88,179</b>		<b>\$91,270</b>	

Source: Zonda Advisory/Neustar/U.S. Census Bureau

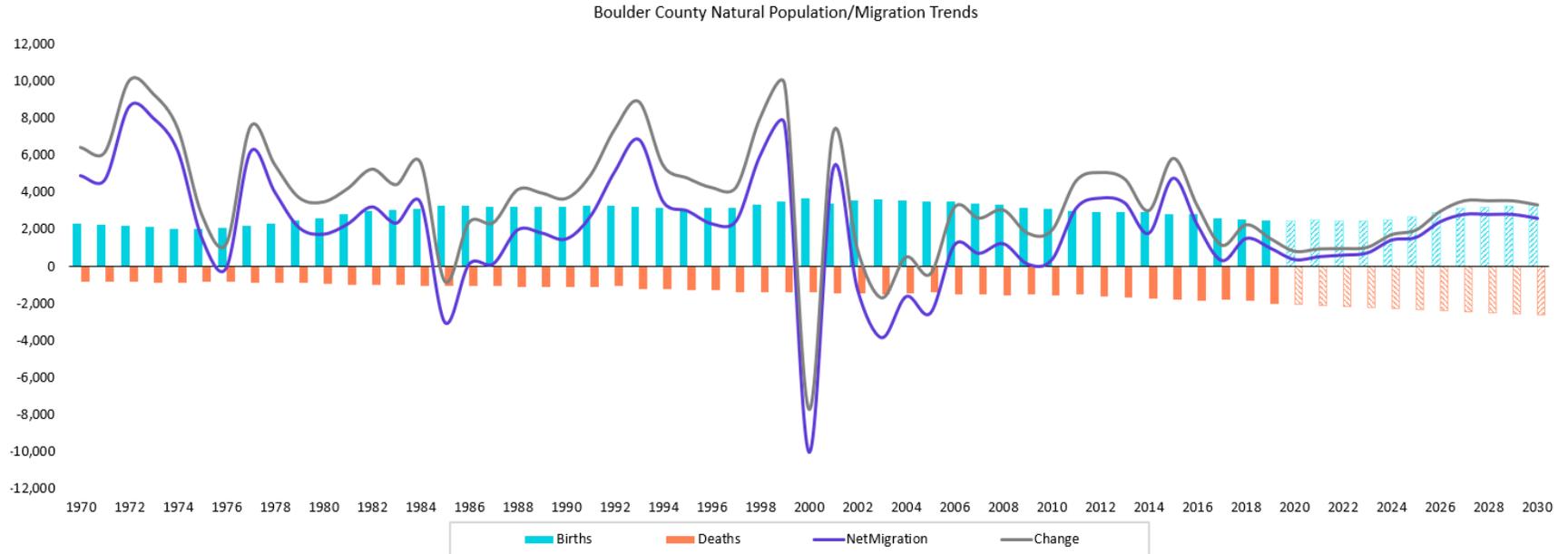
**Exhibit 26 : *CMA Household Income***

Annual Household Inc.	2010 Census		2021 Estimate		2026 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	4,286	12.6%	3,416	7.5%	3,488	7.2%
\$25,000-\$34,000	2,431	7.2%	1,735	3.8%	1,723	3.6%
\$35,000-\$49,000	4,061	12.0%	3,202	7.0%	3,190	6.6%
\$50,000-\$74,000	5,633	16.6%	5,674	12.5%	5,784	12.0%
\$75,000-\$99,000	5,077	15.0%	6,453	14.2%	6,750	14.0%
\$100,000-\$149,000	6,491	19.1%	9,699	21.4%	10,371	21.5%
\$150,000+	5,921	17.5%	15,248	33.6%	16,844	35.0%
	33,901	100.0%	45,426	100.0%	48,149	100.0%
<b>Average Household Inc.</b>	<b>\$98,731</b>		<b>\$136,998</b>		<b>\$140,231</b>	
<b>Median Household Inc.</b>	<b>\$77,654</b>		<b>\$110,146</b>		<b>\$113,402</b>	

Source: Zonda Advisory/Neustar/U.S. Census Bureau

Exhibit 27 : *Natural Population and Migration Trends into Boulder County, CO*

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Population	295,605	300,237	305,316	310,053	313,087	318,933	322,201	323,367	325,637	327,164	328,006	328,973	329,958	331,014	332,750	334,735	337,727	341,291	344,851	348,405	351,743
Change	1,964	4,632	5,079	4,737	3,034	5,846	3,268	1,166	2,270	1,527	842	967	985	1,056	1,736	1,984	2,993	3,564	3,560	3,554	3,338
Births	3,141	2,995	2,954	2,963	2,939	2,857	2,841	2,628	2,580	2,525	2,502	2,520	2,493	2,494	2,532	2,693	2,911	3,148	3,218	3,287	3,351
Deaths	1,544	1,510	1,571	1,666	1,709	1,784	1,813	1,790	1,832	1,998	2,040	2,087	2,132	2,180	2,230	2,285	2,344	2,407	2,475	2,546	2,619
Net Migration	367	3,147	3,696	3,440	1,804	4,773	2,240	328	1,522	1,000	380	535	624	742	1,434	1,577	2,425	2,823	2,817	2,813	2,606

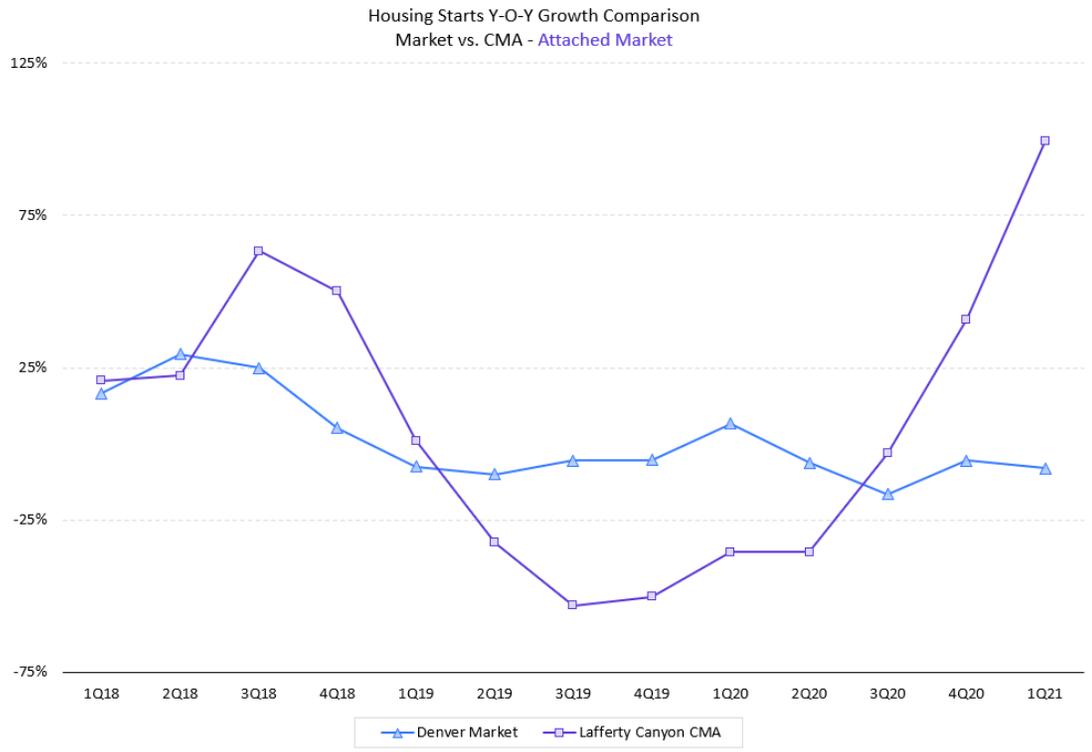


Source: Colorado Department of Local Affairs

# Housing Market Overview

## New Home Production

Exhibit 28 : *Housing Starts Activity – Attached*

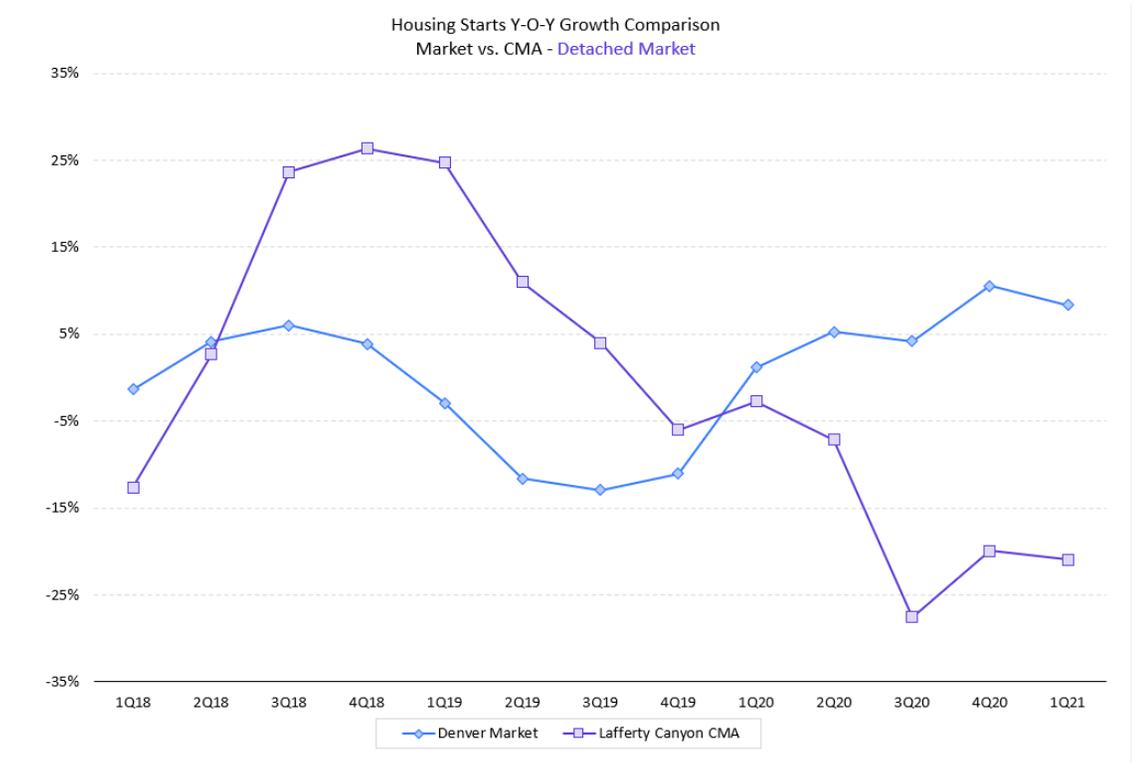


Quarter	Denver Market		Lafferty Canyon CMA	
	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
1Q17	3,341	*	164	*
2Q17	3,174	*	197	*
3Q17	3,284	*	172	*
4Q17	3,685	*	170	*
1Q18	3,893	16.5%	198	20.7%
2Q18	4,111	29.5%	241	22.3%
3Q18	4,103	24.9%	281	63.4%
4Q18	3,877	5.2%	255	50.0%
1Q19	3,602	-7.5%	200	1.0%
2Q19	3,702	-9.9%	163	-32.4%
3Q19	3,881	-5.4%	132	-53.0%
4Q19	3,669	-5.4%	127	-50.2%
1Q20	3,843	6.7%	129	-35.5%
2Q20	3,476	-6.1%	105	-35.6%
3Q20	3,239	-16.5%	128	-3.0%
4Q20	3,471	-5.4%	179	40.9%
1Q21	3,538	-7.9%	257	99.2%
Hist. Avg.	3,641	1.4%	182	6.8%

# Housing Market Overview

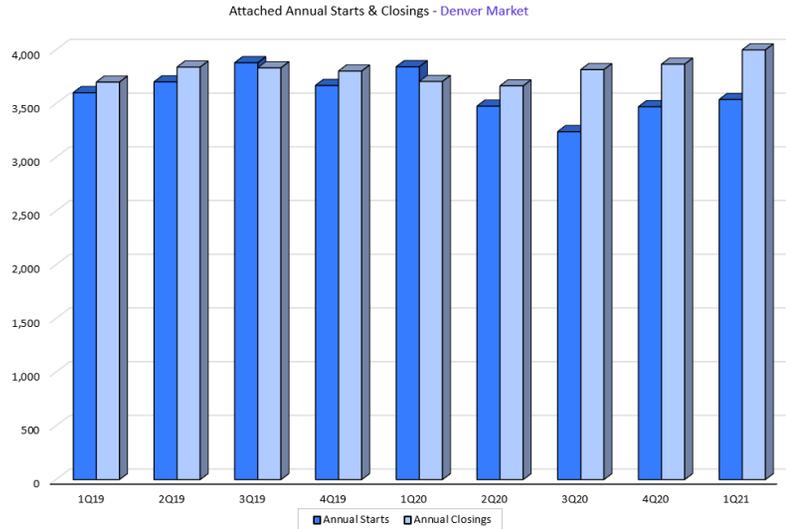
## New Home Production

Exhibit 29 : *Housing Starts Activity – Detached*



Quarter	Denver Market		Lafferty Canyon CMA	
	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
1Q17	9,359	*	1,064	*
2Q17	9,245	*	998	*
3Q17	9,190	*	935	*
4Q17	9,187	*	937	*
1Q18	9,231	-1.4%	930	-12.6%
2Q18	9,628	4.1%	1,025	2.7%
3Q18	9,745	6.0%	1,156	23.6%
4Q18	9,543	3.9%	1,184	26.4%
1Q19	8,961	-2.9%	1,160	24.7%
2Q19	8,508	-11.6%	1,138	11.0%
3Q19	8,485	-12.9%	1,202	4.0%
4Q19	8,488	-11.1%	1,113	-6.0%
1Q20	9,068	1.2%	1,128	-2.8%
2Q20	8,954	5.2%	1,057	-7.1%
3Q20	8,841	4.2%	871	-27.5%
4Q20	9,384	10.6%	891	-19.9%
1Q21	9,824	8.3%	892	-20.9%
Hist. Avg.	9,155	0.3%	1,040	-0.3%

Exhibit 30 : *New Housing Starts and Closings Activity Comparison - Attached*



Denver Market - Attached					
Quarter	Annual Starts		Annual Closings		St - CI
1Q19	3,602	-7.5%	3,700	37.7%	-98
2Q19	3,702	-9.9%	3,840	28.9%	-138
3Q19	3,881	-5.4%	3,833	16.4%	48
4Q19	3,669	-5.4%	3,803	9.3%	-134
1Q20	3,843	6.7%	3,706	0.2%	137
2Q20	3,476	-6.1%	3,665	-4.6%	-189
3Q20	3,239	-16.5%	3,816	-0.4%	-577
4Q20	3,471	-5.4%	3,867	1.7%	-396
1Q21	3,538	-7.9%	4,029	8.7%	-491
<b>9-Qtr Avg</b>	<b>3,602</b>	<b>-6.4%</b>	<b>3,807</b>	<b>10.9%</b>	<b>-204</b>

Lafferty Canyon CMA - Attached					
Quarter	Annual Starts		Annual Closings		St - CI
1Q19	200	1.0%	173	9.5%	27
2Q19	163	-32.4%	217	48.6%	-54
3Q19	132	-53.0%	211	34.4%	-79
4Q19	127	-50.2%	193	29.5%	-66
1Q20	129	-35.5%	182	5.2%	-53
2Q20	105	-35.6%	144	-33.6%	-39
3Q20	128	-3.0%	122	-42.2%	6
4Q20	179	40.9%	137	-29.0%	42
1Q21	257	99.2%	154	-15.4%	103
<b>9-Qtr Avg</b>	<b>158</b>	<b>-7.6%</b>	<b>170</b>	<b>0.8%</b>	<b>-13</b>

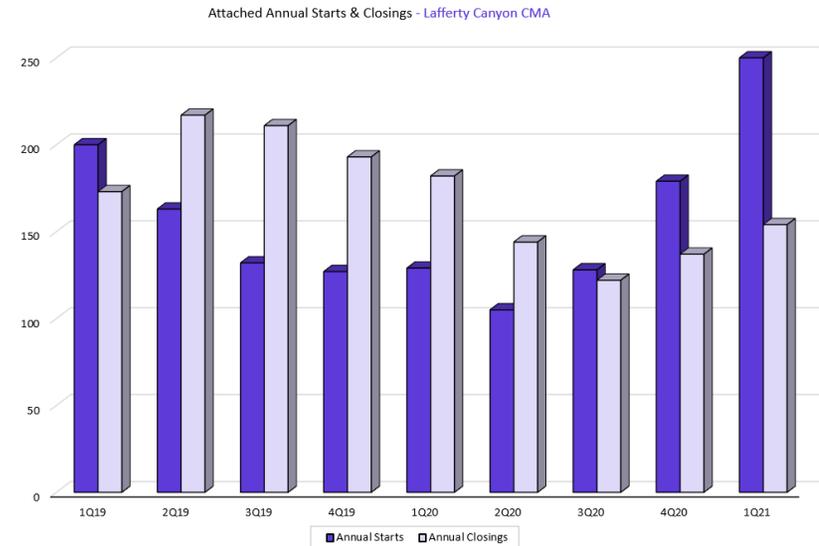
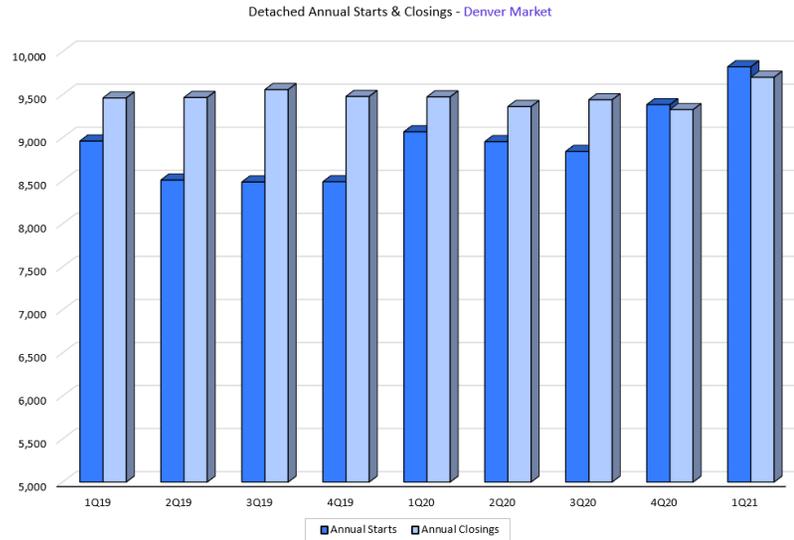
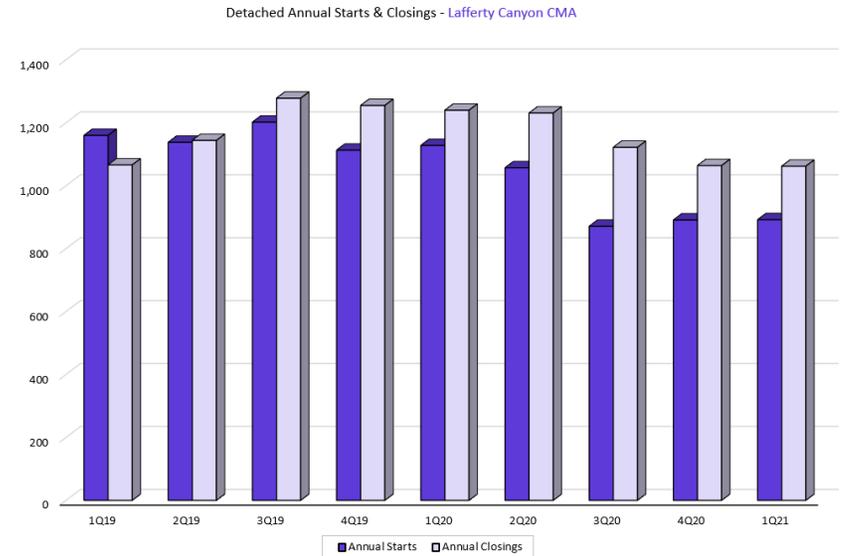


Exhibit 31 : **New Housing Starts and Closings Activity Comparison – Detached**



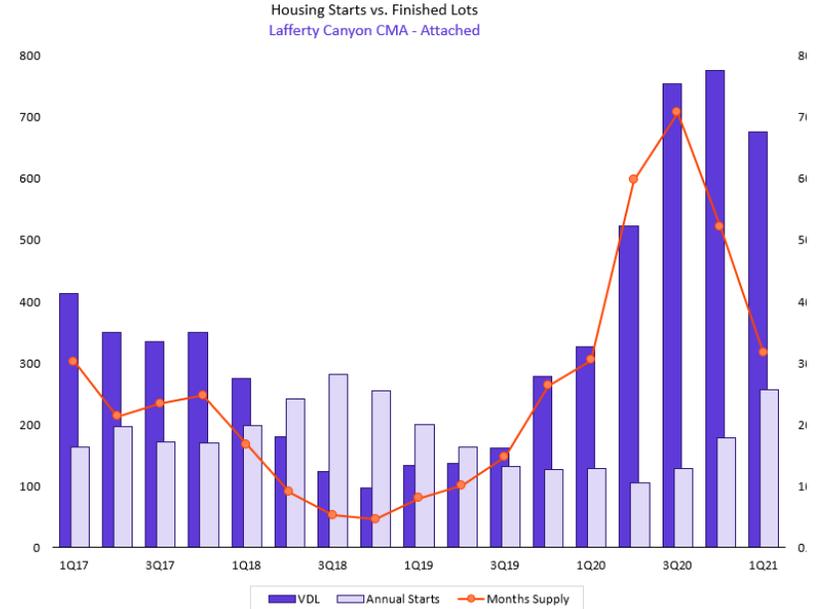
Denver Market - Detached					
Quarter	Annual Starts		Annual Closings		St - Cl
1Q19	8,961	-2.9%	9,462	7.1%	-501
2Q19	8,508	-11.6%	9,467	4.8%	-959
3Q19	8,485	-12.9%	9,559	3.1%	-1,074
4Q19	8,488	-11.1%	9,479	-0.8%	-991
1Q20	9,068	1.2%	9,474	0.1%	-406
2Q20	8,954	5.2%	9,362	-1.1%	-408
3Q20	8,841	4.2%	9,441	-1.2%	-600
4Q20	9,384	10.6%	9,326	-1.6%	58
1Q21	9,824	8.3%	9,702	2.4%	122
<b>9-Qtr Avg</b>	<b>8,946</b>	<b>-1.0%</b>	<b>9,475</b>	<b>1.4%</b>	<b>-529</b>

Lafferty Canyon CMA - Detached					
Quarter	Annual Starts		Annual Closings		St - Cl
1Q19	1,160	24.7%	1,066	9.3%	94
2Q19	1,138	11.0%	1,144	24.9%	-6
3Q19	1,202	4.0%	1,278	35.5%	-76
4Q19	1,113	-6.0%	1,255	21.8%	-142
1Q20	1,128	-2.8%	1,240	16.3%	-112
2Q20	1,057	-7.1%	1,231	7.6%	-174
3Q20	871	-27.5%	1,122	-12.2%	-251
4Q20	891	-19.9%	1,064	-15.2%	-173
1Q21	892	-20.9%	1,062	-14.4%	-170
<b>9-Qtr Avg</b>	<b>1,050</b>	<b>-4.9%</b>	<b>1,162</b>	<b>8.2%</b>	<b>-112</b>



**Lot Supply**

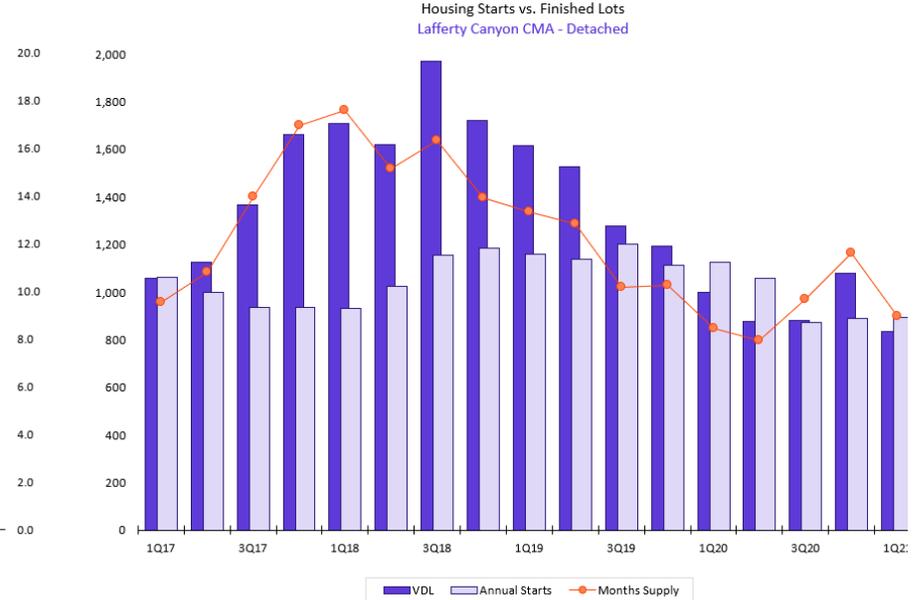
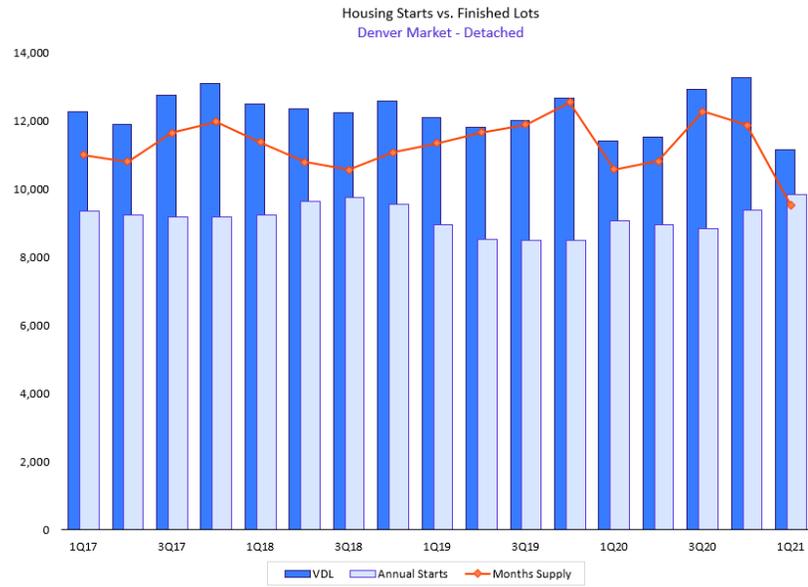
**Exhibit 32 : Vacant Developed Lots and Months of Supply – Attached**



Quarter	Denver Market - Attached			Lafferty Canyon CMA - Attached		
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply
1Q18	3,993	3,893	12.3	275	198	16.7
1Q19	3,418	3,602	11.4	133	200	8.0
1Q20	3,952	3,843	12.3	327	129	30.4
1Q21	5,059	3,538	17.2	677	257	31.6
Hist. Avg	4,167	3,641	13.7	346	182	22.8

**Lot Supply**

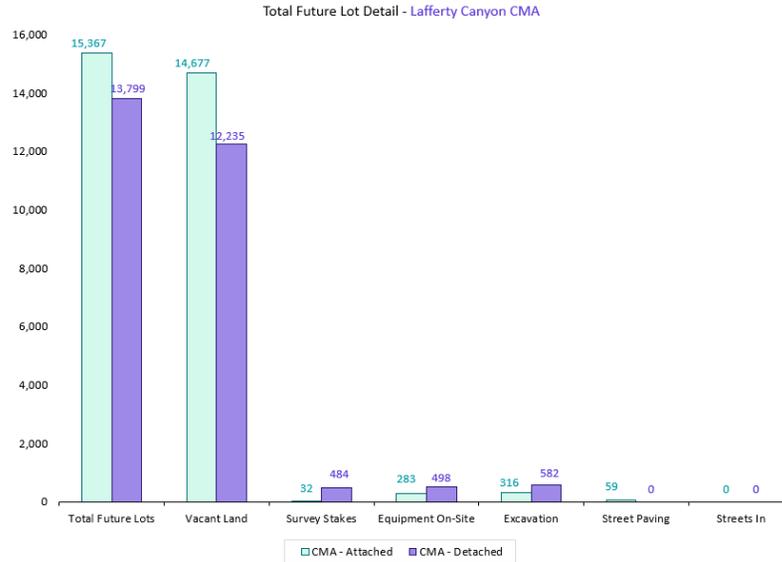
**Exhibit 33 : Vacant Developed Lots and Months of Supply – Detached**



Quarter	Denver Market - Detached			Lafferty Canyon CMA - Detached		
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply
1Q18	12,499	9,231	16.2	1,709	930	22.1
1Q19	12,103	8,961	16.2	1,615	1,160	16.7
1Q20	11,402	9,068	15.1	998	1,128	10.6
1Q21	11,146	9,824	13.6	836	892	11.2
Hist. Avg	12,261	9,155	16.1	1,325	1,040	15.3

**Future Lot Supply**

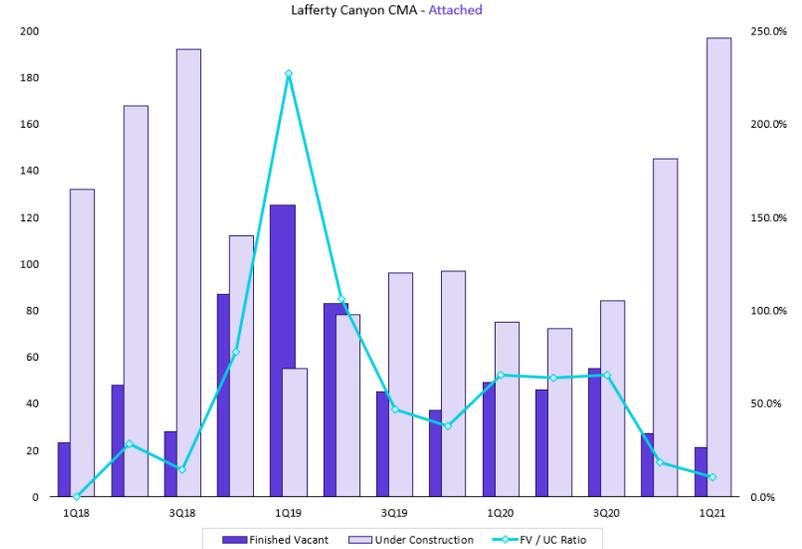
**Exhibit 34 : Development Status of Future Lots and Future Supply**



1Q21	Denver Market		Lafferty Canyon CMA	
	Attached Future Lot Detail			
Total Future Lots	95,365	100.0%	15,367	100.0%
Vacant Land	84,656	88.8%	14,677	95.5%
Survey Stakes	698	0.7%	32	0.2%
Equipment On-Site	2,614	2.7%	283	1.8%
Excavation	6,869	7.2%	316	2.1%
Street Paving	481	0.5%	59	0.4%
Streets In	47	0.0%	0	0.0%
<b>In-Process</b>	<b>10,709</b>	<b>11.2%</b>	<b>690</b>	<b>4.5%</b>
	Detached Future Lot Detail			
Total Future Lots	171,509	100.0%	13,799	100.0%
Vacant Land	148,460	86.6%	12,235	88.7%
Survey Stakes	606	0.4%	484	3.5%
Equipment On-Site	7,474	4.4%	498	3.6%
Excavation	12,339	7.2%	582	4.2%
Street Paving	2,590	1.5%	0	0.0%
Streets In	40	0.0%	0	0.0%
<b>In-Process</b>	<b>23,049</b>	<b>13.4%</b>	<b>1,564</b>	<b>11.3%</b>

# Housing Inventory

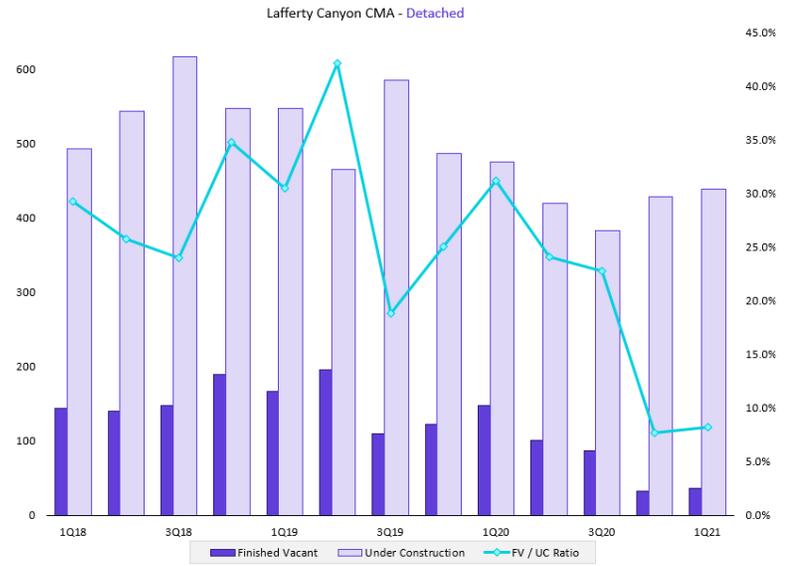
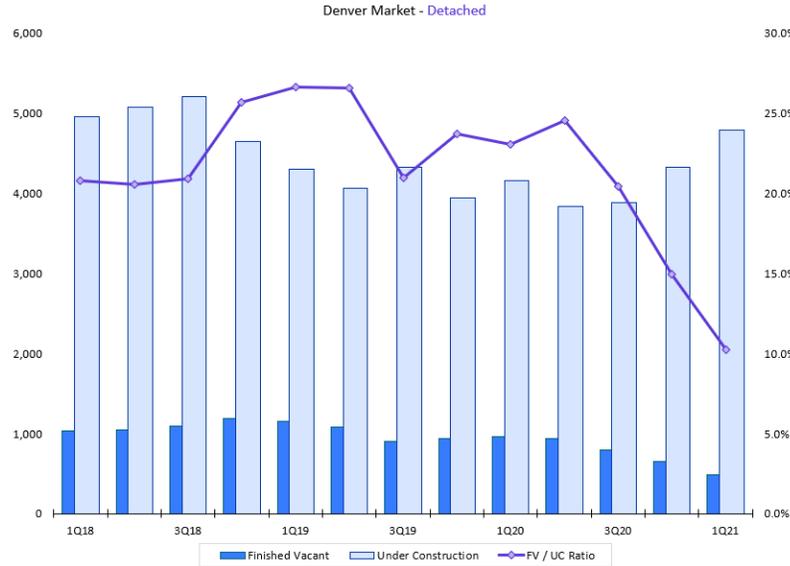
Exhibit 35 : *Finished and Vacant vs. Under Construction Inventory - Attached*



Quarter	Denver Market - Attached					Lafferty Canyon CMA - Attached				
	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio
1Q18	409	3,677	84	4,170	11.1%	23	132	2	157	0.0%
2Q18	518	3,674	74	4,266	14.1%	48	168	3	219	28.6%
3Q18	434	3,780	65	4,279	11.5%	28	192	3	223	14.6%
4Q18	580	3,686	75	4,341	15.7%	87	112	8	207	77.7%
1Q19	717	3,282	73	4,072	21.8%	125	55	4	184	227.3%
2Q19	735	3,308	85	4,128	22.2%	83	78	4	165	106.4%
3Q19	749	3,478	100	4,327	21.5%	45	96	3	144	46.9%
4Q19	723	3,383	101	4,207	21.4%	37	97	7	141	38.1%
1Q20	949	3,155	105	4,209	30.1%	49	75	7	131	65.3%
2Q20	928	2,905	106	3,939	31.9%	46	72	8	126	63.9%
3Q20	682	2,949	119	3,750	23.1%	55	84	11	150	65.5%
4Q20	673	3,005	133	3,811	22.4%	27	145	11	183	18.6%
1Q21	604	2,970	144	3,718	20.3%	21	197	16	234	10.7%
Hist. Avg	669	3,327		4,094	20.1%	52	116		174	44.8%

**Housing Inventory**

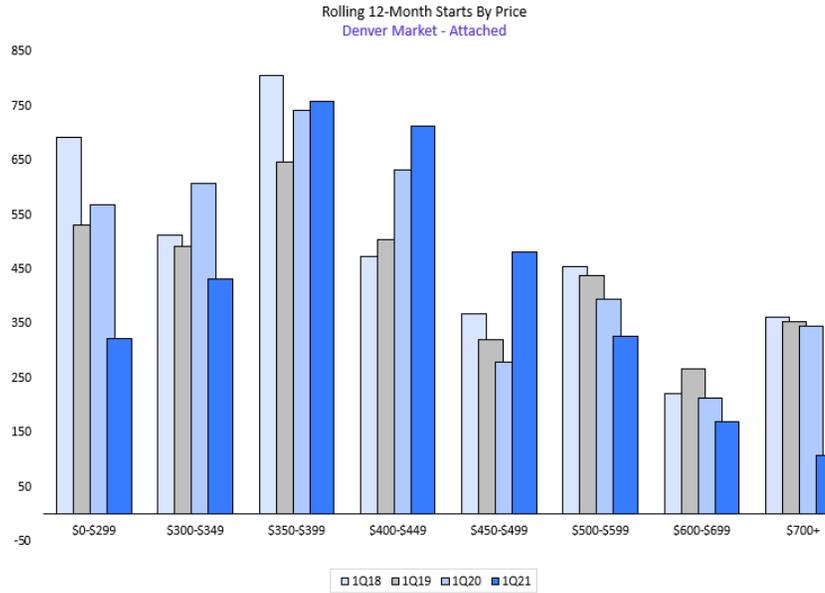
**Exhibit 36 : Finished and Vacant vs. Under Construction Inventory - Detached**



Quarter	Denver Market - Detached					Lafferty Canyon CMA - Detached				
	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio
1Q18	1,032	4,958	475	6,465	20.8%	144	493	59	696	29.2%
2Q18	1,044	5,082	459	6,585	20.5%	140	544	57	741	25.7%
3Q18	1,089	5,211	484	6,784	20.9%	148	617	71	836	24.0%
4Q18	1,192	4,642	493	6,327	25.7%	190	547	74	811	34.7%
1Q19	1,148	4,306	510	5,964	26.7%	167	548	75	790	30.5%
2Q19	1,080	4,060	486	5,626	26.6%	196	465	74	735	42.2%
3Q19	909	4,330	471	5,710	21.0%	110	586	64	760	18.8%
4Q19	936	3,944	456	5,336	23.7%	122	487	60	669	25.1%
1Q20	959	4,159	440	5,558	23.1%	148	475	55	678	31.2%
2Q20	943	3,839	436	5,218	24.6%	101	420	40	561	24.0%
3Q20	794	3,881	435	5,110	20.5%	87	383	39	509	22.7%
4Q20	648	4,330	416	5,394	15.0%	33	428	35	496	7.7%
1Q21	491	4,790	399	5,680	10.3%	36	439	33	508	8.2%
Hist. Avg	943	4,426		5,827	21.3%	125	495		676	25.2%

**Price Distribution**

Exhibit 37 : 12-Month Starts by Price – Denver Market - Attached



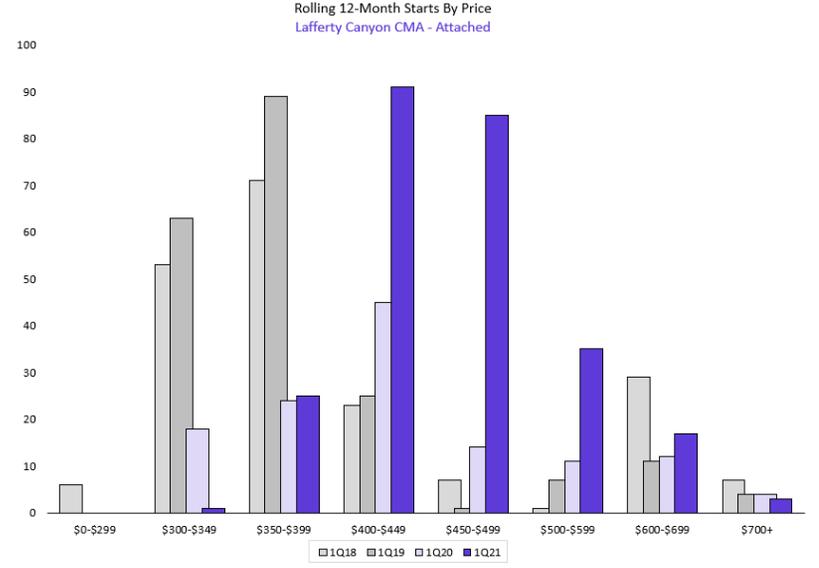
**Denver Market - Attached**

Quarter	12-Month Annual Starts by Price Segment							
	\$0-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600-\$699	\$700+
1Q18	693	513	805	474	367	454	221	361
1Q19	531	491	646	505	321	438	267	354
1Q20	569	607	742	633	279	394	213	345
1Q21	323	431	758	713	481	326	170	108

Market Share								
1Q18	17.8%	13.2%	20.7%	12.2%	9.4%	11.7%	5.7%	9.3%
1Q19	14.9%	13.8%	18.2%	14.2%	9.0%	12.3%	7.5%	10.0%
1Q20	15.0%	16.0%	19.6%	16.7%	7.4%	10.4%	5.6%	9.1%
1Q21	9.8%	13.0%	22.9%	21.5%	14.5%	9.8%	5.1%	3.3%

Exhibit 38 : 12-Month Starts by Price – Lafferty Canyon CMA - Attached



**Lafferty Canyon CMA - Attached**

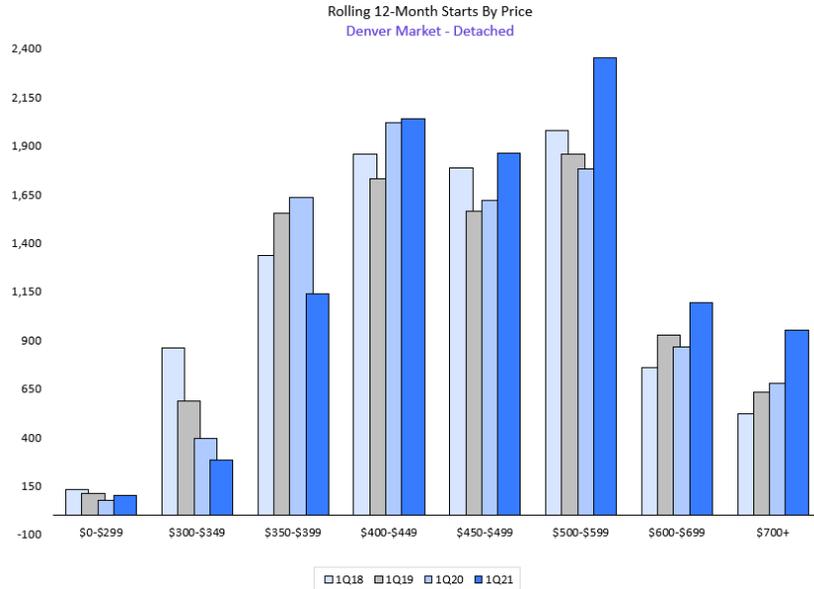
Quarter	Vacant Developed Lot Supply							
	\$0-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600-\$699	\$700+
1Q18	0	103	84	44	29	0	7	8
1Q19	0	20	51	17	31	0	0	4
1Q20	0	0	69	134	18	16	30	4
1Q21	0	0	0	124	328	120	13	22

Market Share								
1Q18	0.0%	37.5%	30.5%	16.0%	10.5%	0.0%	2.5%	2.9%
1Q19	0.0%	16.3%	41.5%	13.8%	25.2%	0.0%	0.0%	3.3%
1Q20	0.0%	0.0%	25.5%	49.4%	6.6%	5.9%	11.1%	1.5%
1Q21	0.0%	0.0%	0.0%	20.4%	54.0%	19.8%	2.1%	3.6%

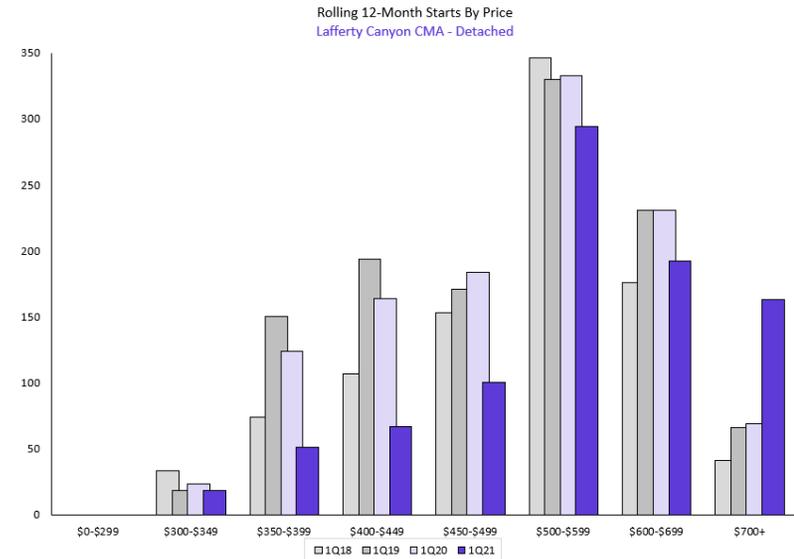
**Price Distribution**

Exhibit 39 : 12-Month Starts by Price – Denver Market - Detached



Denver Market - Detached		12-Month Annual Starts by Price Segment						
Quarter	\$0-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600-\$699	\$700+
1Q18	131	862	1,337	1,856	1,787	1,976	758	523
1Q19	113	586	1,555	1,728	1,563	1,857	924	635
1Q20	75	394	1,633	2,018	1,621	1,783	864	679
1Q21	101	281	1,139	2,039	1,860	2,353	1,091	951
Market Share								
1Q18	1.4%	9.3%	14.5%	20.1%	19.4%	21.4%	8.2%	5.7%
1Q19	1.3%	6.5%	17.4%	19.3%	17.4%	20.7%	10.3%	7.1%
1Q20	0.8%	4.3%	18.0%	22.3%	17.9%	19.7%	9.5%	7.5%
1Q21	1.0%	2.9%	11.6%	20.8%	19.0%	24.0%	11.1%	9.7%

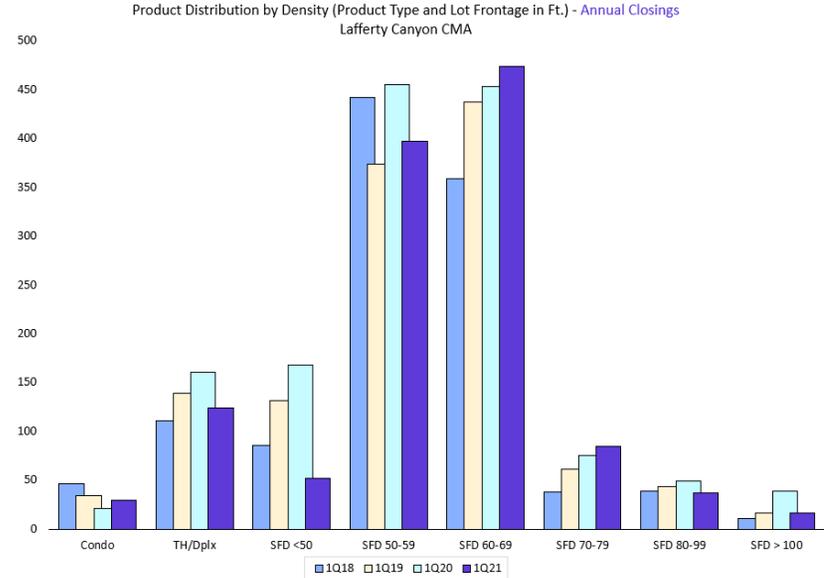
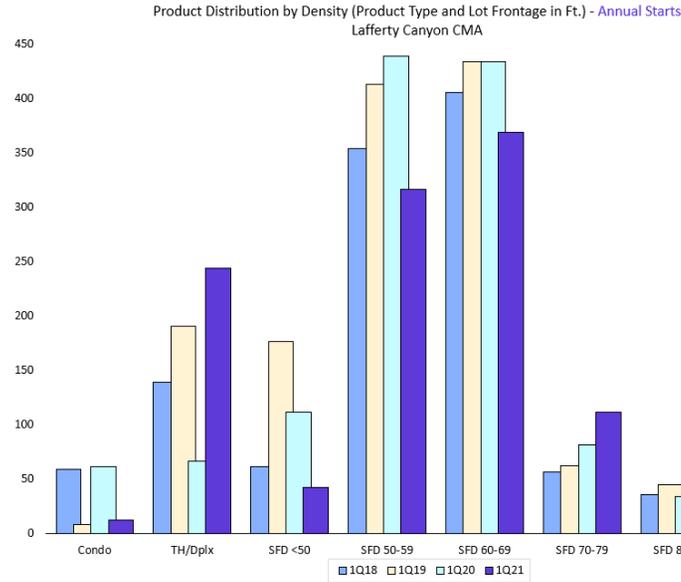
Exhibit 40 : 12-Month Starts by Price – Lafferty Canyon CMA - Detached



Lafferty Canyon CMA - Detached		Vacant Developed Lot Supply						
Quarter	\$0-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600-\$699	\$700+
1Q18	0	56	109	211	265	491	353	135
1Q19	0	15	158	132	222	620	303	163
1Q20	0	19	72	85	156	315	119	184
1Q21	0	0	0	26	98	162	220	209
Market Share								
1Q18	0.0%	3.5%	6.7%	13.0%	16.4%	30.3%	21.8%	8.3%
1Q19	0.0%	0.9%	9.8%	8.2%	13.8%	38.4%	18.8%	10.1%
1Q20	0.0%	2.0%	7.6%	8.9%	16.4%	33.2%	12.5%	19.4%
1Q21	0.0%	0.0%	0.0%	3.6%	13.7%	22.7%	30.8%	29.2%

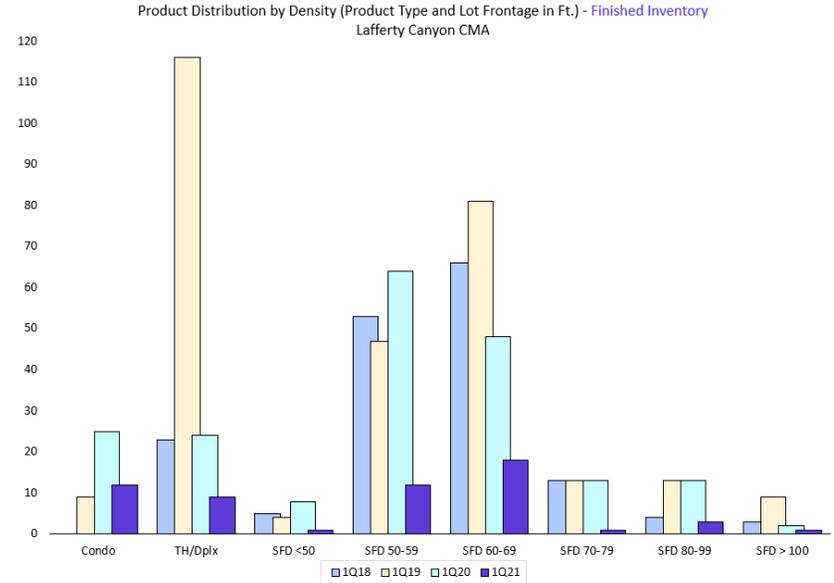
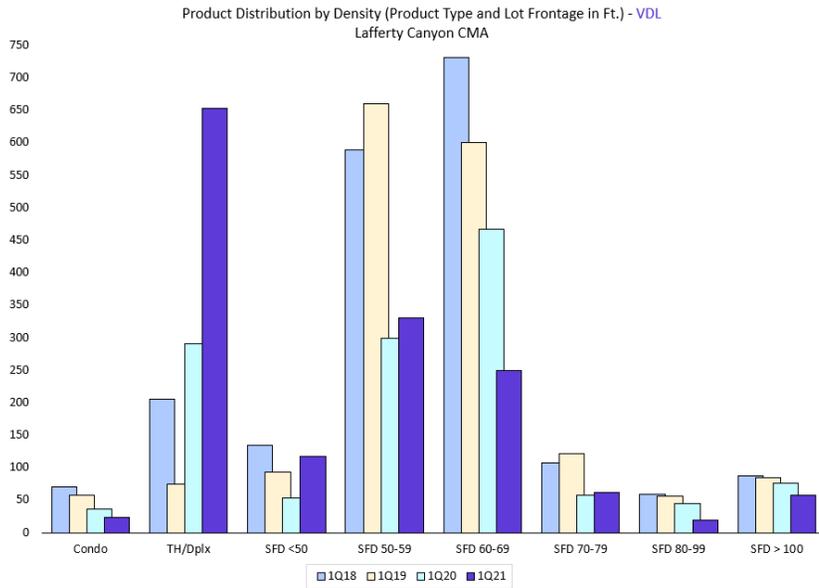
**Product Distribution**

**Exhibit 41 : CMA Product Distribution, Annual Starts and Annual Closings**



Lafferty Canyon CMA									
Annual Starts by Product Type/Lot Size									
Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
1Q18	59	139	62	354	406	57	36	15	1,128
1Q19	9	191	177	413	434	63	45	28	1,360
1Q20	62	67	112	439	434	82	34	27	1,257
1Q21	13	244	43	317	369	112	33	18	1,149
Market Share									
1Q18	5.2%	12.3%	5.5%	31.4%	36.0%	5.1%	3.2%	1.3%	100%
1Q19	0.7%	14.0%	13.0%	30.4%	31.9%	4.6%	3.3%	2.1%	100%
1Q20	4.9%	5.3%	8.9%	34.9%	34.5%	6.5%	2.7%	2.1%	100%
1Q21	1.1%	21.2%	3.7%	27.6%	32.1%	9.7%	2.9%	1.6%	100%

**Exhibit 42 : CMA Product Distribution, Vacant Developed Lots and Finished Inventory**



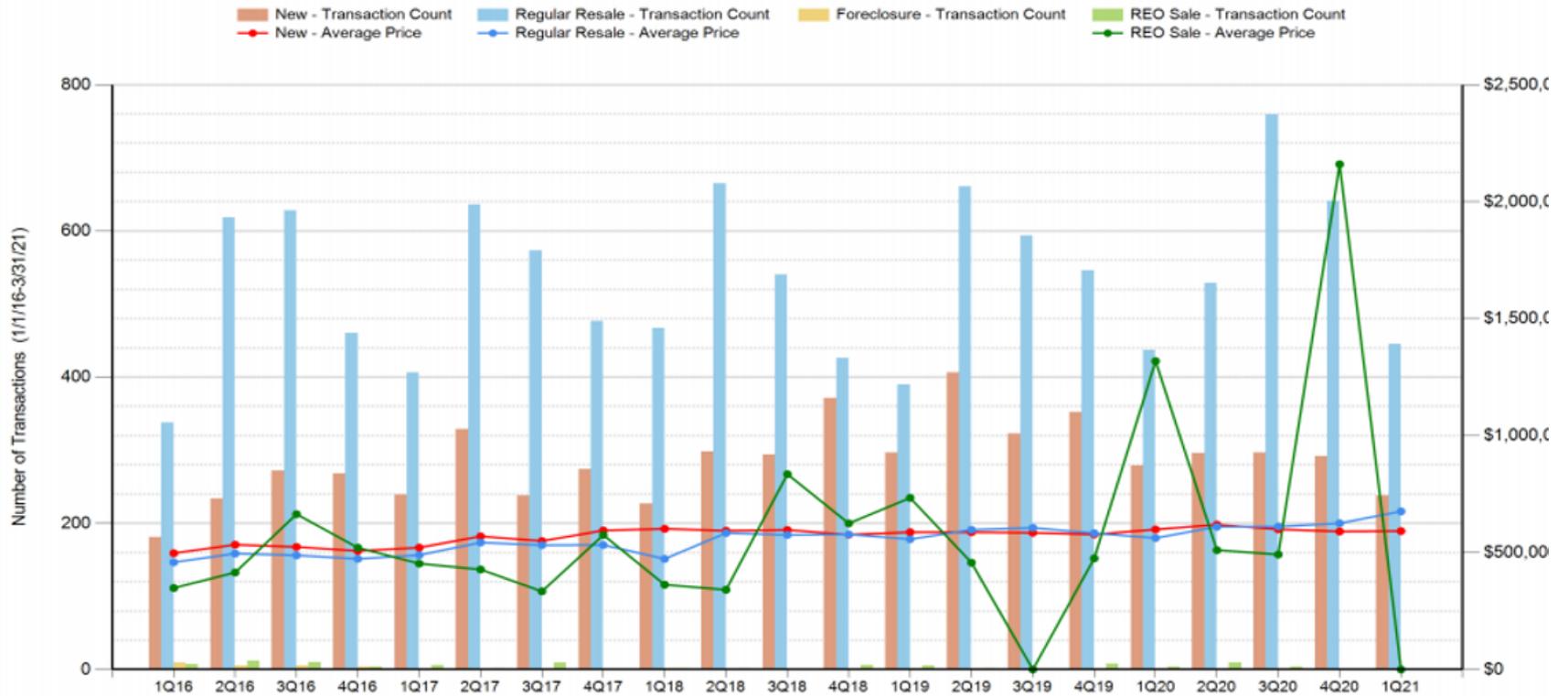
Lafferty Canyon CMA									
Vacant Developed Lots by Product Type/Lot Size									
Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
1Q18	70	205	135	589	731	107	59	88	1,984
1Q19	58	75	93	660	601	121	56	84	1,748
1Q20	36	291	54	299	467	57	45	76	1,325
1Q21	24	653	118	331	249	62	19	57	1,513
Market Share									
1Q18	3.5%	10.3%	6.8%	29.7%	36.8%	5.4%	3.0%	4.4%	100%
1Q19	3.3%	4.3%	5.3%	37.8%	34.4%	6.9%	3.2%	4.8%	100%
1Q20	2.7%	22.0%	4.1%	22.6%	35.2%	4.3%	3.4%	5.7%	100%
1Q21	1.6%	43.2%	7.8%	21.9%	16.5%	4.1%	1.3%	3.8%	100%

**Resale Activity**

Exhibit 43 : *New, Resale, and Foreclosures by Housing Type - CMA*

**New, Resale, and Foreclosures By Housing Type**  
*Lafferty Canyon CMA*

Date Range: 5/1/2020 - 4/30/2021															
Transaction Type	Single Family					TH/Plex/Other				Condominium				Other/Unkn	Total
	Count	Avg Price	Avg SF	\$ / SF	Avg Lot SF	Count	Avg Price	Avg SF	\$ / SF	Count	Avg Price	Avg SF	\$ / SF	Count	Count
New	898	\$616,521	2,667	\$238.3	7,751	123	\$476,320	1,589	\$303.2	20	\$473,373	1,262	\$374.6	6	1,047
Regular Resale	1,843	\$687,870	2,634	\$286.6	14,827	162	\$412,876	1,556	\$276.2	231	\$349,534	1,287	\$291.0	40	2,276
REO Sale	7	\$764,733	2,844	\$268.4	9,647	1	\$247,500	900	\$275.0	0	---	---	---	5	13
<b>Selection Totals</b>	<b>2,748</b>	<b>\$664,829</b>	<b>2,645</b>	<b>\$271.6</b>	<b>12,501</b>	<b>286</b>	<b>\$439,324</b>	<b>1,568</b>	<b>\$287.6</b>	<b>251</b>	<b>\$359,402</b>	<b>1,285</b>	<b>\$297.9</b>	<b>51</b>	<b>3,336</b>



# Competitive Market Analysis

## Competitive Market Comparables & Positioning

Exhibit 44 : **CMA Comparable Subdivisions – Attached Townhome & Duplex - Product Details**

**Lafferty Canyon CMA Market Rate Competitive Positioning - Attached**

	Project Name/Community Area Lot Size/Builder	Planned Units	--- Unit ---			Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price Sq.Ft
<b>1</b>	<b>Baseline - West Village - KB - Villas</b>	74	4	1.7	Plan 1430	3 - 2.5	2 - 2	1,430	\$467,990	\$0	\$5,663	\$840	\$467,990	\$327	
	Broomfield		5.4%	20	Plan 1671	3 - 2.5	2 - 2	1,671	\$474,990	\$0	\$5,747	\$840	\$474,990	\$284	
	Duplex Attached - Avg. 32 x 75			0.3	Plan 1754	3 - 2.5	2 - 2	1,754	\$480,990	\$0	\$5,820	\$840	\$480,990	\$274	
	KB Home			4	Plan 1885	3 - 2.5	2 - 2	1,885	\$487,990	\$0	\$5,905	\$840	\$487,990	\$259	
	Note: Filing 6				Plan 1963	3 - 2.5	2 - 2	1,963	\$492,990	\$0	\$5,965	\$840	\$492,990	\$251	
					Community Summary / Average			1,741	\$480,990	\$0	\$5,820	\$840	\$480,990	\$279	
<b>2</b>	<b>Colliers Hill - KB - Villas</b>	98	0	0.5	Plan 1430	3 - 2.5	2 - 2	1,430	\$452,490	\$0	\$5,249	\$2,052	\$452,490	\$316	
	Erie		0.0%	6	Plan 1671	3 - 2.5	2 - 2	1,671	\$459,490	\$0	\$5,330	\$2,052	\$459,490	\$275	
	Duplex Attached - Avg. 30 x 75			0.0	Plan 1754	3 - 2.5	2 - 2	1,754	\$464,490	\$0	\$5,388	\$2,052	\$464,490	\$265	
	KB Home			0	Plan 1934	3 - 2.5	2 - 2	1,934	\$483,490	\$0	\$5,608	\$2,052	\$483,490	\$250	
	Note: Filing 4				Community Summary / Average			1,697	\$464,990	\$0	\$5,394	\$2,052	\$464,990	\$277	
<b>3</b>	<b>Compass - Lennar - Paired</b>	146	3	2.0	Lucent - Right	2 - 2.5	2 - 2	1,466	\$520,900	\$5,000	\$5,785	\$960	\$525,900	\$359	
	Erie		2.1%	24	Lucent - Left	2 - 2.5	2 - 2	1,467	\$520,900	\$5,000	\$5,785	\$960	\$525,900	\$358	
	Duplex Attached - Avg. 40 x 95			0.3	Vibrant - Right	4 - 2.5	2 - 2	1,806	\$560,900	\$5,000	\$6,225	\$960	\$565,900	\$313	
	Lennar Homes			3	Vibrant - Left	4 - 2.5	2 - 2	1,807	\$560,900	\$5,000	\$6,225	\$960	\$565,900	\$313	
	Note: Filing 4				Community Summary / Average			1,637	\$540,900	\$5,000	\$6,005	\$960	\$545,900	\$336	
<b>4</b>	<b>Erie Commons - Coal Creek Commons</b>	75	0	1.0	Residence - 604	3 - 2.5	2 - 2	1,460	\$424,990	\$8,660	\$5,030	\$3,660	\$433,650	\$297	
	Erie		0.0%	12	Residence - 603	3 - 2.5	2 - 2	1,505	\$419,990	\$8,660	\$4,972	\$3,660	\$428,650	\$285	
	Townhouse Attached - Avg. 20 x 60			0.0	Residence - 607	2 - 2.0	2 - 2	1,663	\$474,990	\$8,660	\$5,610	\$3,660	\$483,650	\$291	
	Century Communities			0	Residence - 602	3 - 2.5	2 - 2	1,775	\$444,990	\$8,660	\$5,262	\$3,660	\$453,650	\$256	
	Note: Filing 4				Community Summary / Average			1,601	\$441,240	\$8,660	\$5,219	\$3,660	\$449,900	\$282	
<b>5</b>	<b>Flatiron Meadows - KB - Villas</b>	122	4	1.8	Plan 1430	3 - 2.5	2 - 2	1,430	\$454,990	\$0	\$5,460	\$1,500	\$454,990	\$318	
	Erie		3.3%	22	Plan 1671	3 - 2.5	2 - 2	1,671	\$468,990	\$0	\$5,628	\$1,500	\$468,990	\$281	
	Duplex Attached - Avg. 30 x 75			0.3	Plan 1754	3 - 2.5	2 - 2	1,754	\$478,990	\$0	\$5,748	\$1,500	\$478,990	\$273	
	KB Home			4	Plan 1885	3 - 2.5	2 - 2	1,885	\$486,990	\$0	\$5,844	\$1,500	\$486,990	\$258	
	Note: Filing 13				Plan 1963	3 - 2.5	2 - 2	1,963	\$491,990	\$0	\$5,904	\$1,500	\$491,990	\$251	
					Community Summary / Average			1,741	\$476,390	\$0	\$5,717	\$1,500	\$476,390	\$276	

**Lafferty Canyon CMA Market Rate Competitive Positioning - Attached**

Project Name/Community Area Lot Size/Builder	Planned Units	--- Unit ---			Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
<b>6 Palisade Park - Lennar - Paired</b>	108	51	4.9	Lucent - Right	2 - 2.5	2 - 2	1,466	\$527,900	\$5,000	\$6,395	\$960	\$532,900	\$364	
Broomfield		47.2%	59	Lucent - Left	2 - 2.5	2 - 2	1,467	\$527,900	\$5,000	\$6,395	\$960	\$532,900	\$363	
Duplex Attached - Avg. 35 x 85			4.3	Vibrant - Right	3 - 2.5	2 - 2	1,806	\$566,900	\$5,000	\$6,863	\$960	\$571,900	\$317	
Lennar Homes			51	Vibrant - Left	3 - 2.5	3 - 2	1,807	\$566,900	\$5,000	\$6,863	\$960	\$571,900	\$316	
Note: Filing 5														
<b>Community Summary / Average</b>							1,637	\$547,400	\$5,000	\$6,629	\$960	\$552,400	\$340	
<b>7 Palisade Park West - Lennar - Paired</b>	130	0	2.7	Plateau	3 - 2.5	2 - 2	1,787	\$560,900	\$5,000	\$6,791	\$780	\$565,900	\$317	
Broomfield		0.0%	32	Spire	3 - 2.5	2 - 2	1,808	\$574,900	\$5,000	\$6,959	\$780	\$579,900	\$321	
Duplex Attached - Avg. 35 x 80			0.0	Ascent	3 - 2.5	2 - 2	2,010	\$591,900	\$5,000	\$7,163	\$780	\$596,900	\$297	
Lennar Homes			0	Meridian	3 - 2.5	2 - 2	2,133	\$601,900	\$5,000	\$7,283	\$780	\$606,900	\$285	
Note: Filing 6														
<b>Community Summary / Average</b>							1,935	\$582,400	\$5,000	\$7,049	\$780	\$587,400	\$305	
<b>Competitive Market Area Summary:</b>														
Planned	870		15.7 Avg. Monthly	Min.		1,225	\$419,990	\$0	\$4,817	\$0	\$428,650	\$250		
Occ.	82		188 Last Ann. Start	Max.		2,133	\$609,500	\$8,660	\$7,283	\$3,660	\$609,500	\$387		
Remaining	788		6.3 Avg. Monthly	Average		1,686	\$508,252	\$2,558	\$5,937	\$1,284	\$510,810	\$306		
			75 Last Ann. Close	Median		1,733	\$487,990	\$0	\$5,820	\$960	\$487,990	\$311		



Exhibit 46 : **CMA Price Position Graph – Attached Townhome & Duplex - New Home Closing Prices**

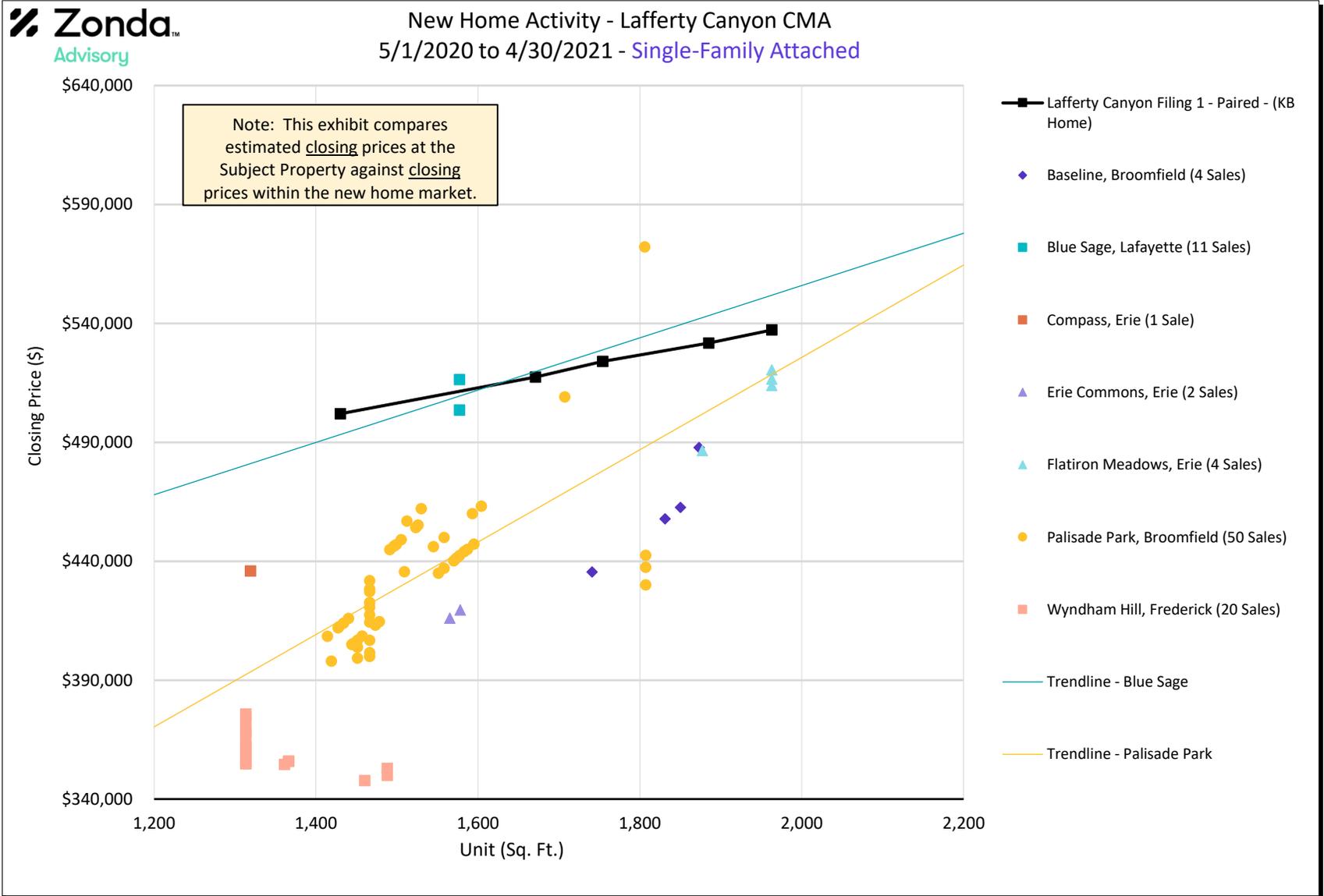


Exhibit 47 : **CMA Price Position Graph – Attached Townhome & Duplex - Resale Activity**

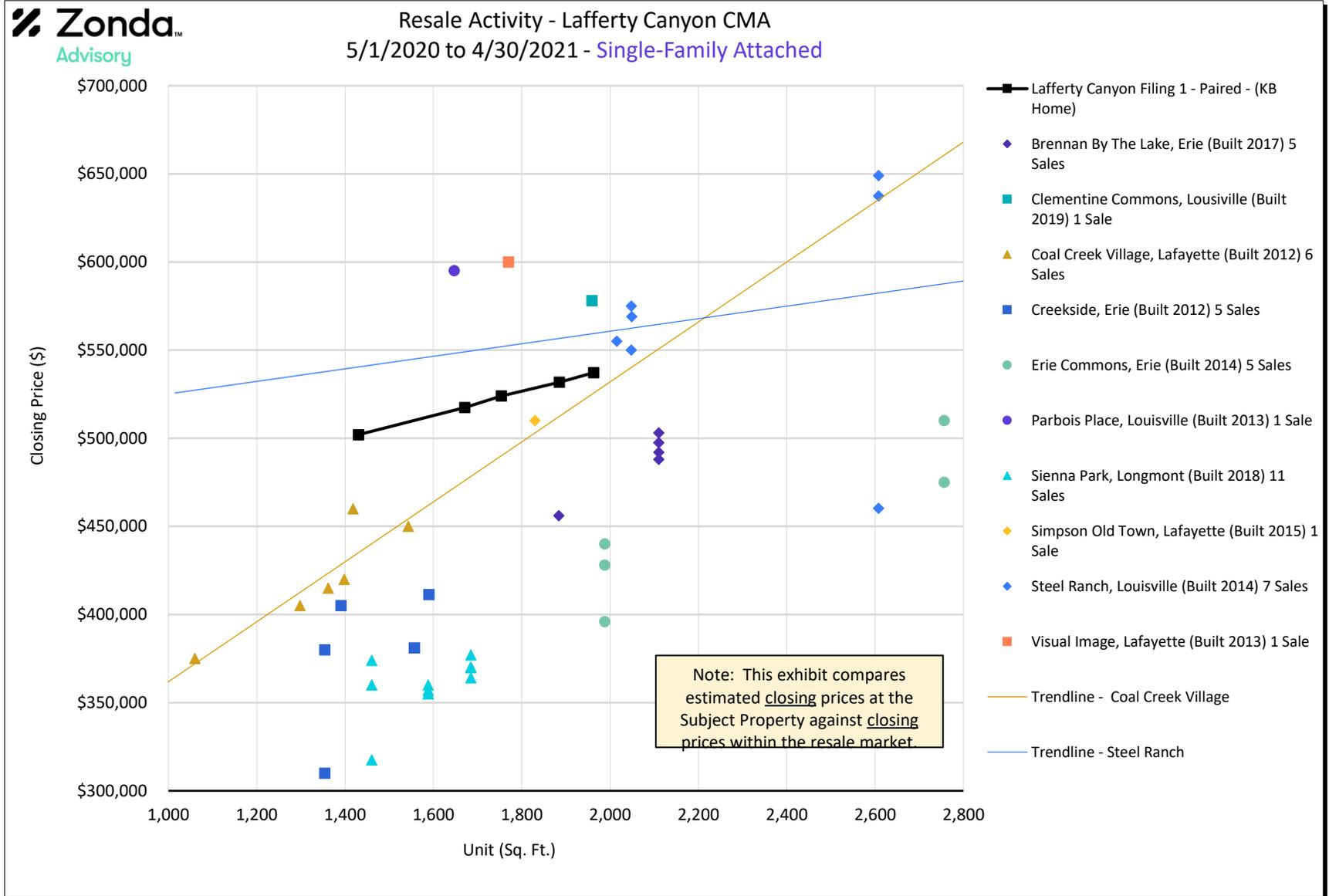


Exhibit 48 : CMA Comparable Subdivisions – Single-Family Detached 50’ – 65’ - Product Details

Lafferty Canyon CMA Market Rate Competitive Positioning - SFD 50' - 65'

Project Name/Community Area Lot Size/Builder	Planned Units	--- Unit ---			Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
<b>1 Colliers Hill - Richmond - Landmark</b>	94	0	1.6	Alcott	3 - 2.0	2 - 2	1,920	\$579,950	\$20,000	\$6,959	\$1,152	\$599,950	\$312	
Erie		0.0%	19	Arlington	3 - 2.0	1 - 2	1,920	\$584,950	\$20,000	\$7,017	\$1,152	\$604,950	\$315	
SF Detached - Avg. 55-72 x 110			0.0	Twain	4 - 2.5	2 - 2	2,198	\$579,950	\$20,000	\$6,959	\$1,152	\$599,950	\$273	
Richmond American Homes			0	Daniel	3 - 2.0	1 - 3	2,325	\$659,950	\$20,000	\$7,887	\$1,152	\$679,950	\$292	
Note: Filing 4				Bedford	3 - 2.5	2 - 2	2,340	\$584,950	\$20,000	\$7,017	\$1,152	\$604,950	\$259	
				Hemingway	4 - 2.5	2 - 2	2,492	\$604,950	\$20,000	\$7,249	\$1,152	\$624,950	\$251	
				Hopewell	3 - 2.5	2 - 2	2,750	\$614,950	\$20,000	\$7,365	\$1,152	\$634,950	\$231	
				Coronado	3 - 2.5	2 - 2	2,790	\$614,950	\$20,000	\$7,365	\$1,152	\$634,950	\$228	
				Seth	4 - 2.5	2 - 3	3,006	\$634,950	\$20,000	\$7,597	\$1,152	\$654,950	\$218	
				Dillon II	4 - 3.5	2 - 3	3,210	\$699,950	\$20,000	\$8,351	\$1,152	\$719,950	\$224	
				Daley	4 - 4.5	2 - 3	3,460	\$734,950	\$20,000	\$8,757	\$1,152	\$754,950	\$218	
				Dayton	5 - 4.5	2 - 3	3,950	\$769,950	\$20,000	\$9,163	\$1,152	\$789,950	\$200	
<b>Community Summary / Average</b>							<b>2,697</b>	<b>\$638,700</b>	<b>\$20,000</b>	<b>\$7,641</b>	<b>\$1,152</b>	<b>\$658,700</b>	<b>\$252</b>	
<b>2 Colliers Hill - Richmond - Seasons</b>	257	105	2.4	Seasons - Amethyst	2 - 2.0	2 - 2	1,430	\$474,950	\$7,500	\$5,596	\$1,152	\$482,450	\$337	
Erie		40.9%	29	Seasons - Onyx	3 - 2.0	1 - 2	1,580	\$484,950	\$7,500	\$5,712	\$1,152	\$492,450	\$312	
SF Detached - Avg. 47-52 x 110			4.6	Seasons - Alexandrite	3 - 2.0	1 - 2	1,750	\$499,950	\$7,500	\$5,886	\$1,152	\$507,450	\$290	
Richmond American Homes			55	Seasons - Coral II	3 - 2.5	2 - 2	1,830	\$494,950	\$7,500	\$5,828	\$1,152	\$502,450	\$275	
Note: Filing 4				Seasons - Cirtine II	3 - 2.5	2 - 2	1,970	\$499,950	\$7,500	\$5,886	\$1,152	\$507,450	\$258	
				Seasons - Lapis	3 - 2.5	2 - 2	2,240	\$509,950	\$7,500	\$6,002	\$1,152	\$517,450	\$231	
				Seasons - Peridot	4 - 2.0	1 - 2	2,460	\$504,950	\$7,500	\$5,944	\$1,152	\$512,450	\$208	
				Seasons - Pearl	3 - 2.5	2 - 2	2,460	\$529,950	\$7,500	\$6,234	\$1,152	\$537,450	\$218	
				Seasons - Moonstone	4 - 2.5	2 - 2	2,660	\$539,950	\$7,500	\$6,350	\$1,152	\$547,450	\$206	
<b>Community Summary / Average</b>							<b>2,042</b>	<b>\$504,394</b>	<b>\$7,500</b>	<b>\$5,938</b>	<b>\$1,152</b>	<b>\$511,894</b>	<b>\$259</b>	
<b>3 Compass - Lennar - Grand</b>	56	50	0.7	Grand - Silverleaf	4 - 3.0	2 - 3	3,015	\$760,900	\$5,000	\$8,425	\$780	\$765,900	\$254	
Erie		89.3%	8	Grand - Peyton	4 - 3.5	2 - 3	3,593	\$783,900	\$5,000	\$8,678	\$780	\$788,900	\$220	
SF Detached - Avg. 65 x 110			2.3	Grand - Super Home	5 - 3.5	2 - 3	4,175	\$845,900	\$5,000	\$9,360	\$780	\$850,900	\$204	
Lennar Homes			27											
Note: Filing 2														
<b>Community Summary / Average</b>							<b>3,594</b>	<b>\$796,900</b>	<b>\$5,000</b>	<b>\$8,821</b>	<b>\$780</b>	<b>\$801,900</b>	<b>\$226</b>	
<b>4 Compass - Lennar - Monarch</b>	136	92	5.4	Monarch - Graham	3 - 2.0	1 - 2	2,014	\$685,900	\$5,000	\$7,600	\$780	\$690,900	\$343	
Erie		67.6%	65	Monarch - Monterey	3 - 2.5	2 - 2	2,567	\$709,900	\$5,000	\$7,864	\$780	\$714,900	\$278	
SF Detached - Avg. 56-65 x 110-115			5.1	Monarch - Stonehaven	3 - 3.0	2 - 2	2,790	\$726,900	\$5,000	\$8,051	\$780	\$731,900	\$262	
Lennar Homes			61	Monarch - Huntington	4 - 3.0	2 - 2	3,094	\$735,900	\$5,000	\$8,150	\$780	\$740,900	\$239	
Note: Filing 2 and 3														
<b>Community Summary / Average</b>							<b>2,616</b>	<b>\$714,650</b>	<b>\$5,000</b>	<b>\$7,916</b>	<b>\$780</b>	<b>\$719,650</b>	<b>\$281</b>	
<b>5 Flatiron Meadows - Rex Ranch</b>	132	45	3.5	Basalt	3 - 2.0	1 - 3	2,188	\$620,000	\$0	\$6,820	\$996	\$620,000	\$283	
Erie		34.1%	42	Rio Grande	3 - 2.5	1 - 3	2,390	\$631,500	\$0	\$6,947	\$996	\$631,500	\$264	
SF Detached - Avg. 60-70 x 110-150			2.2	Golden Gate	3 - 2.5	1 - 3	2,536	\$650,500	\$0	\$7,156	\$996	\$650,500	\$257	
Taylor Morrison			26	Loveland	4 - 3.0	1 - 3	2,628	\$674,500	\$0	\$7,420	\$996	\$674,500	\$257	
Note: Filing 1 and 2				Black Canyon	4 - 3.5	2 - 3	3,293	\$682,500	\$0	\$7,508	\$996	\$682,500	\$207	
				Vail	4 - 3.5	2 - 3	3,633	\$716,500	\$0	\$7,882	\$996	\$716,500	\$197	
<b>Community Summary / Average</b>							<b>2,778</b>	<b>\$662,583</b>	<b>\$0</b>	<b>\$7,288</b>	<b>\$996</b>	<b>\$662,583</b>	<b>\$244</b>	

**Lafferty Canyon CMA Market Rate Competitive Positioning - SFD 50' - 65'**

Project Name/Community Area Lot Size/Builder	Planned Units	--- Unit ---			Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
<b>6 Morgan Hill - Century</b>	151	46	6.8	Durango	3 - 2.5	2 - 2	1,638	\$494,990	\$7,500	\$5,527	\$1,062	\$502,490	\$307	
Erie		30.5%	82	Palisade	3 - 2.0	1 - 2	1,654	\$491,990	\$7,500	\$5,494	\$1,062	\$499,490	\$302	
SF Detached - Avg. 65 x 120			3.8	Fraser	4 - 2.5	2 - 2	1,893	\$499,990	\$7,500	\$5,582	\$1,062	\$507,490	\$268	
Century Communities			46	Telluride	3 - 2.0	1 - 2	1,933	\$515,990	\$7,500	\$5,758	\$1,062	\$523,490	\$271	
Note: Filing 1				Avon	4 - 2.5	2 - 2	2,007	\$510,990	\$7,500	\$5,703	\$1,062	\$518,490	\$258	
				Vail	5 - 3.0	2 - 2	2,427	\$530,990	\$7,500	\$5,923	\$1,062	\$538,490	\$222	
				Humboldt	4 - 3.0	1 - 3	2,458	\$586,990	\$7,500	\$6,539	\$1,062	\$594,490	\$242	
				Evans	4 - 2.5	2 - 3	2,747	\$571,990	\$7,500	\$6,374	\$1,062	\$579,490	\$211	
				Aspen	5 - 3.0	2 - 2	2,778	\$565,990	\$7,500	\$6,308	\$1,062	\$573,490	\$206	
				Torreys	4 - 2.5	2 - 3	2,878	\$580,990	\$7,500	\$6,473	\$1,062	\$588,490	\$204	
				Crestone	5 - 4.0	2 - 3	3,221	\$616,990	\$7,500	\$6,869	\$1,062	\$624,490	\$194	
<b>Community Summary / Average</b>							<b>2,330</b>	<b>\$542,535</b>	<b>\$7,500</b>	<b>\$6,050</b>	<b>\$1,062</b>	<b>\$550,035</b>	<b>\$244</b>	
<b>7 Palisade Park - Lennar - Monarch</b>	42	39	1.5	Monarch - Bristlecone	4 - 3.0	2 - 3	2,487	\$718,900	\$0	\$8,627	\$780	\$718,900	\$289	
Broomfield		92.9%	18	Monarch - Ponderosa	5 - 3.0	2 - 3	2,801	\$738,900	\$0	\$8,867	\$780	\$738,900	\$264	
SF Detached - Avg. 60-62 x 115			3.3											
Lennar Homes			39											
Note: Filing 5														
<b>Community Summary / Average</b>							<b>2,644</b>	<b>\$728,900</b>	<b>\$0</b>	<b>\$8,747</b>	<b>\$780</b>	<b>\$728,900</b>	<b>\$276</b>	
<b>8 Palisade Park West - Lennar - Monarch</b>	165	1	2.3	Monarch - Foxtail	3 - 2.0	1 - 2	1,830	\$678,900	\$0	\$8,147	\$780	\$678,900	\$371	
Broomfield		0.6%	28	Monarch - Torrey	3 - 2.0	1 - 2	1,983	\$688,900	\$0	\$8,267	\$780	\$688,900	\$347	
SF Detached - Avg. 50-60 x 110			0.1	Monarch - Bristlecone	4 - 3.0	2 - 2	2,487	\$718,900	\$0	\$8,627	\$780	\$718,900	\$289	
Lennar Homes			1	Monarch - Ponderosa	5 - 3.0	2 - 3	2,801	\$738,900	\$0	\$8,867	\$780	\$738,900	\$264	
Note: Filing 6				Monarch - Super Home	5 - 4.0	2 - 3	3,882	\$846,900	\$0	\$10,163	\$780	\$846,900	\$218	
<b>Community Summary / Average</b>							<b>2,597</b>	<b>\$734,500</b>	<b>\$0</b>	<b>\$8,814</b>	<b>\$780</b>	<b>\$734,500</b>	<b>\$298</b>	
<b>Competitive Market Area Summary:</b>														
Planned	1,033		24.3 Avg. Monthly	Min.		1,430	\$474,950	\$0	\$5,494	\$780	\$482,450	\$194		
Occ.	378		291 Last Ann. Start	Max.		4,175	\$846,900	\$20,000	\$10,163	\$1,152	\$850,900	\$371		
Remaining	655		22.0 Avg. Monthly	Average		2,549	\$625,518	\$8,173	\$7,214	\$1,015	\$633,691	\$257		
			264 Last Ann. Close	Median		2,487	\$615,970	\$7,500	\$7,086	\$1,062	\$628,225	\$257		

Exhibit 49 : CMA Price Position Graph – Single-Family Detached 50’ – 65’ - New Home Base Prices

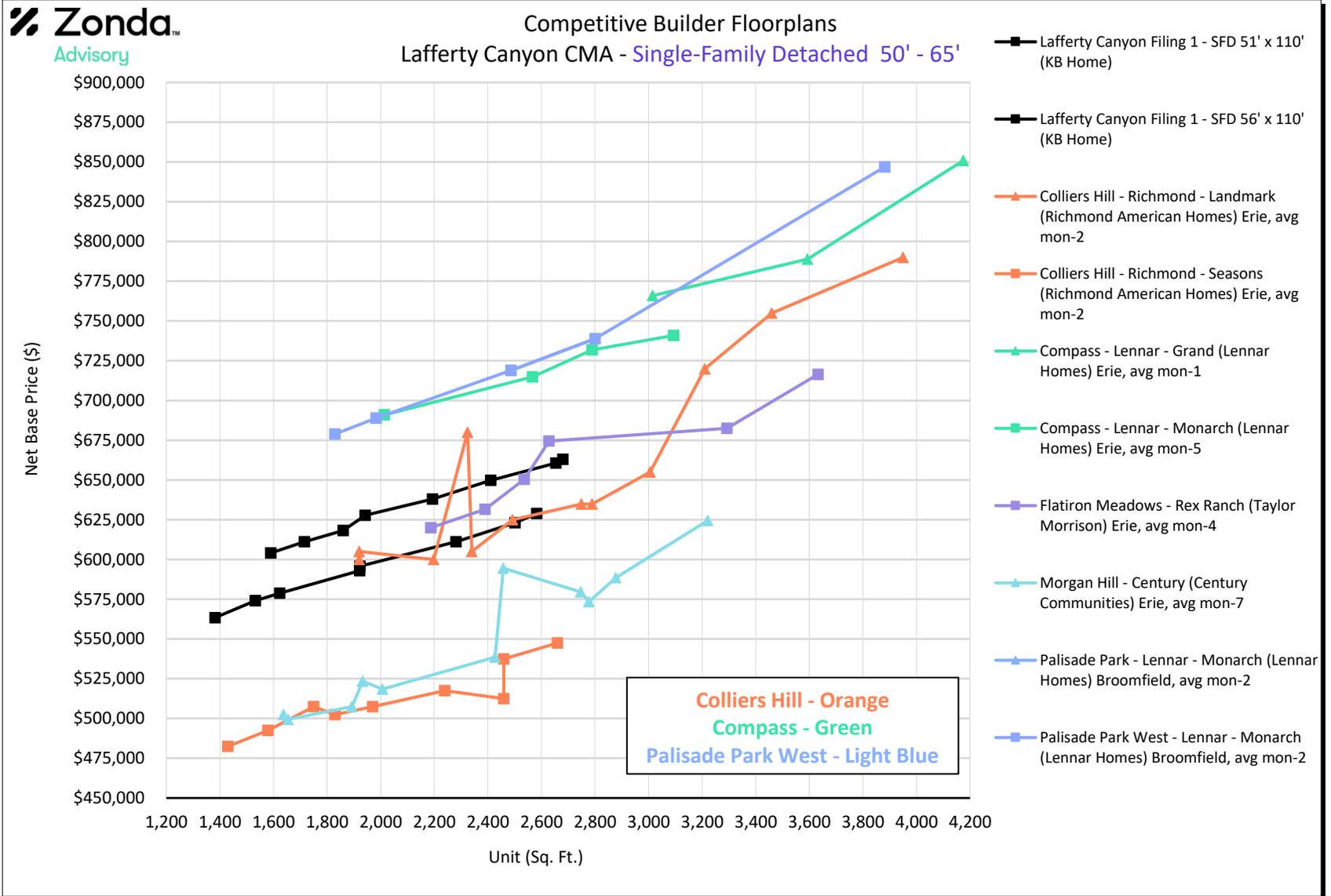


Exhibit 50 : *CMA Price Position Graph – Single-Family Detached 50’ – 65’ - New Home Closing Prices*

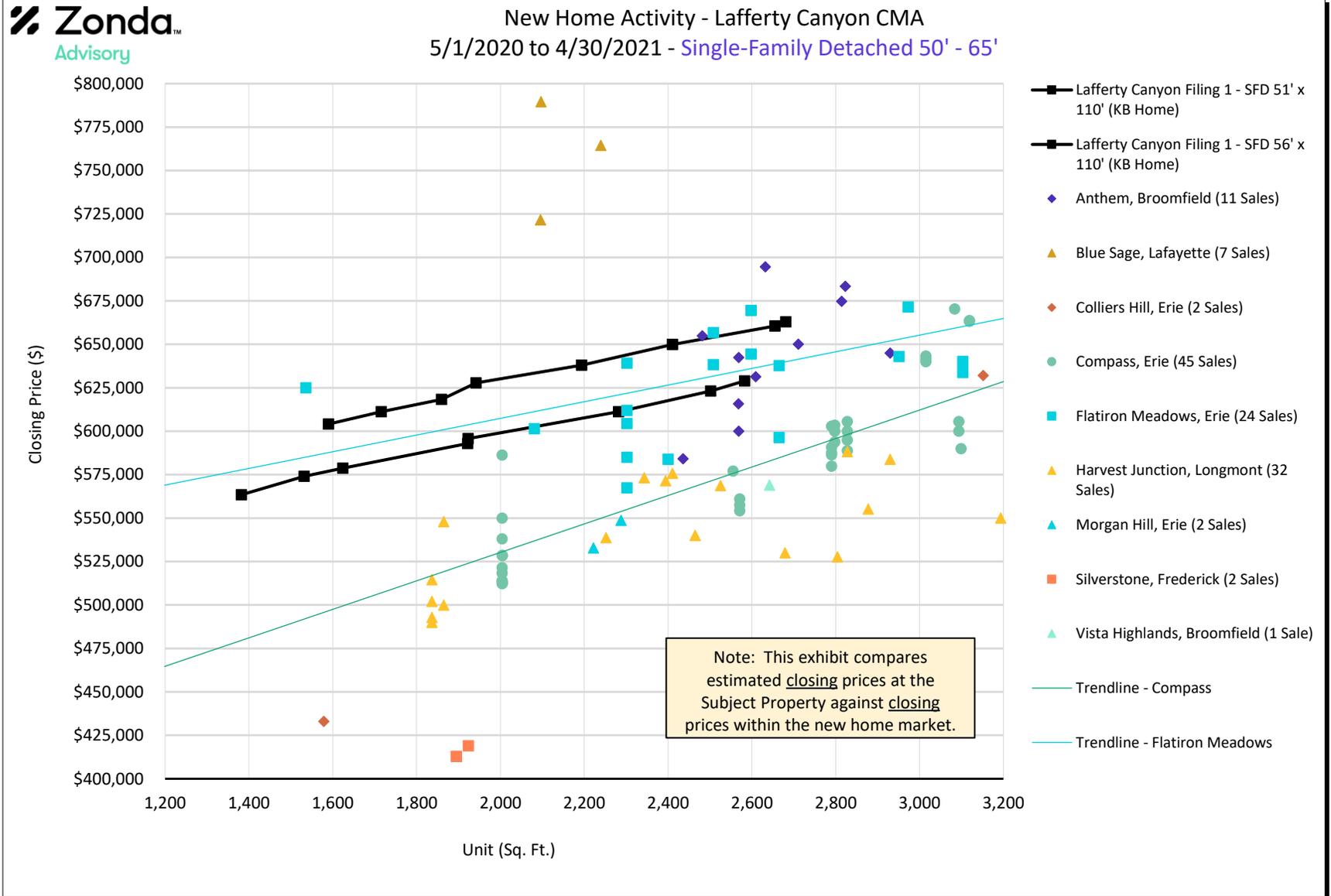
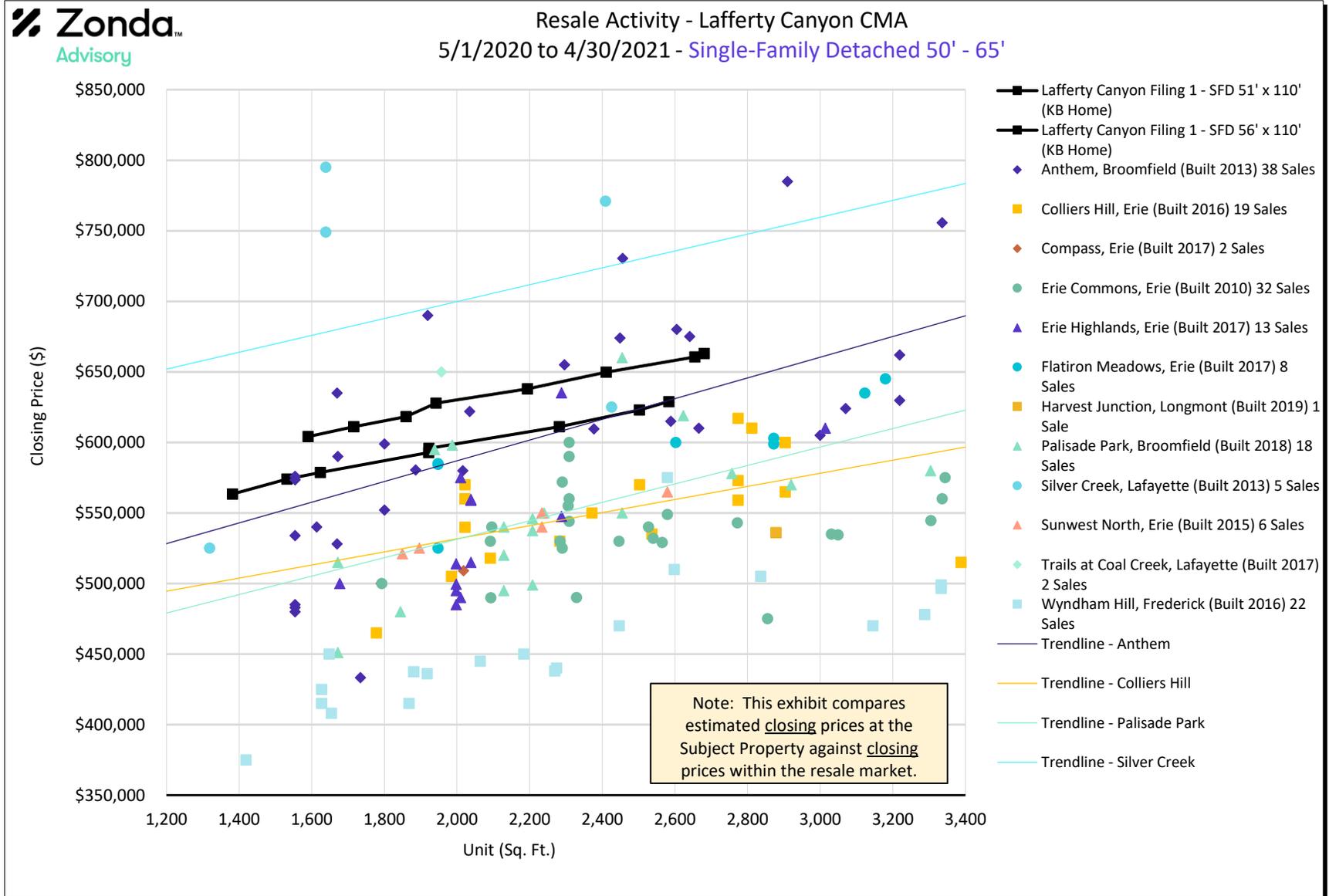


Exhibit 51 : **CMA Price Position Graph – Single-Family Detached 50’ -65’ - Resale Activity**



**Disclaimer:**

It is understood by Lafferty Canyon Metropolitan District ("Client") that Zonda Advisory can make no guarantees about the recommendations in this study, primarily because these recommendations must be based and in some cases inferred from facts discovered by Zonda Advisory during the course of the study. To protect the Client and to assure that Zonda Advisory's research results will continue to be accepted as objective and impartial by the business community, it is understood that Zonda Advisory's fee for this study is in no way dependent upon the specific conclusions reached or the nature of the advice given in this report.

Reasonable efforts have been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions and other information developed by Zonda Advisory from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agents and representatives or any other data source used in preparing or presenting this study. This report is based on market-wide information that was current as of the end of 1Q2021 and Zonda Advisory has not undertaken any update of its research effort since such date. Competitive project information was surveyed as of May 2021 through onsite field visits and discussions with third parties. This information includes reported units released, pricing, incentives, and market entry dates for future planned communities. While every reasonable effort was made to collect this information and it is deemed reliable, it cannot be guaranteed for accuracy.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, Zonda Advisory makes no warranty or representation that any of the projected values or results in this study will actually be achieved.

This market analysis was prepared by Zonda Advisory, a consulting firm and the nation's leading provider of primary and secondary market information to the housing, retail, and related industries nationwide.



*Metrostudy, Hanley Wood, & Meyers Research have rebranded to Zonda*

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