



Housing Market Demand & Segmentation Analysis

**SEDA – Southeast Development Area
(DA-3 Southeast & DA-4 East)**

Prepared for the City of Fresno

April 25, 2025

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Background, Methodology & Contact Info

Background

- Client: City of Fresno (Client)
- Objective: Determine the market demand potential for new housing in SEDA
- Scope: Provide projections for future housing demand in SEDA
- Demand: The need for additional housing of all product types (for-sale & for-rent, market-rate & affordable)
- Segments: Provide demand projections by product type (SFD/MF), density (du/acre) and tenure (for sale/for rent)

Methodology

- SEDA: Review materials related to SEDA, including concept proposed land use map
- City: Review the 2014 General Plan and other information regarding housing development in the City
- Eco/Demo: Compile information on pertinent economic and demographic trends as related to the demand for housing
- Tapestry: Evaluate information on Tapestry market segments by lifestage, tenure and income
- For Sale: Compile and analyze information on new for sale home trends
- For Rent: Compile and analyze information on multi-family rental market trends
- SFD BTR: Compile information on the SFD rental market and the market for build-to-rent SFD homes
- Demand: Project the demand for housing in the County, the City, and SEDA (for the purpose of this study, our projections assume that housing demand and building permits are synonymous)

Contact Info

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Abbreviations

- ADU: Accessory Dwelling Unit
- BTR: Build-to-rent (typically SFD homes), aka BFR – build-for-rent
- CA: California
- CAR: California Association of Realtors
- CA DOF: California Department of Finance
- CA EDD: California Employment Development Department
- City: The City of Fresno
- County: Fresno County
- DA: Development Area
- DU/AC: Dwelling units/acre
- E/P: Employment to permit ratio
- ESRI: Environmental Systems Research Institute (data provider)
- GP: General Plan
- MF: Multi-family
- MO: Month
- SEDA: Southeast Development Area (DA-3 Southeast & DA-4 East)
- SFD: Single Family Detached
- USDA: US Department of Agriculture
- YR: Year

EXECUTIVE SUMMARY

Summary of Key Conclusions - SEDA



- **Timing:** We recommend planning for new for-sale housing to be introduced in SEDA starting as early as 2030, and certainly by 2035.
- **Housing Location:** Based on existing and future infrastructure considerations, DA-3 Southeast is the more advantageous location to begin housing development than DA-4 East.
- **Total Capacity:** According to the 2014 Fresno General Plan (GP), the total Build-Out capacity for SEDA (SFD & MF combined) is 41,300 housing units (DA-3 6,300 and DA-4 35,000). We believe that the current proposed land use plan for SEDA over-allocates non-residential uses and that the total residential capacity of SEDA may therefore ultimately be higher.
- **Allocation of Units by Type:** The 2014 GP does not break out SFD vs MF units in the build-out scenario. For the purpose of this analysis, we have assumed that the Build-Out scenario for SEDA will have the same ratios as the Horizon scenario, resulting in DA-3 capacity of 3,700 SFD and 2,600 MF, and DA-4 14,900 SFD and 20,100 MF.
- **2030 to 2049 Demand:** We are projecting demand for 14,350 new housing units in SEDA in the 20-year period starting 2030 (5,550 in the 2030s and 8,800 in the 2040s).
- **SEDA Product Mix ('30 to '49):** SFD – 9,350 units (65%), MF – 5,000 units (35%); for-sale homes 8,823 units (61%), rental homes 5,528 units (39%).
- **SEDA Capture:** From '30 to '49, SEDA is projected to capture 38% of the total demand for new housing in the City of Fresno (SFD 43% and MF 26%).

Recommended Land Use Mix - SEDA



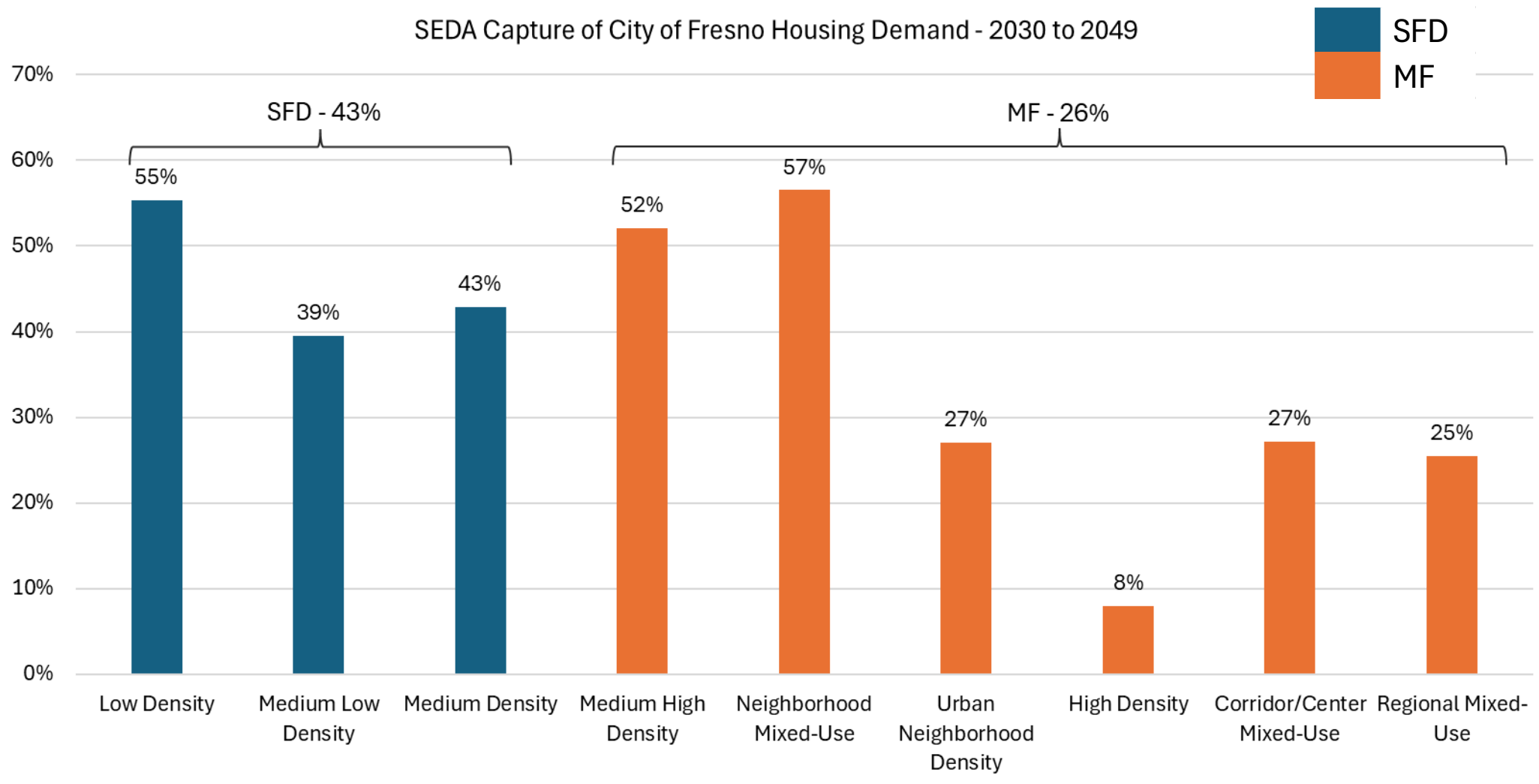
The table below summarizes our recommended mix of residential land uses for SEDA for the 25-year period from 2025 through 2049 (but with development not starting until 2030). Given the current rural/suburban nature of SEDA, our recommendations for the first ten years of development in the area (2030 to 2039) reflect a much higher proportion of SFD housing (3,900 homes, 70% of mix) than MF (1,650 homes, 30%). 30% of the MF in the first ten years is projected to be for-sale (500 units) and 70% for rent (1,650 units). As the area becomes more developed and established, and assuming the introduction of some supporting commercial development, the mix of SFD housing from 2040 to 2049 is expected to drop to 62% (5,450 units), while MF will increase to 38% (3,350). Overall, SEDA is projected to capture 38% of citywide housing demand in the 20 years from 2030 to 2049.

Product & Density	Density (du/ac)		Estimated Lot Size (sf)		% Mix by Tenure		Housing Units by Decade				# Mix by Tenure	
	Min	Max	Min	Max	For Sale	For Rent	'25-'29	2030s	2040s	Total	For Sale	For Rent
										('30-'49 only)	('30-'49 only)	
SEDA	--	--	--	--	--	--	0	5,550	8,800	14,350	8,823	5,528
Single Family (SFD)												
Low Density	3.5	5.0 acres	8,500	5.0 acres	100%	0%	0	550	550	1,100	1,100	0
Medium Low Density	3.5	6.0	5,000	8,500	90%	10%	0	1,300	1,600	2,900	2,610	290
Medium Density	5.0	12.0	2,500	6,000	75%	25%	0	2,050	3,300	5,350	4,013	1,338
Sub-Total							0	3,900	5,450	9,350	7,723	1,628
% of SEDA							0%	70%	62%	65%	88%	29%
% of City of Fresno							0%	32%	57%	43%	43%	42%
Multi-Family (MF)												
Medium High Density	12.0	16.0	TH	TH	100%	0%	0	500	600	1,100	1,100	0
Neighborhood Mixed-Use	12.0	No limit	TH/MF	TH/MF	0%	100%	0	400	750	1,150	0	1,150
Urban Neighborhood Density	16.0	30.0	TH/MF	TH/MF	0%	100%	0	750	1,500	2,250	0	2,250
High Density	30.0	45.0	MF	MF	0%	100%	0	0	150	150	0	150
Corridor/Center Mixed-Use	16.0	No limit	MF	MF	0%	100%	0	0	150	150	0	150
Regional Mixed-Use	30.0	No limit	MF	MF	0%	100%	0	0	200	200	0	200
Sub-Total							0	1,650	3,350	5,000	1,100	3,900
% of SEDA							0%	30%	38%	35%	12%	71%
% of City of Fresno							0%	20%	44%	26%	52%	29%
Overall SEDA Total							0	5,550	8,800	14,350	61%	39%
% of City of Fresno							0%	27%	51%	38%	44%	32%
										('30-'49 only)	('30-'49 only)	

SEDA Land Use Mix Share of City of Fresno

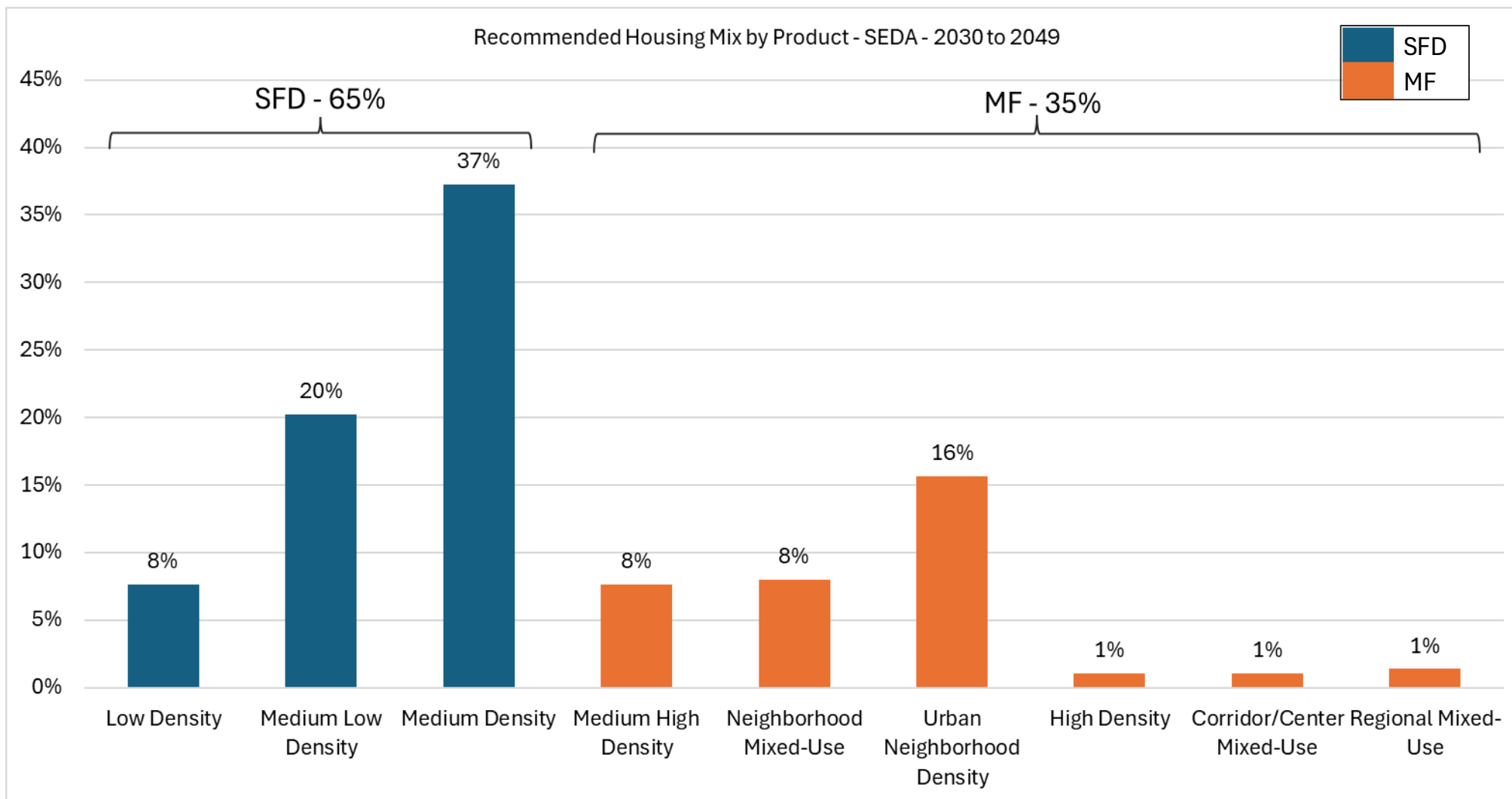
As one of the more remote areas within the Fresno Sphere of Influence, the first two decades of development in SEDA are expected to be weighted more heavily to SFD homes (43% market capture) than MF (26%). The high SEDA share in the Low Density SFD category reflects the fact that a large portion of DA-4 East already contains a significant amount of rural/low-density housing, particularly under the flight path of the airport, and this area is assumed to continue with similar product in the future. The introduction of one or more large-scale master planned communities in SEDA would be conducive to the inclusion of MF housing, including both for-sale and for-rent products.

SEDA Capture of City of Fresno Housing Demand - 2030 to 2049



SEDA Land Use Mix by Product

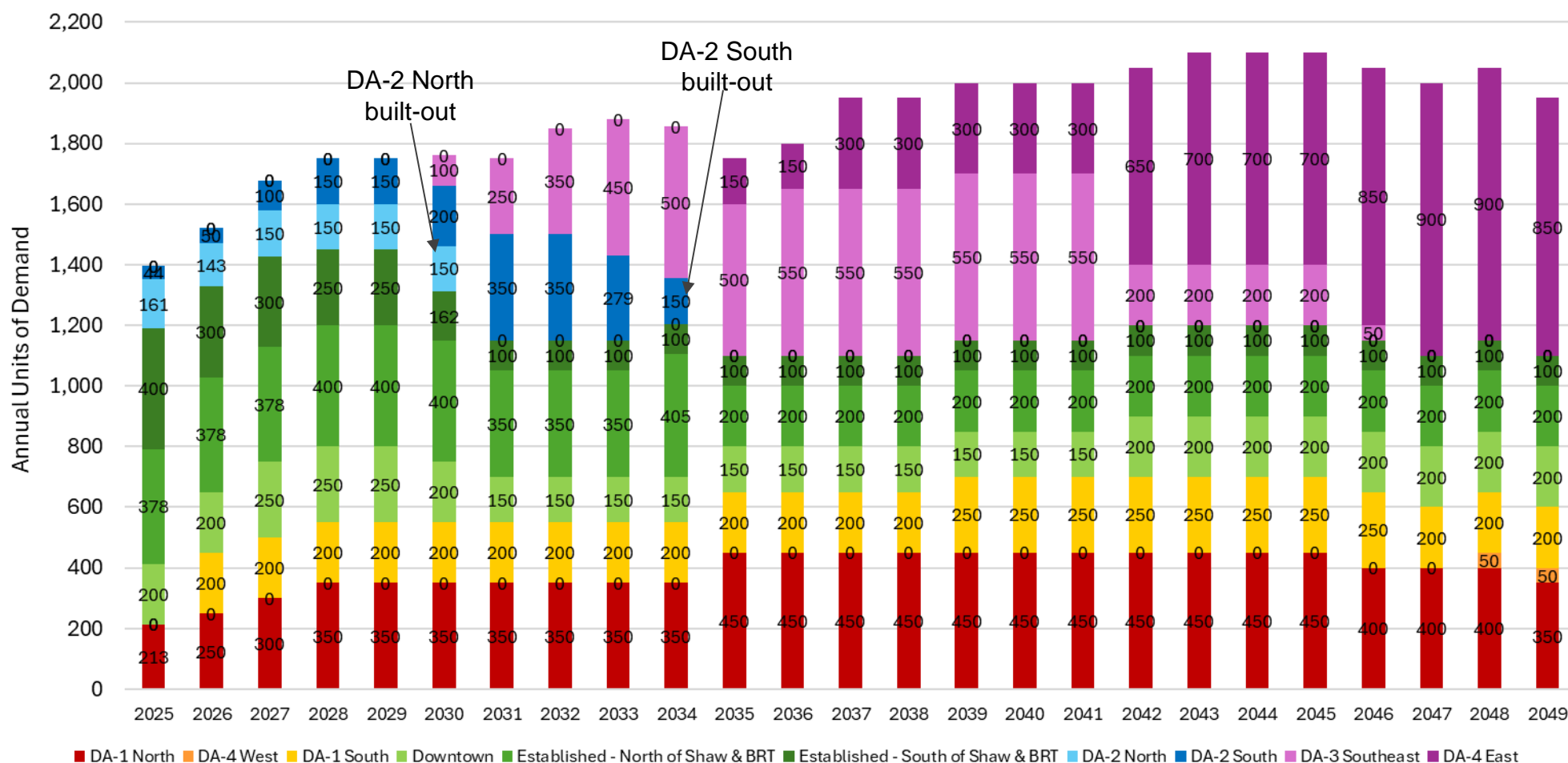
While we are recommending a much higher proportion of SFD housing (65%) in the first 20 years of development at SEDA compared to MF (35%), Medium Density represents the highest proportion of our recommended SFD products (37%). Medium Density SFD will include detached homes on lots as small as 2,500 sf, or possibly even smaller, allowing for higher densities and helping to bring the cost of housing to more attainable levels than homes on Medium Low or Low Density sites. On the MF side, the Medium High Density category (8%) is assumed to be all for-sale townhome product, while the other categories are rentals. Our projections assume some MF will be affordable housing.



Summary of Key Conclusions - Timing

According to our estimates, the two DA's in closest proximity to SEDA – DA-2 North and DA-2 South – (blues in the chart below) will have their last new housing developments come to market in 2030 and 2034, respectively. While the east portions of the Established Neighborhoods South of Shaw will still have remaining capacity at that same time, we believe that the more built-out nature of the Established Neighborhoods South of Shaw will result in a slowing of new home project openings in that area starting around 2030. As such, to maintain a steady supply of new housing in the eastern portion of the city, we recommend planning for new housing development in SEDA starting as early as 2030, and certainly no later than 2035.

Total Units in New Projects Opening Annually by Submarket - City of Fresno



Summary of Key Conclusions – Housing Location

The SEDA Proposed Land Use Map to the right was provided to Clarity by the Fresno Planning Department for this market study. The land uses on the map reflect those in the proposed SEDA Specific Plan, which is not yet adopted.

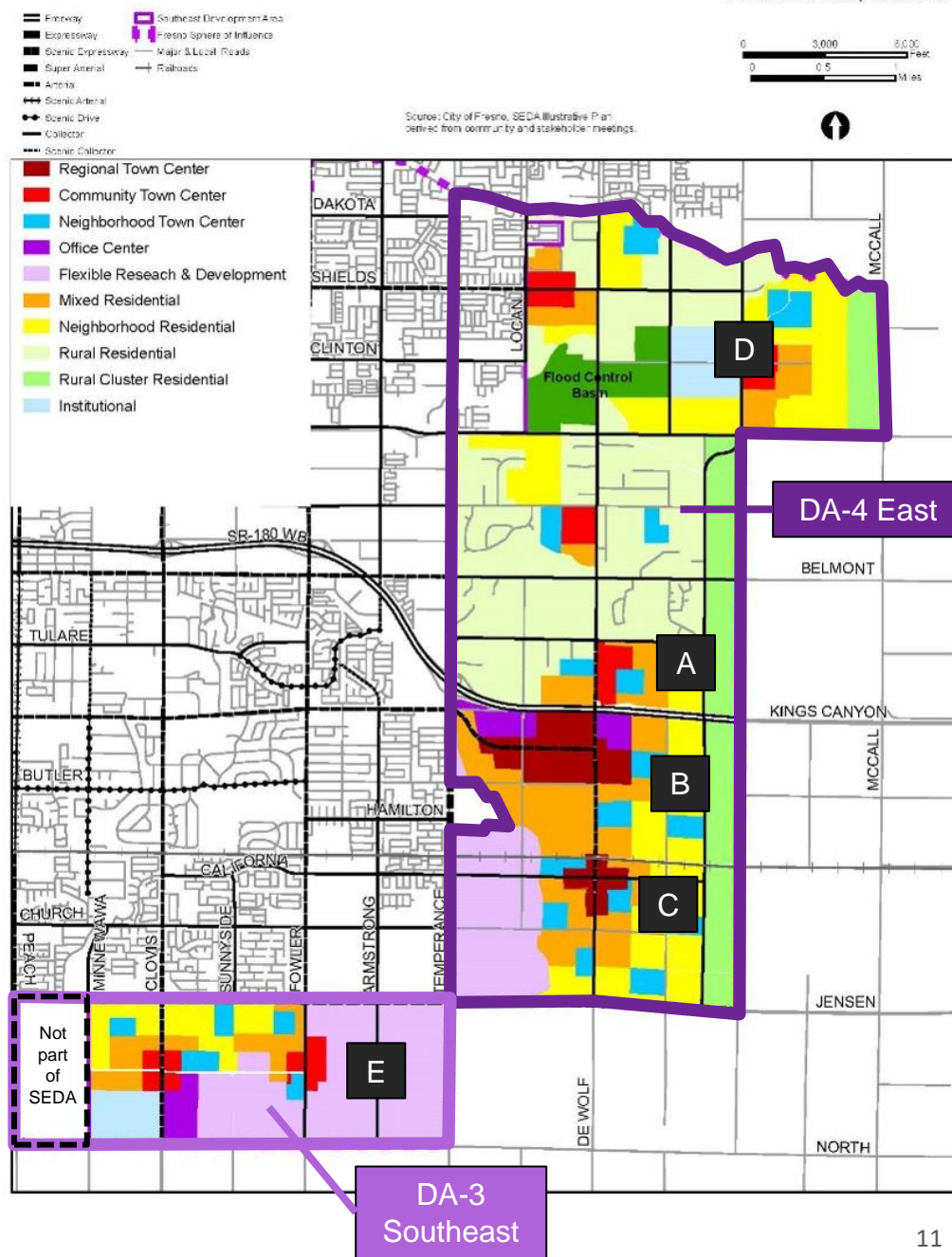
Based on existing infrastructure considerations the city has determined that the most advantageous location to begin new home development in SEDA would be in DA-3 Southeast.

We would suggest proactively working with the largest landowners in SEDA with the objective of identifying and planning for possible large-scale master planned communities (1,500 or more homes). Large-scale communities typically offer a broad array of housing options within one community, together with desirable community amenities, possibly including schools.

Based strictly on on-the-ground observations of the planning areas and a review on Google Earth, potential candidate locations for large master plans are highlighted as areas A through E on the map to the right.

Although we have not evaluated the market potential for retail, office or industrial uses, it appears to us that there may be more land allocated for these uses than demand will support, particularly given the ubiquitousness of on-line shopping that has negatively impacted brick-and-mortar retail, and the rise in work-from-home impacting office demand.

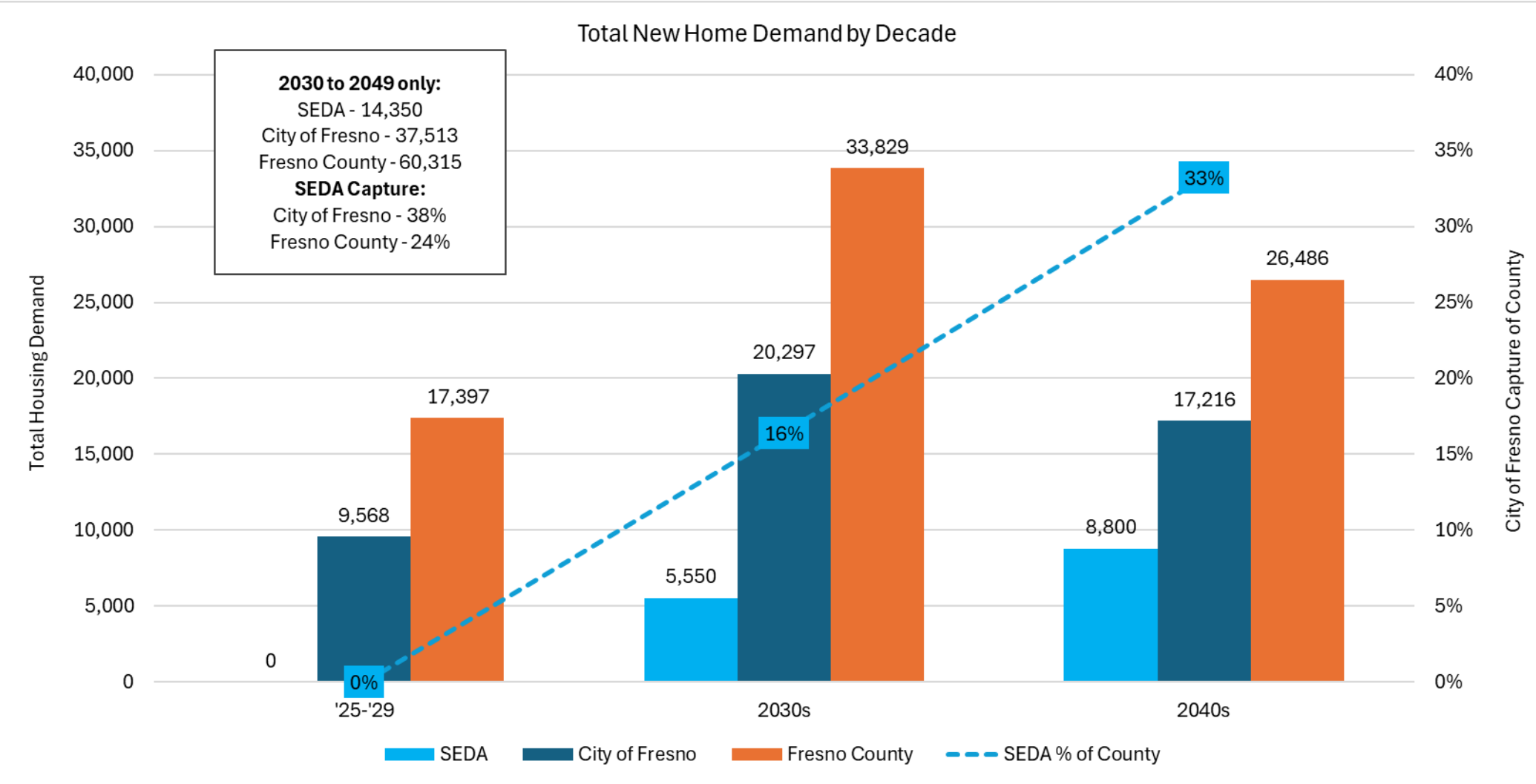
SEDA PROPOSED LAND USE MAP



Total Housing Demand – 2025 to 2049



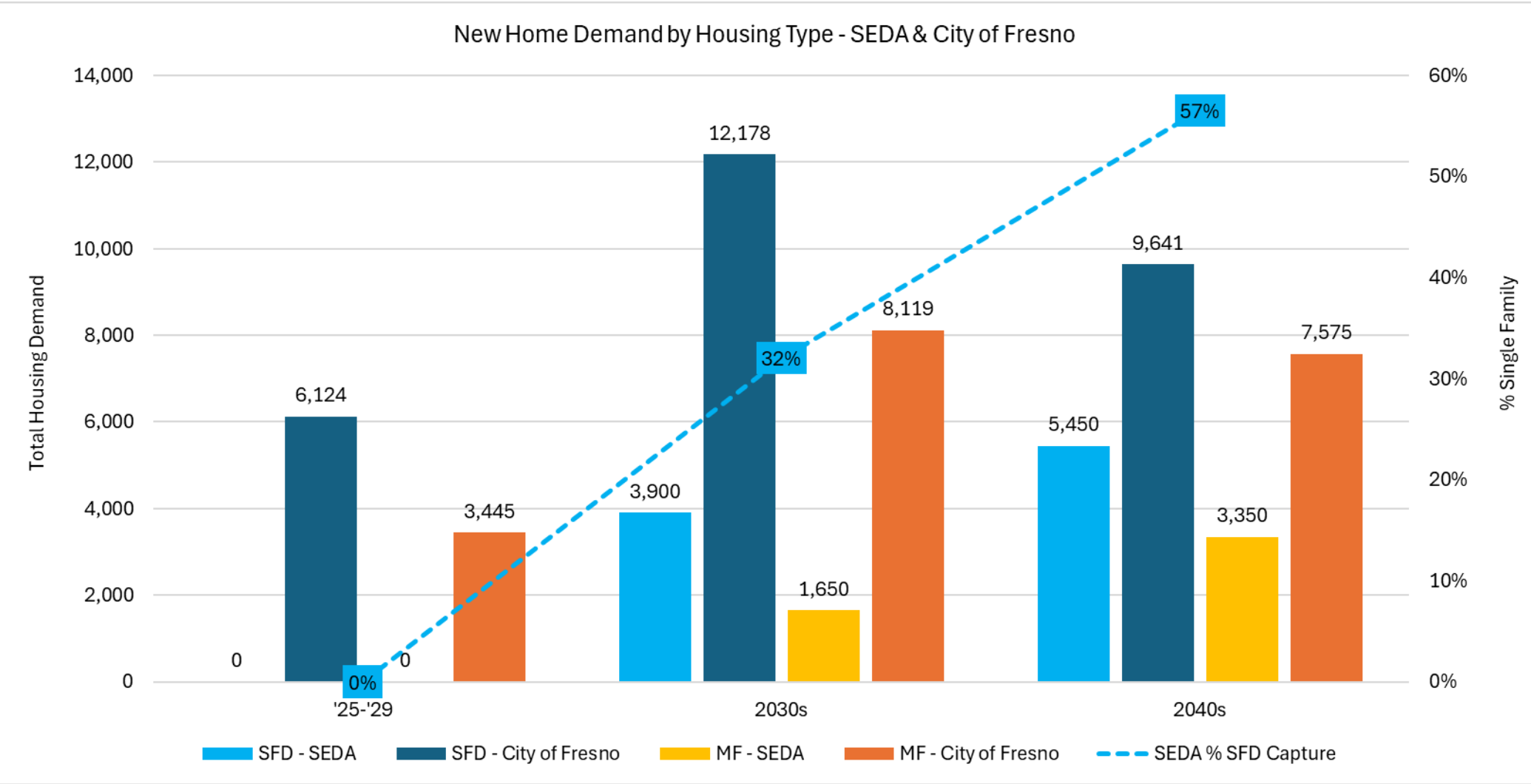
Our projections for housing demand in SEDA build off of projections for both the City of Fresno and Fresno County. Assuming new home development begins in SEDA in 2030, and escalates in intensity in ensuing years, SEDA is expected to capture an increasing share of both the City of Fresno and Fresno County housing markets from the 2030s to the 2040s. In the 20-year period from 2030 through 2049, SEDA is projected to capture a total of 38% of the demand for new housing in the City and 24% of county-wide demand. To achieve these capture rates, SEDA will not only need to offer this amount of housing but supporting commercial uses (retail, office, industrial), schools, and parks and recreational uses as well.



Housing Demand by Type – 2025 to 2049



As other areas in the City become more built-out, SEDA is projected to capture an increasing share of the market from the 2030s to the 2040s. While there will still be capacity left in other Development Areas in the 2040s and beyond, we believe that SEDA has the potential to pull demand from not only the City of Fresno, but from Clovis as well. In addition, if SEDA can incorporate one or more large-scale master planned communities, that will only add to the demand for housing in the area.



Detailed Housing Demand – City of Fresno



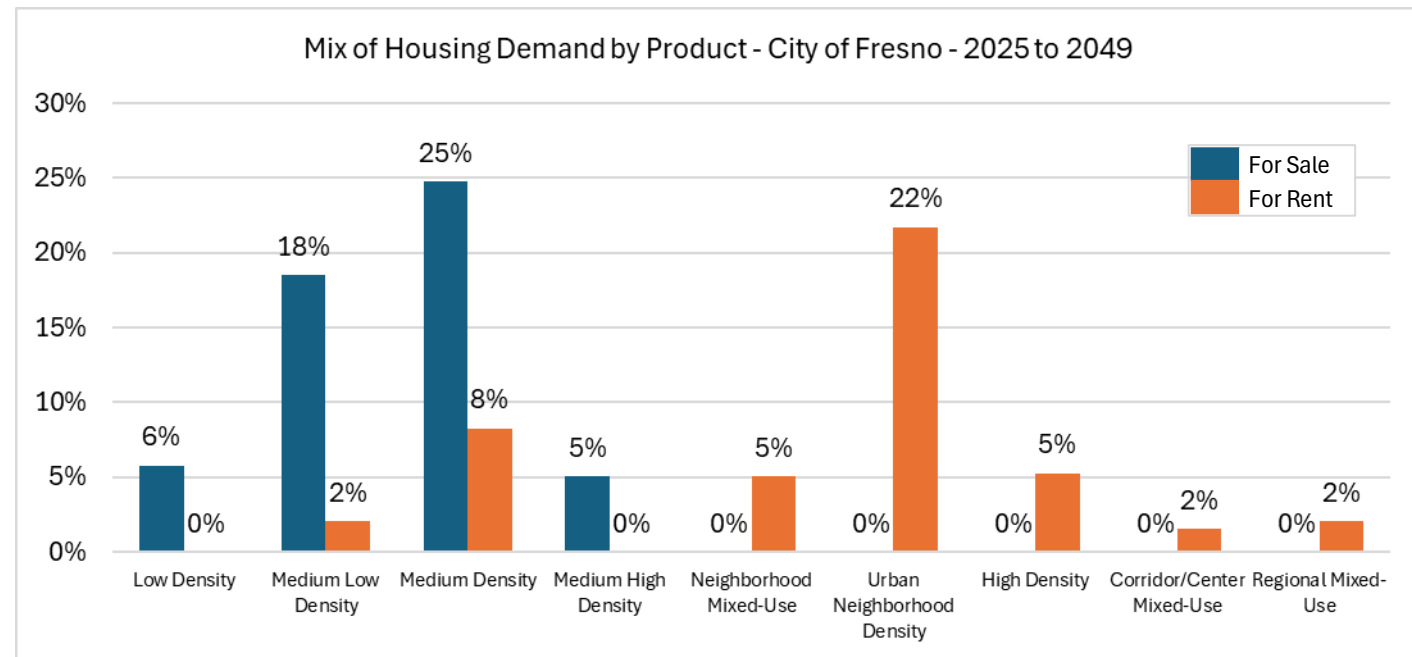
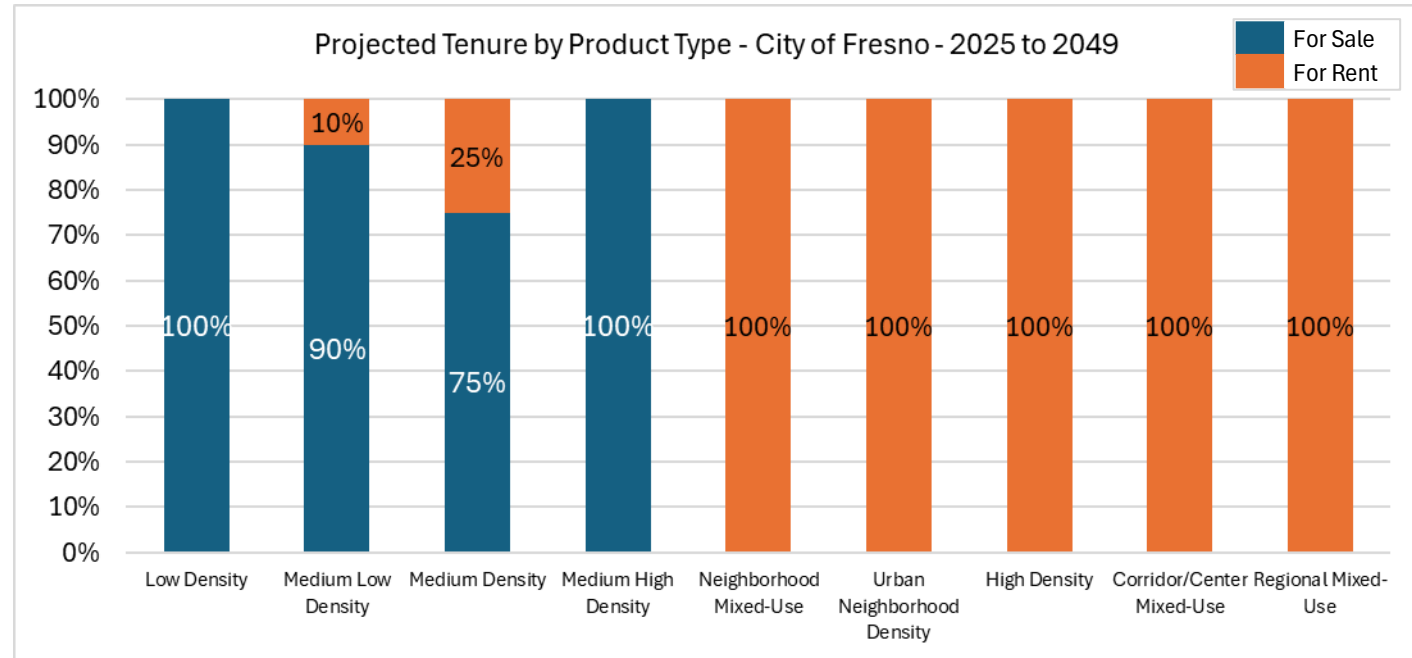
We are projecting total demand for 47,081 new housing units (building permits) in the City of Fresno from 2025 through 2049. The mix is estimated at 59% SFD and 41% MF. Although the majority of SFD homes are expected to be for-sale (83%), we expect some to be built as rentals (17%). The SFD rentals represent “build for rent” neighborhoods that are becoming increasingly popular with both builders and renters. Among the MF units, the vast majority are expected to be rentals (88%), and the remaining 12% will be for-sale (primarily townhomes). Overall, our projections are that the City of Fresno will capture 61% of countywide permits from 2025 through 2049. In comparison the city captured 55% of countywide permits from 1980 through 2023. Our demand projections assume that a portion of the MF unit allocations will be for designated affordable housing units. The affordable units likely will require some form of subsidies and/or tax incentives for any substantial number of units to be built.

Product & Density	Density (du/ac)		Estimated Lot Size (sf)		% Mix by Tenure		Housing Units by Decade				# Mix by Tenure	
	Min	Max	Min	Max	For Sale	For Rent	'25-'29	2030s	2040s	Total	For Sale	For Rent
City of Fresno Demand	--	--	--	--	--	--	9,568	20,297	17,216	47,081	25,475	21,606
Single Family (SFD)												
Low Density	3.5	5.0 acres	8,500	5.0 acres	100%	0%	735	1,218	771	2,724	2,724	0
Medium Low Density	3.5	6.0	5,000	8,500	90%	10%	2,327	4,262	3,085	9,675	8,707	967
Medium Density	5.0	12.0	2,500	6,000	75%	25%	3,062	6,698	5,785	15,544	11,658	3,886
Sub-Total							6,124	12,178	9,641	27,943	23,089	4,854
% of City of Fresno Total							64%	60%	56%	59%	83%	17%
% of Fresno County Total							47%	51%	56%	52%		
Multi-Family (MF)												
Medium High Density	12.0	16.0	TH	TH	100%	0%	276	974	1,136	2,386	2,386	0
Neighborhood Mixed-Use	12.0	No limit	TH/MF	TH/MF	0%	100%	344	974	1,061	2,379	0	2,379
Urban Neighborhood Density	16.0	30.0	TH/MF	TH/MF	0%	100%	1,895	4,303	4,015	10,212	0	10,212
High Density	30.0	45.0	MF	MF	0%	100%	586	1,137	758	2,480	0	2,480
Corridor/Center Mixed-Use	16.0	No limit	MF	MF	0%	100%	172	325	227	724	0	724
Regional Mixed-Use	30.0	No limit	MF	MF	0%	100%	172	406	379	957	0	957
Sub-Total							3,445	8,119	7,575	19,138	2,386	16,752
% of City of Fresno Total							36%	40%	44%	41%	12%	88%
% of Fresno County Total							79%	80%	82%	81%		
Overall Total							9,568	20,297	17,216	47,081	54%	46%
% of Fresno County Total							55%	60%	65%	61%		

Demand by Tenure – City of Fresno

Our projections for the mix of for sale versus for rent homes is based both on the current occupancy status of homes, as well as trending in the market towards increasing acceptance of higher density-for sale programs, rising demand for build-for-rent SFD home neighborhoods, and the necessity for rental housing for households with incomes who cannot afford to buy, or who simply prefer to rent.

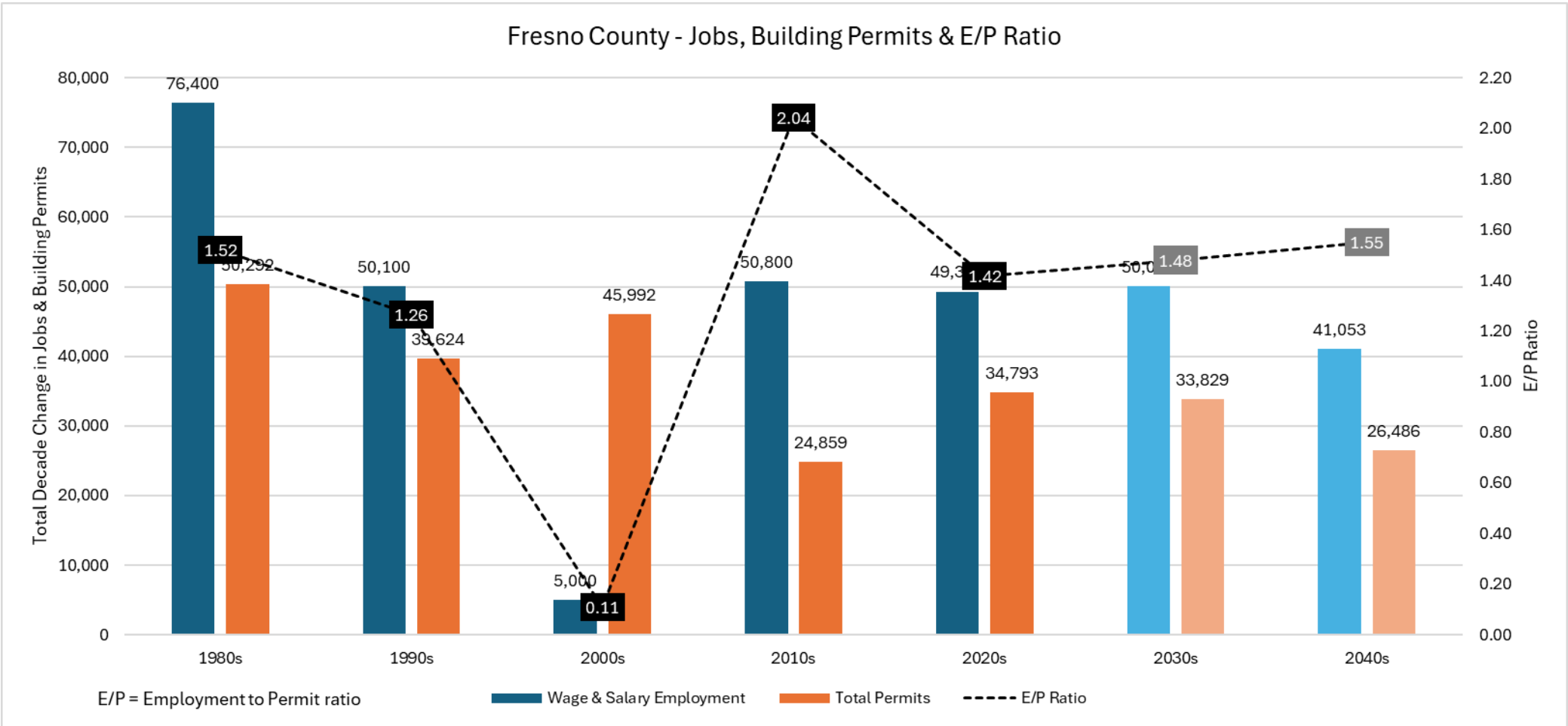
We are estimating that 54% of the future demand in Fresno will be for sale homes and 46% for rent homes. As is currently the case, some of the for sale homes will be purchased by investors who turn around and rent out the homes, so in reality, the proportion of future housing likely will skew slightly more towards rentals than we are estimating.



Derivation of Housing Demand



Our projections for future housing demand in the City of Fresno were derived from projections of employment growth, employment to permit (E/P) ratios, and expectations that the City of Fresno will capture an increasing share of countywide permits in the years ahead (2020s – 55%, 2030s – 60%, 2040s – 65%). We are projecting that job growth in the 2020s and 2030s will be roughly similar to the 2010s but dropping to almost 20% slower growth in the 2040s as the economy matures. We expect that given the relatively high price of housing, and with apartment developers and homebuilders looking to maximize returns based on changing supply and demand conditions, that the E/P ratio will rise over the next 25 years from 1.42 in the 2020s to 1.55 in the 2040s, averaging 1.46. This ratio is inline with most markets throughout the state of CA.



Potential Influences on Housing Demand

Our projections for housing demand in SEDA and the City of Fresno assume “normal” market conditions regarding economic and household growth and the ability of homebuilders and apartment developers to bring new housing to market. There are a multitude of factors that are unpredictable, and can, and do, impact the demand for housing, including “black swan” events such as the emergence of COVID-19 starting in March 2020. The list below highlights factors which might impact either supply and/or demand conditions for housing in the city of Fresno and Fresno County.

- **Policies that limit growth** such as SOAR initiatives – Save Our Agricultural Resources – that have negatively impacted the ability of cities in Ventura County to expand and grow.
- **The availability and cost of construction and homeowner insurance** – such as wrap policies for condominium construction that could limit what homebuilders build, and fire policies for homeowners that could limit where people can live.
- **Immigration policies** – shifting attitudes towards immigration could increase or limit future housing demand.
- **State political and budget priorities** – programs that aid or inhibit the supply and demand for housing are both possible.
- **Air quality** – air pollution could impact the demand for housing by limiting where people can or want to live.
- **Water availability** – Fresno has a limited water supply and further population growth requires additional investment in water supply development and infrastructure, as well as water conservation.
- **Conversion of farmland** – The California Environmental Quality Act (CEQA) requires mitigation for the loss of agricultural land within portions of the city of Fresno Sphere of Influence.
- **Economic growth** – According to the SEDA Specific Plan Draft (April 2024) – Most new jobs (in the region) are not in the innovative sectors that hold the greatest potential for economic stimulation.
- **Traffic levels** – Senate Bill 743 requires the Fresno region to establish a 13% reduction in Vehicle Miles Traveled (VMT) to address congestion, air quality, climate concerns and health outcomes. This could inhibit housing construction.
- **Climate change** – concerns regarding the impact of climate change could lead to policies discouraging housing development or emphasizing one housing product type over another.
- **Housing Affordability** – In recent years, inflation has led to big increases in the cost of rent, food, energy, gasoline and water prices, and higher interest rates have increased mortgage costs. Many households are financially tapped out.

While we have made a good-faith effort to provide accurate and actionable housing demand projections for SEDA and the City of Fresno, it is likely that demand in any given year or decade will vary from our projections – either higher or lower – likely influenced by the factors listed above.

Sources of Land to Accommodate Housing Demand



Land to accommodate future new home construction in SEDA and Fresno is expected to come from 4 primary sources: 1) Farmland, 2) Adaptive Reuse of Existing Properties, 3) Densification of sites, and 4) Ag-Oriented Communities.

Farmland: Historically, most new home development in the Fresno area has come on farmland on the outer perimeters of town. To help account for the loss of farmland to housing or commercial development, mitigation measures have been implemented. The mitigation measures may become more stringent in the future; however, there is the need to balance the cost of mitigation against how much that increases the cost of housing.



The Arthur at Blackstone, Fresno



Adaptive Reuse: Neighborhoods often change and evolve over time. Recent upheavals in retail (online shopping, same day delivery) and office (work-from-home) have created more opportunities than in the past to reimagine properties from less-intensive single uses (such as a strip shopping center) to more intense uses (such as apartments) or mixed-used developments. The Tower District and the Blackstone corridor are good examples of where this is already happening in Fresno. This trend can unlock “closer in” sites that already have infrastructure and may be more cost effective to develop than “farther out” sites that need infrastructure.

Densification: As areas become more developed and land prices rise, the natural evolution in most market areas is towards more dense housing development. Increasing the density of any particular site results in more housing units per acre. Densification can include the use of smaller lot sizes for single family detached homes (say under 4K sf) and more vertical construction for multi-family homes (podium, wrap, elevators). The Monarch, a recently built affordable housing project in Fresno, achieved a density of about 85 units/acre.



Ag-Oriented Communities: A rising awareness regarding the source, quality, sustainability and environmental impact of the food we eat has created increased interest in new home neighborhoods that preserve or incorporate farming into the design and fabric of a community. An excellent example is San Luis Ranch in San Luis Obispo, CA. The community totals 131 acres and includes an operating farm (+/-50 acres), local-serving retail, community gardens and 577 housing units ranging from rental apartments to attached for-sale homes and small-lot SFD homes. This has the impact of lessening the amount of farmland converted to other uses. SEDA could be ideal for this concept.

CITY OF FRESNO REVIEW & PLANNING CONSIDERATIONS

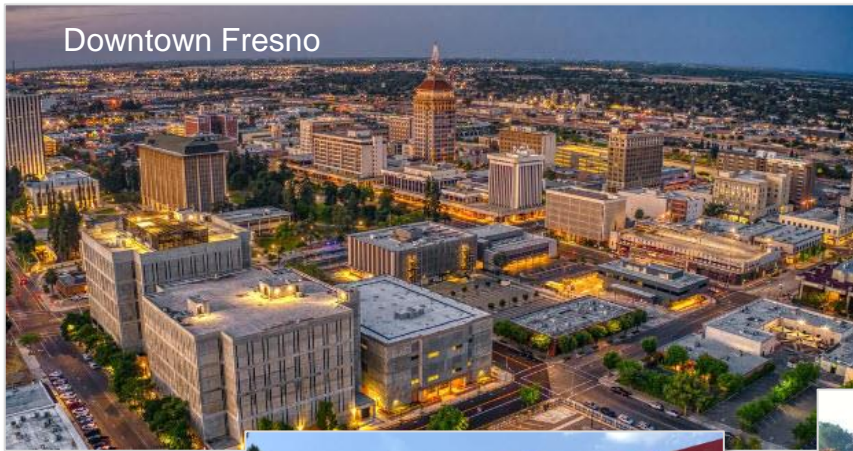
City of Fresno & Central Valley Overview

- The City of Fresno is located in Fresno County, in California's Central Valley. The city is about 160 miles southeast of downtown San Francisco, 100 miles north of Bakersfield, and 205 miles north of Los Angeles.
- With a 2023 household population of about 543K, Fresno is the largest city in the Central Valley. The next largest city is Bakersfield with 412K. The state capital, Sacramento, has a population of about 520K (Sacramento is in the Central Valley, although some consider it to be its own region). Household population excludes people living in group quarters such as the military or prisons.
- The Central Valley is one of the most diverse and productive agricultural regions in the US, accounting for 25% of the nation's fruits, nuts and other food products on less than 1% of US farmland. Fresno County is ranked as the #1 county in the US for agricultural sales (2022 USDA Census of Agriculture).
- Although agriculture is important in Fresno County, employment in the county has diversified significantly over the last +/-25 years, with Farming dropping from 19% of all jobs in 1990 to 10% as of 2023, and Healthcare and Social Services rising from 9% to 18% over the same time period.



City of Fresno

The City of Fresno (543K people) accounts for about 54% of the household population of Fresno County (1.016M). Fresno County totals 426.9K jobs, with an estimated 384.9K in the City of Fresno itself (90%); making the city the economic powerhouse of the region. With lower home prices than expensive coastal counties, and a diversifying economy, Fresno draws new residents from all over the state of California. Fresno is described on visitcalifornia.com as a “sophisticated city of gorgeous gardens and parks, with a vibrant creative community.” The Tower District is a shopping, dining, and “nightlife hotspot” with a “cultural scene.” Fresno State University counts 23.8K students, 1.56K faculty and 1.01K full and part-time administration and staff.



Downtown Fresno



Fulton Street Party



Blossom Trail



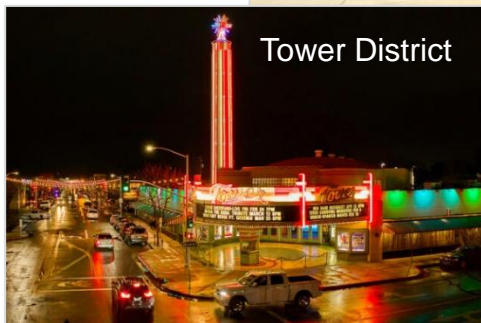
Art Museum



Woodward Park



Fresno State University



Tower District



Food Scene



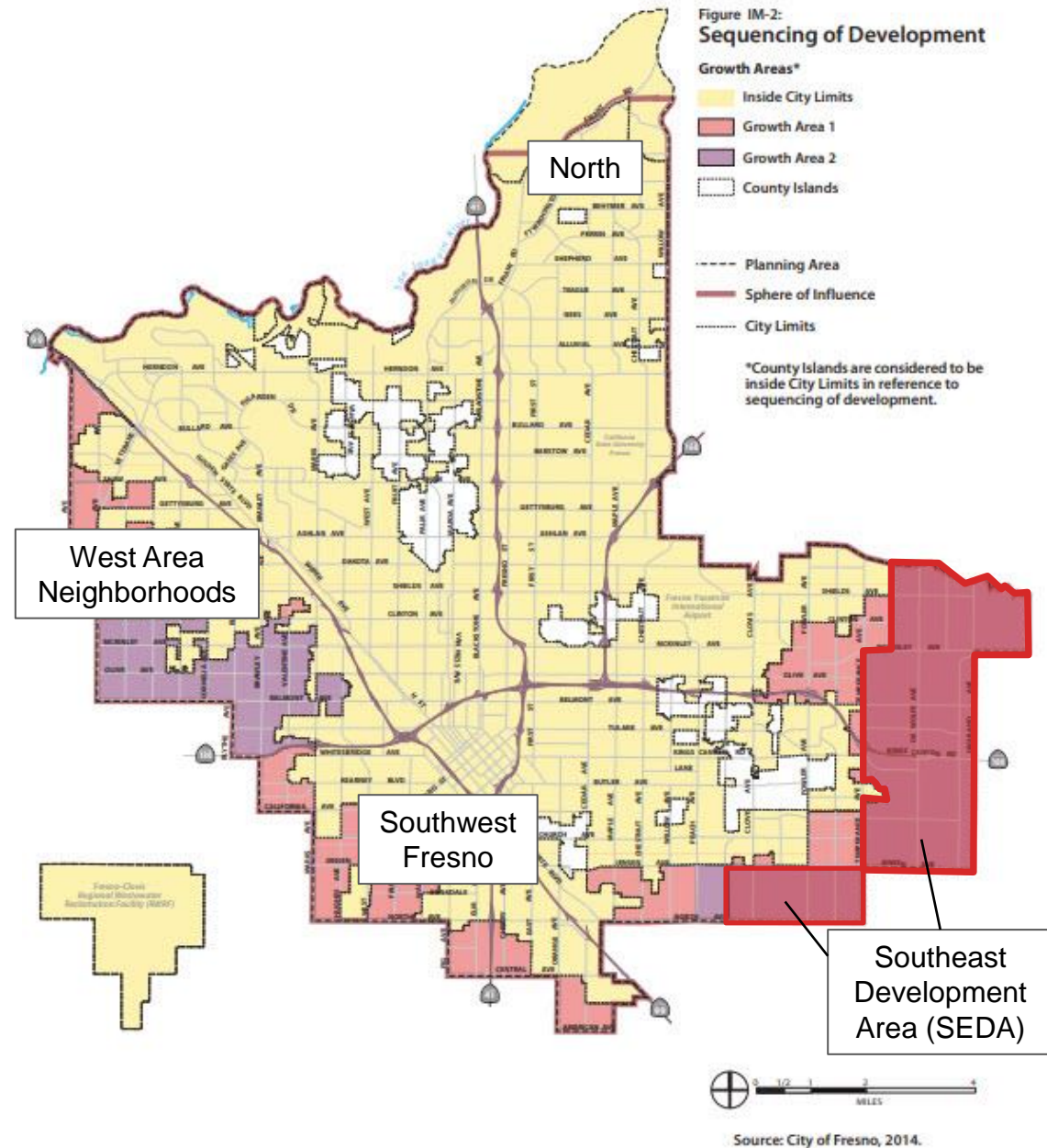
Fresno County Fair

Fresno – Development & Housing Stock

The City of Fresno was incorporated in 1885 and now covers some +/-116 square miles. Development activity has spread outward from the downtown area, with most new housing development activity over the past two decades taking place on the northwest, north and southeast perimeters of the city. (See the following 2 pages for additional depictions of growth.)

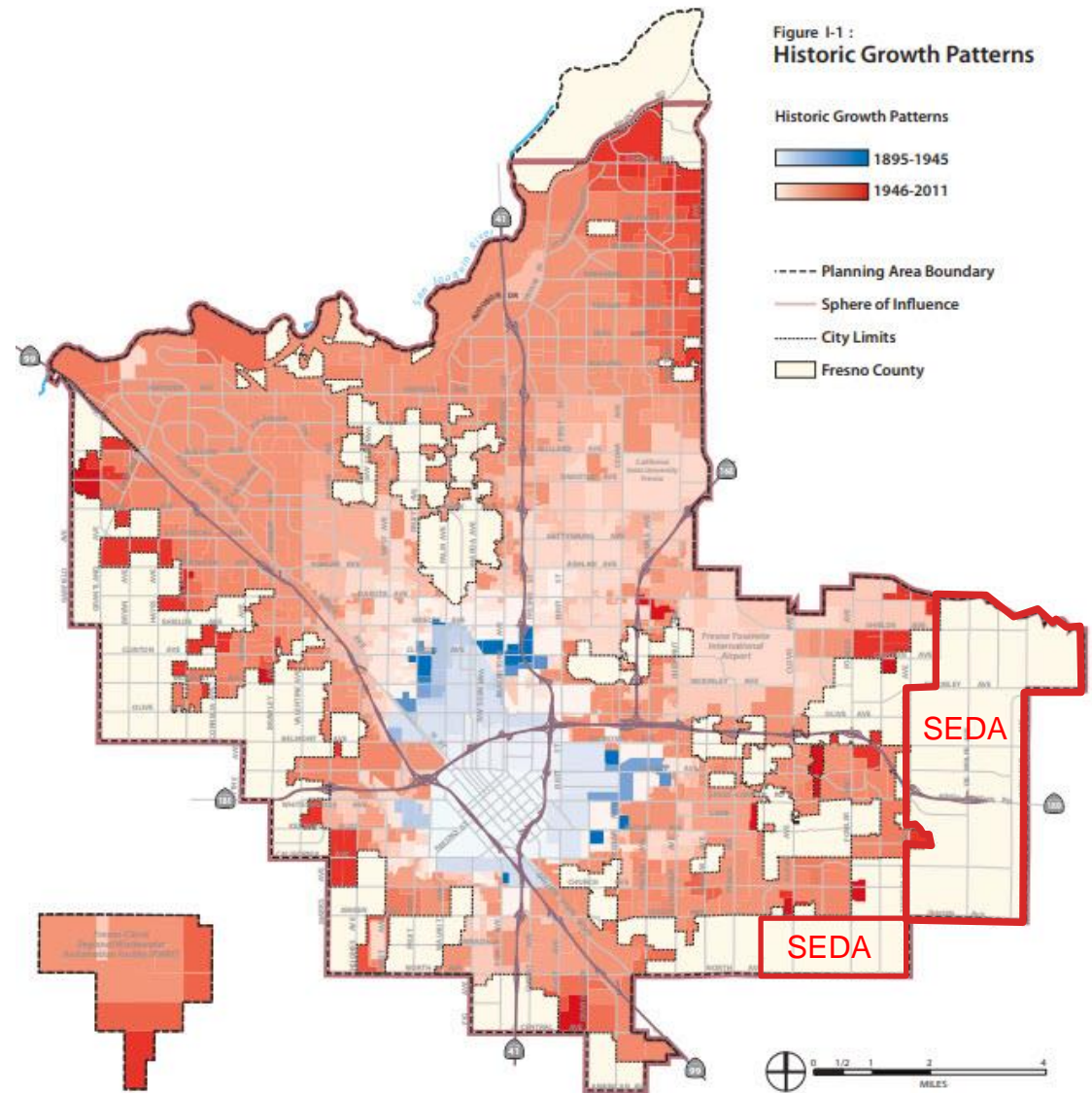
According to the U.S. Census American Community Survey (2016-2020), only about 35% of housing in the city had been built prior to 1970 (58.7K units). Housing built in the 1970s represents the highest proportion of the existing housing stock of any decade, accounting for 18% of all homes (31.0K). Housing built in the 20 years from 2000 through 2019 represents just under 18% of all existing homes (30.1K) – half the pace of construction of the 1970s.

Based on the availability of land, what homebuilders prefer to build, and the types of homes households prefer to live in, the vast majority of development activity over the next 25 years is expected to continue in the West, Southwest, and North areas. Development in the Southeast (SEDA) is also possible if that area is opened up to development with the introduction of infrastructure to support growth. We are projecting that the need for new homes in SEDA will begin as early as 2030, and certainly by 2035.



Fresno – Geographic Progression of Development

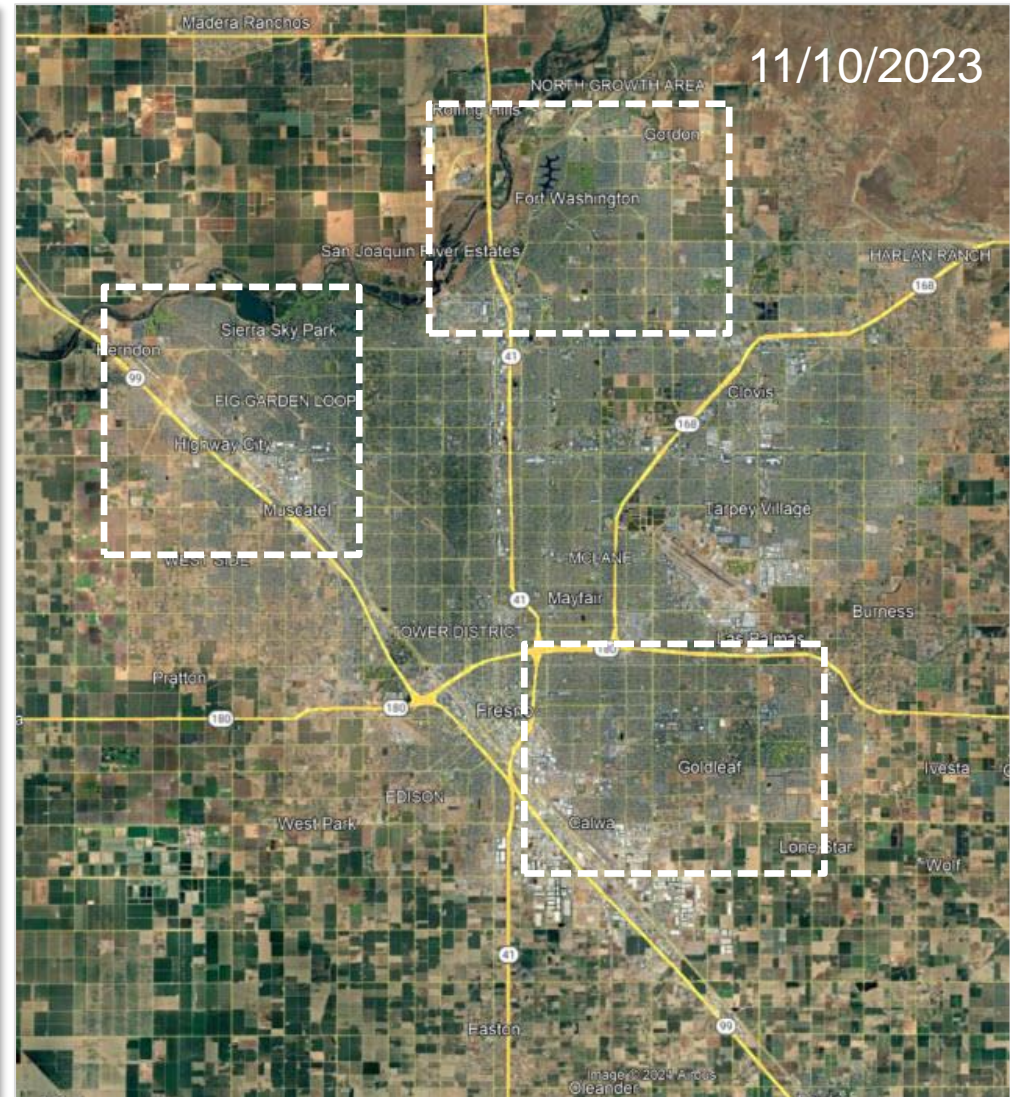
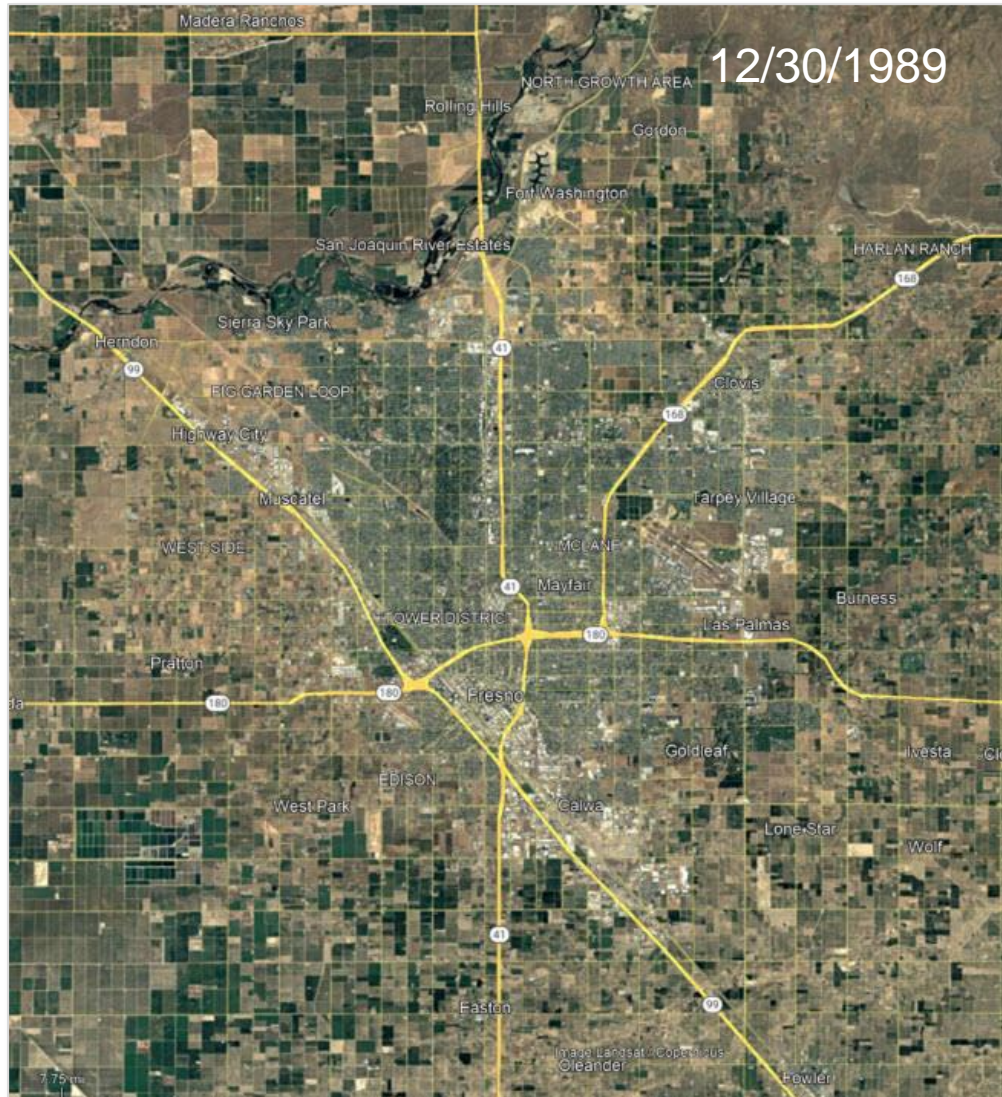
The map to the right highlights the outward spread of development growth in the City of Fresno from its founding in the late 1800s in and around the current downtown area and pushing out further and further into the suburbs through 2011. Growth since 2011 has mostly occurred on the outer fringes. Other than some rural/large-lot housing in the portion of SEDA north of SR-180 and south of E McKinley Ave, SEDA has remained largely agricultural.



Source: City of Fresno Development and Resource Management Department, 2010.

Fresno – Progression of Development – Aerial

The aerials below highlight the geographic progression of development in the City of Fresno over the 34-year period from the end of 1989 through the end of 2023. Most of the development has occurred in the northwest, north and southeast parts of town.



Residential Development Capacity - Buildout

The table to the right is from the City of Fresno's 2014 General Plan and provides information on remaining Buildout capacity. At that time (which is the most recent data available), additional residential capacity was estimated at 145,374 units within the General Plan Buildout (which we have rounded to 145,000 for our analysis). This number represent capacity, not projected demand.

The 145K units were not divided into MF vs SFD. For this analysis, we have assumed that the distribution of units through Buildout is the same as the Horizon capacity on the following page (55% MF – 79,800, 45% SFD – 65,200). **We have estimated the remaining Buildout capacity as of 2024 at about 128,400 units** (see below). Based on the study that Clarity previously prepared for the City of Fresno, we have estimated that over 30,000 units of capacity remain within the current city limits and the remainder is in Growth Areas Requiring Annexation. These are rough estimates only.

From 2013 through 2023, a total of 16,607 residential building permits were issued in the City of Fresno, including 12,612 SFD permits and 3,995 MF permits. Assuming no changes to total potential capacity since 2012, subtracting the permits issued from the figures quoted in the 2014 General Plan Buildout implies **remaining capacity for about 52,600 SFD homes and 75,800 MF units, totaling 128,400 units as of today** (figures rounded to nearest hundred). See the following page for Horizon capacity.

TABLE 1-4¹: RESIDENTIAL DEVELOPMENT CAPACITY UNDER BUILDOUT (BEYOND 2035)

Area ²	Number of Dwelling Units on Sites in Current City Limits	Number of Dwelling Units in Growth Areas Requiring Annexation	Total
Downtown Planning Area	10,000	0	10,000
BRT Corridors	10,471	0	10,471
Established Neighborhoods South of Shaw	8,925	2,227	11,152
Established Neighborhoods North of Shaw	9,017	486	9,503
South Industrial	7	0	7
DA-1: North	7,072	18,723	25,795
DA-1: South	9,085	11,564	20,649
DA-2: North	52	2,996	3,048
DA-2: South	206	2,238	2,444
DA-3: Southeast	0	9,092	9,092
DA-4: East	0	35,008	35,008
DA-4: West	775	7,430	8,205
Total Dwelling Units under Buildout	55,610	89,764	145,374

1. Calculations are based on August 9, 2012 Land Use Diagram Draft Figure 2 of the Initiation Draft.

2. DA is Development Area. See Figure I-3: Residential Capacity Allocation.

Source: City of Fresno.

Residential Development Capacity - Horizon

The tables to the right are from the City of Fresno's 2014 General Plan and provide information on residential dwelling unit counts as of 2012 and remaining capacity. At that time (which is the most recent data available), additional residential capacity was estimated at 76,000 units in the Horizon period (through 2035) and 145,000 units in the General Plan Buildout. This number represent capacity, not projected demand. See the following page for Development Area designations.

TABLE 1-2: RESIDENTIAL DEVELOPMENT CAPACITY UNDER HORIZON AND BUILDOUT¹

Residential Dwelling Units	General Plan Horizon	General Plan Buildout
Existing ²	191,000	191,000
Additional Capacity	76,000	145,000
Total Capacity	267,000	336,000

1. Calculations are based on August 9, 2012 Land Use Diagram Draft Figure 2 of the Initiation Draft.
2. Existing dwelling unit count is based on the 2010 Census for dwelling units within the City Limits (approximately 171,000 dwelling units) added to the Fresno Council of Government informal aerial photo and census tract study estimate of 2010 population and dwelling units within the area located outside of the City Limits and inside the City's Sphere of Influence boundary (approximately 20,000 dwelling units) for a total of approximately 191,000 dwelling units.

TABLE 1-3¹: RESIDENTIAL DEVELOPMENT CAPACITY² UNDER GENERAL PLAN HORIZON

Area ³	Type of Dwelling Unit		Location of Dwelling Unit		Total
	Multi-family and Townhouse	Single-family	Development on Sites in Current City Limits	Development on Sites in Growth Areas Requiring Annexation	
Downtown Planning Area	7,800	1,200	9,000	0	9,000
BRT Corridors	6,000	0	6,000	0	6,000
Established Neighborhoods South of Shaw	4,700	3,000	5,700	2,000	7,700
Established Neighborhoods North of Shaw	4,000	2,400	6,200	200	6,400
South Industrial	0	0	0	0	0
DA-1: North	6,500	10,500	2,600	14,400	17,000
DA-1: South	4,000	6,500	2,500	8,000	10,500
DA-2: North	500	2,000	0	2,500	2,500
DA-2: South	500	1,500	0	2,000	2,000
DA-3: Southeast	2,500	3,500	0	6,000	6,000
DA-4: East	5,100	3,800	0	8,900	8,900
DA-4: West	0	0	0	0	0
Sub Totals	41,600	34,400	32,000	44,000	76,000
Total Dwelling Units under General Plan Horizon	76,000		76,000		

1. Calculations are based on August 9, 2012 Land Use Diagram Draft Figure 2 of the Initiation Draft.
2. The term "capacity" is intended to mean a Development Area's ability to accommodate a specified number of units and is not intended to indicate the number of actual units built.
3. DA is Development Area. See Figure I-3: Residential Capacity Allocation.

Source: City of Fresno and Dyett & Bhatia, 2014.

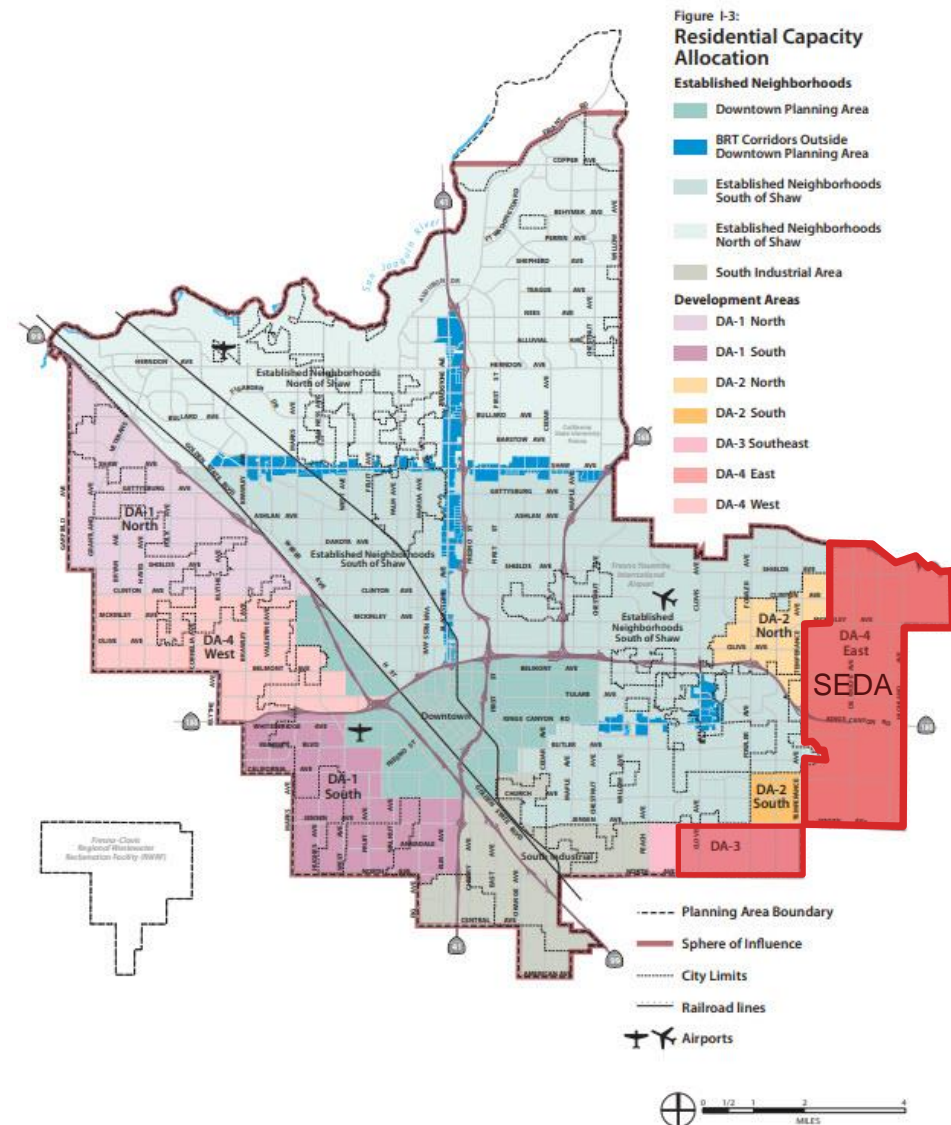
Fresno – Residential Capacity Allocation

The map to the right shows the designated Established Neighborhoods and Development Areas (DA) in the City of Fresno corresponding to the residential unit allocations specified on the prior page. Although downtown has seen more new residential development over the past decade compared to prior decades, and more demand likely will occur when High Speed Rail is active, most development over the next 25 years will be concentrated in DA-1 North and DA-1 South, and the far northern portions of Established Neighborhoods North of Shaw. DA-4 West (no current unit allocation) and SEDA are also potential areas for expansion if infrastructure is made available.

The 2014 General Plan Horizon allocated a combined 29K units in the Downtown Planning Area, BRT Corridors Outside Downtown, and Established Neighborhoods North and South of Shaw. These areas are expected to see less development activity than the perimeters of the city limits and Sphere of Influence. Greenfield sites typically provide home and apartment builders greater economies of scale (larger properties to spread costs over) and newer suburbs with newer shopping centers and schools are where a high proportion of people prefer to live. Infill sites in Downtown and BRT Corridors likely are much smaller in size than sites on the perimeter, which typically will result in lower unit counts (albeit depending on density), are by definition often on busy roads, and might have undesirable adjacent land uses, making them less desirable to both potential builders and residents.

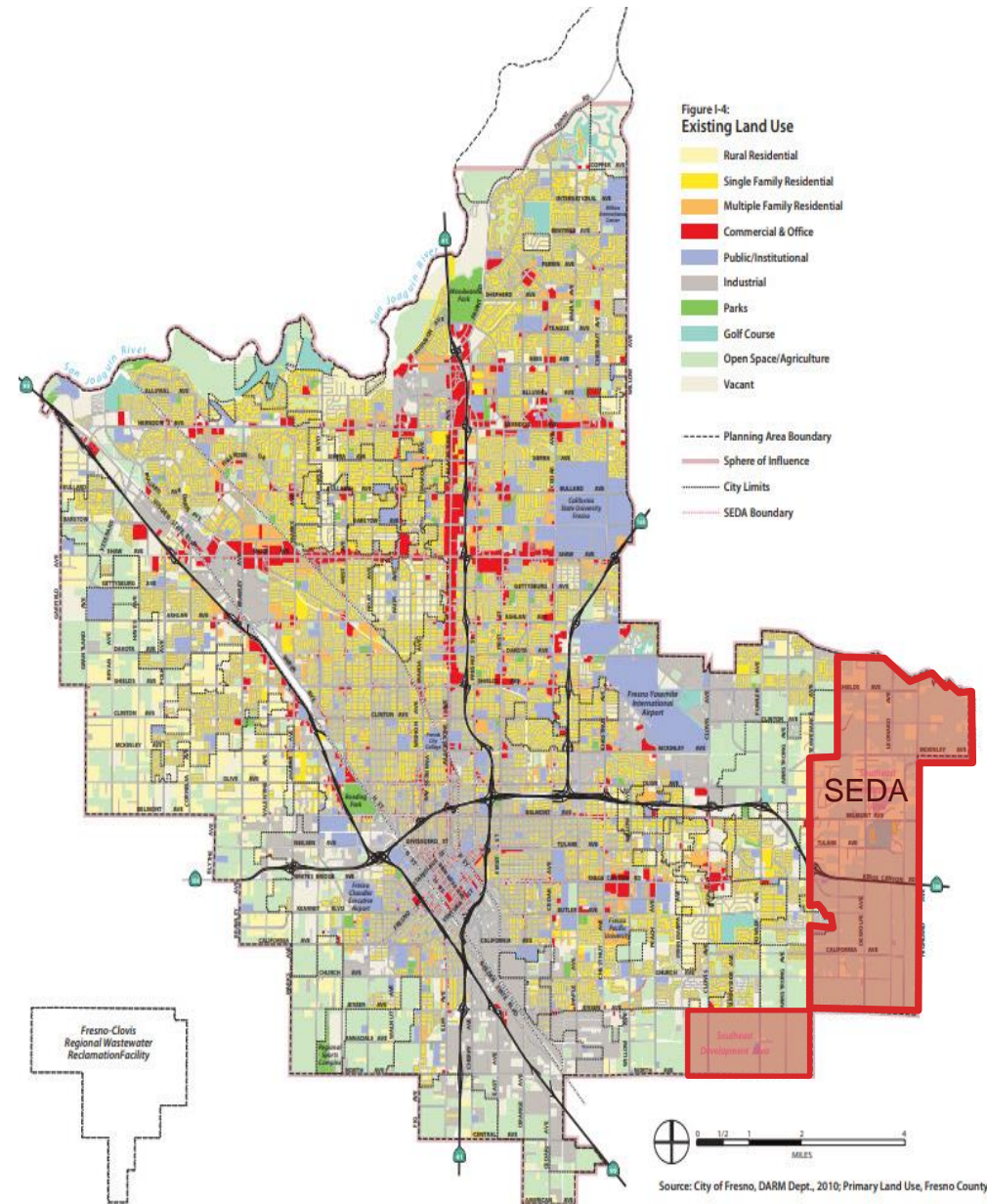
Development at densities over 30 du/ac typically requires wrap or podium product, which is much more expensive to build (\$300 to \$350/sf or more) than conventional housing (\$80 to \$150/sf). Wrap or podium therefore requires much higher rents (typically \$3.00/sf or more compared to Fresno's current median rent of \$1.55/sf) making them financially unfeasible for builders in Fresno for the foreseeable future.

While the City has initiatives to encourage new housing in downtown, the reality is that most market-rate for-sale and rental development at densities over 30 du/ac is not financially viable today, and likely will not be over at least a 20+ year timeframe unless home prices and/or rents relative to costs rise substantially and/or the City offers subsidies.



Fresno – Existing Land Use Map

As would be expected of a city located in an agricultural county, the land surrounding Fresno is currently designated primarily as open space/agriculture or rural residential. This is particularly true in the SEDA. To accommodate residential capacity estimates and future population growth, these areas will require rezoning from open space/agriculture to residential, and/or rural residential to higher-density residential uses.



Citywide Density Standards

The table to the right provides information on residential designations and corresponding density intensity in the City of Fresno. Our projections for future residential demand are correlated with the designations, with further delineations estimated regarding the amount of for-sale versus for-rent demand within several of the categories.

For the purpose of projecting future housing demand, we have assumed that all homes in the Low Density category will be for-sale and that all homes in the categories including Urban Neighborhood Density, High Density, Neighborhood Mixed-Use, Corridor/Center Mixed-Use and Regional Mixed Use will be for-rent. The remaining categories of Medium Low Density and Medium Density are assumed to be a mix of for-sale and for-rent homes. Residential Development Code Zoning Districts include:

TABLE 3-2: GENERAL PLAN LAND USE DESIGNATIONS AND ZONING DISTRICTS CONSISTENCY

General Plan Land Use Designation	Development Code Zoning District	
Buffer	B	Buffer
Residential		
Low Density	RE	Residential Estate
	RS-1	Residential Single Family, Extremely Low Density
	RS-2	Residential Single Family, Very Low Density
	RS-3	Residential Single Family, Low Density
Medium Low Density	RS-4	Residential Single Family, Medium Low Density
Medium Density	RS-5	Residential Single Family, Medium Density
Medium High Density	RM-MH	Mobile Home Park
	RM-1	Residential Multi-Family, Medium High Density
Urban Neighborhood	RM-2	Residential Multi-Family, Urban Neighborhood
High Density	RM-3	Residential Multi-Family, High Density
Mixed-Use		
Neighborhood	NMX	Neighborhood Mixed Use
Corridor/Center	CMX	Corridor/Center Mixed Use
Regional	RMX	Regional Mixed Use

TABLE 3-1: CITYWIDE STANDARDS FOR DENSITY AND DEVELOPMENT INTENSITY

Land Use	Minimum to Maximum Residential Density (du/net acre) ^{1,2,3}	Maximum Floor Area Ratio
Buffer	Max = 0.05 (1 unit per 20 net acres)	-
Residential		
Low Density	Min = 1 unit per 5 acres Max = 3.5 units per acre	-
Medium Low Density	Min = 3.5 units per acre Max = 6 units per acre	-
Medium Density	Min = 5 units per acre Max = 12 units per acre	-
Medium High Density	Min = 12 units per acre Max = 16 units per acre	-
Urban Neighborhood Density	Min = 16 units per acre Max = 30 units per acre	-
High Density	Min = 30 units per acre Max = 45 units per acre	-
Commercial		
Main Street		1.0
Community		1.0
Recreation		0.5
General		2.0
Highway & Auto		0.75
Regional		1.0
Mixed-Use		
Neighborhood Mixed-Use	Min = 12 units per acre Max = No Limit	1.5
Corridor/Center Mixed-Use	Min = 16 units per acre Max = No Limit	1.5
Regional Mixed-Use	Min = 30 units per acre Max = No Limit	2.0
Downtown		
Downtown Neighborhood	Min = No limit Max = No limit	No limit
Downtown General	Min = No limit Max = No limit	No limit
Downtown Core	Min = No limit Max = No limit	No limit
Employment		
Office	-	2.0
Business Park	-	1.0
Regional Business Park	-	1.0
Light Industrial	-	1.5
Heavy Industrial	-	1.5

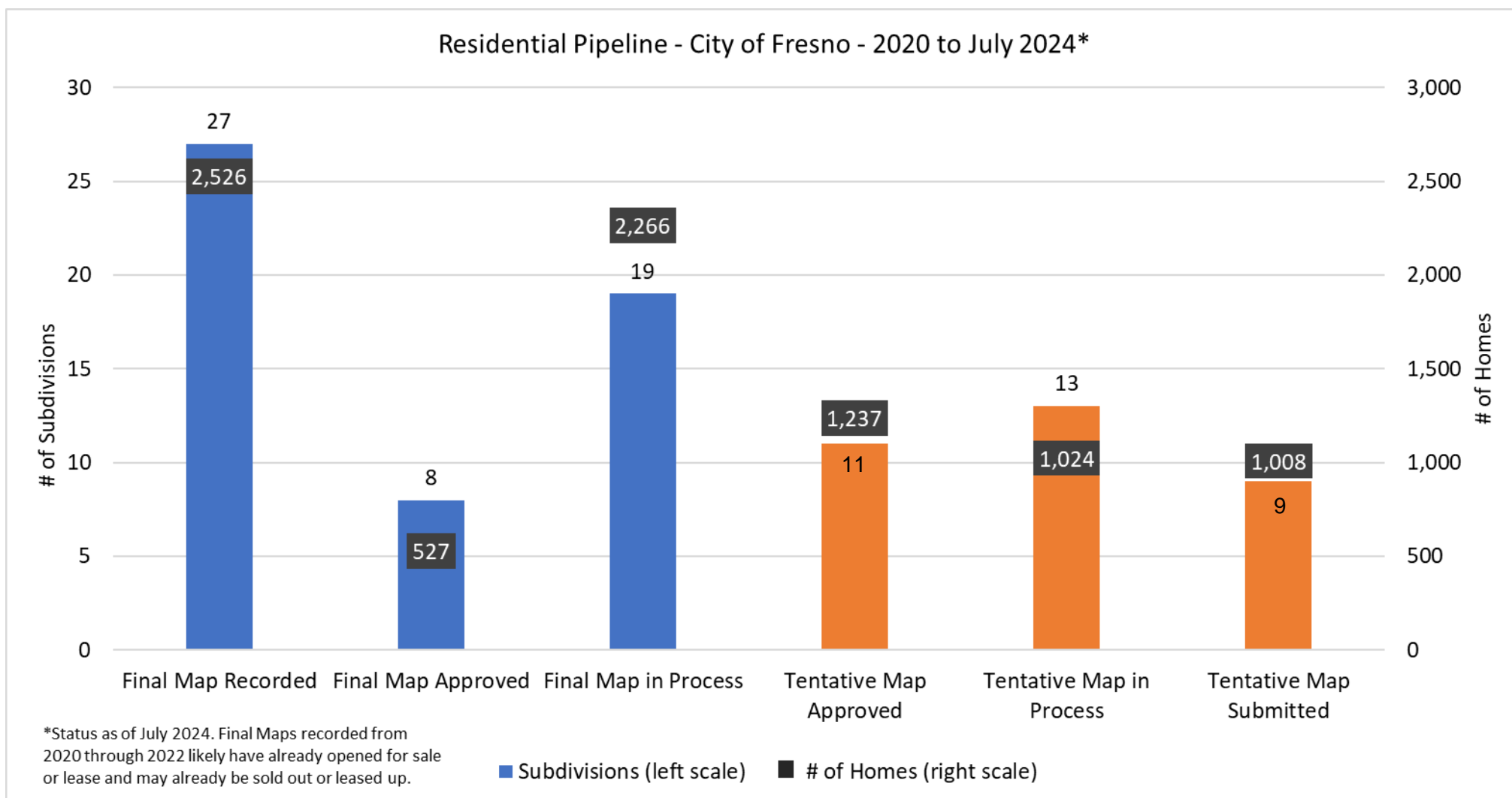
1. Based on Net Acreage.

2. Residential density refers to the ratio of residential dwelling units per acre (43,560 square feet) of land which is calculated by dividing the number of existing or proposed residential dwelling units by the land area of the property designated for, or proposed for development with, a residential use. The residential land area includes property upon which the residential and ancillary structures are located, together with yards and other private or common open spaces, and includes vehicle access drives and parking areas together with public and private roadways. The residential land area does not include major streets or State Routes designated by Figure MT-1: General Plan Circulation Diagram, and does not include schools or regional trails.

3. Additional density may be allowed for affordable housing or provision of community benefits (pursuant to California Government Code Sections 65915 – 65918, as may be amended).

Future Pipeline – City of Fresno

In the City of Fresno, maps have been submitted for 87 subdivisions totaling 8,588 units in the period from 2020 through July of 2024. 24 of the 27 Recorded Final Maps (2,342 homes) occurred from 2020 through 2022 and these neighborhoods likely have already opened for sale or rent, and many likely are already sold-out or leased up. Excluding the Final Maps Recorded from 2020 through 2022, that leaves 63 maps totaling 6,246 homes for future development. In the five years from 2019 through 2023, 9,262 building permits were issued in the City (1,852/year). As such, a pipeline of 6,246 homes represents only about a 3.4-year supply.



CITY OF FRESNO – SFD/FOR-SALE HOMES SUBMARKET ANALYSIS

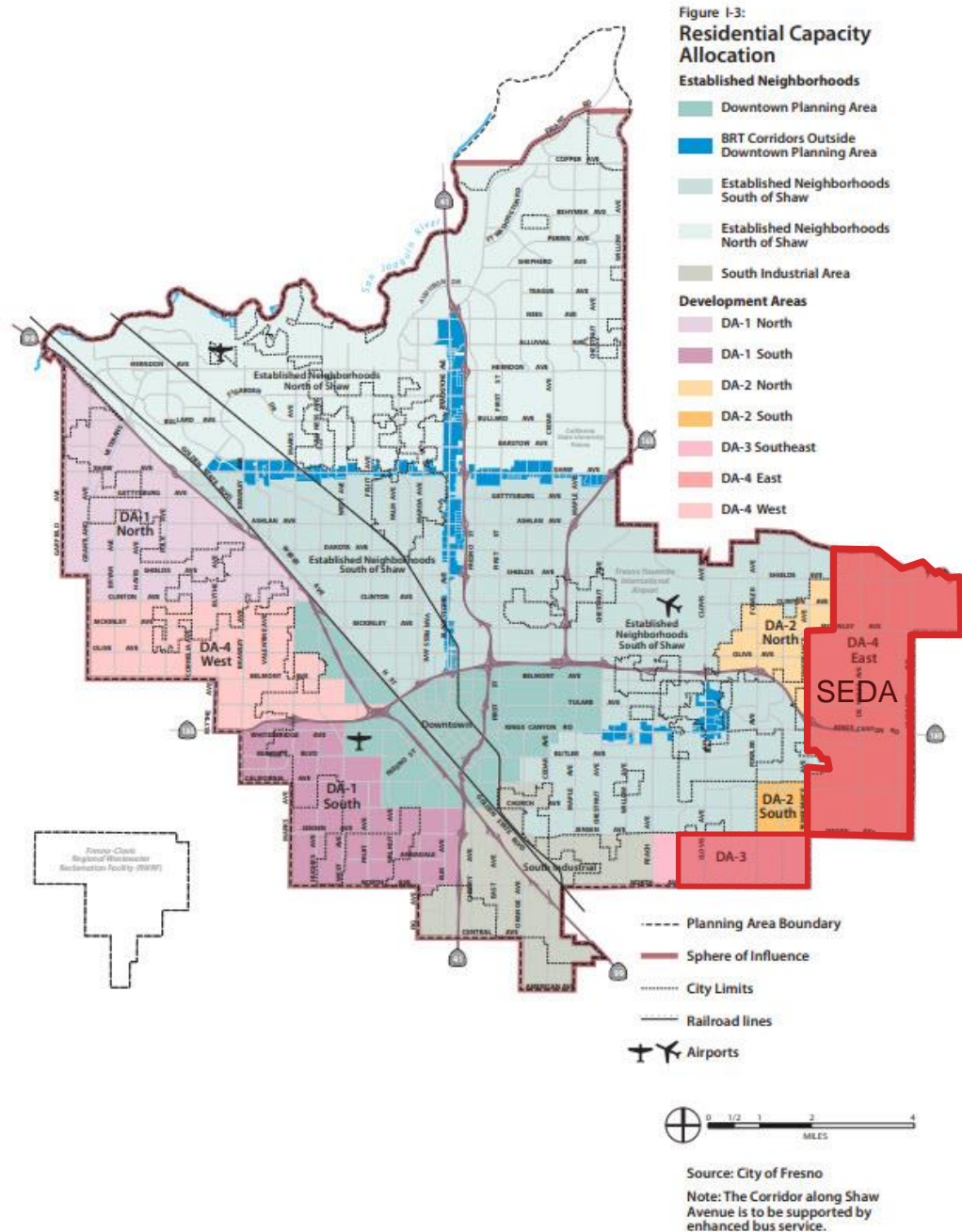
City of Fresno & Sphere of Influence Submarkets

In order to help determine the market potential and demand for homes in SEDA, we evaluated SFD new home market trends in each of the various submarkets in the Fresno city limits and Sphere of Influence based on the City of Fresno Planning Department designated Development Areas (DAs). We refer to these areas as submarkets. The map to the right shows the official DA boundaries.

Since 2012, new construction SFD subdivisions opening for sale have been mostly in the Established Neighborhoods South of Shaw – primarily on the east side of the submarket – accounting for 31% of all new projects, Established Neighborhoods North of Shaw (28%), DA-1 North (24%) and DA-2 North (14%).

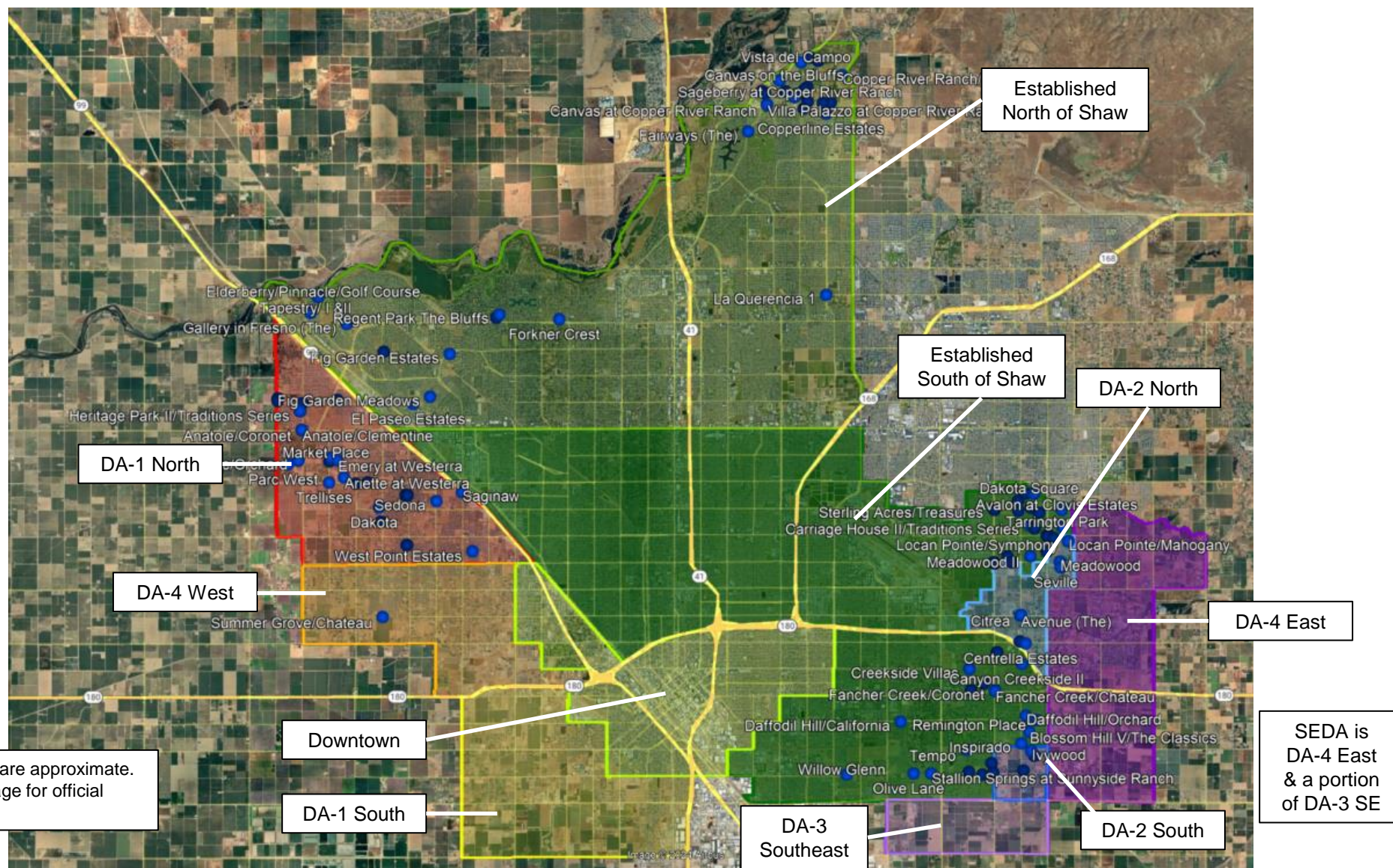
Over the same time, new multi-family rental communities opening were mostly in the Established Neighborhoods North of Shaw (45%), Downtown (29%) and Established Neighborhoods South of Shaw (22%). Projects North of Shaw tend to have higher unit counts than projects in other areas, particularly Downtown. Projects North of Shaw accounted for 66% of all new MF units coming to market compared to just 14% in Downtown.

See the following pages for more information.



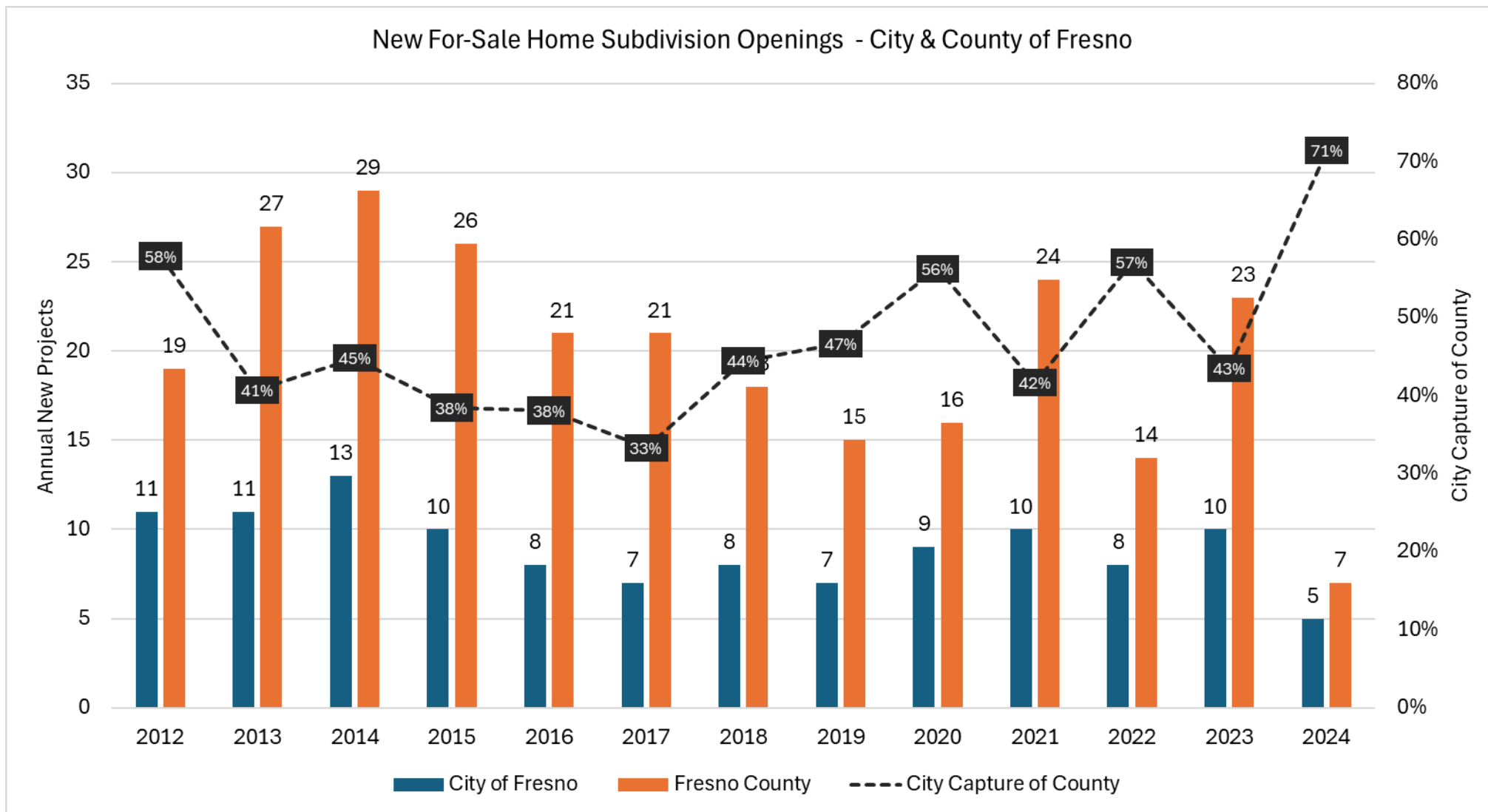
New Home Subdivisions by Submarket

The map below shows all the new for-sale home subdivisions that opened within the City of Fresno and Sphere of Influence from 2012 through mid-year 2024. A total of 117 new home communities (115 SFD) totaling 11,747 units opened for sale during that time. Development activity has been concentrated in the outer suburbs where there is an abundance of greenfield land, where homebuilders enjoy economies of scale building high unit count subdivisions, and where a high proportion of people want to live.



City of Fresno New Home Openings vs County

From 2012 through mid-2024, 117 for-sale subdivisions opened for sale in the City of Fresno and Sphere of Influence compared to 260 in Fresno County as a whole, resulting in a 45% capture rate for the city. The City's capture rate has increased to 50% since 2020.

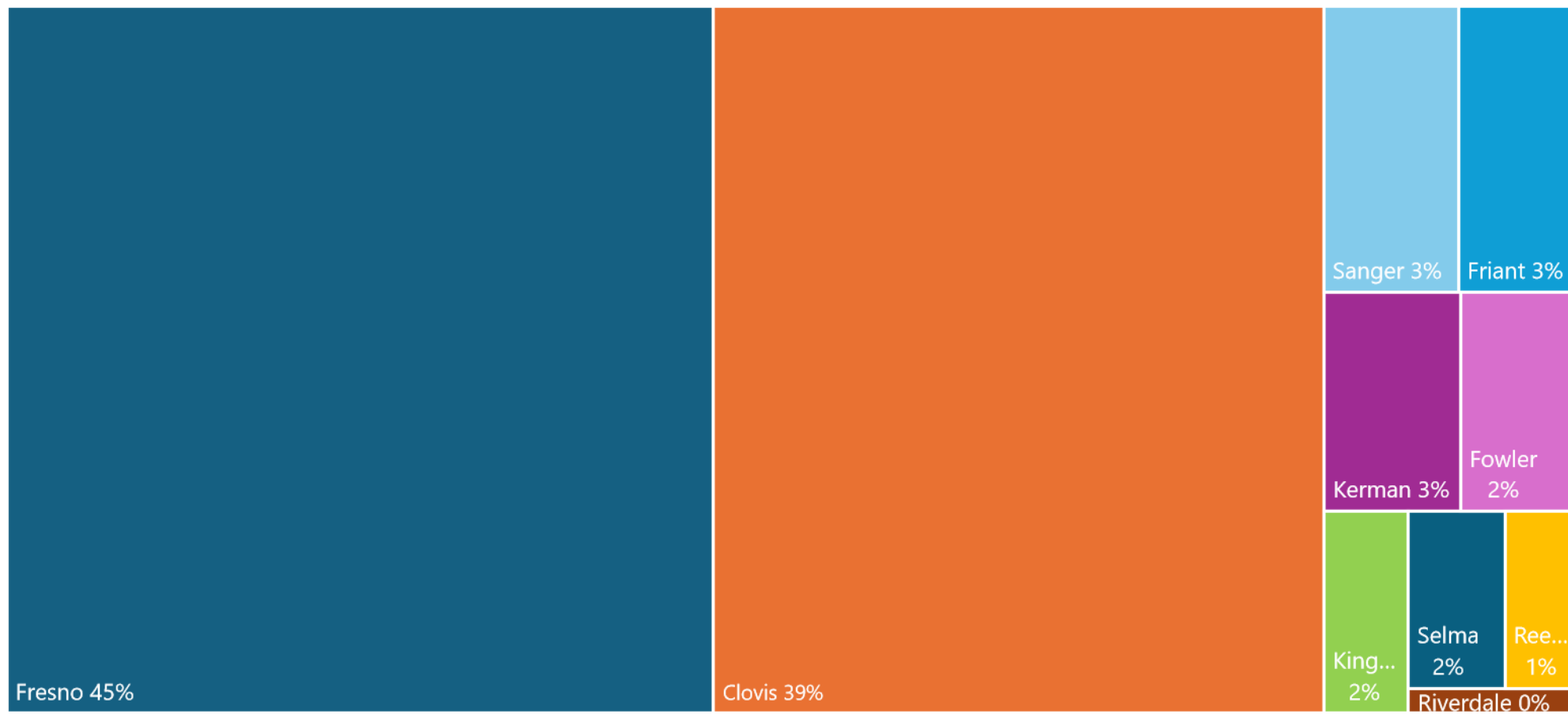


Fresno County New For-Sale Projects by Area

Close behind the City of Fresno (45%) in new project openings since 2012 is the City of Clovis (39%). No other area accounted for more than 3%. Over the past five years, Fresno's capture has increased to 50% while Clovis has declined to 36%.

Proportion of New Home Subdivisions by Jurisdiction

■ Clovis 39% ■ Fowler 2% ■ Fresno 45% ■ Friant 3% ■ Kerman 3% ■ Kingsburg 2% ■ Reedley 1% ■ Riverdale 0% ■ Sanger 3% ■ Selma 2%

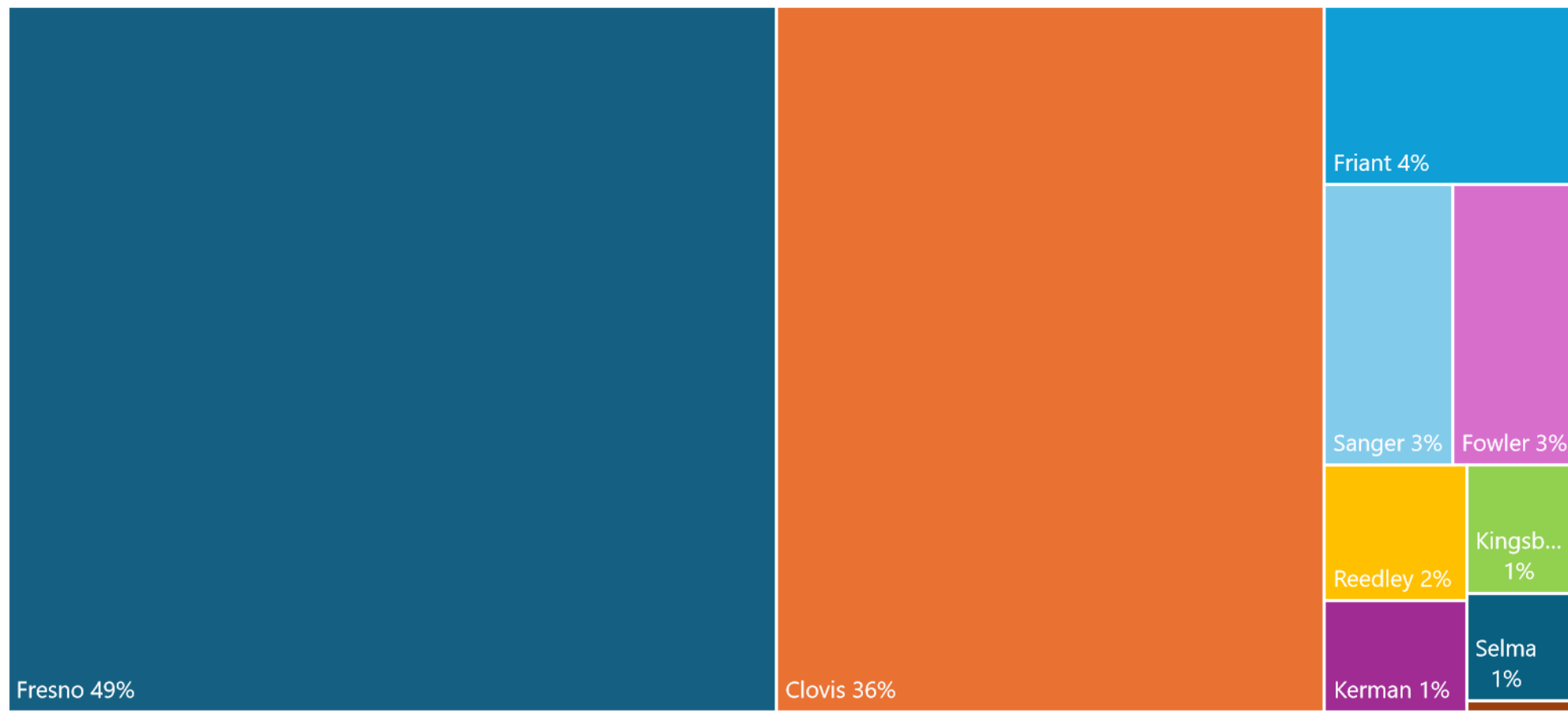


Fresno County New For-Sale Units by Area

The City of Fresno has accounted for 49% of new SFD units brought to market since 2012 (with 45% of the new subdivision openings). The City of Clovis has accounted for 36% of SFD units with 39% of subdivisions. No other area accounted for more than 4% of SFD homes.

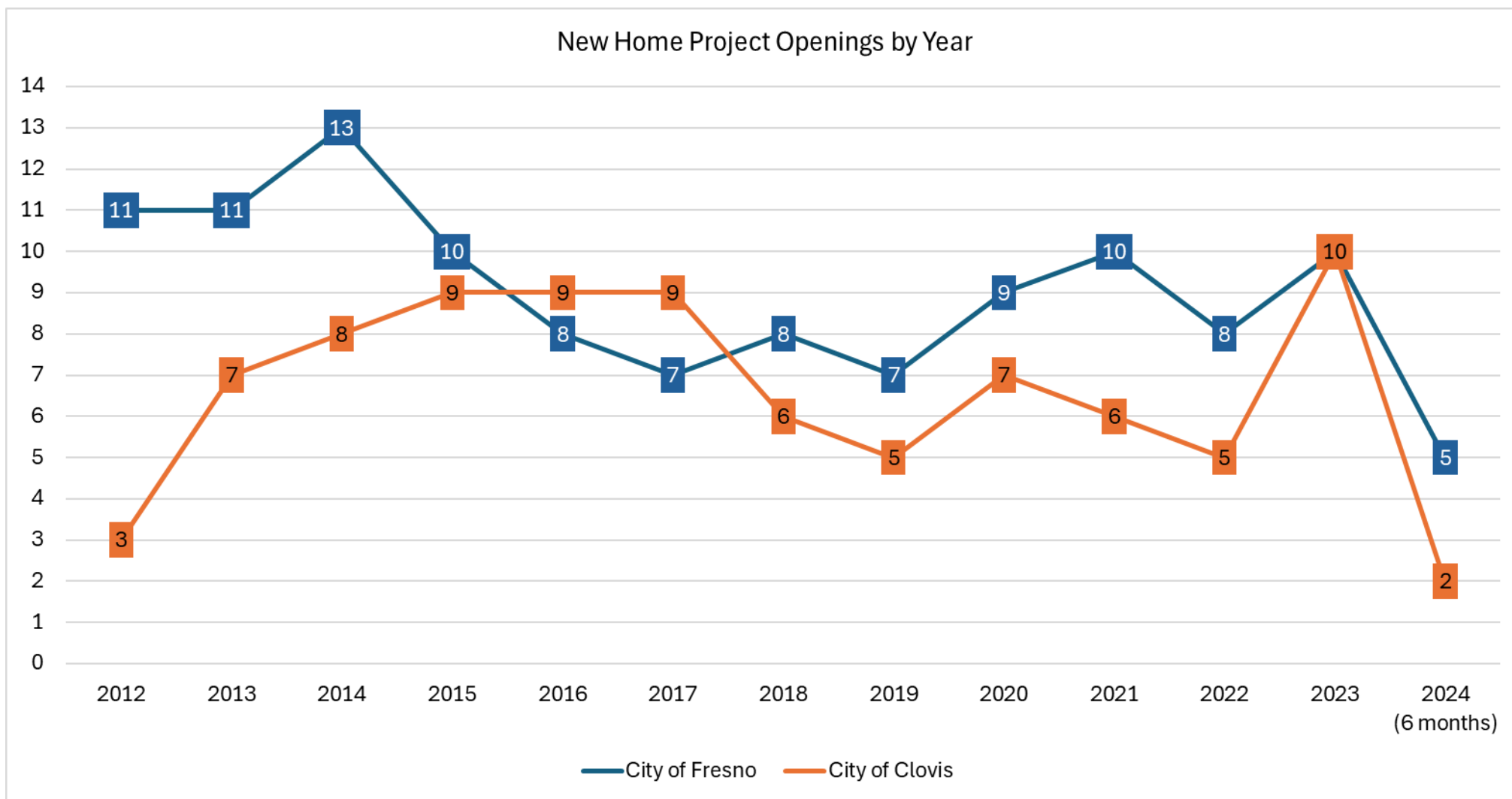
Proportion of New Homes by Jurisdiction

■ Clovis 36% ■ Fowler 3% ■ Fresno 49% ■ Friant 4% ■ Kerman 1% ■ Kingsburg 1% ■ Reedley 2% ■ Riverdale 0% ■ Sanger 3% ■ Selma 1%



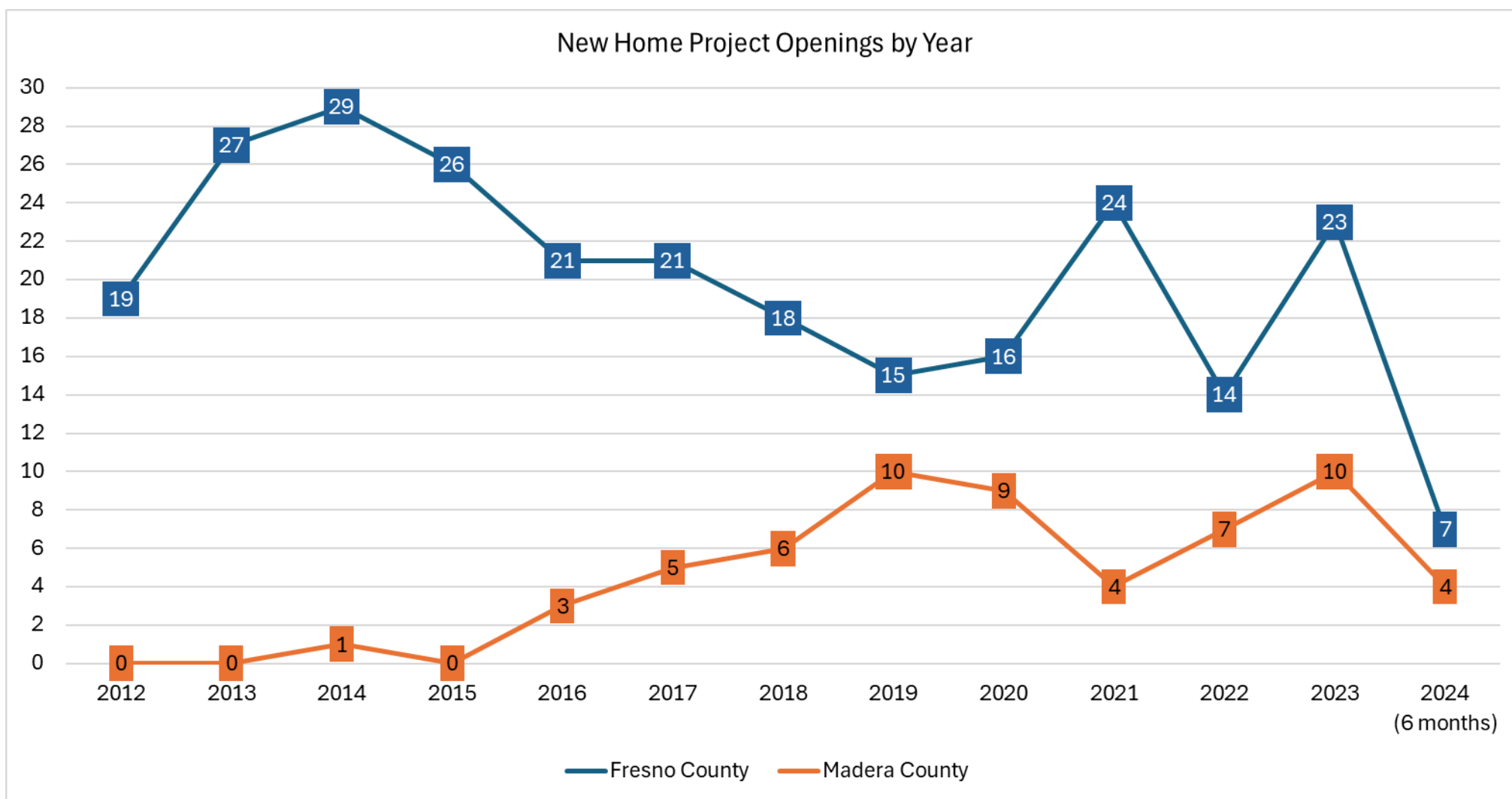
City of Fresno vs Clovis Annual New Openings

Although the pace of new project openings in the City of Fresno has been down slightly over the past five years compared to 10 years ago, Fresno has had the same or more new project openings as Clovis for the last seven straight years, and 11 of the last 13 years. As the economic epicenter of Fresno County, the City of Fresno likely will remain the predominant new home market in the County for the foreseeable future so long as homebuilders have access to land to build new subdivisions.



Fresno County vs Madera County New Openings

Fresno County has had more new home project openings than adjacent Madera County every year for the last 13 years. However, development activity in Madera County has generally been rising, while Fresno County peaked from 2013 through 2015 and has experienced variable levels of new home openings over the last five years. The vast majority of new projects in Madera County have been in the Riverstone and Tesoro Viejo master plans, which are within a few miles of the northeastern boundary of Fresno.



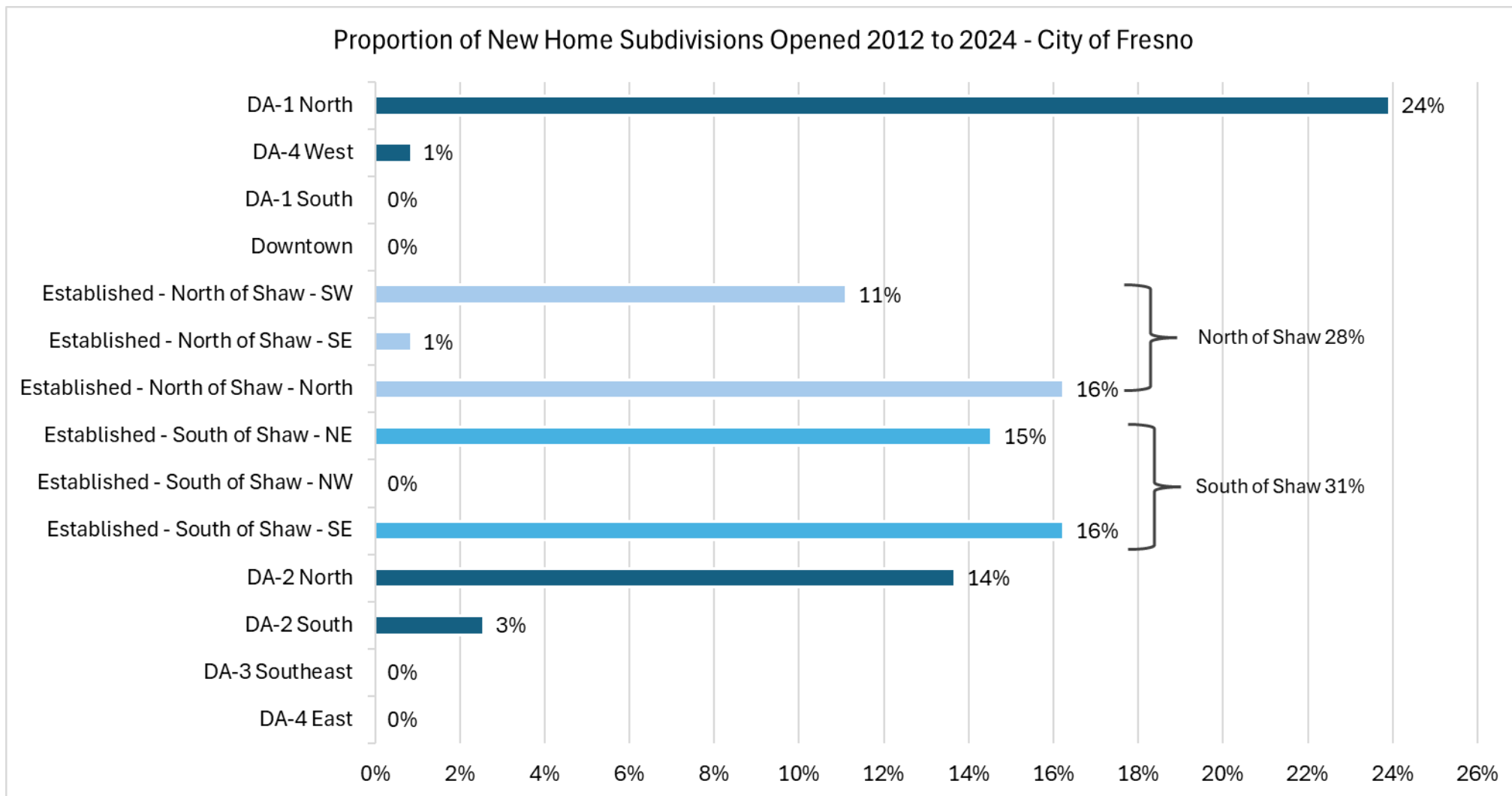
New Project Openings & Units – City of Fresno

From 2012 through mid-2024, 117 for-sale subdivisions opened for sale in the City of Fresno and Fresno Sphere of Influence representing a total of 11,747 new homes. To better understand where development activity is taking place, we divided two of the largest Development Areas – Established Neighborhoods North and South of Shaw – into three distinct areas. Although the largest single area shown in the table below is DA-1 North, the fact is that when the different neighborhoods in the Established Neighborhoods both North and South of Shaw are combined, those areas had the highest number of new project openings. See the following pages for more details.

Submarket / Development Area	New Subdivisions		New Units	
	#	%	#	%
DA-1 North	28	24%	2,596	22%
DA-4 West	1	1%	192	2%
DA-1 South	0	0%	0	0%
Downtown	0	0%	0	0%
Established - North of Shaw - SW	13	11%	913	8%
Established - North of Shaw - SE	1	1%	100	1%
Established - North of Shaw - North	19	16%	1,181	10%
Established - South of Shaw - NE	17	15%	2,442	21%
Established - South of Shaw - NW	0	0%	0	0%
Established - South of Shaw - SE	19	16%	1,650	14%
DA-2 North	16	14%	2,096	18%
DA-2 South	3	3%	577	5%
DA-3 Southeast	0	0%	0	0%
DA-4 East	0	0%	0	0%
Total	117	100%	11,747	100%

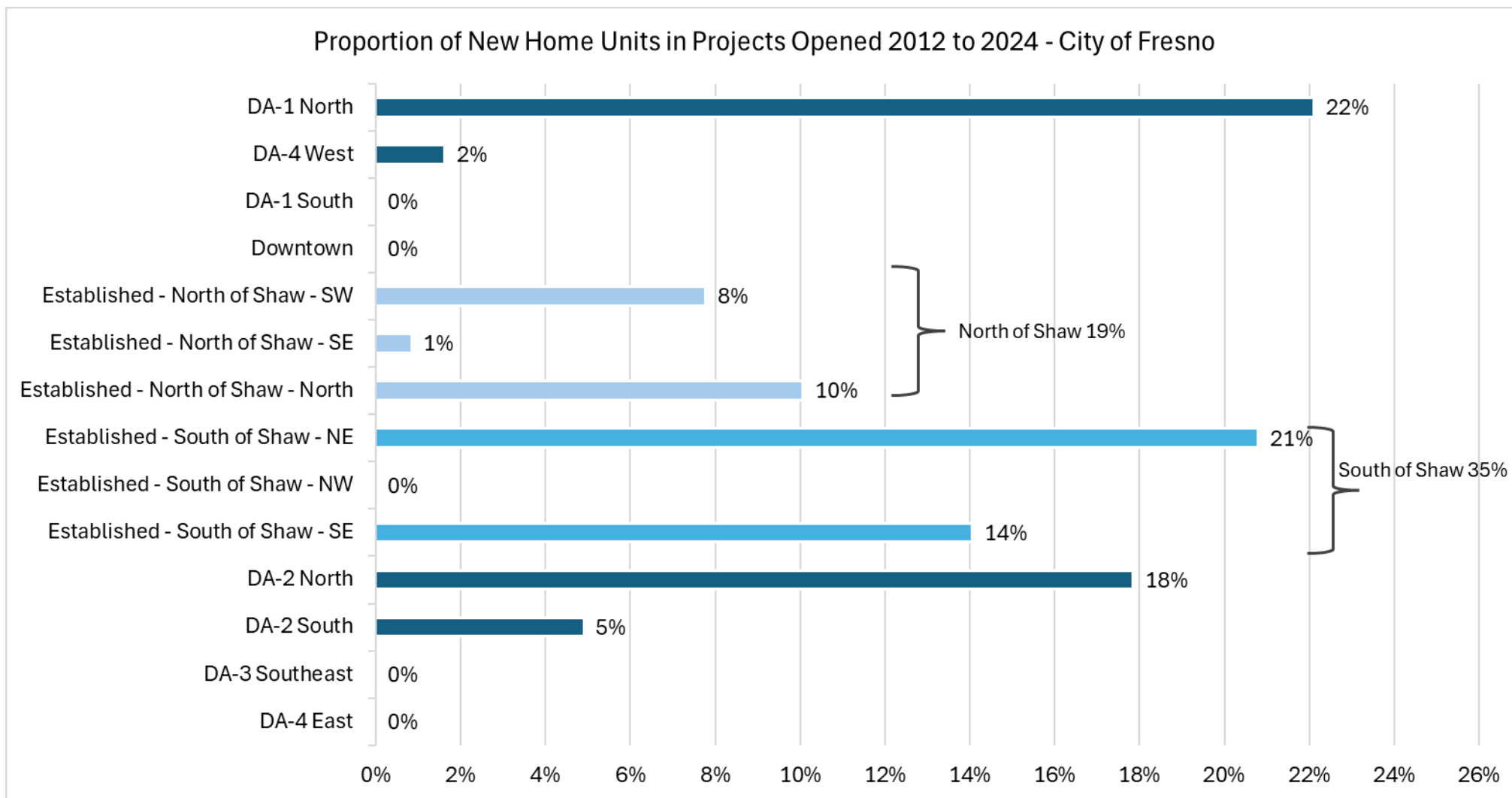
New Subdivision Openings – City of Fresno

From 2012 through mid-2024, 117 for-sale subdivisions opened for sale in the City of Fresno and Fresno Sphere of Influence. Three submarkets dominate: Established Neighborhoods South of Shaw with 31%, Established Neighborhoods North of Shaw with 28%, and DA-1 North with 24%. The new project openings were predominately on the outer perimeter of the City, where homebuilders can build on large greenfield sites (mostly former ag-land). In the Established Neighborhoods South of Shaw, most activity took place on the far east side of the submarket while in the Established Neighborhoods North of Shaw, most activity took place in the far north and far west sides of the submarket.



New SFD Units – City of Fresno

From 2012 through mid-2024, homebuilders brought projects to market with 11,747 units (most, but not all, have been built and sold already), an average of 935/year (assuming an annualized number for 2024). Once again, the Established Neighborhoods South of Shaw led the pack, representing 35% of the market (4,092 homes), followed by DA-1 North at 22% of all units (2,596 homes) and the Established Neighborhoods North of Shaw at 19% (2,194 homes).



SFD Capacity Remaining – Buildout

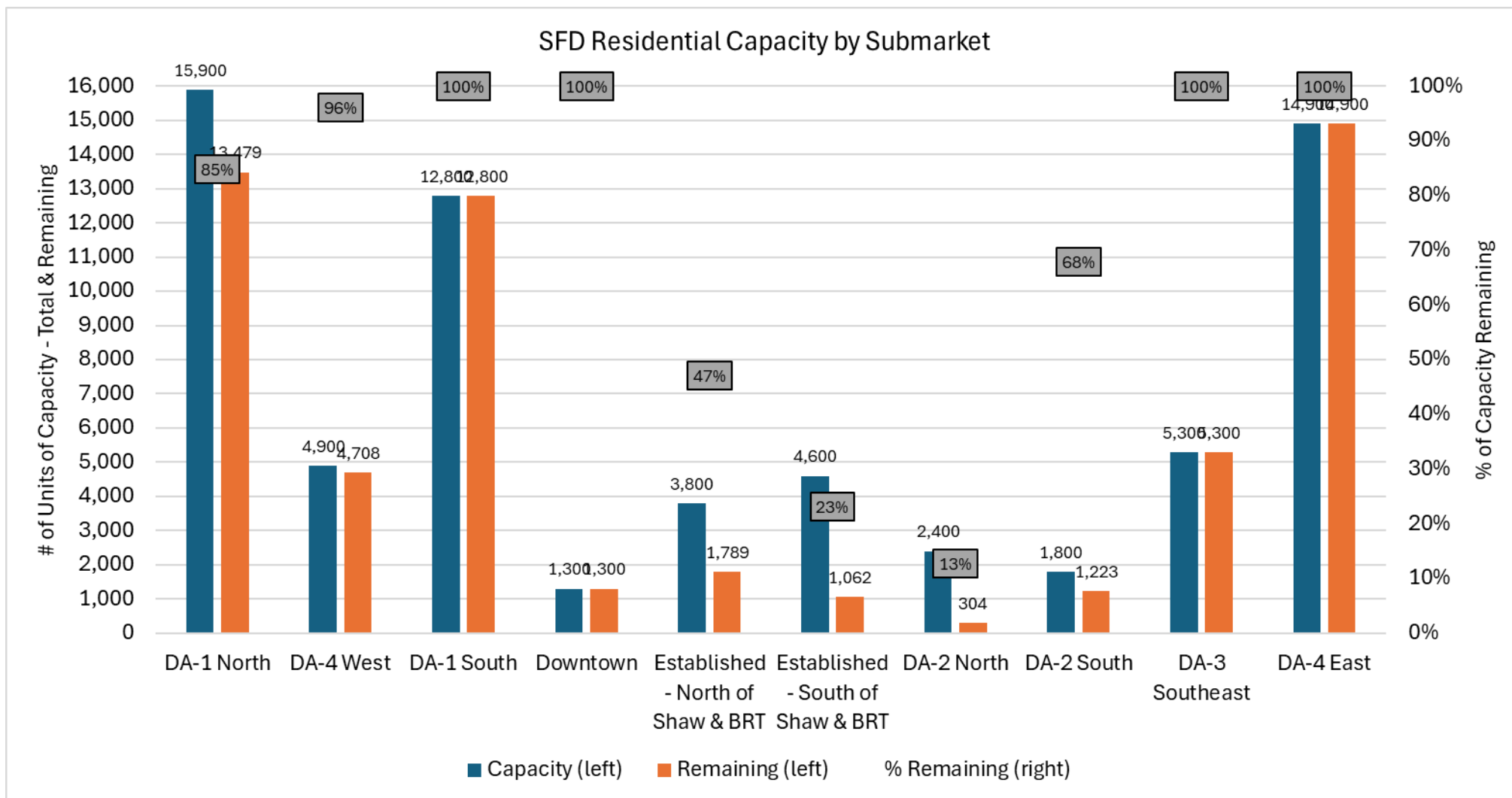
The table below shows the estimated remaining SFD capacity (2012) reflected in the 2014 City of Fresno General Plan through the Buildout as well as Clarity estimates of the remaining capacity based on the number of new homes brought to market by homebuilders in projects that opened from 2013 through 2024. According to our estimates, there are about 56.9K units of SFD capacity remaining in the Buildout period. The Buildout capacity estimates in the 2014 General Plan did not break out separate numbers for SFD vs MF. The Horizon estimates did delineate SFD vs MF. As such, we applied the Horizon SFD vs MF proportions to the Build-Out totals to determine SFD and MF Build-Out estimates. BRT Corridor allocations were assumed to be 50/50 between Established Neighborhoods North and South of Shaw. See the following page for more information.

Submarket / Development Area	SFD/For-Sale Units		
	Capacity (2012)	Opened 2013-2024	Remaining 2025+
DA-1 North	15,900	2,421	13,479
DA-4 West	4,900	192	4,708
DA-1 South	12,800	0	12,800
Downtown	1,300	0	1,300
Established - North of Shaw & BRT	3,800	2,011	1,789
Established - South of Shaw & BRT	4,600	3,538	1,062
DA-2 North	2,400	2,096	304
DA-2 South	1,800	577	1,223
DA-3 Southeast	5,300	0	5,300
DA-4 East	14,900	0	14,900
Total	67,700	10,835	56,865

2012 Capacity numbers are rounded to the nearest hundred.

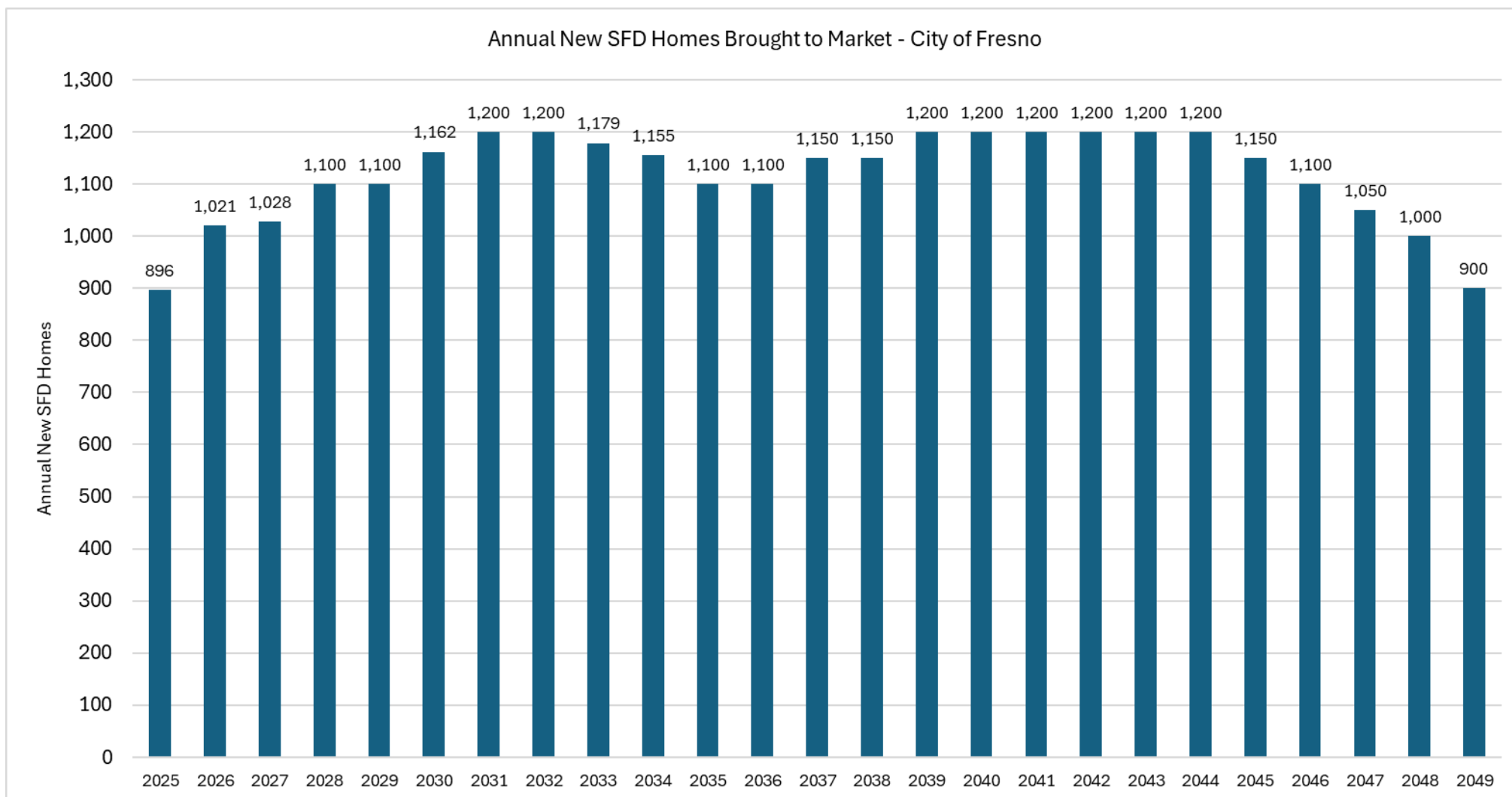
SFD Capacity Remaining – Buildout

The 2014 City of Fresno General Plan listed the estimated remaining SFD residential capacity as of the end of 2012. The chart below compares the estimated remaining SFD capacity at that time by Development Area (blue) and Clarity estimates of the remaining SFD capacity as of the end of 2024 (orange). We determined the remaining capacity by subtracting the number of new homes brought to market in subdivisions from 2013 through annualized estimates for 2024 (based on activity through the first six months of the year). There may have been scattered one-off homes built that are not accounted for. MF capacity is covered in the following section. DA-2 North and the Established Neighborhoods North and South of Shaw have the lowest percent of remaining capacities.



SFD – Projected Annual New Homes

The chart below shows our projected annual number of new SFD homes that will be brought to market in in the City of Fresno and Sphere of Influence from 2025 through 2049 (the next 25 years). According to our estimates, 27.9K SFD units will be brought to market, an average of 1,118/year. In comparison, an average of 935/year were brought to market in the same geographic area from 2012 through annualized estimates for 2024. It is not unreasonable to assume that as the population of Fresno increases in size that homebuilders will bring more SFD homes to market. These projections assume a continuous supply of land is available for development along with the infrastructure necessary to support growth, including a sufficient supply of water. See the following page for details by submarket.



SFD – Projected Annual New Homes by Submarket



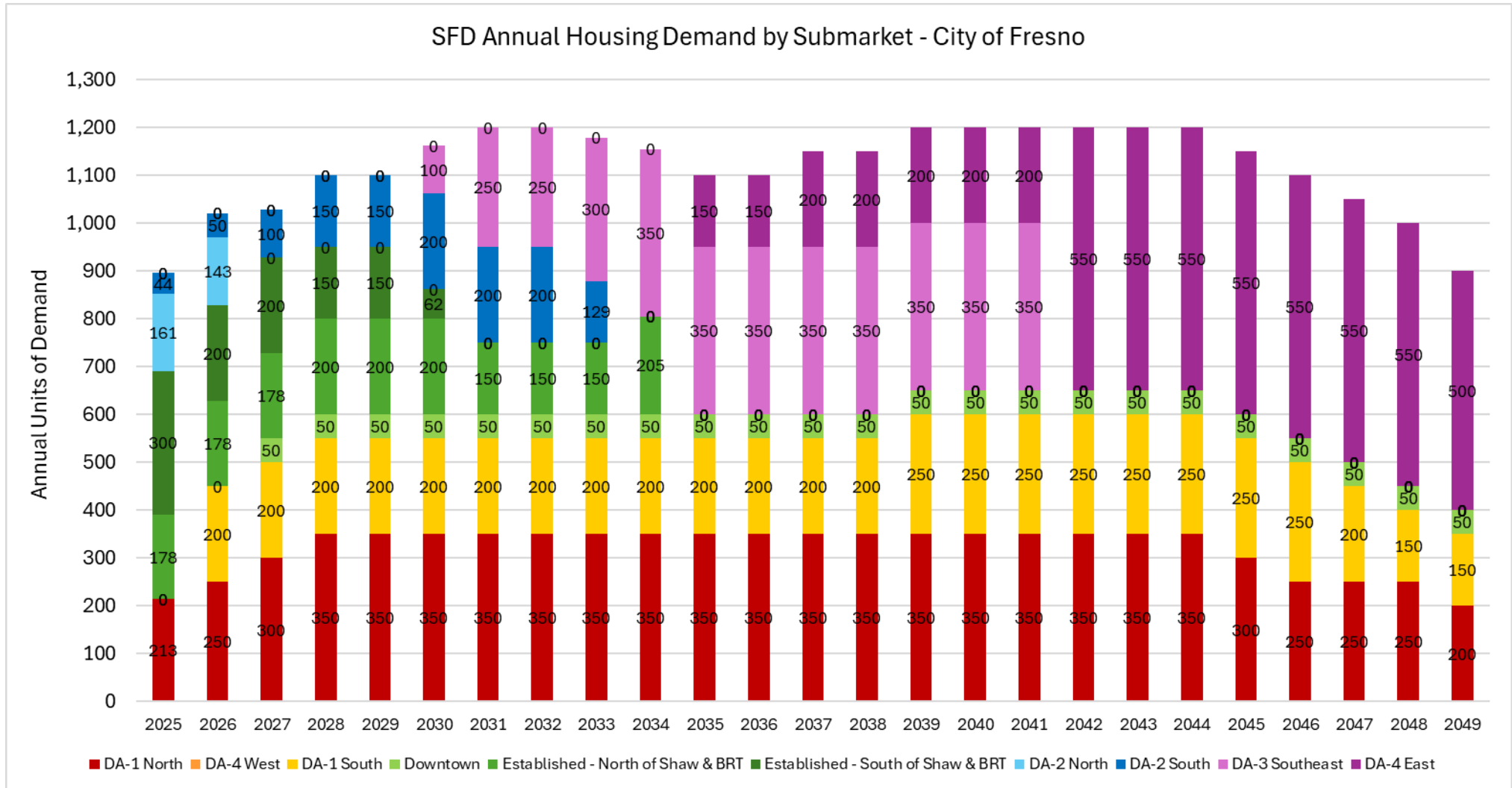
The table below presents our projections for the annual number of new SFD homes that will be brought to market in each submarket in the City of Fresno and Sphere of Influence from 2025 through 2049 (the next 25 years). The projections are based on a combination of factors, primarily actual historical new project openings by submarket from 2013 through 2024, but also the availability of infrastructure to support growth. According to our estimates, four submarkets will run out of SFD capacity within the next ten years including: DA-2 North (2026), Established Neighborhoods South of Shaw & BRT (2030), DA-2 South (2033) and Established Neighborhoods North of Shaw & BRT (2034). According to conversations with planning department officials, there are at least four subdivisions totaling +/-600 homes currently being processed by the city in DA-1 South that could start coming to market in the next two years. To support a continuous supply of new SFD homes coming to market, we are estimating that homes should start coming to market in DA-3 Southeast in 2030 and DA-4 East in 2035. See the following page for more information.

Submarket / Development Area	Remaining '12-'24 Annual		Annual New SFD Homes Brought to Market in New Project Openings																									Total to	Remaining
	Capacity	Absorption	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	Market	Capacity
DA-1 North	13,479	213	213	250	300	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	300	250	250	250	200	7,963	5,516
DA-4 West	4,708	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,708	
DA-1 South	12,800	0	0	200	200	200	200	200	200	200	200	200	200	200	200	200	250	250	250	250	250	250	250	250	200	150	150	5,100	7,700
Downtown	1,300	0	0	0	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	1,150	150
Established - North of Shaw & BRT	1,789	178	178	178	178	200	200	200	150	150	150	205	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,789	0
Established - South of Shaw & BRT	1,062	324	300	200	200	150	150	62	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,062	0
DA-2 North	304	161	161	143	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	304	0
DA-2 South	1,223	44	44	50	100	150	150	200	200	200	129	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,223	0
DA-3 Southeast	5,300	0	0	0	0	0	0	100	250	250	300	350	350	350	350	350	350	350	350	0	0	0	0	0	0	0	0	3,700	1,600
DA-4 East	14,900	0	0	0	0	0	0	0	0	0	0	0	150	150	200	200	200	200	200	550	550	550	550	550	550	550	500	5,650	9,250
Total	56,865	935	896	1,021	1,028	1,100	1,100	1,162	1,200	1,200	1,179	1,155	1,100	1,100	1,150	1,150	1,200	1,200	1,200	1,200	1,200	1,200	1,150	1,100	1,050	1,000	900	27,941	28,924

SFD – Projected Annual New Homes by Submarket



The chart below presents the data shown in the table on the prior page. The key takeaways are that four submarkets are likely to run out of capacity within the next ten years, and for a continued steady supply of new SFD homes to be available, new submarkets will need to have the ability for new project openings. Notably, we are assuming that since subdivisions are currently being processed, DA-1 South will be the next major submarket to bring homes to market. Even with DA-1 South, we are projecting that DA-3 Southeast should start having homes available as early as 2030, and certainly no later than 2035 (other submarkets might have more homes coming to market than projected if DA-3 Southeast does not start bringing homes to market in 2030).



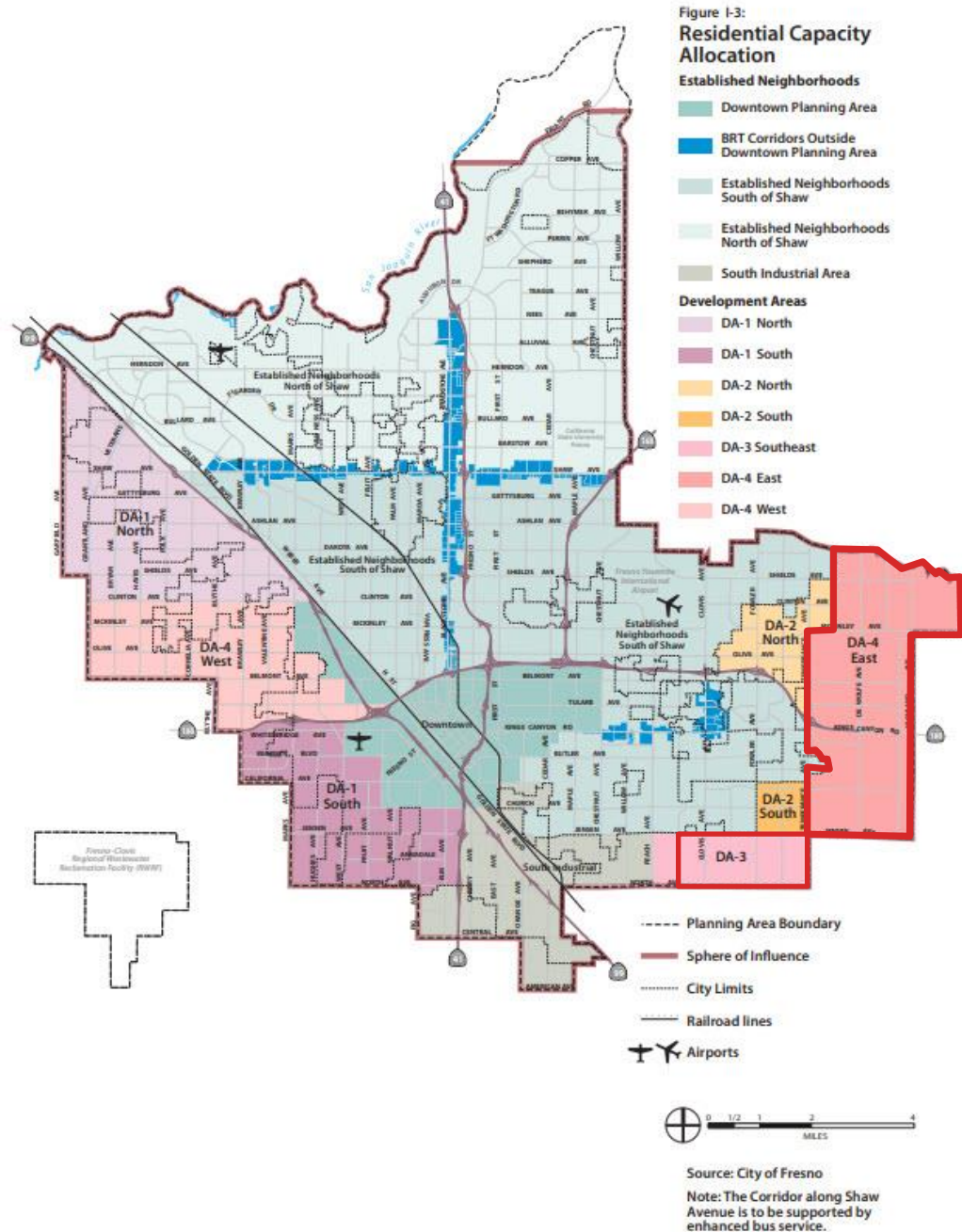
CITY OF FRESNO – MF/RENTAL HOMES SUBMARKET ANALYSIS

City of Fresno & Sphere of Influence Submarkets

In order to help determine the market potential and demand for homes in SEDA, we evaluated new construction MF market trends in each of the various submarkets in the Fresno city limits and Sphere of Influence based on the City of Fresno Planning Department designated Development Areas (DAs). We refer to these areas as submarkets. The map to the right shows the official DA boundaries.

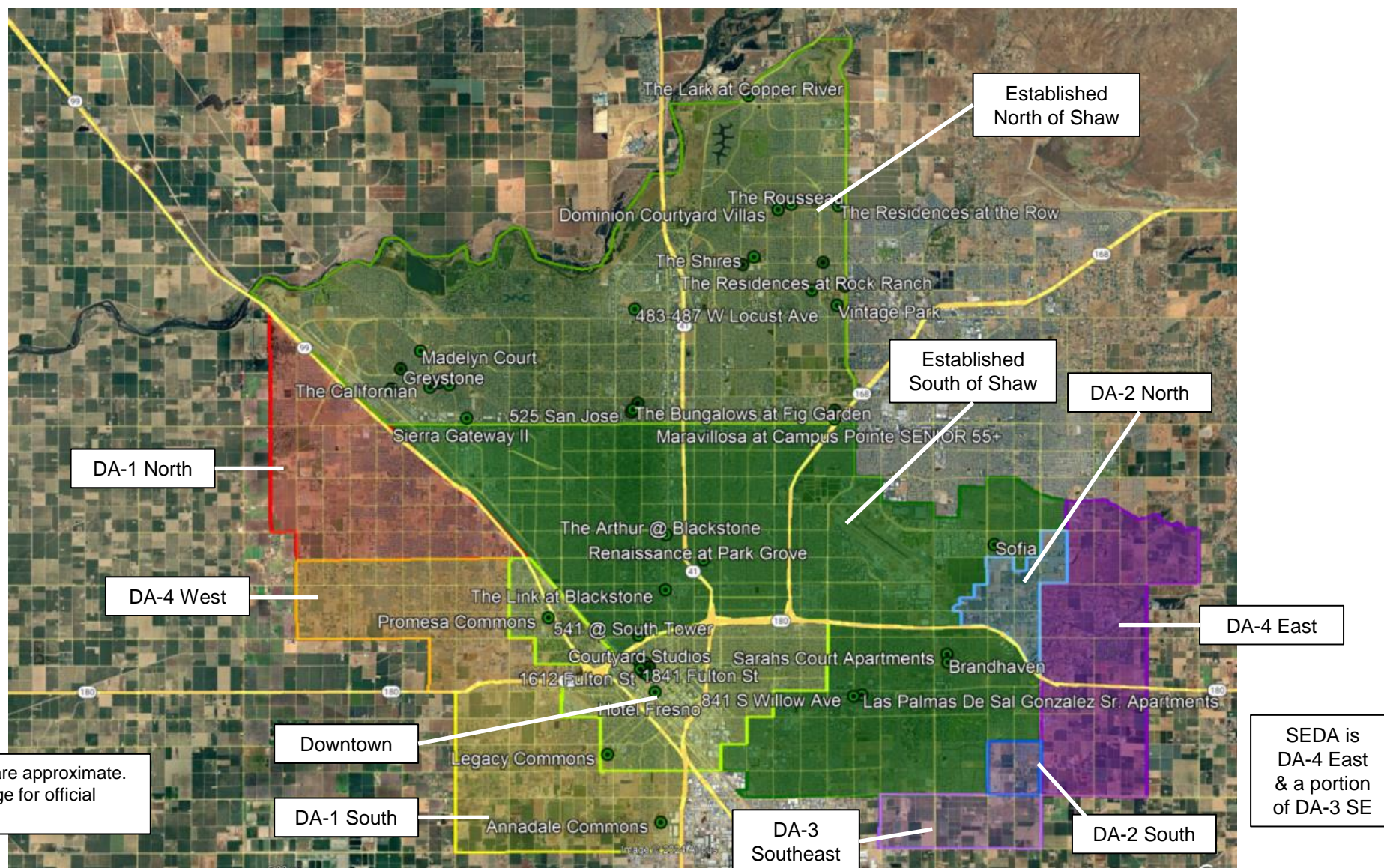
Since 2012, new multi-family rental communities opening were mostly in the Established Neighborhoods North of Shaw (45%), Downtown (29%) and Established Neighborhoods South of Shaw (22%). Projects North of Shaw tend to have higher unit counts than projects in other areas, particularly Downtown. Projects North of Shaw accounted for 66% of all new MF units coming to market compared to just 14% in Downtown.

See the following pages for more information.



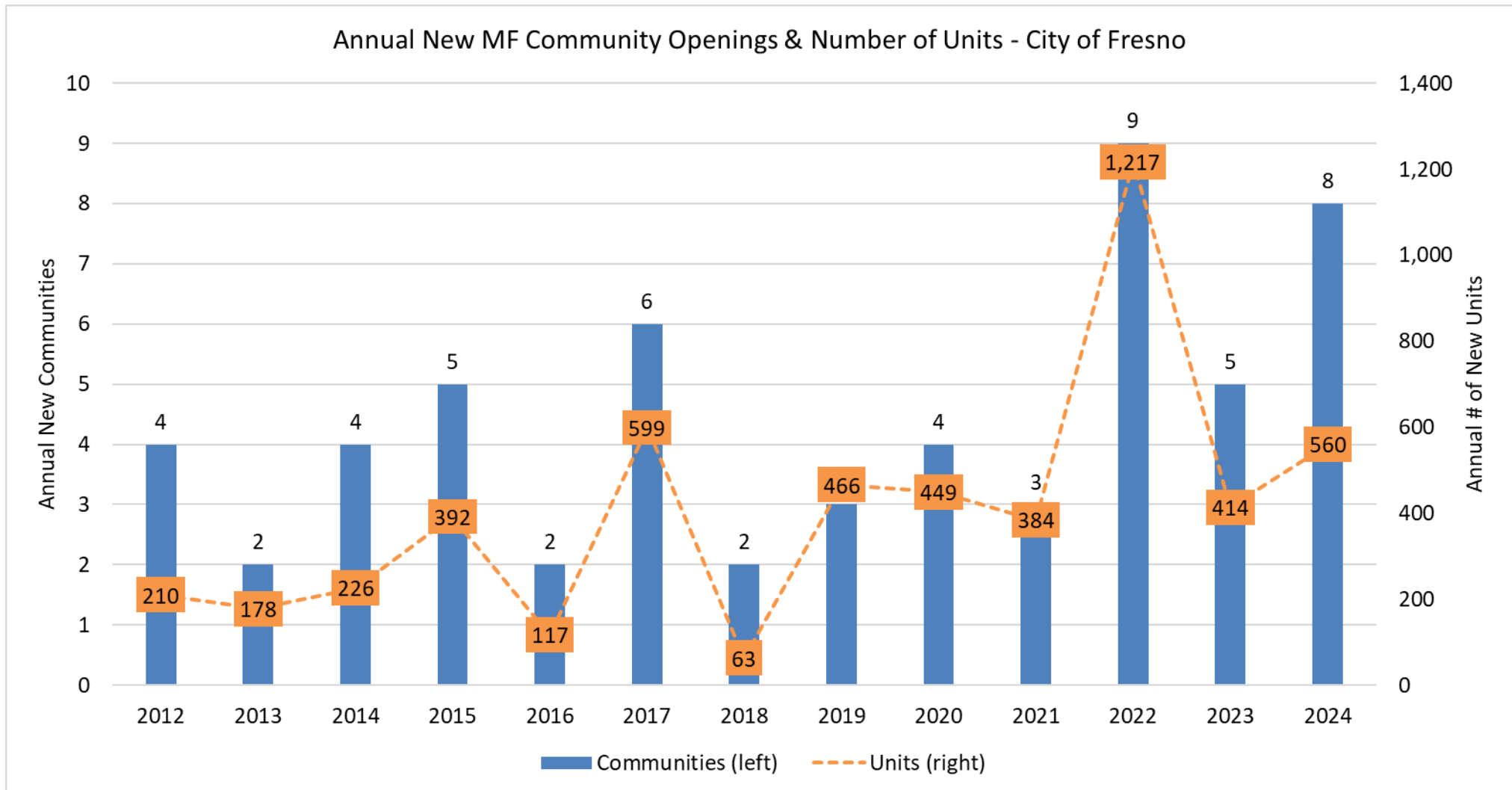
New MF/Rental Communities by Submarket

The map below shows all the new MF/rental communities that opened within the City of Fresno and Sphere of Influence from 2012 through mid-year 2024. A total of 57 new communities totaling 5,275 units opened and began leasing during that time (including a few that are under construction and have not yet started leasing). New community openings have been concentrated in the Established Neighborhoods North of Shaw (45%), Downtown (29%) and Established Neighborhoods South of Shaw (22%).



City of Fresno New MF Projects & Units

In the last three years, including projections for all of 2024, 22 new MF communities have opened in the city of Fresno (including some that are currently under construction and may or may not have begun leasing), and average of about 7/year. From 2012 through 2021, 35 communities opened, or an average of just 3 to 4/year. As more new projects are being built in some of the more outlying areas with larger land parcels, and some at increasing densities, the average project size has increased from 67 units/project in the five years from 2012 through 2016, to 107 units/project in the five years from 2020 through 2024.



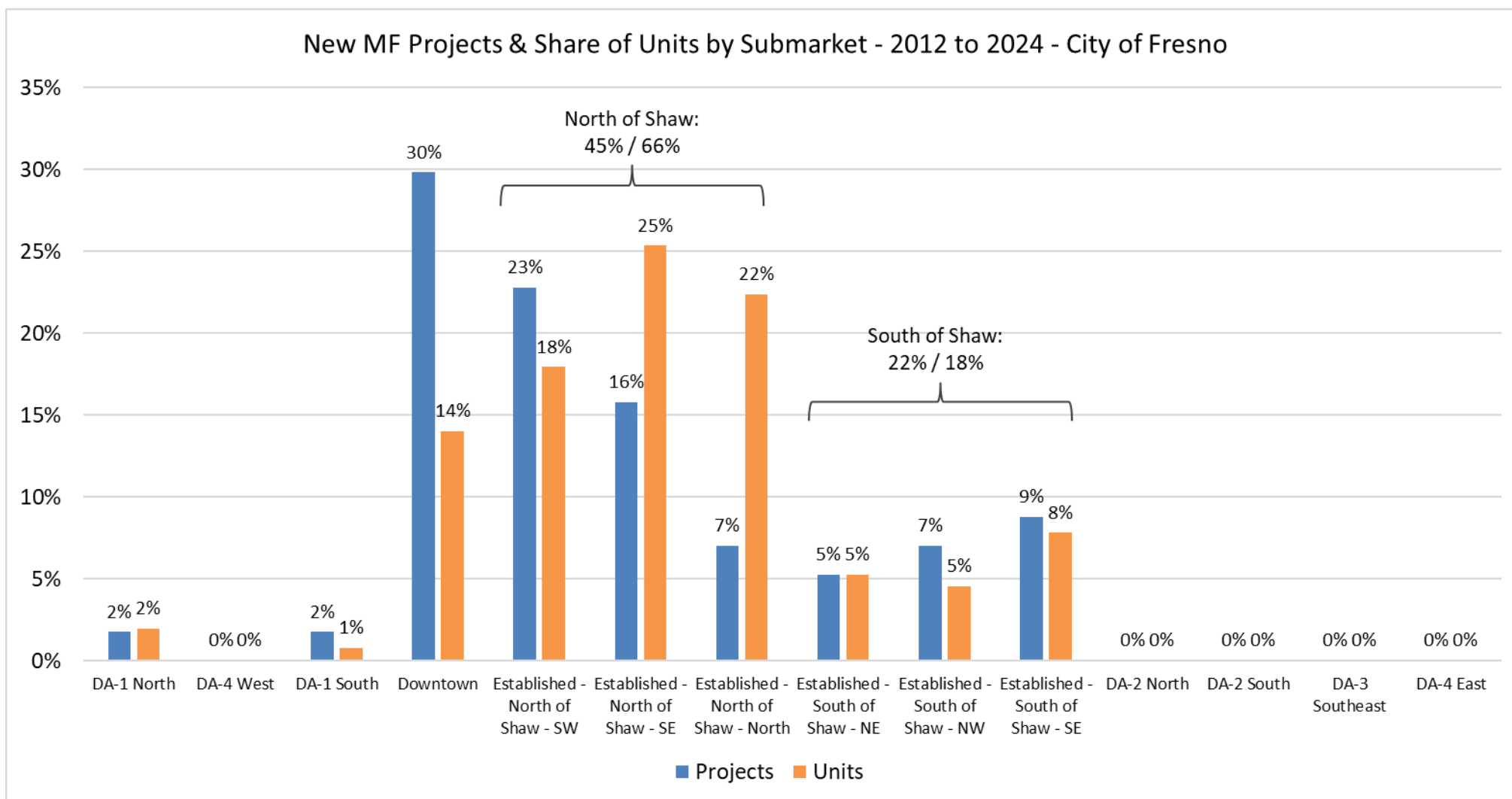
New Project Openings & Units – Submarkets

From 2012 through mid-2024, 57 MF/rental communities opened in the City of Fresno and Fresno Sphere of Influence representing a total of 5,275 new units. To better understand where development activity is taking place, we divided two of the largest Development Areas – Established Neighborhoods North and South of Shaw – into three distinct areas. Although the highest project count shown in the table below is Downtown (17 projects), the fact is when the different neighborhoods in the Established Neighborhoods North of Shaw are combined, that area had the highest number of openings with 26. The Established Neighborhoods South of Shaw were third with 12. See the following pages for more details.

Submarket / Development Area	New Communities		New Units	
	#	%	#	%
DA-1 North	1	2%	102	2%
DA-4 West	0	0%	0	0%
DA-1 South	1	2%	40	1%
Downtown	17	30%	740	14%
Established - North of Shaw - SW	13	23%	946	18%
Established - North of Shaw - SE	9	16%	1,337	25%
Established - North of Shaw - North	4	7%	1,181	22%
Established - South of Shaw - NE	3	5%	278	5%
Established - South of Shaw - NW	4	7%	239	5%
Established - South of Shaw - SE	5	9%	412	8%
DA-2 North	0	0%	0	0%
DA-2 South	0	0%	0	0%
DA-3 Southeast	0	0%	0	0%
DA-4 East	0	0%	0	0%
Total	57	100%	5,275	100%

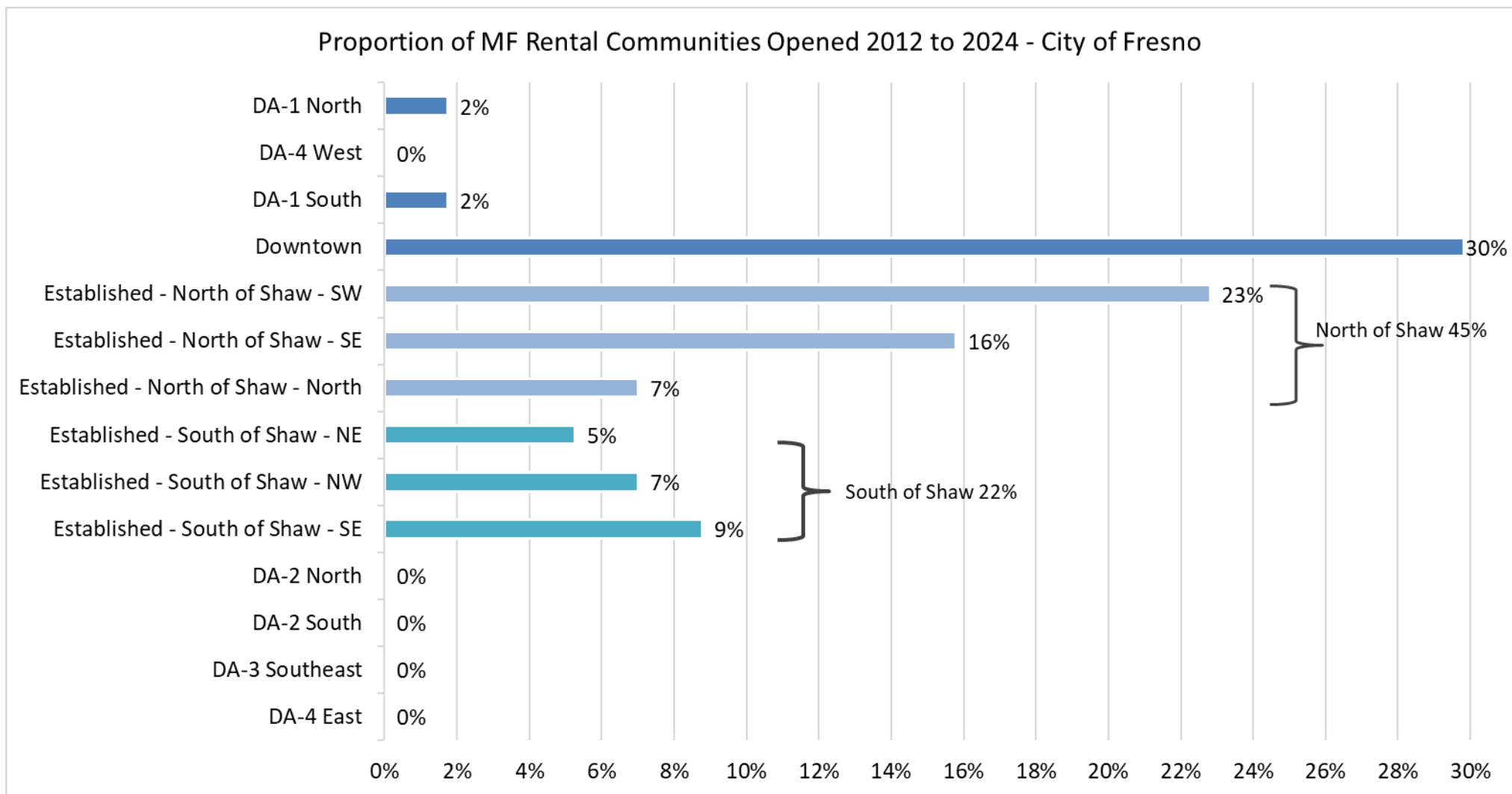
MF – Projects vs Units – By Submarket

The Established Neighborhoods North of Shaw (including BRT Corridors) accounted for 66% of the new MF/rental units brought to market in the City of Fresno from 2012 through 2024 despite accounting for just 45% of the new communities. The Established Neighborhoods South of Shaw (including BRT Corridors) accounted for 18% of new units with 22% of the new communities, while Downtown accounted for just 14% of new units despite having 30% of the new projects. One-third of the new projects that opened in Downtown were affordable housing projects, and half were small infill projects with less than 30 units each.



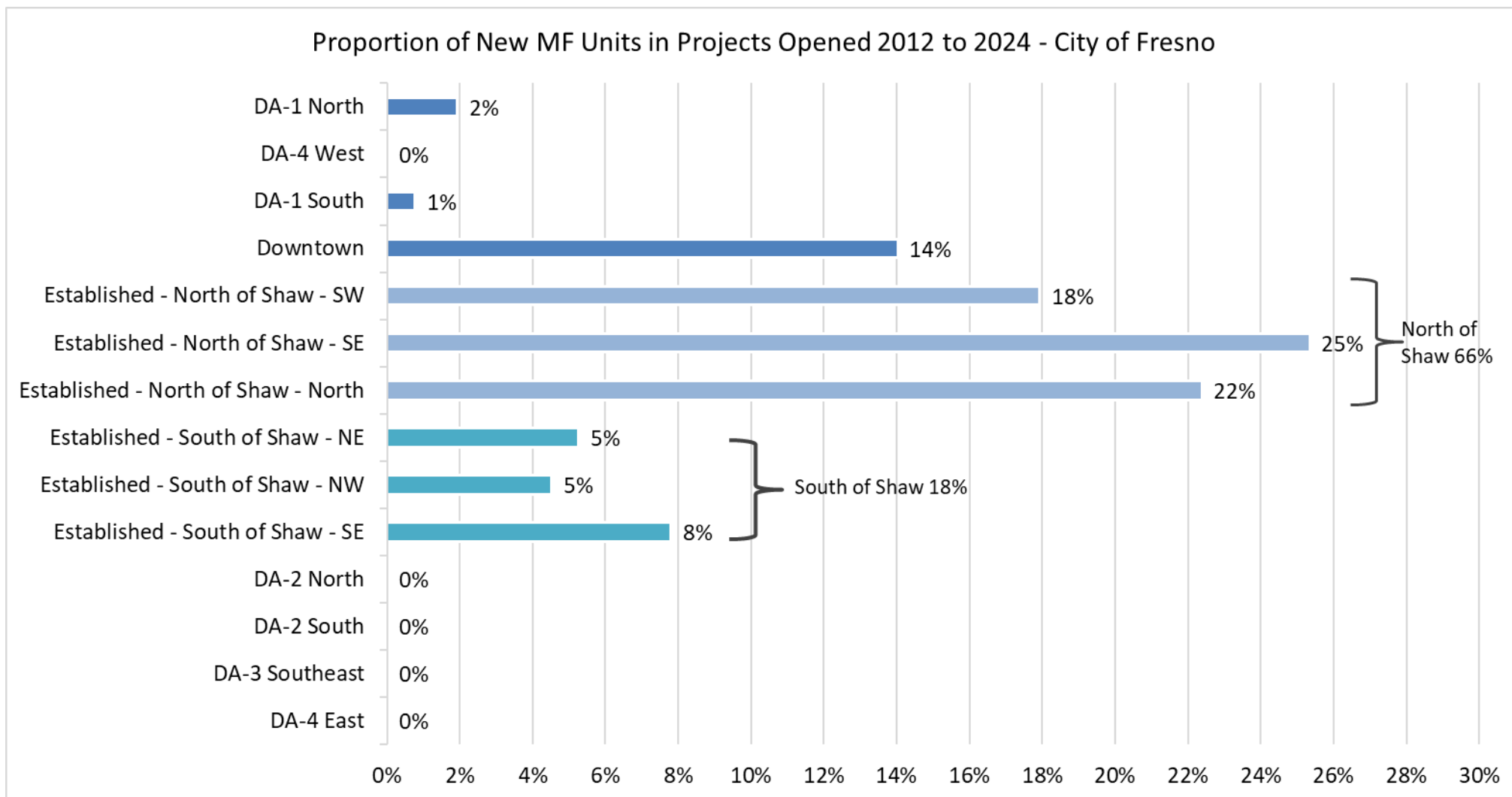
New MF/Rental Openings – Submarkets

The Established Neighborhoods North of Shaw (including BRT Corridors) accounted for 45% of new MF/rental communities opened in the city of Fresno from 2012 through 2024. The Downtown submarket accounted for 30% of new openings. This includes affordable housing communities and small infill projects. The Established Neighborhoods South of Shaw (including BRT Corridors) accounted for 22%. DA-1 North and DA-1 South both had one project each.



New MF/Rental Units – Submarkets

With larger land parcels available for development, and with new communities plotting at densities mostly in the range of 18 to 24 du/acre, the Established Neighborhoods North of Shaw accounted for 66% of new units brought to market (average of 133 units/project). The Established Neighborhoods South of Shaw accounted for 18% of units (77 units/project) while Downtown accounted for just 14% (44 units/project). Half of the new projects in the Downtown submarket had less than 30 units each. Affordable housing communities in Downtown had an average of 68 units/project.



MF Capacity Remaining – Buildout

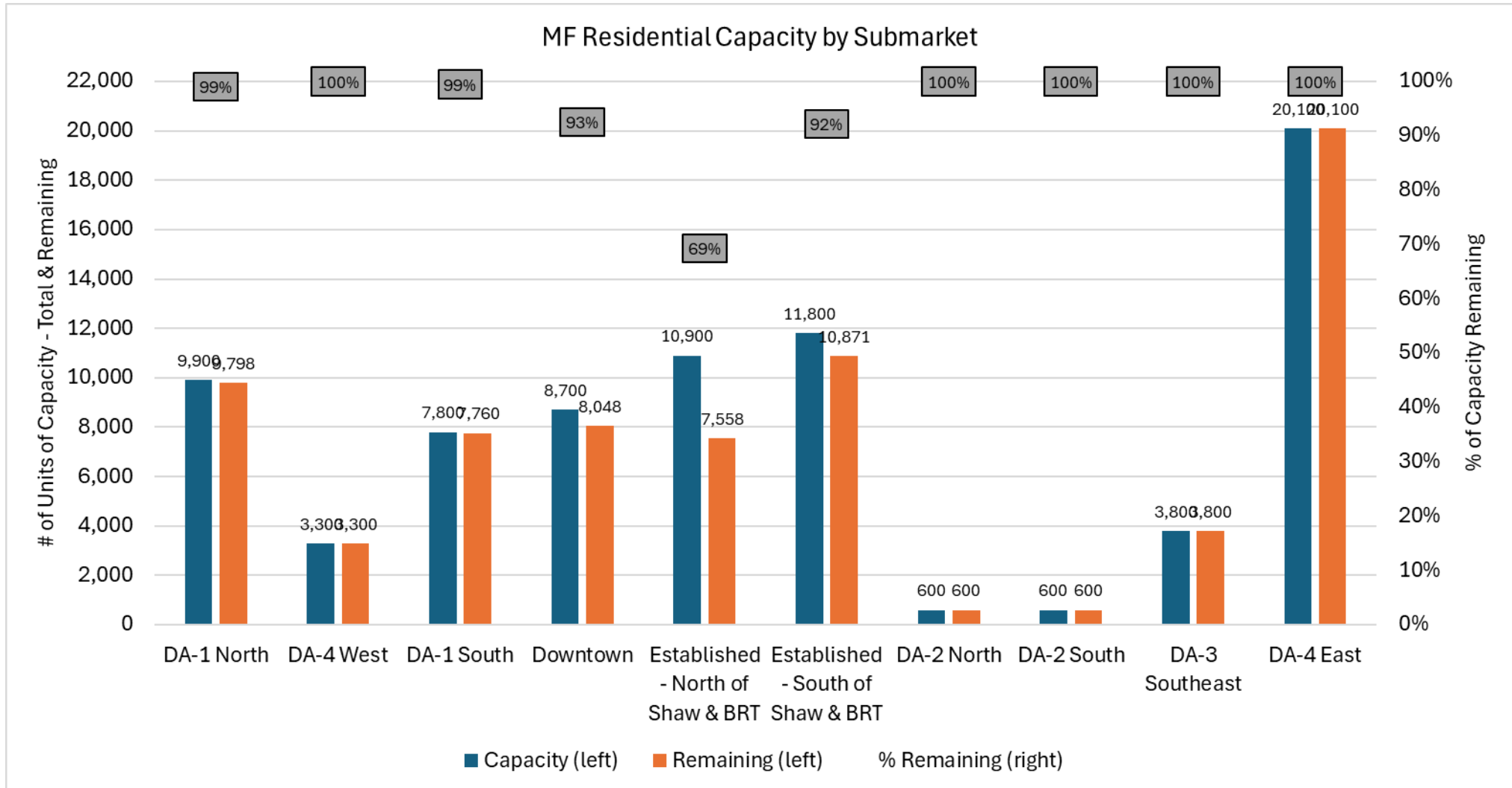
The table below shows the estimated remaining MF capacity (2012) reflected in the 2014 City of Fresno General Plan through the Buildout period as well as Clarity estimates of the remaining capacity based on the number of new MF units brought to market by apartment developers in communities that opened from 2013 through 2024. According to our estimates, there are about 72.4K units of MF capacity remaining in the Build-Out period. The Build-Out capacity estimates in the 2014 General Plan did not break out separate numbers for SFD vs MF. The Horizon estimates did delineate SFD vs MF. As such, we applied the Horizon SFD vs MF proportions to the Build-Out totals to determine SFD and MF Build-Out estimates. BRT Corridor allocations were assumed to be 50/50 between Established Neighborhoods North and South of Shaw. See the following page for more information.

Submarket / Development Area	MF/TH/Rental Units		
	Capacity (2012)	Opened 2013-2024	Remaining 2025+
DA-1 North	9,900	102	9,798
DA-4 West	3,300	0	3,300
DA-1 South	7,800	40	7,760
Downtown	8,700	652	8,048
Established - North of Shaw & BRT	10,900	3,342	7,558
Established - South of Shaw & BRT	11,800	929	10,871
DA-2 North	600	0	600
DA-2 South	600	0	600
DA-3 Southeast	3,800	0	3,800
DA-4 East	20,100	0	20,100
Total	77,500	5,065	72,435

2012 Capacity numbers are rounded to the nearest hundred.

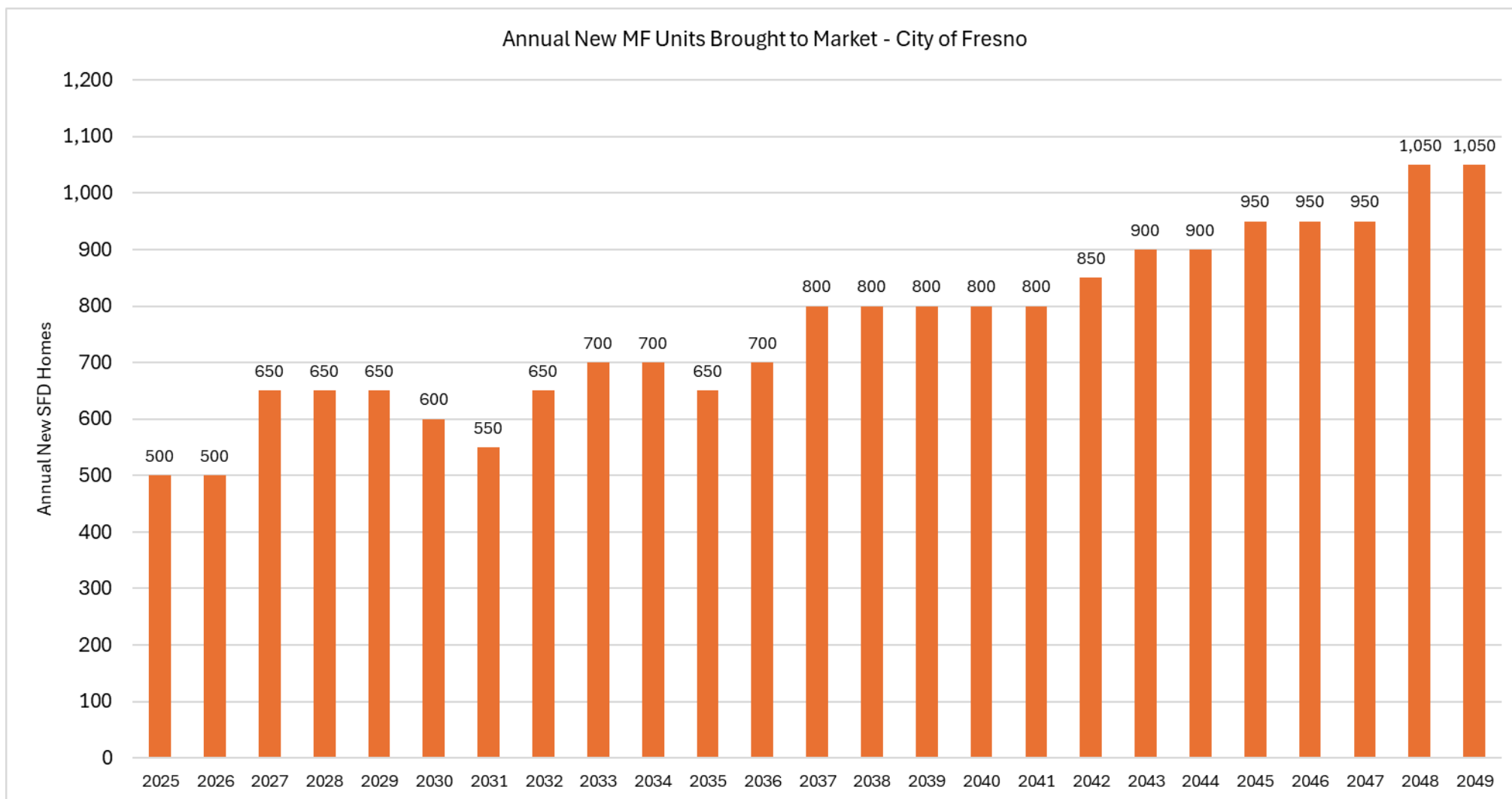
MF Capacity Remaining – Buildout

The 2014 City of Fresno General Plan listed the estimated remaining MF residential capacity as of the end of 2012. The chart below compares the estimated remaining capacity at that time by Development Area (blue) and Clarity estimates of the remaining capacity as of the end of 2024 (orange). We determined the remaining capacity by subtracting the number of new MF units brought to market from 2013 through annualized estimates for 2024 (based on activity through the first six months of the year). Only the Established Neighborhoods North of Shaw (including BRT Corridors) has less than 70% of capacity remaining.



MF – Projected Annual New Units

The chart below shows our projected annual number of new MF units that will be brought to market in in the City of Fresno and Sphere of Influence from 2025 through 2049. According to our estimates, 19.1K MF units will be brought to market, an average of 764/year. In comparison, an average of 406/year were brought to market from 2012 through annualized estimates for 2024. The City of Fresno has ramped up efforts to bring more affordable rental units to market which accounts for some of the increase. In addition, as for-sale housing has become more expensive, we expect more households who might otherwise have preferred to buy a home will be forced to be renters instead. It should be noted that MF permits could include for-sale units.



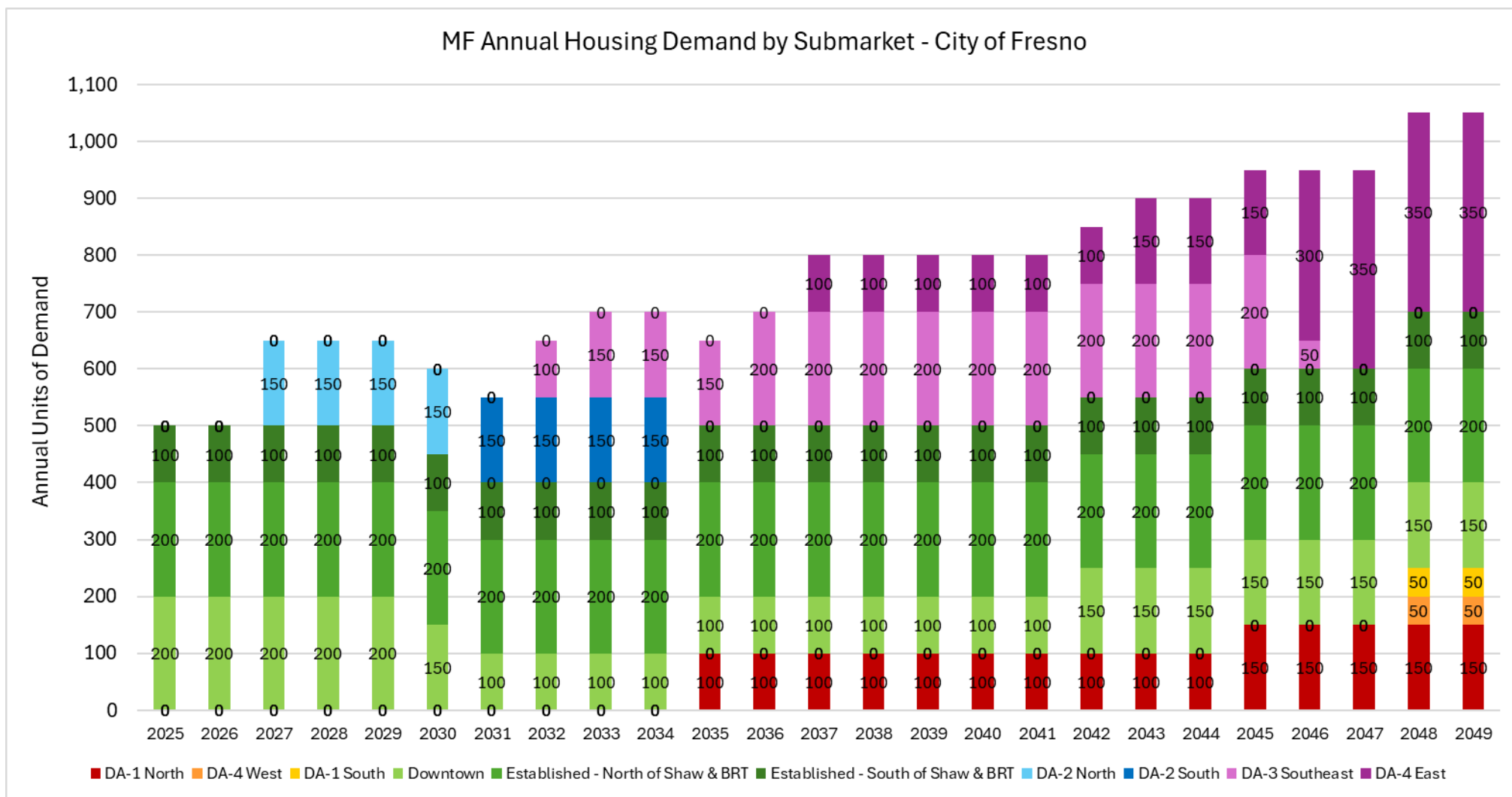
MF – Projected Annual New Units by Submarket

The table below presents our projections for the annual number of new MF units that will be brought to market in each submarket in the City of Fresno and Sphere of Influence from 2025 through 2049. The projections are based on a combination of factors including actual historical new community openings by submarket from 2012 through 2024, but also the availability of infrastructure to support growth, where builders want to build, and where renters prefer to live. According to our estimates, only DA-2 North and DA-2 South are likely to run out of capacity in the next ten years. To support a continuous supply of new MF units coming to market, we are estimating that MF homes should start coming to market in DA-3 Southeast in 2032 and DA-4 East in 2037. MF development in SEDA may take longer to come to market if supporting commercial services are not yet in place as renters are less willing to drive longer distances to jobs, shopping and schools than buyers of SFD homes. See the following page for more information.

Submarket /	Remaining '12-'24 Annual		Annual New MF Units Brought to Market in New Project Openings																										Total to	Remaining
Development Area	Capacity	Absorption	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	Market	Capacity	
DA-1 North	9,798	8	0	0	0	0	0	0	0	0	0	0	100	100	100	100	100	100	100	100	100	100	150	150	150	150	150	1,750	8,048	
DA-4 West	3,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	50	100	3,200	
DA-1 South	7,760	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	50	100	7,660	
Downtown	8,048	67	200	200	200	200	200	150	100	100	100	100	100	100	100	100	100	100	100	150	150	150	150	150	150	150	150	150	3,450	4,598
Established - North of Shaw & BRT	7,558	274	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	5,000	2,558
Established - South of Shaw & BRT	10,871	88	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	2,500	8,371	
DA-2 North	600	0	0	0	150	150	150	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600	0	
DA-2 South	600	0	0	0	0	0	0	0	150	150	150	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600	0	
DA-3 Southeast	3,800	0	0	0	0	0	0	0	0	100	150	150	150	200	200	200	200	200	200	200	200	200	200	50	0	0	0	2,600	1,200	
DA-4 East	20,100	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	100	100	100	100	150	150	150	300	350	350	350	2,400	17,700	
Total	72,435	440	500	500	650	650	650	600	550	650	700	700	650	700	800	800	800	800	800	850	900	900	950	950	950	1,050	1,050	19,100	53,335	

MF – Projected Annual New Homes by Submarket

The chart below presents the data shown in the table on the prior page. The key takeaways are that the three submarkets where most of the development activity has taken place over the past ten plus years still have plenty of remaining capacity – Downtown, and Established Neighborhoods North and South of Shaw (including BRT Corridors). Only DA-2 North and South are projected to reach capacity in the next ten years. MF development in SEDA is projected to start a few years after SFD activity. MF development in SEDA may take longer to come to market if supporting commercial services are not yet in place as renters are less willing to drive longer distances to jobs, shopping and schools than buyers of SFD homes.

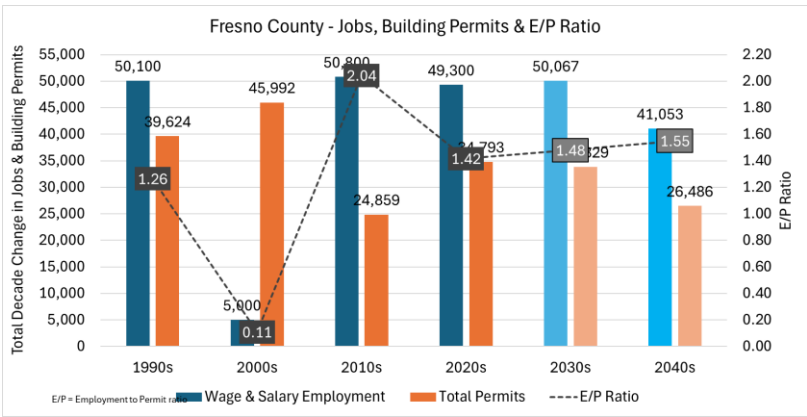
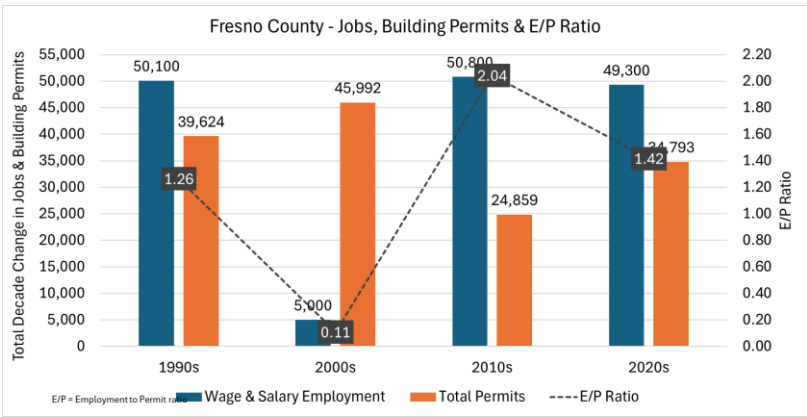
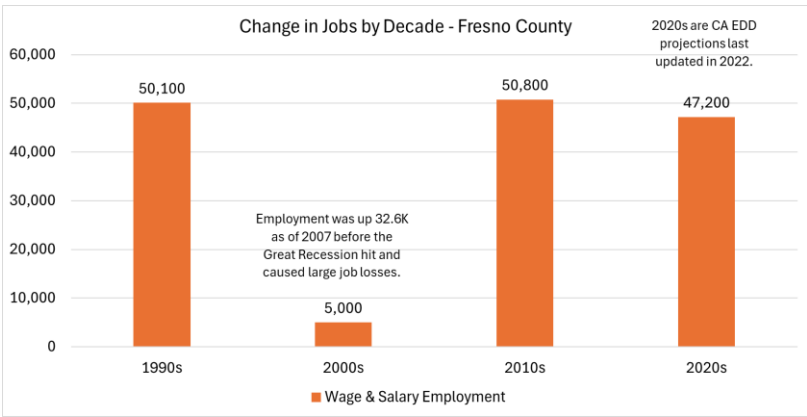


ECONOMIC & DEMOGRAPHIC TRENDS

Summary of Economic & Demographic Trends

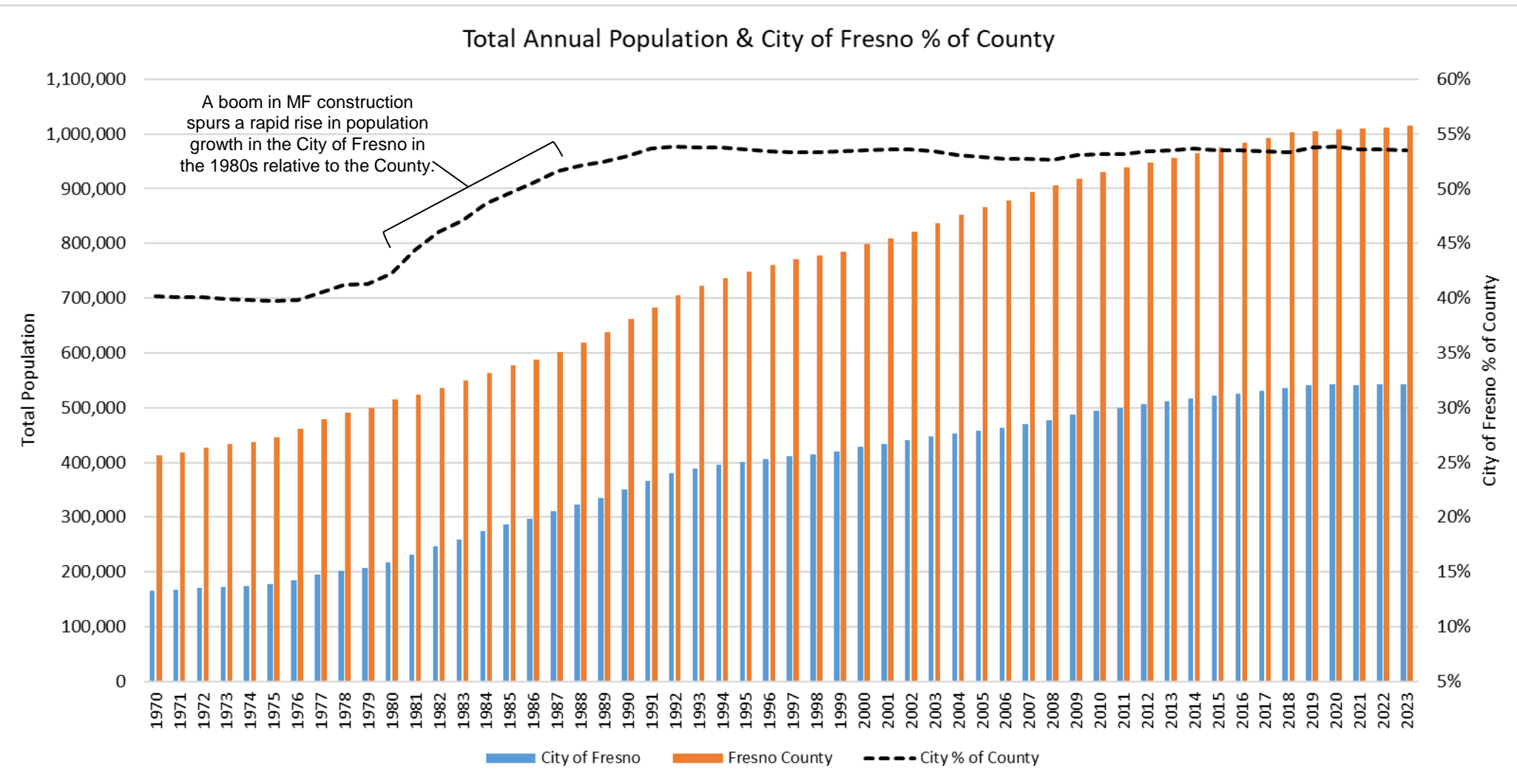


- Housing Market Demand Driver:** The main driver of the demand for new housing is job growth. Most households need to have a job with an income to be able to afford a mortgage payment or monthly rent. Population growth tends to be a following indicator as more availability of housing allows for the expansion of the local population.
- Employment/Permit (E/P) Ratio:** The E/P ratio is a great indicator for housing supply vs demand conditions. The historical E/P ratio nationally is 1.25, which means that there is demand for 1 new housing unit for every 1.25 new jobs created. A number higher than 1.25 represents an under-supplied market and vice versa. Given the higher cost of housing in the state, many markets in CA are closer to 1.50 or higher. In 4 of the 5 decades starting in the 1980s, the E/P ratio in Fresno County ranged from 1.26 to 2.04, indicating an under-supplied market. However, with job losses during and after the Great Recession, the ratio in the 2000s was just 0.11, and as a result, the E/P ratio over the last 5 decades in Fresno County is 1.27.
- Employment Projections:** Fresno County added an average of 45.K new jobs in each decade from the 1980s through the 2010s, and based on trends through early 2024, is projected to add 49.7K jobs in the 2020s. We are projecting that the Fresno County economy will add 113.3K jobs in the 25 years from 2025 through 2049, an average of 4.5K/year, or about 45K per 10-year period. The CA Department of Finance is projecting job growth of 69.9K jobs over the same 25-year period.
- Population Growth:** The CA DOF is projecting that Fresno County will grow by about 79K people in the 25 years from 2025 through 2049. Our projections for housing demand driven by job growth over the same time implies population growth of 117K to 145K people depending on what happens with average household sizes.



Population Trends – Fresno City & County

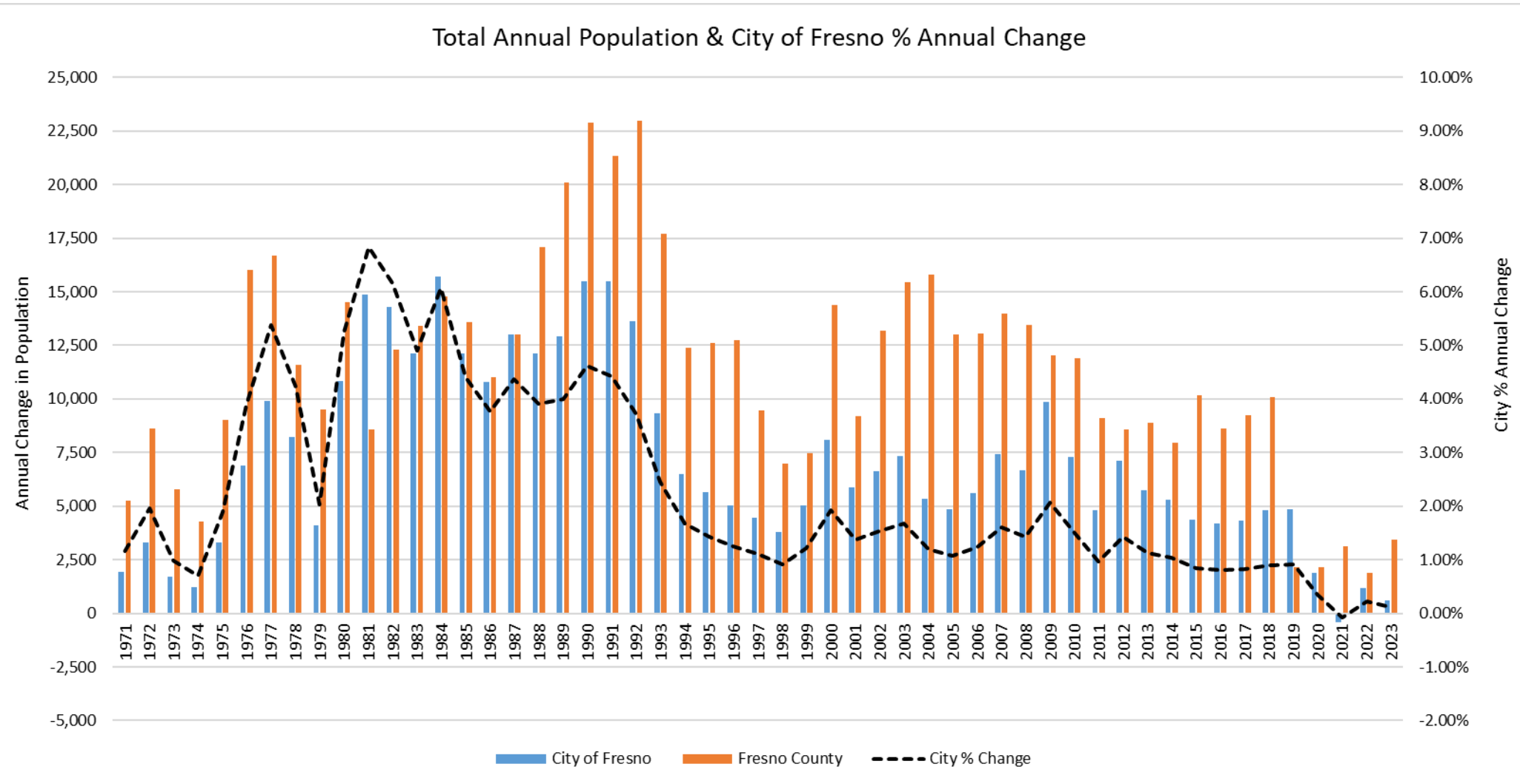
According to the California Department of Finance (DOF), the 2023 household population in the City of Fresno was 543.4K compared to 1.016M in the County. The city currently represents about 54% of the population of the county, up from a 40% share in 1970. Since 1970, the city has grown by 377.5K people and the county 602.5K, indicating that the city has captured 63% of county-wide growth during that time. So long as a steady supply of entitled land is available for development, the city should be able to capture at least similar levels of future population growth as attained in the past.



Annual Population Change – Fresno City & County



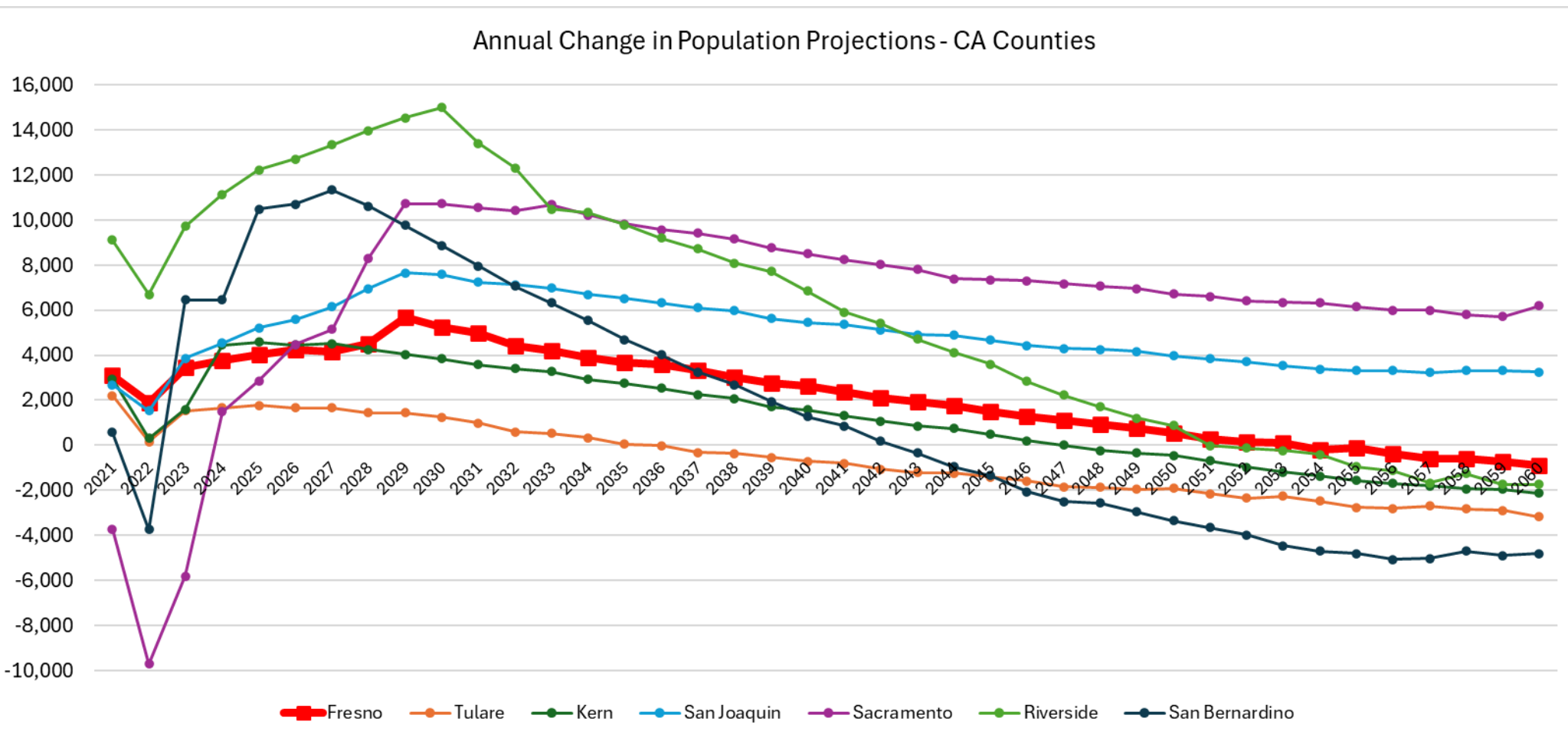
Although the heyday for the City of Fresno's population growth on a percentage basis was in the 1980s (4% to 7%/year), corresponding with heightened levels of multi-family housing development, the city still grew at between about 4K to 8K people/year in the 2000s (1% to 2%/year). The exception is when COVID hit in 2020, which has resulted in depressed population growth levels in both the city and the county since then. The city turned just barely negative in 2021, but saw growth return in 2022 and 2023, albeit at relatively low levels compared to the past. As the economy normalizes, higher population growth is expected to resume.



Note: There are some minor discrepancies in population counts between recent year estimates by the DOF and the Federal Reserve (FRED). In some cases one data source is used over the other or numbers are reconciled.

Population Projections – Fresno County & Others

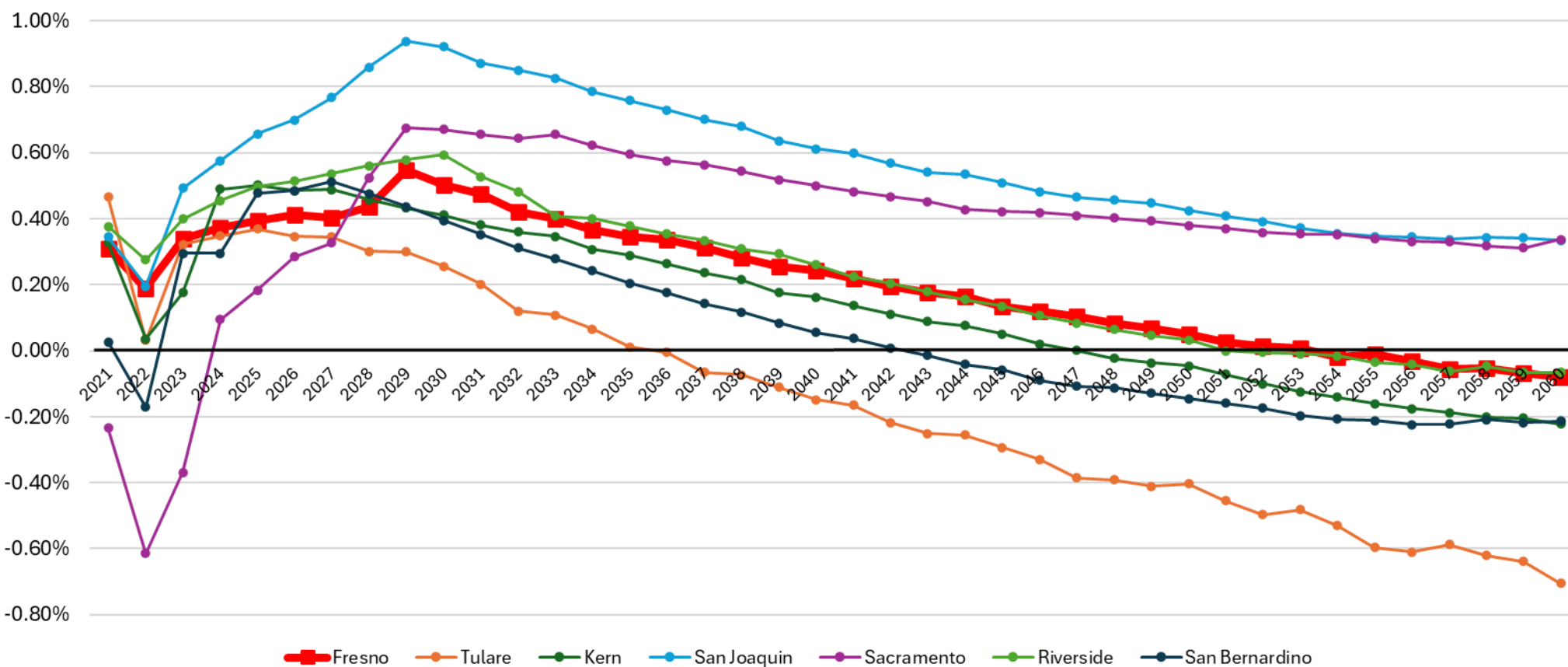
The chart below compares population projections by the CA DOF for Fresno County and selected other California Counties (most similar in size to Fresno County, located close by, or larger inland counties). Projections for almost all the counties are for rising population growth through roughly 2030, and then declining levels of growth after. Several counties, including Fresno, are projected to eventually start losing population. For Fresno County, population loss is projected to begin in 2054. San Joaquin and Sacramento Counties are projected to continue with positive population growth through 2060. Given that Fresno has been one of the stronger counties for population growth in the past and is a relatively affordable market that draws households from more expensive coastal California counties, our conclusion is that the DOF projections are overly pessimistic.



Population Projections – Fresno County & Others

The chart below compares population projections by the CA DOF on an annual % change basis for Fresno County and selected other California Counties (most similar in size to Fresno County, located close by, or larger inland counties). From 1970 to 2023, Fresno County grew at a Compound Annual Growth Rate (CAGR) of 1.70%, while the City of Fresno grew at a 2.26% CAGR. The DOF projections through 2060 result in a CAGR of just 0.21% for Fresno County. This represents a substantial slowing of population growth but does include the period of projected population decline starting in 2054. In contrast, the DOF is still projecting substantial building permit activity, more in line with historical levels and very close to Clarity projections. See page 87.

Annual Change in Population Projections - CA Counties



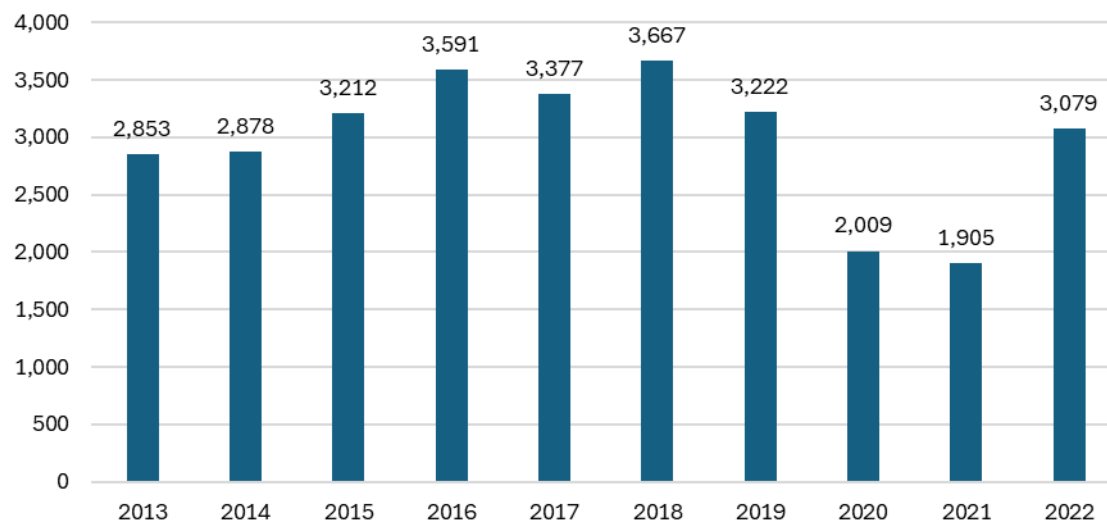
Population Attaining Permanent Resident Status

One component of population growth that can be quite variable from year-to-year and decade-to-decade is foreign immigration. Foreign immigration in Fresno County is often driven by job growth, particularly for lower-paying agricultural or service sector jobs. The charts to the right show the number of people attaining permanent resident status in Fresno County over the last decade ending 2022, and the age distribution of people attaining permanent resident status on a national basis (not available for the county).

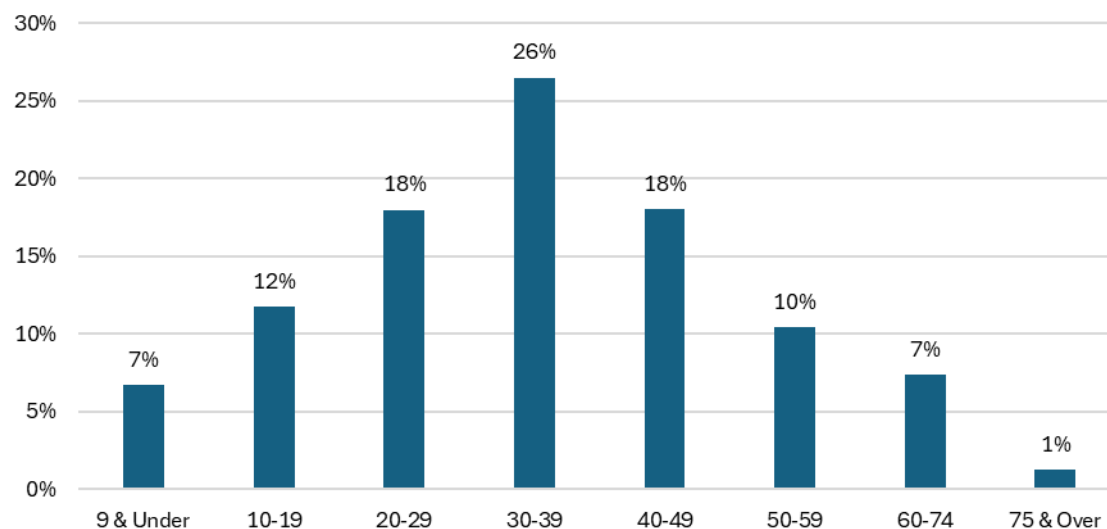
The number of people obtaining permanent resident status in Fresno County has varied substantially over the last 10 years, ranging from 1,905 to 3,667 people/year, averaging 2,979/year. This is a substantial potential component of population growth in the county that may or may not be fully accounted for in population growth projections for both the city and county.

By far the highest proportion of people attaining permanent resident status are “working age,” with ages from ranging from 20 to 49 years old, representing 62% of all people. While these are national numbers, the profile of Fresno City and County is likely fairly similar. Many of these households will start out as renters and aspire to eventually become homeowners.

of People Obtaining Permanent Resident Status - Fresno County



Age Distribution of People Obtaining Permanent Resident Status - US Total



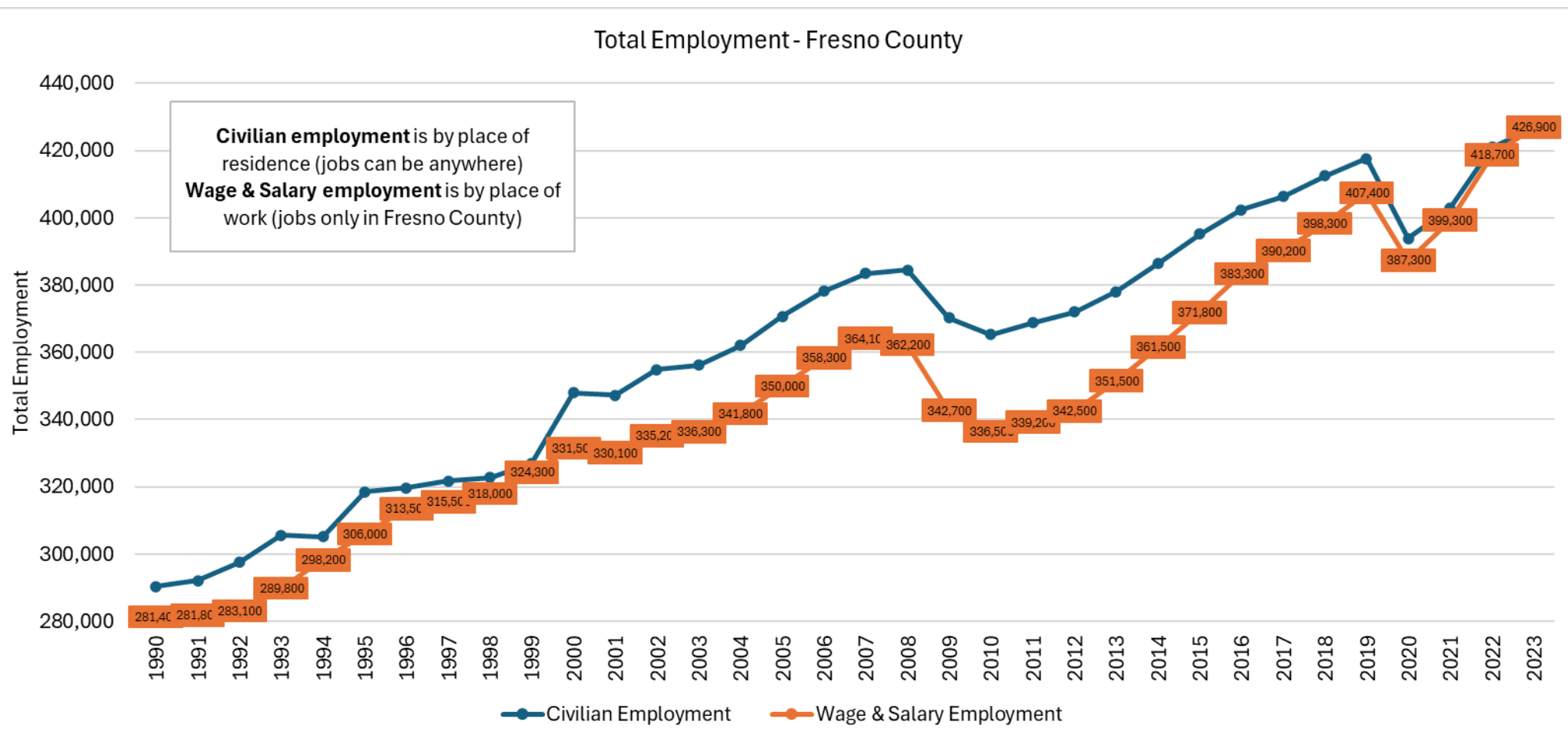
Population Projections – Clarity vs CA DOF

The table below compares population projections by the CA DOF to extrapolated population projections from Clarity based on our projections of housing demand and various different household size estimates. The table covers the period from 2025 through 2050, which is how far out in time we have made projections for housing demand. The DOF numbers cover the period before they start to project declining population numbers. The current household size in Fresno County is 3.09 people/household. In comparison, the average household size in the city of Fresno, which has more multi-family housing than the county, is 3.01 people/household. If the current county ratio stays the same in the future, that would imply population growth of about 145.5K through 2050. Typically, as metro areas mature, and housing densities become higher, household sizes shrink. If the typically household size in Fresno County dropped to as low as Oakland (which is unlikely over the entire time period), population growth would be closer to 117.2K. Although the DOF population figure is far lower than the implied Clarity projections, the DOF is nevertheless projecting only about 5% lower housing demand (building permits) than Clarity over the same time period. See page 87.

Population Projections - Fresno County - 2025 to 2050			
Estimate Source	Projected Housing Demand	Estimated Household Size (HH)	Population Growth '25-'50
California Department of Finance	- -	- -	78,631
Clarity Real Estate Advisors			
Current Fresno County HH Size	47,081	3.09	145,482
At Modesto HH Size	47,081	2.91	137,007
At Sacramento HH Size	47,081	2.63	123,824
At Oakland HH Size	47,081	2.49	117,233

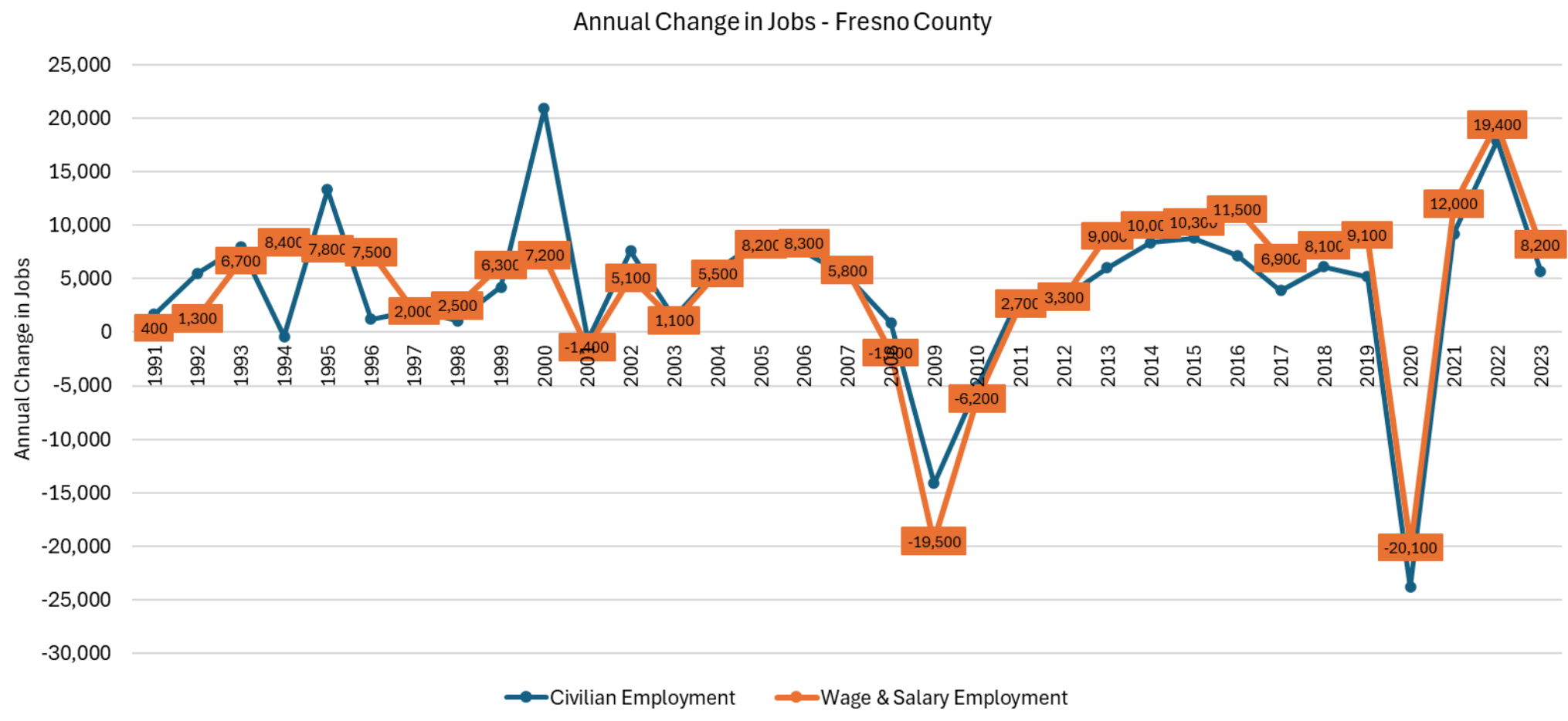
Total Employment – Fresno County

The main driver of new home demand is job growth. Given the cost of both rental and for-sale housing, most households need a job paying an income to afford a place to live. As of 2023, Fresno County had 426.9K wage and salary jobs in the county. Wage and salary employment is by place of work (jobs located only in Fresno County), while civilian employment is by place of residence (people living in Fresno County, but the job could be outside the county). Since 1990, the Fresno County economy has added 145.5K jobs, driving significant demand for new housing in the region.



Annual Change in Employment – Fresno County

The Fresno economy is not immune to broader up and down economic cycles impacting either California or the nation and has sometimes experienced years with job losses including 2001 alongside the dot-com bust, 2008 to 2010 during and following the “Great Recession,” and again in 2020 when COVID first hit. The Fresno County economy has bounced back after those downturns with years of above-average job growth. Since 1990, an average of 4.4K jobs/year have been added to the Fresno County economy, including years with job losses.

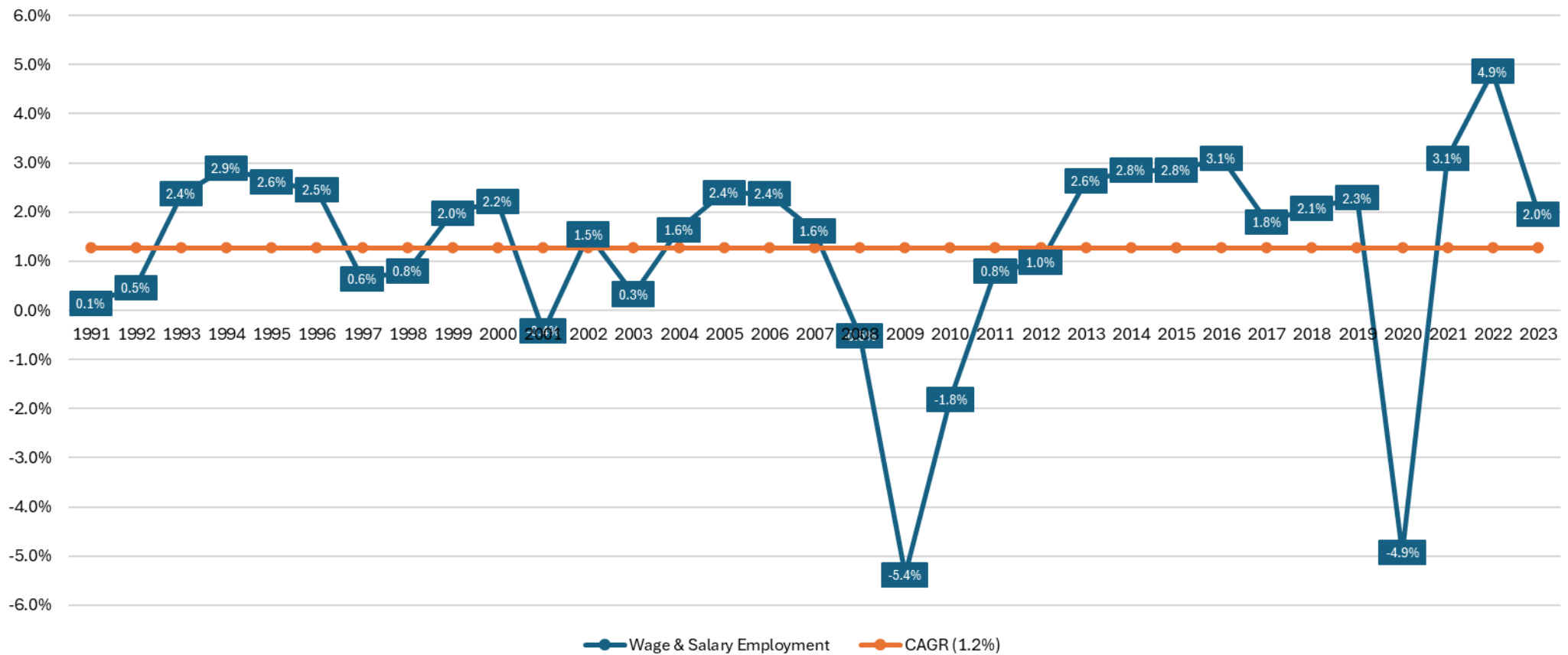


Annual % Change in Employment – Fresno County



Since 1990, and including years with job losses, the number of jobs located in Fresno County has grown at a CAGR of 1.2%. During that time there have been 15 years when job growth has been at, or exceeded, a very strong 2.0%/year pace, including 9 of the 11 years since 2013. Clearly, when the Fresno economy is not being negatively impacted by economic trends in California or the nation as a whole, job creation is typically quite robust.

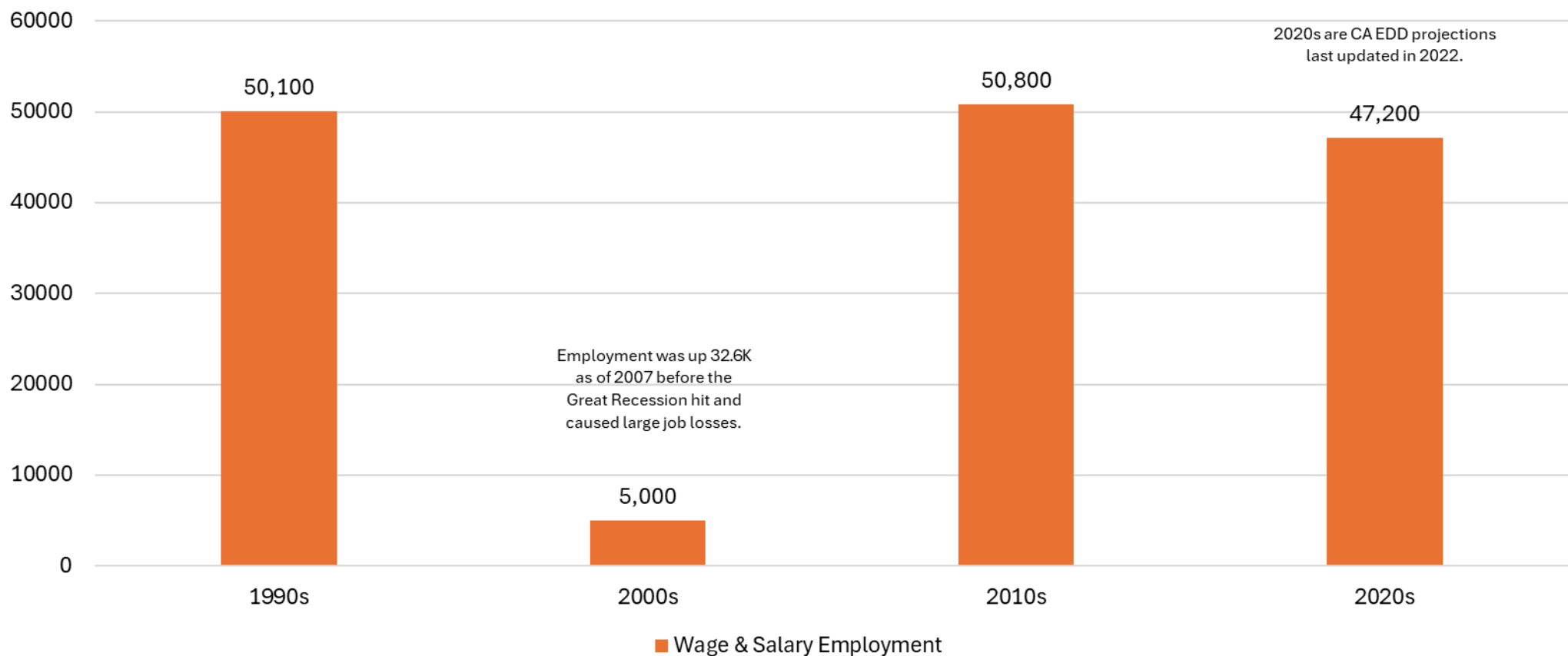
Annual % Change in Jobs - Fresno County



Change in Jobs by Decade – Fresno County

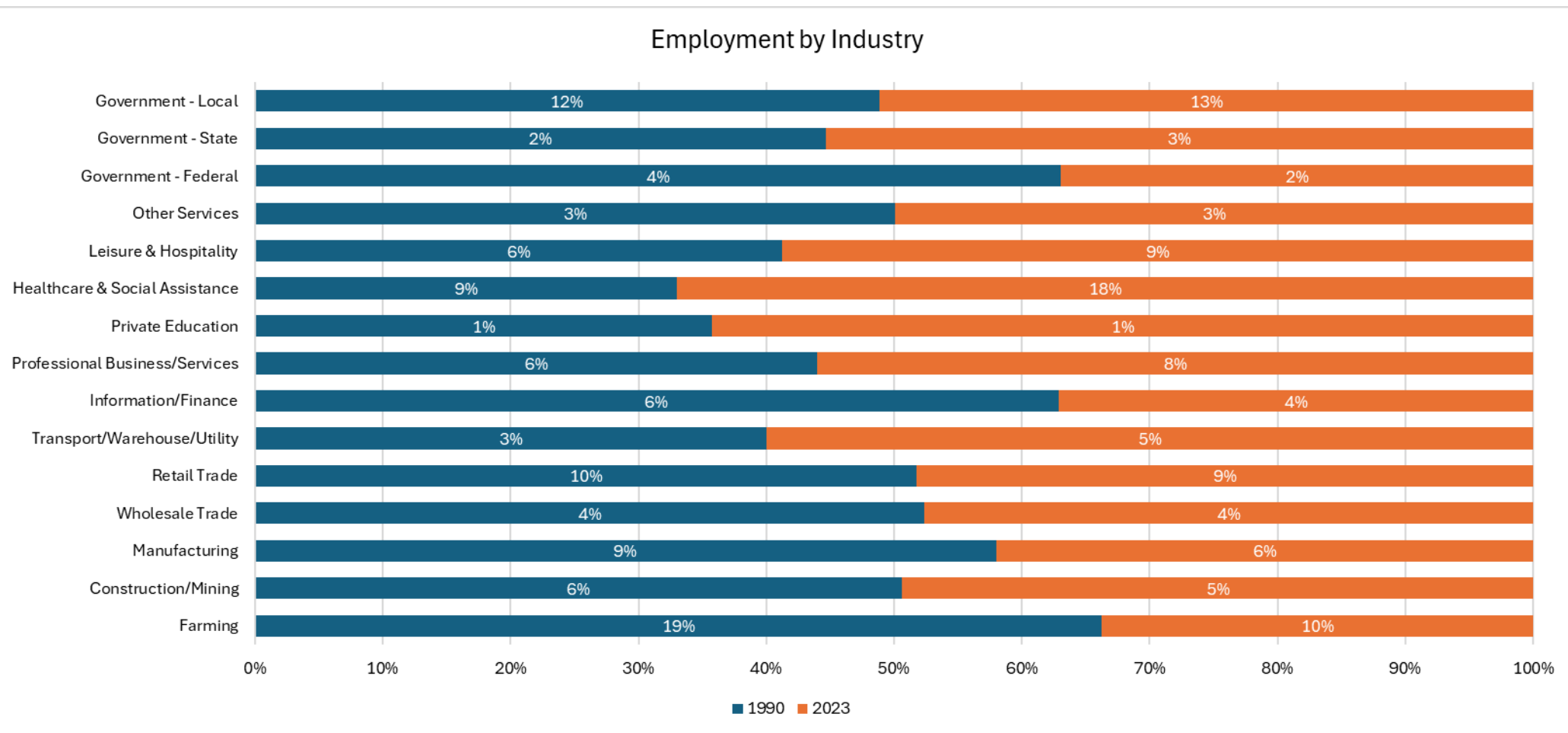
Excluding the decade of the 2000s, when the Great Recession decimated economies all across the country, Fresno County has recorded remarkably consistent long-term job growth. In both the 1990s and the 2010s, about 50K jobs were created in the County. The CA EDD is projecting growth of 47K jobs in the decade of the 2020s.

Change in Jobs by Decade - Fresno County



Employment by Industry – Fresno County

In 1990, the highest proportion of jobs were in the Farming sector (19%), followed by Local Government (12%), which includes public education (teachers, administrators, etc.). While Farming is still important, the Fresno County economy has evolved over the last almost 25 years, creating more higher-paying service, healthcare, and distribution (transportation/warehouse) related jobs. As of 2023, farming had dropped to just 10% of all jobs, the third highest sector. Healthcare and Social Assistance now represents 18% of local jobs, up from just 9% in 1990. Local government is still the second largest sector, now at 13%.



Top Employers – Fresno City & County

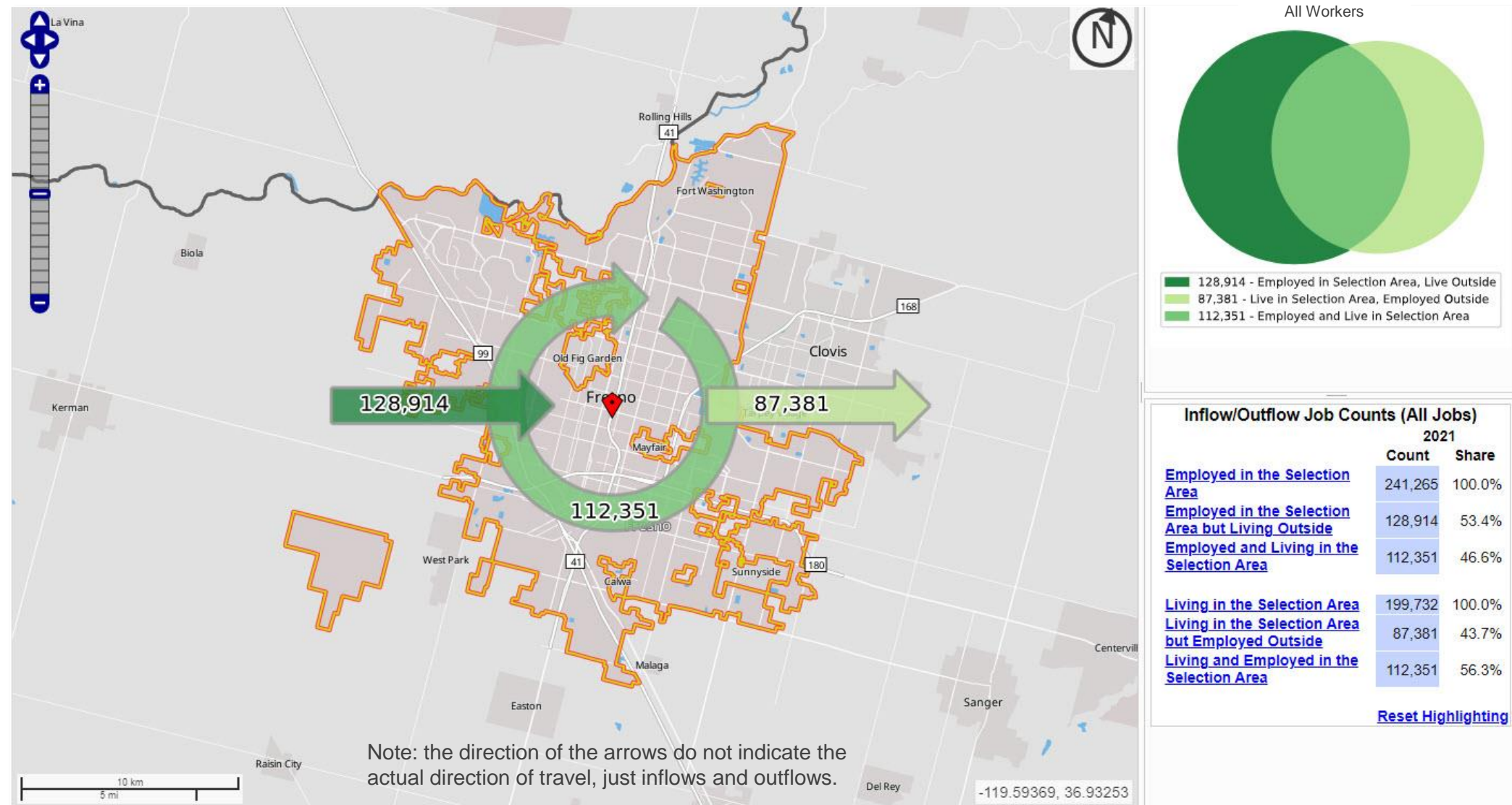
Given Fresno's inland Central Valley location, it is not surprising that most of the largest employers are government, education and/or healthcare related. Reports are that the IRS is winding down their paper processing operations in Fresno; however, they still maintain a large presence in the region with other functions (but the total job number likely will drop).

Rank	Employer	Sector	2023 # of Employees	
			City	County
1	Fresno Unified School District	Education - public	13,669	14,593
2	Community Medical Centers	Healthcare	9,750	10,300
3	County of Fresno	Government - local	8,980	8,980
4	Amazon	Warehouse/distribution	6,500	--
5	Clovis Unified School District	Education - public	6,400	7,945
6	Cal State University, Fresno	Education - public	5,233	5,233
7	City of Fresno	Government - local	5,015	5,015
8	State Community College District	Education - public	4,367	4,469
9	Internal Revenue Service	Government - federal	4,230	--
10	Saint Agnes Medical Center	Healthcare	2,900	3,075
(10)	Kaiser Permanente Medical	Healthcare	--	2,950
Top 10 #			67,044	62,560
Top 10 %			17%	15%
Total			384,900	426,900



Employment – Fresno – Inflow/Outflow

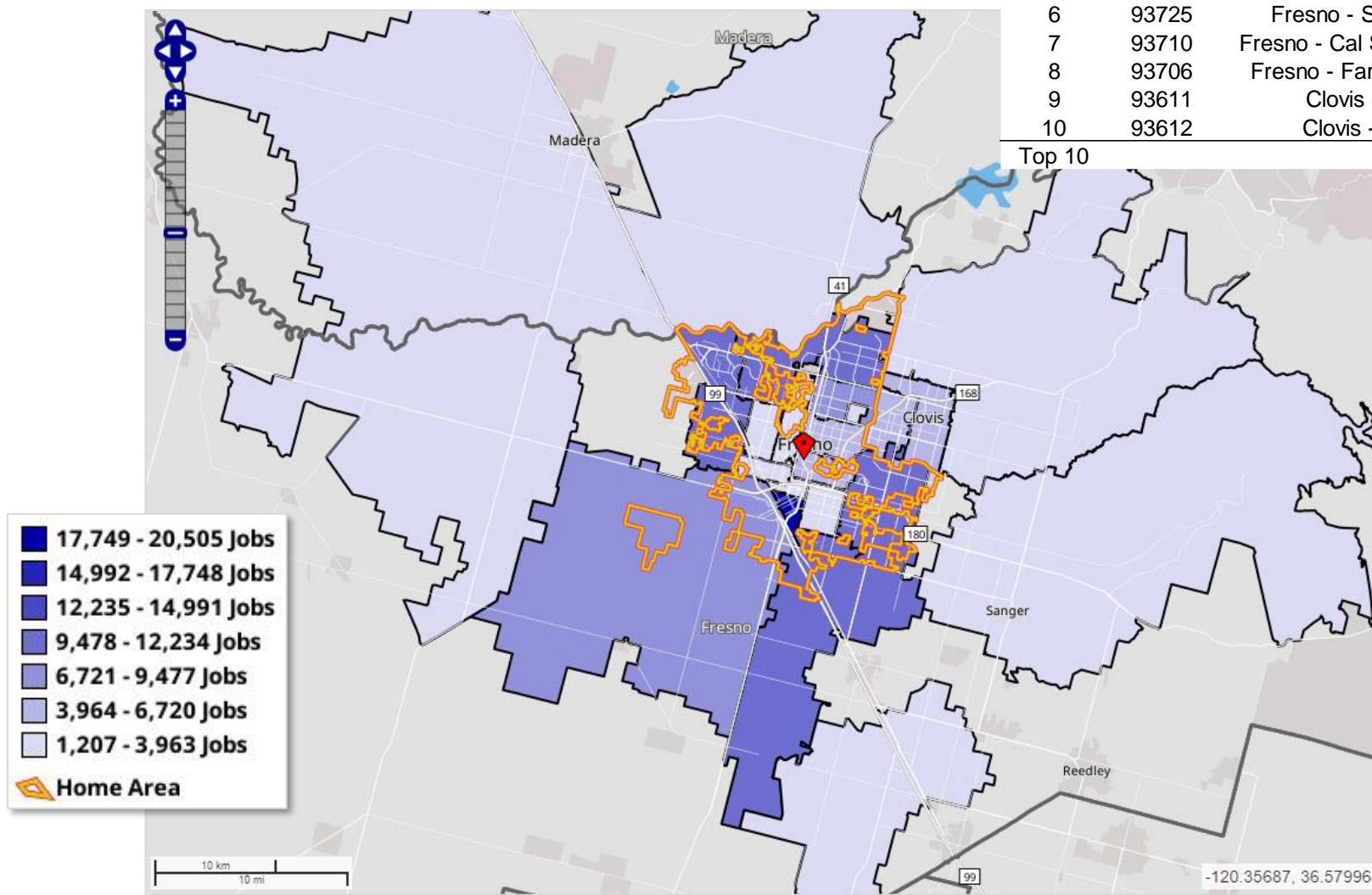
As one of the main employment centers in the Central Valley, it is not surprising that far more people commute into the city of Fresno for work than commute out, and a very high proportion of people both live and work in the city. Almost 129K people commute into the city for work, 112K live and work in the city, and just 87K commute out. People commuting into the city represent a target market for new homes as a way for them to reduce commute times. Data is from 2021, commute patterns may have changed post-COVID, including more people working from home.



Employment – Where Fresno Residents Work

Fresno is a relatively “self-contained” employment market, where the top employment destinations for existing residents are all within the city itself. As such, most residents have relatively short commute times, contributing to a quality of life not available in many of the coastal counties or large inland counties in other parts of California.

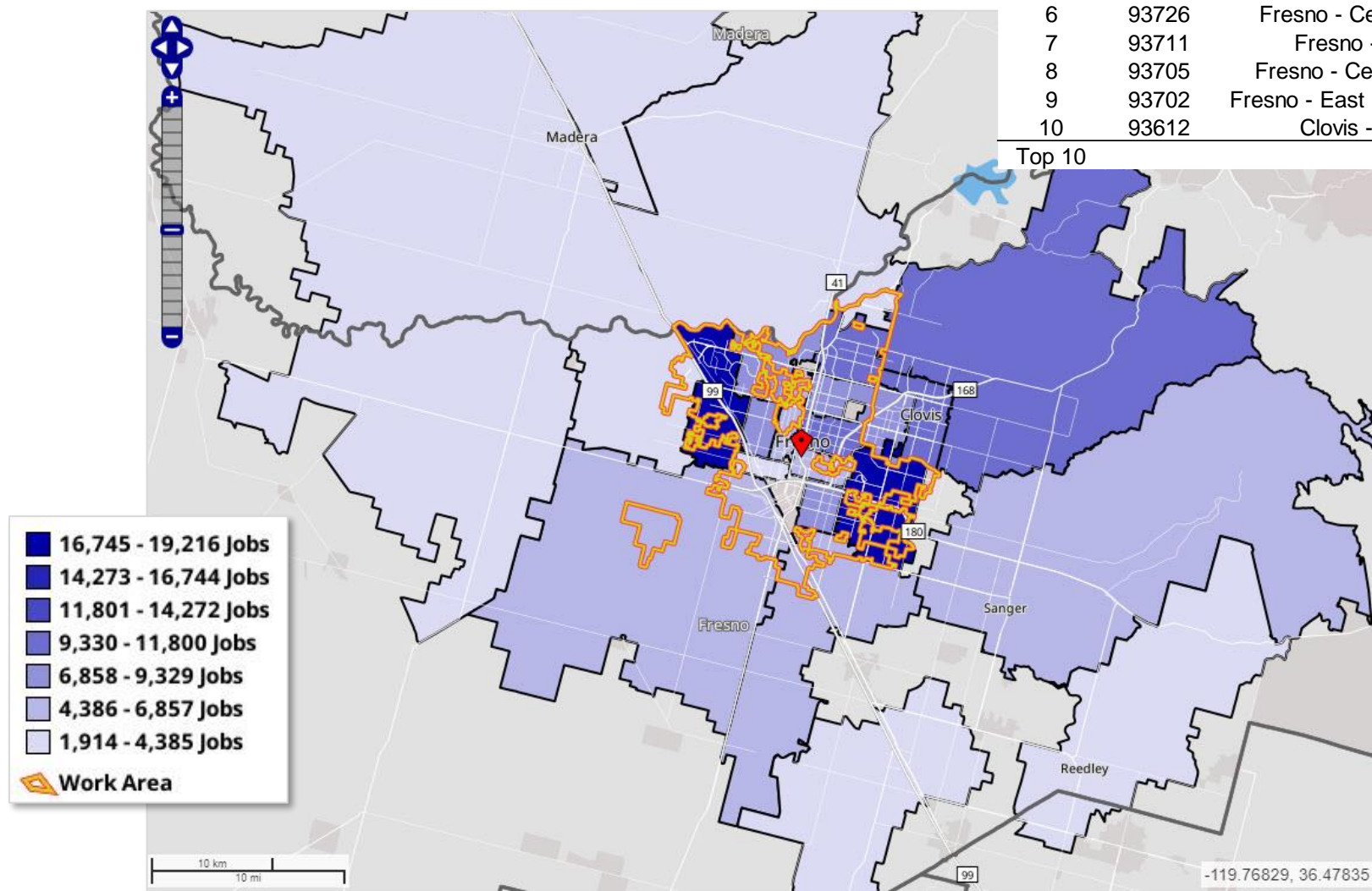
Rank	Zip Code	Location	Workers (2021)	
			#	%
1	93721	Fresno - Downtown	20,505	10.3%
2	93727	Fresno - East	11,885	6.0%
3	93711	Fresno - North	11,857	5.9%
4	93720	Fresno - Far North	10,136	5.1%
5	93722	Fresno - Northwest	9,956	5.0%
6	93725	Fresno - Southwest	9,633	4.8%
7	93710	Fresno - Cal State Fresno	9,141	4.6%
8	93706	Fresno - Far Southwest	8,412	4.2%
9	93611	Clovis - East	6,415	3.2%
10	93612	Clovis - West	6,410	3.2%
Top 10			104,350	52.2%



Employment – Where Fresno Workers Live

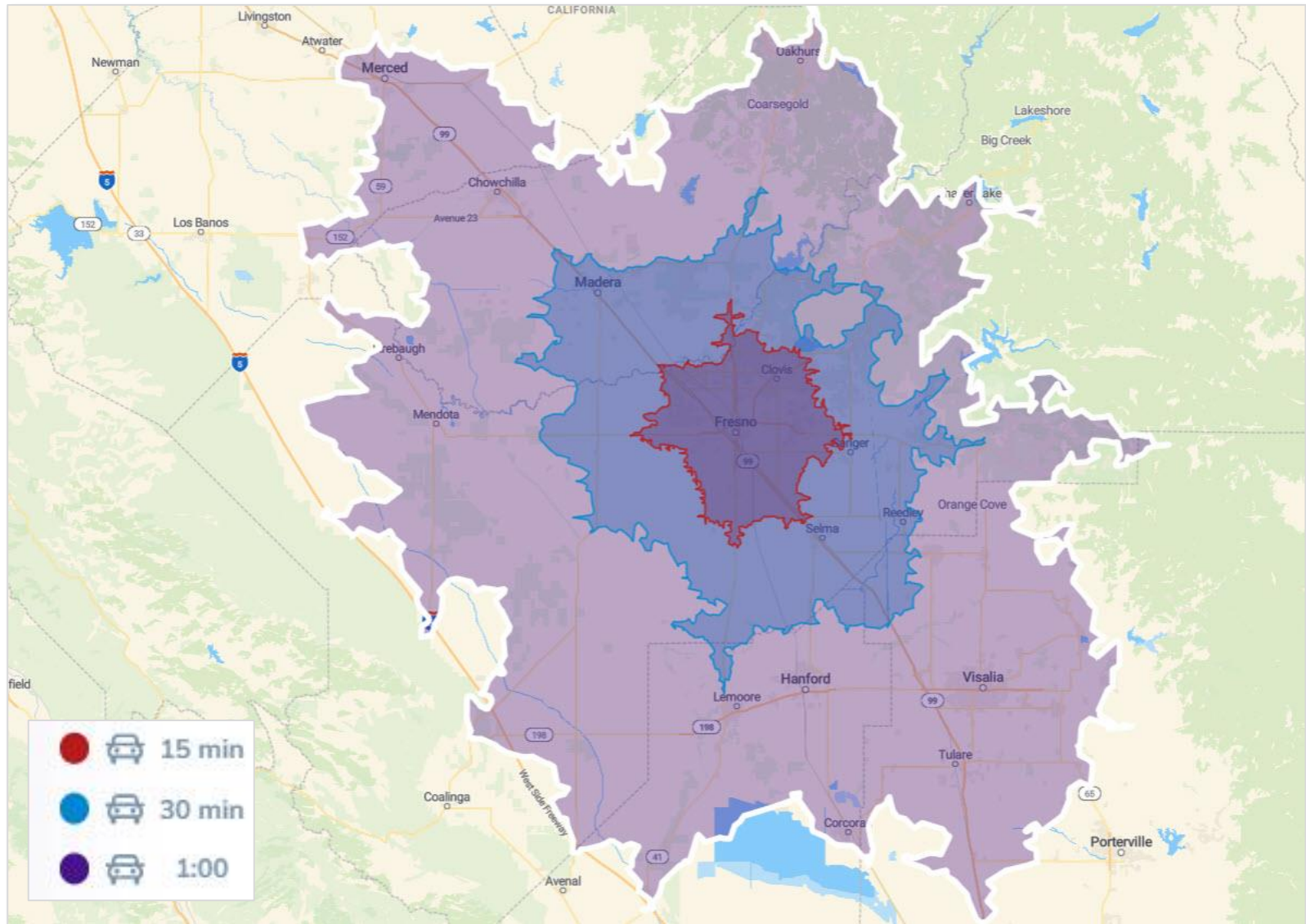
As one of the primary employment centers in the Central Valley, the city of Fresno pulls in workers from not only the city itself, but from surrounding communities, particularly Clovis. People commuting into Fresno for work can represent a market for new homes in the city as a way to reduce commute times and improve quality of life.

Rank	Zip Code	Location	Workers (2021)	
			#	%
1	93722	Fresno - Northwest	19,216	8.0%
2	93727	Fresno - East	17,273	7.2%
3	93720	Fresno - Far North	11,263	4.7%
4	93619	Clovis - East	9,986	4.1%
5	93611	Clovis - East	9,931	4.1%
6	93726	Fresno - Central East	9,366	3.9%
7	93711	Fresno - North	9,233	3.8%
8	93705	Fresno - Central North	7,897	3.3%
9	93702	Fresno - East of Downtown	7,626	3.2%
10	93612	Clovis - West	7,189	3.0%
Top 10			108,980	45.2%



Commute Time – City of Fresno

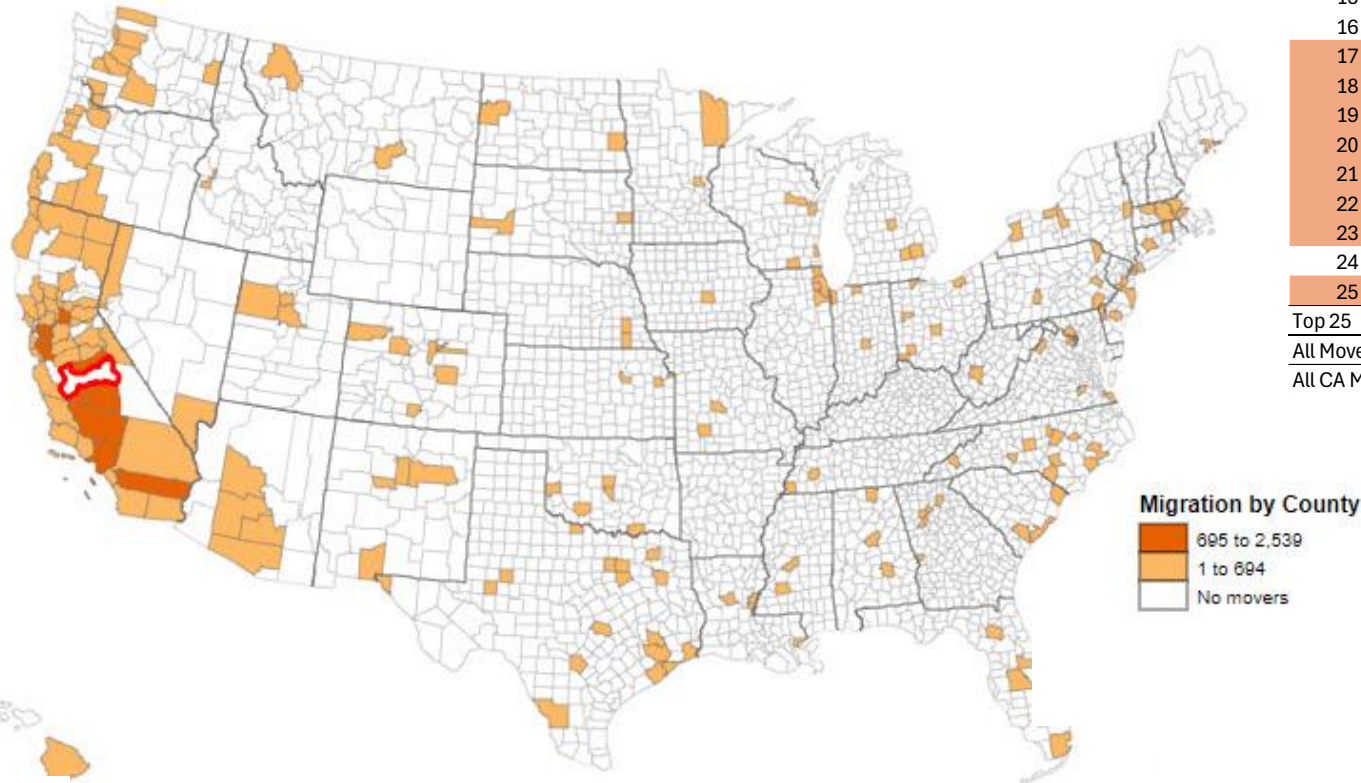
Pretty much the entire city of Fresno can be reached within a 15-minute drive time. A 30-minute drive time stretches as far north as Madera. Cities within a 60-minute drive include Merced to the north and Visalia and Tulare to the south. Drive times are non-peak. Rush hour drive times can be longer.



In-Migration by County – Fresno County, CA

Households already living in CA represent 75% of people moving into Fresno County. Leaders include LA County, followed by nearby Central Valley counties including Madera, Tulare, Sacramento and Kern. The only counties from outside CA in the top 25 are Clark (Las Vegas, NV), Montgomery (Maryland, likely IRS job transfers from Washington DC), and Bexar (San Antonio, TX)

Total Inbound Migration Flows
for Fresno County, California



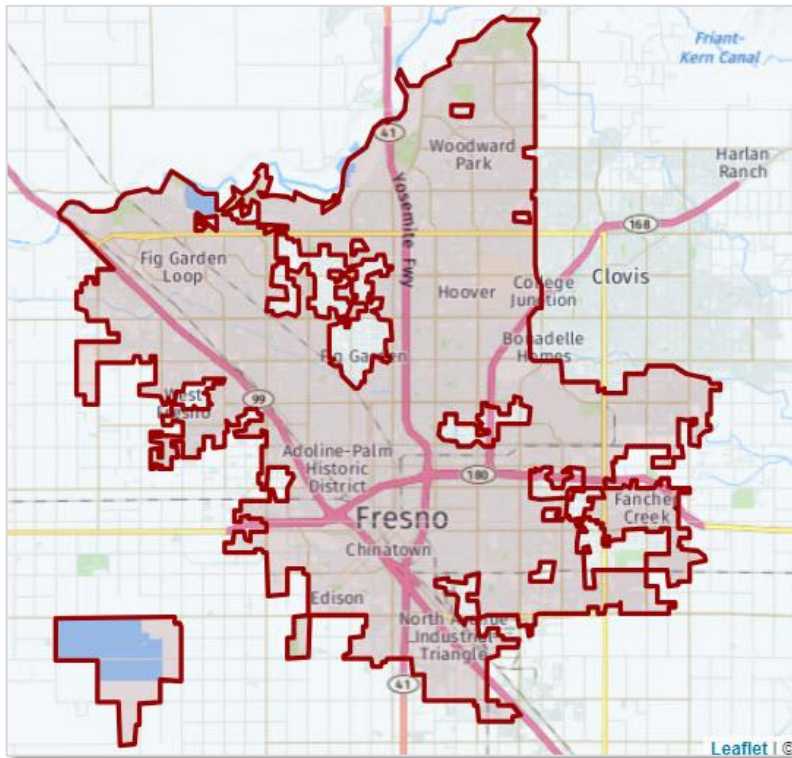
Source: U.S. Census Bureau, 2016-2020 5-year American Community Survey

Rank	County	State	In-Bound Movers	
			#	%
1	Los Angeles County	CA	2,539	8.8%
2	Madera County	CA	2,341	8.1%
3	Tulare County	CA	1,939	6.7%
4	Sacramento County	CA	1,405	4.9%
5	Kern County	CA	1,334	4.6%
6	Kings County	CA	1,301	4.5%
7	Riverside County	CA	1,121	3.9%
8	Alameda County	CA	1,104	3.8%
9	Santa Clara County	CA	1,092	3.8%
10	Contra Costa County	CA	809	2.8%
11	Monterey County	CA	694	2.4%
12	San Joaquin County	CA	641	2.2%
13	Merced County	CA	640	2.2%
14	San Diego County	CA	478	1.7%
15	Clark County	NV	449	1.6%
16	Montgomery County	MD	424	1.5%
17	San Luis Obispo County	CA	383	1.3%
18	San Francisco County	CA	365	1.3%
19	San Bernardino County	CA	341	1.2%
20	Orange County	CA	340	1.2%
21	El Dorado County	CA	338	1.2%
22	Marin County	CA	292	1.0%
23	Stanislaus County	CA	257	0.9%
24	Bexar County	TX	248	0.9%
25	Butte County	CA	236	0.8%
Top 25			21,111	73.1%
All Movers			28,896	100.0%
All CA Movers			21,808	75.5%

Demographics – Fresno City vs. County

Compared to Fresno County, the City of Fresno has:

- 54% of the household population
- 54% of all housing units
- More renter HHs (50% vs 45%) – excluding vacancies
- A lower average income (\$89K vs. \$96K)
- A lower median income (\$61K vs. \$65K)
- A lower proportion of family HHs (70% vs 74%)
- A smaller average household size (3.01 vs 3.09)



Source: US Census via HomeTownLocator.com

Fresno County CA Data & Demographics (As of July 1, 2023)

POPULATION	
Total Population	1,029,488 (100%)
Population in Households	1,010,338 (98.1%)
Population in Families	861,146 (83.6%)
Population in Group Quarters ¹	19,150 (1.9%)
Population Density	173
Diversity Index ²	87

HOUSING	
Total HU (Housing Units)	346,834 (100%)
Owner Occupied HU	181,402 (52.3%)
Renter Occupied HU	145,727 (42.0%)
Vacant Housing Units	19,705 (5.7%)

INCOME	
Median Household Income	\$65,272
Average Household Income	\$95,702
% of Income for Mortgage ⁴	34%
Per Capita Income	\$30,475
Wealth Index ⁵	85
Socioeconomic Status Index ⁶	Low (37.0)

HOUSEHOLDS	
Total Households	327,129
Average Household Size	3.09
Family Households	240,611
Average Family Size	4.00

Fresno, CA Data & Demographics (As of July 1, 2023)

POPULATION	
Total Population	552,454 (100%)
Population in Households	542,238 (98.2%)
Population in Families	451,056 (81.6%)
Population in Group Quarters ¹	10,216 (1.8%)
Population Density	4,770
Diversity Index ²	88

HOUSING	
Total HU (Housing Units)	188,762 (100%)
Owner Occupied HU	89,795 (47.6%)
Renter Occupied HU	90,340 (47.9%)
Vacant Housing Units	8,627 (4.6%)

INCOME	
Median Household Income	\$60,617
Average Household Income	\$89,059
% of Income for Mortgage ⁴	34%
Per Capita Income	\$29,101
Wealth Index ⁵	75
Socioeconomic Status Index ⁶	Low (35.7)

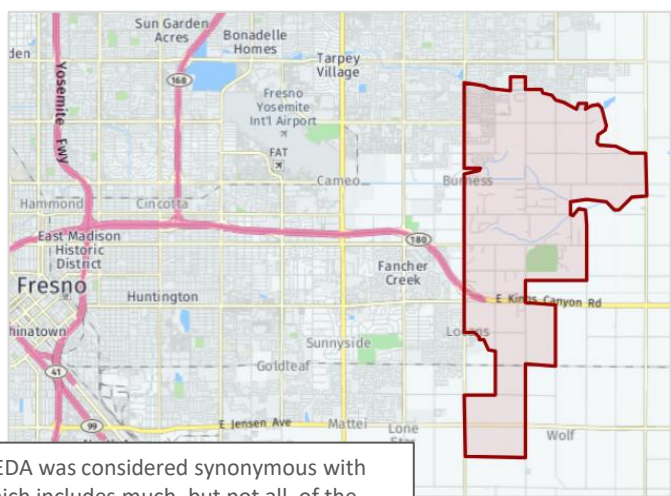
HOUSEHOLDS	
Total Households	180,135
Average Household Size	3.01
Family Households	126,096
Average Family Size	4.00

Demographics – SEDA vs City of Fresno

Compared to the City of Fresno, SEDA (93737) has:

- 1.4% of the household population
- 1.3% of all housing units
- Far more owner HHs (92% vs 15%) – excluding vacancies
- A much higher average income (\$135K vs. \$89K)
- A much higher median income (\$109K vs. \$61K)
- A higher proportion of family HHs (88% vs 82%)
- A larger average household size (3.41 vs 3.01)
- A higher home value (\$472K vs \$345K) (2023)

SEDA is currently characterized by rural SFD homes on large lots occupied by higher-income family households. As SEDA develops, the resident profile will evolve over time to include a more diverse array of HH types and income levels.



For this analysis, SEDA was considered synonymous with zip code 93737, which includes much, but not all, of the area within the SEDA boundaries.

Fresno, CA Data & Demographics (As of July 1, 2023)

POPULATION	
Total Population	552,454 (100%)
Population in Households	542,238 (98.2%)
Population in Families	451,056 (81.6%)
Population in Group Quarters ¹	10,216 (1.8%)
Population Density	4,770
Diversity Index ²	88

HOUSING	
Total HU (Housing Units)	188,762 (100%)
Owner Occupied HU	89,795 (47.6%)
Renter Occupied HU	90,340 (47.9%)
Vacant Housing Units	8,627 (4.6%)
Median Home Value	\$345,101

INCOME	
Median Household Income	\$60,617
Average Household Income	\$89,059
% of Income for Mortgage ⁴	34%
Per Capita Income	\$29,101
Wealth Index ⁵	75
Socioeconomic Status Index ⁶	Low (35.7)

HOUSEHOLDS	
Total Households	180,135
Average Household Size	3.01
Family Households	126,096
Average Family Size	4.00

Fresno, CA 93737 Data & Demographics (As of July 1, 2023)

POPULATION	
Total Population	7,730 (100%)
Population in Households	7,730 (100.0%)
Population in Families	6,828 (88.3%)
Population in Group Quarters ¹	0
Population Density	707
Diversity Index ²	84

HOUSING	
Total HU (Housing Units)	2,365 (100%)
Owner Occupied HU	2,081 (88.0%)
Renter Occupied HU	189 (8.0%)
Vacant Housing Units	95 (4.0%)
Median Home Value	\$471,898

INCOME	
Median Household Income	\$108,942
Average Household Income	\$135,075
% of Income for Mortgage ⁴	26%
Per Capita Income	\$39,666
Wealth Index ⁵	148
Socioeconomic Status Index ⁶	Moderate (50.0)

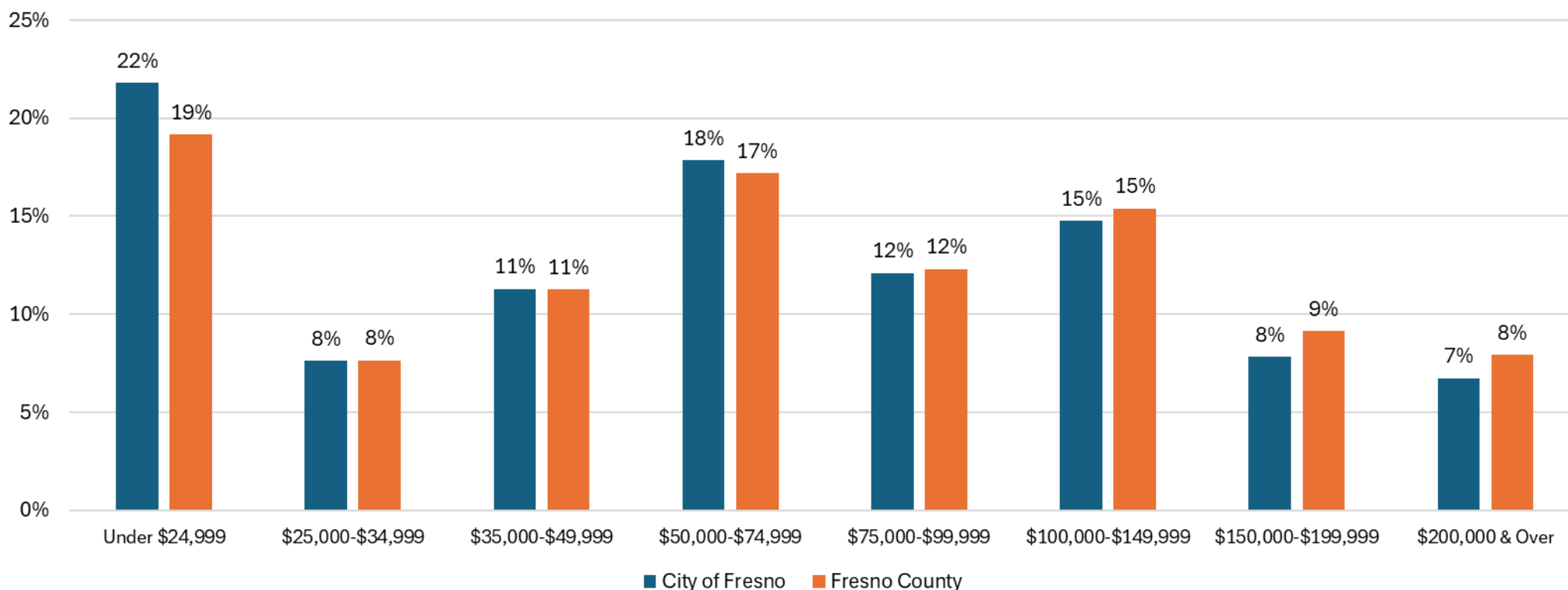
HOUSEHOLDS	
Total Households	2,270
Average Household Size	3.41
Family Households	1,811
Average Family Size	4.00

Income Distribution – Fresno City & County

With a higher proportion of renter households, residents in the City of Fresno have a slightly lower income profile than residents in the County. The median income in the City is about \$61K compared to \$65K in the County, and the average income in the City is \$89K compared to \$96K in the County. The City has a higher proportion of households with incomes below \$25K/year, and fewer households earning over \$150K/year, but the distribution for all the mid-range households is more-or-less the same.

Income Range	City of Fresno	Fresno County
Under \$24,999	22%	19%
\$25,000-\$34,999	8%	8%
\$35,000-\$49,999	11%	11%
\$50,000-\$74,999	18%	17%
\$75,000-\$99,999	12%	12%
\$100,000-\$149,999	15%	15%
\$150,000-\$199,999	8%	9%
\$200,000 & Over	7%	8%
Median Income	\$60,617	\$65,272
Average Income	\$89,059	\$95,702

Income Distribution - 2023



Income Distribution vs Rent & Home Price

The tables to the right provide estimates of the amount of rent households can afford to pay at typical income to rent ratios required by landlords, and the home price that a resident could afford to pay with either a 10% or a 20% downpayment (30-year fixed rate mortgage, 6.5% interest rate).

The rents and home prices corresponding to the income categories are the same for the city and county, but the distribution is slightly different. Slightly more people in the city are in the lowest income bracket while slightly more in the county are in the highest two brackets. Whether this distribution pattern holds in the future will depend to a large extent on the nature of new housing offered in the city in the future.

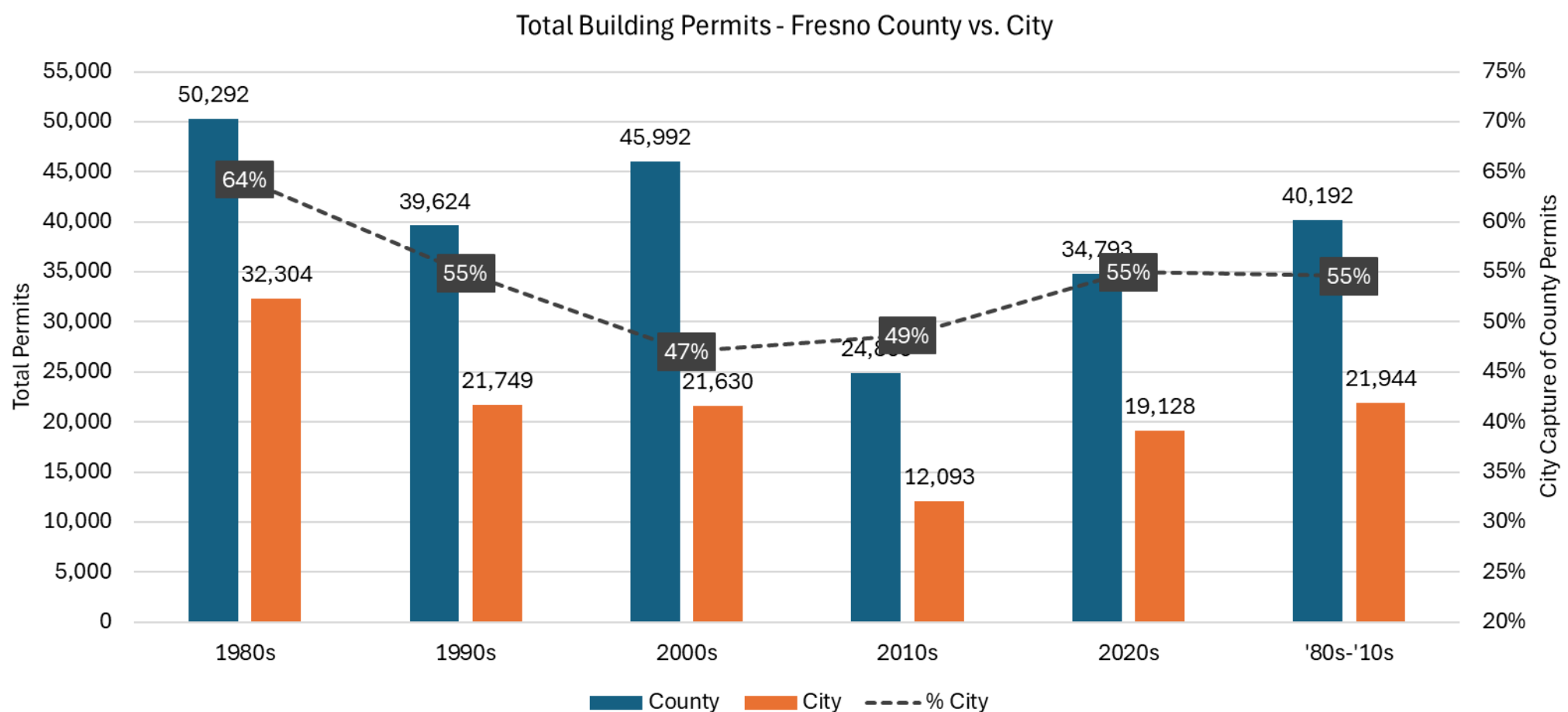
It will be important to provide housing in the future that is attainably priced for as broad a swath of residents as possible. Market-based paths to providing more attainably priced housing can include 1) increasing of densities for multi-family rental homes, 2) build-for-rent SFD rental communities, 3) increasing numbers of multi-family for-sale homes (condominiums, townhomes), and 4) increasing numbers of small-lot for-sale SFD homes (lots under 4K sf). Designated affordable housing units, which may require subsidies and/or tax credits, are an important part of the housing mix to meet the needs of households in the lowest income ranges.

City of Fresno Household Income	2023 Stats		Typical Qualifying Rent		Typical Home Price	
	#	%	3.0x Rent	2.5x Rent	10% down	20% down
Under \$24,999	39,284	22%	\$560	\$670	\$103,000	\$115,000
\$25,000-\$34,999	13,721	8%	\$830	\$1,000	\$154,000	\$173,000
\$35,000-\$49,999	20,348	11%	\$1,180	\$1,420	\$218,000	\$245,000
\$50,000-\$74,999	32,169	18%	\$1,740	\$2,080	\$320,000	\$361,000
\$75,000-\$99,999	21,801	12%	\$2,430	\$2,920	\$449,000	\$505,000
\$100,000-\$149,999	26,578	15%	\$3,470	\$4,170	\$641,000	\$721,000
\$150,000-\$199,999	14,106	8%	\$4,860	\$5,830	\$897,000	\$1,009,000
\$200,000 & Over	12,128	7%	\$6,940	\$8,330	\$1,282,000	\$1,442,000
Total	180,135	100%				
Median HH Income	\$60,617					
Average HH Income	\$89,059					

Fresno County Household Income	2023 Stats		Typical Qualifying Rent		Typical Home Price	
	#	%	3.0x Rent	2.5x Rent	10% down	20% down
Under \$24,999	62,726	19%	\$560	\$670	\$103,000	\$115,000
\$25,000-\$34,999	24,991	8%	\$830	\$1,000	\$154,000	\$173,000
\$35,000-\$49,999	36,870	11%	\$1,180	\$1,420	\$218,000	\$245,000
\$50,000-\$74,999	56,221	17%	\$1,740	\$2,080	\$320,000	\$361,000
\$75,000-\$99,999	40,222	12%	\$2,430	\$2,920	\$449,000	\$505,000
\$100,000-\$149,999	50,340	15%	\$3,470	\$4,170	\$641,000	\$721,000
\$150,000-\$199,999	29,894	9%	\$4,860	\$5,830	\$897,000	\$1,009,000
\$200,000 & Over	25,865	8%	\$6,940	\$8,330	\$1,282,000	\$1,442,000
Total	327,129	100%				
Median HH Income	\$65,272					
Average HH Income	\$95,702					

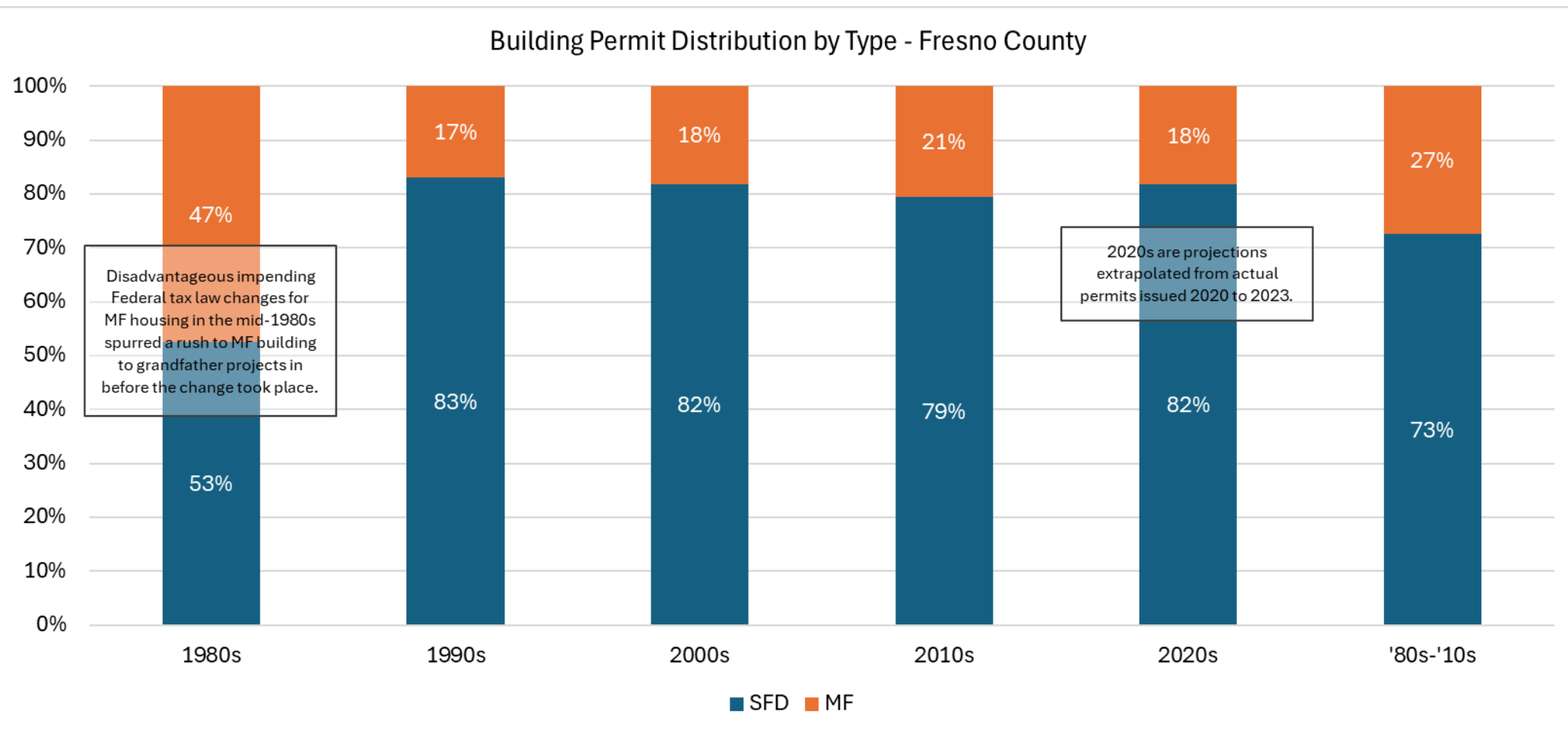
Total Building Permits – Fresno City & County

The total number of building permits issued in both the City of Fresno and Fresno County has fluctuated somewhat over the last few decades, varying with changing economic conditions and government policies. In the 1980s, unfavorable Federal tax law changes regarding MF housing spurred a huge rush to procure MF permits to “grandfather” new projects in under the old rules. The city experienced a surge in permit activity and the result was the highest capture rate for the city at any time over the last 50 years. From the 1990s through projections for the 2020s, the city capture rate has ranged from 47% to 55% (the city currently represents about 54% of the county population).



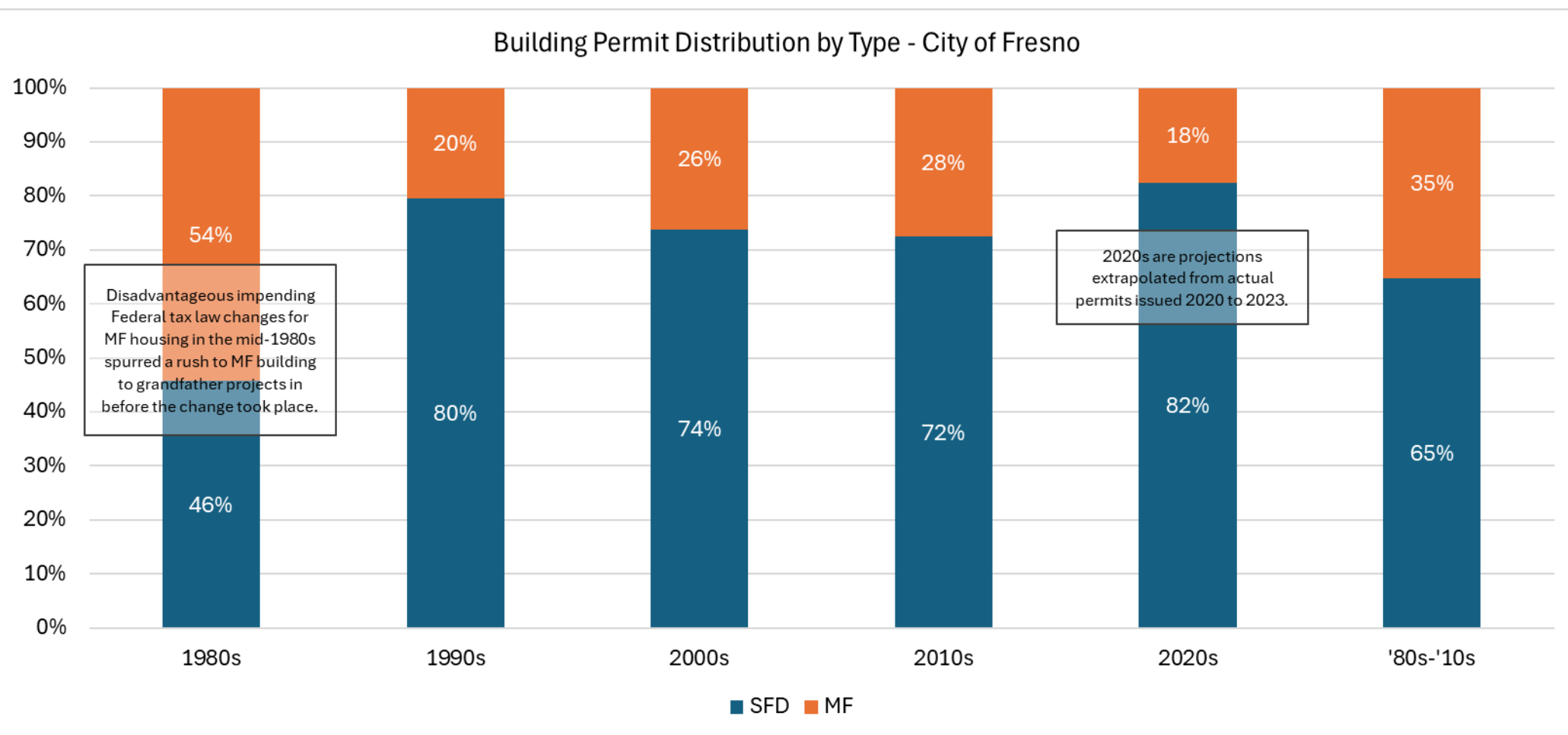
Building Permits by Type – Fresno County

The level of MF building permit activity in the 1980s was an anomaly driven by changes in Federal tax laws that spurred apartment developers to lock in entitlements prior to the change. In the decades since, MF permit activity has been in the 17% to 21% range, rising slightly each decade from the 1990s through the 2010s, before pulling back a bit in the 2020s (based on permits issued from 2020 through 2023). The vast majority of MF permits issued in the county are in the City of Fresno. As Fresno matures as a housing market, we expect that there will be rising demand for rental units in the future, and the share of MF permits will increase accordingly.



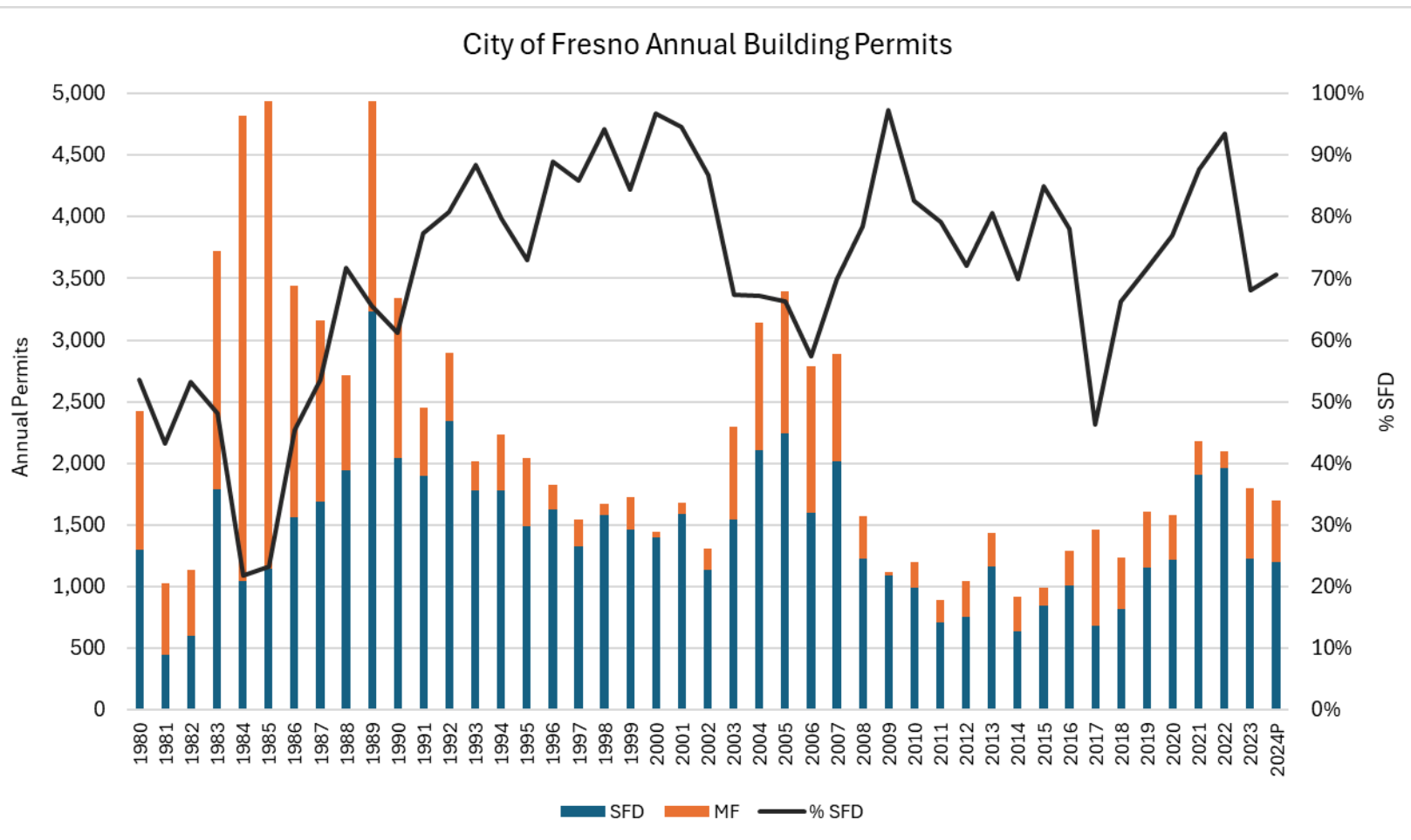
Building Permits by Type – City of Fresno

Although MF permit activity in the 1980s was driven by changes in Federal rental property tax laws, it is still somewhat surprising that over half of all permits issued in the decade were for MF units. From the 1990s through the 2010s, MF permits increased as a share of all permits from 20% to 28%. Less MF activity has taken place so far in the 2020s, but part of that has to do with MF development falling out of favor with investors and developers due to higher interest rates and rising cap rates, which makes MF new apartment development less attractive as an investment. Demographic trends and the current and future expected profile of Fresno residents indicate that more MF development will be needed than is currently being planned for.



Building Permits by Type – City of Fresno - Annual

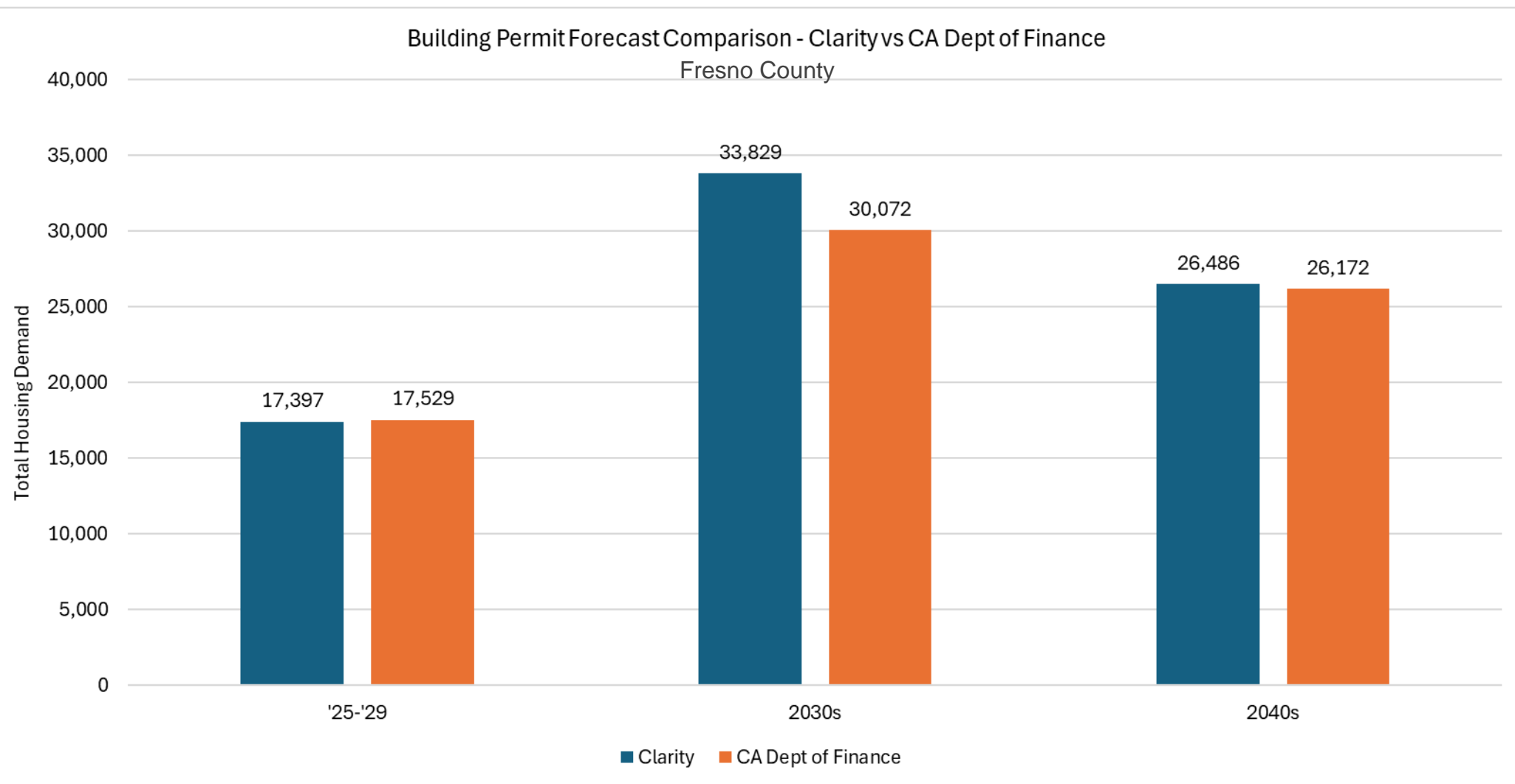
As is the case in most market areas, building permit activity in the City of Fresno ebbs and flows in conjunction with changing economic and housing market conditions. Since 1980, 97.1K building permits have been issued in the city, an average of almost 2.2K/year. However, the city has topped 2.0K permits only 2 times in the last 17 years. The mid/late 1980s were a period of excess in the MF market, while the mid-2000s likely were at unsustainably high levels. Given E/P ratios (see following page) the market has been under-built since 2010.



Year	SFD	MF	% SFD
1980	1,301	1,126	54%
1981	443	581	43%
1982	605	531	53%
1983	1,789	1,935	48%
1984	1,047	3,768	22%
1985	1,146	3,789	23%
1986	1,560	1,877	45%
1987	1,692	1,465	54%
1988	1,943	769	72%
1989	3,233	1,704	65%
1990	2,041	1,297	61%
1991	1,897	557	77%
1992	2,340	559	81%
1993	1,778	234	88%
1994	1,782	456	80%
1995	1,488	551	73%
1996	1,625	201	89%
1997	1,323	219	86%
1998	1,576	98	94%
1999	1,459	268	84%
2000	1,398	48	97%
2001	1,588	90	95%
2002	1,139	173	87%
2003	1,547	749	67%
2004	2,109	1,032	67%
2005	2,247	1,147	66%
2006	1,600	1,189	57%
2007	2,016	871	70%
2008	1,230	337	78%
2009	1,090	30	97%
2010	990	209	83%
2011	706	185	79%
2012	755	292	72%
2013	1,160	279	81%
2014	641	277	70%
2015	844	150	85%
2016	1,005	283	78%
2017	680	787	46%
2018	821	418	66%
2019	1,153	458	72%
2020	1,214	362	77%
2021	1,911	267	88%
2022	1,957	138	93%
2023	1,226	576	68%
2024P	1,200	500	71%
Total	64,295	32,832	66%
Average	1,429	730	66%
% Mix	66%	34%	66%

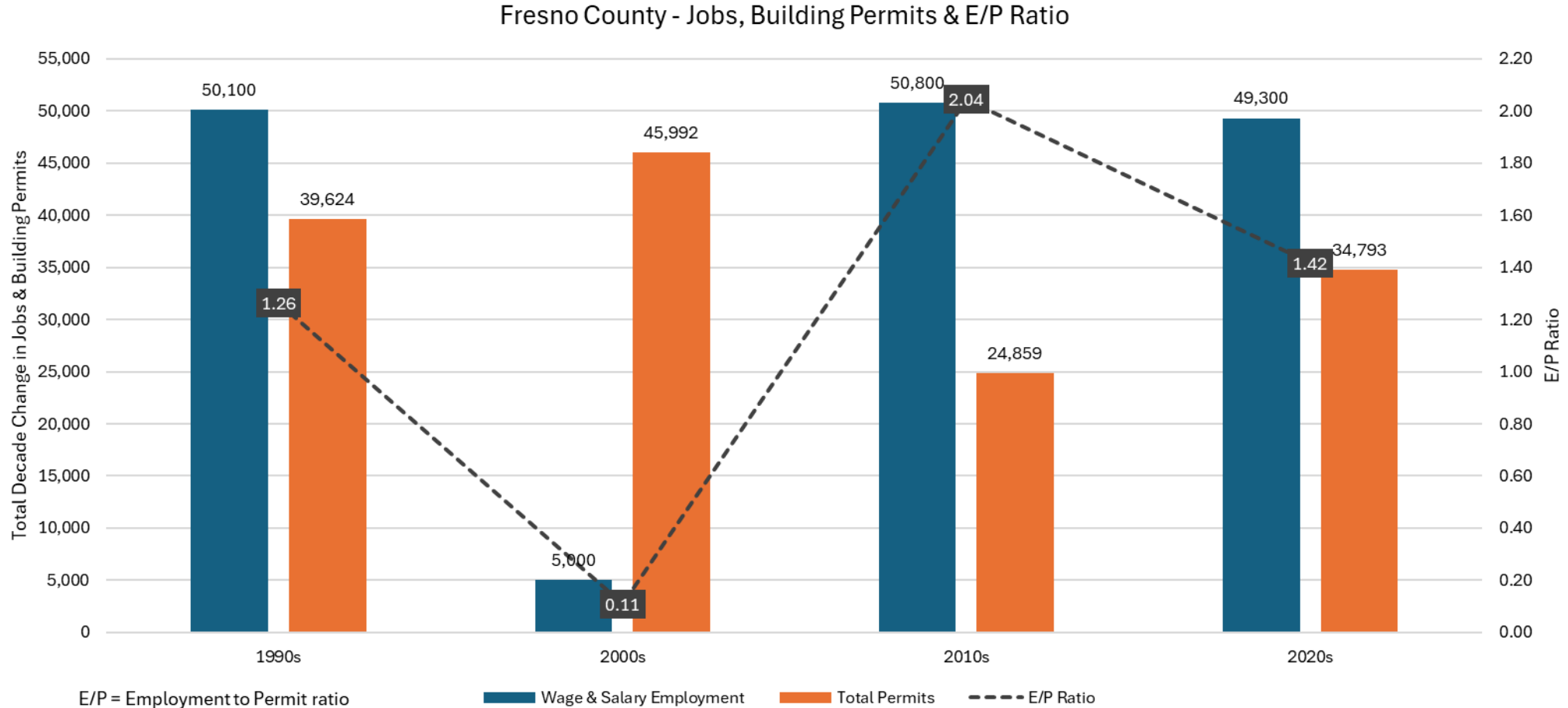
Building Permit Projections – Clarity vs CA DOF

Although the CA DOF is projecting substantially lower population growth than the population growth implied by Clarity's housing demand projections, our housing demand projections (building permits) are only 5% higher than the DOF forecast through 2049 (which is as far out in time that the DOF projects for housing). Our projections for Fresno County are for 77.7K housing units in the 25 years from 2025 through 2049, compared to 73.8K for the DOF.



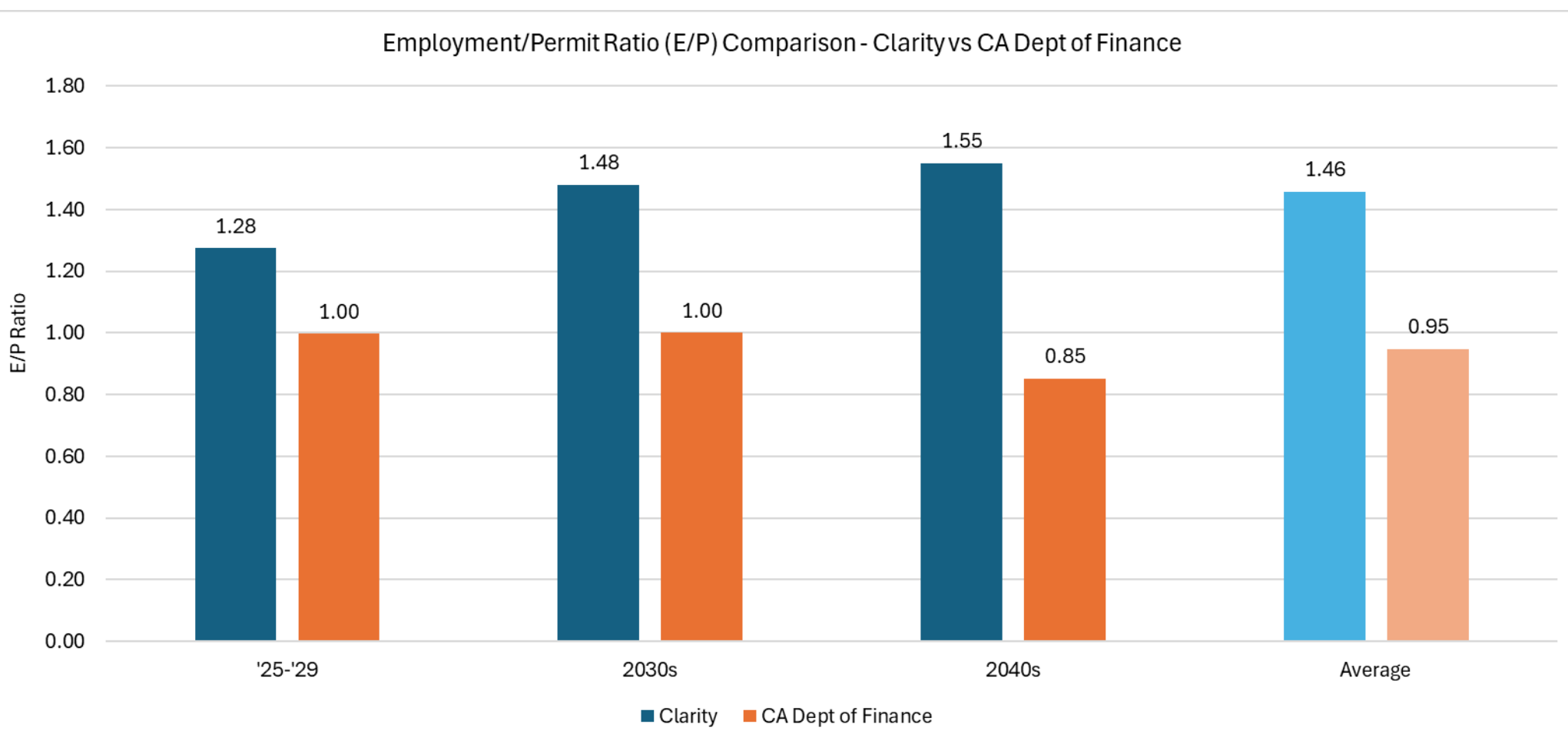
E/P Ratio – Fresno County

One of the best ways to determine housing supply and demand conditions, and to project the future demand for housing, is to look at the employment to permit ratio (E/P). Nationwide, the E/P ratio holds fairly consistently at 1.25 (every 1.25 new jobs creates the demand for 1.0 new housing units). Typically, a ratio above the average indicates an under-supplied market, while a ratio below the average reflects an over-supplied market. In the more expensive coastal counties in CA it takes more income to generate demand for a new housing unit, and the ratio is more typically +/-1.50. In the 1990s, Fresno County was almost exactly at the national ratio, representing a market in equilibrium. Builders built a lot of homes in the county in the 2000s, but the Great Recession wiped out a lot of jobs, bring the E/P ratio way down, resulting in pricing weakness. Relative to job growth, Fresno County was under-supplied in the 2010s, and is projected to be slightly under-supplied in the 2020s if building permits and jobs continue as projected.



E/P Ratio Projections – Fresno County

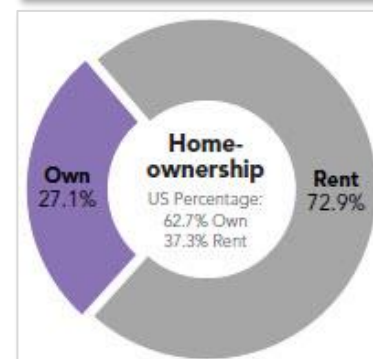
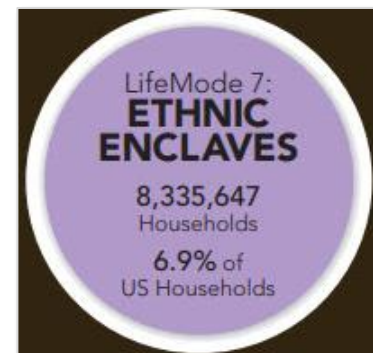
We are projecting that the E/P ratio in Fresno County will rise in the coming decades as the economy continues to expand but that homebuilding does not keep up with demand. Our projected average ratio of 1.46 over the next 25 years is higher than the average in Fresno County since 1980 (1.27), but well below the 2010s (2.04). So far in the 2020s, the ratio is 1.42, which is higher than what we are projecting for the remainder of the decade. The latest job and building permit projections from the CA DOF result in an E/P ratio of just 0.95 over the next 25 years. This is highly unlikely. That level of building would imply an over-supplied market and apartment developers and new home builders will pull back on construction under that type of supply vs demand imbalance.



TAPESTRY SEGMENTATION ANALYSIS

Summary of Tapestry Segmentation Analysis

- **Tapestry Segments:** Tapestry segments are profiles of households residing in a particular geographic area are intended as a way to identify and spotlight key common characteristics of the residents such as Lifemode (household size and composition), lifestyle, income levels, spending habits, and housing preference.
- **Predominant Fresno Segments:** The highest proportion of Segments represent families with young children living in the home, including single parents, two parent households, and multiple generations living under the same roof. The adults are working, often with dual-incomes.
- **Housing Tenure:** The top segments are roughly evenly split between owner and renter households, highlighting the difficulty many households have in being able to afford to buy a home (which is the preference). This indicates that in the future there will be relatively high demand for MF apartments and build-for-rent single family detached home neighborhoods (of which there are currently none that we know of in Fresno).
- **#1 Segment – Fresh Ambitions:** These are young family households, including many recent immigrants. Their focus is on work – primarily service sector jobs in skilled and unskilled positions – and family. Many households are multi-generational, which could indicate growing future demand for homes with ADUs. 73% are renters. This segment represents almost 12% of Fresno households compared to less than 1% nationwide.
- **#2 Segment – Up and Coming Families:** This is one of the fastest growing segments in the country. These are higher-income young families than Fresh Ambitions, with the desire and ability to purchase new homes in the suburbs. 74% are homeowners and the vast majority prefer single family detached homes. This segment represents about 8% of Fresno households and 3% of households nationally.



The highest proportion of Fresno residents are in the Ethnic Enclaves (7) Lifemode segment.

Tapestry Group Summary

The highest proportion of Fresno residents are in Lifemode #7, Urbanization #4.

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LIFEMODE SUMMARY GROUPS

- 1. Affluent Estates:** Established wealth—educated, well-travelled married couples
- 2. Upscale Avenues:** Prosperous, married couples in higher density neighborhoods
- 3. Uptown Individuals:** Younger, urban singles on the move
- 4. Family Landscapes:** Successful younger families in newer housing
- 5. GenXurban:** Gen X in middle age; families with fewer kids and a mortgage
- 6. Cozy Country Living:** Empty nesters in bucolic settings
- 7. Ethnic Enclaves:** Established diversity— young, Hispanic homeowners with families
- 8. Middle Ground:** Lifestyles of thirtysomethings
- 9. Senior Styles:** Senior lifestyles reveal the effects of saving for retirement
- 10. Rustic Outposts:** Country life with older families, older homes
- 11. Midtown Singles:** Millennials on the move; single, diverse, and urban
- 12. Hometown:** Growing up and staying close to home; single householders
- 13. Next Wave:** Urban denizens; young, diverse, hardworking families
- 14. Scholars and Patriots:** College campuses and military neighborhoods

URBANIZATION SUMMARY GROUPS

- 1. Principal Urban Centers:**
Young, mobile, diverse in metros of 2.5 + million people
- 2. Urban Periphery:**
City life for starting families with single-family homes
- 3. Metro Cities:**
Affordable city life, including smaller metros, satellite cities
- 4. Suburban Periphery:**
Affluence in the suburbs, married couple-families, longer commutes
- 5. Semirurals:**
Small town living, families with affordable homes
- 6. Rural:**
Country living with older families, low density, and low diversity

Top 20 Tapestry Segments – City of Fresno

Rank	Tapestry Segment	City of Fresno % of Households		US % of HHs	Fresno Index vs US
		Actual	Cumulative		
1	Fresh Ambitions (13D)	11.6%	11.6%	0.7%	1,772
2	Up and Coming Families (7A)	8.3%	19.8%	2.8%	290
3	Front Porches (8E)	7.3%	27.2%	1.6%	464
4	Urban Edge Families (7C)	6.5%	33.7%	1.5%	432
5	Workday Drive (4A)	6.2%	39.9%	3.1%	201
Subtotal		39.9%	39.9%	9.7%	762
6	Farm to Table (7E)	4.6%	44.5%	0.2%	1,944
7	Metro Fusion (11C)	4.6%	49.1%	1.4%	316
8	Forging Opportunity (7D)	4.1%	53.2%	1.0%	396
9	In Style (5B)	3.8%	57.0%	2.2%	170
10	Boomburbs (1C)	3.7%	60.7%	1.9%	190
Subtotal		20.8%	60.7%	6.7%	643
11	Young and Restless (11B)	3.7%	64.4%	1.8%	207
12	Exurbanites (1E)	3.6%	68.0%	1.9%	185
13	Bright Young Professionals (8C)	2.6%	70.6%	2.3%	114
14	NeWest Residents (13C)	2.3%	72.8%	0.8%	285
15	Comfortable Empty Nesters (5A)	1.9%	74.8%	2.4%	80
Subtotal		14.1%	74.8%	9.2%	180
16	College Towns (14B)	1.8%	76.6%	0.9%	193
17	Set to Impress (11D)	1.7%	78.3%	1.4%	122
18	Home Improvement (4B)	1.6%	79.8%	1.7%	94
19	Midlife Constants (5E)	1.5%	81.4%	2.4%	64
20	Social Security Set (9F)	1.5%	82.9%	0.8%	182
Subtotal		8.1%	82.9%	7.2%	133
Total		82.9%	82.9%	32.8%	251

The top 5 Tapestry Segments in the City of Fresno are predominately families with young children, including a mix of households with single parents, two parents, and multiple generations living under the same roof. They live on the periphery of the city, and many drive to work. The top 5 segments are relatively equally split between renter and owner households, although a high proportion of the renters live in townhomes or single family detached homes, not multi-family properties.



Top 20 Tapestry Segments – Lifemode & Geography

Rank	Tapestry Segment		Fresno	US	Fresno Index
	#	Lifemode	%	%	vs. US
1	7	Ethnic Enclaves	23.5%	5.5%	427
2	13	Next Wave	13.9%	1.5%	927
3	11	Midtown Singles	10.0%	4.6%	217
4	8	Middle Ground	9.9%	3.9%	254
5	4	Family Landscapes	7.8%	4.8%	163
6	1	Affluent Estates	7.3%	3.8%	192
7	5	Gen X Urban	7.2%	7.0%	103
8	14	Scholars & Patriots	1.8%	0.9%	200
9	9	Senior Styles	1.5%	0.8%	188
Total	--		82.9%	32.8%	251

Lifemode

Almost 4 out of every 10 residents in Fresno fall into one of the top 2 Tapestry Segments – Ethnic Enclaves and Next Wave. ESRI describes Ethnic Enclaves as “Established diversity – young Hispanic homeowners with families,” and Next Wave as “Urban denizens, young, diverse, hardworking families.”



Geography

Over half of all residents in Fresno fall into one of the top 2 Urbanization Segments – Suburban Periphery and Metro Cities. ESRI describes Suburban Periphery as “Affluence in the suburbs, married couple families, longer commutes,” and Metro Cities as “Affordable city life, including smaller metros, satellite cities.”

Rank	Urbanization Segment		Fresno
	#	Location	%
1	4	Suburban Periphery	32.5%
2	3	Metro Cities	23.4%
3	2	Urban Periphery	22.8%
4	1	Principal Urban Centers	15.1%
5	5	Semirural	5.8%
6	6	Rural	0.3%
Total	--		100%

#1 – Fresh Ambitions (13D)



LifeMode Group: Next Wave

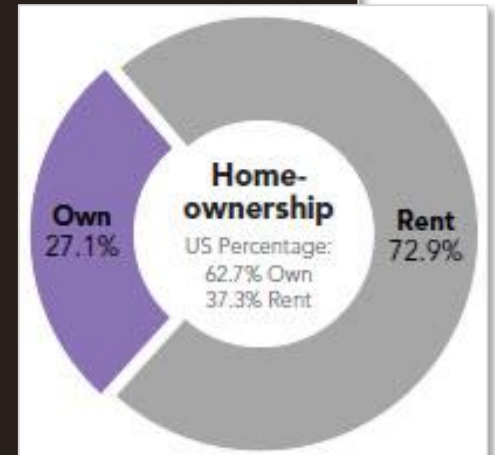
Fresh Ambitions

Households: 794,600

Average Household Size: 3.17

Median Age: 28.6

Median Household Income: \$26,700



WHO ARE WE?

These young families, many of whom are recent immigrants, focus their life and work around their children. *Fresh Ambitions* residents have overcome the language barrier and earned a high school diploma. They work overtime in service, in skilled and unskilled occupations, and spend what they have on their children. Multigenerational families support many families living together; income is often supplemented with public assistance and Social Security. Residents spend more than one-third of their income on rent in older row houses or multiunit buildings. They budget wisely not only to make ends meet but also to save for trips abroad to see their relatives.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Young families are the focus; *Fresh Ambitions* residents must budget for baby food and disposable diapers. Baby and parenthood magazines are their chosen reading material.
- These young, newly established residents own cell phones, not landlines.
- Almost half of all households can access the internet via home PC; Spanish-language web sites and downloading video games and music are popular.
- Nearly half of all households subscribe to a cable service; Spanish TV networks, BET, and children's shows are popular.
- Half of all residents have owned or used a credit or debit card within the past year. Nearly a third maintain a savings account. When possible, money is often wired to family abroad.

OUR NEIGHBORHOOD

- Reside in mostly row houses or 2–4 unit buildings; many were built before 1950, located in major urban cities.
- Predominantly renters; average gross rent is a little below the US average.
- Most households have at least one vehicle, and commuters drive alone to work. Walking to work or taking public transportation is common too.
- Nearly half of the households have children of all ages and are composed of more single-parent than married-couple families. There are more than three persons per household; the proportion of multigenerational families is twice that of the US.

SOCIOECONOMIC TRAITS

- Nearly one in four is foreign-born.
- Supporting large families, many earners will take on overtime work when possible.
- One in three has earned a high school diploma.
- Price-conscious consumers that budget for fashion, not branding. However, parents are happy to spoil their brand-savvy children.
- When traveling, seek out discount fares over convenience.

11.6% of Fresno
0.7% of US

#2 – Up and Coming Families (7A)



LifeMode Group: Sprouting Explorers

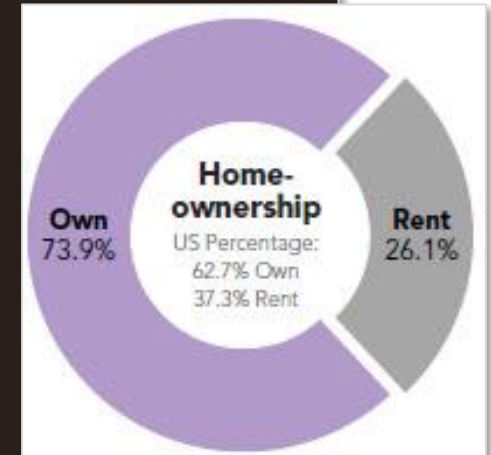
Up and Coming Families

Households: 2,901,200

Average Household Size: 3.12

Median Age: 31.4

Median Household Income: \$72,000



WHO ARE WE?

Up and Coming Families is a market in transition—residents are younger and more mobile than the previous generation. They are ambitious, working hard to get ahead, and willing to take some risks to achieve their goals. The recession has impacted their financial well-being, but they are optimistic. Their homes are new; their families are young. And this is one of the fastest-growing markets in the country.

OUR NEIGHBORHOOD

- New suburban periphery: new families in new housing subdivisions.
- Building began in the housing boom of the 2000s and continues in this fast-growing market.
- Single-family homes with a median value of \$194,400 and a lower vacancy rate.
- The price of affordable housing: longer commute times (Index 217).

SOCIOECONOMIC TRAITS

- Education: 67% have some college education or degree(s).
- Hardworking labor force with a participation rate of 71% (Index 114).
- Most households (61%) have two or more workers.
- Careful shoppers, aware of prices, willing to shop around for the best deals and open to influence by others' opinions.
- Seek the latest and best in technology.
- Young families still feathering the nest and establishing their style.

MARKET PROFILE

(Consumer preferences are estimated from data by MRI-Simmons.)

- Rely on the internet for entertainment, information, shopping, and banking.
- Prefer imported SUVs or compact cars, late models.
- Carry debt from credit card balances to student loans and mortgages but also maintain retirement plans and make charitable contributions.
- Busy with work and family; use home and landscaping services to save time.
- Find leisure in family activities, movies at home, trips to theme parks or the zoo, and sports, from golfing and weight lifting to taking a jog or run.

8.3% of Fresno
2.8% of US

#3 – Front Porches (8E)



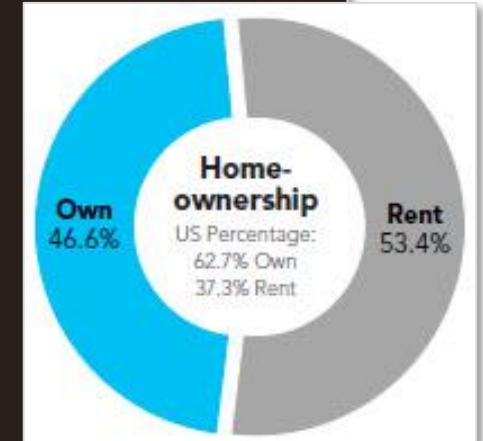
LifeMode Group: Middle Ground Front Porches

Households: 1,960,300

Average Household Size: 2.57

Median Age: 34.9

Median Household Income: \$43,700



WHO ARE WE?

Front Porches is a blend of household types, with more young families with children and more single households than average. More than half of householders are renters, and many of the homes are older townhomes or duplexes. Friends and family are central to Front Porches residents and help to influence household buying decisions. Households tend to own just one vehicle, but it is used only when needed.

OUR NEIGHBORHOOD

- Nearly one in five homes is a duplex, triplex, or quad; half are older single-family dwellings.
- Just over half the homes are occupied by renters.
- Older, established neighborhoods; three quarters of all homes were built before 1980.
- Single-parent families or singles living alone make up almost half of the households.

SOCIOECONOMIC TRAITS

- Composed of a blue-collar workforce with a strong labor force participation rate.
- Price is more important than brand names or style to these consumers.
- With limited incomes, these are not adventurous shoppers.
- They would rather cook a meal at home than dine out.
- They seek adventure and strive to have fun.

MARKET PROFILE

(Consumer preferences are estimated from data by MRI-Simmons.)

- Go online for gaming, watching movies, employment searches, and posting pics on social media.
- Prefer cell phones over landlines, and use their mobile devices for entertainment such as streaming movies and music.
- Drink energy and sports drinks.
- Participate in leisure activities including sports, playing board games and video games.
- Watch Comedy Central, Nickelodeon, and PBS Kids Sprout.

7.3% of Fresno
1.6% of US

#4 – Urban Edge Families (7C)



LifeMode Group: Sprouting Explorers

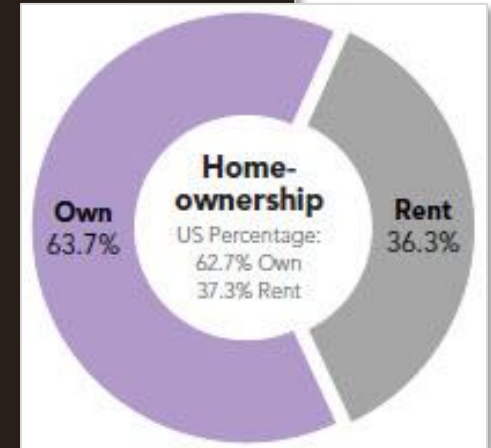
Urban Edge Families

Households: 1,824,900

Average Household Size: 3.19

Median Age: 32.5

Median Household Income: \$50,900



WHO ARE WE?

Located throughout the South and West, most *Urban Edge Families* residents own their own homes, primarily single-family housing—out of the city, where housing is more affordable. Median household income is slightly below average (Index 91). The majority of households include younger married-couple families with children and, frequently, grandparents. Many residents are foreign born. Spending is focused more on the members of the household than the home. Entertainment includes multiple televisions, movie rentals, and video games at home or visits to theme parks and zoos. This market is connected and adept at accessing what they want from the internet.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- When dining out, these residents favor fast-food dining places such as Taco Bell or Little Caesar's, as well as family-friendly restaurants like Olive Garden, Denny's, or IHOP.
- Cell phones are preferred over landlines.
- Favorite channels include Animal Planet, MTV, Freeform, Bravo, and Nick Jr., as well as programming on Spanish TV.
- Residents listen to urban or Hispanic radio.
- During the summer, family outings to theme parks are especially popular.

OUR NEIGHBORHOOD

- *Urban Edge Families* residents are family-centric. Most are married couples with children of all ages or single parents; multi-generational homes are common (Index 201).
- Average household size is higher at 3.19 (Index 123).
- Residents tend to live farther out from urban centers—more affordable single-family homes and more elbow room.
- Tenure is slightly above average with 64% owner occupancy; primarily single-family homes with more mortgages (Index 114) and slightly higher monthly costs (Index 115).
- Three quarters of all housing were built 1970 or later.
- Many neighborhoods are located in the urban periphery of the largest metropolitan areas across the South and West.
- Most households have one or two vehicles available and a longer commute to work.

SOCIOECONOMIC TRAITS

- Nearly 17% have earned a college degree, and 63% hold a high school diploma only or have spent some time at a college or university.
- Labor force participation is higher at 66%.
- Most *Urban Edge Families* residents derive income from wages or salaries.
- They tend to spend money carefully and focus more on necessities.
- They are captivated by new technology, particularly feature-rich smartphones.
- Connected: They use the internet primarily for socializing but also for convenience, like paying bills online.

6.5% of Fresno
1.5% of US

#5 – Workday Drive (4A)



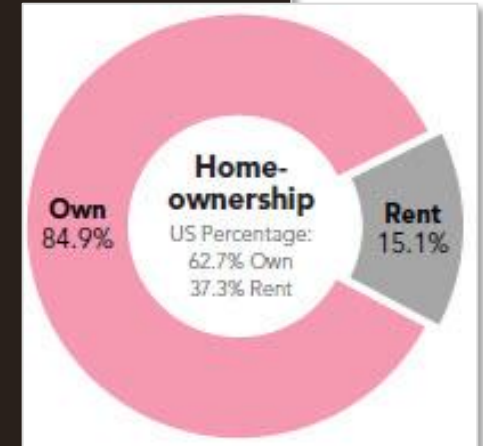
LifeMode Group: Family Landscapes Workday Drive

Households: 3,541,300

Average Household Size: 2.97

Median Age: 37.0

Median Household Income: \$90,500



WHO ARE WE?

Workday Drive is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

OUR NEIGHBORHOOD

- *Workday Drive* residents prefer the suburban periphery of metropolitan areas.
- Predominantly single family, homes are in newer neighborhoods, 34% built in the 1990s (Index 236), 31% built since 2000.
- Owner-occupied homes have high rate of mortgages at 68% (Index 164) and low rate vacancy at 4%.
- Median home value is \$257,400.
- Most households are married couples with children; average household size is 2.97.
- Most households have two or three vehicles; long travel time to work including a disproportionate number commuting from a different county (Index 132).

SOCIOECONOMIC TRAITS

- Education: 40.5% college graduates; more than 72% with some college education.
- High labor force participation rate at 71%; two out of three households include two plus workers (Index 124).
- Connected, with a host of wireless devices—anything that enables convenience, like banking, paying bills, or even shopping online.
- Well insured and invested in a range of funds, from savings accounts or bonds to stocks.
- Carry a higher level of debt, including first (Index 149) and second mortgages (Index 154) and auto loans (Index 149).

MARKET PROFILE

(Consumer preferences are estimated from data by MRI-Simmons.)

- Most households own at least two vehicles; the most popular types are minivans and SUVs.
- Family-oriented purchases and activities dominate, like four plus televisions (Index 154), movie purchases or rentals, children's apparel and toys, and visits to theme parks or zoos.
- Outdoor activities and sports are characteristic of life in the suburban periphery. They attend sporting events, as well as participate in them like bicycling, jogging, golfing, and boating.
- Home maintenance services are frequently contracted, but these families also like their gardens and own the tools for minor upkeep, like lawn mowers, trimmers, and blowers.

6.2% of Fresno
3.1% of US

#6 – Farm to Table (7E)



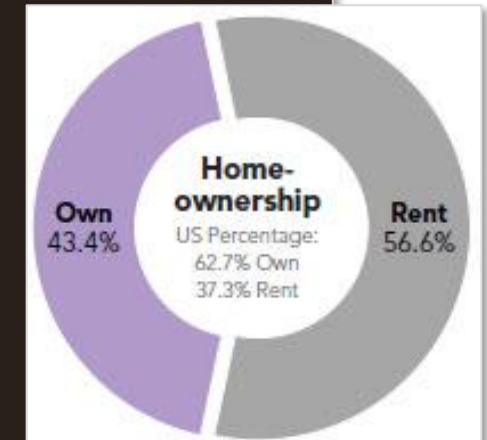
LifeMode Group: Sprouting Explorers Farm to Table

Households: 299,600

Average Household Size: 3.98

Median Age: 27.4

Median Household Income: \$35,300



WHO ARE WE?

Farm to Table is a small, but distinctive market, located almost entirely in the West (primarily in California and Washington). These neighborhoods are home to young families with children and, frequently, multiple generations living in single-family homes. A third of these residents are foreign born; 32% of households are linguistically isolated. This market is all about spending time with family and taking care of family and home. More homes are rented than owned, located in semirural areas where agriculture dominates. Household income is lower than the US, supplemented by self-employment, home-grown products, and some public assistance.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Commonly own a truck or subcompact car, serviced by a household member.
- Many pay bills in person and prepare their own taxes.
- Work on home improvement projects, such as painting the house.
- Key expenditures include groceries and children's products.
- Favor shopping at Costco, Home Depot, Old Navy, Sears, Walmart, Dollar Tree, and Target.
- Minimal online usage.
- Enjoy listening to the radio; going to movie theaters or watching at home; dancing; and playing pool, video games, and football.
- Watch programs on Spanish TV networks and Discovery Channel, and read parenting and automotive magazines.
- Listen to a variety of music, especially Spanish/Latin music.

OUR NEIGHBORHOOD

- Young families dominate this market, with a median age less than 28 and an average household size of 3.98 (Index 154). Average family size is also higher, at 4.26 (Index 134) with a number of multigenerational households (Index 266).
- Dominant household types: 38% are married-couple families with children (Index 173) and 21% are single-parent families (Index 181).
- Most households (about 57%) rent their homes.
- Homes are primarily single-family homes (60%), with a large share of mobile homes (more than twice the US) and multiunit (2-4 units) dwellings (Index 146).
- Nearly three-fifths of homes were built before 1980.

SOCIOECONOMIC TRAITS

- 24% have a high school diploma and almost half of high school graduates have also completed some college or a degree.
- 30% of households have members who speak only Spanish (Index 595).
- Primarily skilled workforce, in agriculture.
- Income comes primarily from wages with assistance from Supplemental Security Income (Index 157) and public assistance income (Index 327).
- They are cost-conscious consumers, willing to shop around to obtain the best price.
- Spending time with family is a top priority.
- They use TV more than any other media to stay informed.

4.6% of Fresno
0.2% of US

#7 – Metro Fusion (11C)



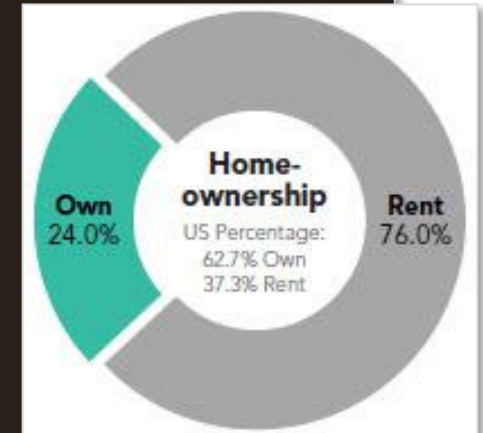
LifeMode Group: Midtown Singles **Metro Fusion**

Households: 1,753,500

Average Household Size: 2.65

Median Age: 29.3

Median Household Income: \$35,700



WHO ARE WE?

Metro Fusion is a young market. Many residents do not speak English fluently and have moved into their homes recently. They are highly mobile and over three quarters of households are occupied by renters. Many households have young children; a quarter are single-parent families. Most residents live in midsize apartment buildings. *Metro Fusion* is a hardworking market with residents that are dedicated to climbing the ladders of their professional and social lives.

OUR NEIGHBORHOOD

- Over 60% of the homes are multiunit structures located in the urban periphery.
- Three-quarters of residents are renters, and rents are about 13% less than the US average.
- Most housing units were built before 1990.
- Single-parent and single-person households make up over half of all households.

SOCIOECONOMIC TRAITS

- Younger residents are highly connected, while older residents do not have much use for the latest and greatest technology.
- They work hard to advance in their professions, including working weekends.
- They take pride in their appearance, consider their fashion trendy, and stick with the same few designer brands.
- They spend money readily on what's hot unless saving for something specific.
- Social status is very important; they look to impress with fashion and electronics.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Enjoy watching MTV, BET, Spanish TV networks, and truTV.
- Listen to R&B, rap, Latin, and urban music.
- Football and weight lifting are popular activities.
- Shop at discount grocery stores, Family Dollar, and Walmart.
- Often eat frozen dinners, but when dining out prefer McDonald's, Taco Bell, Burger King, and Pizza Hut.

4.6% of Fresno
1.4% of US

#8 – Forging Opportunity (7D)



LifeMode Group: Sprouting Explorers

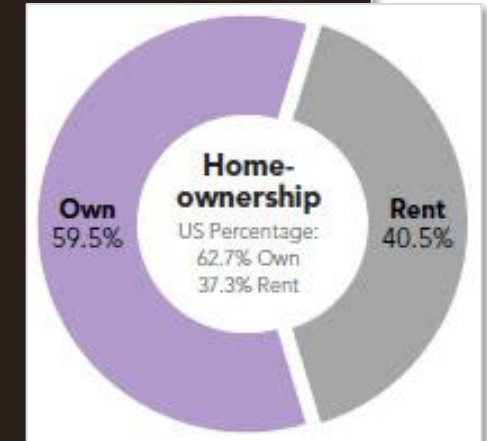
Forging Opportunity

Households: 1,289,900

Average Household Size: 3.62

Median Age: 28.9

Median Household Income: \$38,000



WHO ARE WE?

Family is central within these communities, bringing rich traditions to these neighborhoods in the urban outskirts. Dominating this market are younger families with children or single-parent households with multiple generations living under the same roof. These households balance their budgets carefully but also indulge in the latest trends and purchase with an eye to brands. Most workers are employed in skilled positions across the manufacturing, construction, or retail trade sectors.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Residents shop at discount and department stores like Walmart, Dollar General/Family Dollar, and JC Penney for baby and children's products.
- Many households subscribe to satellite television to watch their favorite programs.
- Magazines are extremely popular sources of news and the latest trends, including women's fashion, bridal, and parenthood types of magazines.

OUR NEIGHBORHOOD

- Family market; over a third of all households are married couples with children, with a number of multigenerational households and single-parent families; household size is higher at 3.62.
- While most residents live in single-family homes, almost 10% of householders reside in mobile home parks.
- Homes are owner occupied, with slightly higher monthly costs (Index 103) but fewer mortgages (Index 83).
- Most are older homes, nearly 60% built from 1950 to 1989.
- Most households have one or two vehicles; many commuters carpool or walk to work (Index 145).
- *Forging Opportunity* residents live within the urban periphery of larger metropolitan areas across the South and West.

SOCIOECONOMIC TRAITS

- While a majority finished high school, over 40% have not (Index 321).
- Labor force participation is slightly lower at 61%.
- More than one in four households is below the poverty level (Index 183).
- Residents balance their budgets carefully by spending only on necessities and limiting activities like dining out.
- Many have no financial investments or retirement savings, but they have their homes.

4.1% of Fresno
1.0% of US

#9 – In Style (5B)



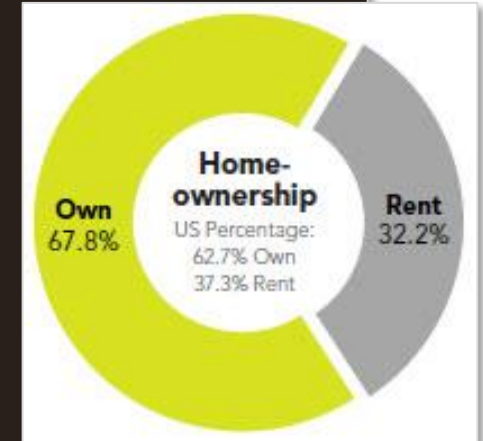
LifeMode Group: GenXurban In Style

Households: 2,764,500

Average Household Size: 2.35

Median Age: 42.0

Median Household Income: \$73,000



WHO ARE WE?

In Style denizens embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement.

MARKET PROFILE

(Consumer preferences are estimated from data by MRI-Simmons.)

- Partial to late model SUVs: compact SUVs are gaining popularity.
- Homes integral part of their style; invest in home remodeling/maintenance, DIY or contractors; housekeeping hired.
- Prefer organic foods, including growing their own vegetables.
- Financially active, own a variety of investments often managed by a financial planner.
- Meticulous planners, both well insured and well invested in retirement savings.
- Generous with support of various charities and causes.
- Actively support the arts, theater, concerts, and museums.

OUR NEIGHBORHOOD

- City dwellers of large metropolitan areas.
- Married couples, primarily with no children (Index 112) or single households (Index 109); average household size at 2.35.
- Homeownership average at 68% (Index 108); nearly half, 47%, mortgaged (Index 114).
- Primarily single-family homes, in older neighborhoods (built before 1980), with a mix of townhomes (Index 132) and smaller (5–19 units) apartment buildings (Index 110).
- Median home value at \$243,900.
- Vacant housing units at 8.6%.

SOCIOECONOMIC TRAITS

- College educated: 48% are graduates (Index 155); 77% with some college education.
- Higher labor force participation rate is at 67% (Index 108) with proportionately more two-worker households (Index 110).
- Median household income of \$73,000 reveals an affluent market with income supplemented by investments (Index 142) and a substantial net worth (Index 178).
- Connected and knowledgeable, they carry smartphones and use many of the features.
- Attentive to price, they use coupons, especially mobile coupons.

3.8% of Fresno
2.2% of US

#10 – Boomburbs (1C)



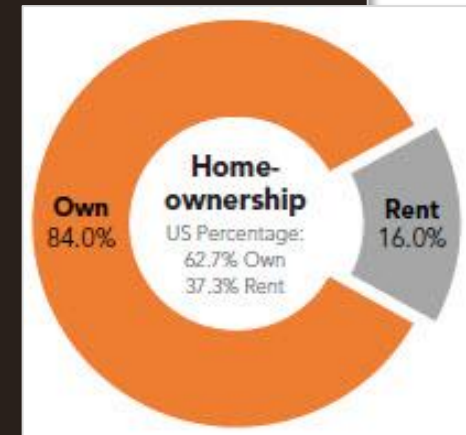
LifeMode Group: Affluent Estates Boomburbs

Households: 2,004,400

Average Household Size: 3.25

Median Age: 34.0

Median Household Income: \$113,400



WHO ARE WE?

This is the new growth market, with a profile similar to the original: young professionals with families that have opted to trade up to the newest housing in the suburbs. The original *Boomburbs* neighborhoods began growing in the 1990s and continued through the peak of the housing boom. Most of those neighborhoods are fully developed now. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes the *Boomburbs* neighborhoods, although the boom is more subdued now than it was 10 years ago. So is the housing market. Residents are well-educated professionals with a running start on prosperity.

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- *Boomburbs* residents prefer late model imports, primarily SUVs, and also luxury cars and minivans.
- This is one of the top markets for the latest in technology, from smartphones to tablets to internet connectable televisions.
- Style matters in the *Boomburbs*, from personal appearance to their homes. These consumers are still furnishing their new homes and already remodeling.
- Enjoy gardening but more often contract for home services.
- Physical fitness is a priority, including club memberships and home equipment.
- Leisure includes a range of activities from sports (hiking, bicycling, swimming, golf) to visits to theme parks or water parks.
- Residents are generous supporters of charitable organizations.

OUR NEIGHBORHOOD

- Growth markets are in the suburban periphery of large metropolitan areas.
- Young families are married with children (Index 220); average household size is 3.25.
- Homeownership is 84% (Index 134), with the highest rate of mortgages, 71.5% (Index 173).
- Primarily single-family homes in new neighborhoods, 66% built since 2000 (Index 441).
- Median home value is \$350,000 (Index 169).
- Lower housing vacancy rate at 3.7%.
- The cost of affordable new housing comes at the expense of one of the longest commutes to work, over 30 minutes average, including a disproportionate number (33.6%) commuting across county lines (Index 141).

SOCIOECONOMIC TRAITS

- Well-educated young professionals, 55% are college graduates (Index 178).
- High labor force participation at 71.3% (Index 114); most households have more than two workers (Index 124).
- Longer commute times from the suburban growth corridors have created more home workers (Index 156).
- Well connected, own the latest devices and understand how to use them efficiently; biggest complaints—too many devices and too many intrusions on personal time.
- Financial planning is well under way for these professionals.

3.7% of Fresno
1.9% of US

NEW FOR SALE HOME MARKET TRENDS

Summary of New Home Trends



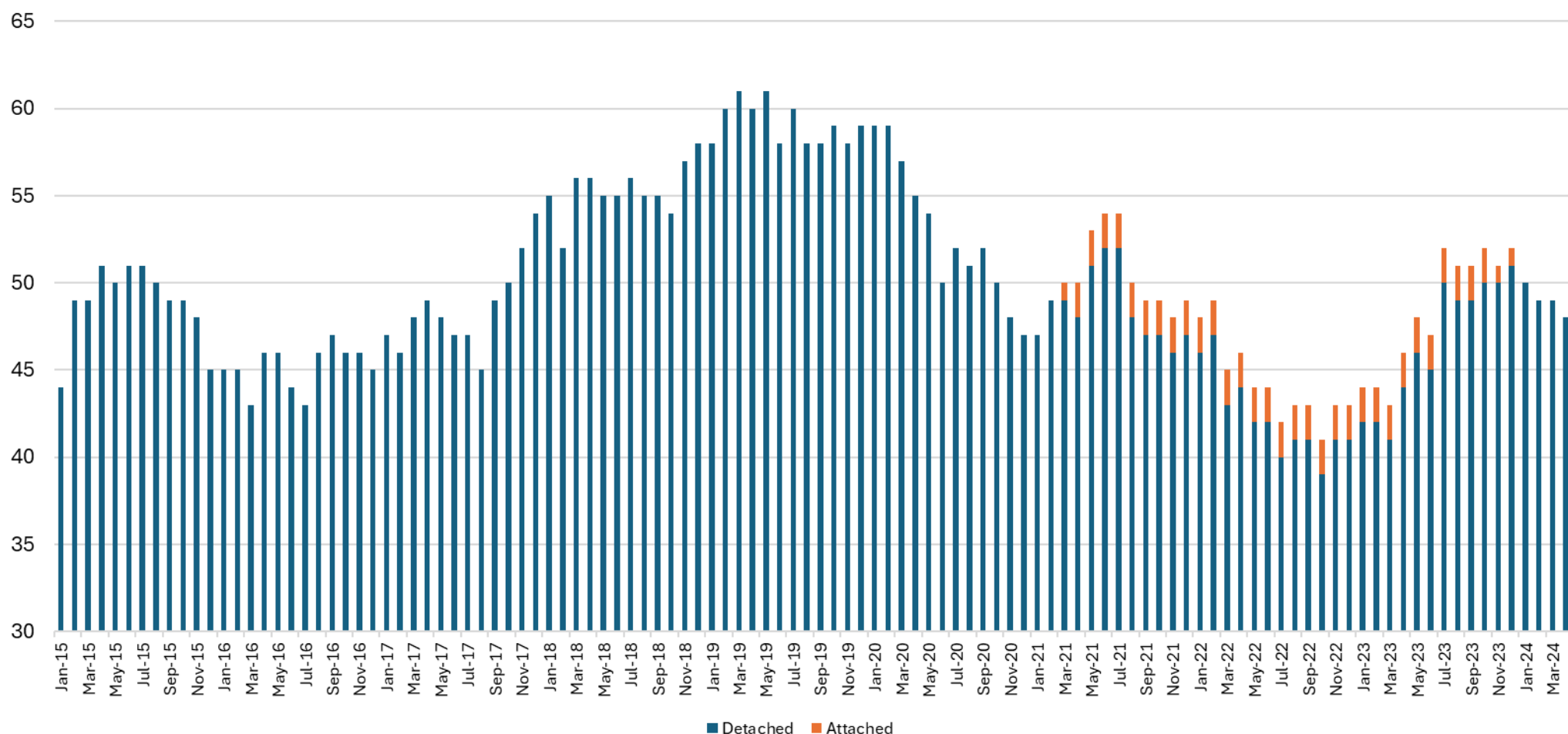
- **Overall Conditions:** Supply and demand conditions indicate that the Fresno County new home market is currently under-supplied, with strong sales rates and low inventory levels contributing to rising home prices.
- **Active Projects:** There have been 50 active SFD projects in the County over the last year, down 18% from the peak in 2019 (61). The market could support more new home projects than are currently being offered or that were offered at the peak.
- **Annual Sales:** Since 2015, Fresno County has averaged 1,665 new SFD sales/year, ranging to as high as 1,980 (2021). Only 2 attached projects have been built during that time, both of which achieved brisk sales, indicating that there is demand for more higher-density attainably priced attached housing in the region.
- **Homebuilders:** Although there are quite a few homebuilders offering new homes in the County, just two builders – Lennar and Bonadelle – represent 60% of all sales YTD in 2024. The presence of publicly-traded homebuilders including Lennar, KB Home, Century Communities and DR Horton, indicates confidence in Fresno as a long-term viable market opportunity.
- **Best Selling Projects:** Accurately matching local income levels with product, 8 of the top 10 current best-selling new home projects in Fresno County have home prices under \$500K, and the other two are in the \$500K to \$599K range. All of the best-selling projects are in the City of Fresno or nearby Clovis.
- **Months of Supply:** A 3-month supply of homes is typically considered to be equilibrium in the new home market. Since the beginning of 2022, Fresno County has always had less than a 3-month supply of homes, indicating an under-supplied market with room for more new projects to come online.
- **Home Prices:** Reflecting weak market conditions, the median new SFD home price in Fresno County dropped following the Great Recession in the mid-2000s down to a low of \$220,900 in 2011. Since then, prices more than doubled to \$479,700 in 2022, but have pulled back slightly due to higher interest rates. The median SFD new home price over the 12 months ending March 2024 was \$465,800.

Active New Home Projects – Fresno County



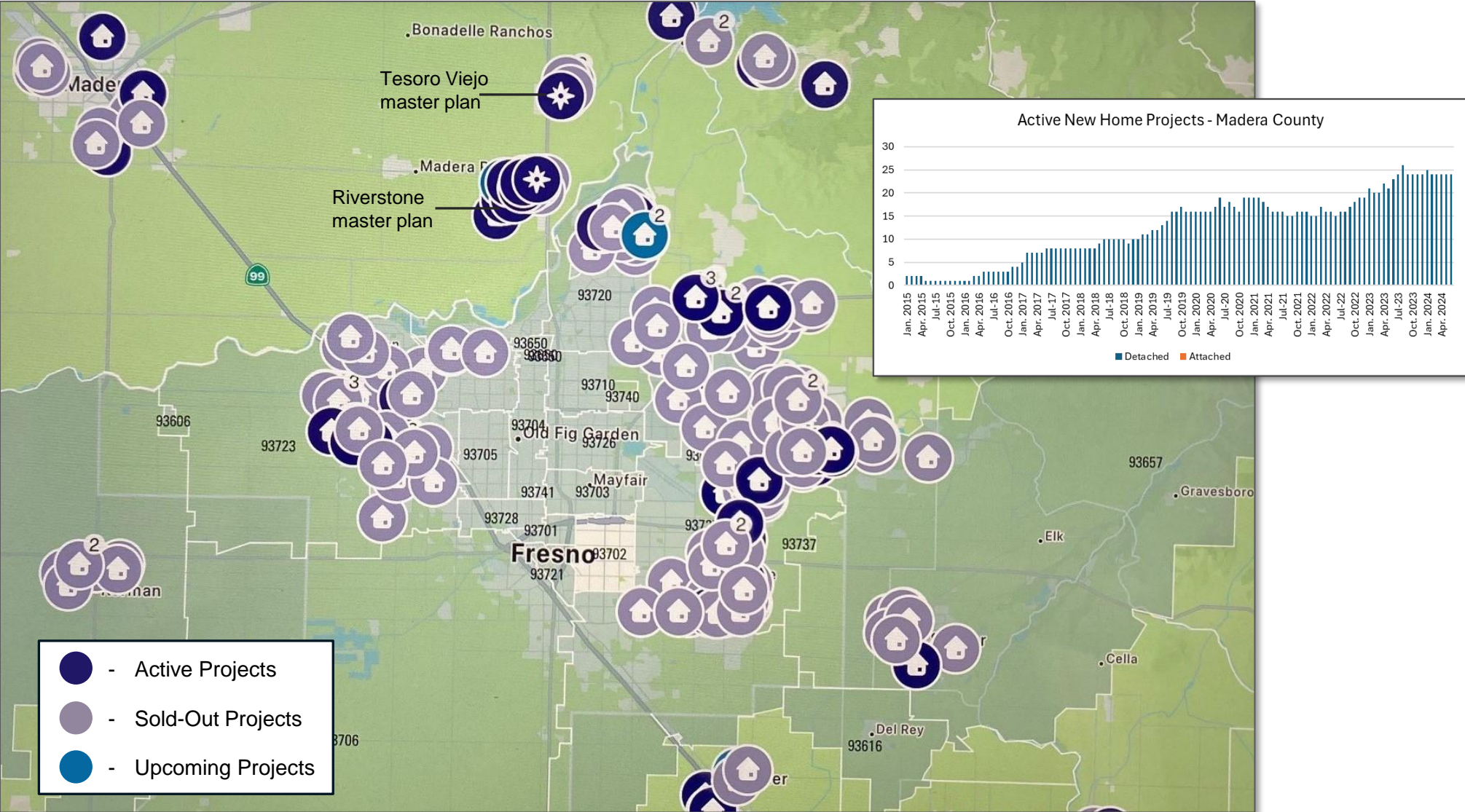
The number of actively selling new home projects in a market typically ebbs and flows with market demand conditions. However, other factors can influence the number of projects such as new builders entering a market, or builders leaving, changes in entitlement processing regulations, and just simply the availability of land and infrastructure. Since 2015, Fresno County has had an average of 50 actively selling SFD projects, ranging from 39 to 61. There have only been 2 attached projects built since 2015. Both of those projects sold extremely well, indicating that the Fresno market is ready for more attached projects. There have been an average of 50 projects over the last year in Fresno County, with 23 in the City of Fresno.

Active New Home Projects - Fresno County



Active & Sold-Out New Home Subdivisions

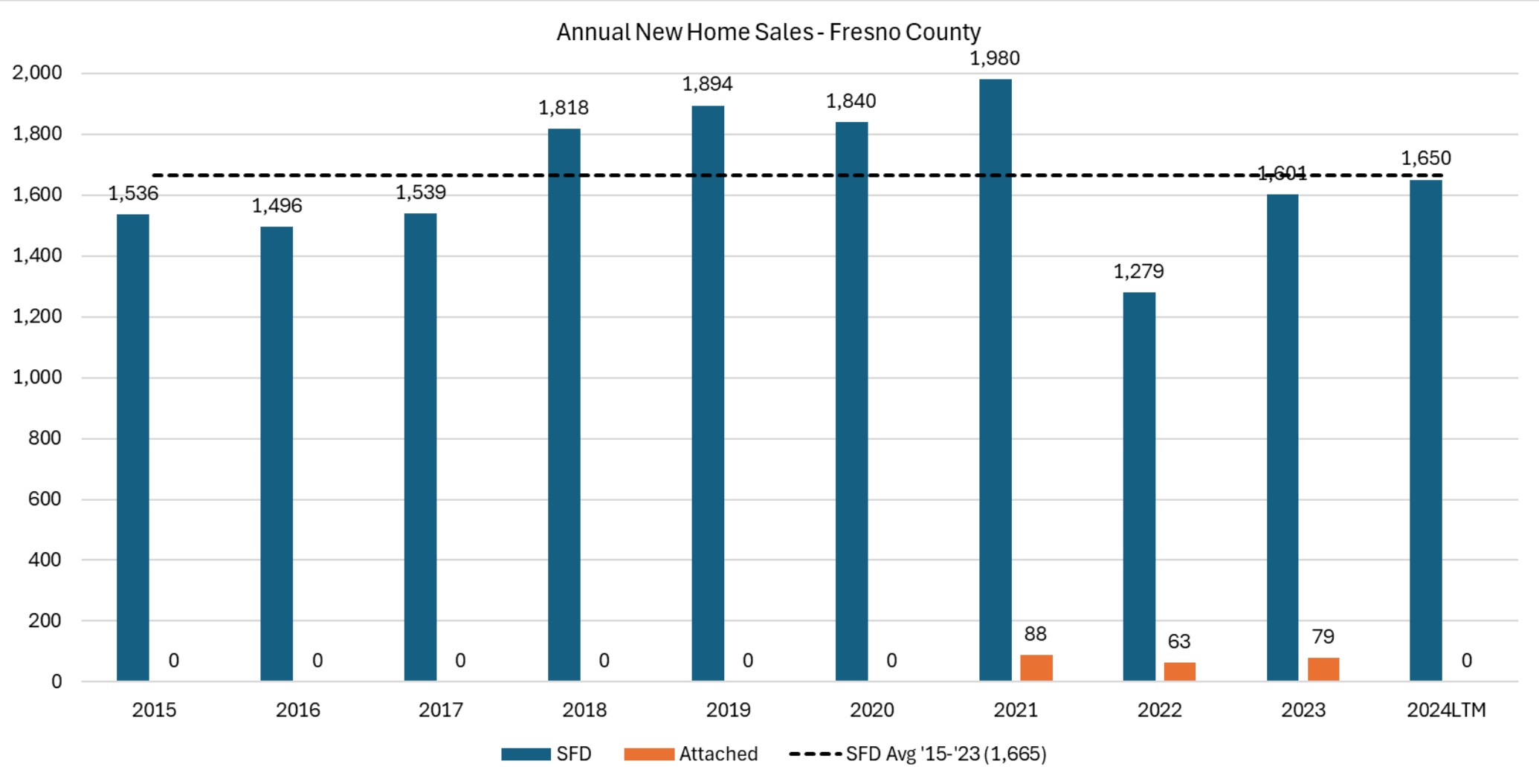
The map below shows the location of new for-sale home projects built in Fresno and Madera Counties since 2015, including active, sold-out and known upcoming neighborhoods. Builders will go where the land and infrastructure is – in this case – mostly on the outer perimeter of the City of Fresno, Clovis, and Madera County. While Fresno County project counts are below recent peaks (see prior page), Madera County is at an all-time high. The location of future projects likely will follow similar patterns (outer suburbs).



New Home Sales – Fresno County



From 2015 through 2023, total new SFD home sales in Fresno County have ranged from 1,279 to 1,980, averaging 1,665/year. SFD homes represented 98% of all home sales during that time, as there were just 2 attached projects built during that time span. With much lower prices than similar size SFD homes, the 2 attached projects sold quite well, indicating that there is a market for more attainably priced homes than are typically available in the SFD market.



Builder Sales Rankings - YTD 2024 - Fresno County

The table below shows the top 15 homebuilders in Fresno County based on YTD sales. Publicly-traded homebuilder Lennar is by far the top builder based on sales, followed by private builder Bonadelle. Combined, the top 2 builders represent 60% of all sales in the county. Other large national or regional builders include KB Home, Woodside Homes and Century Communities. The presence of a relatively large number of publicly-traded homebuilders represents a confidence level in the market, as most major builders will not enter a market unless they think it has long-term potential for sustained building and profitable sales.

Top 15 Active Builders

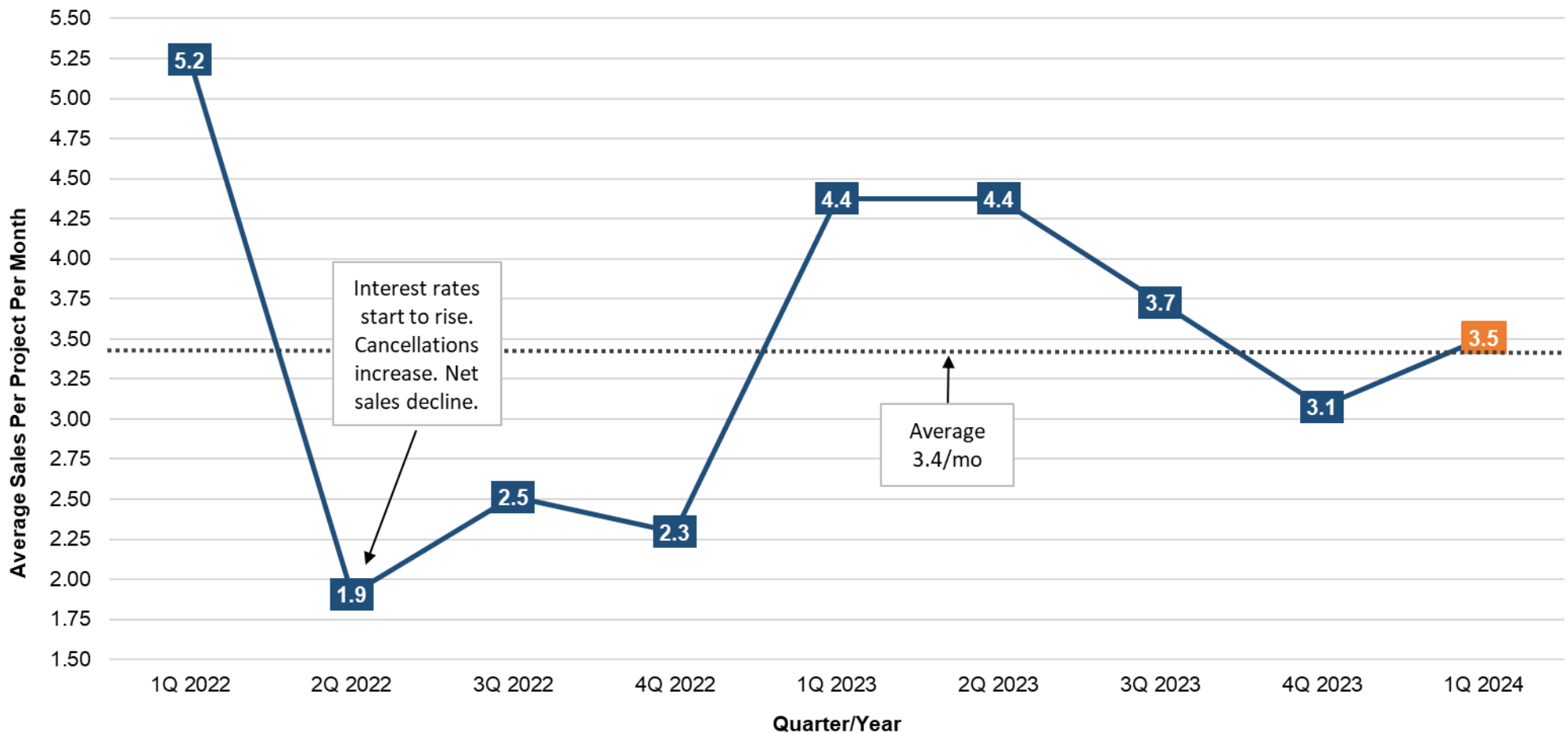
#	BUILDER	# OF PROJECTS	AVG. PRICE	# OF YTD SALES	MARKET SHARE ↓	AVG.SALES RATE	REMAINING UNITS
Totals & Averages		48	\$574,968	373	101%	3.23	2,792
1	Lennar	16	\$499,839	163	43.7%	4.18	1,013
2	Bonadelle Neighborhoods	3	\$509,750	62	16.6%	5.08	68
3	KB Home	5	\$470,549	51	13.7%	3.65	358
4	Woodside Homes	7	\$716,535	22	5.9%	1.27	356
5	Century Communities, Inc.	2	\$453,504	18	4.8%	6.06	218
6	San Joaquin Valley Homes	1	\$430,733	15	4.0%	3.62	36
7	K. Hovnanian Homes	1	\$511,570	10	2.7%	3.26	91
8	Granville Homes	8	\$816,640	8	2.1%	2.02	282
9	Wilson Homes	2	\$409,636	8	2.1%	4.39	249
10	Gary McDonald Homes	1	\$1,188,917	8	2.1%	1.20	24
11	D.R. Horton, Inc.	1	\$447,740	5	1.3%	3.34	96
12	Trumark Homes	1	\$444,204	3	0.8%	0.67	1

New Home Sales Rate – Fresno County



For a variety of reasons – the time it takes to build a home, the time it takes to get buyer financing approved, buyer selections of options and upgrades – most new home builders target a pace of 3 to 4/sales/project/month. Sales under 3/mo typically indicate market weakness, while sales over 4/mo often indicate a strong market with upward pricing potential. Since 2022, new home projects in Fresno County have averaged 3.4/mo, right in the target range, but have ranged from a low of 1.9/mo when interest rates first started to rise in 2Q 2022, to 5.2/mo at the beginning of 2022 before interest rates went up.

Fresno County - Average New Home Sales Per Project Per Month



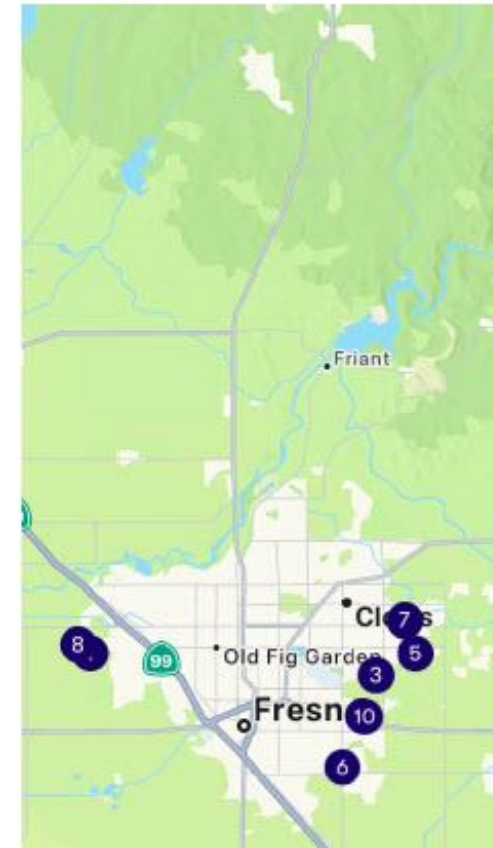
Sources: Ryness & Clarity Real Estate Advisors

Top 10 Active Projects – Fresno County

The table below highlights the top 10 actively selling new home projects by sales pace in Fresno County as of early-April 2024. The top 10 list includes three publicly-traded builders – Lennar, Century and KB, and one private Central Valley builder – Bonadelle. Reflecting home prices affordable to local residents, 8 of the top 10 projects have an average home price under \$500,000, and the other two are in the \$500,000 to \$599,999 range. Builders build where the land is – all ten projects are on the outskirts of the City of Fresno, including projects on both the east and west sides of town, and in nearby Clovis.

Top Active Projects

#	PROJECT NAME	BUILDER	CITY	TYPE	AVG. PRICE	AVG. UNIT SIZE	AVG. \$ /SF	SALES RATE ↓
Averages					\$484,457	2,281	\$221	6.2
1	Trellises	Century Communi...	Fresno	Detached	\$479,990	2,290	\$210	8.6
2	Kintsu Square/Orc...	Lennar	Fresno	Detached	\$469,800	2,286	\$214	7.3
3	Juniper Hills/Orch...	Lennar	Fresno	Detached	\$486,167	2,286	\$223	6.8
4	Wisteria Creek	Bonadelle Neighb...	Clovis	Detached	\$477,750	1,896	\$257	6.1
5	Corinthalyn/Surf	Lennar	Clovis	Detached	\$497,167	2,871	\$188	6.1
6	Heirloom/Orchard	Lennar	Fresno	Detached	\$466,633	2,286	\$214	5.9
7	Grove IV	Bonadelle Neighb...	Clovis	Detached	\$583,150	2,517	\$231	5.9
8	Kintsu Square/Ch...	Lennar	Fresno	Detached	\$518,000	2,590	\$209	5.3
9	Centrella Villas	KB Home	Fresno	Detached	\$424,833	1,870	\$229	5.2
10	Centrella Estates	KB Home	Fresno	Detached	\$441,084	1,919	\$235	5.2



New Home Floorplans by Size & Price

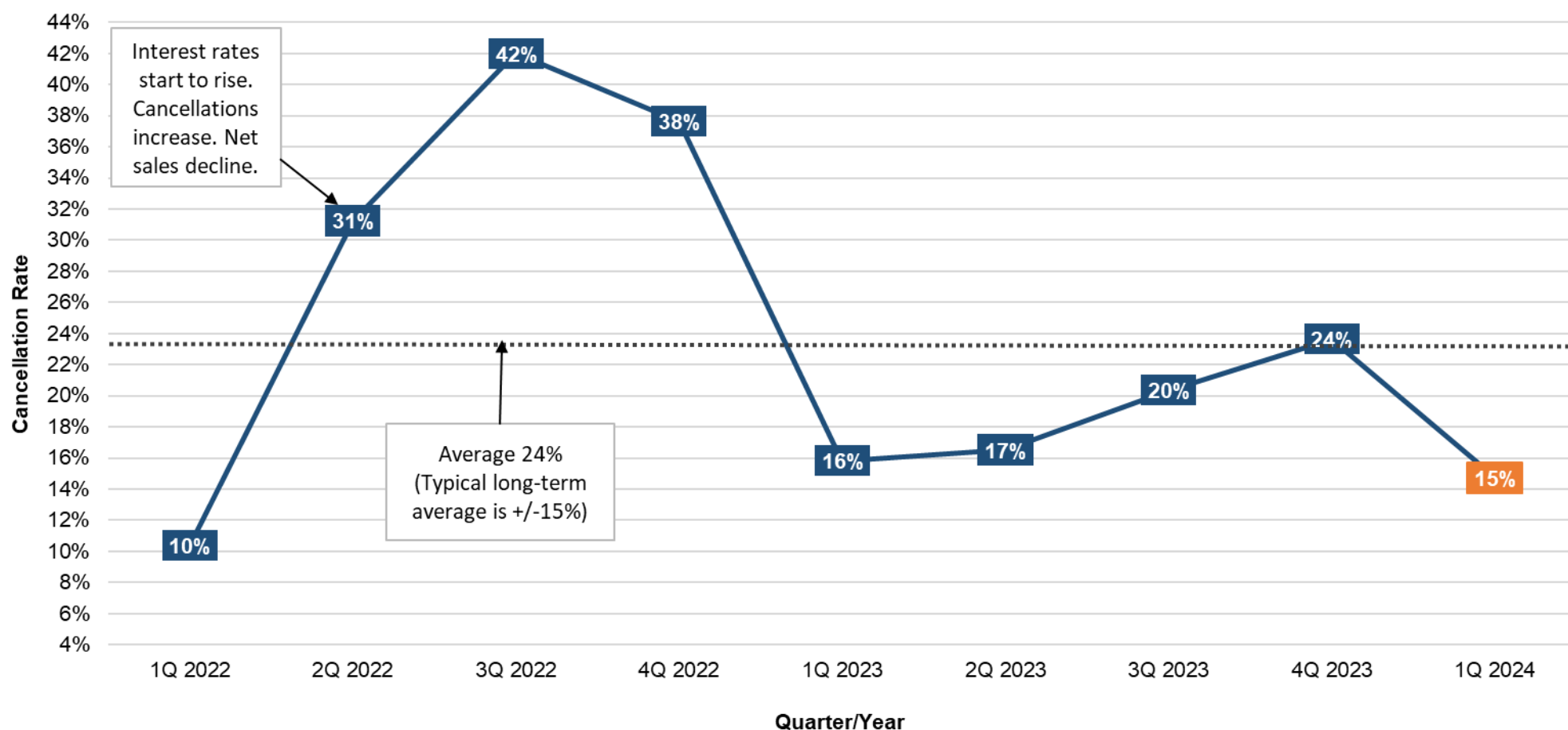
The table below highlights the number of floor plans offered in the Fresno County market as of 1Q 2024 (sales by plan are not available). Reflecting the top 10 best selling projects on the prior page, some of the highest proportion of plans offered are from 1,500 to 1,999 sf with prices from \$400K to \$449K, and 2,000 to 2,499 sf with prices from \$450K to \$499K. These segments also have some of the fastest project sales rates – 3.2 to 3.7/mo for projects with 1,500 to 2,499 sf homes, and 4.0/mo for projects with prices in the \$400K to \$499K range. The highest number of plans offered are over 3,000 sf with prices over \$800K; however, home sizes over 3,000 sf (2.1/mo) and home prices over \$800K (1.5/mo) segments have the slowest rates.

Price Range	Home Size Range (sf)					Total Plans		Project Sales/ Month
	Under 1,499	1,500 to 1,999	2,000 to 2,499	2,500 to 2,999	3,000 & Over			
						#	%	
Under \$400K	6	6	0	0	0	12	6%	3.7
\$400K - \$449K	2	23	6	0	0	31	17%	4.0
\$450K - \$499K	0	7	21	7	0	35	19%	4.0
\$500K - \$549K	0	3	5	10	1	19	10%	3.9
\$550K - \$599K	0	2	10	2	10	24	13%	2.6
\$600K - \$699K	0	0	4	9	7	20	11%	2.1
\$700K - \$799K	0	0	4	9	2	15	8%	1.6
\$800K & Over	0	0	0	3	27	30	16%	1.5
Total	8	41	50	40	47	186	100%	3.0
% of Total	4%	22%	27%	22%	25%	100%	- -	
Project Sales/Month	3.8	3.7	3.2	3.1	2.1	3.0		

New Home Cancellations – Fresno County

Cancellation rates at new home projects can be an indicator of current market health. In most market areas, a 10% to 15% cancellation rate is considered to be normal. Rates below 10% are often indicative of a “tight” market with low supply and/or high demand, while rates above 15% can represent times when unexpected shocks to the system – such as rising interest rates – can negatively impact homebuyer confidence resulting in cancelled sales. Prior to the rise in interest rates at the beginning of 2022, Fresno County had a “normal” can rate of 10%; however, rising rates pushed the cancellation rate way up in the remainder of 2022. As buyers have resigned themselves to a higher interest rate environment, can rates as of 2024 are back to normal.

Fresno County - Average Cancellations Per Month

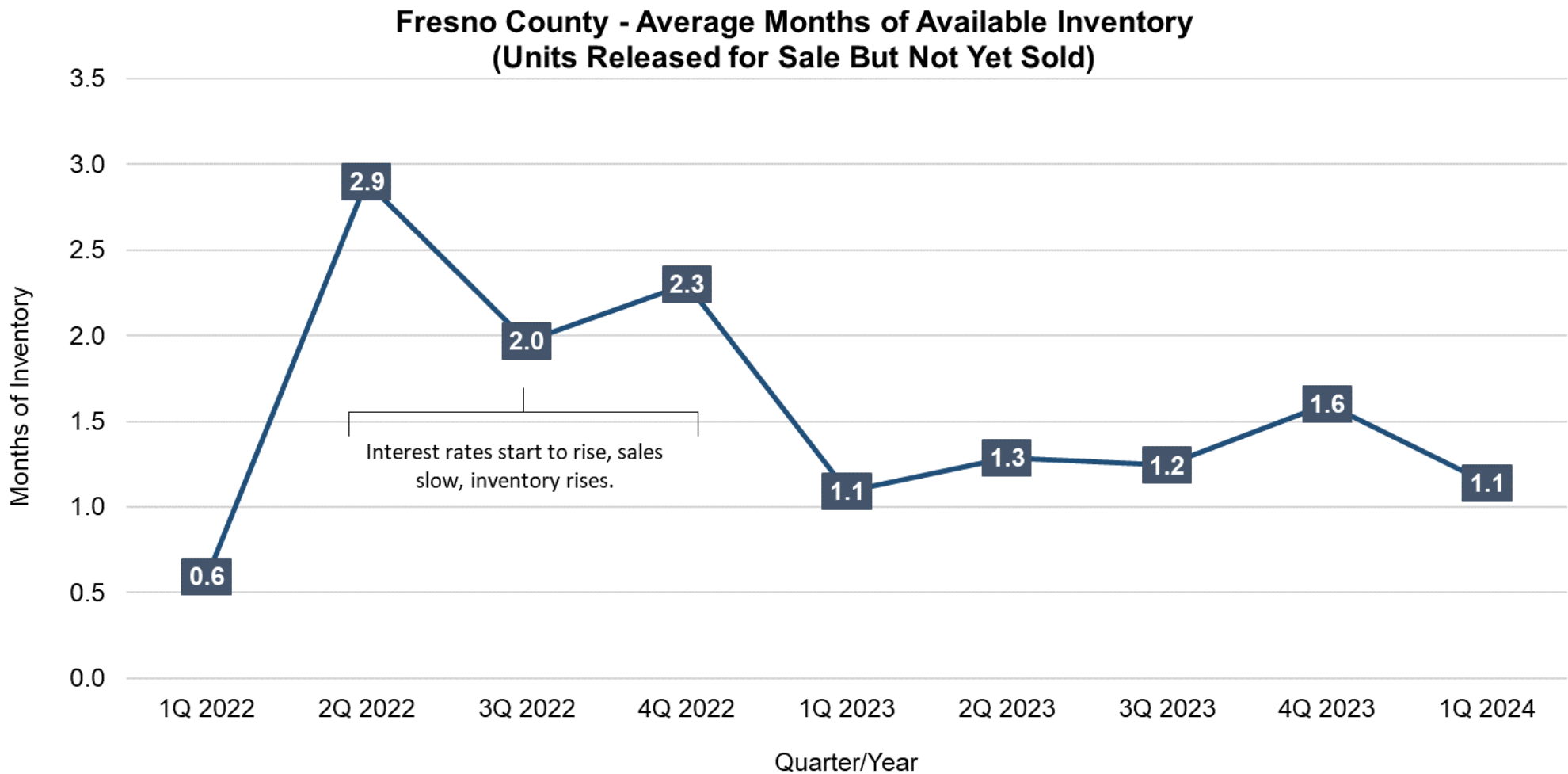


Sources: Ryne & Clarity Real Estate Advisors

Months of New Home Inventory - Fresno County



Home prices are impacted by the interaction between supply and demand. Demand is represented by sales/project/month while supply is represented by months of available inventory. In the new home market, a 3-month supply of homes is generally considered to be equilibrium, more than that and the market is over-supplied, putting downward pressure on prices, while under 3-months is considered to be an under-supplied market, putting upward pressure on prices. Since 2022, Fresno County has had less than a 3-month supply of homes, indicating an under-supplied market with the potential to bring more projects to market.

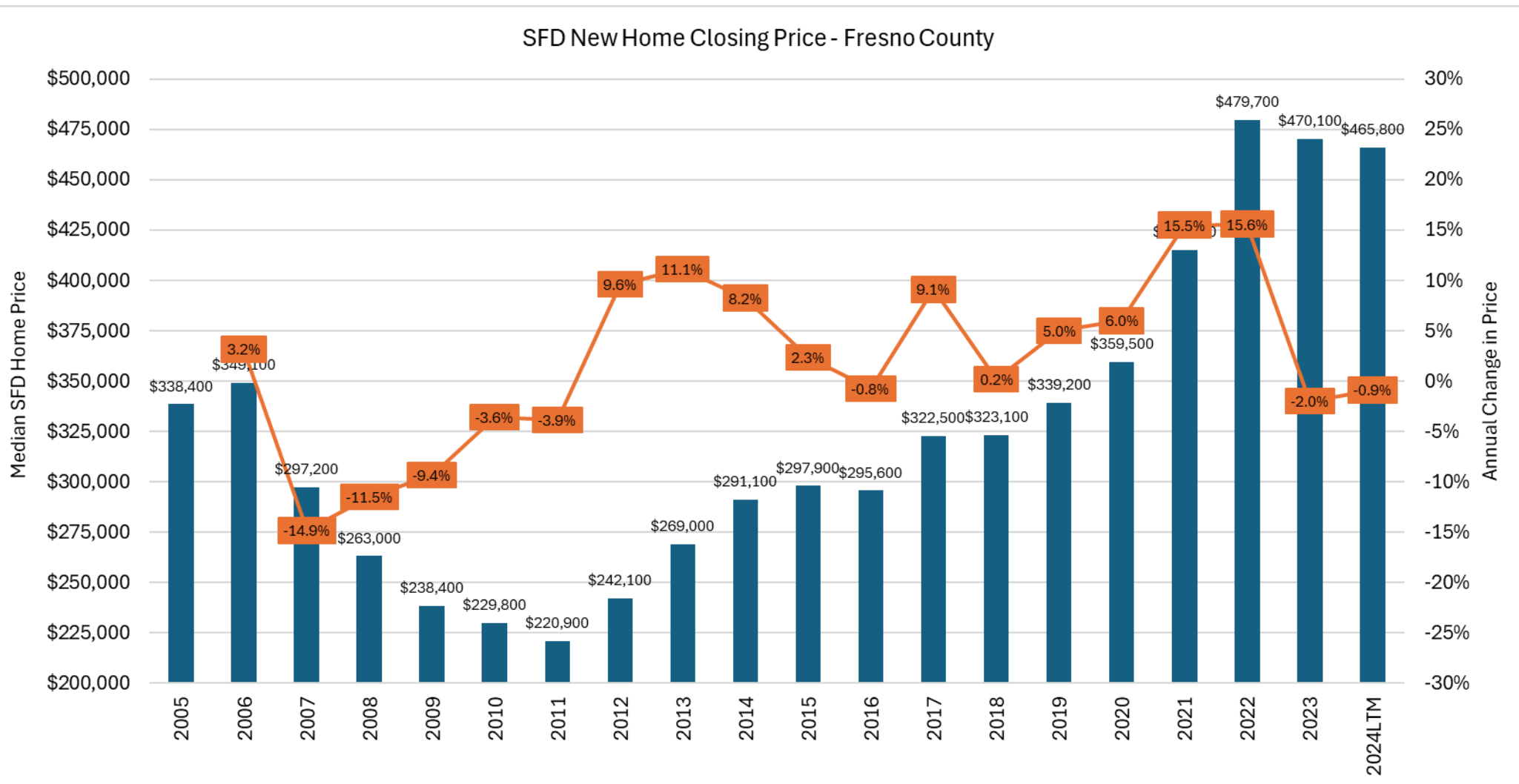


Sources: Ryness & Clarity Real Estate Advisors

New Home Price Trends – SFD – Fresno County



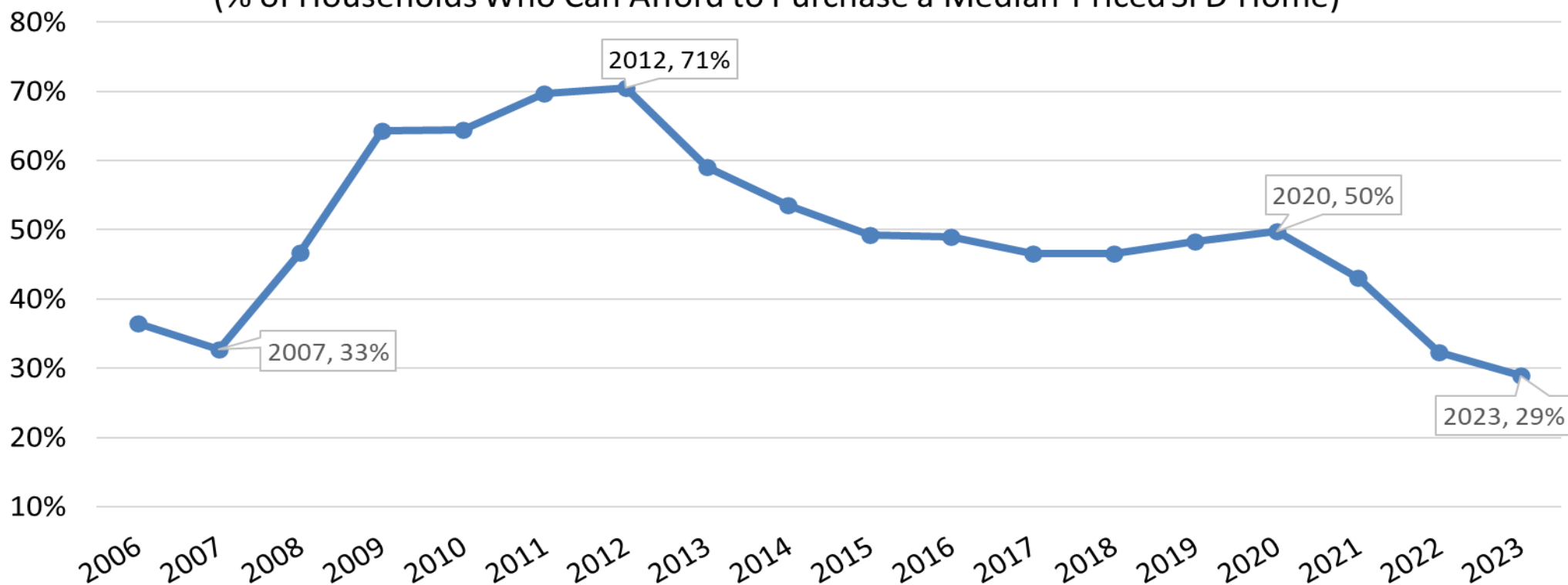
Home price trends are impacted by multiple factors that influence supply and demand conditions. Generally speaking, when supply is low and/or demand is high, prices rise, and vice versa. Following the “Great Recession” in the mid-2000s, the Fresno market, along with every other market in California, experienced a prolonged period of price declines (after a big run-up in prices in the years prior). With the sudden rise in interest rates in 2022 and into 2023, prices have undergone a slight correction over the last two years. Eventually, supply and demand conditions will normalize, and prices then will be expected to start rising again.



Housing Affordability – Fresno County

A combination of the highest interest rates in 20 years and rising home prices have pushed housing affordability levels in Fresno County down to the lowest level in over 15 years. As of the end of 2023, just 29% of local households could afford the median priced home. As recently as 2020, 50% could afford the median priced home. During the housing boom of the mid-2000s, affordability had dropped to a low of 33%. Low affordability is a red flag with regards to the potential for future near-term price appreciation. However, Fresno is in much better shape than most coastal counties in California, where affordability has dropped down to the 11% to 15% range. Even the Inland Empire is at just 22%. A solution in the for-sale market in Fresno would be for homebuilders to pivot away from SFD homes on “large” lots (6,000 sf and over), to SFD homes on smaller lot sizes as well as attached for-sale programs such as townhomes. Poor affordability for for-sale homes is currently funneling more households to SFD rentals or forcing them to stay put in MF rentals.

Fresno County Housing Affordability
(% of Households Who Can Afford to Purchase a Median-Priced SFD Home)



Source: C.A.R. Traditional Affordability Index (www.car.org)

MASTER PLANNED COMMUNITY PROFILES

Master Plan Community Profiles

Copper River Ranch (+/-700 acres, master developer Granville Homes) is the only actively selling master planned community in the City of Fresno today. Although Copper River has a quite positive reputation, it generally lacks a master marketing program and development activity feels a bit like a series of subdivisions. A separate membership is required to join the country club and utilize the amenities at the club (golf, clubhouse, pool, tennis, etc.), although there is a public community park. Copper River is well-executed, offers an array of housing products and is popular among homebuyers and renters alike.

Many would-be new homebuyers prefer the lifestyle and amenities that are often included in a master plan. We believe that residents in the Fresno market would benefit from the development of more master plans. Given the amount of land in the area, SEDA represents a strong candidate for large-scale master plan development.

While there is no official definition of a master plan, most “large-scale” (2.0K+ homes) master plans share characteristics such as cohesive planning for the entire property, the identification of different neighborhoods or districts, common community branding and monumentation, the offering of an array of housing options from rental apartments to entry-level to move-up for-sale homes, private community recreation facilities (either one large center, or multiple smaller centers), multiple parks, and oftentimes, a brand new school (most typically an elementary school). Master plans typically have a master homeowners association, sub-associations (for attached for-sale homes), and Community Facility Districts (to help pay for upfront infrastructure costs). Many cities are the issuing agency for a master plan CFD.

There are two large-scale master plans in adjacent Madera County, Riverstone and Tesoro Viejo. Both communities are popular with new home buyers and have achieved strong sales and meet our criteria for the definition of a large-scale master plan.

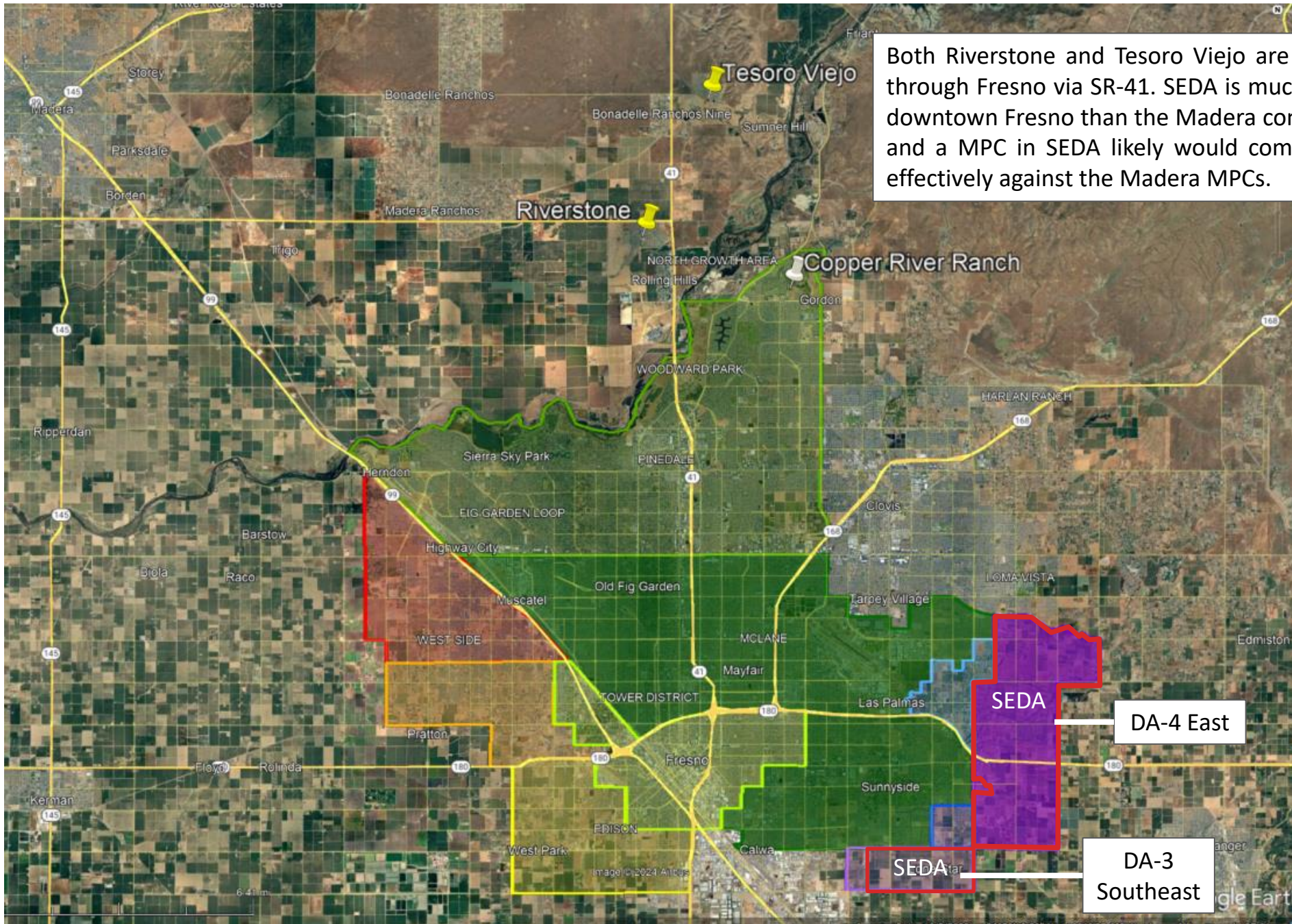


- First new home sales March 2016
- 2,062 acres
- 6,578 homes planned (575 high-density, 770 med to high-density)
- 1,991 new homes sold to date
- 14 active projects (current)
- Tax rate: +/-1.45%
- HOA dues: \$156/mo



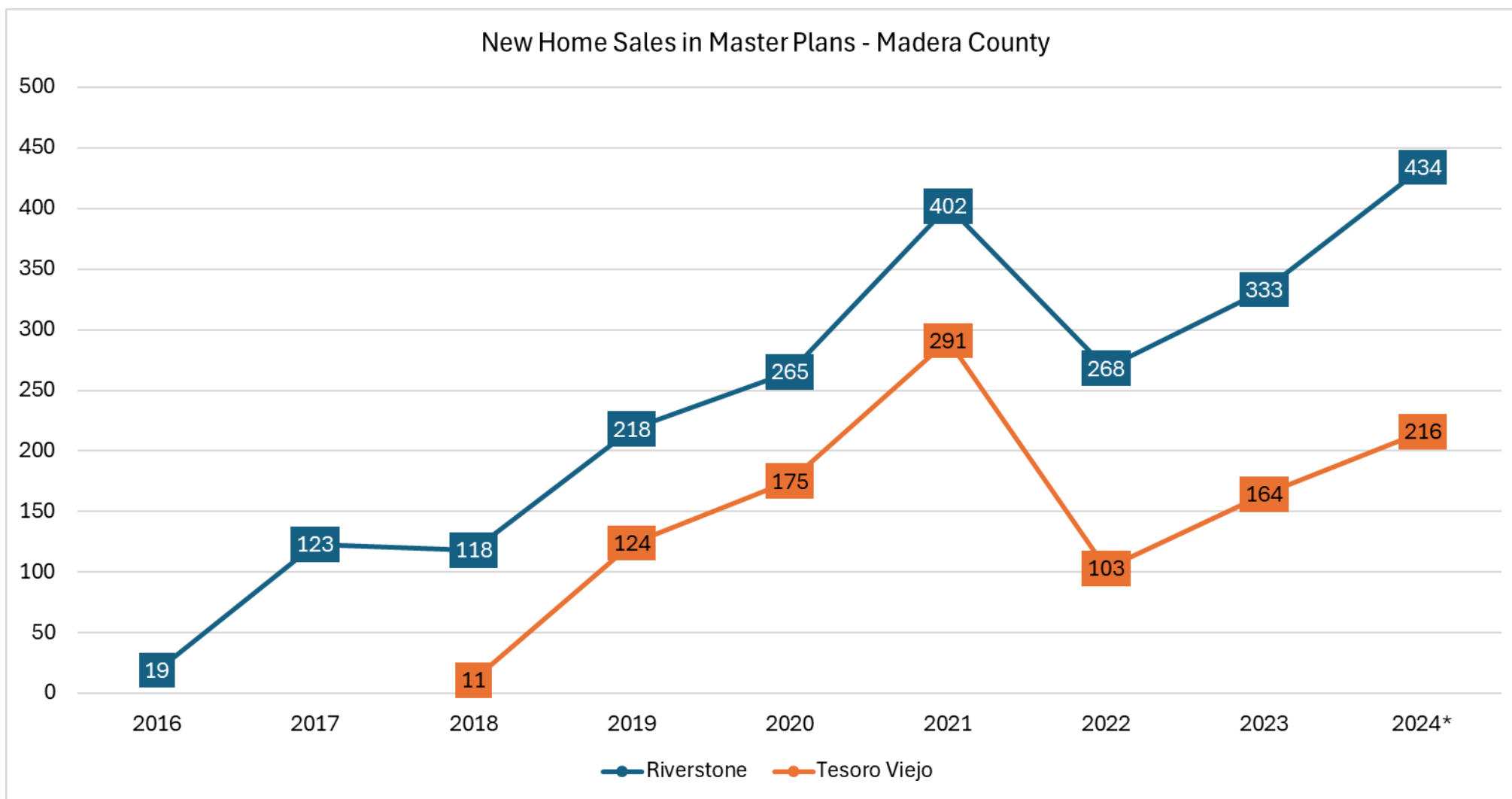
- First new home sales October-2018
- +/-1,600 acres
- 4,740 homes planned (511 high-density, 1,828 med to high-density)
- 1,005 new homes sold to date
- 7 active projects (current)
- Tax rate: +/-1.28% to 1.45%
- HOA dues: \$199 to \$250/mo

Location of Fresno & Madera County MPCs



Riverstone & Tesoro Viejo New Sales

Both Riverstone and Tesoro Viejo took a few years for new home sales to ramp up as both communities opened for sale with just a project or two and very little or no initial amenities. As the communities have become established, and particularly with the addition of extensive amenities, annual sales have increased substantially, particularly in Riverstone. Stone Creek Elementary School opened in Riverstone in 2021, resulting in a big boost in sales. In the five years starting in 2020 and including estimates for 2024, Riverstone will have recorded 1,702 new sales (340/year) and Tesoro Viejo 949 new sales (190/year).



Typical New Homes



Boardwalk | Surf/Riverstone by Lennar



Stella | Ovation by Woodside Homes



Montague | Encore by Woodside Homes



Aria | Granville at Riverstone by Granville Homes

Riverstone new homes typically range from about 1,200 to 3,400 sf, on lots from 3,200 to 6,000 sf, with base prices from around \$350K to \$600K. The average sales pace is about 2.5 to 3.0 sales/project/month.

Tesoro Viejo new homes typically range from about 1,200 to 2,600 sf, on lots from 2,800 to 5,000 sf, with base prices from around \$350K to \$560K. The average sales pace is about 3.5 to 4.5 sales/project/month.



Plan 2597 Modeled | Bristol at Tesoro Viejo by KB Home



Plan 2277 | Bristol at Tesoro Viejo by KB Home



Plan 2101 Modeled | Bristol at Tesoro Viejo by KB Home



Plan 1780 Modeled | Bristol at Tesoro Viejo by KB Home

Riverstone

Riverstone is located in southeastern Madera County, CA, just a mile or so north of the northeastern boundary of the City of Fresno, north of the San Joaquin River. Riverstone is accessible through Fresno via SR-41. Offering a unique lifestyle not currently available in the city, Riverstone is likely syphoning new homebuyers out of Fresno. The community will include high-density MF housing, including apartments in the Town Center and/or Civic District.

- Master developer: Riverstone Development, LLC
- Homebuilders: Lennar, Trumark, Woodside, Bonadelle, Granville, Wilson

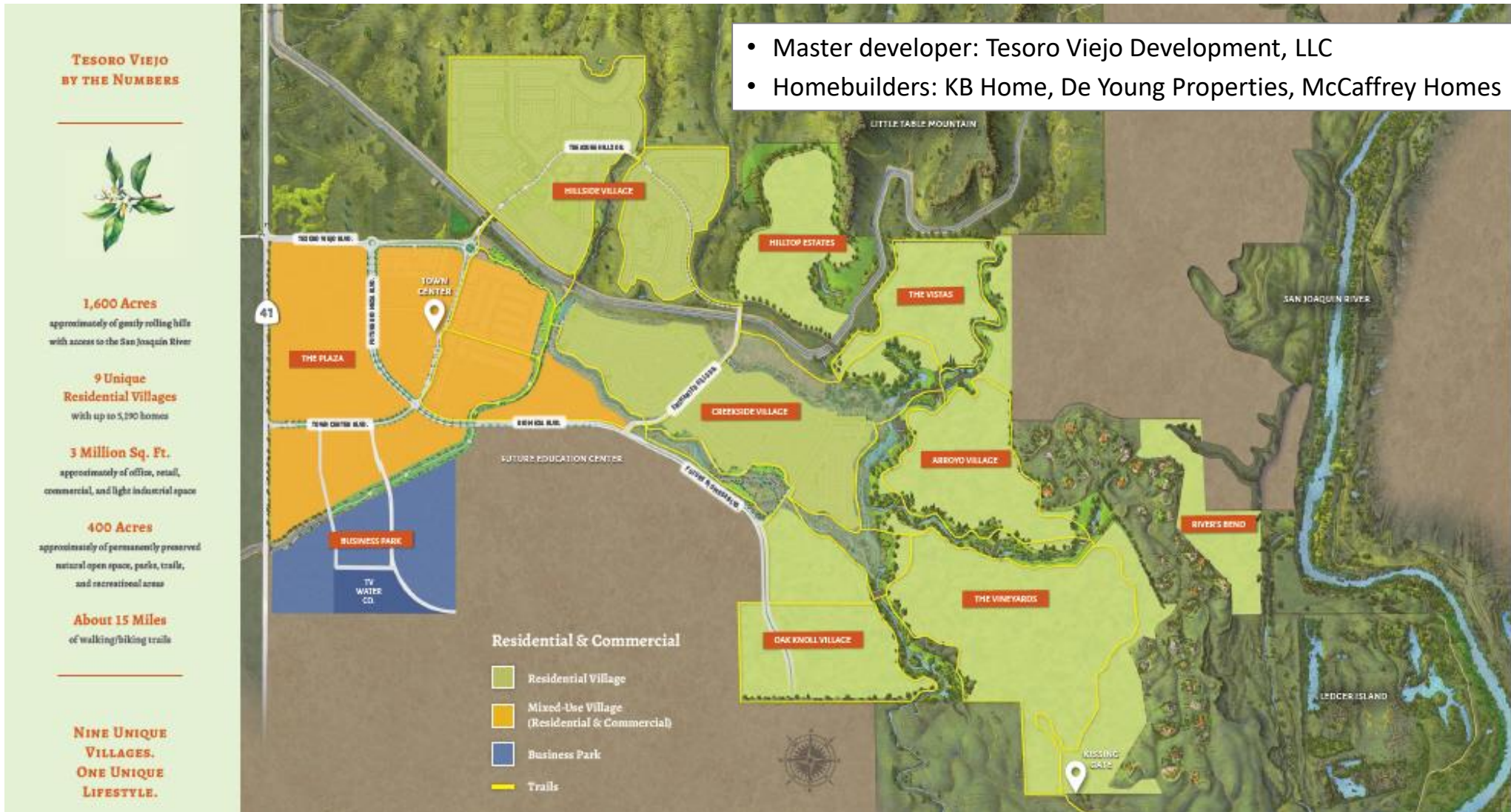
RIVERSTONE AT-A-GLANCE

8 districts / 6,578 residences at build-out
Multiple community clubhouses
Walkable neighborhoods
Stone Creek Elementary School
and future on-site schools
Riverwalk retail destination
115 acres of parks & open space
Hiking & biking trails with scenic outlooks
Dog Park
Sustainable water supply
Nearby San Joaquin River and adjacent lake



Tesoro Viejo

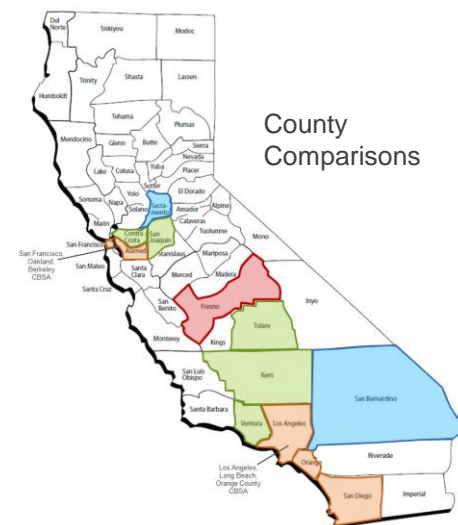
Riverstone is located in southeastern Madera County, CA, about four miles north of the northeastern boundary of the City of Fresno, and about three miles north of Riverstone. Tesoro Viejo is accessible through Fresno via SR-41. The community will include high-density housing in the Town Center and/or Plaza villages. Like Riverstone, Tesoro Viejo offers a unique lifestyle not currently available in Fresno and is pulling new home demand out of the city.



NEW HOME MARKET COUNTY COMPARISONS

Summary of County Comparisons

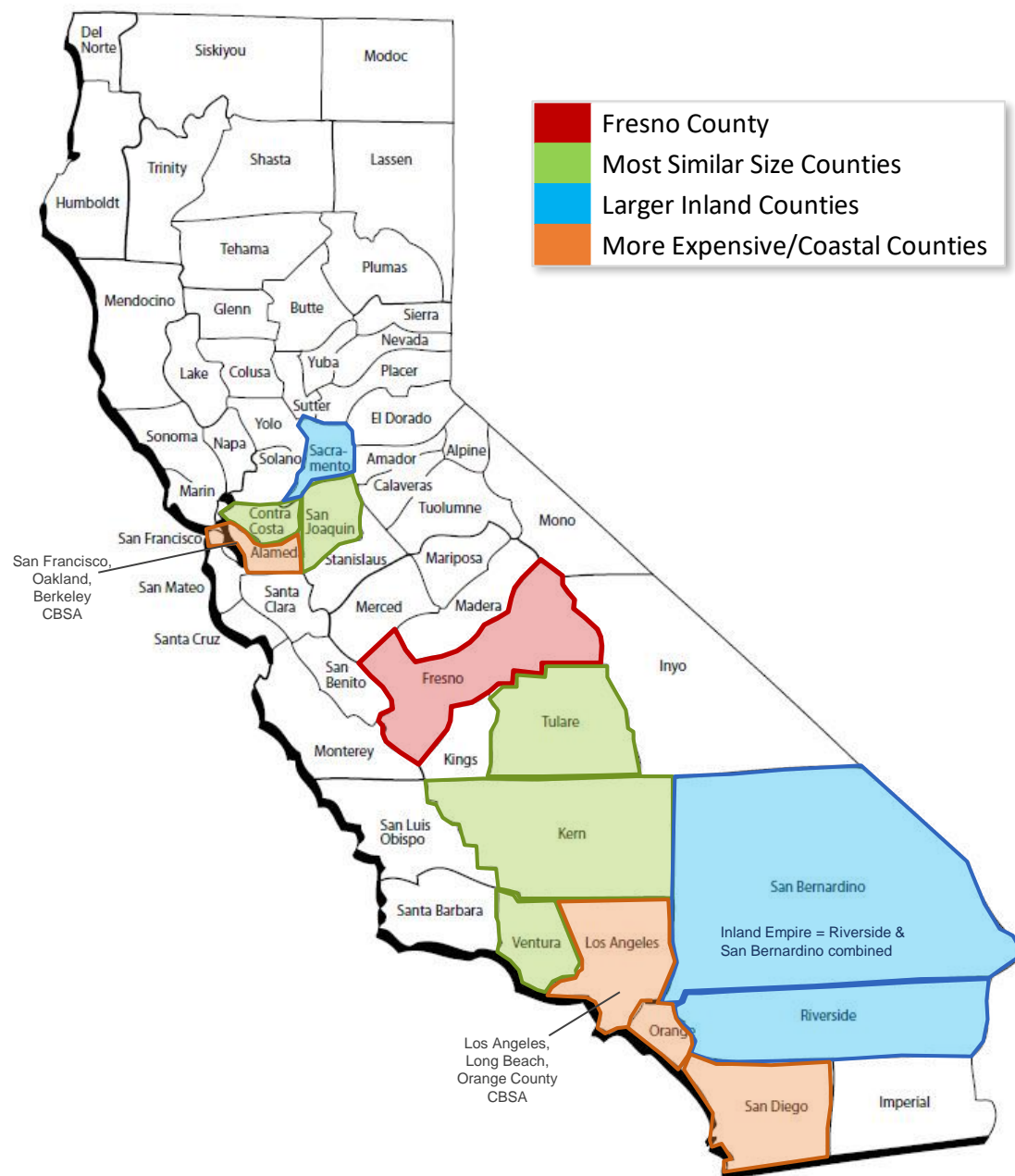
- **Intent of Comparisons:** Key characteristics for Fresno County such as population, number and mix of housing units by type, number of new home projects, new home sales and new home prices were compared to other counties in California to determine how Fresno currently stacks up, how the type and nature of housing demand might change over time, and implications relative to future housing demand in the City.
- **Active Projects:** There is currently just 1 new home project for every 20K people in Fresno County. The most similar size and larger inland counties mostly range from 12K to 33K people/project, so Fresno is more-or-less inline with those areas. However, all these markets are substantially under-supplied compared to major markets in other states (TX, FL, AZ, GA & CO), which range just 7K to 12K people/project. From this perspective, Fresno County should have twice as many projects as it currently does.
- **Product Mix:** Over the past year, Fresno County has averaged 50 active projects, 96% of which are SFD (48 SFD and 2 attached). Inland similar size and larger counties have ratios from 89% to 100%. The proportion of SFD projects in similar size coastal and more expensive coastal counties ranges from just 37% to 60% SFD. Clearly, as markets become more expensive, builders pivot to higher-density products to keep housing attainably priced. We would plan for this trend for the City of Fresno going forward.
- **Median SFD New Home Price:** One of the primary draws for households moving to inland markets in California is a lower price of housing. Over the last 12 months, the median price in Fresno County was \$466K. Only Tulare (\$406K) and Kern (\$439K) had lower prices among similar size counties. The Inland Empire (\$591K) and Sacramento (\$640K) had much higher prices, and the expensive coastal markets are all sky-high (\$1.14M to \$1.49M). Fresno's relative price advantage should remain a strong selling point in the years ahead.



Comparative County Analysis

To help determine future housing demand in Fresno County, demographic and housing market information was compared to other counties in California. Given the location of Fresno County in central California, a mix of counties from north, central and southern California were included to get a better understanding of not only how Fresno County stacks up today, but where it might evolve to over time. The comp counties include three categories:

- **Most Similar Size Counties** – these are counties with populations roughly closest to the current population of Fresno County (+/-990K people) and/or are in closest geographic proximity and are included to see how Fresno stacks up vs areas with roughly similar size populations or locations.
- **Larger Inland Counties** – these counties have much larger populations than Fresno and are included as a possible indicator of how Fresno might evolve as the population of the county grows.
- **More Expensive/Coastal Counties** – these are all counties with more dense housing located on the California coast or San Francisco Bay Area to show how mature markets compare with larger inland counties



Demographic & Housing Comparisons

Fresno County has a current household population of just under 990K people. Household population excludes people living in group quarters such as military barracks or prisons and is a better indicator of potential housing demand than total population. It is also the figure used for determining the average household size. The mix of current housing inventory in Fresno County – 68% SFD, 28% attached (including both owner and renter units), and 4% mobile home – is similar to the average for the most similar size and larger inland counties (69% SFD, 25% to 27% attached, 4% to 6% mobile home). Large/expensive coastal counties have more attached units (50%) than SFD (48%), and fewer mobile homes (2%).

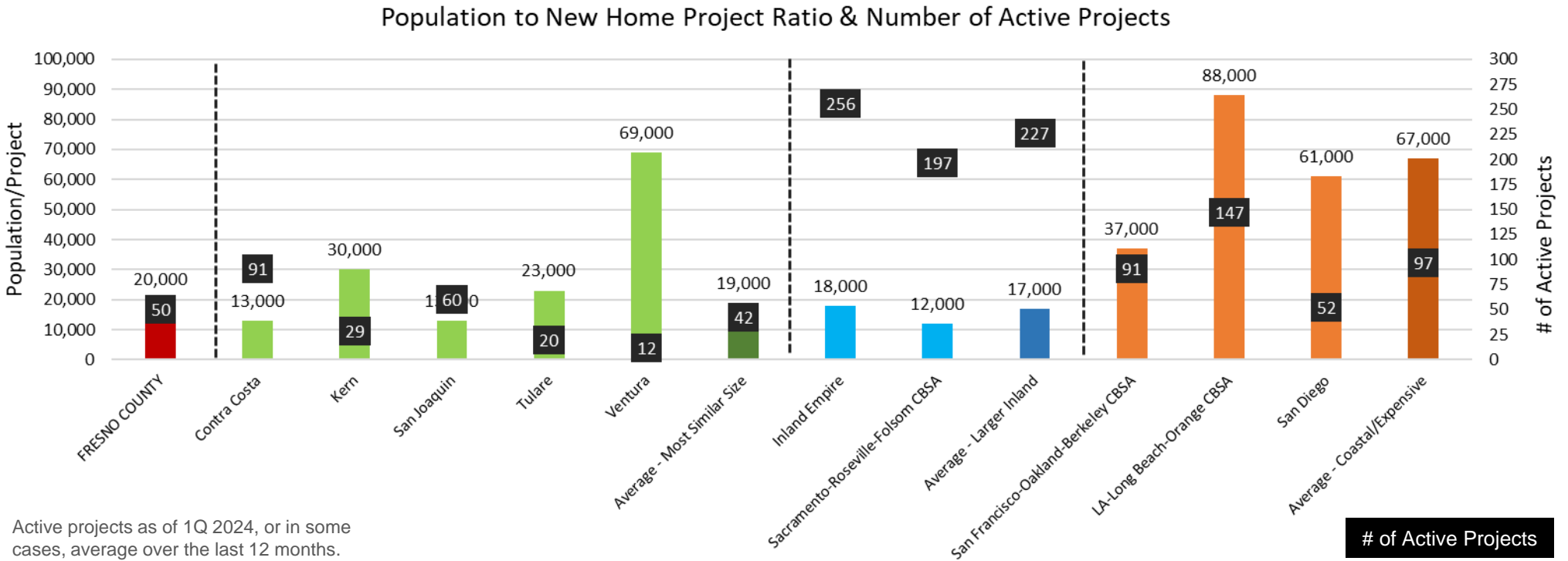
	Largest	Household	Housing Units					Vacancy	Population/
County	City	Population	Total	SFD	Attached	MH	Occupied	Rate	Household
Fresno	Fresno	989,623	338,441	230,739	93,696	14,006	319,296	5.7%	3.10
Housing Units Mix				68%	28%	4%			
Most Similar Size and/or Nearby Counties									
Contra Costa	Concord	1,154,517	423,342	282,577	133,704	7,061	407,029	3.9%	2.84
Kern	Bakersfield	880,013	301,009	215,602	62,130	23,277	281,498	6.5%	3.13
San Joaquin	Stockton	760,148	251,453	183,738	59,242	8,473	241,119	4.1%	3.15
Tulare	Visalia	467,258	150,652	114,763	25,904	9,985	141,987	5.8%	3.29
Ventura	Oxnard	830,315	293,080	186,369	95,840	10,871	279,715	4.6%	2.97
Average		818,450	283,907	196,610	75,364	11,933	270,270	5.0%	3.03
Housing Units Mix				69%	27%	4%			
Large Inland Counties									
Riverside	Riverside	2,377,501	848,549	584,462	188,294	75,793	763,283	10.0%	3.11
Sacramento	Sacramento	1,552,486	587,551	382,133	191,006	14,412	564,445	3.9%	2.75
San Bernardino	San Bernardino	2,142,788	731,899	521,635	168,237	42,027	667,836	8.8%	3.21
Average		2,024,258	722,666	496,077	182,512	44,077	665,188	7.6%	3.04
Housing Units Mix				69%	25%	6%			
Large and/or Expensive Coastal Counties									
Alameda	Oakland	1,627,620	621,958	324,518	289,831	7,609	591,636	4.9%	2.75
Los Angeles	Los Angeles	9,795,624	3,591,981	1,740,847	1,794,888	56,246	3,420,648	4.8%	2.86
Orange	Santa Ana	3,135,246	1,129,785	565,348	532,276	32,161	1,074,105	4.9%	2.92
San Diego	San Diego	3,177,390	1,228,505	624,217	559,942	44,346	1,158,764	5.7%	2.74
San Francisco	San Francisco	840,969	406,628	66,390	339,661	577	371,851	8.6%	2.26
Average		3,715,370	1,395,771	664,264	703,320	28,188	1,323,401	5.8%	2.81
Housing Units Mix				48%	50%	2%			

New Home Project Counts vs Population



One way to gauge new home supply vs. demand conditions is to look at the ratio of the existing HH population to the number of actively selling new home projects. Fresno County currently has one project for every 20K people. At just one project per every 88K people, LA/Orange County is the most under-supplied market in not only California, but the nation. Among the markets reviewed, some of the most well-supplied markets are Sacramento (12K), the Inland Empire (18K) and the “most similar county” markets (13K to 30K), with the exception of Ventura (69K). However, even those markets are “under-supplied” relative to major markets in other parts of the country such as Houston and Dallas/Ft. Worth – both just 7K, Orlando and Phoenix, both just 9K, and Atlanta and Denver, both just 12K. From this perspective, Fresno County should have upwards of double the number of currently active projects.

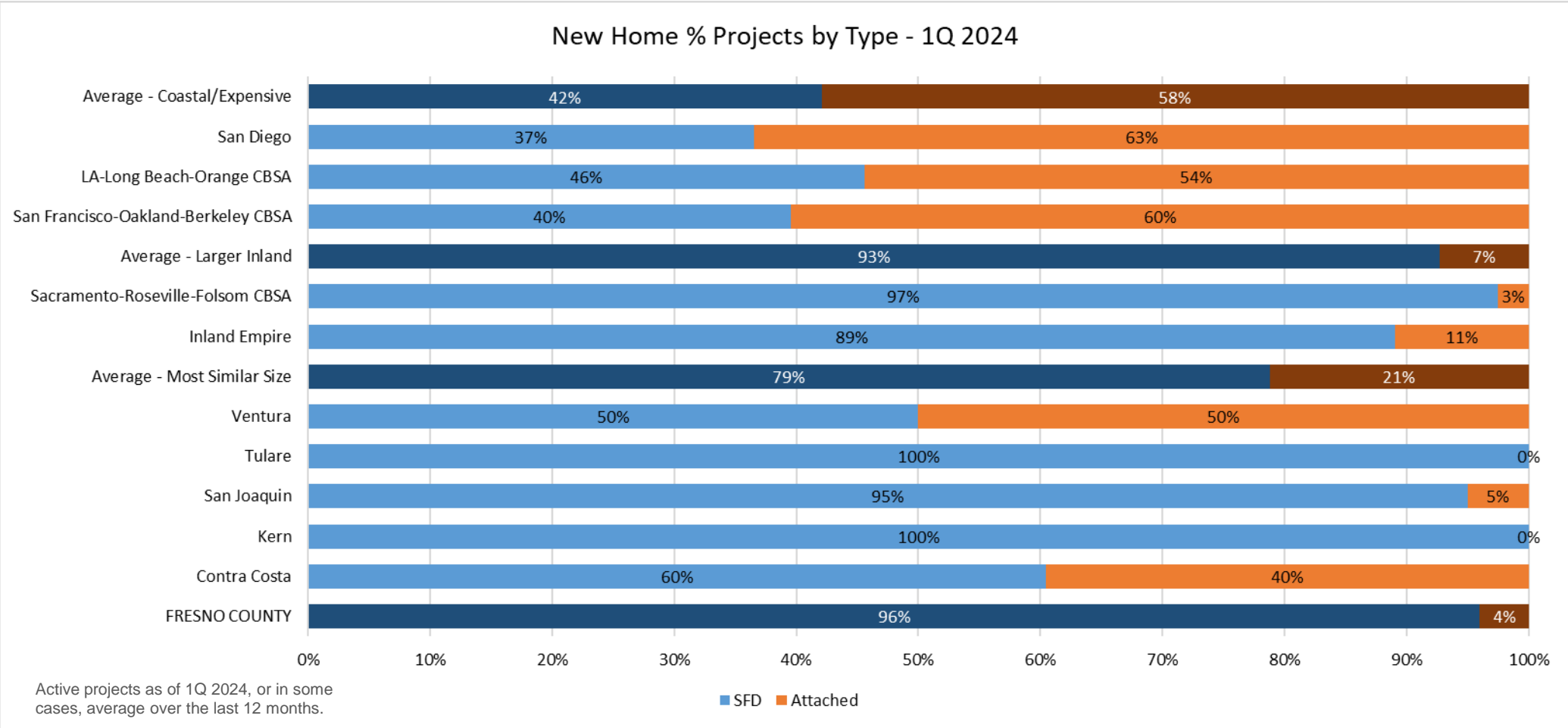
County	Household Population	Active New Home Projects Total	SFD	Attached	Population/Project
Fresno	989,623	50	48	2	20,000
Housing Project Mix			96%	4%	
Most Similar Size and/or Nearby Counties					
Contra Costa	1,154,517	91	55	36	13,000
Kern	880,013	29	29	0	30,000
San Joaquin	760,148	60	57	3	13,000
Tulare	467,258	20	20	0	23,000
Ventura	830,315	12	6	6	69,000
Average or Total	818,450	42	33	9	19,000
Housing Project Mix			79%	21%	
Larger Inland Counties					
Inland Empire	4,520,289	256	228	28	18,000
Sacramento-Roseville-Folsom CBSA	2,420,608	197	192	5	12,000
Average or Total	3,820,395	227	210	17	17,000
Housing Project Mix			185%	7%	
Large/Expensive Coastal Counties					
San Francisco-Oakland-Berkeley CBSA	3,343,011	91	36	55	37,000
LA-Long Beach-Orange CBSA	12,930,870	147	67	80	88,000
San Diego	3,177,390	52	19	33	61,000
Average or Total	6,483,757	97	41	56	67,000
Housing Project Mix			42%	58%	



New Home Project Mix - %



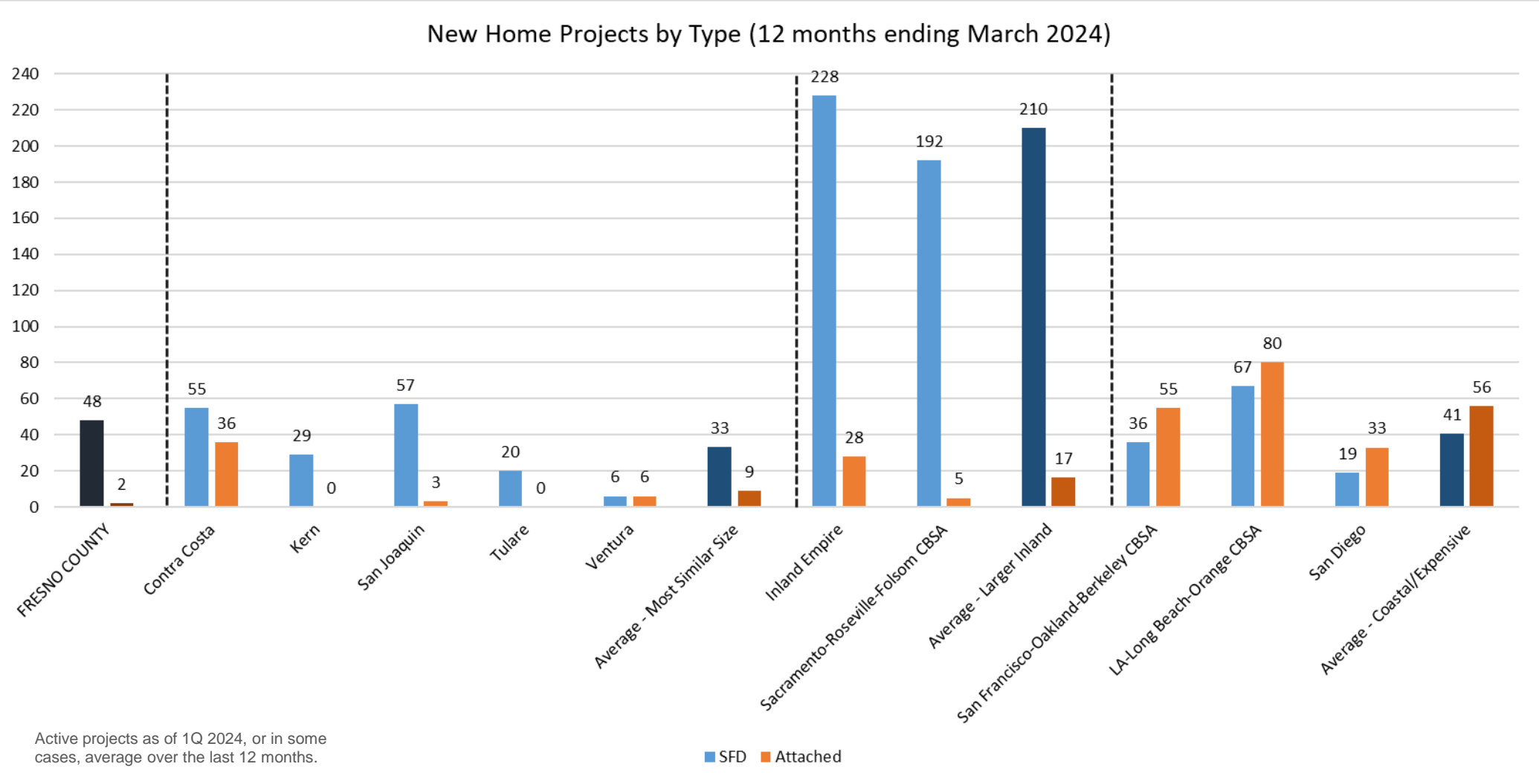
Homebuilders want to sell homes and must both anticipate and react to changing supply and demand conditions. In California, particularly in coastal areas, housing is more expensive than in other parts of the country. Builders have responded by decreasing lot sizes, increasing project densities, and offering more attached for-sale homes. SFD projects dominate the market in Fresno (96%), and other similar inland markets (95% to 100%). The similar size more coastal oriented markets of Ventura (50%) and Contra Costa (60%) already offer far less SFD housing than Fresno. Larger inland markets still offer predominately SFD homes, but 11% of projects in the Inland Empire are now attached. All of the coastal markets offer more attached product (average 58%) than SFD (42%). As Fresno grows and matures, the natural transition will be to more smaller-lot SFD and attached product than is currently being offered.



New Home Project Mix -



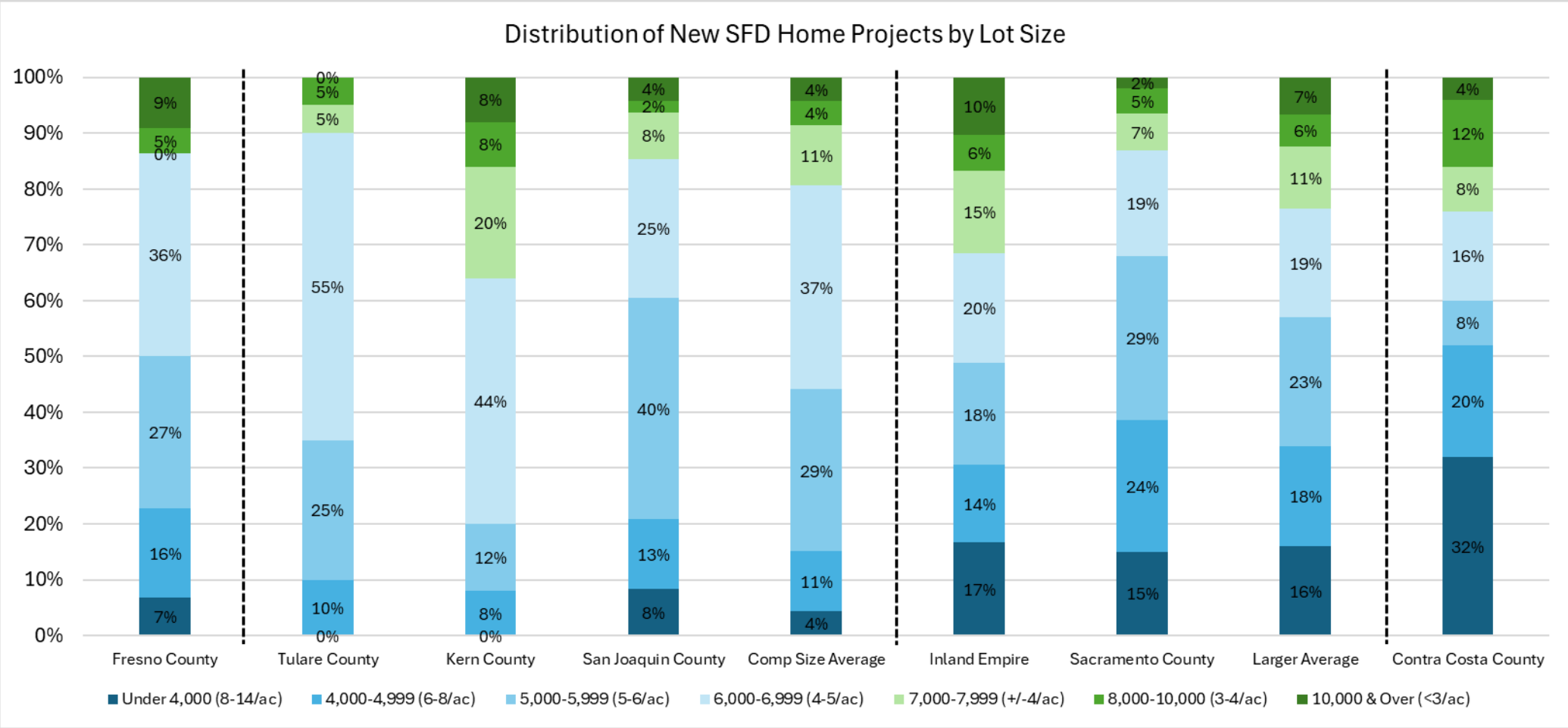
Over the last 12 months, Fresno had an average of 50 actively selling projects (48 SFD, 2 attached). This was more projects than some other similar size markets (Kern, Tulare, Ventura), but less than others (Contra Costa & San Joaquin). The large inland markets of Sacramento and the Inland Empire both have the highest project counts in the state, but both of those areas are down substantially from their peaks (the Inland Empire had 5 straight years in the mid-2000s with over 500 active projects). The land-constrained coastal markets all have more active projects than Fresno, ranging from 52 in San Diego to 147 in LA/Orange County (which is actually a very low number based on the size of the population in the area).



New Home Project SFD Lot Size Mix



As markets mature and housing becomes more expensive, builders will often increase densities and/or decrease home sizes as a way to help keep prices attainable. Currently, just 7% of new for-sale SFD housing in Fresno is on lots under 4K sf. This is a higher percentage than the most similar size counties (4%) but is lower than the larger inland counties (16%). Contra Costa, in the more expensive Bay Area, has already reached the point where 32% of SFD homes offered are on lots under 4K sf. As Fresno continues to grow and homes are more expensive, the natural progression will be to offer homes on smaller lot sizes, and in addition, to offer more attached programs. We would recommend targeting increasing shares of SFD homes on lots under 4K in Fresno over the next decades, reaching levels seen in Sacramento and the Inland Empire. As an outlying area, we would expect a higher proportion of homes on lots over 5K sf in SEDA in the initial years of development, transitioning to smaller lot sizes over time.

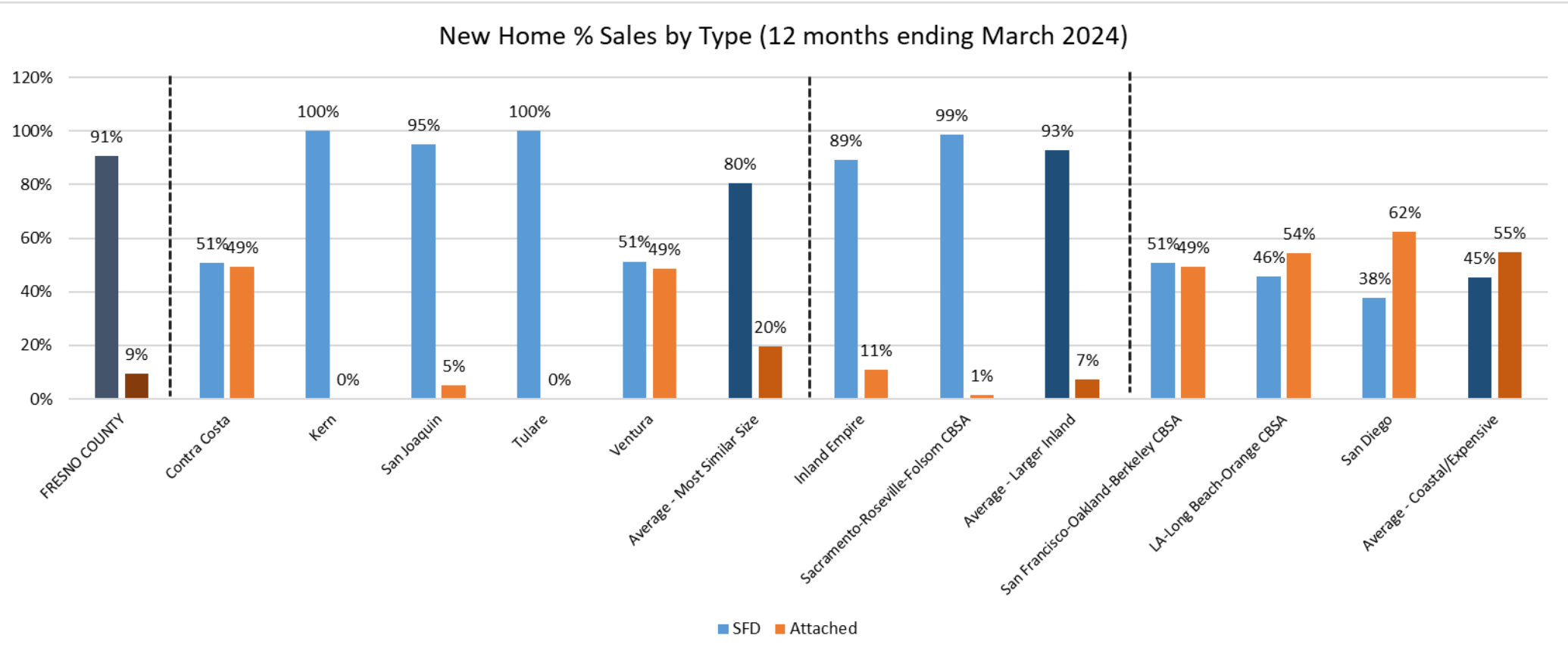


New Home Sales by Product Type



The distribution of new home sales by product type generally aligns with the supply of homes offered. One notable exception is Fresno County, where attached projects represent just 4% of the supply, but 9% of sales. This indicates that these projects “over-performed” with regards to capturing their “fair share” of the market and is a strong indicator that the market could support more attached for-sale product in the future in Fresno. Most commonly plotted at higher densities than SFD projects, and typically offering smaller home sizes, attached product typically sells well by offering lower prices than similar size SFD homes. As part of the total mix, we are recommending small-lot SFD and attached for sale housing in SEDA.

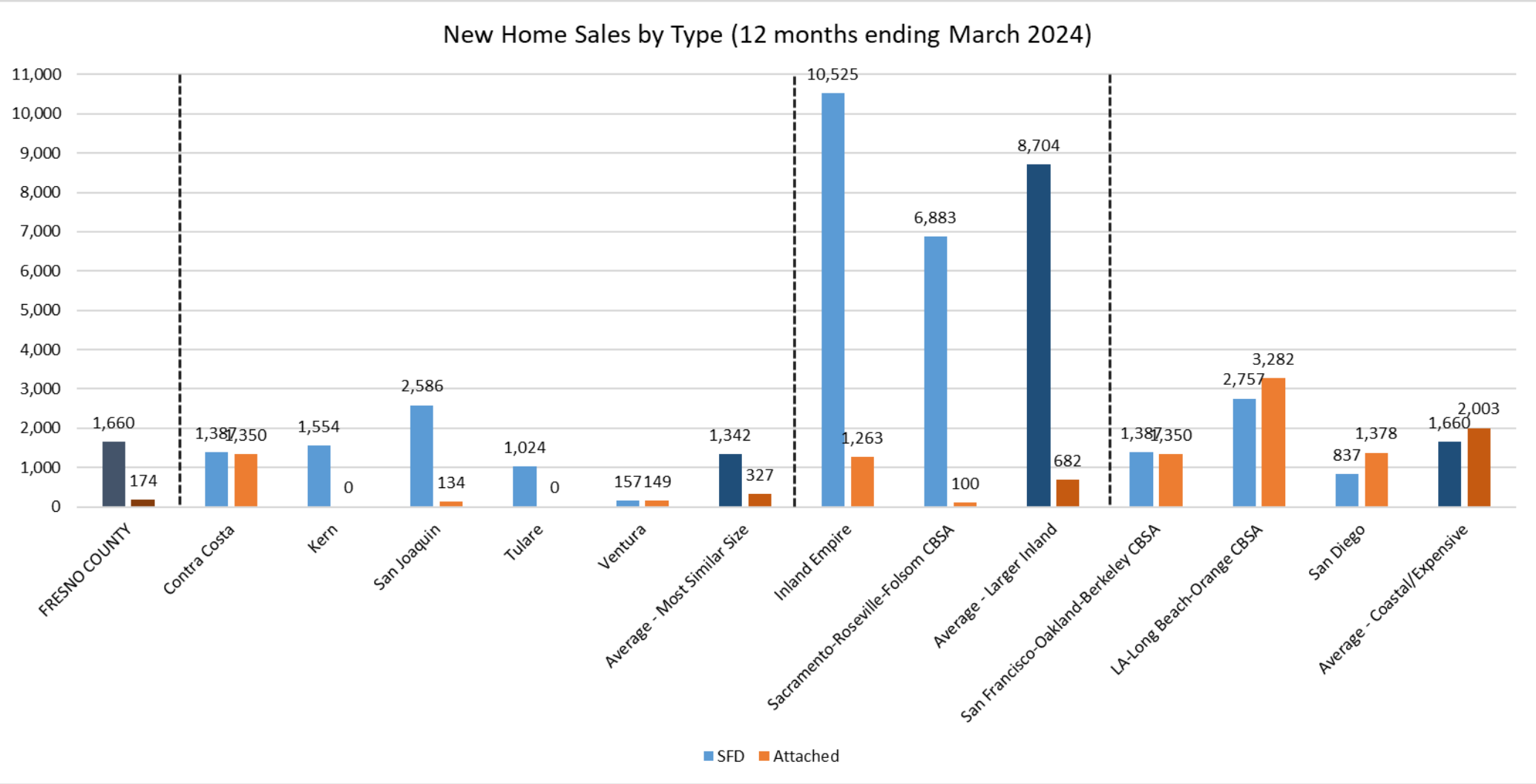
Location	SFD		Attached	
	Sales	Projects	Sales	Projects
FRESNO COUNTY	91%	96%	9%	4%
Contra Costa	51%	60%	49%	40%
Kern	100%	100%	0%	0%
San Joaquin	95%	95%	5%	5%
Tulare	100%	100%	0%	0%
Ventura	51%	50%	49%	50%
Average - Most Similar Size	80%	79%	20%	21%
Inland Empire	89%	89%	11%	11%
Sacramento-Roseville-Folsom CBSA	99%	97%	1%	3%
Average - Larger Inland	93%	93%	7%	7%
San Francisco-Oakland-Berkeley CBSA	51%	40%	49%	60%
LA-Long Beach-Orange CBSA	46%	46%	54%	54%
San Diego	38%	37%	62%	63%
Average - Coastal/Expensive	45%	42%	55%	58%



New Home Sales



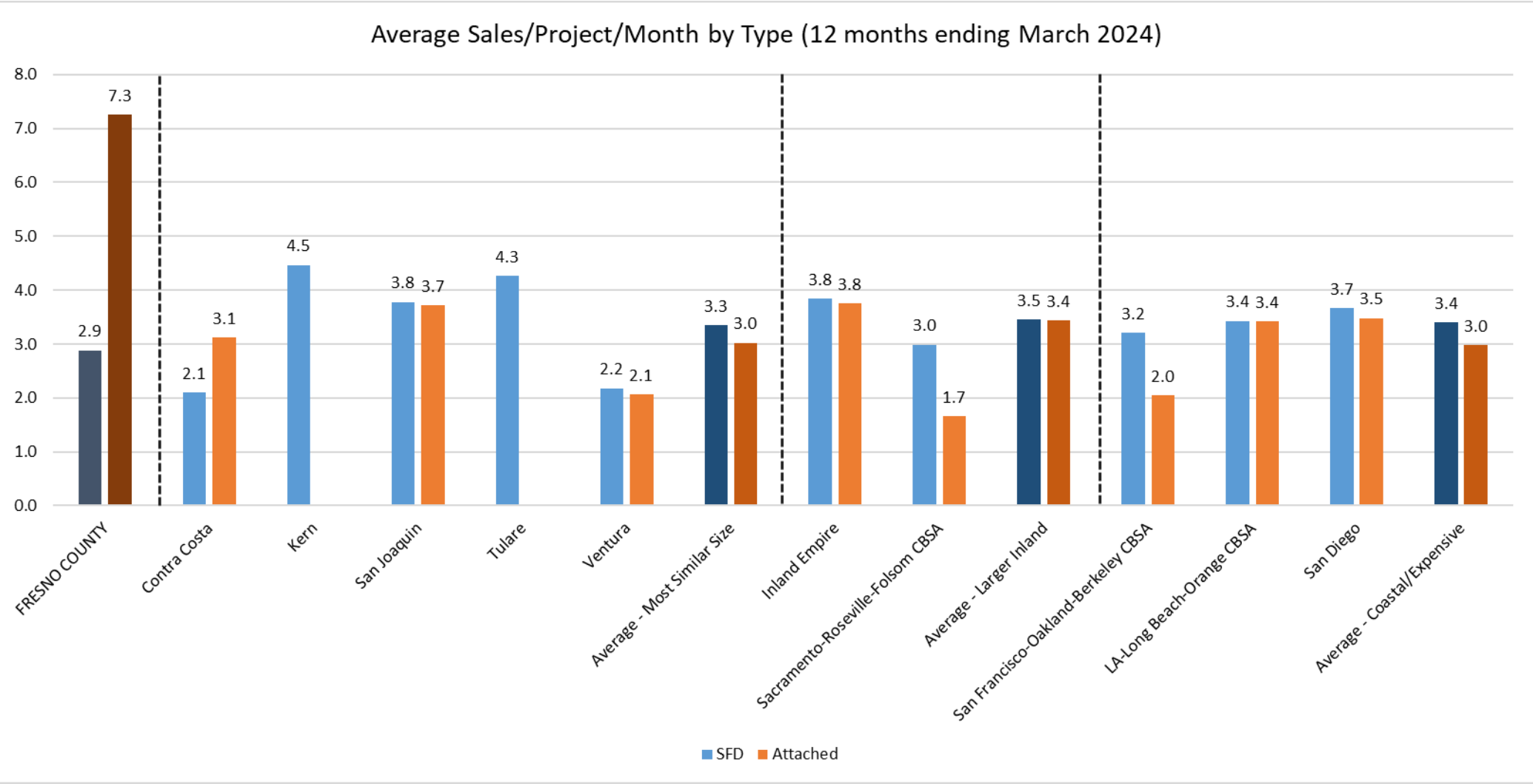
Corresponding with the different populations of the markets and the number of active projects, new home sales over the last 12 months varies widely across the markets reviewed. With just 12 active projects, Ventura County has by far the lowest new home sales. With 256 active projects, the Inland Empire has by far the highest sales. Sales in Fresno County totaled 1,834, which is within the range of the most similar size markets (1,024 to 2,737, excluding Ventura). Clearly, there are a substantial number of households interested in buying homes in Fresno County, and the City of Fresno.



New Home Sales/Project/Month Pace



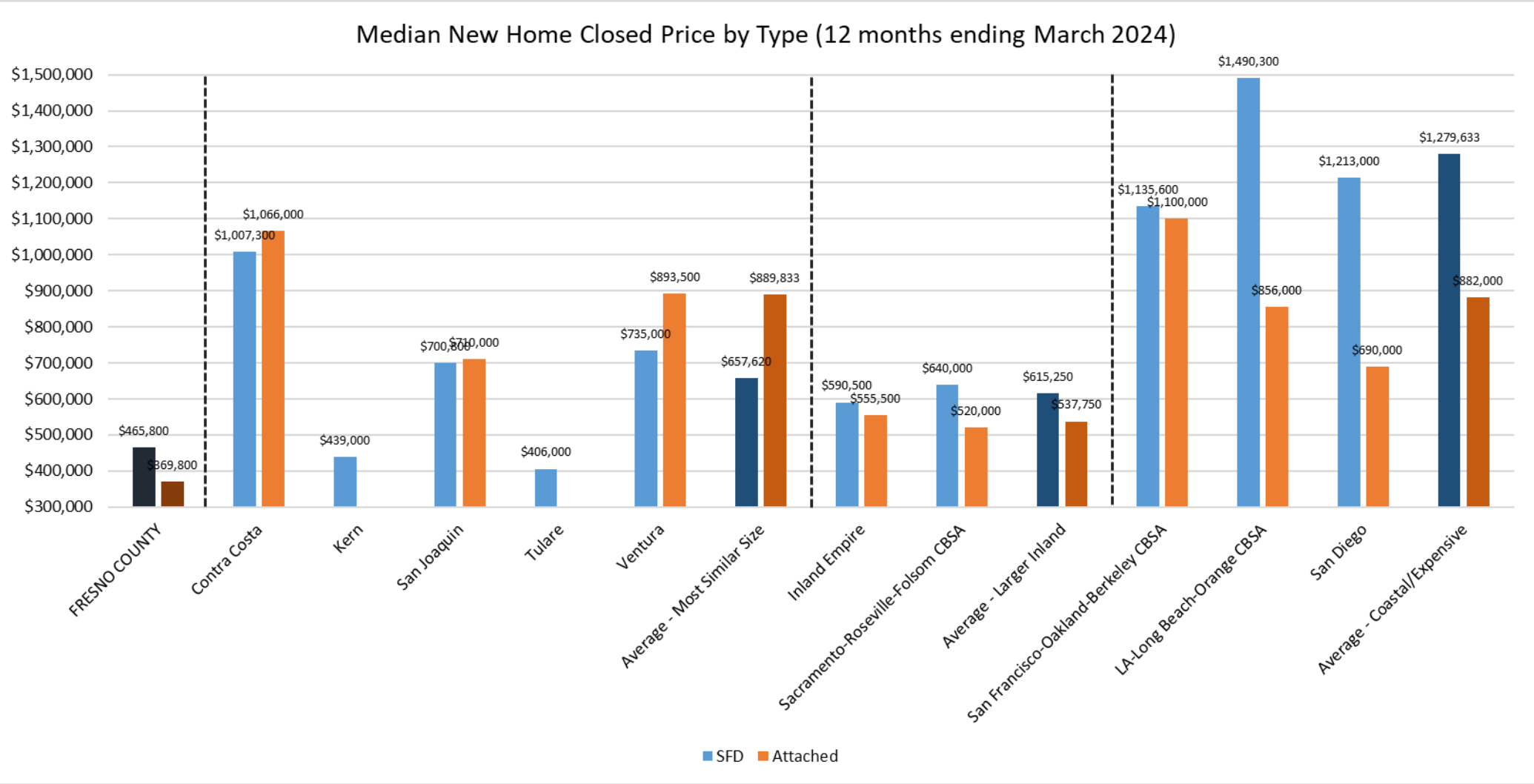
Although it was only 2 projects, and they are now sold-out, Fresno County had the fastest average monthly sales pace for attached projects over the last 12 months, averaging a phenomenal 7.3 sales/project/mo. This is a strong indicator of demand for this type of product in Fresno. Attached projects in other markets had average sales rates over the last year from 1.7 to 3.8/mo. SFD projects in Fresno averaged 2.9/mo over the last year, while sales rates in other markets ranged from 2.1 to 4.5/mo. SFD activity in Fresno is inline with the other market areas.



Median New Home Price



One of the biggest draws for new home sales in inland markets is lower prices compared to coastal counties. Over the last 12 months, the median new home price in Fresno County was \$466K for SFD and \$370K for attached. Only Tulare (\$406K) and Kern (\$439K) had lower SFD prices. The larger inland markets of Sacramento (SFD - \$640K, attached \$520K) and the Inland Empire (SFD \$590,500, attached \$555,500) both had much higher prices than Fresno. However, the coastal markets are far more expensive, with SFD prices almost all over \$1.0M and attached prices over \$700K. High prices in coastal markets pushes demand into less expensive areas like Fresno. Households from San Francisco represent the highest number of buyers in Fresno coming from outside the area.

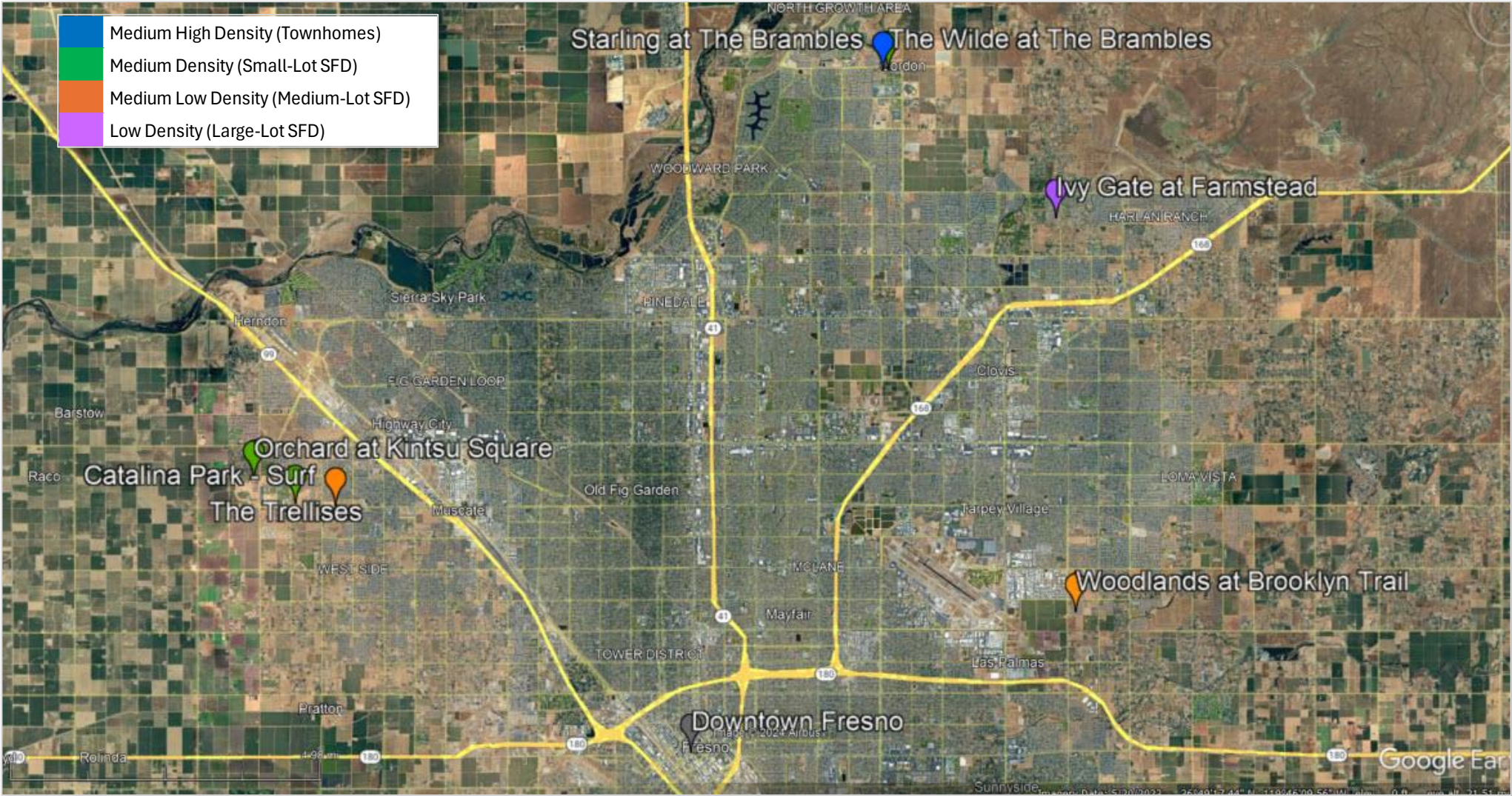


REPRESENTATIVE PROJECTS: NEW FOR-SALE HOMES

Representative New Home Projects



Detailed profiles were compiled for active and recently sold-out new for-sale home projects representing different densities in the Fresno market area from medium high-density (townhomes) to low density (large-lot single family detached). The projects reflect the fact that the vast majority of new home projects are being built on the outskirts of the city. The attached projects achieved faster sales rates, on average, than the SFD projects, indicating strong demand for higher-density attainably-priced new homes.



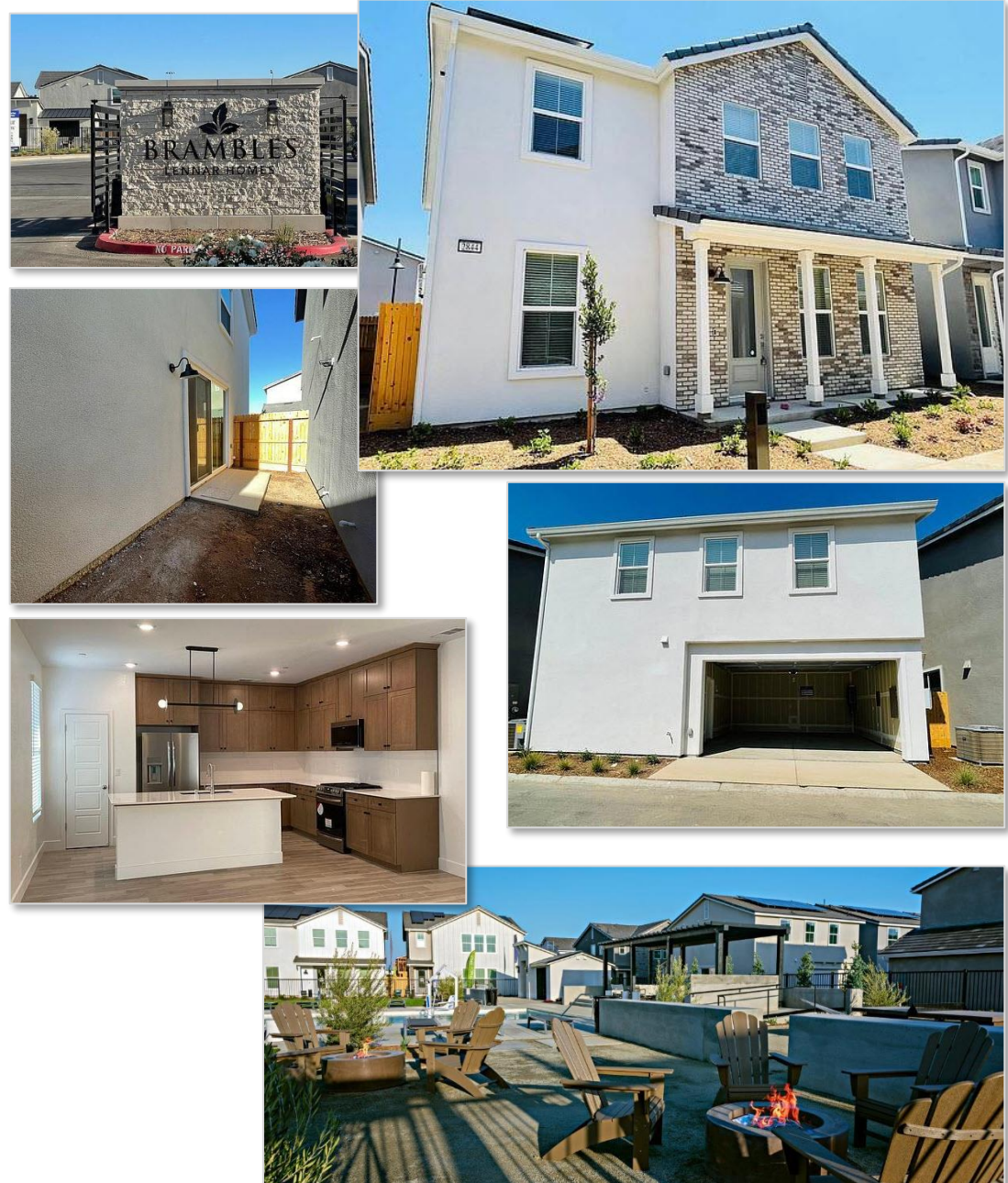
Med High Density – Starling TH – The Brambles

Project: Starling THs – The Brambles
Location: NE of E Copper Ave & N Chestnut Ave, Fresno, 93619
Builder: Lennar
Product: Townhomes
Description: 2-story, side-by-side row THs
Density: About 15 du/acre
Designation: Medium High Density
Sales Began: April 2021
Total Homes: 150
Sold to Date: 150
Sold-out: October 2023
Sales/Mo: 4.9/mo
Home Sizes: All plans 1,383 sf
Home Prices: \$383K to \$397K
Incentives: \$15K (in 2023)
HOA Dues: \$255/mo
Tax Rate: 1.25%
Amenities: Gated entry, community pool



Medium Density – The Wilde – The Brambles

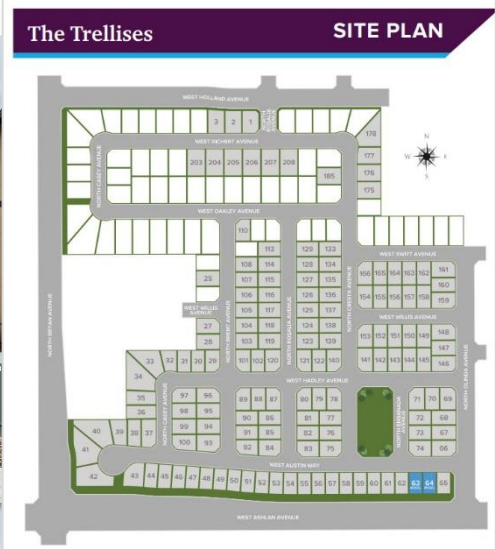
Project: The Wilde SFD – The Brambles
Location: NE of E Copper Ave & N Chestnut Ave, Fresno, 93619
Builder: Lennar
Product: Small-lot SFD
Description: Green court, zero lot line, alley garages
Lot Size: 2,400 sf (40' x 60')
Designation: Medium Density
Sales Began: February 2021
Total Homes: 89
Sold to Date: 89
Sold-out: March 2023
Sales/Mo: 3.6/mo
Home Sizes: 1,893 to 2,169 sf
Home Prices: \$429K to \$463K
Incentives: \$15K (in 2023)
HOA Dues: \$159/mo
Tax Rate: 1.25%
Amenities: Gated entry, community pool



Medium Density – The Trellises



Project: The Trellises
Location: NEC Ashlan Ave & N Bryan Ave, Fresno, 93723
Builder: Century Communities
Product: Small-lot SFD
Description: Conventional SFD
Lot Size: 3,500 sf (50' x 70')
Designation: Medium Density
Sales Began: January 2024
Total Homes: 149
Sold to Date: 14
Sold-out: Still selling
Sales/Mo: 4.3/mo
Home Sizes: 2,126 to 2,454 sf (expect to add new plans in May 2024 starting at 1,200 sf)
Home Prices: \$459K to \$500K
Incentives: \$5K
HOA Dues: None
Tax Rate: 1.18%
Amenities: None



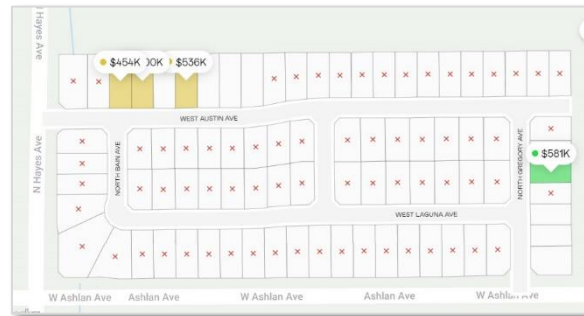
Medium Density – Orchard at Kintsu Square

Project: Orchard at Kintsu Square
Location: N Grantland Ave & W Ashlan Ave,
Fresno, 93723
Builder: Lennar
Product: Small-lot SFD
Description: Conventional SFD
Lot Size: 4,000 sf (50' x 80')
Designation: Medium Density
Sales Began: November 2023
Total Homes: 83
Sold to Date: 35
Sold-out: Still selling
Sales/Mo: 8.3/mo
Home Sizes: 1,635 to 2,985 sf
Home Prices: \$416K to \$525K
Incentives: \$15K
HOA Dues: None
Tax Rate: 1.27%
Amenities: None



Medium Low Density – Catalina Park - Surf

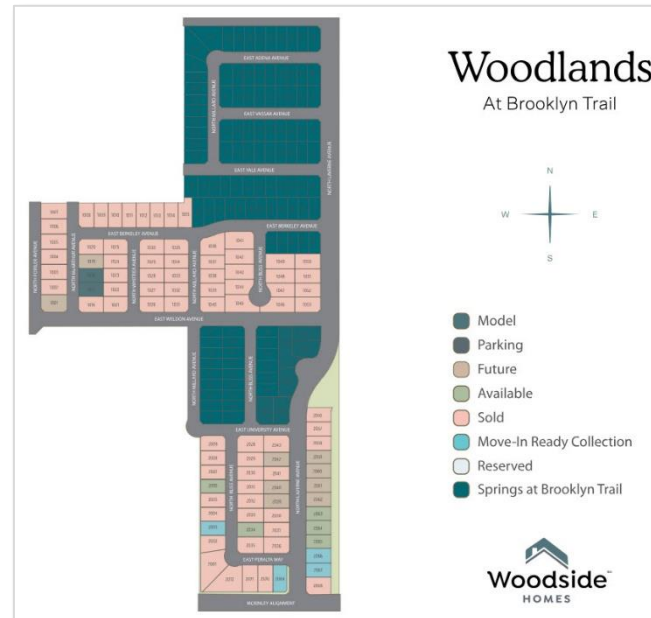
Project: Catalina Park - Surf
Location: NE of W Ashlan Ave & N Hayes Ave,
Fresno, 93722
Builder: Lennar
Product: Medium-lot SFD
Description: Conventional SFD
Lot Size: 5,500-6,000 sf (55'-60' x 10')
Designation: Medium Low Density
Sales Began: November 2022
Total Homes: 83
Sold to Date: 72
Sold-out: Still selling
Sales/Mo: 4.5/mo
Home Sizes: 1,650 to 3,383 sf
Home Prices: \$430K to \$580K
Incentives: None
HOA Dues: None
Tax Rate: 1.27%
Amenities: None



Medium Low Density – Woodlands @ Brooklyn

Project: Woodlands at Brooklyn Trail
Location: E Weldon Ave & N Laverne Ave, Fresno, 93727
Builder: Woodside Homes
Product: Medium-lot SFD
Description: Conventional SFD
Lot Size: 6,000 sf (60' x 100')
Designation: Medium Low Density
Sales Began: August 2020
Total Homes: 103
Sold to Date: 72
Sold-out: Still selling
Sales/Mo: 1.7/mo
Home Sizes: 2,267 to 3,537 sf
Home Prices: \$535K to \$635K
Incentives: None
HOA Dues: None
Tax Rate: 1.00%
Amenities: None

Site is 1-mile from the airport and near the flight path. Sales agent indicates that buyers are aware of the noise issues, but like the convenience of how close the airport is.



Low Density – Ivy Gate at Farmstead

Project: Ivy Gate Series at Farmstead
Location: Teague Ave & N Fowler Ave, Clovis, 93619
Builder: Woodside Homes
Product: Large-lot SFD
Description: Conventional SFD
Lot Size: 10,800 sf (80' x 135')
Designation: Low Density
Sales Began: July 2020
Total Homes: 113
Sold to Date: 67
Sold-out: Still selling
Sales/Mo: 1.5/mo
Home Sizes: 2,979 to 4,565 sf
Home Prices: \$845K to \$1.005M
Incentives: \$2.5K to \$3.0K
HOA Dues: None
Tax Rate: 1.00%
Amenities: None



RESALE HOUSING MARKET TRENDS

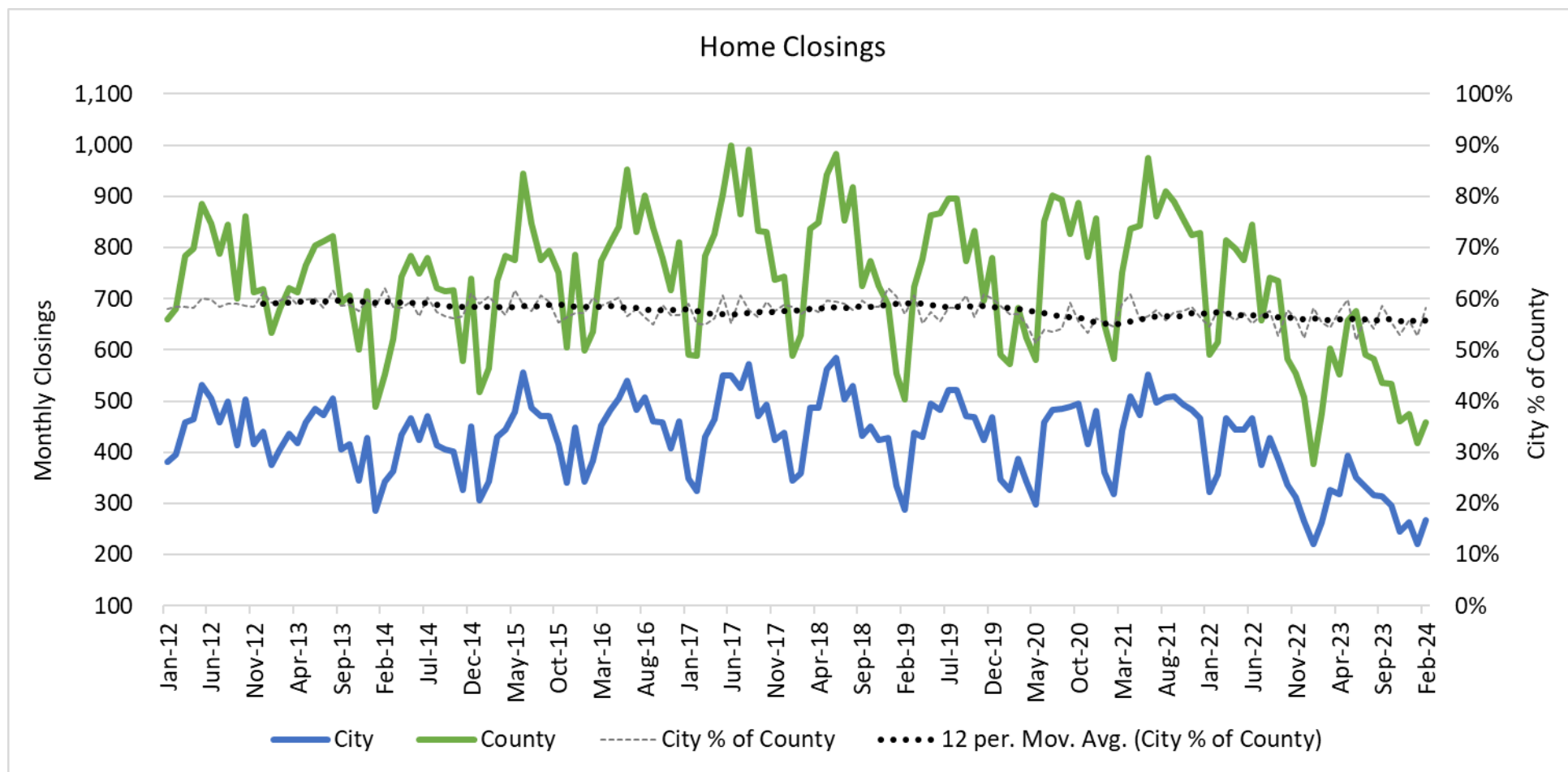
Summary of Existing Home Trends



- **Overall Conditions:** The two main storylines over the past two years have been the rise in mortgage interest rates from the 3% range in early 2022 to the 6% to 7% range today, and the corresponding downward pressure that has put on the supply of existing homes available for purchase.
- **Available Inventory:** Since 2012, the City of Fresno has had an average of 779 homes available for purchase in any given month. In February 2024, there were just 389 homes on the market, a drop of 50%. A 4-month supply of homes in the existing home market is considered to be equilibrium. Today there is just a 1.5-month supply of homes in the City.
- **Annual Sales:** With fewer homes available for purchase, existing home sales have plummeted over the last 2 years. Since 2012, the City has averaged almost 5.1K sales per year. Over the last 12 months, only 3.6K homes were sold, a drop of 29%. Although interest rates have cut into affordability, the drop in sales is primarily due to the lack of supply not a lack of demand. Evidence of this can be found in the new home market, where sales over the last 12 months are within 1% of the average since 2015.
- **Median Home Price:** As COVID disrupted the housing market through a vast expansion in the number of people working from home and spurred an exodus of people from dense expensive coastal markets to more attainably priced markets such as Fresno, home prices skyrocketed from early 2020 through mid-2022. At that point, interest rates were already on the rise, negatively impacting affordability. Higher interest rates have had a dampening effect on price increases, and existing home prices in the City of Fresno today are about the same as two years ago as a result.
- **Buyer Origins:** Among people moving from outside the area into Fresno to buy a home, the highest proportions are still coming from more expensive coastal areas in California including San Francisco, Los Angeles, Salinas, San Diego and Santa Barbara. With a larger IRS job presence in the City, Washington DC also ranks in the top ten for people moving into Fresno. We would anticipate these areas to continue to provide homebuyers in Fresno in the years to come.

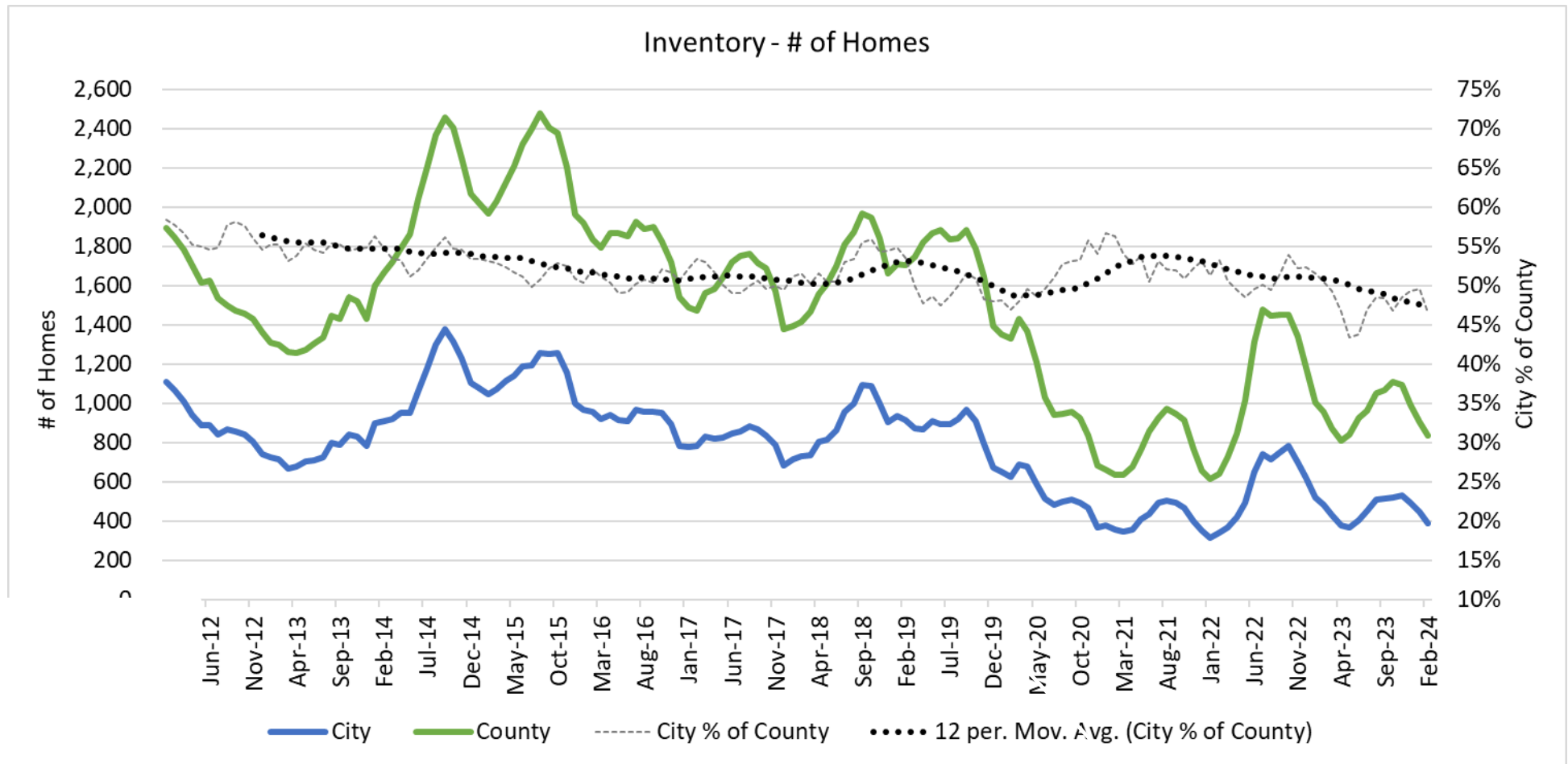
Existing Home Sales

Since 2012, the City of Fresno has consistently represented about 58% of county-wide existing home sales (SFD and attached combined), averaging 5,090 sales/year vs 8,820 in the county. Due primarily to a large drop in the available inventory of homes, but also partly due to higher interest rates, higher home prices, and declining affordability, sales totaled just 3,643 homes in the city over the 12 months ending February 2024, compared to 6,540 in the county.



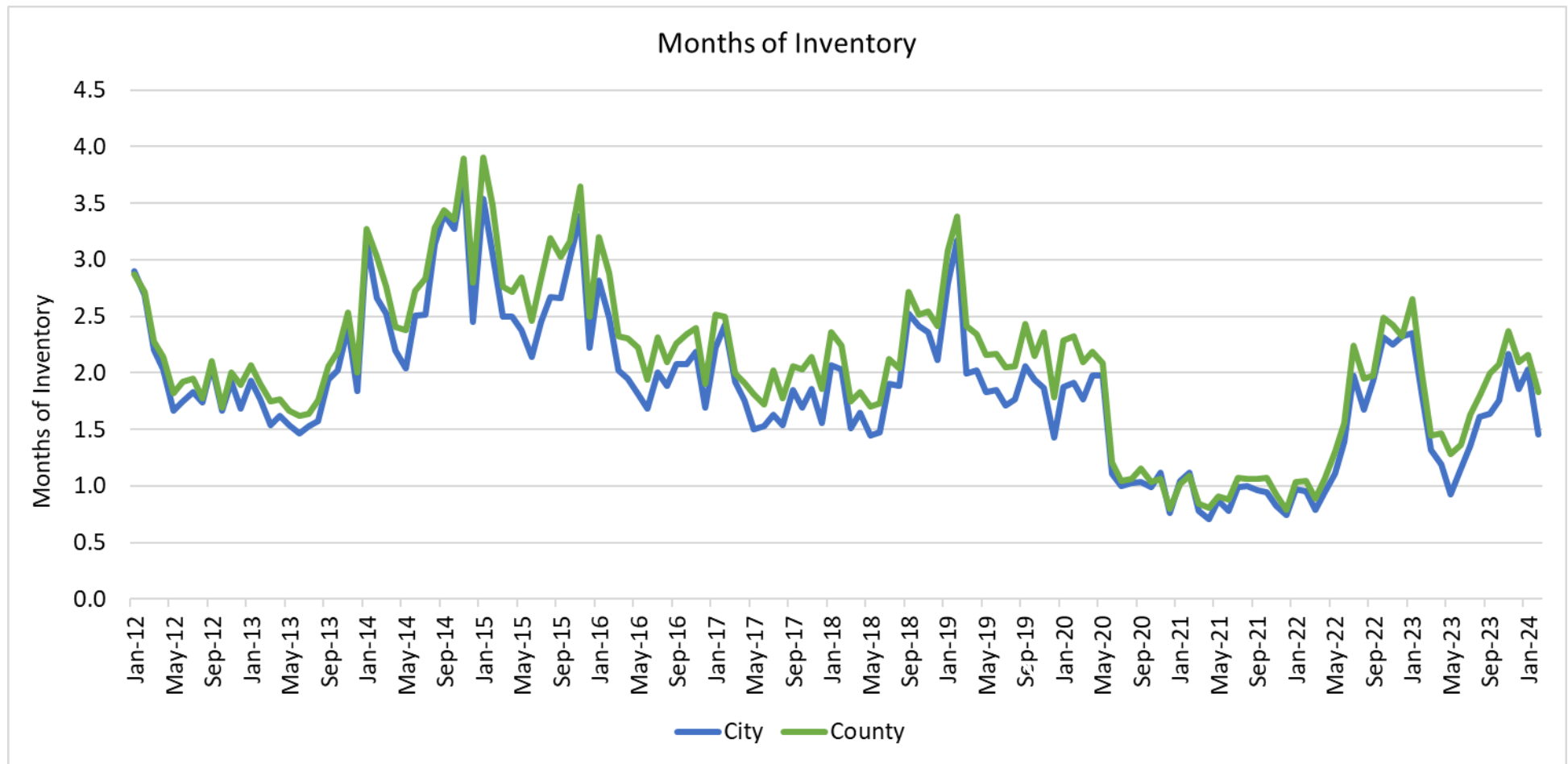
Existing Home Available Inventory

The rapid rise in interest rates starting in 2022 and continuing through to 2024 has resulted in a phenomenon called “rate lock” where existing homeowners with mortgage interest rates below 4% do not want to put their home on the market and then have to buy another home at a much higher interest rate. This has had the effect of pushing inventory levels down to some of the lowest levels in over a decade. Since 2012, the City of Fresno has had an average of 779 homes available in any given month. As of February 2024, there were just 389 homes on the market. The city has averaged about 52% of the countywide supply of available homes since 2012 compared to 58% of sales, indicating that the city is a popular destination for homebuyers.



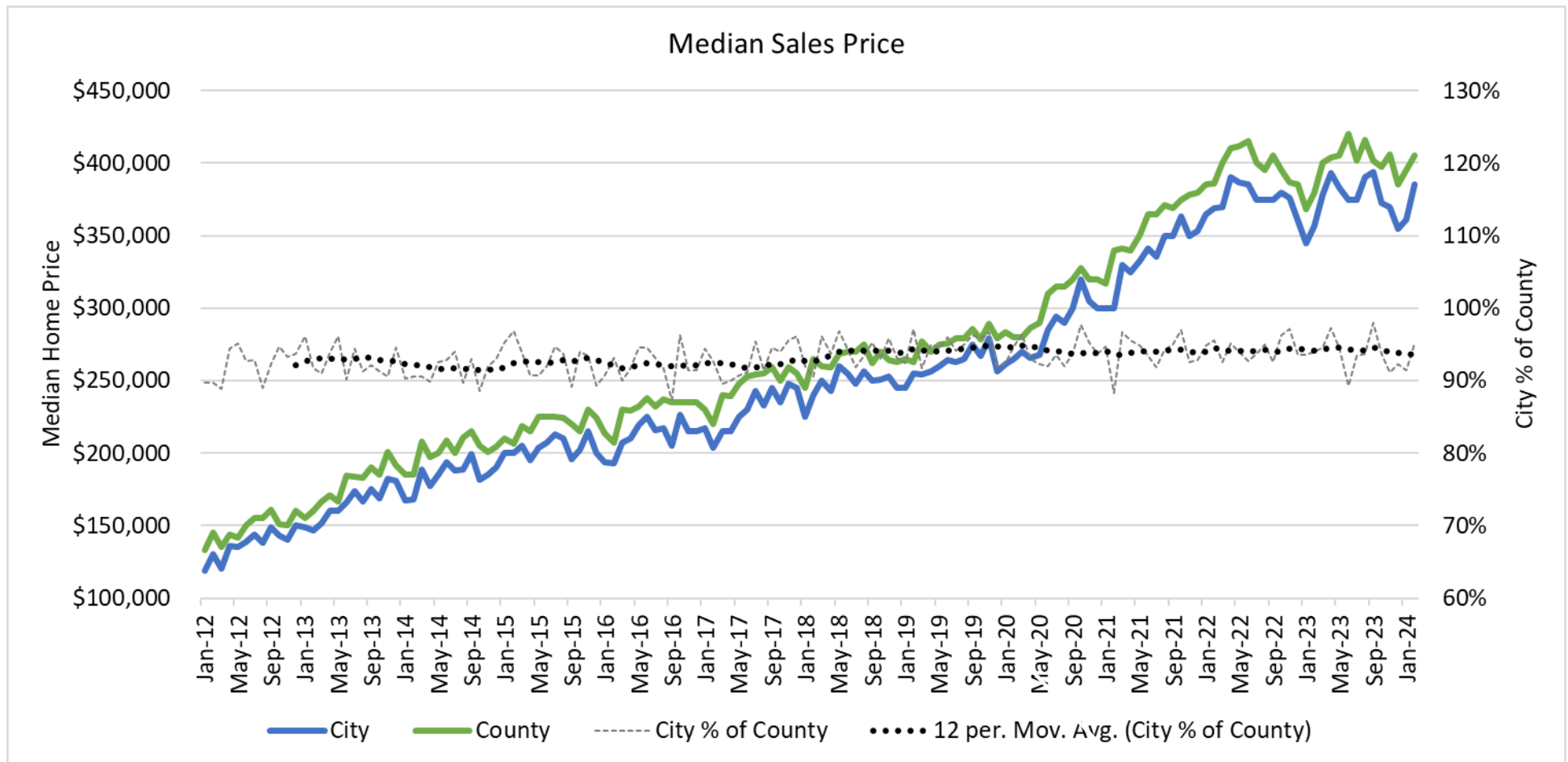
Existing Home Months of Inventory

A 4-month supply of homes is generally considered to be equilibrium in the resale market. Years ago, 6-months was considered to be equilibrium, but the availability of information on the internet, along with improved processing times for financing and closing, has decreased months of inventory levels. Although the actual number of available homes (prior page) is near record lows, high interest rates are making it harder for many buyers to compete against new homebuilders, most of which offer interest rate buydowns as incentives, and months of inventory is up slightly as a result. Still, there was just a 1.5-month supply of homes in the city as of February 2024, indicative of a severely under-supplied market.



Existing Home Median Price

Up until the time interest rates started to rise in 2022, home prices in both Fresno City and County had been on a more-or-less upward trajectory every year since 2012. Prices have been relatively flat since mid-2022, although with some bumps up and down. As of February 2024, the median home price in the city was \$385K, compared to a peak of \$390K in April 2022. Although the price is down compared to 2022, prices over the last 12 months are up 7.8% (February 2023, \$357K). With a higher supply of smaller and older homes, the median price in the city has consistently tracked about 5% to 7% lower than the county.



Existing SFD Home Sales by Size & Price



The table below highlights the number of SFD homes closed in the City of Fresno in the 12 months through the end of March 2024. By far the single largest segment is small (under 1,499 sf) and cheap (under \$400K) homes, representing 37% of all closings. These homes are primarily 30+ years old and tend to be in the more central part of town. Homes on the outskirts tend to be newer, larger, and more expensive. Combined, homes under 2,000 sf represent 71% of the market and homes under \$500K represent 78% of the market.

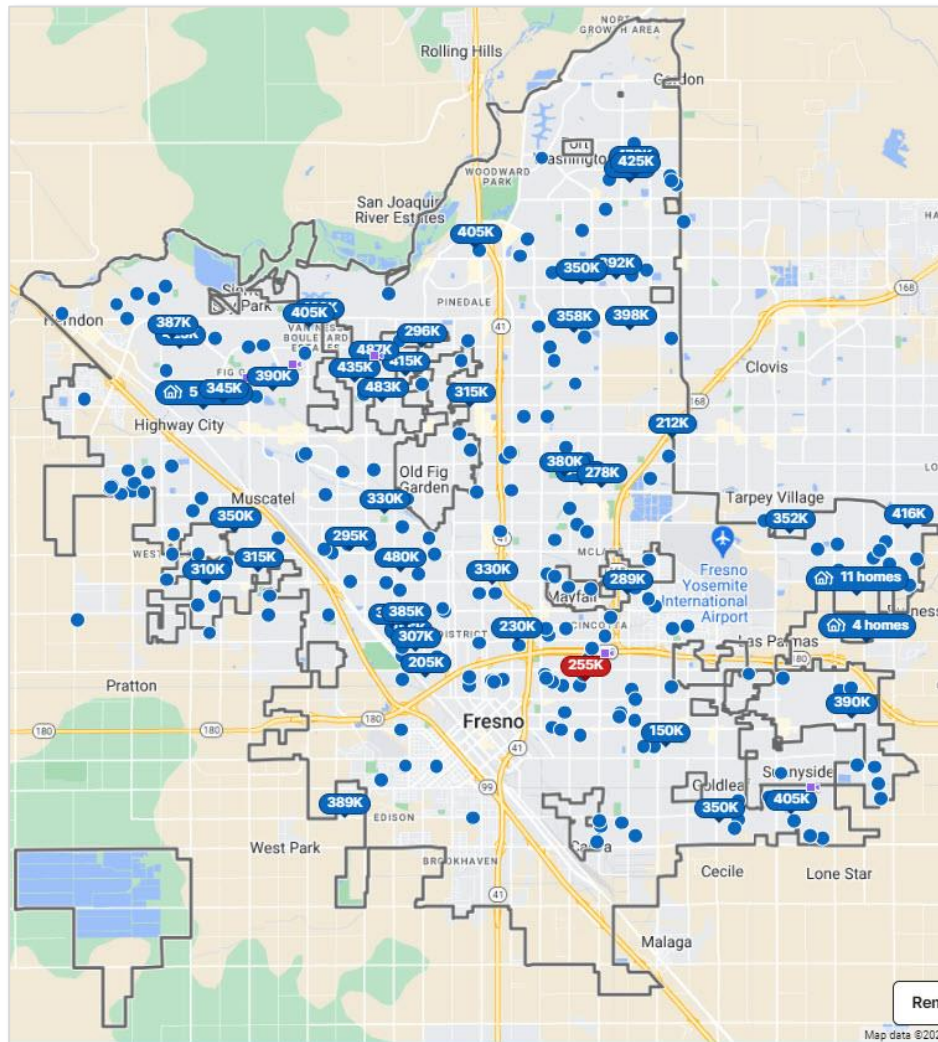
Price Range	Home Size Range (sf)					Total Sales	
	Under	1,500	2,000	2,500	3,000		
	1,499	to 1,999	to 2,499	to 2,999	& Over	#	%
Under \$400K	1,593	562	59	6	4	2,224	52%
\$400K - \$449K	114	409	116	8	3	650	15%
\$450K - \$499K	22	214	185	34	8	463	11%
\$500K - \$549K	3	68	133	66	16	286	7%
\$550K - \$599K	1	24	74	51	29	179	4%
\$600K - \$699K	1	14	71	76	33	195	5%
\$700K - \$799K	0	2	14	45	42	103	2%
\$800K & Over	0	0	6	31	140	177	4%
Total Sales	1,734	1,293	658	317	275	4,277	100%
% of Total	41%	30%	15%	7%	6%	100%	- -

Resale Price Map – Fresno – March 2024

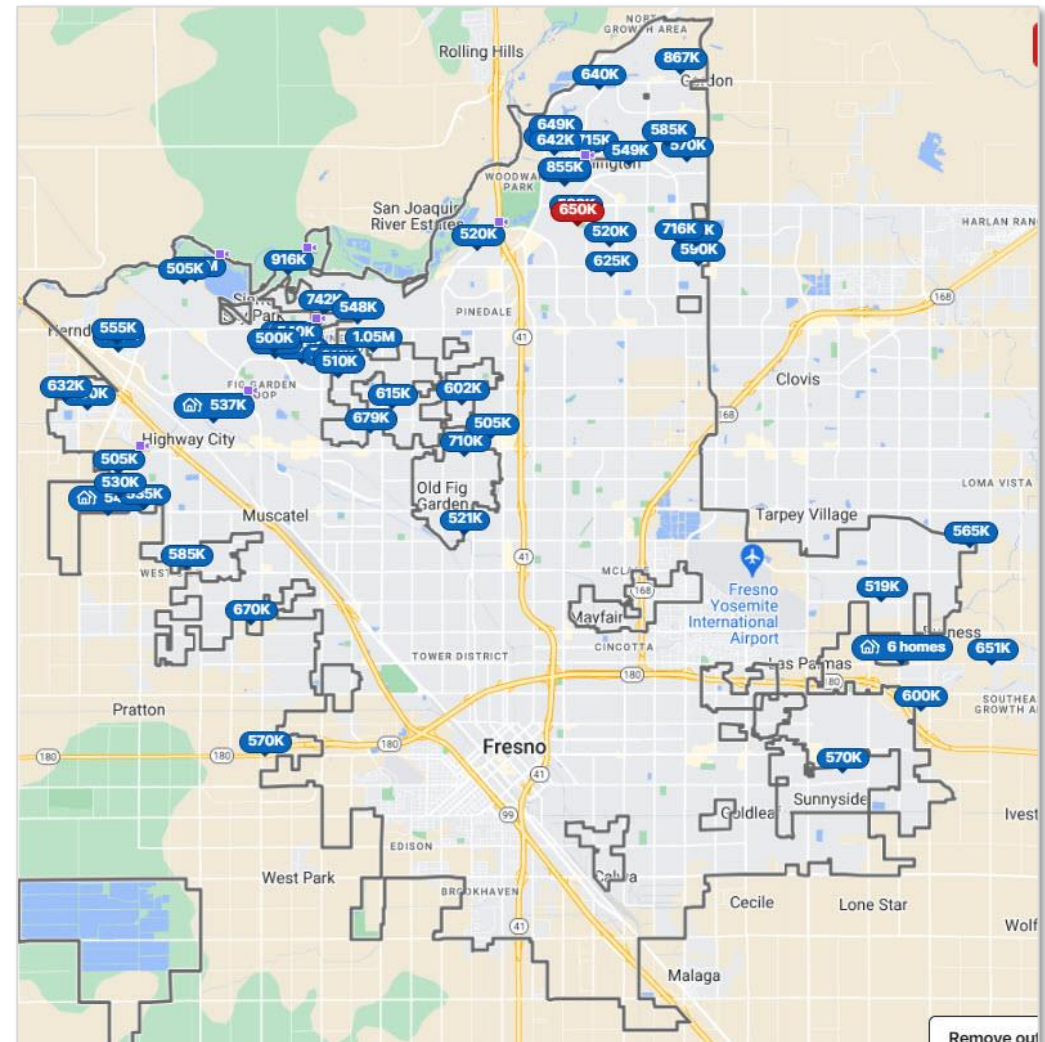


The two maps below compare SFD closings in the City of Fresno in March 2024 by price. The map to the left is homes priced under \$500K while the map to the right is homes over \$500K. Clearly, the highest priced homes are on the outskirts of the city where most new home development activity over the last 10 to 20 years has taken place. As such, homes on the outer reaches of the city have newer, and in many cases larger, homes than in the more central parts of the city.

Homes priced under \$500K



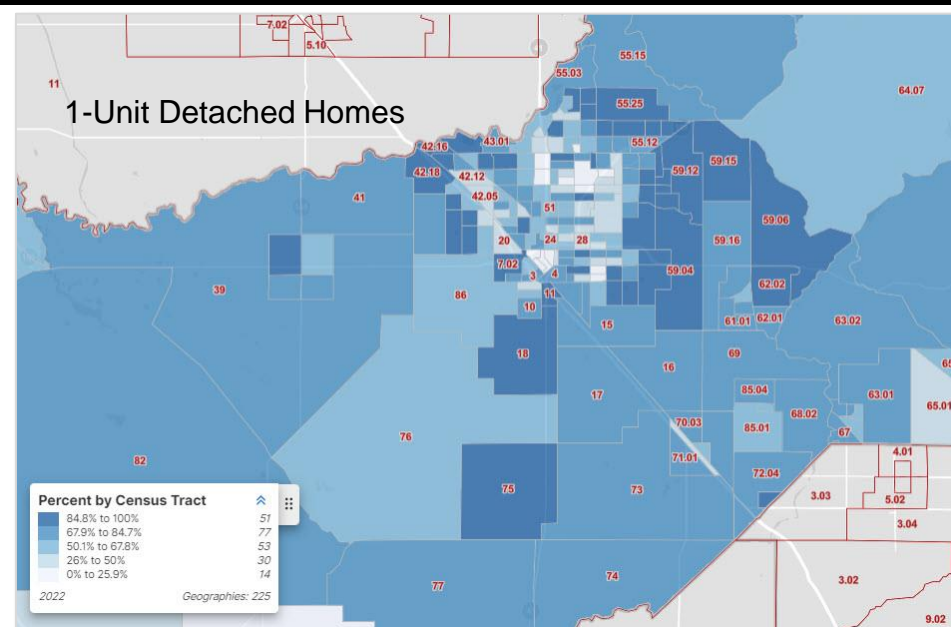
Homes priced over \$500K



Existing Home Distribution by Type & Tenure

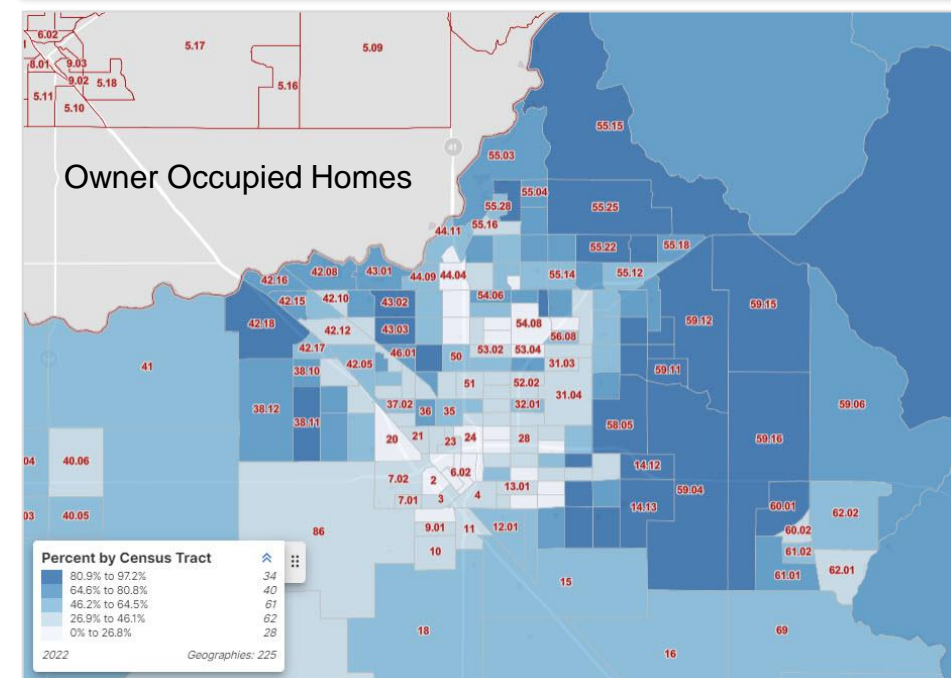
1-Unit Detached Homes

As might be expected, there are higher concentrations of 1-unit single family detached homes in the suburbs surrounding downtown Fresno than in the central part of town. Although this pattern likely will continue in the future, the preponderance of SFD homes is expected to decline in the years ahead as more builders offer attached product to provide attainably priced housing.



Owner Occupied Homes

Homeowners are typically willing to commute farther in order to be able to afford to purchase a home compared to renters who usually want to be no more than a 15-20-minute drive to work. As such, the concentration of owner-occupied homes tends to be higher in the areas farther from downtown Fresno. This pattern likely will continue in the future; however, the rising class of build-for-rent (BFR) single family home communities in suburban locations will bring more renters to the suburbs.



Movers to/from Fresno



Online real estate site Redfin tracks the searches of site users based on both where they are looking for a home and where they currently live. Based on this information, they determine which areas represent the highest levels of activity relative to moving into or out of a specific geography. Based on this information, Redfin has determined that the highest proportion of movers into Fresno are coming from San Francisco, Los Angeles and Visalia. Washington, DC might be considered a surprise for people moving into Fresno; however, Fresno is home to a large IRS facility, and this activity likely represents people transferring for work. With regards to leaving Fresno, the top destinations include Sacramento and San Luis Obispo. According to Redfin in 1Q 2024, 41% of Fresno homebuyers searched to move out of Fresno, while 59% looked to stay in Fresno.

People are moving to Fresno from ⓘ

Inbound Metros	Net inflow ⓘ Jan '24 - Mar '24
1 San Francisco, CA	1,320
2 Los Angeles, CA	763
3 Visalia, CA	323
4 Seattle, WA	36
5 Salinas, CA	35
6 New York, NY	29
7 San Diego, CA	19
8 Santa Barbara, CA	15
9 Washington, DC	11
10 Hartford, CT	4

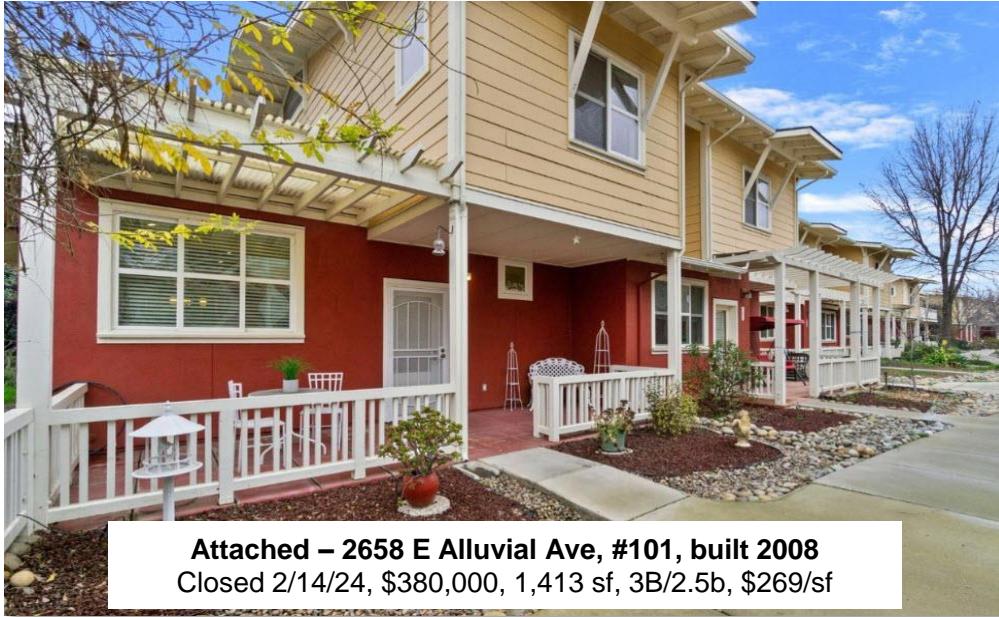
People are leaving Fresno for ⓘ

Outbound Metros	Net outflow ⓘ Jan '24 - Mar '24
1 Sacramento, CA	343
2 San Luis Obispo, CA	103
3 Las Vegas, NV	55
4 Portland, OR	45
5 Nashville, TN	35
6 Boise, ID	29
7 Houston, TX	23
8 Reno, NV	22
9 San Antonio, TX	19
10 Phoenix, AZ	18

Methodology

This data does not reflect actual moves. The latest migration analysis is based on a sample of about two million Redfin.com users who searched for homes across more than 100 metro areas. To be included in this dataset, a Redfin.com user must have viewed at least 10 homes in a three month period. This dataset excludes all rentals data.

Typical Existing Fresno Homes Closed in 2024

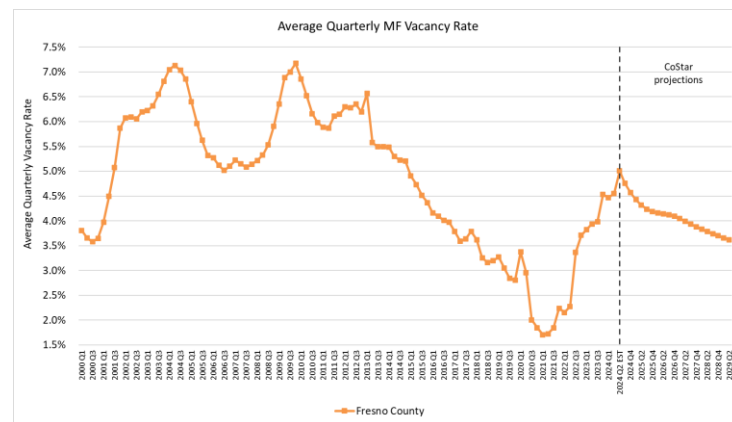
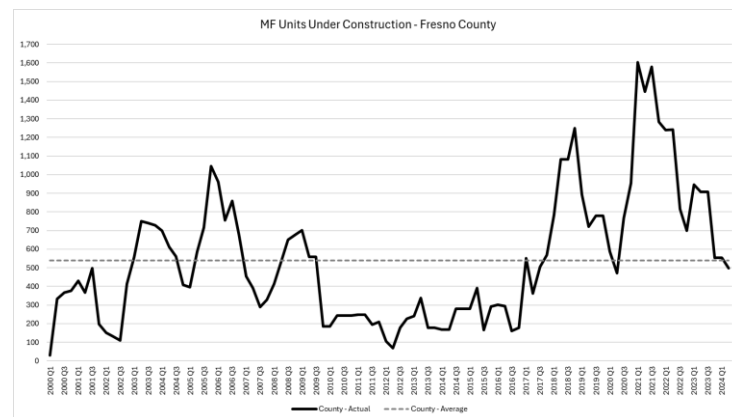
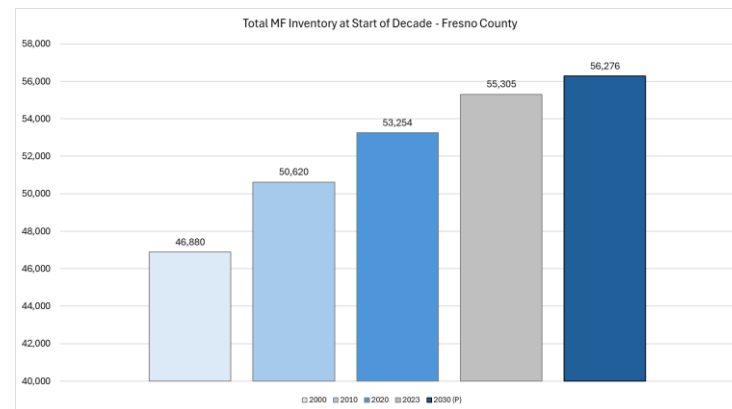


MULTI-FAMILY HOUSING MARKET TRENDS

Summary of MF Home Trends



- **Overall Conditions:** The MF rental market in Fresno County has largely “settled down” after several years of disruption due to COVID eviction moratoriums. The moratoriums had the effect of significantly limiting the supply of MF units available, forcing vacancy rates down to historic lows, and allowing rental property owners to substantially increase rents. With the lifting of moratoriums in 2022, supply and demand conditions have come back into balance.
- **Available Inventory:** There are currently 55.3K MF rental units in the County, up 8.4K units since the beginning of 2000, an average increase of 368 units/year (based on CoStar surveys). In comparison, 10.3K MF permits were issued over the same time period (540/year).
- **Geographic Growth:** Like in the for-sale market, the vast majority of new construction has been in the outskirts of the city where larger parcels of raw land are available for development. The North submarket has added 3.3K units since 2000 while the west submarket has grown by 2.8K units.
- **Vacancy Rate:** In a sign that the market was under-supplied, the vacancy rate dropped steadily from a post Great-Recession high of just over 7% in 2010, to just 3% right before COVID hit in early 2022. With eviction moratoriums limiting supply, vacancy dropped to a historic low of under 2% in 2021. With the lifting of moratoriums, and with new projects bringing more supply to market, the vacancy rate has returned to a more normal 5%. As for-sale housing is ever more expensive, we expect rental stabilization at 5%.

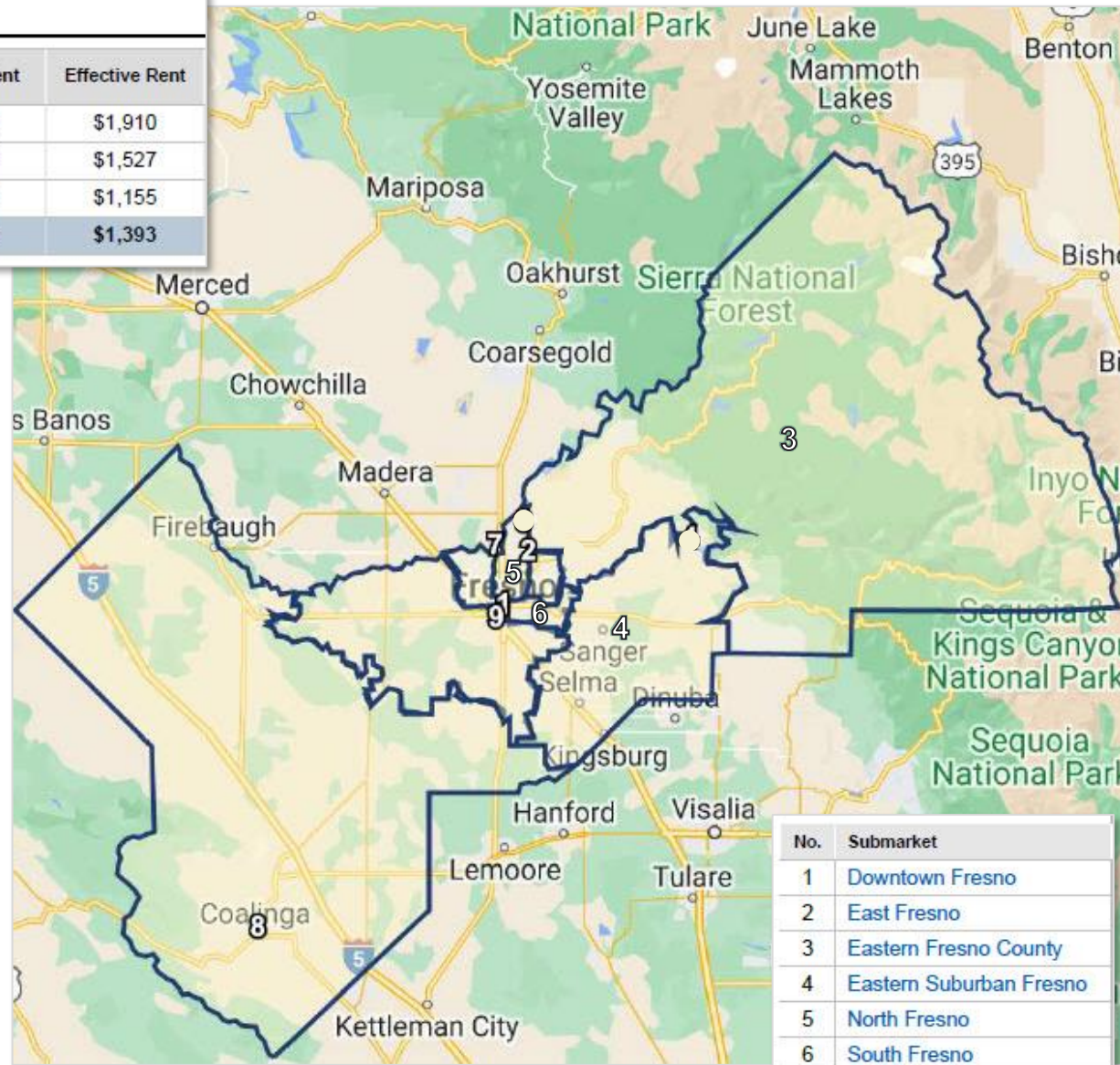


Submarket Map

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent
4 & 5 Star	6,590	11.1%	\$1,923	\$1,910
3 Star	17,944	3.3%	\$1,534	\$1,527
1 & 2 Star	30,827	3.9%	\$1,161	\$1,155
Market	55,361	4.6%	\$1,400	\$1,393

- CoStar defines the Fresno market as including all of Fresno County. The market is divided into 9 submarkets. SEDA encompasses portions of the East (2) and South (6) submarkets.
- CoStar covers 55.4K multi-family rental units in the Fresno market, with a 2Q 2024 vacancy rate of just 4.6%. The median asking rent is \$1,400/mo.
- Newer developments are most typically 4-5-Star properties, and with much higher rents (median \$1,923/mo), and with some newer projects still in initial lease-up, 4-5-Star properties currently have a vacancy rate of 11.1%.
- The largest submarkets by number of existing units are North Fresno (submarket 5, 20.4K, 37%), West Fresno (submarket 7, 13.1K, 24%) and East Fresno (submarket 2, 7.9K, 14%).

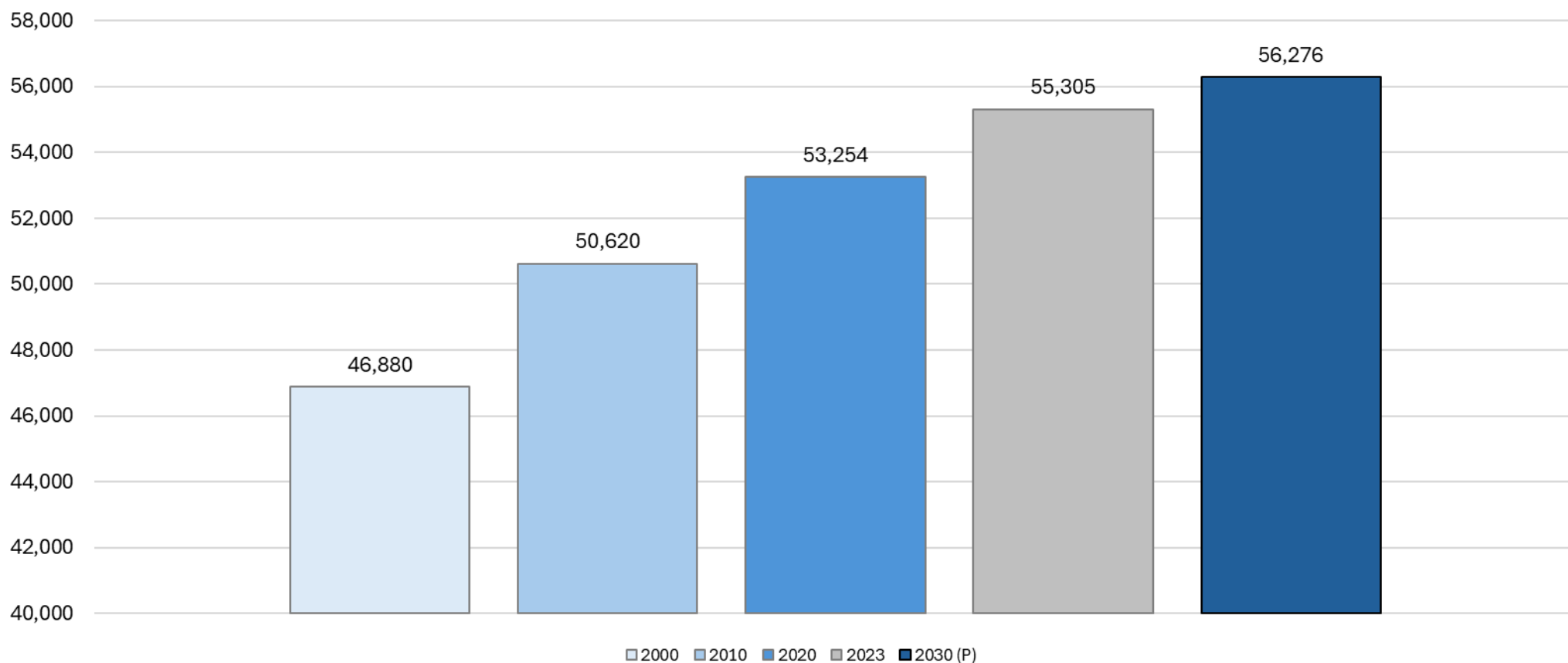


No.	Submarket
1	Downtown Fresno
2	East Fresno
3	Eastern Fresno County
4	Eastern Suburban Fresno
5	North Fresno
6	South Fresno
7	West Fresno
8	Western Fresno County
9	Western Suburban Fresno

MF Inventory – Fresno County

From 1Q 2000 through 4Q 2023, 8.4K new MF units have been built in Fresno County, an average of 368/year. It is important to note that these number are based on data compiled on specific MF properties by CoStar and do not necessarily represent every single unit built during that time, or existing as of the beginning of the time period. In comparison, 10.3K MF building permits were issued in the County. Not every property that is issued a building permit is built or is built within a year or two of being issued, and so we have concluded that the CoStar figures are a fair, but not exact, representation of MF building activity since 2000.

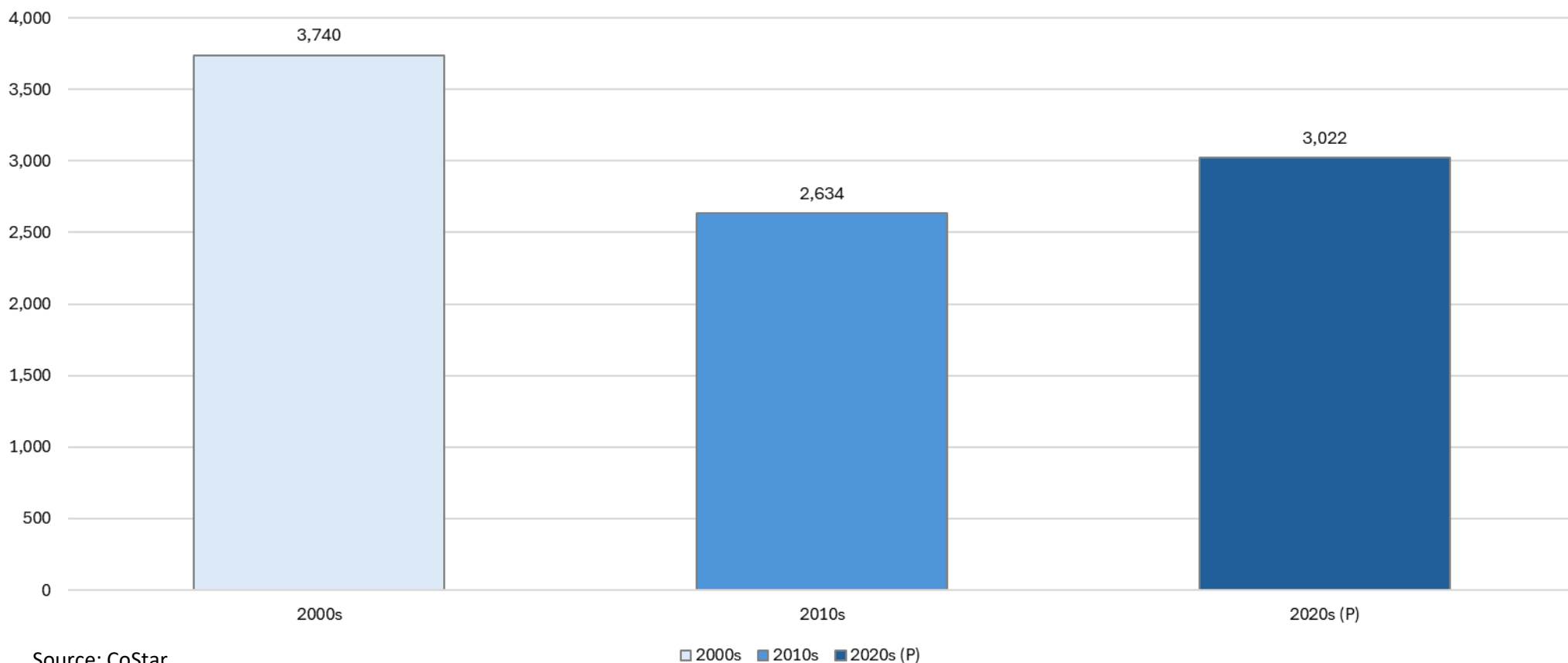
Total MF Inventory at Start of Decade - Fresno County



MF Inventory Growth – Fresno County

After robust growth in the 2000s, MF construction slowed in the 2010s following the Great Recession. Based on activity through the end of 2023, projections for the 2020s are for higher growth in the 2020s, but still below the 2000s. Given current vacancy levels, this is a reasonable assumption.

MF Inventory Growth by Decade - Fresno County

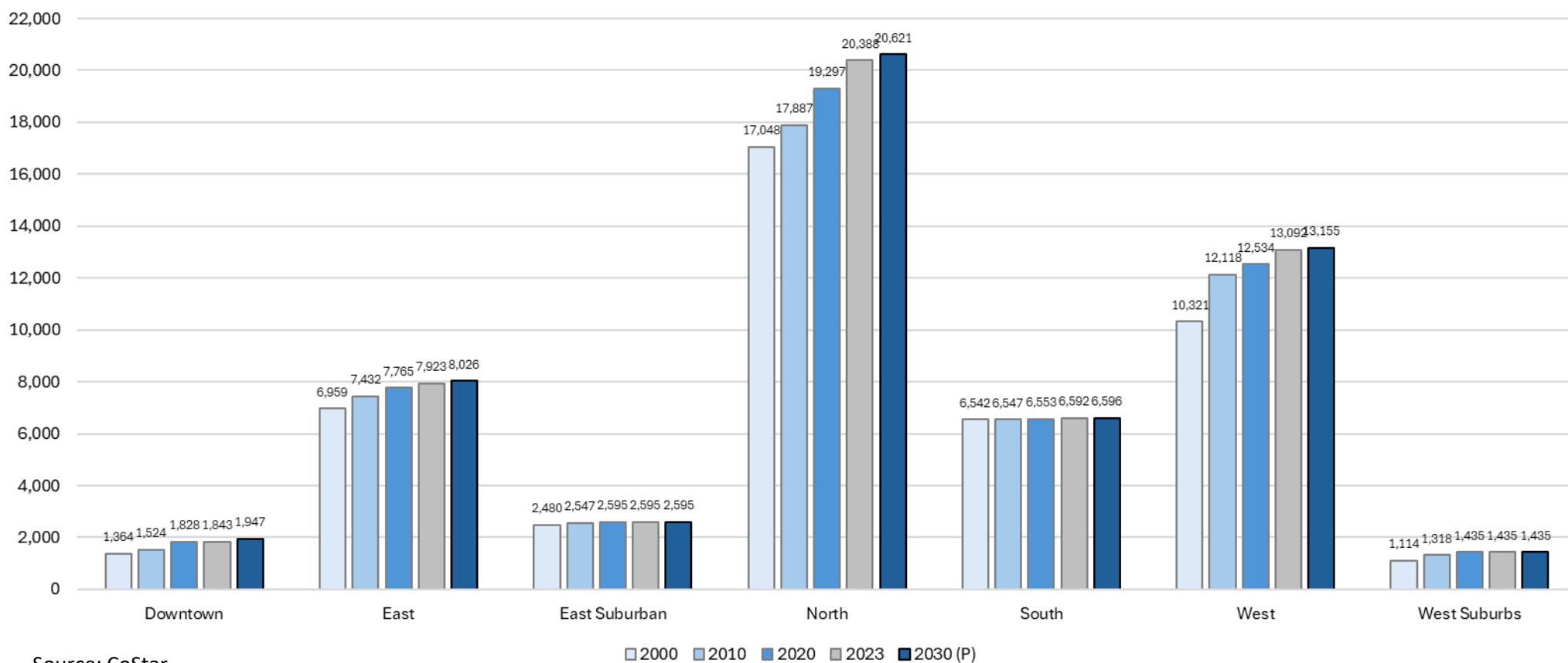


MF Inventory by Submarket

The North submarket, an area north of downtown, is by far the largest submarket in terms of the total inventory of existing units (20.4K as of the end of 2023, 37% of the county total) and has also seen the greatest increase since 2000, adding 3.3K units. The West is the second largest submarket (13.1K as of 2023, 24% of the county), and has had the second highest amount of growth since 2000, adding 2.8K units. Additional growth is expected in these areas over the coming years.

Numbers represent totals as of the end of each decade or year.

Total MF Inventory at Start of Decade - Fresno Submarkets

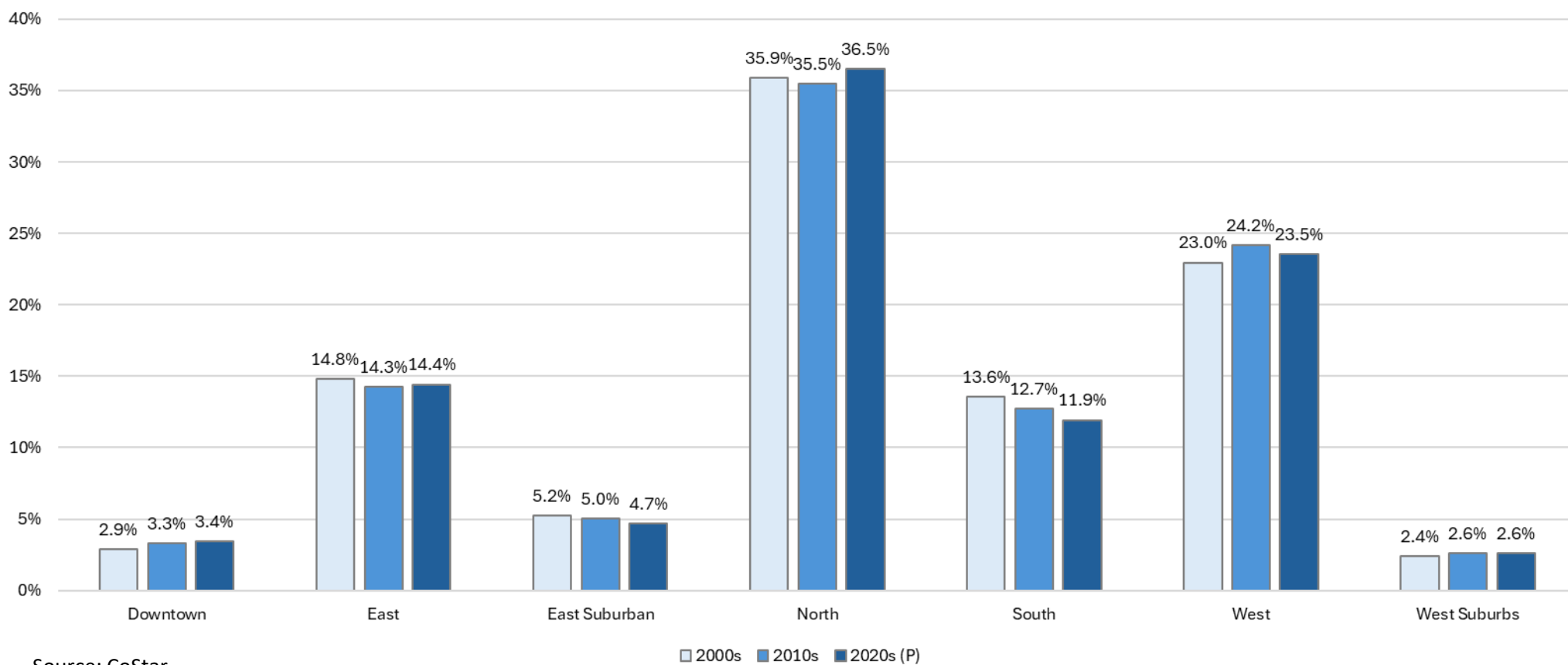


MF Inventory % by Submarket

Although the three largest markets – North, West and East – have all more-or-less maintained their respective market share size since 2000, we would anticipate more new development arising in the East Suburban and South submarkets as the other areas become more built-out (unless the City of Fresno sphere of influence expands and opens up more land for development).

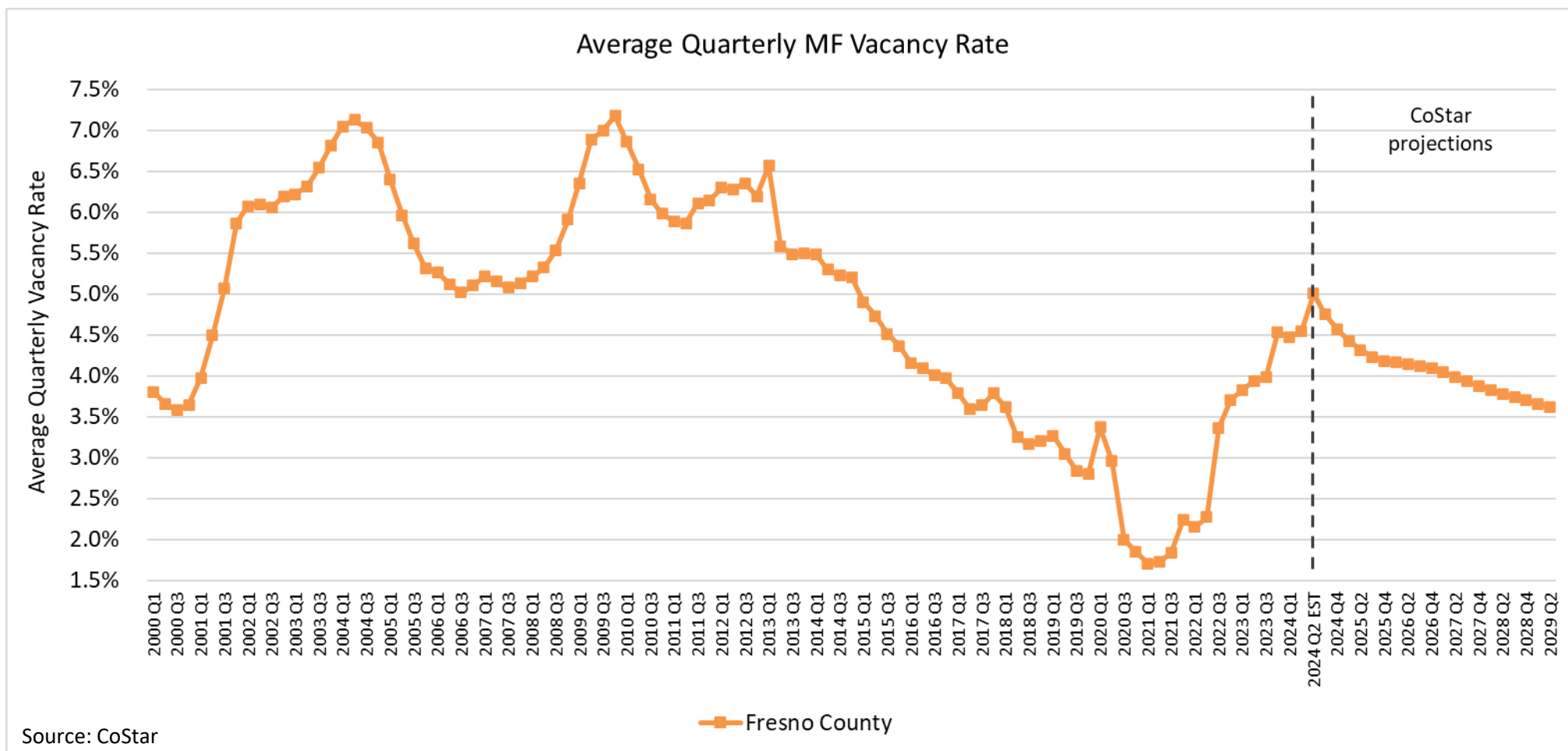
Numbers represent averages for each decade.

MF Share of Inventory by Decade - Fresno Submarkets



Vacancy Rate – Fresno County

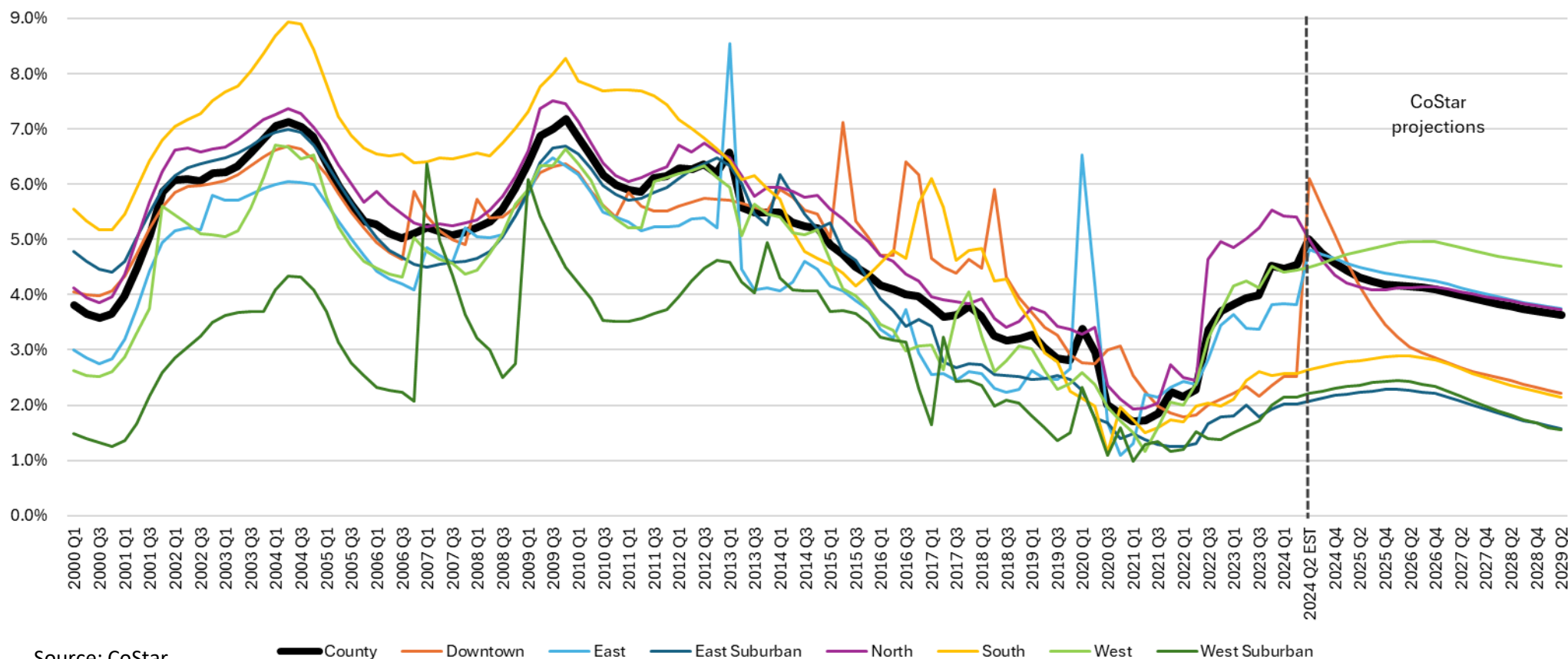
Since 2000, the Fresno County apartment market has averaged a 4.8% vacancy rate. A 5.0% vacancy rate is generally considered to be supply/demand equilibrium. The vast majority of the MF units in Fresno County are in the city of Fresno. Vacancy rates spiked in 2003 with increased new construction activity, and again in 2008 through 2012, following the Great Recession. With lower levels of construction, but demand driven by new job growth, vacancy rates declined throughout the 2010s. When COVID hit in March 2020, and the Federal government imposed eviction moratoriums, in effect, limiting the supply of rental units, vacancy plunged to a record-low of under 2.0%. With the lifting of moratoriums in 2022 and with new deliveries coming to market, the vacancy rate has returned to a more normal 4.5% to 5.0% range.



Vacancy Rate – Fresno County & Submarkets

Historically, the West Suburban submarket has typically had the lowest vacancy rate and the South submarket has had one of the highest. However, vacancy rates have fluctuated with new supply being brought to market (or not), and now the South submarket also has one of the lowest vacancy rates. With more new construction in recent years, vacancy has spiked in the North, but the current rate is still only slightly over 5.0%.

MF Vacancy by Submarket

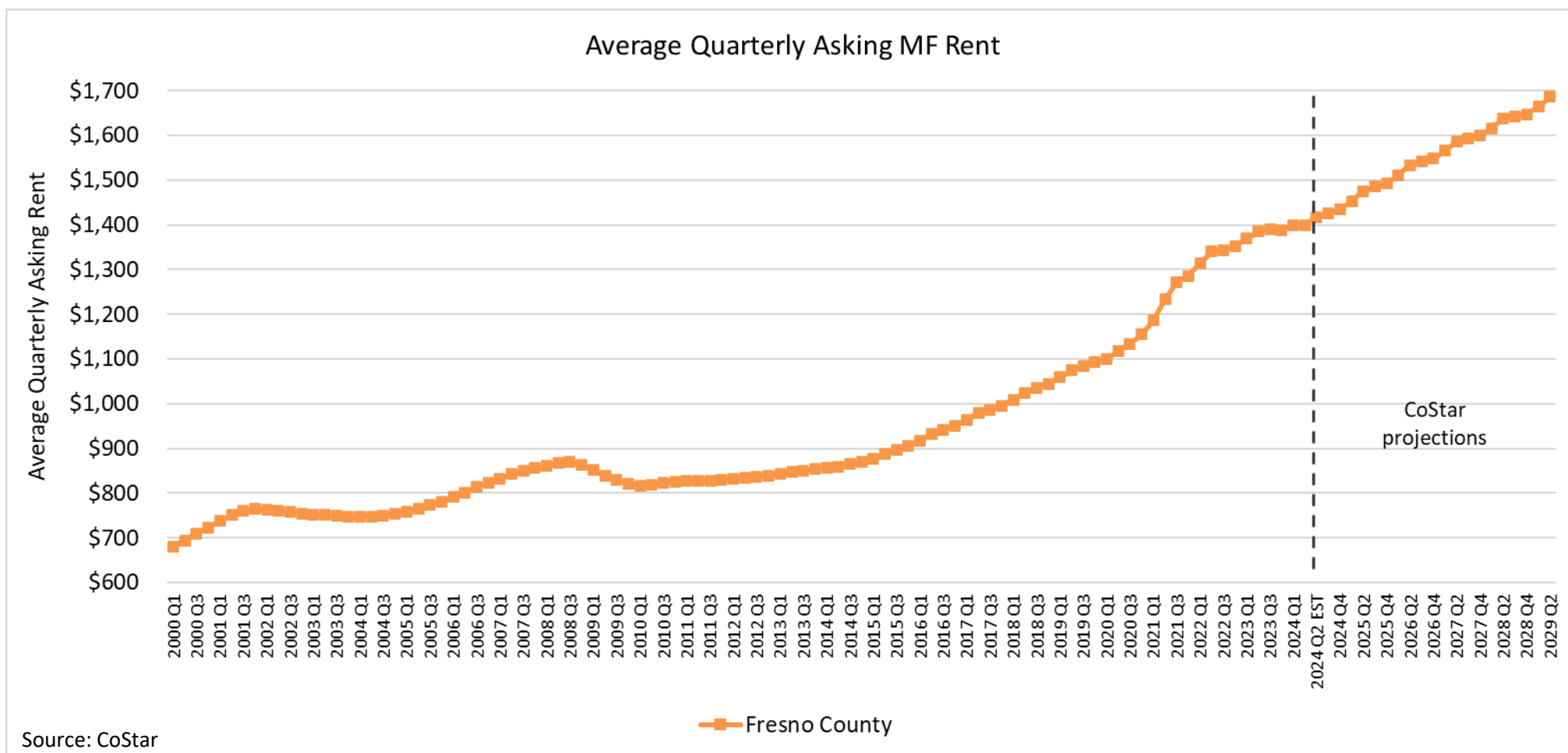


Source: CoStar

County Downtown East East Suburban North South West West Suburban

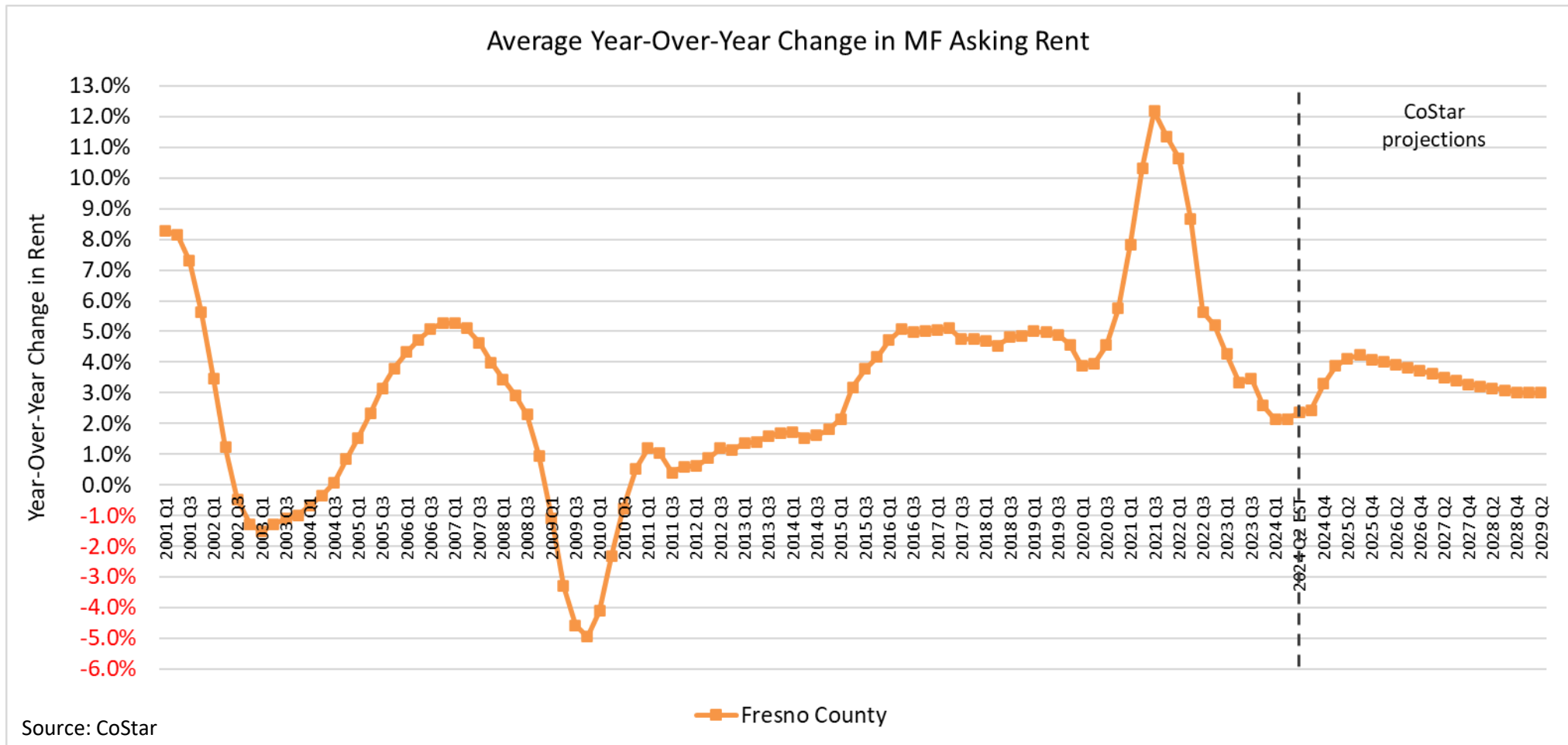
Asking Rent – Fresno County

After several years of flat rents in the early 2000s driven by new supply coming to market, and then a decline in asking rents during the Great Recession, rents have been on a more-or-less upward trajectory since. Eviction moratoriums imposed following the start of COVID in March 2020 limited the supply of units available, and had the unintended consequence of allowing property owners to significantly increase rents on the few units that would become available, resulting in rapid rent escalation that lasted into early-2023. Increased supply and declining affordability have resulted in a flattening in rents over the last year.



Asking Rent – Year-Over-Year Change

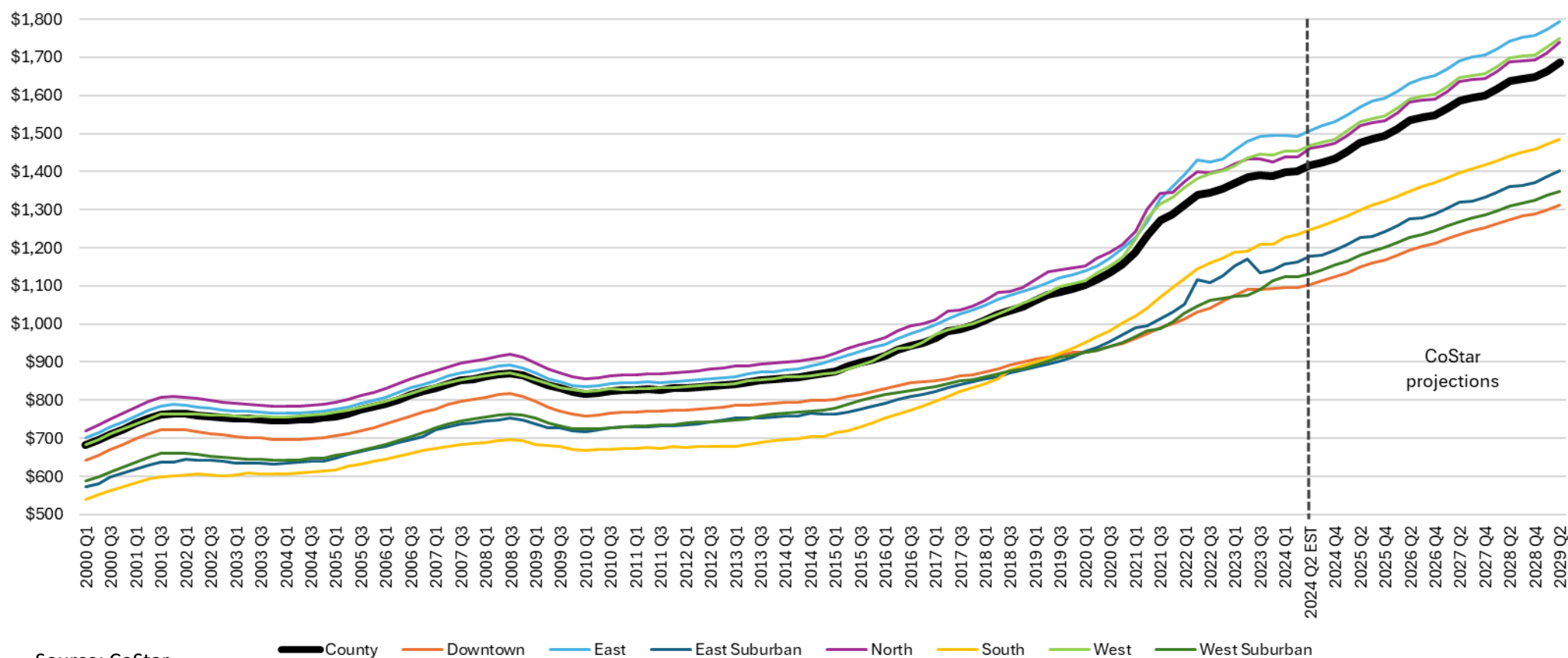
The extent to which landlords have been able to push rents up or have had to pull back has varied over the last almost 25 years corresponding with changing economic conditions (such as the Great Recession in the mid-to-late 2000s), levels of higher new MF construction (such as 2003 and the mid-2000s), and “black swan” events such as COVID. No doubt there will be variability in supply and demand conditions going forward that will result in upward or downward pressure on apartment rents accordingly.



Asking Rent – Fresno County & Submarkets

Reflecting their desirability, and the fact that more new construction has taken place in the submarkets, the North, East and West submarkets typically have the highest asking rents. Among the other areas, the South submarket has risen from having the lowest asking rents to being in the middle of the market, while Downtown has declined from being in the middle to having the lowest asking rents. Many downtowns across the country are struggling to maintain office vacancy rates, retail vibrancy, and MF occupancy levels as work-from-home trends have allowed more people to live farther from a physical office.

MF Asking Rent by Submarket

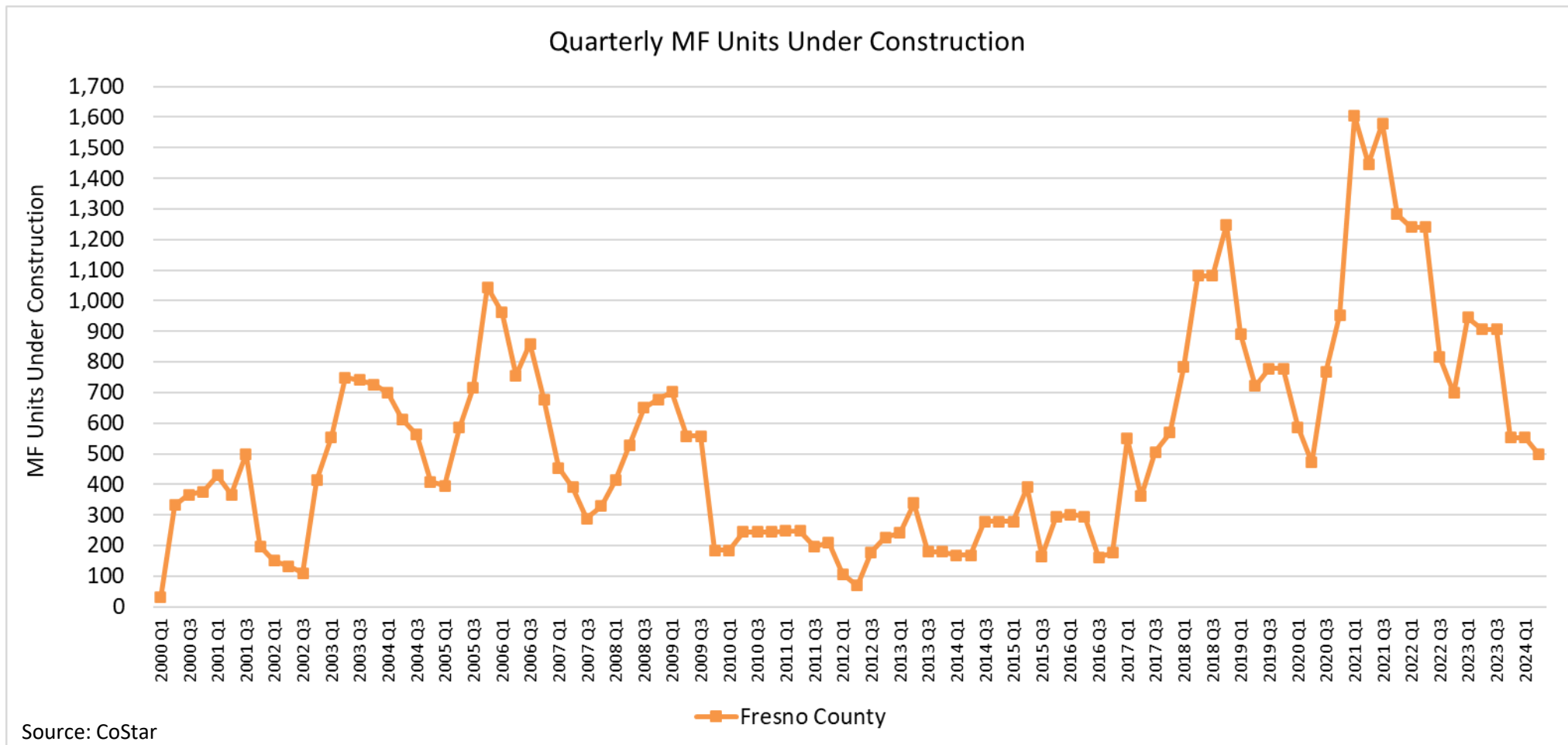


Source: CoStar

County Downtown East East Suburban North South West West Suburban

Quarterly MF Units Under Construction

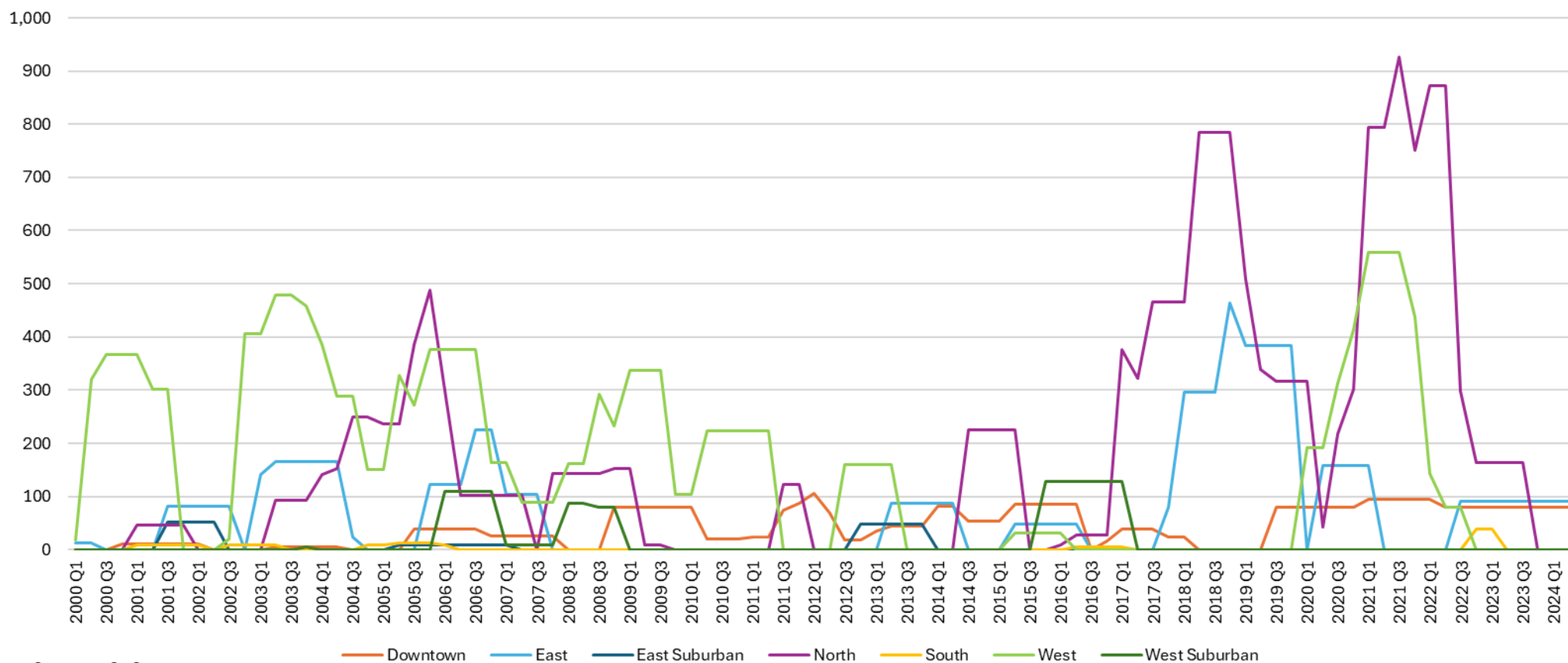
Apartment developers usually look at 2 main market indicators when deciding whether to begin construction on new developments – vacancy rates and rental rate trends. Typically, developers will bring new product to market when vacancy rates are below 5% (such as the year 2000 and starting in 2014), or when there have been stable or rising rents (also 2000 and 2014). Since 2022, financial factors have also played a role, as higher interest rates and rising cap rates make apartment development less attractive and some of the highest levels of new units have come to market in decades (2018 and 2021).



MF Units Under Construction - Submarkets

Since 2017, the highest amount of new construction activity has been taking place in the North submarket, followed by the West and East submarkets. Although Downtown has had some activity, there has been very little new building in most other submarkets.

MF Units Under Construction by Submarket

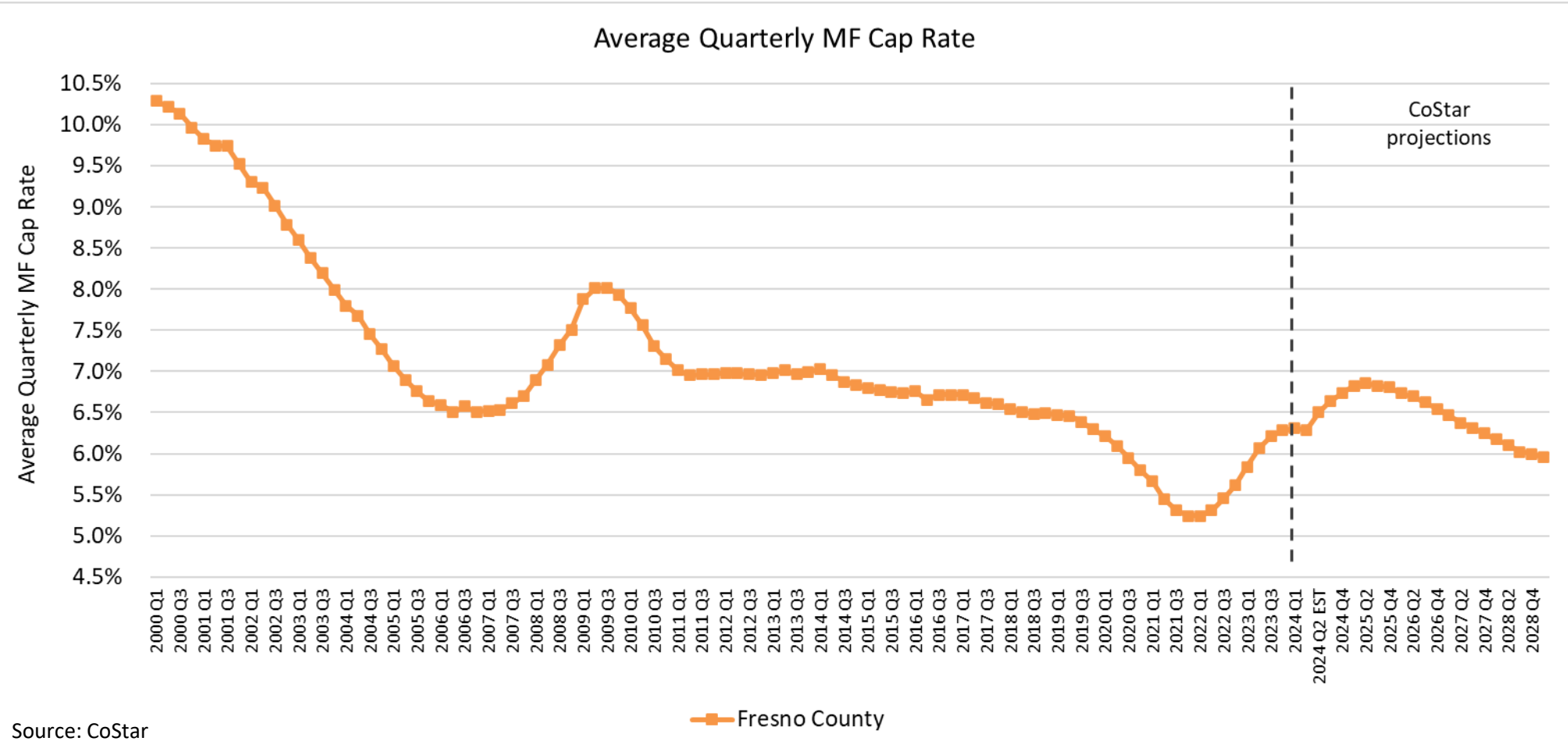


Source: CoStar

Cap Rate



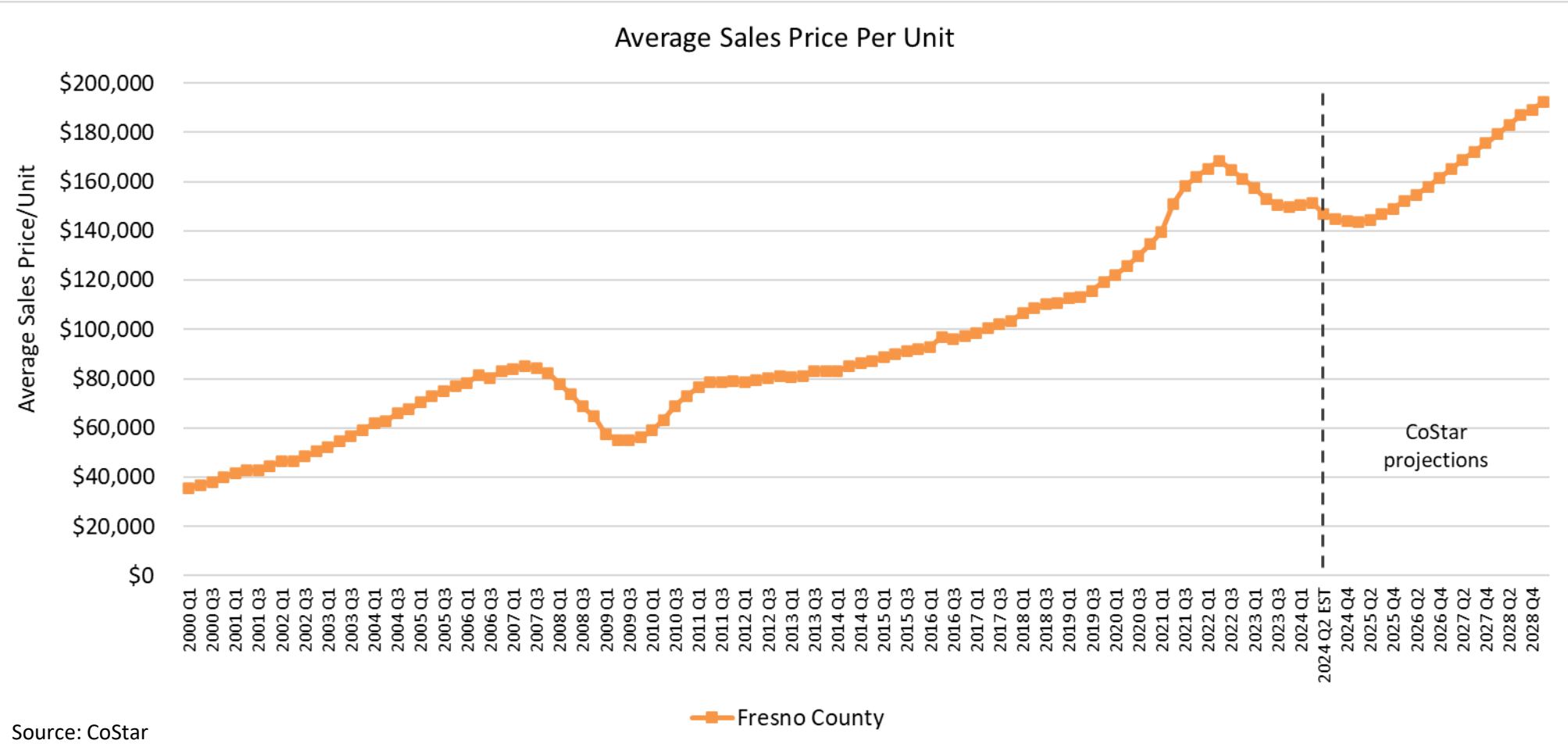
As a “self-contained” inland county, with more land available for development than in coastal California counties, cap rates in Fresno have generally been on the higher side relative to the coastal markets. After falling steadily in the first half of the 2000s, cap rates shot up during the Great Recession, but recovered relatively quickly and were more-or-less stable in the 6% to 7% range throughout most of the 2010s. By 2021, rising rents during COVID brought cap rates down to record lows of under 5.5%. As eviction moratoriums were lifted and the market has reverted to more normal conditions, cap rates have returned to levels seen at the end of the 2010s.



Average Sales Price/Unit



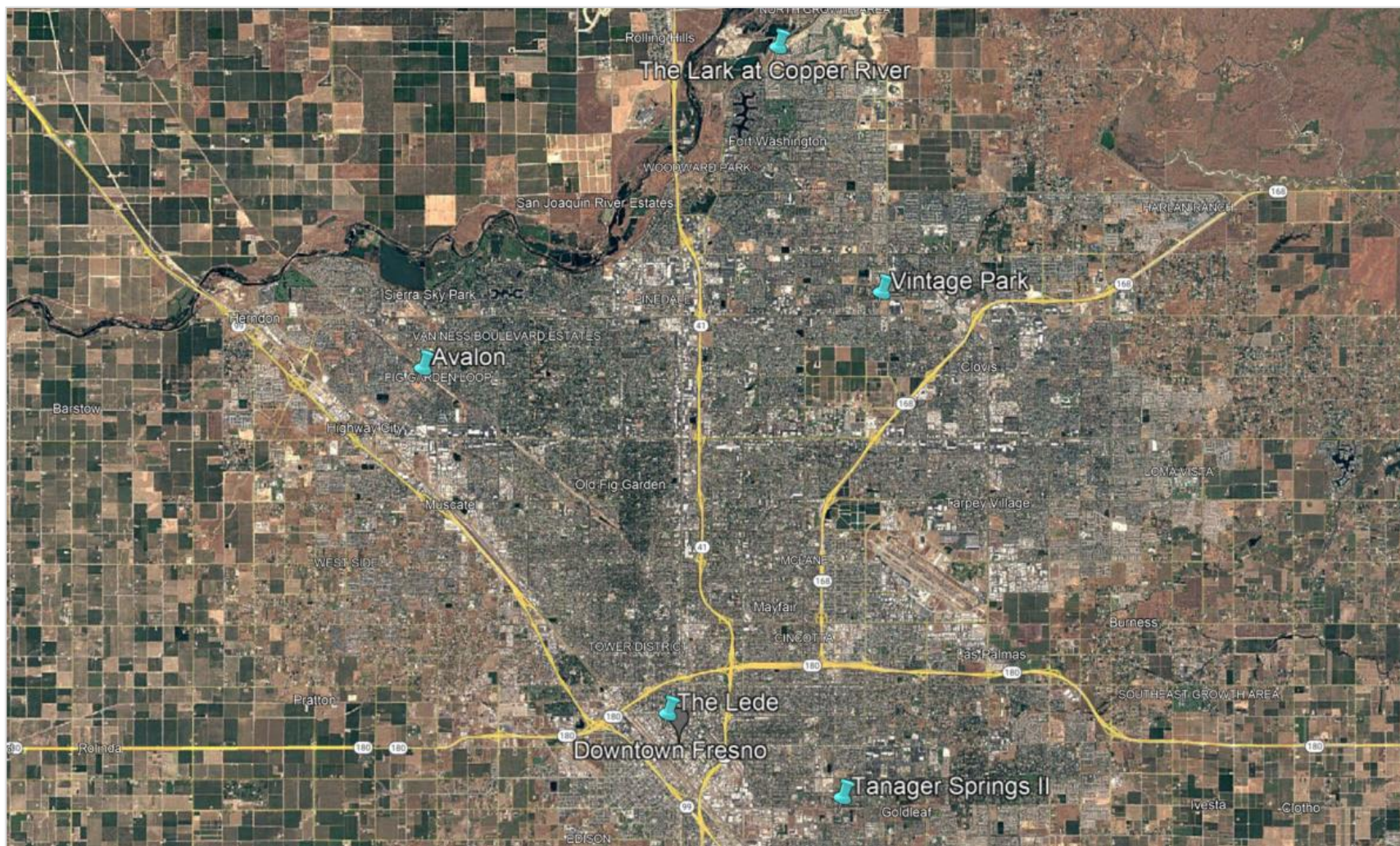
Following a decline in values during the Great Recession, apartment values climbed almost every quarter before spiking in early 2022. Interest rates started to rise in 2Q 2022 at the same time that new product was coming to market and eviction moratoriums were lifted, taking pressure off of the supply side of the market and moderating rents. Cap rates started increasing in 2022, ultimately driving down average apartment prices. Many investors and developers are now in a “wait and see” mode, awaiting signs of stabilization in rents and overall market conditions before proceeding with new investments. Eventually, we expect the market to stabilize, and that employment-driven housing demand will result in apartment developers once again bringing new projects to market.



REPRESENTATIVE PROJECTS: RENTAL COMMUNITIES

Representative Apartment Projects

Detailed profiles were compiled for existing MF apartment communities built in the last 15 years representing different locations and densities (15 to 34 du/ac) in the Fresno market area including medium high-density, urban neighborhood, and downtown neighborhood. With the exception of the downtown project (The Lede), the projects reflect the fact that the vast majority of new home projects are being built on the outskirts of the city, even for rental properties. The Lede has a vacancy rate of 11%, while 3 suburban properties that have reached stabilized occupancy (Avalon, Tanager Springs II & Vintage Park) are at 0% to 2% vacancy rates. One project, The Lark at Copper River, is still in initial lease-up at a very healthy pace of about 20 to 25/month.



MF Rental – Avalon

4259 W Bullard Ave - Avalon Apartments

Fresno, CA 93722 - Fig Garden Loop Submarket



BUILDING

Type	4 Star Garden Apartments
Year Built	Jan 2022
Units	196
GBA	350,000 SF
Stories	2
Rent Type	Market
Market Segment	All

LAND

Land Acres	11.87 AC
Parcels	509-030-75S

Density: 17 du/ac

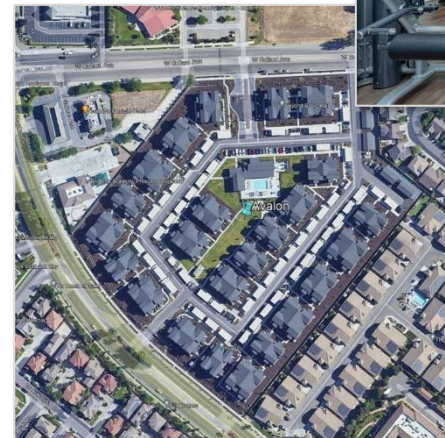
BUILDING AMENITIES

Unit Amenities

- Air Conditioning
- Ceiling Fans
- Granite Countertops
- Ice Maker
- Microwave
- Patio
- Refrigerator
- Tub/Shower
- Walk-In Closets
- Balcony
- Freezer
- Heating
- Kitchen
- Oven
- Range
- Stainless Steel Appliances
- Vinyl Flooring
- Washer/Dryer

Site Amenities

- Clubhouse
- Fitness Center
- Grill
- Picnic Area
- Conference Rooms
- Gated
- Package Service
- Pool



Models			Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Beds	Baths	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
1	1	759	80	40.8%	0	0.0%	\$1,595	\$2.10	\$1,595	\$2.10	0.0%
2	2	1,079	64	32.7%	0	0.0%	\$1,950	\$1.81	\$1,950	\$1.81	0.0%
2	2.5	1,232	28	14.3%	0	0.0%	\$1,995	\$1.62	\$1,995	\$1.62	0.0%
3	2	1,326	24	12.2%	0	0.0%	\$2,225	\$1.68	\$2,225	\$1.68	0.0%

MF Rental – Tanager Springs II – Affordable

2107-2147 S Maple Ave - Tanager Springs II

Fresno, CA 93725 - Calwa Submarket



BUILDING

Type	2 Star Garden Apartments
Year Built	2009
Units	80
GBA	89,940 SF
Stories	2
Construction	Wood Frame
Rent Type	Market/Affordable
Market Segment	All

LAND

Land Acres	4.96 AC
Zoning	R-2
Parcels	480-080-15

Density: 16 du/ac

BUILDING AMENITIES

Unit Amenities

- Air Conditioning
- Dishwasher
- Heating
- Oven
- Refrigerator
- Carpet
- Disposal
- Kitchen
- Range

Site Amenities

- Basketball Court
- Controlled Access
- Grill
- Multi Use Room
- Playground
- Property Manager on Site
- Clubhouse
- Courtyard
- Laundry Facilities
- Picnic Area
- Pool
- Recycling



Models		Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Totals	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
All 2 Beds	1,000	8	10.0%	0	0.0%	\$838	\$0.84	\$833	\$0.83	0.7%
All 3 Beds	1,124	56	70.0%	0	0.0%	\$817	\$0.73	\$812	\$0.72	0.7%
All 4 Beds	1,348	16	20.0%	0	0.0%	\$1,103	\$0.82	\$1,096	\$0.81	0.7%
Totals	1,156	80	100.0%	0	0.0%	\$877	\$0.76	\$871	\$0.75	0.7%

MF Rental – The Lark at Copper River

11233 N Alicante Dr - The Lark at Copper River

Fresno, CA 93730 - Woodward Park Submarket



BUILDING

Type	4 Star Garden Apartments Condo
Year Built	Jul 2022
Units	492
GBA	625,000 SF
Stories	2
Rent Type	Market
Market Segment	All

LAND

Parcels	579-090-21S, 579-090-35S, 579-090-37S
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Density: 22 du/ac

Lease-up: 20-25/month

BUILDING AMENITIES

Unit Amenities

- Air Conditioning
- Dishwasher
- Freezer
- Heating
- Oven
- Range
- Stainless Steel Appliances
- Walk-In Closets
- Balcony
- Disposal
- Granite Countertops
- Kitchen
- Patio
- Refrigerator
- Tub/Shower
- Washer/Dryer

Site Amenities

- 24 Hour Access
- Clubhouse
- Fitness Center
- Gated
- Key Fob Entry
- Lounge
- Package Service
- Pet Washing Station
- Roof Terrace
- Cabana
- Controlled Access
- Gameroom
- Grill
- Laundry Facilities
- Maintenance on site
- Pet Play Area
- Public Transportation



Models			Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Beds	Baths	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
1	1	718	122	24.8%	3	2.5%	\$2,050	\$2.86	\$2,030	\$2.83	1.0%
1	1	750	50	10.2%	2	4.0%	\$2,050	\$2.73	\$2,030	\$2.71	1.0%
2	2	1,016	80	16.3%	9	11.3%	\$2,167	\$2.13	\$2,145	\$2.11	1.0%
2	2	1,059	100	20.3%	13	13.0%	\$2,267	\$2.14	\$2,244	\$2.12	1.0%
2	2	1,081	50	10.2%	4	8.0%	\$2,750	\$2.54	\$2,723	\$2.52	1.0%
3	2	1,294	70	14.2%	10	14.3%	\$2,627	\$2.03	\$2,601	\$2.01	1.0%
3	3	1,574	20	4.1%	3	15.0%	\$3,150	\$2.00	\$3,119	\$1.98	1.0%

MF Rental – Vintage Park

2817 E Spruce Ave - Vintage Park

Fresno, CA 93720 - Woodward Park Submarket



BUILDING

Type	4 Star Garden Apartments
Year Built	Feb 2019
Units	296
GBA	306,661 SF
Stories	2
Construction	Wood Frame
Rent Type	Market
Market Segment	All

LAND

Land Acres	19.31 AC
Zoning	C-2
Parcels	404-083-33, 404-083-34

Density: 15 du/ac

BUILDING AMENITIES

Unit Amenities

- Air Conditioning
- Granite Countertops
- High Speed Internet Access
- Walk-In Closets
- Ceiling Fans
- Heating
- Refrigerator
- Washer/Dryer

Site Amenities

- Breakfast/Coffee Concierge
- Fitness Center
- Gated
- Lounge
- Picnic Area
- Wi-Fi
- Clubhouse
- Gameroom
- Grill
- Package Service
- Pool

Models		Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Totals	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
All 1 Beds	774	120	40.5%	2	1.7%	\$1,755	\$2.27	\$1,750	\$2.26	0.3%
All 2 Beds	1,079	120	40.5%	1	0.8%	\$1,945	\$1.80	\$1,939	\$1.80	0.3%
All 3 Beds	1,353	56	18.9%	0	0.0%	\$2,275	\$1.68	\$2,268	\$1.68	0.3%
Totals	1,007	296	100.0%	3	1.0%	\$1,930	\$1.92	\$1,925	\$1.91	0.3%



MF Rental – The Lede

1560 Fulton St - The Lede

Fresno, CA 93721 - The Cultural Arts District Submarket



BUILDING

Type	4 Star Townhome Apartments
Year Built	Sep 2016
Units	85
GBA	86,982 SF
Stories	2
Construction	Wood Frame
Rent Type	Market
Market Segment	All

LAND

Land Acres	2.48 AC
Parcels	466-145-07, 466-145-18, 466-145-22

Density: 34 du/ac

BUILDING AMENITIES

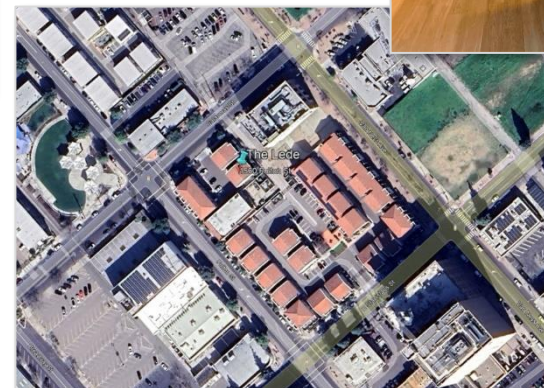
Unit Amenities

- Balcony
- Kitchen
- Washer/Dryer Hookup
- Grill
- Stainless Steel Appliances

Site Amenities

- Car Charging Station
- Gated
- Storage Space
- Courtyard
- Security System

Models		Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Totals	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
All Studios	525	12	14.1%	0	0.0%	\$1,166	\$2.22	\$1,162	\$2.21	0.3%
All 1 Beds	720	51	60.0%	3	5.9%	\$1,413	\$1.96	\$1,408	\$1.95	0.3%
All 2 Beds	1,556	22	25.9%	2	9.1%	\$2,331	\$1.50	\$2,323	\$1.49	0.3%
Totals	909	85	100.0%	5	5.9%	\$1,615	\$1.78	\$1,610	\$1.77	0.3%



MF Rental – The Monarch – Affordable Housing



1101 F St - The Monarch @ Chinatown
Fresno, CA 93706 - Chinatown Submarket



BUILDING

Type	2 Star Mid-Rise Apartments
Year Built	Feb 2023
Units	57
GBA	50,000 SF
Stories	4
Rent Type	Affordable
Market Segment	All

Density: +/-85 du/ac



BUILDING AMENITIES

Unit Amenities

- Air Conditioning
- Freezer
- Kitchen
- Range
- Wheelchair Accessible (Rooms)
- Cable Ready
- Heating
- Oven
- Tub/Shower

Site Amenities

- Clubhouse
- Online Services
- Public Transportation
- Elevator
- Property Manager on Site



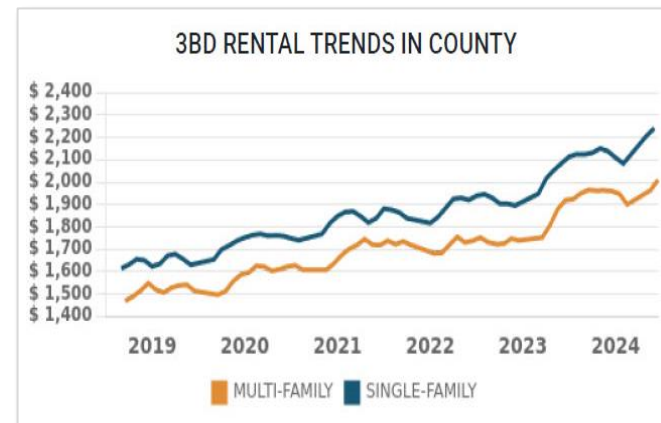
Models		Counts		Units Available		Avg Asking Rent	
Totals	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF
All Studios	413	16	28.1%	0	0.0%	-	-
All 1 Beds	635	16	28.1%	0	0.0%	-	-
All 2 Beds	834	22	38.6%	0	0.0%	-	-
All 3 Beds	1,164	3	5.3%	0	0.0%	-	-
Totals	677	57	100.0%	0	0.0%	-	-



SINGLE FAMILY RENTAL & BTR TRENDS

Summary of SFD Rental Trends

- **BTR in Fresno:** Although it is a growing asset class, and new communities are being built in multiple markets in California, we were not able to identify any ground-up new purpose-built build-to-rent (BTR) SFD communities anywhere in Fresno County at this time. The Villas at Fancher Creek is a new manufactured home rental community and is profiled on the following page. Given income levels, and the current level of renter versus owner households, SFD BTR makes strong market sense in the City of Fresno.
- **Available Inventory:** There are currently 238 individual SFD homes listed for rent on Zillow in the City of Fresno, and 382 in the County. According to RentRange.com, the SFD rental market has a vacancy rate of 4.9%, which is similar to the 5.0% vacancy rate in the Fresno County MF market.
- **Rent Positioning vs MF:** 3 and 4-bedroom SFD rental homes typically rent for about a 10% to 15% premium to MF units with similar bedroom counts. The premium is due largely to SFD homes having private enclosed yards and private garages. 1 and 2-bedroom SFD homes do not always rent for a premium to like-units in MF communities, as MF communities often have more amenities than SFD communities, and families are typically not as interested in 1 or 2-bedroom units as 3 or 4-bedroom units.
- **Rental Trends:** Representing strong demand, the asking rent for individual SFD homes in both the City and County of Fresno is up 14% year-over-year compared to about 2% in the MF market.



Sorrento Place BTR – Lancaster, CA



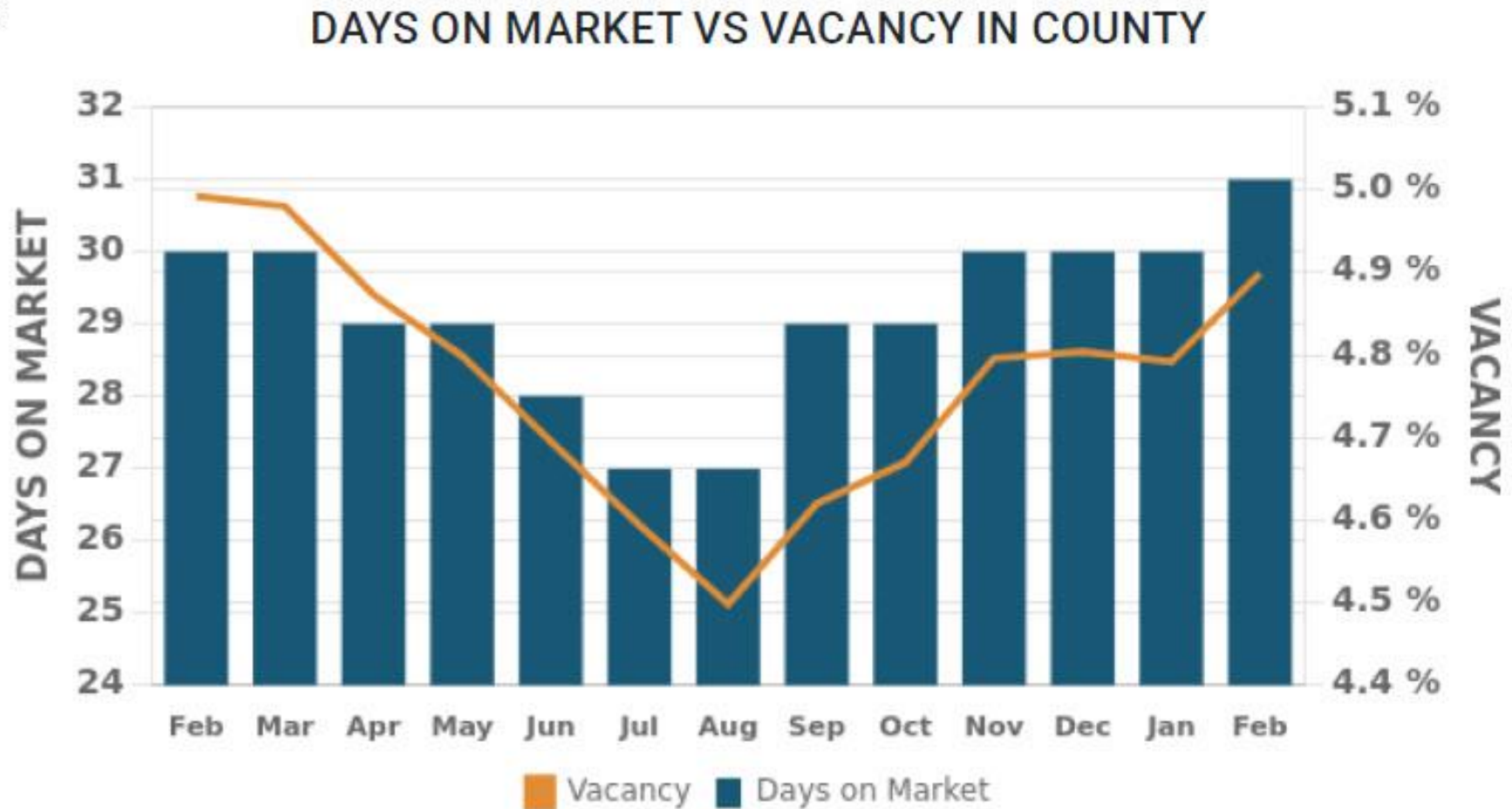
Profile – The Villas at Fancher Creek

- The Villas at Fancher Creek
- 5295 East Tulare St, Fresno
- DA – Established Neighborhood South of Shaw
- 39 detached homes with private enclosed backyards
- 100% occupied
- 1 unit available
- Manufactured homes – 1-story
- Carport and uncovered parking
- 3B/2.0b
- 933 to 1,120 sf
- \$1,895 to \$2,185/mo
- \$1.95 to \$2.03/sf
- Tot lot, picnic bench & BBQ grill



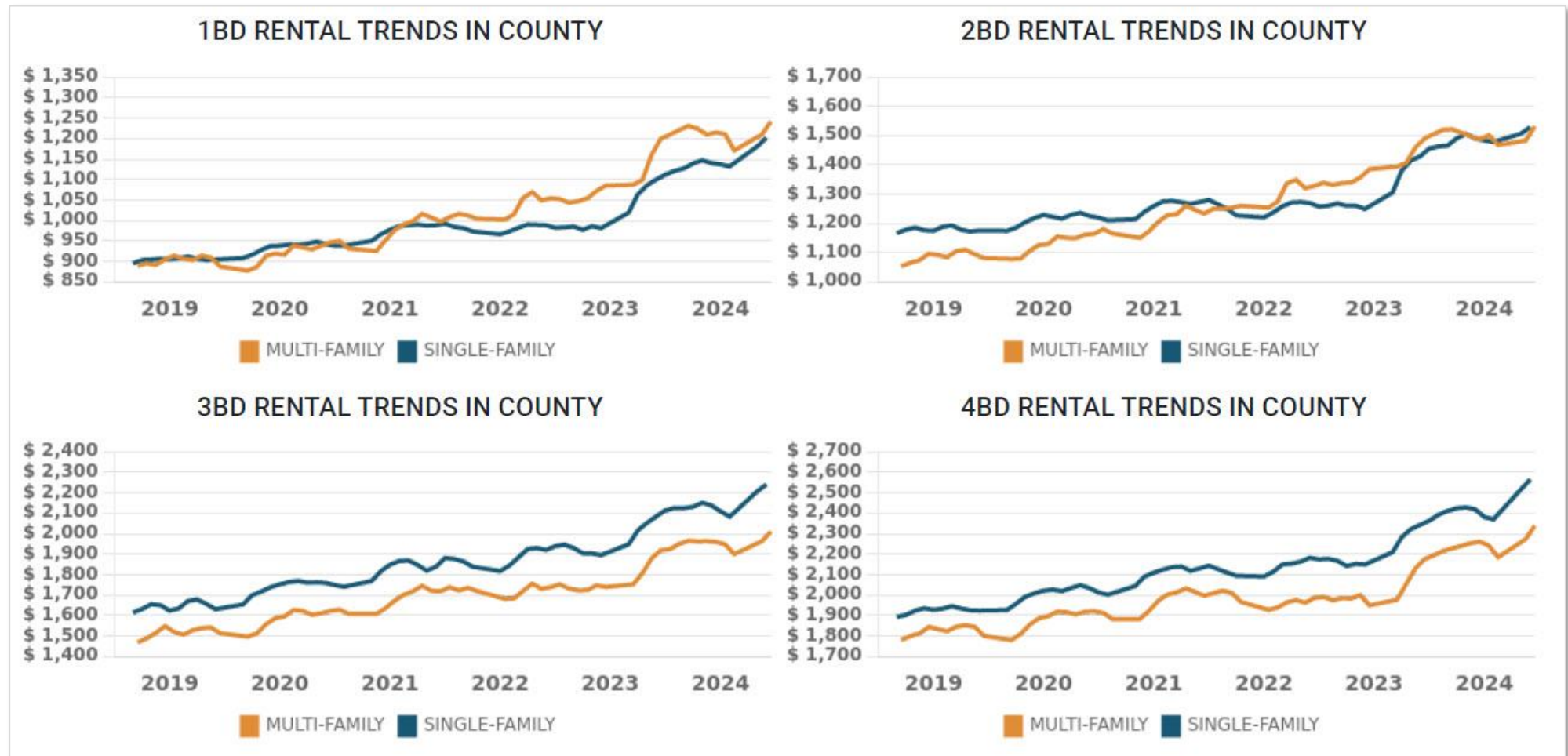
Vacancy Rate & Days on Market

The vacancy rate for single family rentals has been fairly steady over the last 12 months, ranging from about 4.5% to 5.0%. The latest vacancy rate, 4.9% as of February 2024, is slightly higher than 4.6% vacancy rate in the multi-family market recorded in Q1 2024. As of mid-April 2024, Zillow listed 238 single family detached homes for rent in the City of Fresno and 382 in the County.



Single Family vs MF Rents by Bedroom Count

3 and 4-bedroom SFD homes both rent for substantial premiums over like-size 3 and 4-bedroom multi-family units. 3 and 4-bedroom SFD homes typically have private enclosed yards and garages and are usually in neighborhoods with other SFD homes. 1 and 2-bedroom SFD homes do not typically achieve premiums over 1 and 2-bedroom MF units, as the MF units are most typically in apartment communities with amenities such as swimming pools or fitness centers, which is more in-line with what renters of 1 and 2-bedroom homes are looking for, as they more typically are households without children in the home, while renters of 3 and 4-bedroom homes more often have children living in the home.



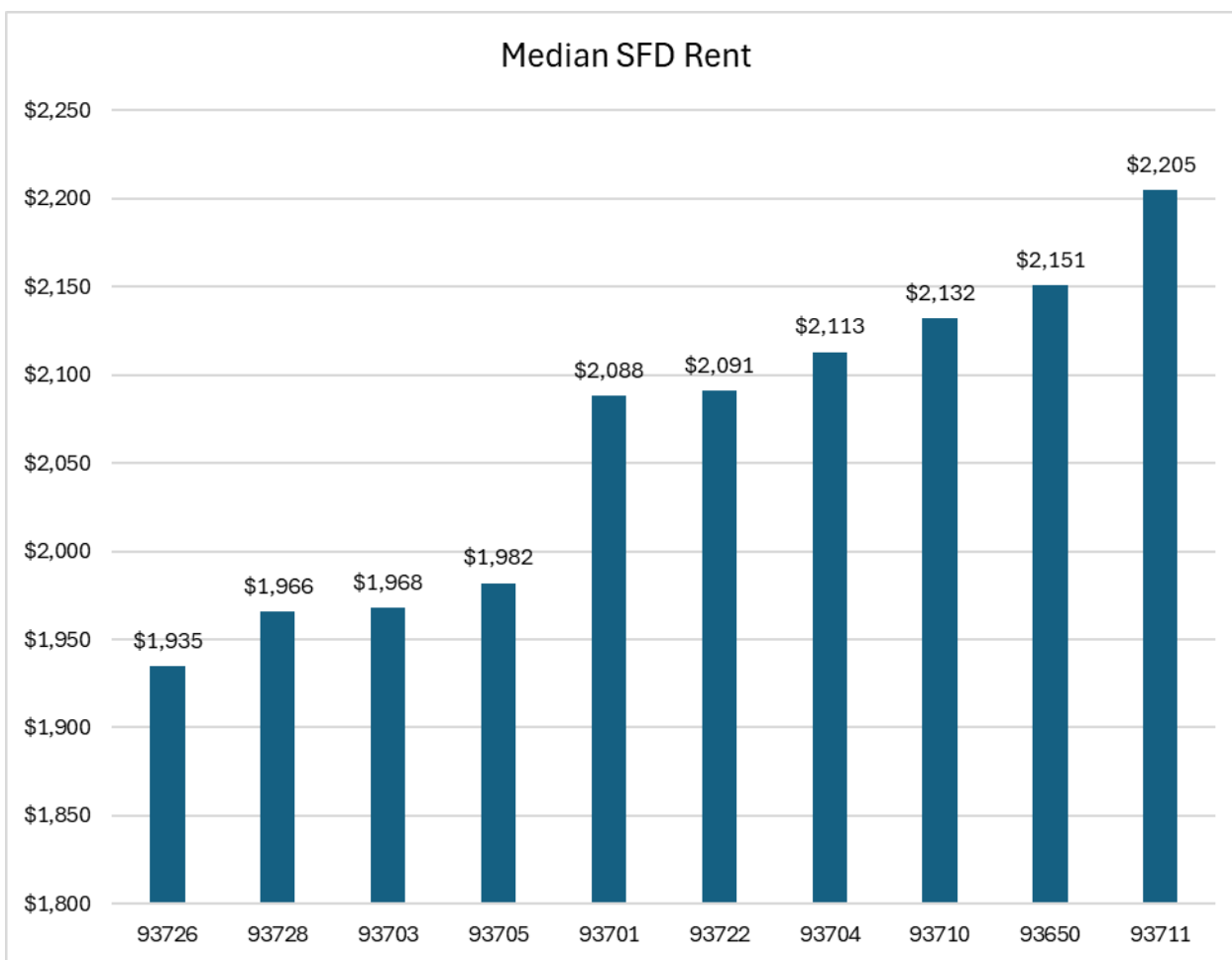
Median SFD Rent Trend

Persistently high mortgage interest rates and rising home prices pushed affordability levels for for-sale homes down to record lows in Fresno County in 2023 (just 29% could afford the median priced home). As a result, many would-be SFD homebuyers are turning to the rental market instead, which has put upward pressure on SFD rental rates. According to data from RentRange, the average asking rents for an SFD home in the City of Fresno and Fresno County are up about 14% over the last 12 months and 4% and 7% respectively, over the last 3 months. In comparison, MF rental unit asking rents in the County are up only about 2% over the last 12 months and 1% over the last 3 months. Double-digit rates of increase are unsustainable over the long-term, and SFD rent increases are expected to slow in the coming years.

Location	Change in Asking Rent			
	Last 3 Months		Last 12 Months	
	\$	%	\$	%
City of Fresno	\$86	4%	\$286	14%
Fresno County	\$170	7%	\$306	14%

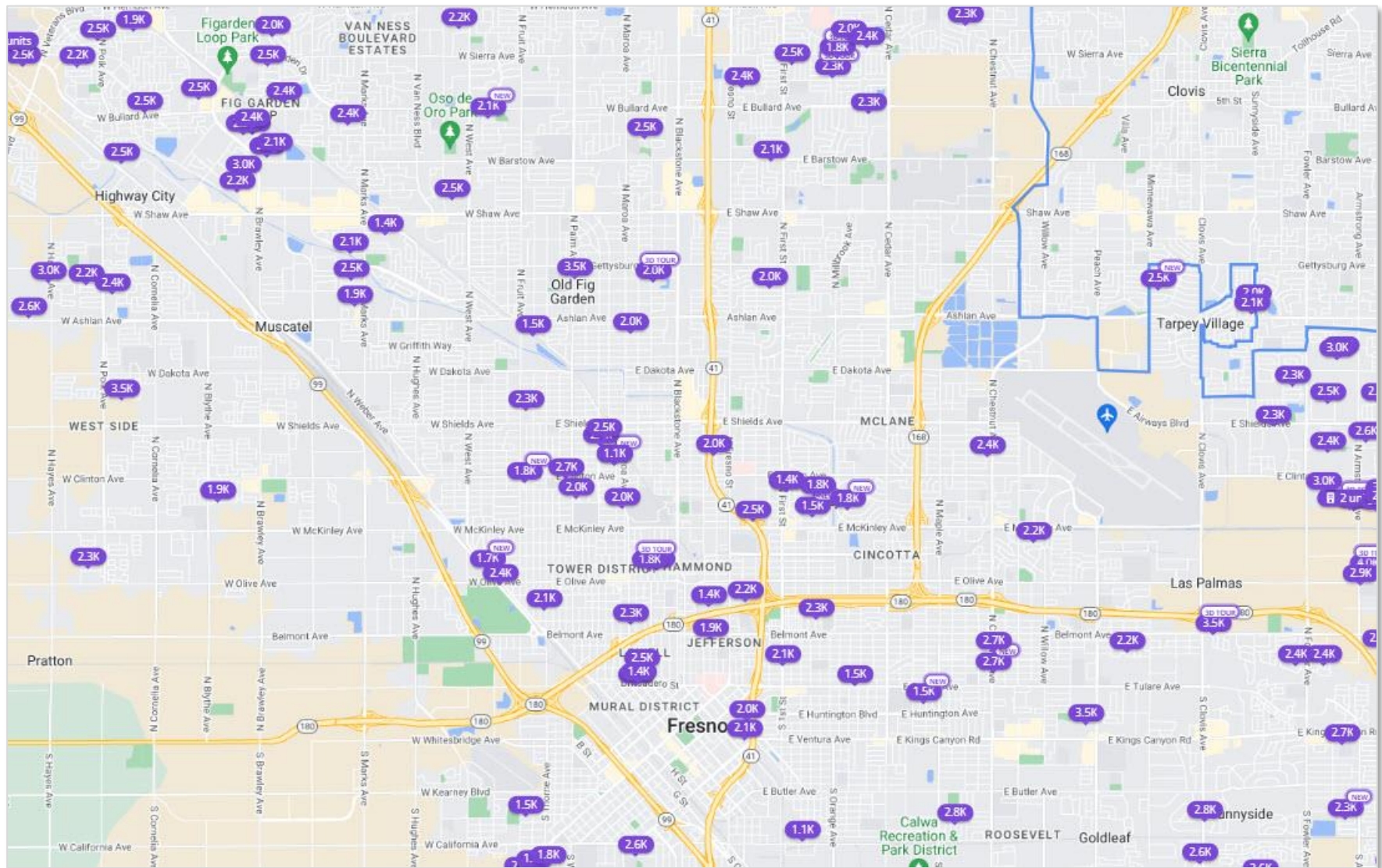
Median SFD Rent by Zip Code

The median asking rent for SFD homes available in the City of Fresno is higher in the more outlying areas such as Zip Codes 93711 (northwest), 93650 (north) and 93710 (northeast) where the majority of new homebuilding has taken place over the past several decades. Older neighborhoods, such as Zip codes 93728 (north of downtown), 93703 (northwest of downtown) and 93705 (north central) have some of the lowest rent. The lowest asking rent is in Zip 93726, which is likely negatively impacted by proximity to the Fresno airport.



Single Family Rentals Map

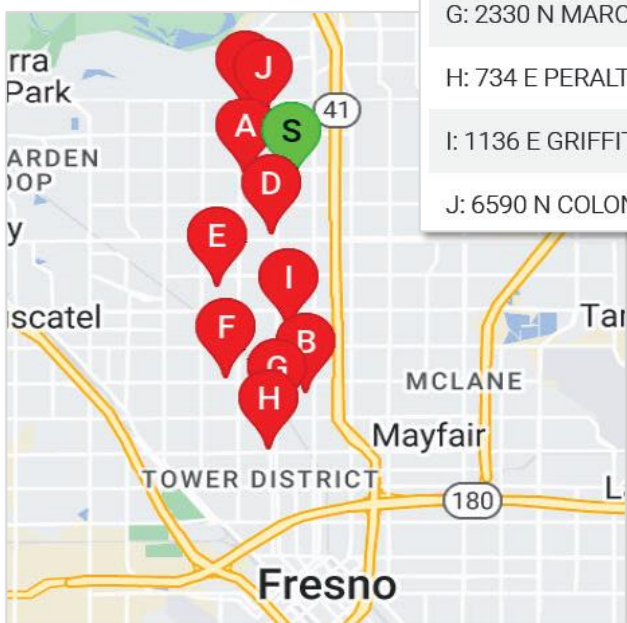
Single family homes for rent are available throughout the City of Fresno. The map below shows the asking rent for homes listed on Zillow as of mid-April 2024. Rents tend to be higher in the northwest, north and east sides of town, where homes tend to be newer and larger, on average, than homes closer to downtown.



Representative SFD Rentals – North Central

The table below presents information on SFD homes available for rent in the North Central area of Fresno, north of downtown, as of mid-April 2024. The homes tend to be older, and have lower rents, than homes in the more outlying parts of the city. In this sample set, rents range from \$2,050 to \$2,595/mo (average \$2,318), for homes from 1,274 to 1,904 sf (average 1,576 sf), for an average rent of \$1.47/sf. The average home was built in 1946 (most have been remodeled at some point in time).

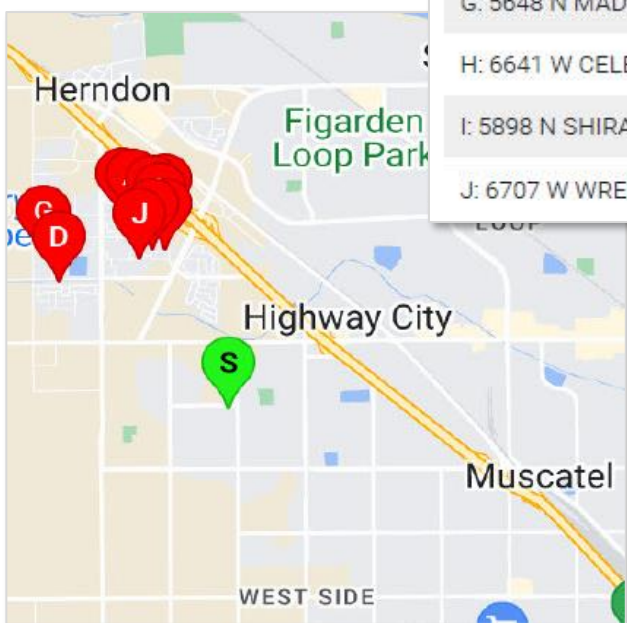
	SQ/FT	Bed	Bath	Year Built	Dist	Type	Rent
A: 732 W CELESTE AVE FRESNO CA 93704	1,274	3	2	1954	0.6 mi.	Single Family	\$ 2,300
B: 1505 E MICHIGAN AVE FRESNO CA 93704	1,274	3	2	1946	2.99 mi.	Single Family	\$ 2,195
C: 734 W MAGILL AVE FRESNO CA 93704	1,890	3	2	1979	1.19 mi.	Single Family	\$ 2,500
D: 454 W TWAIN AVE FRESNO CA 93704	1,532	3	2	1955	0.77 mi.	Single Family	\$ 2,350
E: 4475 N THORNE AVE FRESNO CA 93704	1,450	3	2	1930	1.78 mi.	Single Family	\$ 2,095
F: 62 E ANDREWS AVE FRESNO CA 93704	1,350	3	2	1942	2.91 mi.	Single Family	\$ 2,050
G: 2330 N MAROA AVE FRESNO CA 93704	1,680	3	1.5	1920	3.34 mi.	Single Family	\$ 2,295
H: 734 E PERALTA WAY FRESNO CA 93704	1,676	3	2	1921	3.79 mi.	Single Family	\$ 2,400
I: 1136 E GRIFFITH WAY FRESNO CA 93704	1,730	3	2.5	1950	2.08 mi.	Single Family	\$ 2,395
J: 6590 N COLONIAL AVE FRESNO CA 93704	1,904	4	2	1966	0.99 mi.	Single Family	\$ 2,595



Representative SFD Rentals – Northwest

The table below presents information on SFD homes available for rent in the Northwest area of Fresno, as of mid-April 2024. The homes are much newer, larger, and have higher rents, than homes in areas closer to downtown. In this sample set, rents range from \$2,450 to \$3,750/mo (average \$2,960), for homes from 2,029 to 3,526 sf (average 2,816 sf), for an average rent of \$1.05/sf. The average home was built in 2007.

	SQ/FT	Bed	Bath	Year Built	Dist	Type	Rent
A: 6819 W MORRIS AVE FRESNO CA 93723	3,141	5	3	2006	1.63 mi.	Single Family	\$ 3,750
B: 6632 W DOVEWOOD LN FRESNO CA 93723	2,863	5	3	2006	1.37 mi.	Single Family	\$ 2,850
C: 5923 N CASPIAN AVE FRESNO CA 93723	3,526	4	3.75	2006	1.67 mi.	Single Family	\$ 3,000
D: 7278 W SAN MADELE AVE FRESNO CA 93723	2,149	4	2	2012	1.58 mi.	Single Family	\$ 2,600
E: 6518 W DOVEWOOD LN FRESNO CA 93723	2,291	4	2	2006	1.34 mi.	Single Family	\$ 2,695
F: 6547 W OSWEGO AVE FRESNO CA 93723	2,863	4	3	2006	1.46 mi.	Single Family	\$ 2,750
G: 5648 N MADELYN AVE FRESNO CA 93723	2,029	4	2.5	2013	1.8 mi.	Single Family	\$ 2,450
H: 6641 W CELESTE AVE FRESNO CA 93723	3,090	6	3	2006	1.53 mi.	Single Family	\$ 3,500
I: 5898 N SHIRAZ AVE FRESNO CA 93723	3,090	4	3	2005	1.51 mi.	Single Family	\$ 2,500
J: 6707 W WRENWOOD LN FRESNO CA 93723	3,118	5	2.75	2006	1.34 mi.	Single Family	\$ 3,500



Profile – Vello Valley



Vello Valley is a single family detached rental community located in Lancaster, in northern Los Angeles County. The community is unique in that every lot has both a primary home and an ADU unit.

Vello Valley							
Address	43808 Vintage St, Lancaster, CA 93536						
Distance to Subject	2.6 miles to the southwest						
Walk Score	2 (scale 1 to 100, 100 is best)						
Product	Single family detached homes & ADUs, all with private yards, all 1-story						
Lot Size	Single family 3,500 sf (50' x 70'), ADU 1,650 sf (33' x 50'); ZLL plotting						
Density	8.2 du/acre (+/-21 acre site)						
Year Built	2021 to 2022, leasing began Oct 2021, first move-ins Dec 2021						
Total Units	172						
CoStar Rating	4-star single family home apartments (1 to 5, 5 best)						
Available	2 units, 1.2% (available units lease "very quickly")						
Occupied	170 units, 99%						
Lease-up	10 to 12/month to stabilization						
Annual turnover	24% (3-4/mo)						
Parking spaces	Single family - 2-car tandem garage, ADU - 2-car uncovered tandem space						
Parking Ratio	2.0 on lots plus additional street parking						
Amenities	Clubhouse, pool, spa, cabanas, fitness room, tot lot, office space, on-site leasing						
Concessions	None (offered \$1,000 off 1st month rent for 2B units during initial lease-up)						
Additional	None						
Income	2.5x rent (\$84K to \$109K, average \$93K)						
Utilities	Tenant pays all						
Most Popular	All the 3-bedroom SFD plans - bed count, garage and yard						
Renters	Villas A & C - some households use the office as a 4th bedroom Aerospace relocations, military, LA, locals looking for nice SFD rentals, families, couples, retirees; many aerospace/military contracts end at the same time, which can temporarily increase the availability of units						
School Scores	E-5/M-3/H-4 (1 to 10, 10 best), total 12 (of possible 3 to 30 total)						
Mix	Bed/bath	Unit Sq.Ft.	12-Month Asking Rent	Avg Asking Rent/Sq.Ft.	Avg/Mo Concession	Avg Effect. Rent	Avg. Effect. Rent/Sq.Ft.
86	F-ADU-2B/2.0b	977	\$2,800	\$2.87	\$0	\$2,800	\$2.87
22	E-SFD-3B/2.0b	1,246	\$3,250	\$2.61	\$0	\$3,250	\$2.61
21	B-SFD-3B/2.0b	1,271	\$3,300	\$2.60	\$0	\$3,300	\$2.60
14	D-SFD-3B/2.5b	1,345	\$3,350	\$2.49	\$0	\$3,350	\$2.49
21	C-SFD-3B/O/2.0b	1,382	\$3,525	\$2.55	\$0	\$3,525	\$2.55
8	A-SFD-3B/O/2.0b	1,437	\$3,625	\$2.52	\$0	\$3,625	\$2.52
172	Wtd Avg	1,148	\$3,090	\$2.69	\$0	\$3,090	\$2.69
	2-Bed	86	50%				
	3-Bed	86	50%				
	3-Bed & Office	29	17%				

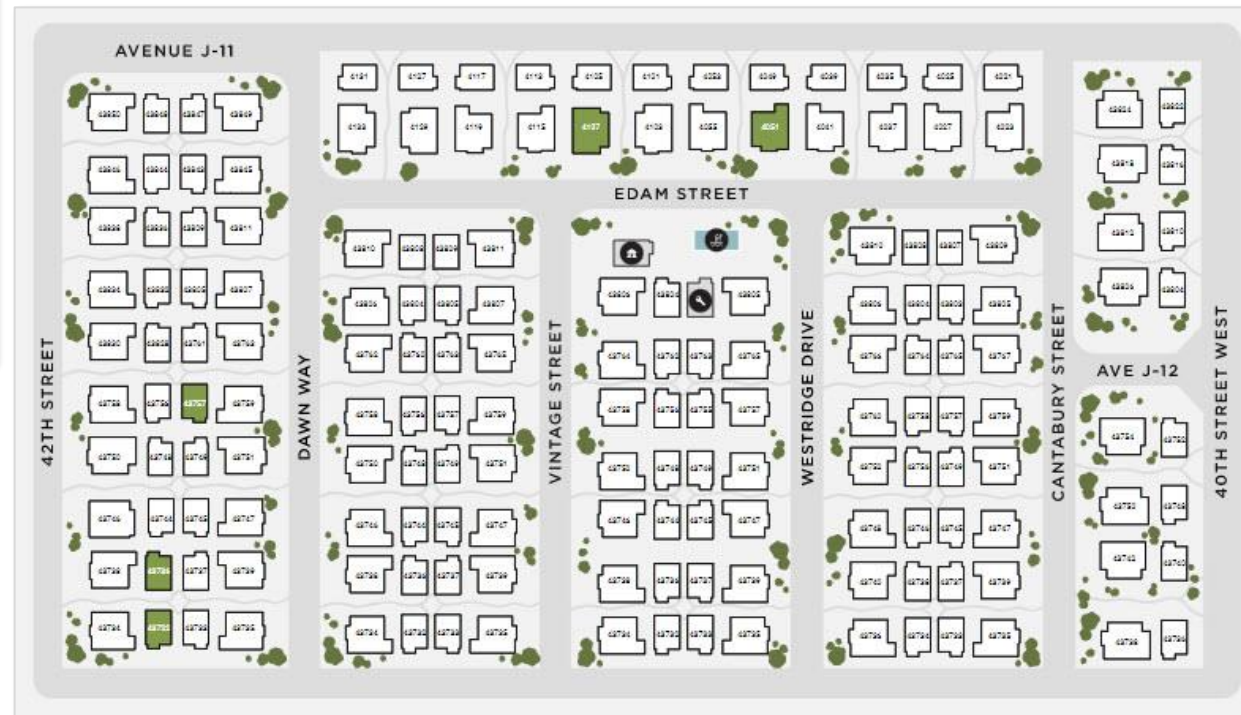


Profile – Vello Valley

Tot lot, pool, rec center, fitness room, on-site leasing office



Club room



Profile – Sorrento Place

Sorrento Place is a conventional single family detached rental community located in Lancaster, in northern Los Angeles County. The community is simply a standard SFD subdivision without any amenities.

Sorrento Place

Address	4425 Avenue J-4, Lancaster, CA 93536
Distance to Subject	2.5 miles to the southwest
Walk Score	4 (scale 1 to 100, 100 is best)
Product	Single family detached homes with private yards & driveways
Lot Size	6,400 sf (64' x 100')
Density	4.2 du/acre (+/-26 acre site)
Year Built	Started leasing March 2023 (no units completed yet)
Total Units	109
CoStar Rating	3-star single family home apartments (1 to 5, 5 best)
Available	70 "available" (but construction not completed)
Occupied	10 (would be more but have had construction delays)
Lease-up	38 leased to date, 6/month
Annual turnover	Not yet applicable
Parking spaces	2-car side-by-side garage, plus full driveway, plus street parking
Parking Ratio	4.0 spaces/unit (2 in garage, 2 in driveway), plus street
Amenities	None, website touts landscaped front yards and enclosed backyards
Concessions	2nd month free
Additional	Pet \$50/mo
Income	2.5x rent (\$96K to \$112K, average \$104K) - most renters have multiple earners
Most Popular	Plan 3- 4B/L/3.0b (2,075 sf) - largest plan
Rents	PI1 - \$3,150 to \$3,250, PI2 - \$3,350 to \$3,575, PI3 - \$3,600 to \$3,875
Renters	Aerospace, defense, healthcare, business owners
School Scores	E-3/M-4/H-2 (1 to 10, 10 best); total 9 (of possible 3 to 30 total)

			Average				
Mix	Bed/bath	Unit Sq.Ft.	12-Month Asking Rent	Avg Asking Rent/Sq.Ft.	Avg/Mo Concessions	Avg Effect. Rent	Avg. Effect. Rent/Sq.Ft.
31	PI1 - 3B/2.0b, 1-story	1,576	\$3,200	\$2.03	\$267	\$3,467	\$2.20
43	PI2 - 4B/3.0b, 2-story	1,975	\$3,440	\$1.74	\$287	\$3,727	\$1.89
35	PI3 - 4B/L/3.0b, 2-story	2,075	\$3,730	\$1.80	\$311	\$4,041	\$1.95
109	Wtd Avg	1,894	\$3,465	\$1.83	\$289	\$3,754	\$1.98
	3-Bed	31	28%				
	4-Bed	78	72%				



APPENDIX / LIMITING CONDITIONS / QUALIFICATIONS

Limiting Conditions

The findings, conclusions and recommendations presented in this report were based on our analysis of the information available to us at the time that this study was conducted. The information utilized under this assignment came from a variety of sources including our own primary research, secondary data sources, and from the client, or client representative, to name a few. We assume that the information utilized is correct; however, we are unable to guarantee the accuracy or timeliness of any of the information. In addition, we assume that the client would have informed us of any issues that could affect the market viability of the property being evaluated.

Our findings, conclusions and recommendations are based on historical, current and expected future performance on the national, state and/or local economies and real estate markets. Economic and housing market conditions can change, sometimes rapidly, and real estate markets can be cyclical. Therefore, it is critical to continuously monitor economic and housing market conditions, and to reassess key project assumptions and parameters in light of changing market conditions.

The future is difficult to predict, particularly given that economic conditions, housing trends, and consumer preferences are always changing. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences can be material. We do not express any form of assurance on the achievability of any anticipated or projected project outcome, or the reasonableness of underlying assumptions.

Generally, we assume “normal” real estate market conditions, and not a condition of either prolonged “boom” or “bust” market conditions. We do assume that economic, employment and demographic growth will occur more or less in accordance with current expectations. We are not taking into account major shifts in: consumer confidence levels, the ability of developers to secure necessary project entitlements, the cost of development or construction, changes in tax laws either in favor or disfavor of real estate, the availability or cost of mortgage financing, or possible changes to any other factor that could impact the market viability of a project such as societal shifts, pandemics, or other Acts of God such as earthquakes, fires and the like.

This analysis should be updated at least every three to six months to account for possible changes that could materially impact the market viability of the development. We have no responsibility to update our findings, conclusions or recommendations for events and circumstances occurring after the date of our report. This analysis represents just one resource that the client should consider when assessing this development opportunity.

Providing our clients a competitive decision-making advantage with innovative, nuanced, and thoroughly researched real estate market insights and advice.

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Pete is the leading market advisor in the western U.S. Pete incorporates his decades of market experience and insights into every assignment; benefiting clients with his keen analytical eye, early-cycle trend-spotting capabilities, and the wisdom that comes with having been through multiple market cycles. Pete originally founded Reeb Development Consulting in 1996 to provide clients with insightful, timely, and innovative real estate market advisory services and rebranded as Clarity Real Estate Advisors in 2020. Pete has been a part of three of the biggest names in the real estate market advisory sector. He started his career at Robert Charles Lesser & Co (RCLCo); later was a Partner at The Meyers Group (Zonda) while also serving as President; and then was a Principal at Burns Consulting. Pete advises public and private homebuilders, landowners and developers, entitlement groups, investors, private equity firms, and the public sector. Pete has a B.A. in Economics and Public Policy from Pomona College, which is consistently rated as one of the top twenty private colleges in the country.



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Adam is one of the most sought-after and respected market consultants in the western U.S. With over 20 years of experience as a real estate advisor and financial analyst, Adam has established a solid reputation for his ability to understand and analyze the market viability of complex and pioneering real estate developments. Prior to joining Clarity, Adam was Vice President at Reeb Development Consulting and before that he evaluated hundreds of Southern California real estate developments as a Vice President of Consulting at John Burns Real Estate Consulting. Adam got his start as a Senior Research & Financial Analyst for Steadfast Companies, a full-service real estate investment and development firm. Client's respect Adam's thorough and analytical approach to evaluating real estate opportunities. Adam has a B.S. in Finance from Santa Clara University.



Clarity Market Coverage

The consultants of Clarity Real Estate Advisors have worked on assignments from coast-to-coast.

