

WATERFORD/MCLEAN, LLC: THE PALLADIUM AT MCLEAN McLean, Virginia

RCLCO was retained by Waterford/McLean, LLC to conduct an update to the market analysis we prepared in the second quarter of 2001, for the residential component of the mixed-use development, The Palladium at McLean located in McLean, Virginia.

The Palladium is to include 69 dwelling units in a pedestrian-oriented urban environment targeted primarily to mature, affluent move-down empty nesters from the local McLean market and surrounding areas. Secondary segments include professional singles and couples and international buyers looking for low maintenance, high service part-time or pied-a-terre housing with close proximity to the Tyson's Corner employment concentration.

The objectives of this engagement were to identify current and likely future supply and demand conditions for luxury condominiums in the McLean market, and to validate the developer's assumptions with respect to product program, price positioning and absorption potential at the subject property related to the residential portion of the subject property. To accomplish these objectives, we undertook the following analytical tasks:

- ▶ Re-evaluated the site with respect to visibility, location, access, terrain, relationship to employment, retail and entertainment concentrations, and to adjacent uses, and other qualitative assessments of the subject property relevant to the specific uses proposed.
- ▶ Compiled and analyzed base economic data for the local and regional market, from which to forecast demand for luxury condominiums at the site, including population and household growth trends and forecasts, demographic patterns, income distributions, etc.

- ▶ Revisited the definition of the competitive market area (CMA)—i.e., the area within which housing developments will be competing for residents on a more or less equal basis—in light of new condo product offerings in the marketplace and the results of marketing efforts for the project.
- ▶ Updated surveys of selected relevant competitive residential communities within the CMA in terms of location, total units, inventory profile, date of development initiation, product types, price structure, unit sizes, recreational amenities, marketing orientation, and buyer profiles and other relevant features.
- ▶ Updated information regarding the pipeline of under-construction and planned condominium projects and assessed their impact on the subject property.

RCLCO analyzed the results of the above to validate the product program and pricing strategy and recommended modifications to the product program and pricing strategy (including: specific unit types, sizes, mix, premiums/upgrades, unit features/finishes and amenity packages) to enhance the marketability of the project necessary to ensure success.

CONTACT:

Russell Rosenberger
President
West Street Venture, LLC
1320 Old Chain Bridge Road
Suite 210
McLean, VA 22101
(703) 506-9292