

HIGH MEADOWS-DAKOTA PARTNERS, AFFORDABLE RATE OPTION

825 Hartford Turnpike
Hamden, Connecticut 06517

MARKET REPORT

Date of Report: January 9, 2024



PREPARED FOR
Town of Hamden
625 Main Street
Hamden, CT 01036

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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January 9, 2024

Town of Hamden

625 Main Street
Hamden, CT 01036

**RE: High Meadows-Dakota Partners, Affordable
Rate Option**

825 Hartford Turnpike
Hamden, Connecticut 06517

To Whom it May Concern:

The subject site is an irregularly-shaped parcel that contains a gross site area of 2,190,632 SF (or 50.29-Acres) and is zoned R-4 – “Residential 4” by the Town of Hamden. The site is the former home of the High Meadows School and currently consists of eight buildings, a pool house, an in-ground pool, a cafeteria, a gymnasium, and a pavilion. The total gross building area of the existing buildings is approximately 65,000 SF. The site is laid out as a campus with interior roads connecting the parking areas and buildings.

There are two buildable areas of the site: the existing approximately 16 acres campus on the west side of the site and approximately 5 acres on the east side of the site. Most of the remaining area of the site is identified as wetlands by the CT DEEP (approximately 18 acres).

The Town of Hamden has solicited Development Proposals from several firms for the acquisition and development of the subject site through an RFP dated August 25, 2023. The subject property is in southeastern Hamden, approximately 2 miles from the Marketplace at Hamden, Hamden Mart, and Hamden Plaza.

Dakota Partners Inc. “Dakota” has submitted a letter of intent to build a 15-building apartment and condominium complex. Dakota is planning to build 322 apartment units across 6 buildings, and 25 for-sale townhouse units across 7 buildings. Additionally, there will be 2 community buildings. Out of the 322 apartment units, 161 units will be affordable units designated to households between 30% to 80% of AMI or less. The 25 for-sale townhouse units will be age-restricted and sold to owners 55 years or older. In total, the project will consist of 361,066 SF of residential development.

The identified scope of work to be addressed in this report relates to the RFP Response provided by the above noted proponent, which analyzes the following key factors as identified by the client:

- 1) Identify the average construction cost for similar developments.
- 2) Make a statement regarding the financial feasibility of the property.
- 3) Find new construction apartments sales in the New Haven and Eastern Connecticut Area.
- 4) Provide an analysis regarding the amount of open space for the proposed development.
- 5) Make a statement regarding the property development schedule and zoning approach.

As the proposed projects outlined in the RFP Response are very preliminary, there are certain components which were limited or not provided which would allow us to provide more thorough and accurate guidance. These limited or not available items are listed below:

- The quality of finishes for the condo and apartment units.
- The sizes of the condo and apartment units.
- If the condo units will have garages (how many stalls) and if they will have basements.
- The developer's suggested real estate tax abatement is not clearly defined. We tried to interpret what the developer meant by their suggested tax abatement structure in our analysis.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the analysis. If you have any specific questions or concerns regarding the attached report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



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LETTER OF TRANSMITTAL

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CERTIFICATION

ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA

Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	High Meadows-Dakota Partners, Affordable Rate Option
Property Type	Multifamily - Garden/Low Rise
Address	825 Hartford Turnpike
City	Hamden
State	Connecticut
Zip Code	06517
County	New Haven
Core Based Statistical Area (CBSA)	New Haven-Milford, CT
Market	New Haven-Milford
Submarket	Waterbury/Meriden/Hamden
Longitude	-72.896786
Latitude	41.358636
Number Of Parcels	1
Census Tract Number	1651.00

SITE INFORMATION

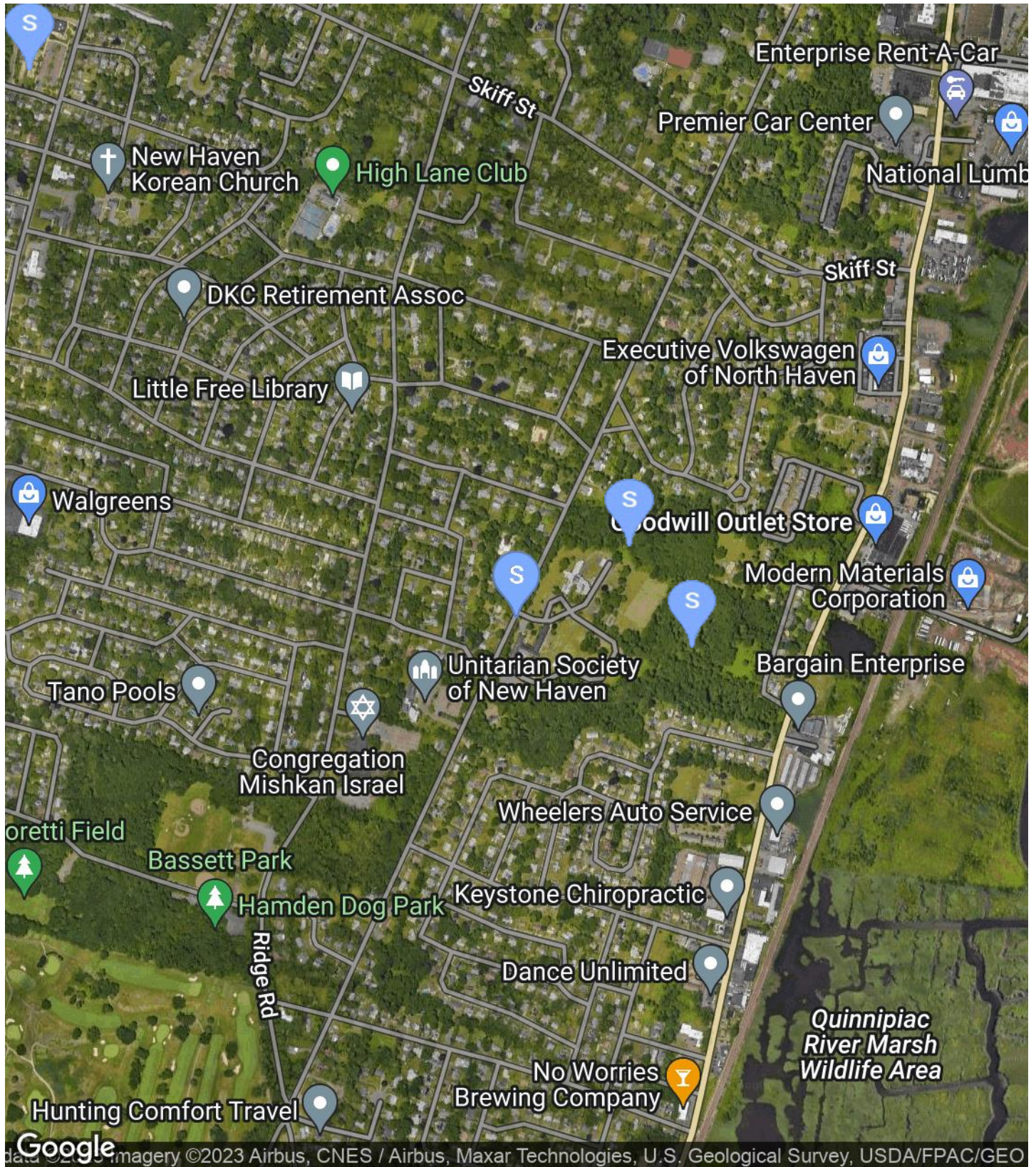
Land Area	Acres	Square Feet
Usable	32.29	1,406,552
Unusable	18.00	784,080
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	50.29	2,190,632
Topography	Sloping below street grade	
Shape	Irregular	
Current Zoning	Residential 4 (R-4)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

IMPROVEMENT INFORMATION

Number Of Apartment Units (Market-Rate Component)	202
Number Of Apartment Units (Affordable Component)	120
Number of For-Sale Townhouse Units	<u>25</u>
Number of Units	347
 Gross Building Area SF (GBA)	 361,066 SF
 Number Of Apartment Buildings	 13
Number Of Non-Residential Buildings	<u>2</u>
Total Number Of Buildings	15
Type Of Construction	Wood frame
Parking Type	Surface
Number Of Parking Spaces	540
Parking Spaces/Unit	2.7
Property Amenities	The subject's common amenities include: surface parking, a swimming pool, a fitness center, a community room, pickle ball courts, a playground, and firepits and grills.



AERIAL PHOTOGRAPH



1) COST ANALYSIS

In this analysis, we compare the costs of the proposed development against the cost of similar developments in the New England and Mid-Atlantic areas. Below are the total development costs of the proposed development. We separated the apartment component from the townhouse (condo) component which is in the second table below.

APARTMENT COMPONENT

SOURCES AND USES (PHASE 1 BUDGET)

# OF UNITS	202
GBA	212,460

SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$29,500,000	\$146,040	\$139
Debt	\$38,200,000	\$189,109	\$180
TOTAL	\$67,700,000	\$335,149	\$319

USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$1,500,000	\$7,426	\$7
Construction	\$53,508,774	\$264,895	\$252
Construction Cont.	\$2,638,655	\$13,063	\$12
Design	\$870,000	\$4,307	\$4
Interest	\$2,771,577	\$13,721	\$13
Soft Costs	\$5,760,994	\$28,520	\$27
Reserves	\$650,000	\$3,218	\$3
TOTAL	\$67,700,000	\$335,149	\$319

SOURCES AND USES (PHASE 2 BUDGET)

# OF UNITS	60
GBA	58,286

SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$16,200,000	\$270,000	\$278
Debt	\$875,000	\$14,583	\$15
DOH Subsidy Loan	\$5,500,000	\$91,667	\$94
CHFA	\$1,000,000	\$16,667	\$17
Energy Rebates	\$300,000	\$5,000	\$5
Deferred Fees	\$14,412	\$240	\$0
TOTAL	\$23,889,412	\$398,157	\$410

USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$0	\$0	\$0
Construction	\$16,025,701	\$267,095	\$275
Construction Cont.	\$786,173	\$13,103	\$13
Design	\$820,000	\$13,667	\$14
Interest	\$1,244,610	\$20,744	\$21
Soft Costs	\$3,640,962	\$60,683	\$62
Reserves	\$1,371,966	\$22,866	\$24
TOTAL	\$23,889,412	\$398,157	\$410

SOURCES AND USES (PHASE 3 BUDGET)

# OF UNITS	60		
GBA	55,980		
SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$16,200,000	\$270,000	\$278
Debt	\$875,000	\$14,583	\$15
DOH Subsidy Loan	\$5,500,000	\$91,667	\$94
CHFA	\$600,000	\$10,000	\$10
Energy Rebates	\$300,000	\$5,000	\$5
Deferred Fees	\$14,029	\$234	\$0
TOTAL	\$23,489,029	\$391,484	\$403
USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$0	\$0	\$0
Construction	\$15,888,539	\$264,809	\$273
Construction Cont.	\$786,815	\$13,114	\$13
Design	\$390,000	\$6,500	\$7
Interest	\$1,406,261	\$23,438	\$24
Soft Costs	\$3,645,448	\$60,757	\$63
Reserves	\$1,371,966	\$22,866	\$24
TOTAL	\$23,489,029	\$391,484	\$403

TOTAL USES (PHASE 1, 2, AND 3)

# OF UNITS	322		
GBA	326,726		
PHASE	TOTAL COST	COST/UNIT	COST/SF
PHASE 1	\$67,700,000	\$210,248	\$207
PHASE 2	\$23,889,412	\$74,191	\$73
PHASE 3	\$23,489,029	\$72,947	\$72
TOTAL INCLUSIVE OF LAND COSTS	\$115,078,441	\$357,386	\$352
TOTAL EXCLUSIVE OF LAND COSTS	\$113,578,441	\$352,728	\$348

TOWNHOUSE COMPONENT**SOURCES AND USES (PHASE 4 BUDGET)**

# OF UNITS	25		
GBA	33,800		
SOURCES	TOTAL COST	COST/UNIT	COST/SF
Net Income/Sales	\$10,293,000	\$411,720	\$305
TOTAL	\$10,293,000	\$411,720	\$305
USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$0	\$0	\$0
Construction	\$7,598,800	\$303,952	\$225
Construction Cont.	\$345,400	\$13,816	\$10
Design	\$158,884	\$6,355	\$5
Interest	\$426,342	\$17,054	\$13
Soft Costs	\$701,193	\$28,048	\$21
Profit	\$1,062,382	\$42,495	\$31
TOTAL	\$10,293,000	\$411,720	\$305

APARTMENT COST COMPARABLES

Below are the cost comparables for the region.

GARDEN-STYLE APARTMENT HOUSING												
COMPARABLE #	1				2				3			
COST DATE	2022				2022				2022			
COUNTY/STATE	Fairfield, CT				Fairfield, CT				Nassau, NY			
SIZE SIZE (AC)	3.24				10.42				2.04			
# OF RESIDENTIAL UNITS	173				260				71			
TYPE	For Rent, Market and Affordable				For Rent, Market				For Rent, Affordable			
NRA	170,689				281,482				55,178			
GBA	222,169				363,728				69,346			
# OF STORIES	4				4				3			
# OF BUILDINGS	1				5				1			
AMENITIES	Fitness Center, Resident Lounge, Swimming Pool, Courtyard and Deck				BBQ/Picnic Area, Fitness Center, swimming pool, clubhouse, and resident storage				Surface Parking, Elevator			
# OF SURFACE SPACES	194				428				128			
# OF GARAGE SPACES	0				64				0			
# OF TOTAL SPACES	194				492				128			
COST ITEMS	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA
Land	\$12,150,000	\$70,231	\$71	\$55	\$13,600,000	\$52,308	\$48	\$37	\$3,827,500	\$53,908	\$69	\$55
Site/Foundation Work	\$6,800,000	\$39,306	\$40	\$31	\$6,602,705	\$25,395	\$23	\$18	Inc. Below	Inc. Below	Inc. Below	Inc. Below
Hard Costs	\$40,410,444	\$233,586	\$237	\$182	\$51,606,027	\$198,485	\$183	\$142	\$25,841,372	\$363,963	\$468	\$373
Soft Costs	\$7,220,074	\$41,735	\$42	\$32	\$5,561,998	\$21,392	\$20	\$15	\$6,746,579	\$95,022	\$122	\$97
Interest/Financing	\$1,969,482	\$11,384	\$12	\$9	\$4,320,000	\$16,615	\$15	\$12	\$2,223,556	\$31,318	\$40	\$32
Total Costs	\$68,550,000	\$396,243	\$402	\$309	\$81,690,730	\$314,195	\$290	\$225	\$38,639,007	\$544,211	\$700	\$557
Total Costs Exclusive of Land Cost	\$56,400,000	\$326,012	\$330	\$254	\$68,090,730	\$261,887	\$242	\$187	\$34,811,507	\$490,303	\$631	\$502

COST ANALYSIS

CONTINUED

GARDEN-STYLE APARTMENT HOUSING

COMPARABLE #	4				5							
COST DATE	2021				2023				2023			
COUNTY/STATE	Onandaga, NY				Niagara, NY				Worcester, MA			
SIZE SIZE (AC)	0.98				3.3				0.52			
# OF RESIDENTIAL UNITS	199				108				111			
TYPE	For Rent, Market				For Rent, Market				For Rent, Market			
NRA	126,581				115,023				76,001			
GBA	166,871				137,168				104,271			
# OF STORIES	4				4				6			
# OF BUILDINGS	1				1				1			
AMENITIES	Business Center, Common Laundry, Elevators, Fitness Center, Game Room				Clubhouse, Pool, Pickleball Courts, BBQ Grilling Stations, Fitness Center, Dog Park, Business Center,				Garage Parking, Ground Floor Commercial, and a Courtyard			
# OF SURFACE SPACES	0				0				62			
# OF GARAGE SPACES	42				150				0			
# OF TOTAL SPACES	42				150				62			
COST ITEMS	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA
Land	\$5,000,000	\$25,126	\$40	\$30	\$1,200,000	\$11,111	\$10	\$9	\$5,616,600	\$50,600	\$74	\$54
Site/Foundation Work	Inc. Below	Inc. Below	Inc. Below	Inc. Below	\$4,244,332	\$39,299	\$37	\$31	Inc. Below	Inc. Below	Inc. Below	Inc. Below
Hard Costs	\$41,640,120	\$209,247	\$329	\$250	\$17,729,777	\$164,165	\$154	\$129	\$32,156,085	\$289,694	\$423	\$308
Soft Costs	\$10,695,694	\$53,747	\$84	\$64	\$3,951,811	\$36,591	\$34	\$29	\$2,402,321	\$21,643	\$32	\$23
Interest/Financing	\$330,362	\$1,660	\$3	\$2	\$1,411,680	\$13,071	\$12	\$10	\$4,294,625	\$38,690	\$57	\$41
Total Costs	\$57,666,176	\$289,780	\$456	\$346	\$28,537,600	\$264,237	\$248	\$208	\$44,469,631	\$400,627	\$585	\$426
Total Costs Exclusive of Land Cost	\$52,666,176	\$264,654	\$416	\$316	\$27,337,600	\$253,126	\$238	\$199	\$38,853,031	\$350,027	\$511	\$373

APARTMENT COST COMPARABLES

PER UNIT BASIS

Below is a summary of the minimum, 1st quartile, median, mean, 3rd quartile and maximum cost per unit for the 6 cost comparables presented on the previous page.

SUMMARY OF CONSTRUCTION DATASET (PER UNIT BASIS)						
COST ITEM	PER UNIT					
	MINIMUM	1ST QUARTILE	MEDIAN	MEAN	3RD QUARTILE	MAXIMUM
TOTAL COSTS INCLUSIVE OF LAND COSTS	\$264,237	\$295,884	\$355,219	\$368,216	\$399,531	\$544,211
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$253,126	\$262,579	\$295,333	\$324,335	\$344,023	\$490,303

The developer projected a cost for the apartment component of \$357,386 per unit inclusive of land costs and \$352,728 per unit exclusive of land costs. The developer's projected expenses are in line with the cost comparables on a cost per unit basis. The developer's projected cost per unit exclusive of land costs is slightly above the mean and median of the data.

PER SF BASIS

Below is a summary of the minimum, 1st quartile, median, mean, 3rd quartile and maximum cost per SF of GBA for the 6 cost comparables presented on the previous page.

SUMMARY OF CONSTRUCTION DATASET (PER SF OF GBA BASIS)						
COST ITEM	PER SF OF GBA					
	MINIMUM	1ST QUARTILE	MEDIAN	MEAN	3RD QUARTILE	MAXIMUM
TOTAL COSTS INCLUSIVE OF LAND COSTS	\$208	\$246	\$327	\$345	\$406	\$557
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$187	\$213	\$285	\$305	\$358	\$502

The developer projected a cost for the apartment component of \$352 per SF of GBA inclusive of land costs and \$348 per SF of GBA exclusive of land costs. The developer's projected expenses are in line with the cost comparables on a cost per unit basis. The developer's projected cost exclusive of land costs is slightly above the mean and median of the data.

TOWNHOUSE/SINGLE FAMILY COST COMPARABLES

In the analysis of the townhouse component, we utilized cost comparables and the Marshall & Swift Cost Manual.

Below are the townhouse cost comparables for the region.

SMALLER TOWNHOUSE-STYLE/SINGLE-FAMILY HOUSE DEVELOPMENTS												
COMPARABLE #	1				2				3			
COST DATE	2022				2022				2023			
COUNTY/STATE	Kent, RI				Hartford, CT				York, ME			
SIZE SIZE (AC)	0.14				1.50				1.21			
# OF RESIDENTIAL UNITS	5				13				12			
TYPE	Tow nhouse-For Sale											
NRA	7,500				25,680				12,096			
GBA	7,500				25,680				12,096			
# OF STORIES	3				3				2			
# OF BUILDINGS	1				1				6			
AMENITIES	1-Car Attached Garage, In-Unit Laundry				Garage Parking for Some Units, Storage				Surface Parking, Storage			
# OF SURFACE SPACES	5				11				27			
# OF GARAGE SPACES	5				0				0			
# OF TOTAL SPACES	10				11				27			
COST ITEMS	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA	COST	\$/UNIT	\$/SF of NRA	\$/SF of GBA
Land	\$450,000	\$90,000	\$60	\$60	\$0	\$0	\$0	\$0	\$450,000	\$37,500	\$37	\$37
Site/Foundation Work	Inc. Below	Inc. Below	Inc. Below	Inc. Below	Inc. Below	Inc. Below	Inc. Below	Inc. Below	\$383,900	\$31,992	\$32	\$32
Hard Costs	\$1,400,000	\$280,000	\$187	\$187	\$5,568,956	\$428,381	\$217	\$217	\$1,559,900	\$129,992	\$129	\$129
Soft Costs	\$100,000	\$20,000	\$13	\$13	Inc. Above	Inc. Above	Inc. Above	Inc. Above	\$351,500	\$29,292	\$29	\$29
Interest/Financing	Inc. Above	Inc. Above	Inc. Above	Inc. Above	Inc. Above	Inc. Above	Inc. Above	Inc. Above	\$0	\$0	\$0	\$0
Total Costs	\$1,950,000	\$390,000	\$260	\$260	\$5,568,956	\$428,381	\$217	\$217	\$2,745,300	\$228,775	\$227	\$227
Total Costs Exclusive of Land Cost	\$1,500,000	\$280,000	\$187	\$187	\$5,568,956	\$428,381	\$217	\$217	\$2,295,300	\$191,275	\$190	\$190

SUMMARY OF COST COMPARABLES FOR TOWNHOUSE COMPONENT

Due to lack of data, we have on townhouse construction development, we also considered information from Marshall and Swift Cost Manual. Below is a summary of the cost estimate.

BUILDING COST ESTIMATE

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.¹

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service. First, the subject components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

¹ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

REPLACEMENT COST NEW (BUILDING)

MARSHALL VALUATION SERVICE DIRECT COST

Gross Building Area	33,800 SF	1
MVS Building Type		Multiple Residences
MVS Section/Page/Class		Sec 12 Page 16
MVS Publication Date		Nov-23
Quality Rating		Excellent
Component SF (Gross)		33,800
Base Cost (Per SF)		\$197.00
SQUARE FOOT REFINEMENTS		
Heating and Cooling		\$0.00
Fire Sprinklers		\$0.00
Elevators		\$0.00
Balconies		\$0.00
Subtotal		\$197.00
HEIGHT & SIZE REFINEMENTS		
Number of Stories Multiplier		1.000
Height Per Story Multiplier		1.000
Area/Perimeter Multiplier		1.000
Subtotal		\$197.00
COST MULTIPLIERS		
Current Cost Multiplier		0.97
Local Multiplier		1.07
DIRECT COSTS PER SF		\$204.47
Indirect Cost (% of Direct) ¹	15%	15%
INDIRECT COST PER SF		\$30.67
DIRECT & INDIRECT TOTAL PER SF		\$235.14
CALCULATION OF REPLACEMENT COST NEW WITH PROFIT		
Component SF (Gross)		33,800
Direct & Indirect Total		\$7,947,605
ENTREPRENEURIAL PROFIT % ¹	15%	15%
Entrepreneurial Profit \$		\$1,192,141
FINAL TOTAL REPLACEMENT COST NEW		\$9,139,746

¹Colliers International Estimate

Based on our research, indirect costs are typically 10% to 20% of direct cost for this type of development in the marketplace. Considering the size and project characteristics, we have estimated indirect costs at 15% of direct costs.

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on anecdotal evidence provided by developers of similar Garden/Low Rise projects, profit is typically based on a percentage of replacement cost, generally 5% to 15%, depending upon project size, location, marketability and risk. An entrepreneurial profit and overhead allocation of 15% was used in this analysis.

SITE COST ESTIMATE

The replacement cost new of the subject site improvements is presented in the following table. It is

SITE IMPROVEMENTS REPLACEMENT COST NEW

ITEM	UNITS	AREA	RCN	TOTAL RCN	INDIRECT 15%	ADJUSTED RCN	PROFIT 15%	TOTAL RCN
Site Improvements	SF	217,800	\$5.00	\$1,089,000	\$163,350	\$1,252,350	\$187,853	\$1,440,203

The site improvements area was calculated by using the approximate amount of land area of the townhouse component of the development. The replacement cost new was estimated at \$0.77/SF with support from Marshall Valuation Service, the developer's cost schedule and cost comparables. Allocations for indirect costs of 15% and profit of 15% were carried forward from the conclusions made within the analysis of building improvements.

TOTAL COST ESTIMATE

The Cost Approach analysis using Marshall & Swift and conclusion are presented in the following table.

COST APPROACH VALUE CONCLUSION

IMPROVEMENTS (BUILDING)

Direct & Indirect Costs	\$7,947,605
PLUS: Entrepreneurial Profit	\$1,192,141
LESS: Total Depreciation	\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDING)	\$9,139,746

IMPROVEMENTS (SITE)

Direct & Indirect Costs	\$1,252,350
PLUS: Entrepreneurial Profit	\$187,853
LESS: Total Depreciation	\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)	\$1,440,203

SUMMARY (ALL IMPROVEMENTS)

Adjusted Costs/Cost New	\$9,199,955
PLUS: Total Entrepreneurial Profit	\$1,379,993
TOTAL REPLACEMENT COST NEW	\$10,579,948
LESS: Total Depreciation	\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS	\$10,579,948
PLUS: Land Value (Primary Site)	\$0
INDICATED VALUE	\$10,580,000
INDICATED PER SF COSTS	\$313
INDICATED PER UNIT COSTS	\$423,200

Rounded to nearest \$10,000

SUMMARY OF COST COMPARABLES FOR APARTMENT/TOWNHOUSE COMPONENT

Below is a summary of the minimum, median, mean, and maximum cost per unit for the 3 cost comparables presented on the previous page.

SUMMARY OF CONSTRUCTION DATASET (PER UNIT BASIS)				
COST ITEM	PER UNIT			
	MINIMUM	MEDIAN	MEAN	MAXIMUM
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$191,275	\$280,000	\$299,885	\$428,381

Below is a summary of the minimum, median, mean, and maximum cost per SF of GBA for the 3 cost comparables presented on the previous page.

SUMMARY OF CONSTRUCTION DATASET (PER SF BASIS)				
COST ITEM	PER SF OF GBA			
	MINIMUM	MEDIAN	MEAN	MAXIMUM
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$187	\$190	\$198	\$217

Below is a summary of the costs using Marshall Valuation Services.

SUMMARY OF CONSTRUCTION DATASET (M&S SERVICES)	
COST ITEM	PER SF OF GBA AND PER UNIT
	AMOUNT
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$423,200
TOTAL COSTS EXCLUSIVE OF LAND COSTS	\$313

The developer projected a cost for the townhouse component of \$411,720 per unit exclusive of land costs.

The developer projected a cost for the townhouse component of \$305 per SF of GBA exclusive of land costs.

The developer's projected expenses are above the cost comparables, but slightly below the cost per SF indicated by Marshall and Swift.

The development costs for the townhouse component will vary based on such items as the quality of finish, the number of garage spaces, the amount of above grade finished area, and if there will be basements. At a surface level, the developer's projections are at the upper bounds of the data presented; however, they seem reasonable. A more detailed description and identification of the townhome development would allow for a more detailed analysis of this component.

2) FINANCIAL FEASIBILITY - PHASE 1 - MARKET-RATE APARTMENTS WITH AFFORDABLE COMPONENT

To test the financial feasibility of the project, we used the Income Approach, which is a common approach to valuation for income producing property.

SOURCES AND USES (PHASE 1 BUDGET)			
# OF UNITS	202		
GBA	212,460		
SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$29,500,000	\$146,040	\$139
Debt	\$38,200,000	\$189,109	\$180
TOTAL	\$67,700,000	\$335,149	\$319
USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$1,500,000	\$7,426	\$7
Construction	\$53,508,774	\$264,895	\$252
Construction Cont.	\$2,638,655	\$13,063	\$12
Design	\$870,000	\$4,307	\$4
Interest	\$2,771,577	\$13,721	\$13
Soft Costs	\$5,760,994	\$28,520	\$27
Reserves	\$650,000	\$3,218	\$3
TOTAL	\$67,700,000	\$335,149	\$319

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach-Apartment Component

The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

Development of the Income Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Income Approach-Condo Component

The bulk discounted market value is the discounted value of the development and is applicable to typical interim purchasers of the product type such as developers, investors, or entrepreneurs. The concept for the bulk discounted market value is essentially the same as the Discounted Cash Flow method for typical income-producing property in which all future income streams are discounted into a present worth or value. The market value (present worth of all future cash flows) is considered to be the applicable value for purposes of this appraisal report.

The determination of the property value estimate depends largely upon identifying the actual market. The gross sellout would pertain to that portion of the market that purchases a unit for its intended use: typically, in the case of residential condominiums, the homeowner. These buyers would typically purchase one unit at a time and would expect to pay the retail value for the unit. It is unlikely that a homeowner would ever purchase an entire

condominium development, thus, a homeowner would not typically be motivated by the gross sellout of the development.

The bulk discounted market value is the discounted value of the development and would be applicable to the interim purchasers such as developers, investors or entrepreneurs. The concept for the bulk discounted market value is essentially the same as the Discounted Cash Flow (DCF) Analysis for typical income-producing properties wherein all future income streams are discounted into a present worth or value. The market value (present worth of all future cash flows) is considered to be the applicable value for this appraisal.

For the Income Approach, the gross retail sellout is estimated via the Sales Comparison Approach – Finished Units. This estimate is then incorporated into the DCF Analysis. The DCF Analysis then entails the development of a net income stream per period (based on an absorption rate), discounting this income stream to a present worth by use of an appropriate discount rate. In the analysis of residential projects, this discounted bulk value analysis is commonly referred to as Subdivision Analysis.

To avoid confusion over subdivision methodology and its related terms, we have cited the following passage from Subdivision Analysis (Appraisal Institute, 1993, Pg. 60-61):

Frequently the final value estimate is labeled *wholesale value* or *retail value* even though such terminology may be completely inconsistent with the stated purpose of the appraisal.

Appraisers should be aware that users of appraisal reports may not be familiar with the exact definitions of the terms they contain. A term such as discounted value can be very misleading because it suggests that the value estimate is somehow less than what the property is actually worth. Discounting is a mathematical process in which forecast incomes are converted into present value estimates. Therefore, discounted value is not a type of value, but the result of the mathematical process used to arrive at a value estimate.

A similar term, wholesale value, also suggests a value estimate that is less than the property's actual worth. Such a term may be meaningless or misleading. Again, if the purpose of the assignment is to estimate market value, then the final estimate should be labeled market value.

Another terminology problem involves the use of the terms *retail value* and *gross sellout value*. These terms do not identify value estimates; they represent the total gross receipts expected to be produced by the project. Value is a point-in-time estimate, based in part on the theory that the value of any good or service is the present value of the future benefits to be derived from its ownership. Since arriving at gross sellout value does not involve consideration of the expenses of disposition or holding or the calculation of present worth, gross sellout is not a value estimate. Labeling expected gross receipts as any kind of value estimate is highly misleading and should be avoided.

DIRECT CAPITALIZATION-MARKET RATE APARTMENTS WITH AFFORDABLE COMPONENT

In this section, we value the apartment component of the development.

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Subject Income History/Concessions

Below is the developer's projection of current asking rents.

SUBJECT PROJECTED RENTS							
UNIT TYPE	UNIT SUMMARY			UNITS	UNIT %	ASKING RENT	
	OCC	VAC	TOT	PERCENT OF TOTAL	OCC-UPIED	PER UNIT	TOTAL \$/MO
Studio-Market-Phase 1	0	25	25	12.4%	0%	\$1,800	\$45,000
Studio-80% AMI-Phase 1	0	6	6	3.0%	0%	\$1,512	\$9,072
1 Bed-Market-Phase 1	0	73	73	36.1%	0%	\$2,300	\$167,900
1 Bed-80% AMI-Phase 1	0	20	20	9.9%	0%	\$1,681	\$33,620
2 Bed-Market-Phase 1	0	56	56	27.7%	0%	\$2,900	\$162,400
2 Bed-80%AMI-Phase 1	0	13	13	6.4%	0%	\$2,053	\$26,689
3 Bed-Market-Phase 1	0	7	7	3.5%	0%	\$3,300	\$23,100
3 Bed-80% AMI-Phase 1	0	2	2	1.0%	0%	\$2,521	\$5,042
TOTAL/AVG	0	202	202	100%	0.0%	\$2,341	\$472,823

Subject Utility Structure

- › **Hot Water** - Not included in the rent
- › **Cold Water** - Not included in the rent
- › **Sewer** - Not included in the rent
- › **Trash Removal** - Not included in the rent
- › **Gas** - Not included in the rent
- › **Electricity** - Not included in the rent

In our analysis, we assume that the tenants pay for utilities. It is typical for tenants to pay for utilities in market-rate developments. To be consistent with the market and our expense comps (which also have tenants paying for utilities), we assumed that tenants pay for utilities in the market-rate component of the development.

It is our understanding that Phase 1 of the development will be restricted in accordance with Section 652.3 of the Hamden Zoning Regulations. In the Town of Hamden, all multi-family developments containing 5 or more dwelling units shall set aside a minimum of 20% of the dwelling units as Affordable Housing Units. The units shall be set aside for families at or below 80% of the area median income. Below are the steps to calculate the rent for the affordable units.

- 1) **Step 1** – Calculate Statewide Median Income and the New Haven-Meriden HMFA median income, and use whatever is lower. Based on the calculations below, the New Haven-Meriden HMFA has a lower median income.

COMPARING 80% AMI MAXIMUM HOUSEHOLD INCOME (NEW HAVEN-MERIDEN HMFA VS STATE OF CONNECTICUT)

# OF PEOPLE IN HOUSEHOLD	1	2	3	4	5	6	7	8
80% OF AMI (STATE OF CONNECTICUT)	\$66,250	\$75,750	\$85,200	\$94,650	\$102,250	\$109,800	\$117,400	\$124,950
80% OF AMI (NEW HAVEN-MERIDEN HMFA)	\$64,250	\$73,400	\$82,600	\$91,750	\$99,100	\$106,450	\$113,800	\$121,150

SOURCE: HUD

- 1) **Step 2**- Multiple the median income X 30%, then divide by 12 to get the maximum monthly rent based on the maximum median income.
- 2) **Step 3**- Multiple the New Haven-Meriden HMFA fair market rent by 120% to get the maximum monthly rent based on the areas Fair Market Rent.
- 3) **Step 4**- Compare the maximum monthly rent based on the maximum median income versus the maximum monthly rent based on the area's Fair Market Rent, and utilize whatever is lower.

MAXIMUM RENT CALCULATIONS

UNIT TYPES	STUDIO @ 80% OF AMI	1 BED @80% OF AMI	2 BED @ 80% OF AMI	3-BED AT 80% OF AMI
MAXIMUM RENT BASED ON MAXIMUM INCOME				
# OF BEDS	0	1	2	3
# OF PEOPLE PER HOUSEHOLD	1	1.5	3	4.5
MAX HOUSEHOLD INCOME AT 80% OF AMI	\$64,250	\$68,825	\$82,600	\$95,425
MAXIMUM % OF ANNUAL INCOME ON RENT X	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>
MAXIMUM ANNUAL INCOME	\$19,275	\$20,648	\$24,780	\$28,628
NUMBER OF MONTHS IN YEAR /	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
MAXIMUM MONTHLY GROSS RENT	\$1,606	\$1,721	\$2,065	\$2,386
MAXIMUM RENT BASED ON NEW HAVEN-MERIDEN CT HMFA FAIR MARKET RENT				
HAMDEN HMFA FAIR MARKET RENT	\$1,200	\$1,334	\$1,629	\$2,001
X	<u>120%</u>	<u>120%</u>	<u>120%</u>	<u>120%</u>
MAXIMUM MONTHLY GROSS RENT	\$1,440	\$1,601	\$1,955	\$2,401
CONCLUDED MONTHLY GROSS RENT	\$1,440	\$1,601	\$1,955	\$2,386

- 1) **Step 5-** Since we are assuming that the tenants pay for utilities, we deduct the utility allowances. Below are the calculations of the concluded rent. We obtained the utility allowances from the Connecticut Department of Housing Utility Schedule.

CONCLUDED AFFORDABLE RENTS AFTER UTILITY DEDUCTIONS				
	STUDIO @ 80% OF AMI	1 BED @80% OF AMI	2 BED @ 80% OF AMI	3-BED AT 80% OF AMI
GROSS MONTHLY RENT	\$1,440	\$1,601	\$1,955	\$2,386
HOUSEHOLD SIZE	1.00	1.50	3.00	4.50
UTILITY DEDUCTIONS				
Electric Heat	\$98	\$115	\$152	\$196
Electric Cooking	\$16	\$19	\$27	\$33
Electric Water Heating	\$72	\$77	\$92	\$108
Electric	\$46	\$54	\$72	\$100
Cold Water	\$48	\$65	\$116	\$167
Sewer	\$22	\$34	\$67	\$101
Trash	\$35	\$35	\$35	\$35
Refrigerator	\$3	\$3	\$3	\$4
Range/Stove +	\$2	\$3	\$3	\$4
TOTAL UTILITY DEDUCTION	\$342	\$404	\$567	\$747
NET RENT AFTER UTILITY ALLOWANCE	\$1,098	\$1,197	\$1,388	\$1,639

ANALYSIS OF RENT COMPARABLES

Unit of Comparison

The analysis is conducted on a rent per month basis, reflecting market behavior. This unit of comparison is predominantly used in this market.

Selection of Comparables

A complete search of the area was conducted in order to find the most comparable complexes in terms of age, appeal, condition, number of units, and amenities. The rent comparables are located in the subject's local area and range from 1.4 to 4.0 miles from the subject site, with an average distance of 3.0 miles. The subject is in excellent condition with average appeal for the market area considering its vintage. The comparables selected in this analysis are similar properties to the subject property.

Concessions

Some of the comparables were offering concessions at the time of survey. Please see the data sheets for full details.

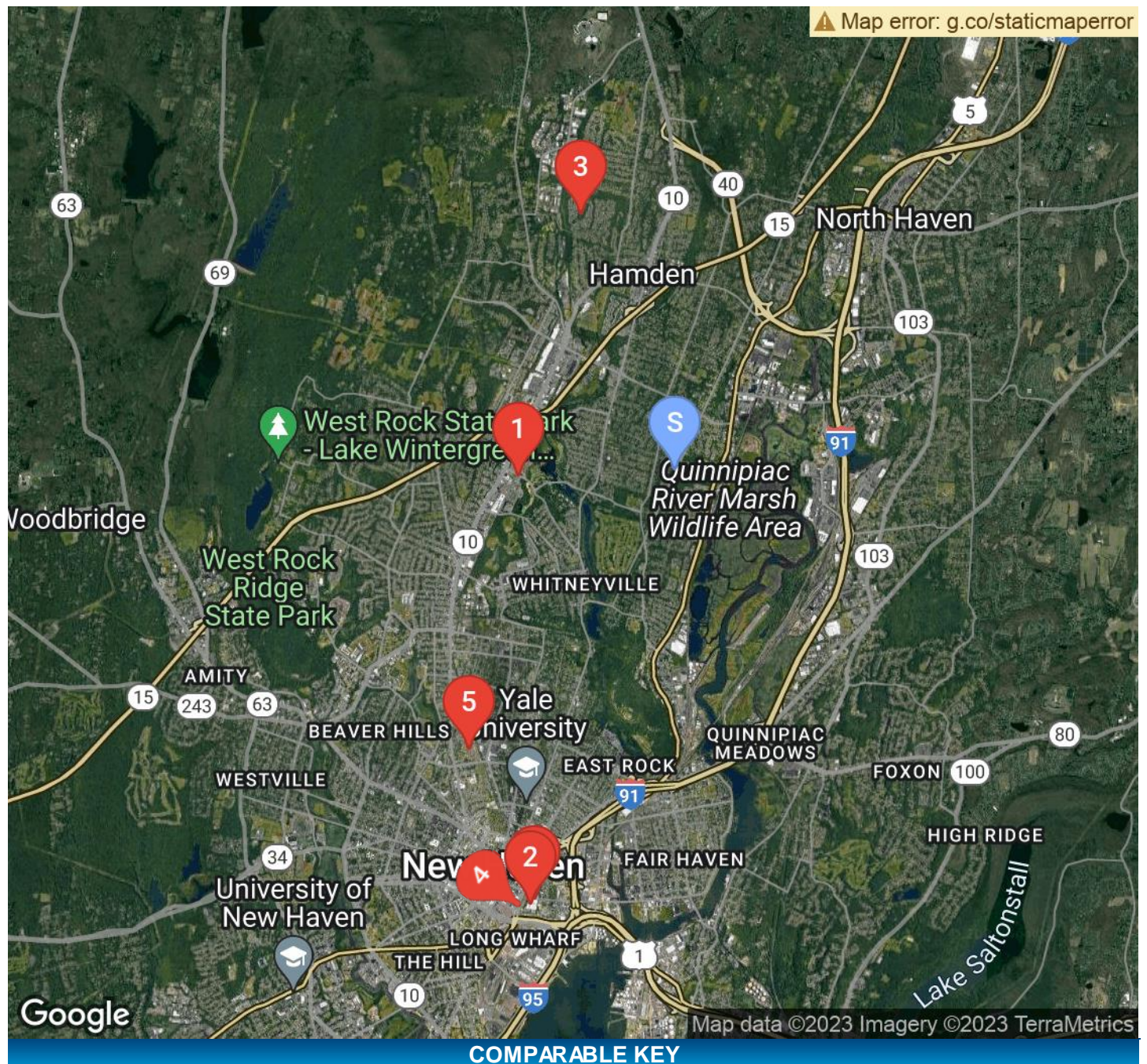
Presentation

The following presentation summarizes the comparables most similar to the subject property. A Rent Comparable Summation Table, Rent Comparable Location Map, Data Sheets, and analysis of the rent comparables is presented on the following pages.

RENT SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	High Meadow s-Dakota Partners, Affordable Rate Option	Canal Crossing	Olive & Wooster	Tow n Walk at Hamden Hills	The Whit Wooster Square	Axis 201
Address	825 Hartford Turnpike	380 Mather Street	87 Union Street	100 Tow n Walk Drive	630 Chapel Street	201 Munson Street
City	Hamden	Hamden	New Haven	Hamden	New Haven	New Haven
State	CT	CT	CT	CT	CT	CT
Zip	06517	06514	06510	06518	06510	06511
PHYSICAL INFORMATION						
Project Design	Low -Rise	Low -Rise	Low -Rise	Low -Rise	Low -Rise	Low -Rise
Number of Units	202	393	299	764	230	398
NRA		328,958	261,581	765,104	205,061	298,178
Year Built		2017	2022	1992	2022	2024
Average SF/Unit		837	875	1,001	892	749
RENT INFORMATION						
Occupancy	0.0%	98.6%	95.0%	91.0%	79.8% In Lease Up	In Lease Up
Rent Type	Low -Rise	Low -Rise	Low -Rise	Low -Rise	Low -Rise	Low -Rise
\$/Unit Average	-	\$2,321	\$2,755	\$2,254	\$2,878	\$2,538
\$/SF Average	-	\$2.77	\$3.15	\$2.25	\$3.23	\$3.39
Studio \$/Unit Avg	-	\$2,057	\$2,222	-	\$2,187	\$1,565
1 BD \$/Unit Avg	-	\$2,123	\$2,238	\$1,952	\$2,629	\$2,497
2 BD \$/Unit Avg	-	\$2,801	\$2,858	\$2,531	\$3,376	\$3,219
3 BD \$/Unit Avg	-	-	\$3,810	\$2,700	\$4,691	\$4,625

RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC %	AVG SF/UNIT	UNITS	BUILT
SUBJECT	-	High Meadow s-Dakota Partners, Affordable Rate Option	825 Hartford Turnpike, Hamden, CT				
No. 1	1.4 Miles	Canal Crossing	380 Mather Street, Hamden, CT	98.6%	837	393	2017
No. 2	4.0 Miles	Olive & Wooster	87 Union Street, New Haven, CT	95.0%	875	299	2022
No. 3	2.4 Miles	Tow n Walk at Hamden Hills	100 Tow n Walk Drive, Hamden, CT	91.0%	1,001	764	1992
No. 4	4.0 Miles	The Whit Wooster Square	630 Chapel Street, New Haven, CT	79.8%	892	230	2022
No. 5	3.1 Miles	Axis 201	201 Munson Street, New Haven, CT	In Lease Up	749	398	2024

COMPARABLE 1**LOCATION INFORMATION**

Name Canal Crossing
 Address 380 Mather Street
 City, State, Zip Code Hamden, CT, 06514

PHYSICAL INFORMATION

Project Design Low -Rise
 Number of Units 393
 Year Built 2017
 Net Rentable Area (NRA) 328,958
 Average Unit Size (SF) 837
 Rent Type Low -Rise
 Location Average
 Quality Average
 Condition Excellent
 Appeal Average
 Project Amenities Business Center, Dog Park, Elevators,
 Fitness Center, Swimming Pool

Unit Amenities Air Conditioning, Dishwasher, Parking Open,
 Premium Appliances, Premium Countertops,
 Premium Flooring, Washer/Dryer In-Unit

Parking Parking Open, and Parking Garage

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	AVG RENT
STUDIO / 1 BA	134	635	\$2,057
1 BD / 1 BA	131	820	\$2,123
2 BD / 2 BA	128	1,066	\$2,801

**CANAL CROSSING****OCCUPANCY / ABSORPTION**

Vacant Units 6
 Occupancy Rate 99%

CONFIRMATION

Name CoStar, Apartments.com, Public Records

REMARKS

Canal Crossing is a 393-apartment community in Hamden, CT. Community amenities consist of an outdoor saltwater pool with cabanas, a 24-hour gym, a business center, an elevator, a dog park, a pet grooming station, and community grills and firepits. Apartment amenities consist of granite countertops, stainless steel appliances, plank flooring, in-unit washer/dryers, wood cabinetry, and balconies/patios. The tenant pays for utilities.

COMPARABLE 2**LOCATION INFORMATION**

Name	Olive & Wooster
Address	87 Union Street
City, State, Zip Code	New Haven, CT, 06510

PHYSICAL INFORMATION

Project Design	Low -Rise
Number of Units	299
Year Built	2022
Net Rentable Area (NRA)	261,581
Average Unit Size (SF)	875
Rent Type	Low -Rise
Location	Good
Quality	Average
Condition	Excellent
Appeal	Average
Project Amenities	Business Center, Clubhouse, Elevators, Fitness Center, Swimming Pool

Unit Amenities	Air Conditioning, Balcony/Patio, Dishwasher, Parking Garage
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Parking	Parking Garage
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UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	AVG RENT
STUDIO / 1 BA	141	557	\$2,222
1 BD / 1 BA	28	637	\$2,238
2 BD / 2 BA	77	1,082	\$2,858
3 BD / 3 BA	30	1,520	\$3,810
4 BD / 4 BA	23	1,578	\$4,930

**OLIVE & WOOSTER****OCCUPANCY / ABSORPTION**

Vacant Units	15
Occupancy Rate	95%
Fees & Deposits	N/Av
Concessions	N/Av

CONFIRMATION

Name	CoStar, Apartments.com, Public Records
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REMARKS

Olive & Wooster is a 299-unit apartment complex in New Haven, CT. Community amenities consist of a courtyard, a pool, a fitness center, an elevator, a clubhouse, a business center, grilling stations, and on-site retail. In unit amenities consist of granite countertops, in-unit washer and dryers, stainless steel appliances. The tenant pays for utilities.

COMPARABLE 3

LOCATION INFORMATION

Name	Tow n Walk at Hamden Hills
Address	100 Tow n Walk Drive
City, State, Zip Code	Hamden, CT, 06518

PHYSICAL INFORMATION

Project Design	Low -Rise
Number of Units	764
Year Built	1992
Net Rentable Area (NRA)	765,104
Average Unit Size (SF)	1,001
Rent Type	Low -Rise
Location	Average
Quality	Average
Condition	Average
Appeal	Average
Project Amenities	Business Center, Clubhouse, Dog Park, Fitness Center, Sport Court, Storage Units, Sw imming Pool

Unit Amenities	Air Conditioning, Balcony/Patio, Dishw asher, Parking Garage, Parking Open, Premium Appliances, Premium Countertops, Walk-in Closets, Washer/Dryer In-Unit
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Parking	Parking Open, and Parking Garage
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UTILITIES

	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sew er		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	AVG RENT
1 BD / 1 BA	387	814	\$1,952
2 BD / 1 BA	302	1,168	\$2,531
3 BD / 2 BA	75	1,298	\$2,700



TOWN WALK AT HAMDEN HILLS

OCCUPANCY / ABSORPTION

Vacant Units	69
Occupancy Rate	91%

CONFIRMATION

Name	CoStar, Apartments.com, Public Records
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REMARKS

Tow n Walk at Hamden Hills is a 764-unit apartment community located at 100 Tow n Walk Drive at Hamden, CT. Community amenities consist of tw o pools, pet play area, fitness center, a business center, a clubhouse, a lounge, a basketball court, a tennis court, w alking/biking trails, a game room, and a grill. Apartment amenities consist of in-unit washer/dryers, air conditioning, storage space, dishw ashers, stainless steel appliances, vinyl flooring, w alk-in closets, and balconies/patios. The tenant pays for utilities.

COMPARABLE 4**LOCATION INFORMATION**

Name	The Whit Wooster Square
Address	630 Chapel Street
City, State, Zip Code	New Haven, CT, 06510

PHYSICAL INFORMATION

Project Design	Low -Rise
Number of Units	230
Year Built	2022
Net Rentable Area (NRA)	205,061
Average Unit Size (SF)	892
Rent Type	Low -Rise
Location	Good
Quality	Average
Condition	Excellent
Appeal	Average
Project Amenities	Clubhouse, Courtyard, Elevators, Fitness Center, Rooftop Area, Sw imming Pool

Unit Amenities	Air Conditioning, Balcony/Patio, Dishw asher, Parking Garage, Premium Appliances, Premium Countertops, Walk-in Closets, Washer/Dryer In-Unit
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Parking	Parking Garage
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UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sew er		✓

UNIT MIX

<u>DESCRIPTION</u>	<u>UNITS</u>	<u>SIZE</u>	<u>AVG RENT</u>
STUDIO / 1 BA	36	592	\$2,187
1 BD / 1 BA	112	774	\$2,629
2 BD / 2 BA	73	1,148	\$3,376
3 BD / 3 BA	9	1,473	\$4,691

**THE WHIT WOOSTER SQUARE****OCCUPANCY / ABSORPTION**

Vacant Units	46
Occupancy Rate	80%

CONFIRMATION

Name	CoStar, Apartments.com, Public Records
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REMARKS

The Whit at Wooster Square is a 230 unit apartment complex in New Haven, CT. Community amenities consist of a pool, a fitness center, an elevator, a clubhouse, a roof terrace, recycling, a business center, a landscaped courtyard, BBQ grills and firepits, and garage parking. In unit amenities consist of stainless steel appliances, in-unit washer/dryers, quartz countertops, modern cabinetry, dishwashers, porcelain tile backsplash, walk-in closets, and private balconies. The tenant pays for utilities.

COMPARABLE 5			
LOCATION INFORMATION			
Name	Axis 201		
Address	201 Munson Street		
City, State, Zip Code	New Haven, CT, 06511		
PHYSICAL INFORMATION			
Project Design	Low -Rise		
Number of Units	398		
Year Built	2024		
Net Rentable Area (NRA)	298,178		
Average Unit Size (SF)	749		
Rent Type	Low -Rise		
Location	Good		
Quality	Average		
Condition	Excellent		
Appeal	Average		
Project Amenities	Business Center, Clubhouse, Common Laundry, Dog Park, Elevators, Fitness Center		
Unit Amenities	Air Conditioning, Balcony/Patio, Dishwasher, Parking Garage, Parking Open, Premium Appliances, Premium Countertops, Washer/Dryer In-Unit		
Parking	Parking Open, and Parking Garage		
UTILITIES	INCL. IN RENT	NOT INCL. IN RENT	
Electricity		✓	
Water		✓	
Hot Water		✓	
Sewer		✓	
UNIT MIX			
DESCRIPTION	UNITS	SIZE	AVG RENT
STUDIO / 1 BA	90	426	\$1,565
1 BD / 1 BA	212	711	\$2,497
2 BD / 2 BA	74	1,013	\$3,219
3 BD / 2 BA	22	1,552	\$4,625



AXIS 201	
OCCUPANCY / ABSORPTION	
Vacant Units	398
Occupancy Rate	

CONFIRMATION	
Name	CoStar, Apartments.com, Public Records

REMARKS
Axis 201 is a 394 unit apartment complex in New Haven, CT. Community amenities consists of a fitness center, kids room, outdoor lounge, cinema hall, clubroom, a golf simulator, a yoga studio, a dog spa, resident storage, a laundry room, garage parking, surface parking, a playground and a dog park. In unit amenities consist of in-unit washer/dryers, air conditioning, walk-in closets, stainless steel appliances, decks/balconies, and dishwashers. The tenant pays for utilities.

DISCUSSION OF RENTAL ADJUSTMENTS

Adjustments for differences between the subject property and the comparables can be made quantitatively or qualitatively. Adjustments for some differences can be derived from the market and are addressed below. Other items for which dollar adjustments are more difficult to derive are addressed in the Qualitative Adjustments paragraph.

Adjustments

The subject property and the comparables vary to some degree in terms of physical characteristics, project amenities, unit amenities, parking, laundry, and utilities. The following grid illustrates the quantitative adjustments applied to the comparables (when necessary) in order to make the comparables similar to the subject in terms of these features.

RENT COMPARABLE ADJUSTMENT TABLE												
	\$ ADJ.	SUBJECT	COMP 1	COMP 2		COMP 3		COMP 4		COMP 5		
PHYSICAL PROJECT FEATURES												
Age		0	6	\$0	1	\$0	16	\$0	1	\$0	-1	\$0
Number of Units	\$0	202	393	\$0	299	\$0	764	\$0	230	\$0	398	\$0
Location	-	Average	Average	\$0	Good	(\$50)	Average		Good	(\$50)	Good	(\$50)
Condition	-	Excellent	Excellent	\$0	Excellent	\$0	Average	\$50	Excellent		Excellent	
Physical Subtotal Adjustment				\$0		(\$50)	\$50			(\$50)		(\$50)
PROJECT AMENITIES												
Swimming Pool	\$5	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	\$5	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Clubhouse	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Project Amenities Subtotal Adjustment				\$0		\$0	\$0		\$0			\$0
UNIT AMENITIES												
Air Conditioning	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Dishwasher	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Fireplace	\$10	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Unit Amenities Subtotal Adjustment				\$0		\$0	\$0		\$0			\$0
LAUNDRY												
Common Laundry	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Washer/Dryer Hookups	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Washer/Dryer In-Unit	\$40	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Laundry Subtotal Adjustment				\$0		\$0	\$0		\$0			\$0
PARKING INCLUDED IN RENT												
Parking Open	\$5	Yes	Yes	\$0	No	\$5	Yes	\$0	No	\$5	Yes	\$0
Parking Covered	\$15	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Driveway	\$15	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Garage	\$50	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Parking Subtotal Adjustment				\$0		\$5	\$0		\$5			\$0
UTILITIES INCLUDED IN RENT												
Electricity	\$30	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Water	\$10	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Hot Water	\$10	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Sewer	\$10	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Utilities Subtotal Adjustment				\$0		\$0	\$0		\$0			\$0
TOTAL ADJUSTMENTS				\$0		(\$45)	\$50		(\$45)			(\$50)

RENT COMPARABLE ADJUSTMENT GRID

The following tables adjust the comparables to the subject property quantitatively.

RENT COMPARABLE ADJUSTMENT SUMMARY												
COMPARABLE 1	NO.	AVG	EFF. RENT	ADJUSTMENTS						TOTAL	ADJUSTED	
	UNITS	SIZE	\$/UNIT	PHYSICAL	PROJECT	UNIT	LAUNDRY	PARKING	UTILITIES	ADJ	\$/UNIT	\$/SF
STUDIO / 1 BA	134	635	\$2,057	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,057	\$3.24
1 BD / 1 BA	131	820	\$2,123	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,123	\$2.59
2 BD / 2 BA	128	1,066	\$2,801	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,801	\$2.63
COMPARABLE 2												
STUDIO / 1 BA	141	557	\$2,222	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$2,177	\$3.91
1 BD / 1 BA	28	637	\$2,238	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$2,193	\$3.44
2 BD / 2 BA	77	1,082	\$2,858	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$2,813	\$2.60
3 BD / 3 BA	30	1,520	\$3,810	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$3,765	\$2.48
4 BD / 4 BA	23	1,578	\$4,930	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$4,885	\$3.10
COMPARABLE 3												
1 BD / 1 BA	387	814	\$1,952	\$50	\$0	\$0	\$0	\$0	\$0	\$50	\$2,002	\$2.46
2 BD / 1 BA	302	1,168	\$2,531	\$50	\$0	\$0	\$0	\$0	\$0	\$50	\$2,581	\$2.21
3 BD / 2 BA	75	1,298	\$2,700	\$50	\$0	\$0	\$0	\$0	\$0	\$50	\$2,750	\$2.12
COMPARABLE 4												
STUDIO / 1 BA	36	592	\$2,187	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$2,142	\$3.62
1 BD / 1 BA	112	774	\$2,629	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$2,584	\$3.34
2 BD / 2 BA	73	1,148	\$3,376	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$3,331	\$2.90
3 BD / 3 BA	9	1,473	\$4,691	(\$50)	\$0	\$0	\$0	\$5	\$0	(\$45)	\$4,646	\$3.15
COMPARABLE 5												
STUDIO / 1 BA	90	426	\$1,565	(\$50)	\$0	\$0	\$0	\$0	\$0	(\$50)	\$1,515	\$3.56
1 BD / 1 BA	212	711	\$2,497	(\$50)	\$0	\$0	\$0	\$0	\$0	(\$50)	\$2,447	\$3.44
2 BD / 2 BA	74	1,013	\$3,219	(\$50)	\$0	\$0	\$0	\$0	\$0	(\$50)	\$3,169	\$3.13
3 BD / 2 BA	22	1,552	\$4,625	(\$50)	\$0	\$0	\$0	\$0	\$0	(\$50)	\$4,575	\$2.95

MARKET RENT ANALYSIS

The following tables summarize the various indicators of market rent, and provide the market rent analysis and conclusions for the subject property. **For apartment units, the consideration of the size and corresponding price per SF is most typical. The proposed unit sizes for the subject's development were not made available to us as part of our analysis. We have assumed that the subject units would be of consistent size with the other units surveyed in the market. If it is found that the subject's proposed units differ significantly in size from the comparables presented, an adjustment to the concluded (market) rent would be warranted.**

STUDIO UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH		ADJUSTED RENT/MONT		NET ADJ %
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	
5	STUDIO / 1 BA	426	\$1,565	\$3.67	\$1,515	\$3.56	-3.2%
1	STUDIO / 1 BA	635	\$2,057	\$3.24	\$2,057	\$3.24	0.0%
4	STUDIO / 1 BA	592	\$2,187	\$3.69	\$2,142	\$3.62	-2.1%
2	STUDIO / 1 BA	557	\$2,222	\$3.99	\$2,177	\$3.91	-2.0%
LOW		426	\$1,565	\$3.24	\$1,515	\$3.24	-3.2%
HIGH		635	\$2,222	\$3.99	\$2,177	\$3.91	0.0%
AVERAGE		553	\$2,008	\$3.65	\$1,973	\$3.58	-1.8%
MEDIAN		575	\$2,122	\$3.68	\$2,100	\$3.59	-2.0%

SUBJECT ANALYSIS & CONCLUSIONS

UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT	
				\$/UNIT	\$/SF	\$/UNIT	\$/SF
25	25	Studio-Market-Phase 1		\$1,800		\$1,800	
6	6	Studio-80% AMI-Phase 1		\$1,512		\$1,098	

The rent comparables range in size from 426 SF to 635 SF, with an average unit size of 553 SF. The rent comparables' unadjusted rent per month ranges from \$1,565 to \$2,222, with an average rent of \$2,008. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$1,515 to \$2,177, with an average rent of \$1,973.

1 BEDROOM UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH		ADJUSTED RENT/MONT		NET ADJ %
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	
3	1 BD / 1 BA	814	\$1,952	\$2.40	\$2,002	\$2.46	2.6%
1	1 BD / 1 BA	820	\$2,123	\$2.59	\$2,123	\$2.59	0.0%
2	1 BD / 1 BA	637	\$2,238	\$3.51	\$2,193	\$3.44	-2.0%
5	1 BD / 1 BA	711	\$2,497	\$3.51	\$2,447	\$3.44	-2.0%
4	1 BD / 1 BA	774	\$2,629	\$3.40	\$2,584	\$3.34	-1.7%
LOW		637	\$1,952	\$2.40	\$2,002	\$2.46	-2.0%
HIGH		820	\$2,629	\$3.51	\$2,584	\$3.44	2.6%
AVERAGE		751	\$2,288	\$3.08	\$2,270	\$3.05	-0.6%
MEDIAN		774	\$2,238	\$3.40	\$2,193	\$3.34	-1.7%

SUBJECT ANALYSIS & CONCLUSIONS

UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT	
				\$/UNIT	\$/SF	\$/UNIT	\$/SF
73	73	1 Bed-Market-Phase 1		\$2,300		\$2,300	
20	20	1 Bed-80% AMI-Phase 1		\$1,681		\$1,197	

The rent comparables range in size from 637 SF to 820 SF, with an average unit size of 751 SF. The rent comparables' unadjusted rent per month ranges from \$1,952 to \$2,629, with an average rent of \$2,288. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$2,002 to \$2,584, with an average rent of \$2,270.

2 BEDROOM UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH		ADJUSTED RENT/MONT		NET ADJ %
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	
3	2 BD / 1 BA	1,168	\$2,531	\$2.17	\$2,581	\$2.21	2.0%
2	2 BD / 2 BA	1,082	\$2,858	\$2.64	\$2,813	\$2.60	-1.6%
1	2 BD / 2 BA	1,066	\$2,801	\$2.63	\$2,801	\$2.63	0.0%
5	2 BD / 2 BA	1,013	\$3,219	\$3.18	\$3,169	\$3.13	-1.6%
4	2 BD / 2 BA	1,148	\$3,376	\$2.94	\$3,331	\$2.90	-1.3%
LOW		1,013	\$2,531	\$2.17	\$2,581	\$2.21	-1.6%
HIGH		1,168	\$3,376	\$3.18	\$3,331	\$3.13	2.0%
AVERAGE		1,095	\$2,957	\$2.71	\$2,939	\$2.69	-0.5%
MEDIAN		1,082	\$2,858	\$2.64	\$2,813	\$2.63	-1.3%

SUBJECT ANALYSIS & CONCLUSIONS

UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT	
				\$/UNIT	\$/SF	\$/UNIT	\$/SF
56	56	2 Bed-Market-Phase 1		\$2,900		\$2,900	
13	13	2 Bed-80%AMI-Phase 1		\$2,053		\$1,388	

The rent comparables range in size from 1,013 SF to 1,168 SF, with an average unit size of 1,095 SF. The rent comparables' unadjusted rent per month ranges from \$2,531 to \$3,376, with an average rent of \$2,957. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$2,581 to \$3,331, with an average rent of \$2,939.

3 BEDROOM UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH		ADJUSTED RENT/MONT		NET ADJ %
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	
3	3 BD / 2 BA	1,298	\$2,700	\$2.08	\$2,750	\$2.12	1.9%
5	3 BD / 2 BA	1,552	\$4,625	\$2.98	\$4,575	\$2.95	-1.1%
2	3 BD / 3 BA	1,520	\$3,810	\$2.51	\$3,765	\$2.48	-1.2%
4	3 BD / 3 BA	1,473	\$4,691	\$3.18	\$4,646	\$3.15	-1.0%
LOW		1,298	\$2,700	\$2.08	\$2,750	\$2.12	-1.2%
HIGH		1,552	\$4,691	\$3.18	\$4,646	\$3.15	1.9%
AVERAGE		1,461	\$3,957	\$2.69	\$3,934	\$2.67	-0.3%
MEDIAN		1,497	\$4,218	\$2.74	\$4,170	\$2.71	-1.0%

SUBJECT ANALYSIS & CONCLUSIONS

UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		CONCLUDED RENT	
				\$/UNIT	\$/SF	\$/UNIT	\$/SF
7	7	3 Bed-Market-Phase 1		\$3,300		\$3,300	
2	2	3 Bed-80% AMI-Phase 1		\$2,521		\$1,639	

The rent comparables range in size from 1,298 SF to 1,552 SF, with an average unit size of 1,461 SF. The rent comparables' unadjusted rent per month ranges from \$2,700 to \$4,691, with an average rent of \$3,957. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$2,750 to \$4,646, with an average rent of \$3,934.

POTENTIAL RENTAL INCOME

The gross rental income equals the total gross income based the rent conclusions presented previously and is summarized in the following table.

APARTMENT POTENTIAL GROSS INCOME									
UNIT TYPE	UNITS	VAC	SF	ASKING RENT			CONCLUDED MARKET RENT		
				\$/UNIT (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	MONTHLY	ANNUALLY
Studio-Market-Phase 1	25	25		\$1,800	\$45,000	\$540,000	\$1,800	\$45,000	\$540,000
Studio-80% AMI-Phase 1	6	6		\$1,512	\$9,072	\$108,864	\$1,098	\$6,588	\$79,056
1 Bed-Market-Phase 1	73	73		\$2,300	\$167,900	\$2,014,800	\$2,300	\$167,900	\$2,014,800
1 Bed-80% AMI-Phase 1	20	20		\$1,681	\$33,620	\$403,440	\$1,197	\$23,940	\$287,280
2 Bed-Market-Phase 1	56	56		\$2,900	\$162,400	\$1,948,800	\$2,900	\$162,400	\$1,948,800
2 Bed-80%AMI-Phase 1	13	13		\$2,053	\$26,689	\$320,268	\$1,388	\$18,044	\$216,528
3 Bed-Market-Phase 1	7	7		\$3,300	\$23,100	\$277,200	\$3,300	\$23,100	\$277,200
3 Bed-80% AMI-Phase 1	2	2		\$2,521	\$5,042	\$60,504	\$1,639	\$3,278	\$39,336
TOTAL	202			\$2,341	\$472,823	\$5,673,876	\$2,229	\$450,250	\$5,403,000

¹ Contract + Market (Vacant Units Projected At Market Level)

It is important to note that we do not have the sizes of the units. We assume that the unit sizes are similar to the comparable developments.

INCOME & EXPENSE ANALYSIS

Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. The following section provides supporting information and discusses the individual expense conclusions for the subject property. We were not provided with a detailed developer's proforma.

COLLIERS PROFORMA			
YEAR	COLLIERS FORECAST		
	PROFORMA		
INCOME ITEMS	TOTAL	\$/UNIT	%EGI
Potential Rental Income	\$5,403,000	\$26,748	100.6%
TOTAL RENTAL INCOME	\$5,403,000	\$26,748	100.6%
OTHER INCOME			
Other Income	\$252,500	\$1,250	4.7%
TOTAL OTHER INCOME	\$252,500	\$1,250	4.7%
POTENTIAL GROSS INCOME (PGI)	\$5,655,500	\$27,998	105.3%
Vacancy	(\$216,120)	(\$1,070)	(4.0%)
Credit Loss	(\$54,030)	(\$267)	(1.0%)
Other Income Vacancy & Credit Loss	(\$12,625)	(\$63)	(0.2%)
EFFECTIVE GROSS INCOME (EGI)	\$5,372,725	\$26,598	100.0%
EXPENSE ITEMS			
Real Estate Taxes	(\$2,110,892)	(\$10,450)	(39.3%)
Property Insurance	(\$90,900)	(\$450)	(1.7%)
Utilities	(\$202,000)	(\$1,000)	(3.8%)
Repairs & Maintenance	(\$191,900)	(\$950)	(3.6%)
Turnover	(\$55,550)	(\$275)	(1.0%)
Off-Site Management	(\$134,318)	(\$665)	(2.5%)
Payroll	(\$282,800)	(\$1,400)	(5.3%)
Advertising	(\$50,500)	(\$250)	(0.9%)
General & Administrative	(\$45,450)	(\$225)	(0.8%)
Reserves	(\$40,400)	(\$200)	(0.8%)
TOTAL EXPENSES	(\$3,204,710)	(\$15,865)	(59.6%)
NET OPERATING INCOME (NOI)	\$2,168,015	\$10,733	40.4%

Above is our operating income and expense conclusion. Below are the developer's projections.

DEVELOPER'S PROJECTIONS	
ITEM	AMOUNT
NOI BEFORE TAXES	\$4,200,000
REAL ESTATE TAXES	- \$2,040,000
NET OPERATING INCOME AFTER TAXES	\$2,160,000

OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

OTHER INCOME ANALYSIS & CONCLUSIONS

OTHER INCOME				ANALYSIS
YEAR	SUBJECT			The concluded amount is all inclusive of income associated with other income. The conclusion is based on the expense comparables. The expense comparables had other income items that include utility reimbursements, lease termination fees, damage fees, parking income, amenity fees, pet rent, and late fees.
	TOTAL	\$/UNIT	%EGI	
CONCLUSION	\$252,500	\$1,250	4.7%	

Vacancy is based on the overall vacancy in the submarket and market. Please reference the figures below. Our conclusions are summarized in the tables below:

GENERAL VACANCY CONCLUSION			
MPF	2023 Q3	LAST YR	AVG LAST 5
New Haven-Milford	4.7%	3.8%	3.7%
Waterbury/Meriden/Hamden	3.3%	3.5%	3.4%
GENERAL VACANCY RATE CONCLUSIONS			4.0%
INCOME LOSS			
General Vacancy Rate			4.0%
Credit Loss Conclusion			1.0%
Concessions			0.0%
TOTAL			5.0%

Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses.

EXPENSE COMPARABLES							
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	LOW	HIGH	AVG
City	Hartford	Dutchess	Hartford	Worcester	-	-	-
State	CT	NY	CT	MA	-	-	-
Expense Year	2023	2023	2019	2023	2019	2023	2022
Actual/Budget	Budget	Budget	Actual	Actual	-	-	-
Units	267	164	246	302	164	302	245
Year Built	2023	2021	2004	1990-2015	2004	2023	2016
Rental Income	\$29,127	\$28,709	\$19,508	\$20,859	\$19,508	\$29,127	\$24,551
Other Income	\$925	\$1,012	\$1,570	\$880	\$880	\$1,570	\$1,097
Other Income % EGI	3.1%	3.4%	7.4%	4.0%	3.1%	7.4%	4.5%
EGI (\$/UNIT)	\$30,052	\$29,721	\$21,078	\$21,739	\$21,078	\$30,052	\$25,648
EXPENSE ITEMS	\$/UNIT	\$/UNIT	\$/UNIT	\$/UNIT	LOW	HIGH	AVG
Real Estate Taxes	\$4,000	\$625	\$4,224	\$2,664	\$625	\$4,224	\$2,878
Property Insurance	\$500	\$787	\$266	\$381	\$266	\$787	\$484
Utilities	\$1,250	\$623	\$1,016	\$1,261	\$623	\$1,261	\$1,038
Repairs & Maintenance	\$1,050	\$1,028	\$817	\$846	\$817	\$1,050	\$935
Turnover	\$300	\$74	\$423	\$259	\$74	\$423	\$264
Off-Site Management	\$751	\$892	\$494	\$679	\$494	\$892	\$704
Payroll	\$1,754	\$934	\$1,366	\$1,701	\$934	\$1,754	\$1,439
Advertising	\$350	\$241	\$301	\$140	\$140	\$350	\$258
General & Administrative	\$350	\$58	\$183	\$315	\$58	\$350	\$227
Reserves	\$250	\$245	-	-	\$245	\$250	\$248
TOTAL EXPENSES (\$/UNIT)	10,555	\$5,507	\$9,090	\$8,246	\$5,507	\$10,555	\$8,350

Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

Real Estate Taxes

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

SUBJECT				EXPENSE COMPS			ANALYSIS
YEAR	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$4,000	13.3%	The concluded expense is all inclusive of costs associated with real estate taxes. The concluded taxes are based on the projected taxes. Please see the analysis below for an outline of the calculated taxes.
				2	\$625	2.1%	
				3	\$4,224	20.0%	
				4	\$2,664	12.3%	
CONCLUSION	\$2,110,892	\$10,450	39.3%	AVG	\$2,878	11.9%	

Below is our tax calculation. The tax calculations for the apartment component is based on the Town's instructions in Addendum 6 of the RFP. Per the instructions, we utilized a loaded cap rate of 8% in our analysis.

ESTIMATED STABILIZED TAXES

EFFECTIVE GROSS INCOME		\$5,372,725
OPERATING EXPENSES BEFORE RE TAXES	+	<u>-\$1,093,818</u>
NOI BEFORE TAXES		\$4,278,907
CAP RATE	/	<u>8.00%</u>
PROJECTED MARKET VALUE		\$53,486,335.94
70% ADJUSTMENT	X	<u>70%</u>
PROJECTED ASSESSED VALUE		\$37,440,435.16
MIL RATE	X	<u>5.638%</u>
= Stabilized Taxes Estimate (rounded)		\$2,110,892
Stabilized Taxes/Unit		\$10,450

Other Operating Expenses

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$500	1.7%
				2	\$787	2.6%
				3	\$266	1.3%
				4	\$381	1.8%
CONCLUSION	\$90,900	\$450	1.7%	AVG	\$484	1.8%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, and equipment. The conclusion is based on the expense comparable information.

UTILITIES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,250	4.2%
				2	\$623	2.1%
				3	\$1,016	4.8%
				4	\$1,261	5.8%
CONCLUSION	\$202,000	\$1,000	3.8%	AVG	\$1,038	4.2%

ANALYSIS

Utilities include gas, electricity, water, sewer, and trash removal. The conclusion is based on the expense comparable information.

REPAIRS & MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,050	3.5%
				2	\$1,028	3.5%
				3	\$817	3.9%
				4	\$846	3.9%
CONCLUSION	\$191,900	\$950	3.6%	AVG	\$935	3.7%

ANALYSIS

This expense covers the cost of all routine maintenance and repairs. The conclusion is based on the expense comparable information.

TURNOVER

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$300	1.0%
				2	\$74	0.2%
				3	\$423	2.0%
				4	\$259	1.2%
CONCLUSION	\$55,550	\$275	1.0%	AVG	\$264	1.1%

ANALYSIS

This expense item includes typical costs associated with unit turnover such as cleaning and painting. The conclusion is based on the expense comparable information.

OFF-SITE MANAGEMENT

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$751	2.5%
				2	\$892	3.0%
				3	\$494	2.3%
				4	\$679	3.1%
CONCLUSION	\$134,318	\$665	2.5%	AVG	\$704	2.7%

ANALYSIS

This expense reflects the professional management service for the subject. The conclusion is based on the expense comparable information.

PAYROLL

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,754	5.8%
				2	\$934	3.1%
				3	\$1,366	6.5%
				4	\$1,701	7.8%
CONCLUSION	\$282,800	\$1,400	5.3%	AVG	\$1,439	5.8%

ANALYSIS

This expense consists of all payroll costs and associated employee benefits related to the subject's personnel directly involved in the management and maintenance of the subject. The conclusion is based on the expense comparable information.

ADVERTISING						
YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$350	1.2%
				2	\$241	0.8%
				3	\$301	1.4%
				4	\$140	0.6%
CONCLUSION	\$50,500	\$250	0.9%	AVG	\$258	1.0%

ANALYSIS

This expense includes marketing, advertising and promoting the subject property. The conclusion is based on the expense comparable information.

GENERAL & ADMINISTRATIVE						
YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$350	1.2%
				2	\$58	0.2%
				3	\$183	0.9%
				4	\$315	1.4%
CONCLUSION	\$45,450	\$225	0.8%	AVG	\$227	0.9%

ANALYSIS

This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The conclusion is based on the expense comparable information.

RESERVES						
YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$250	0.8%
				2	\$245	0.8%
				3	-	-
				4	-	-
CONCLUSION	\$40,400	\$200	0.8%	AVG	\$248	0.8%

ANALYSIS

Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition and typical standards.

TOTAL EXPENSES			CONCLUSION		
	LOW	HIGH			
EXPENSE COMPARABLES \$/UNIT	\$5,507	\$10,555	The total projected expenses per unit are much higher than the cost comparables primarily due to a higher real estate tax amount.		
EXPENSE COMPARABLES %EGI	18.5%	43.1%			
TOTAL EXPENSES \$/UNIT	\$15,865				
TOTAL EXPENSES %EGI	59.6%				
TOTAL EXPENSES	\$3,204,710				

DEVELOPMENT OF CAPITALIZATION RATE

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Investor Surveys

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales.

CAPITALIZATION RATE COMPARABLES (OAR)									
NAME	CITY	ST	SALE DATE	YR BLT	UNITS	AVG UNIT SF	\$/UNIT	SALE PRICE	CAP RATE
1 Pleasant View Estates	Griswold	CT	October 30, 2023	2020	102	1,183	\$294,118	\$30,000,000	5.98%
2 The Pavilions Apartments	Manchester	CT	December 27, 2022	1990	932	978	\$225,483	\$210,150,000	4.80%
3 The Pointe at Dorset Crossing	Simsbury	CT	April 6, 2022	2015	168	1,011	\$285,714	\$48,000,000	-
4 Halstead Norwalk	Norwalk	CT	March 24, 2022	2013	240	916	\$375,000	\$90,000,000	4.40%
5 Front Street Lofts	Hartford	CT	March 4, 2022	2015	121	746	\$291,736	\$35,300,000	5.54%
6 The Sound and Cove at Gateway Commons	East Lyme	CT	February 22, 2022	2015	400	1,198	\$347,475	\$138,990,000	-
LOW			February 2022						4.40%
HIGH			October 2023						5.98%
AVERAGE			August 2022						5.18%
MEDIAN			March 2022						5.17%

For this analysis, we have provided six primary sales comparables to develop a capitalization rate. These six primary sales have capitalization rates ranging from 4.40% to 5.98%, with an average of 5.18% and a median of 5.17%.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property and our independent market participant interviews.

CAPITALIZATION RATE SURVEYS (OAR)				
SOURCE	QUARTER	RANGE		AVG
PriceWaterhouse Coopers				
National Apartment Market	4Q 23	4.00%	to 8.00%	5.59%
Market Participant Interview				
Rick Chozick	4Q 23	5.50%	to 6.50%	6.00%
AVERAGE		4.75%	to 7.25%	5.80%

Rick Chozick-President and CEO-Chozick Realty- Rick recently sold Pleasant View Estates in Griswold and indicated that the cap rate was around 6.00%. He indicated that a lot of borrowers were hesitant to go much lower on the cap rate because that would create too much negative leverage. He indicated that a recent Fannie Mae interest rate quote he was given for a new construction project was in the low 6's.

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)				
SOURCE	QUARTER	RANGE		AVG
Comparable Sales		4.40%	to 5.98%	5.18%
Investor Surveys	4Q 23	4.75%	to 7.25%	5.80%
Rock Chozick	4Q 23	5.50%	to 6.50%	6.00%
AVERAGE		4.88%	to 6.58%	5.66%
CAPITALIZATION CONCLUSION				5.75%

We took the following factors into consideration when reaching our capitalization rate conclusion.

- Recent sales reported capitalization rates ranging from 4.40% to 5.98% with an average of 5.18%.
- National investor surveys from PwC indicate a nation-wide average cap rate for apartments of 5.01% for 4Q 2023 sales, which is a 70 basis points increase from the prior year.
- It has been 40 years since the U.S. economy has experienced a dramatic rise in inflation and interest rates. Massive government monetary stimulus to combat negative financial effects of the pandemic resulted in an overstimulated economy fueling an unprecedented consumer spending spree and a resultant spike in inflation. Slowing the rise of inflation through targeted interest rate increases, which is now a significant policy priority for the current administration. Irrespective, tight monetary policy and rising interest rates are present through the first half of 2023 and it is unknown as to how Fed Funds Rate will be impacted for the balance of this year. Theoretically, rising interest rates place upward pressure on capitalization rates.

In this instance, we considered data from comparable property sales, investor surveys and market participants. In view of the available data, we emphasize the indications from the cited sale data with secondary support from the market participant. The investor surveys were considered for supplementary support but are generally reflective of a broad range of institutional quality sales and it is reasonable that an appropriate indication for the subject property is similar to the midpoint of the investor surveys.

DIRECT CAPITALIZATION WITH NO ABATEMENT

The table below summarizes the Direct Capitalization method with no tax abatement.

DIRECT CAPITALIZATION SUMMATION TABLE				
INCOME ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Potential Rental Income			\$26,748	\$5,403,000
TOTAL RENTAL INCOME			\$26,748	\$5,403,000
OTHER INCOME				
Other Income			\$1,250	\$252,500
TOTAL OTHER INCOME			\$1,250	\$252,500
POTENTIAL GROSS INCOME (PGI)			\$27,998	\$5,655,500
INCOME LOSS	%PGI		\$/UNIT	TOTAL
Vacancy	(4.0%)		(\$1,070)	(\$216,120)
Collection Loss	(1.0%)		(\$267)	(\$54,030)
Other Income Vacancy & Credit Loss	(5.0%)		(\$63)	(\$12,625)
TOTAL INCOME LOSS	(5.0%)		(\$1,400)	(\$282,775)
EFFECTIVE GROSS INCOME (EGI)	95.0%		\$26,598	\$5,372,725
EXPENSE ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Real Estate Taxes	(37.3%)	(39.3%)	(\$10,450)	(\$2,110,892)
Property Insurance	(1.6%)	(1.7%)	(\$450)	(\$90,900)
Utilities	(3.6%)	(3.8%)	(\$1,000)	(\$202,000)
Repairs & Maintenance	(3.4%)	(3.6%)	(\$950)	(\$191,900)
Turnover	(1.0%)	(1.0%)	(\$275)	(\$55,550)
Off-Site Management	(2.4%)	(2.5%)	(\$665)	(\$134,318)
Payroll	(5.0%)	(5.3%)	(\$1,400)	(\$282,800)
Advertising	(0.9%)	(0.9%)	(\$250)	(\$50,500)
General & Administrative	(0.8%)	(0.8%)	(\$225)	(\$45,450)
Reserves	(0.7%)	(0.8%)	(\$200)	(\$40,400)
TOTAL EXPENSES	(56.7%)	(59.6%)	(\$15,865)	(\$3,204,710)
NET OPERATING INCOME (NOI)	38.3%	40.4%	\$10,733	\$2,168,015
Capitalization Rate				5.75%
Capitalized Value				\$37,704,611
Real Estate Abatement Value				\$0
INDICATED VALUE			\$186,634	\$37,700,000
Lease- Up Costs				
Rent Loss	(37.2%)	(39.2%)		(\$2,104,481)
Total Lease-Up Costs	(37.2%)	(39.2%)		(\$2,104,481)
Entrepreneurial Profit	(3.7%)	(3.9%)		(\$210,448)
TOTAL LEASE-UP COSTS	(40.9%)	(43.1%)		(\$2,314,929)
INDICATED VALUE			\$175,198	\$35,390,000
Construction Costs	(1170.5%)	(1232.1%)		(\$66,200,000)
INDICATED VALUE			(\$152,525)	(\$30,810,000)

Rounded to nearest \$10,000

It is noted that the developer projected an NOI of \$2,160,000 . Below are the developer's calculations.

DEVELOPER'S PROJECTIONS	
ITEM	AMOUNT
NOI BEFORE TAXES	\$4,200,000
REAL ESTATE TAXES	- \$2,040,000
NET OPERATING INCOME AFTER TAXES	\$2,160,000

ADJUSTMENTS TO VALUE

Adjustments to the capitalized value were necessary for lease up costs and construction costs.

Lease-Up Analysis

Regarding lease-up costs, the subject property has a current occupancy of 0.0%, which is below our stabilized occupancy estimate of 95.0%. As such, lease-up costs associated with the subject achieving stabilization are warranted in arriving at the As-Is Market Value.

The following table shows the absorption costs for the subject, based on the rental conclusions of this report and current 100.0% vacancy rate. A 10.00% component is also included. We assume that 20 would prelease. Thereafter, 15 per month would lease.

LEASE-UP ANALYSIS					
TOTAL UNITS			202	UNITS OCCUPIED	20
ABSORPTION RATE UNITS/MONTH			15	PGI/UNIT/MONTH	\$2,333
STABILIZED OCCUPANCY (192 UNITS)			95.0%		
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	15	157	35	\$366,301	\$366,301
2	15	142	50	\$331,304	\$331,304
3	15	127	65	\$296,307	\$296,307
4	15	112	80	\$261,310	\$261,310
5	15	97	95	\$226,313	\$226,313
6	15	82	110	\$191,316	\$191,316
7	15	67	125	\$156,320	\$156,320
8	15	52	140	\$121,323	\$121,323
9	15	37	155	\$86,326	\$86,326
10	15	22	170	\$51,329	\$51,329
11	15	7	185	\$16,332	\$16,332
12	7	0	192	\$0	\$0
TOTAL LOST RENTAL INCOME					\$2,104,481
PROFIT @ 10.0% of \$2,104,481					\$210,448
TOTAL LOST INCOME					\$2,310,000

Rounded to nearest \$10,000

ABSORPTION SUPPORT

Below is absorption support for the lease up.

ABSORPTION SUPPORT				
PROJECT	# OF UNITS	YEAR BUILT	TRIO	MONTHLY ABSORPTION
243 Residences at Steele Road	190	2017	14	13.2
Heirloom Flats I	215	2018	12	17.2
Highcroft Rise	96	2019	8	12
The Ridge at Talcott Mountain	304	2019	-	7.9
Highcroft Ridge	128	2017	8	15.2
Aspen Green	181	2019	23	7.7
SOURCE RCLCO				

CONSTRUCTION COSTS NET OF LAND COSTS

The total construction cost of Phase 1 is \$67,700,000. Deducting the \$1,500,000 in land costs, the total construction costs net of land value is \$66,200,000.

CONCLUSION-VALUE WITHOUT TAX ABATEMENT

After deducting lease up costs and the construction costs from the stabilized value, the resulting residual land value is **(\$30,810,000)**. The indicated value means the project is not currently feasible. We note that the current high interest rates have put upwards pressure on capitalization rates, making many projects not feasible at this point in time. Also, the proposed taxes make up an unusually large portion of the operating expenses. Lastly, this does not account for any other subsidies, credits, or grants that the developer may seek.

DIRECT CAPITALIZATION WITH TAX ABATEMENT

The table below summarizes the Direct Capitalization method with a tax abatement.

DIRECT CAPITALIZATION SUMMATION TABLE				
INCOME ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Potential Rental Income			\$26,748	\$5,403,000
TOTAL RENTAL INCOME			\$26,748	\$5,403,000
OTHER INCOME				
Other Income			\$1,250	\$252,500
TOTAL OTHER INCOME			\$1,250	\$252,500
POTENTIAL GROSS INCOME (PGI)			\$27,998	\$5,655,500
INCOME LOSS	%PGI		\$/UNIT	TOTAL
Vacancy	(4.0%)		(\$1,070)	(\$216,120)
Collection Loss	(1.0%)		(\$267)	(\$54,030)
Other Income Vacancy & Credit Loss	(1.0%)		(\$13)	(\$2,525)
TOTAL INCOME LOSS	(4.8%)		(\$1,350)	(\$272,675)
EFFECTIVE GROSS INCOME (EGI)	95.2%		\$26,648	\$5,382,825
EXPENSE ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Real Estate Taxes	(37.3%)	(39.2%)	(\$10,450)	(\$2,110,892)
Property Insurance	(1.6%)	(1.7%)	(\$450)	(\$90,900)
Utilities	(3.6%)	(3.8%)	(\$1,000)	(\$202,000)
Repairs & Maintenance	(3.4%)	(3.6%)	(\$950)	(\$191,900)
Turnover	(1.0%)	(1.0%)	(\$275)	(\$55,550)
Off-Site Management	(2.4%)	(2.5%)	(\$665)	(\$134,318)
Payroll	(5.0%)	(5.3%)	(\$1,400)	(\$282,800)
Advertising	(0.9%)	(0.9%)	(\$250)	(\$50,500)
General & Administrative	(0.8%)	(0.8%)	(\$225)	(\$45,450)
Reserves	(0.7%)	(0.8%)	(\$200)	(\$40,400)
TOTAL EXPENSES	(56.7%)	(59.5%)	(\$15,865)	(\$3,204,710)
NET OPERATING INCOME (NOI)	38.5%	40.5%	\$10,783	\$2,178,115
Capitalization Rate				5.75%
Capitalized Value				\$37,880,263
Real Estate Abatement Value				\$11,190,000
INDICATED VALUE			\$242,921	\$49,070,000
Lease- Up Costs				
Rent Loss	(37.2%)	(39.1%)		(\$2,104,481)
Total Lease-Up Costs	(37.2%)	(39.1%)		(\$2,104,481)
Entrepreneurial Profit	(3.7%)	(3.9%)		(\$210,448)
TOTAL LEASE-UP COSTS	(40.9%)	(43.0%)		(\$2,314,929)
INDICATED VALUE			\$231,485	\$46,760,000
Construction Costs Net of Land Costs	(1170.5%)	(1229.8%)		(\$66,200,000)
INDICATED VALUE			(\$96,238)	(\$19,440,000)

Rounded to nearest \$10,000

ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for lease up costs and construction costs. In addition, we added the value associated with the tax abatement to the stabilized value.,

It is our understanding that the developer is looking for a real estate tax abatement. The developer would like a 13-year tax abatement. The taxes would increase 7.7% per year until the tax reaches to 100% of the projected stabilized taxes of \$2,110,892.

In our calculations, we deduct the market taxes increasing at a rate of 2.00% from the abated taxes and discount the annual tax advantage at a rate of 7.25%.

PRESENT VALUE OF TAX ABATEMENT						
YEAR	RENTAL INCOME			PV FACTOR		PRESENT VALUE
	CONTRACT	- ABATED TAXES	= DIFFERENCE	x @ 7.25%	=	
1	\$2,110,892	\$162,539	\$1,948,353	0.9324		\$1,816,646
2	\$2,153,110	\$325,077	\$1,828,032	0.8694		\$1,589,239
3	\$2,196,172	\$487,616	\$1,708,556	0.8106		\$1,384,960
4	\$2,240,095	\$650,155	\$1,589,941	0.7558		\$1,201,688
5	\$2,284,897	\$812,693	\$1,472,204	0.7047		\$1,037,484
6	\$2,330,595	\$975,232	\$1,355,363	0.6571		\$890,578
7	\$2,377,207	\$1,137,771	\$1,239,436	0.6127		\$759,352
8	\$2,424,751	\$1,300,309	\$1,124,442	0.5712		\$642,331
9	\$2,473,246	\$1,462,848	\$1,010,398	0.5326		\$538,167
10	\$2,522,711	\$1,625,387	\$897,324	0.4966		\$445,632
11	\$2,573,165	\$1,787,925	\$785,240	0.4631		\$363,607
12	\$2,624,629	\$1,950,464	\$674,165	0.4318		\$291,071
13	\$2,677,121	\$2,113,003	\$564,118	0.4026		\$227,094
NET PRESENT VALUE OF CONTRACT RENT						\$11,187,848
NET PRESENT VALUE OF CONTRACT RENT (ROUNDED)						\$11,190,000

Rounded to nearest \$10,000

FINANCIAL FEASIBILITY

After deducting for lease up costs and the construction costs from the stabilized value, the resulting residual land value is (\$19,440,000). The indicated value means the project is not currently feasible. We note that the current high interest rates have put upwards pressure on capitalization rates, making many projects not feasible at this point in time. Lastly, this does not account for any other subsidies, credits, or grants that the developer may seek.

3) FINANCIAL FEASIBILITY-PHASE 2 AND 3-AFFORDABLE COMPONENT**DIRECT CAPITALIZATION-PHASE 2 AND PHASE 3-AFFORDABLE COMPONENT**

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value. The developer is utilizing affordable housing financing to fund the development.

SOURCES AND USES (PHASE 2 BUDGET)

# OF UNITS	60		
GBA	58,286		
SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$16,200,000	\$270,000	\$278
Debt	\$875,000	\$14,583	\$15
DOH Subsidy Loan	\$5,500,000	\$91,667	\$94
CHFA	\$1,000,000	\$16,667	\$17
Energy Rebates	\$300,000	\$5,000	\$5
Deferred Fees	\$14,412	\$240	\$0
		\$0	\$0
TOTAL	\$23,889,412	\$398,157	\$410
USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$0	\$0	\$0
Construction	\$16,025,701	\$267,095	\$275
Construction Cont.	\$786,173	\$13,103	\$13
Design	\$820,000	\$13,667	\$14
Interest	\$1,244,610	\$20,744	\$21
Soft Costs	\$3,640,962	\$60,683	\$62
Reserves	\$1,371,966	\$22,866	\$24
TOTAL	\$23,889,412	\$398,157	\$410

SOURCES AND USES (PHASE 3 BUDGET)

# OF UNITS	60		
GBA	55,980		
SOURCES	TOTAL COST	COST/UNIT	COST/SF
Equity	\$16,200,000	\$270,000	\$289
Debt	\$875,000	\$14,583	\$16
DOH Subsidy Loan	\$5,500,000	\$91,667	\$98
CHFA	\$600,000	\$10,000	\$11
Energy Rebates	\$300,000	\$5,000	\$5
Deferred Fees	\$14,029	\$234	\$0
TOTAL	\$23,489,029	\$391,484	\$420

USES	TOTAL COST	COST/UNIT	COST/SF
Acquisition	\$0	\$0	\$0
Construction	\$15,888,539	\$264,809	\$284
Construction Cont.	\$786,815	\$13,114	\$14
Design	\$390,000	\$6,500	\$7
Interest	\$1,406,261	\$23,438	\$25
Soft Costs	\$3,645,448	\$60,757	\$65
Reserves	\$1,371,966	\$22,866	\$25
TOTAL	\$23,489,029	\$391,484	\$420

Subject Income History/Concessions

Below is the developer's projection of asking rents.

SUBJECT LEASING INFORMATION

UNIT TYPE	UNIT SUMMARY			UNITS	ASKING RENT	
				PERCENT	PER	TOTAL
	OCC	VAC	TOT	OF TOTAL	UNIT	\$/MO
1 Bed-30% AMI-Phase 2 and 3	0	30	30	25.0%	\$590	\$17,700
1 Bed-50% AMI-Phase 2 and 3	0	24	24	20.0%	\$1,003	\$24,072
1 Bed-60% AMI-Phase 2 and 3	0	6	6	5.0%	\$1,216	\$7,296
2 Bed-50% AMI-Phase 2 and 3	0	24	24	20.0%	\$1,201	\$28,824
2 Bed-60% AMI-Phase 2 and 3	0	36	36	30.0%	\$1,459	\$52,524
TOTAL/AVG	0	120	120	100%	\$1,087	\$130,416

The developer assumes that the maximum rent allowed is going to be limited by the Connecticut Housing Authority's maximum rent limits, which are below. These rents are also the maximum rent levels for low-income tax credits projects in the New Haven-Meriden, CT HUD Metro FMR Area. The rents are expressed on a gross basis.

NEW HAVEN-MERIDEN HMFA									
For use by ALL developments in this Federal Statistical Area (FY2023)									
INCOME LIMITS		1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
20% of Median		16060	18360	20660	22940	24780	26620	28460	30300
25% of Median		20075	22950	25825	28675	30975	33275	35575	37875
30% of Median		24090	27540	30990	34410	37170	39930	42690	45450
40% of Median		32120	36720	41320	45880	49560	53240	56920	60600
50% of Median		40150	45900	51650	57350	61950	66550	71150	75750
60% of Median		48180	55080	61980	68820	74340	79860	85380	90900
70% of Median		56210	64260	72310	80290	86730	93170	99610	106050
80% of Median		64240	73440	82640	91760	99120	106480	113840	121200
RENT LIMITS		Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom			
20% of Median		401	430	516	596	665			
25% of Median		501	537	645	745	831			
30% of Median		602	645	774	894	998			
40% of Median		803	860	1033	1193	1331			
50% of Median		1003	1075	1291	1491	1663			
60% of Median		1204	1290	1549	1789	1996			
70% of Median		1405	1505	1807	2087	2329			
80% of Median		1606	1721	2066	2386	2662			

In our analysis, we assume that the landlord pays utilities for this component of the development. It is more typical for landlords to pay some of all of the utilities in affordable developments in the area. To be consistent with the market and our expense comps (which also have landlords paying for some of all of the utilities), we assumed that landlord pay for utilities in the affordable-rate component of the development.

Subject Utility Structure

- › **Hot Water** - Included in the rent.
- › **Cold Water** - Included in the rent.
- › **Sewer** - Included in the rent.
- › **Gas** - Included in the rent.
- › **Electricity** - Included in the rent.

ANALYSIS OF RENTS

We've recently been involved in an affordable housing assignment in Connecticut and found that affordable rents were at or near the maximum rent levels. Additionally, there is notable demand for affordable housing. According to the Market Analysis completed by Camoin Associates in 2020, there has historically been demand for affordable housing. Based on their study, as of 2018, nearly 48% of renters in Hamden spent over 30% of their income in housing. Nearly 37% of homeowners in Hamden spend more than 30% of their income on housing. According to the report, the Town of Hamden can expect an influx of households aged 35 to 44, and 65+ over the upcoming years. As a result, the developer should expect the affordable rents to be at or near the maximum rent thresholds.

Below is our concluded rent. The developer's rent projections are reasonable considering that they are slightly below the maximum rent threshold in the New Haven-Meriden HMFA.

In our analysis, we assume that the landlord pays utilities for this component of the development. It is more typical for landlords to pay some of all of the utilities in affordable developments in the area. To be consistent with the market and our expense comps (which also have landlords paying for some of all of the utilities), we assumed that landlord pay for utilities in the affordable-rate component of the development.

1 BEDROOM UNIT CONCLUSION							
SUBJECT ANALYSIS & CONCLUSIONS				ASKING RENT		CONCLUDED RENT	
UNITS	VAC	UNIT TYPE		\$/UNIT	\$/SF	\$/UNIT	\$/SF
30	30	1 Bed-30% AMI-Phase 2 and 3		\$590		\$590	
24	24	1 Bed-50% AMI-Phase 2 and 3		\$1,003		\$1,003	
6	6	1 Bed-60% AMI-Phase 2 and 3		\$1,216		\$1,216	

2 BEDROOM UNIT CONCLUSION							
SUBJECT ANALYSIS & CONCLUSIONS				ASKING RENT		CONCLUDED RENT	
UNITS	VAC	UNIT TYPE		\$/UNIT	\$/SF	\$/UNIT	\$/SF
24	24	2 Bed-50% AMI-Phase 2 and 3		\$1,201		\$1,201	
36	36	2 Bed-60% AMI-Phase 2 and 3		\$1,459		\$1,459	

POTENTIAL RENTAL INCOME

The gross rental income equals the total gross income based the rent conclusions presented previously and is summarized in the following table.

APARTMENT POTENTIAL GROSS INCOME										
UNIT TYPE	UNITS	VAC	SF	ASKING RENT			CONCLUDED MARKET RENT			CONTRACT V. MARKET
				\$/UNIT (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	MONTHLY	ANNUALLY	
1 Bed-30% AMI-PI	30	30		\$590	\$17,700	\$212,400	\$590	\$17,700	\$212,400	100.0%
1 Bed-50% AMI-PI	24	24		\$1,003	\$24,072	\$288,864	\$1,003	\$24,072	\$288,864	100.0%
1 Bed-60% AMI-PI	6	6		\$1,216	\$7,296	\$87,552	\$1,216	\$7,296	\$87,552	100.0%
2 Bed-50% AMI-PI	24	24		\$1,201	\$28,824	\$345,888	\$1,201	\$28,824	\$345,888	100.0%
2 Bed-60% AMI-PI	36	36		\$1,459	\$52,524	\$630,288	\$1,459	\$52,524	\$630,288	100.0%
TOTAL	120			\$1,087	\$130,416	\$1,564,992	\$1,087	\$130,416	\$1,564,992	100.0%

¹ Contract + Market (Vacant Units Projected At Market Level)

The developer's projections were slightly below the maximum rent limits; therefore, the developer's projections seemed reasonable. We utilized the developer's projections in our analysis.

INCOME & EXPENSE ANALYSIS

Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. The following section provides supporting information and discusses the individual expense conclusions for the subject property.

COLLIERS PROFORMA			
YEAR	COLLIERS FORECAST		
	PROFORMA		
INCOME ITEMS	TOTAL	\$/UNIT	%EGI
Potential Rental Income	\$1,564,992	\$13,042	102.9%
TOTAL RENTAL INCOME	\$1,564,992	\$13,042	102.9%
OTHER INCOME			
Other Income	\$36,000	\$300	2.4%
TOTAL OTHER INCOME	\$36,000	\$300	2.4%
POTENTIAL GROSS INCOME (PGI)	\$1,600,992	\$13,342	105.3%
Vacancy	(\$62,600)	(\$522)	(4.1%)
Credit Loss	(\$15,650)	(\$130)	(1.0%)
Other Income Vacancy & Credit Loss	(\$1,800)	(\$15)	(0.1%)
EFFECTIVE GROSS INCOME (EGI)	\$1,520,942	\$12,675	100.0%
EXPENSE ITEMS			
Real Estate Taxes	(\$273,250)	(\$2,277)	(18.0%)
Property Insurance	(\$120,000)	(\$1,000)	(7.9%)
Utilities	(\$240,000)	(\$2,000)	(15.8%)
Repairs & Maintenance	(\$192,000)	(\$1,600)	(12.6%)
Off-Site Management	(\$76,047)	(\$634)	(5.0%)
Payroll	(\$210,000)	(\$1,750)	(13.8%)
Advertising	(\$3,000)	(\$25)	(0.2%)
General & Administrative	(\$72,000)	(\$600)	(4.7%)
Reserves	(\$54,000)	(\$450)	(3.6%)
TOTAL EXPENSES	(\$1,240,298)	(\$10,336)	(81.5%)
NET OPERATING INCOME (NOI)	\$280,645	\$2,339	18.5%

Above is our operating income and expense conclusion. Below are the developer's projections.

DEVELOPER'S PROJECTIONS	
ITEM	AMOUNT
NOI BEFORE TAXES	\$444,000
REAL ESTATE TAXES	- \$215,562
NET OPERATING INCOME AFTER TAXES	\$228,438

It is noted that our income and expenses (on a per unit basis) vary from the market-rate component's income and expenses. Some income and expense categories will vary from the market-rate component because affordable housing has different features than market-rate developments, which create some differences in income and expenses (on a per unit basis).

OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

OTHER INCOME ANALYSIS & CONCLUSIONS

OTHER INCOME				ANALYSIS	
YEAR	SUBJECT			INC. COMPS	
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT
				1	-
				2	-
				3	-
				4	-
				6	-
CONCLUSION	\$36,000	\$300	2.4%	AVG	-

The other income concluded amount is based on the expense comparables' other income. Other include for the affordable component consists of items such as common area laundry, late charges, and damages and fees.

Vacancy and Credit Loss

This category was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis. Our conclusions are summarized in the table below:

INCOME LOSS	
General Vacancy Rate	4.0%
Credit Loss Conclusion	1.0%
Concessions	0.0%
TOTAL	5.0%

Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses.

EXPENSE COMPARABLES							
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	LOW	HIGH	AVG
City	Nassau	Cumberland	Oxford	Hampshire	-	-	-
State	NY	ME	ME	MA	-	-	-
Expense Year	2022	2023	2023	2022	2022	2023	2023
Actual/Budget	Budget	Actual	Budget	Actual	-	-	-
Units	71	104	33	15	15	104	56
Year Built	2024	1904-2016	2024	1900	1900	2024	1983
Rental Income	\$18,609	\$16,646	\$8,520	\$8,293	\$8,293	\$18,609	\$13,017
Other Income	\$141	\$543	\$120	\$72	\$72	\$543	\$219
Other Income % EGI	0.8%	3.2%	1.4%	0.9%	0.8%	3.2%	1.5%
EGI (\$/UNIT)	\$18,750	\$17,189	\$8,640	\$8,365	\$0	\$18,750	\$10,589
EXPENSE ITEMS	\$/UNIT	\$/UNIT	\$/UNIT	\$/UNIT	LOW	HIGH	AVG
Real Estate Taxes	\$1,557	\$1,397	\$950	\$626	\$626	\$1,557	\$1,133
Property Insurance	\$1,155	\$1,184	\$667	\$898	\$667	\$1,184	\$976
Utilities	\$1,014	\$1,476	\$1,629	\$2,090	\$1,014	\$2,090	\$1,552
Repairs & Maintenance	\$1,394	\$1,446	\$1,785	\$2,554	\$1,394	\$2,554	\$1,795
Off-Site Management	\$1,313	\$798	\$511	\$621	\$511	\$1,313	\$811
Payroll	\$1,988	\$2,174	\$874	\$1,192	\$874	\$2,174	\$1,557
Advertising	\$42	\$17	\$23	-	\$17	\$42	\$27
General & Administrative	\$498	\$826	\$298	\$328	\$298	\$826	\$488
Reserves	\$250	\$530	\$450	-	\$250	\$530	\$410
TOTAL EXPENSES (\$/UNIT)	9,211	\$9,848	\$7,187	\$8,309	\$7,187	\$9,848	\$8,639

Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES				ANALYSIS			
YEAR	SUBJECT			EXPENSE COMPS			The concluded expense is all inclusive of costs associated with real estate taxes. The concluded taxes are based on the projected taxes. Please see the analysis below for an outline of the calculated taxes.
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI	
				1	\$1,557	8.3%	
				2	\$1,397	8.1%	
				3	\$950	11.0%	
				4	\$626	7.5%	
CONCLUSION	\$273,250	\$2,277	18.0%	AVG	\$1,133	8.7%	

Below is our tax calculation. The tax calculations for the apartment component is based on the Town's instructions in Addendum 6 of the RFP. Per the instructions, we utilized a loaded cap rate of 8% in our analysis.

ESTIMATED STABILIZED TAXES

EFFECTIVE GROSS INCOME		\$1,520,942
OPERATING EXPENSES BEFORE RE TAXES +		<u>-\$967,047</u>
NOI BEFORE TAXES		\$553,895
CAP RATE	/	8.0%
PROJECTED MARKET VALUE		\$6,923,691
70% ADJUSTMENT	X	70.0%
PROJECTED ASSESSED VALUE		\$4,846,584
x		5.64%
= Stabilized Taxes Estimate (rounded)		\$273,250
Stabilized Taxes/Unit		\$2,277

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,155	6.2%
				2	\$1,184	6.9%
				3	\$667	7.7%
				4	\$898	10.7%
CONCLUSION	\$120,000	\$1,000	7.9%	AVG	\$976	7.9%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, and equipment. The conclusion is based on the expense comparable information.

UTILITIES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,014	5.4%
				2	\$1,476	8.6%
				3	\$1,629	18.9%
				4	\$2,090	25.0%
CONCLUSION	\$240,000	\$2,000	15.8%	AVG	\$1,552	14.5%

ANALYSIS

Utilities include gas, electricity, water, sewer, and trash removal. The conclusion is based on the expense comparable information.

REPAIRS & MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,394	7.4%
				2	\$1,446	8.4%
				3	\$1,785	20.7%
				4	\$2,554	30.5%
CONCLUSION	\$192,000	\$1,600	12.6%	AVG	\$1,795	16.8%

ANALYSIS

This expense covers the cost of all routine maintenance and repairs. The conclusion is based on the expense comparable information.

OFF-SITE MANAGEMENT

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,313	7.0%
				2	\$798	4.6%
				3	\$511	5.9%
				4	\$621	7.4%
CONCLUSION	\$76,047	\$634	5.0%	AVG	\$811	6.2%

ANALYSIS

This expense reflects the professional management service for the subject. The conclusion is based on the expense comparable information.

PAYROLL

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$1,988	10.6%
				2	\$2,174	12.6%
				3	\$874	10.1%
				4	\$1,192	14.2%
CONCLUSION	\$210,000	\$1,750	13.8%	AVG	\$1,557	11.9%

ANALYSIS

This expense consists of all payroll and associated employee benefits related to the subject's personnel directly involved in the management and maintenance of the subject. The conclusion is based on the expense comparable information.

ADVERTISING

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$42	0.2%
				2	\$17	0.1%
				3	\$23	0.3%
				4	-	-
CONCLUSION	\$3,000	\$25	0.2%	AVG	\$27	0.2%

ANALYSIS

This expense includes marketing, advertising and promoting the subject property. The conclusion is based on the expense comparable information.

GENERAL & ADMINISTRATIVE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$498	2.7%
				2	\$826	4.8%
				3	\$298	3.4%
				4	\$328	3.9%
CONCLUSION	\$72,000	\$600	4.7%	AVG	\$488	3.7%

ANALYSIS

This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The conclusion is based on the expense comparable information.

RESERVES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
				1	\$250	1.3%
				2	\$530	3.1%
				3	\$450	5.2%
				4	-	-
CONCLUSION	\$54,000	\$450	3.6%	AVG	\$410	3.2%

ANALYSIS

Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition and typical standards. The conclusion is based on the expense comparable information.

TOTAL EXPENSES			CONCLUSION	
	LOW	HIGH		
EXPENSE COMPARABLES \$/UNIT	\$7,187	\$9,848	The subject's projected expenses are slightly above the expense comparables on a cost per unit basis primarily due to higher real estate taxes.	
EXPENSE COMPARABLES %EGI	49.1%	99.3%		
TOTAL EXPENSES \$/UNIT	\$10,336			
TOTAL EXPENSES %EGI	81.5%			
TOTAL EXPENSES	\$1,240,298			

DEVELOPMENT OF CAPITALIZATION RATE

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Investor Surveys
- › Band of Investment Technique

Comparable Sales

The following table presents a summary of comparable sales.

SUBSIDIZED OR LOW INCOME HOUSING TAX CREDIT PROPERTY SALES								
NAME	CITY	ST	SALE DATE	YR BLT	UNITS	\$/UNIT	SALE PRICE	CAP RATE
1 Northwood Apartments	Waterbury	CT	June 13, 2022	1968	178	\$103,525	\$18,427,500	4.46%
2 Overlook at Avalon	Frederick	MD	December 8, 2022	2016	113	\$212,566	\$24,020,000	6.59%
3 Courtyard Apartments	Saint Cloud	MN	August 14, 2023	1968	108	\$23,148	\$2,500,000	6.99%
4 Dry Ridge and Crittenden	Dry Ridge	KY	August 2, 2023	1997	47	\$38,298	\$1,800,000	7.63%
5 Ridge View	Martinsville	VA	August 14, 2022	2001	48	\$51,389	\$2,466,670	5.80%
LOW			June 2022					4.46%
HIGH			August 2023					7.63%
AVERAGE			January 2023					6.29%
MEDIAN			December 2022					6.59%

For this analysis, we have provided five primary sales comparables. These five primary sales have capitalization rates ranging from 4.46% to 7.63%, with an average of 6.29% and a median of 6.59%.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property and our independent market participant interviews.

CAPITALIZATION RATE SURVEYS (OAR)			
SOURCE	QUARTER	RANGE	AVG
PriceWaterhouse Coopers			
National Apartment Market	4Q 23	4.00% to 8.00%	5.59%
Market Participant Interview			
Rick Chozick, Chozick Realty	4Q 23	5.50% to 6.50%	6.00%
AVERAGE		4.75% to 7.25%	5.80%

Rick Chozick-President and CEO-Chozick Realty- Rick recently sold Pleasant View Estates in Griswold and indicated that the cap rate was around 6.00%. He indicated that a lot of borrowers were hesitant to go much lower on the cap rate because that would create too much negative leverage. He indicated that a recent Fannie Mae interest rate quote he was given for a new construction project was in the low 6's.

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)			
SOURCE	QUARTER	RANGE	AVG
Comparable Sales		4.46% to 7.63%	6.29%
Investor Surveys	4Q 23	4.75% to 7.25%	5.80%
AVERAGE		4.61% to 7.44%	6.04%
CAPITALIZATION CONCLUSION			6.00%

We took the following factors into consideration when reaching our capitalization rate conclusion.

- Recent sales reported capitalization rates ranging from 4.40% to 5.98% with an average of 5.18%.
- National investor surveys from PwC indicate a nation-wide average cap rate for apartments of 5.01% for 4Q 2023 sales, which is a 70 basis points increase from the prior year.
- It has been 40 years since the U.S. economy has experienced a dramatic rise in inflation and interest rates. Massive government monetary stimulus to combat negative financial effects of the pandemic resulted in an overstimulated economy fueling an unprecedented consumer spending spree and a resultant spike in inflation. Slowing the rise of inflation through targeted interest rate increases, which is now a significant policy priority for the current administration. Irrespective, tight monetary policy and rising interest rates are present through the first half of 2023 and it is unknown as to how Fed Funds Rate will be impacted for the balance of this year. Theoretically, rising interest rates place upward pressure on capitalization rates.

In this instance, we considered data from comparable property sales, investor surveys and market participants. In view of the available data, we emphasize the indications from the cited sale data with secondary support from the market participant. The investor surveys were considered for supplementary support but are generally reflective of a broad range of institutional quality sales and it is reasonable that an appropriate indication for the subject property is similar to the midpoint of the investor surveys.

The dilemma in developing a capitalization rate for an affordable housing property is the lack of directly comparable real market data for the specific property type. Affordable housing is not typically purchased for real estate alone and is influenced by a variety of subsidies and intangible benefits. Moreover, it does not have the typical ratio of debt and equity. Consequently, the capitalization analysis for such an investment is one based on the market data available and reasonable adjustments for the benefits and risks associated with the program.

Typically, cap rates are slightly higher for affordable housing properties than market rate developments. We increase the cap rate 25 basis points above our market rate cap rate of 5.75% and conclude at a cap rate of 6.00%.

DIRECT CAPITALIZATION

The table below summarizes the Direct Capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE				
INCOME ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Potential Rental Income			\$13,042	\$1,564,992
TOTAL RENTAL INCOME			\$13,042	\$1,564,992
OTHER INCOME				
Other Income			\$300	\$36,000
TOTAL OTHER INCOME			\$300	\$36,000
POTENTIAL GROSS INCOME (PGI)			\$13,342	\$1,600,992
INCOME LOSS	%PGI		\$/UNIT	TOTAL
Vacancy	(4.0%)		(\$522)	(\$62,600)
Collection Loss	(1.0%)		(\$130)	(\$15,650)
Other Income Vacancy & Credit Loss	(5.0%)		(\$15)	(\$1,800)
TOTAL INCOME LOSS	(5.0%)		(\$667)	(\$80,050)
EFFECTIVE GROSS INCOME (EGI)	95.0%		\$12,675	\$1,520,942
EXPENSE ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Real Estate Taxes	(17.1%)	(18.0%)	(\$2,277)	(\$273,250)
Property Insurance	(7.5%)	(7.9%)	(\$1,000)	(\$120,000)
Utilities	(15.0%)	(15.8%)	(\$2,000)	(\$240,000)
Repairs & Maintenance	(12.0%)	(12.6%)	(\$1,600)	(\$192,000)
Off-Site Management	(4.8%)	(5.0%)	(\$634)	(\$76,047)
Payroll	(13.1%)	(13.8%)	(\$1,750)	(\$210,000)
Advertising	(0.2%)	(0.2%)	(\$25)	(\$3,000)
General & Administrative	(4.5%)	(4.7%)	(\$600)	(\$72,000)
Reserves	(3.4%)	(3.6%)	(\$450)	(\$54,000)
TOTAL EXPENSES	(77.5%)	(81.5%)	(\$10,336)	(\$1,240,298)
NET OPERATING INCOME (NOI)	17.5%	18.5%	\$2,339	\$280,645
Capitalization Rate				6.00%
Capitalized Value				\$4,677,415
INDICATED VALUE			\$39,000	\$4,680,000
Lease- Up Costs				
Rent Loss	(17.3%)	(18.2%)		(\$276,838)
Total Lease-Up Costs	(17.3%)	(18.2%)		(\$276,838)
Entrepreneurial Profit	(1.7%)	(1.8%)		(\$27,684)
TOTAL LEASE-UP COSTS	(19.0%)	(20.0%)		(\$304,522)
INDICATED VALUE			\$36,500	\$4,380,000
Construction Costs	(2959.3%)	(3115.1%)		(\$47,378,441)
INDICATED VALUE			(\$358,333)	(\$43,000,000)

Rounded to nearest \$10,000

It is noted that the developer projected an NOI of \$228,438. Below are the developer's calculations.

DEVELOPER'S PROJECTIONS	
ITEM	AMOUNT
NOI BEFORE TAXES	\$444,000
REAL ESTATE TAXES	- \$215,562
NET OPERATING INCOME AFTER TAXES	\$228,438

ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for lease up costs and construction costs. The following discussion summarizes our support of the value adjustments. These adjustments carry forward to the other valuation sections as applicable to each approach to value.

Lease-Up Analysis

Regarding lease-up costs, the subject property has a current occupancy of 0.0%, which is below our stabilized occupancy estimate of 95.0%. As such, lease-up costs associated with the subject achieving stabilization are warranted in arriving at the As-Is Market Value.

The following table shows the absorption costs for the subject, based on the rental conclusions of this report and current 100.0% vacancy rate. A 10.00% profit component is also included. We assumed that 20 of the units would prelease. Thereafter, 15 units per month would lease.

LEASE-UP ANALYSIS					
TOTAL UNITS	120	UNITS OCCUPIED	20		
ABSORPTION RATE UNITS/MONTH	15	PGI/UNIT/MONTH	\$1,112		
STABILIZED OCCUPANCY (114 UNITS)	95.0%				
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	15	79	35	\$87,832	\$87,832
2	15	64	50	\$71,155	\$71,155
3	15	49	65	\$54,478	\$54,478
4	15	34	80	\$37,801	\$37,801
5	15	19	95	\$21,124	\$21,124
6	15	4	110	\$4,447	\$4,447
7	4	0	114	\$0	\$0
TOTAL LOST RENTAL INCOME					\$276,838
PROFIT @ 10.0% of \$276,838					\$27,684
TOTAL LOST INCOME					\$300,000

Rounded to nearest \$10,000

ABSORPTION SUPPORT

Below is absorption support for the lease up.

ABSORPTION SUPPORT				
PROJECT	# OF UNITS	YEAR BUILT	LEASE UP PERIOD (MONTHS)	MONTHLY ABSORPTION
243 Residences at Steele Road	190	2017	14	13.2
Heirloom Flats I	215	2018	12	17.2
Highcoft Rise	96	2019	8	12
The Ridge at Talcott Mountain	304	2019	-	7.9
Highcroft Ridge	128	2017	8	15.2
Aspen Green	181	2019	23	7.7
SOURCE RCLCO				

CONSTRUCTION COST NET OF LAND COSTS

The total construction costs net of land costs for Phase 2 and 3 is \$47,378,441.

CONCLUSION-VALUE

After deducting lease up costs and the construction costs from the stabilized value, the resulting residual land value is **(\$43,000,000)**. The indicated value means the project is not currently feasible. We note that the current high interest rates have put upwards pressure on capitalization rates, making many projects not feasible at this point in time. Also, the proposed taxes make up an unusually large portion of the operating expenses. Lastly, this does not account for any other subsidies, credits, or grants that the developer may seek.

INCOME APPROACH CONDOMINIUM SELLOUT

The Income Approach is an appropriate measure of value for income-producing properties, as the value estimate derived by this approach mimics the decision-making process of real estate investors. In the case of the residential condominium component of the subject property, an Income Approach methodology, the discounted cash flow analysis (DCF) is utilized. The specifics of this analysis are provided as follows.

DISCOUNTED CASH FLOW ANALYSIS

The Discounted Cash Flow analysis is utilized to make a series of deductions from the gross sellout (retail unit price times number of units) to account for profit and holding costs involved when unit sales occur over an extended absorption period. Inherent within the process is the premise that as the anticipated absorption period is extended, the differential between the gross sellout and retail market value of the project increases. Conversely, when the anticipated absorption period is shortened, then the differential between gross sellout and retail market value decreases.

Analyzing the subject's projected income stream to be derived from the sale of condominium units to a value over a projected or absorption period requires the use of a discount rate. The discount rate reflects the cost of money on a risk position both for borrowed funds and for equity funds. It is also necessary to account for expenses occurred over the absorption period including sales and overhead expenses and real estate taxes, as well as accounting for entrepreneurial profit.

Following is an overview of the steps used in the Discounted Cash Flow Analysis:

- Estimate unit absorption and average unit sale price. This involves utilizing a reconciled absorption rate and the average lot price as analyzed within the Sales Comparison Approach.
- Estimate sell-off expenses. Sell-off expenses include real estate taxes, marketing and closing costs, administrative costs and common area assessments.
- Select an appropriate discount rate from the market to calculate the present value of future cash flows.
- Reconcile a value indication for the Discounted Cash Flow Analysis.

SUBJECT UNIT BREAKDOWN

Below is a breakdown of the condominium types and the projected unit prices. The condominiums are going to market-rate units limited to seniors, 55 and over.

CONDOMINIUM BREAKOUT		
TYPE	NUMBER OF UNITS	ASKING PRICE
Two Bedroom	6	\$400,000
Three Bedroom	19	\$450,000
Total Units	25	

SALE COMPARABLES

Below is sales data for age-restricted units from nearby developments.

SENIOR HOUSING SALES (55+)

COMP #	ADDRESS	CITY/TOWN	STATE	UNIT#	# OF BEDS	# OF BATHS	BASEMENT	Garage	UNIT SIZE (SF)	SALE DATE	SALE PRICE	\$/SF	
1	3 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,414	6/21/2022	\$419,500	\$297	
2	12 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,330	8/31/2022	\$429,000	\$323	
3	18 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,414	1/21/2022	\$360,875	\$255	
4	20 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,330	1/21/2022	\$354,935	\$267	
5	29 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,330	6/24/2022	\$401,990	\$302	
6	33 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,440	6/29/2022	\$413,280	\$287	
7	35 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,330	6/16/2022	\$482,625	\$363	
8	37 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,330	8/29/2022	\$452,254	\$340	
9	39 Lakeside Drive	Orange	Connecticut	n/a	2	2.1	Yes	1-Car	1,414	10/12/2022	\$450,370	\$319	
10	45-04 Pacer Lane	Southington	Connecticut	n/a	3	2.1	Yes	2-Car	1,774	1/25/2022	\$400,500	\$226	
11	45-01 Pacer Lane	Southington	Connecticut	n/a	3	2.1	Yes	2-Car	1,484	11/10/2021	\$361,185	\$243	
12	45-03 Pacer Lane	Southington	Connecticut	n/a	3	2.1	Yes	2-Car	1,662	9/27/2021	\$425,930	\$256	
											Minimum	\$354,935	\$226
											Maximum	\$482,625	\$363
											Median	\$416,390	\$292
											Average	\$412,704	\$290



**COMPARABLE 1-LAKESIDE DRIVE,
ORANGE, CT**



**COMPARABLE 2-PACER LANE,
SOUTHINGTON, CT**

A map of Southern New England, including parts of Massachusetts, Connecticut, and Rhode Island. The map shows major cities like Boston, Springfield, Worcester, and New Haven. A red pin labeled '2' is located in the study area, near the border of Massachusetts and Connecticut. A blue pin labeled 'S' is located in the New Haven area. The map also shows major highways and geographical features like the Connecticut River.

CONDO SALE PRICE CONCLUSION

We do not know the unit sizes of the subject townhouses. Additionally, we do not know if these units will have garages or basements. For the purposes of this analysis, we assume that the developer’s projections are accurate. The developer’s projections appear to be supported by the sales of nearby 55+ for-sale housing in close by communities.

Overall, we conclude at \$400,000 for a 2-bedroom unit and \$450,000 for a 3-bedroom.

CONCLUDED CONDO SALE PRICES		
TYPE	NUMBER OF UNITS	ASKING PRICE
Two Bedroom	6	\$400,000
Three Bedroom	19	\$450,000
Average Sale Price		\$438,000

MARKETING AND ABSORPTION

We project a 15-month construction period. We assume that 7 units will sell in the first quarter followed by 6 units in the following quarters. We assume that the sales process starts during the end of the construction period.

ESTIMATED EXPENSES

The following expense commentary is predicated upon our knowledge and our experience regarding residential condominium properties in the marketplace. Our projections are based on a review of the subject's specific information as provided by management and ownership, comparable properties and our professional experience in the market.

Construction Costs

We utilized the construction costs (not including profit) of **\$9,230,618, or \$1,846,124 per quarter.**

Cost of Sales (Marketing and Closing)

Typically, a brokerage firm reduces its percent of sales fee when the firm is selling out the entire development. Our recent experience with several larger condominium developments indicates a fee of around 2.50%-5.00% range. It is typical to hire a broker for this service. In consideration of the subject's number of units (25), we have projected a higher fee **5.0%** for cost of sales in our economic analysis as a percentage of the transaction price, which is consistent with the projections given to us by the market participants in the area.

Real Estate Taxes

As indicated in the Real Estate Tax Analysis, the current taxes are not reflective of the subject's as proposed condominium development. We developed the projected tax amount of **\$2,500 per unit per quarter** based on condominium tax comparables. We also assumed a tax cost of **\$15,000 per quarter** during the construction period.

Below are tax comparables that help support our quarterly tax amount.

TAX COMPARABLES-CONDOS								
	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG
Property Name	Residential Condo	Residential Condo	Residential Condo	Residential Condo	Residential Condo	-	-	-
Address	36 Todd Street #503	36 Todd Street #501	36 Todd #505	2950 State Street #10	2950 State Street #11	-	-	-
City, State	Hamden, CT	Hamden, CT	Hamden, CT	Hamden, CT	Hamden, CT	-	-	-
APN	3129/6/00/0503	3129/6/00/0501	3129/6/00/0505	2432/6/00/0010	2432/6/00/0011	-	-	-
Year Built	2010	2010	2010	2010	2010	-	2010	1675
SF	2032	1502	1359	1331	1331			
Assessment Period	2023	2023	2023	2023	2023			
County Market Value \$	\$260,000	\$252,900	\$230,300	\$210,300	\$211,000			
County MV \$/Unit	\$128	\$168	\$169	\$158	\$159			
Assessed \$	\$182,000	\$177,030	\$161,210	\$147,210	\$147,700			
Assessed \$/Unit	\$90	\$118	\$119	\$111	\$111			
Total Taxes	\$10,261	\$9,981	\$9,089	\$8,300	\$8,327	\$8,300	\$10,261	\$9,192

Administrative Fee

These charges are inclusive of costs associated with any additional administrative or marketing charges, insurance, legal fees and other miscellaneous charges and holding costs. This expense has been estimated at **\$2,000 per month, or \$6,000 per quarter.**

Insurance

These charges are inclusive of costs associated with general property insurance during the holding period. This expense has been estimated at **\$1,500 per month or \$4,500 per quarter**.

Homeowner's Association Fees

Homeowner's association (HOA) fees are typically project specific and vary based on the amenities and level of service provided. According to the developer the subject as proposed will have average to good amenities. The HOA fees also include some utility costs. The developer is projecting an average condominium fee of **\$300 per unit per month, or \$900 per unit per quarter**.

Growth Rates

Based on our observations of the subject's market we have projected a **2.50% annual growth rate**, which will be factored into our Year 1 model start date in our discounted sellout model.

Discount Rate

The final step in the Discounted Cash Flow analysis is the selection of an appropriate discount rate. The discount rate is estimated by considering trends in interest rates, and national, regional and local surveys in order to estimate an appropriate discount rate (i.e.; yield rate, internal rate of return - IRR) for the subject.

The latest PWC Survey indicates that discount rates for land development vary from 12% to 30% and average 19.20%.

Taking the individual attributes of the subject into consideration and the subject's suburban location and relatively low risk relative to other developments, we are of the opinion that an appropriate discount rate is **12%** equating to a compounded quarterly rate of **2.68%**.

BULK SALE VALUE DISCOUNTED CASH FLOW ANALYSIS

QUARTER ENDING	1	2	3	4	5	6	7	8	TOTAL
ABSORPTION FORECAST									
Market Rate Units									
Remaining Units at Start of Quarter	25.00	25.00	25.00	25.00	25.00	18.00	12.00	6.00	
Units Sold Per Period	0.00	0.00	0.00	0.00	7.00	6.00	6.00	6.00	
Cumulative Unit Sales	0.00	0.00	0.00	0.00	7.00	6.00	12.00	18.00	
REVENUE									
Market Rate Units									
Multiplied by Quarterly Closed Sales	\$438,000	\$440,738	\$443,492	\$446,264	\$449,053	\$451,860	\$454,684	\$457,526	
Total Sales Income	\$0	\$0	\$0	\$0	\$3,143,372	\$2,711,158	\$2,728,103	\$2,745,153	\$11,327,786
TOTAL SALES REVENUE	\$0	\$0	\$0	\$0	\$3,143,372	\$2,711,158	\$2,728,103	\$2,745,153	\$11,327,786
CONSTRUCTION COSTS									
Residential Component	(\$1,846,124)	(\$1,857,662)	(\$1,869,272)	(\$1,880,955)	(\$1,892,711)	\$0	\$0	\$0	(\$9,346,724)
Commercial Component	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HOLDING/SELLOUT COSTS									
Sales and Marketing	5.0%	\$0	\$0	\$0	(\$157,169)	(\$135,558)	(\$136,405)	(\$137,258)	(\$566,389)
Real Estate Taxes*	\$2,500 /Unit/Qtr	(\$15,000)	(\$15,094)	(\$15,188)	(\$15,283)	(\$64,077)	(\$46,424)	(\$31,143)	(\$217,877)
Condo Fees*	\$300 /Unit/Qtr	\$0	\$0	\$0	(\$7,689)	(\$5,571)	(\$3,737)	(\$1,880)	(\$18,878)
Insurance*	\$4,500 /Qtr	\$0	\$0	\$0	(\$4,614)	(\$4,642)	(\$4,666)	(\$4,701)	(\$18,622)
Administrative Fees*	\$6,000 /Qtr	\$0	\$0	\$0	(\$6,151)	(\$6,190)	(\$6,229)	(\$6,267)	(\$24,837)
TOTAL EXPENSES	(\$1,861,124)	(\$1,872,756)	(\$1,884,460)	(\$1,896,238)	(\$2,132,411)	(\$198,385)	(\$182,179)	(\$165,775)	(\$10,193,328)
<i>*These expenses are grown to estimated future dollar value by applying the growth rate and time to completion.</i>									
PROJECTED CASH FLOW	(\$1,861,124)	(\$1,872,756)	(\$1,884,460)	(\$1,896,238)	\$1,010,960	\$2,512,773	\$2,545,924	\$2,579,379	\$1,134,458
NPV DISCOUNTED AT:	2.68% /	\$200,000	=	BULK DISCOUNTED VALUE					

CONCLUSION-CONDOMINIUMS

After deducting for the costs associated with the construction and absorption of the condo sales and applying an appropriate discount rate, the resulting residual land value is **\$200,000**. The indicated value means the project is barely feasible. In our analysis, we assumed that the developer built the townhouses all at once as opposed to phased over time. With a phased construction approach unit sales would occur earlier in the sellout model above, resulting in a nominally higher residual value.

4) SALES FOR PHASE 1-MARKET RATE COMPONENT

Below are sales of larger market-rate properties in the area.

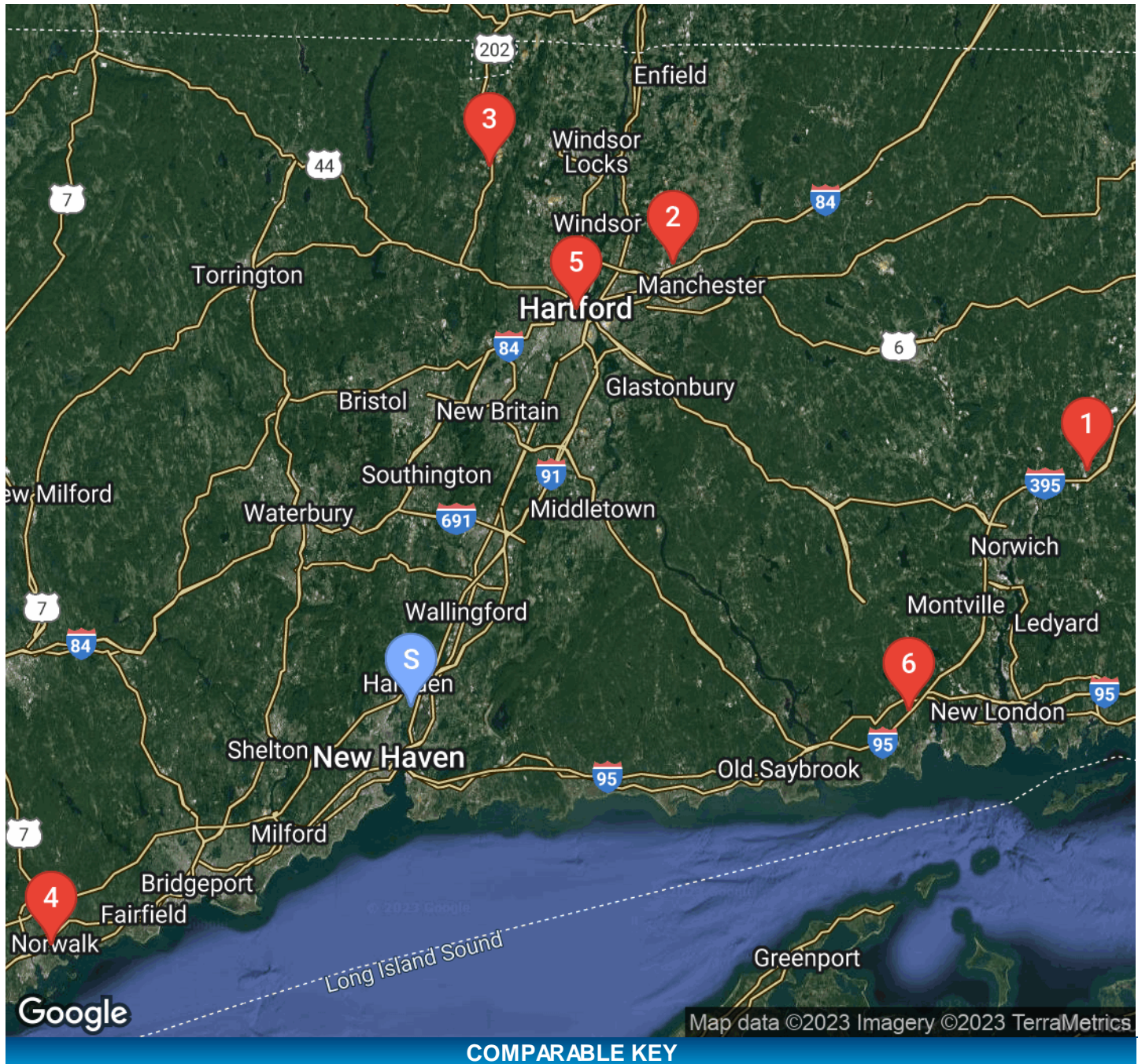
SALES APPROACH

Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	High Meadows-Dakota Partners, Market Rate Option	Pleasant View Estates	The Pavilions Apartments	The Pointe at Dorset Crossing	Halstead Norwalk	Front Street Lofts	The Sound and Cove at Gateway Commons
Address	825 Hartford Turnpike	96 Pleasant View Street	345 Buckland Hills Drive	55 Dorsett Crossing Drive	8 Norden Place	20 Front Street	Maple Tree Lane & Flanders Road
City	Hamden	Griswold	Manchester	Simsbury	Norwalk	Hartford	East Lyme
State	CT	CT	CT	CT	CT	CT	CT
Zip	06517	06351	06042	06070	06855	06103	06333
County	New Haven	New London	Hartford	Hartford	Fairfield	Hartford	New London
PHYSICAL INFORMATION							
Project Design	Garden/Low Rise	Low-Rise	Low-Rise	Low-Rise	Low-Rise	Low-Rise	Low-Rise
NRA (SF)	0	120,732	911,556	169,944	219,862	90,270	479,250
Units	308	102	932	168	240	121	400
Average Unit SF	0	1,183	978	1,011	916	746	1,198
Density	6.1	4.3	19.8	16.4	6.3	47.8	2.8
Land Area (AC)	50.3	23.6	47.2	10.3	38.4	2.5	145.0
Land Area (SF)	2,190,632	1,028,452	2,054,289	446,926	1,671,397	110,207	6,316,200
Year Built	-	2020	1990	2015	2013	2015	2015
UNIT MIX DETAILS							
Studio	15%	0%	0%	18%	20%	30%	5%
1 Bed	46%	0%	51%	32%	45%	62%	18%
2 Bed	33%	61%	41%	50%	33%	8%	53%
3+ Bed	5%	39%	8%	0%	2%	0%	25%
Average Unit (SF)	0	1,183	978	1,011	916	746	1,198
SALE INFORMATION							
Date		10/30/2023	12/27/2022	4/6/2022	3/24/2022	3/4/2022	2/22/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Parcel Number		36-73-37	MANC-000040-000805-000345,	SIMS-000044H-000313A-	NORW-000003-000017-000144	269-360-16	26-2, 25-35
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		\$30,000,000	\$210,150,000	\$48,000,000	\$90,000,000	\$35,300,000	\$138,990,000
Transaction \$/Unit		\$294,118	\$225,483	\$285,714	\$375,000	\$291,736	\$347,475
Transaction \$/SF NRA		\$248	\$231	\$282	\$409	\$391	\$290
Analysis Price		\$30,000,000	\$210,150,000	\$48,000,000	\$90,000,000	\$35,300,000	\$138,990,000
NOI/Unit	\$10,757	\$17,597	\$10,823	-	\$16,500	\$16,155	-
NOI/SF NRA	-	\$14.87	\$11.07	-	\$18.01	\$21.65	-
Occupancy	0.0%	100.0%	97.5%	100.0%	97.0%	98.5%	-
Capitalization Rate		5.98%	4.80%	-	4.40%	5.54%	-

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/UNIT
SUBJECT	-	High Meadows-Dakota Partners, Affordable Rate Option	825 Hartford Turnpike, Hamden, CT	-	-	-	-
No. 1	50.5 Miles	Pleasant View Estates	96 Pleasant View Street, Griswold, CT	100.0%	10/30/2023	5.98%	\$294,118
No. 2	36.2 Miles	The Pavilions Apartments	345 Buckland Hills Drive, Manchester, CT	97.5%	12/27/2022	4.80%	\$225,483
No. 3	38.4 Miles	The Pointe at Dorset Crossing	55 Dorsett Crossing Drive, Simsbury, CT	100.0%	4/6/2022		\$285,714
No. 4	30.6 Miles	Halstead Norwalk	8 Norden Place, Norwalk, CT	97.0%	3/24/2022	4.40%	\$375,000
No. 5	30.3 Miles	Front Street Lofts	20 Front Street, Hartford, CT	98.5%	3/4/2022	5.54%	\$291,736
No. 6	35.2 Miles	The Sound and Cove at Gateway Commons	Maple Tree Lane & Flanders Road, East Lyme, CT		2/22/2022		\$347,475

COMPARABLE SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

SALES ANALYSIS

The following table summarizes the comparable sales' price per unit.

SALE PRICE PER UNIT INDICATIONS	
COMP	TRANSACTION PRICE
1	\$294,118
2	\$225,483
3	\$285,714
4	\$375,000
5	\$291,736
6	\$347,475
LOW	\$225,483
HIGH	\$375,000

SALES APPROACH

Presentation

The sales reflect and sale price per unit range from \$225,000 to \$375,000. It is noted that our indicated stabilized values for the apartment component of the development was \$186,634 per unit without the abatement and \$242,921 with the abatement.

Some issues, which have lowered values in Hamden and the area include the third highest tax rate in the state, softening market conditions, and the subject's affordability component.

5) SALES FOR PHASE 2 AND 3-AFFORDABLE HOUSING COMPONENT

Below are sales of larger affordable properties in the region and in the US.

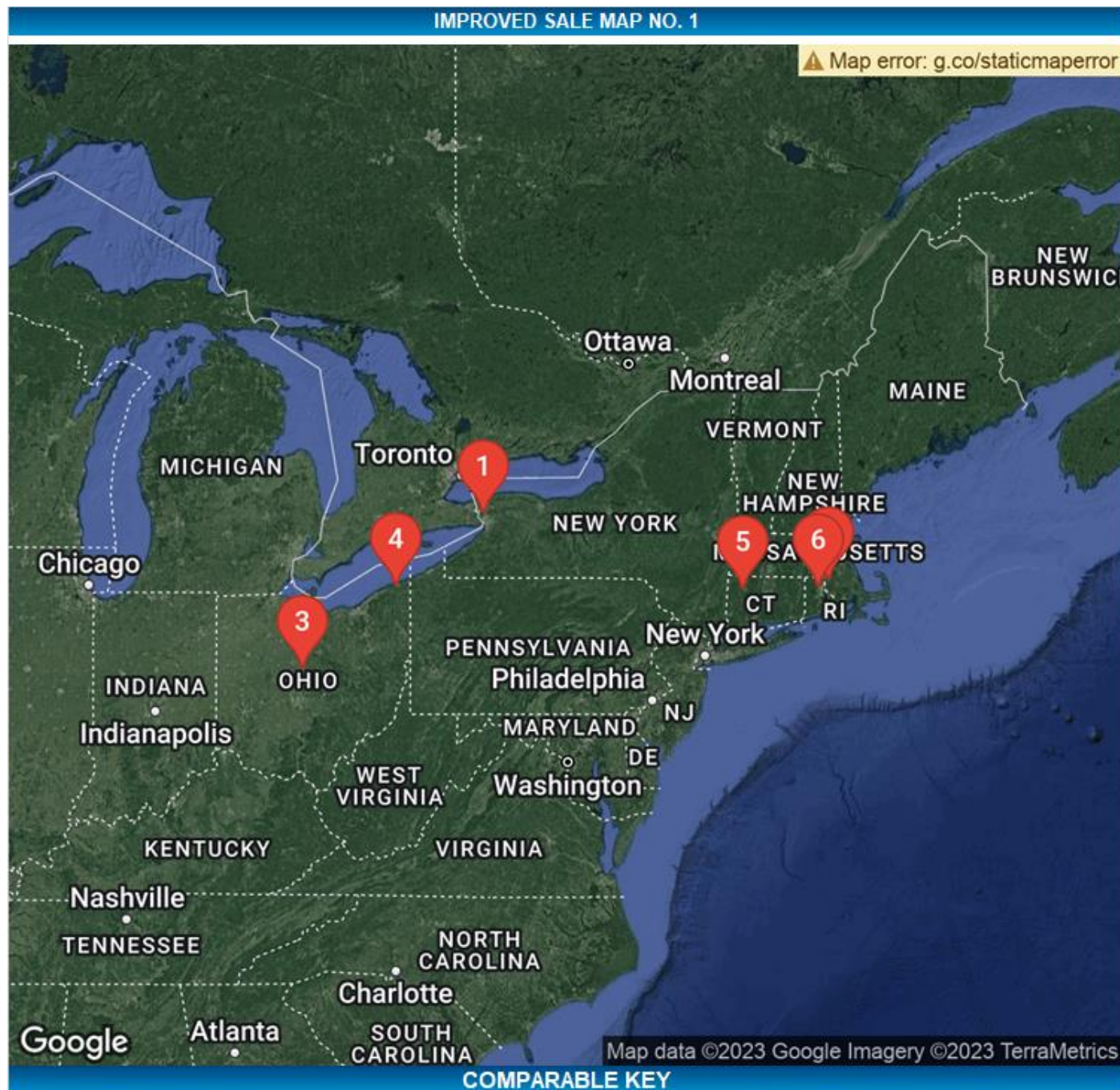
SALES APPROACH

Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Dakota Partners Affordable Project	Elizabeth Harvey Apartments	Hillcrest Acres Apartments	Morgan Glen Townhomes	Willowbrook I Senior Apts	Woodland Hills Apartments	Riveredge Village Apartments
Address	825 Hartford Turnpike	525 Oliver Street	1101 Hillside Avenue	400 Park St	2605 N Bend Rd	330 Highland Avenue	993 Manton Avenue
City	Hamden	North Tonawanda	Attleboro	Cardington	Ashtabula	Torrington	Providence
State	CT	NY	MA	OH	OH	CT	RI
Zip	06517	14120	02703	43315	44004	06790	02909
County	New Haven	Niagara	Bristol	Morrow	Ashtabula	Litchfield	Providence
PHYSICAL INFORMATION							
Project Design	LIHTC Tax Credit	Government	LIHTC Tax Credit	LIHTC Tax Credit	LIHTC Tax Credit	LIHTC Tax Credit	LIHTC Tax Credit
NRA (SF)	0	15,360	145,236	31,650	69,278	214,907	82,960
Units	120	24	100	32	80	176	99
Average Unit SF	0	640	858	989	865	1,045	837
Density	-	18.0	10.8	6.9	8.5	9.3	28.7
Land Area (AC)	0.0	1.3	9.3	4.6	9.4	18.9	3.4
Land Area (SF)	0	58,235	402,930	201,247	409,900	824,155	150,021
Year Built	-	2002	1974	1997	2000	1970	1980
UNIT MIX DETAILS							
Studio	0%	0%	0%	0%	0%	0%	0%
1 Bed	50%	83%	16%	0%	0%	14%	90%
2 Bed	50%	17%	72%	38%	99%	61%	10%
3+ Bed	0%	0%	12%	63%	1%	25%	0%
Average Unit (SF)	0	640	858	989	865	1,045	837
SALE INFORMATION							
Date		12/14/2022	9/19/2022	5/4/2021	4/21/2022	3/21/2022	4/28/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Sale Conditions		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		\$1,264,000	\$10,500,000	\$1,375,000	\$3,340,156	\$15,350,000	\$15,056,139
Transaction \$/Unit		\$52,667	\$105,000	\$42,969	\$41,752	\$87,216	\$152,082
Transaction \$/SF NRA		\$82	\$72	\$43	\$48	\$71	\$181
Analysis Price		\$1,264,000	\$10,500,000	\$1,375,000	\$3,340,156	\$15,350,000	\$15,056,139

SALES LOCATION MAP-AFFORDABLE HOUSING SALES



COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/UNIT
SUBJECT	-	Dakota Partners Affordable Project	825 Hartford Turnpike, Hamden, CT		-		
No. 1	5658.3 Miles	Elizabeth Harvey Apartments	525 Oliver Street, North Tonawanda, NY		12/14/2022		\$52,667
No. 2	5263.5 Miles	Hillcrest Acres Apartments	1101 Hillside Avenue, Attleboro, MA		9/19/2022		\$105,000
No. 3	5844.9 Miles	Morgan Glen Townhomes	400 Park St, Cardington, OH		5/4/2021		\$42,969
No. 4	5746.8 Miles	Willowbrook I Senior Apts	2605 N Bend Rd, Ashtabula, OH		4/21/2022		\$41,752
No. 5	5355.9 Miles	Woodland Hills Apartments	330 Highland Avenue, Torrington, CT		3/21/2022		\$87,216
No. 6	5272.1 Miles	Riveredge Village Apartments	993 Manton Avenue, Providence, RI		4/28/2022		\$152,082

COMPARABLE SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

SALES ANALYSIS

The following table summarizes the comparable sales’ price per unit.

SALE PRICE PER UNIT INDICATIONS	
COMP	TRANSACTION PRICE
1	\$52,667
2	\$105,000
3	\$42,969
4	\$41,752
5	\$87,216
6	\$152,082
LOW	\$41,752
HIGH	\$152,082

¹Cumulative ²Additive

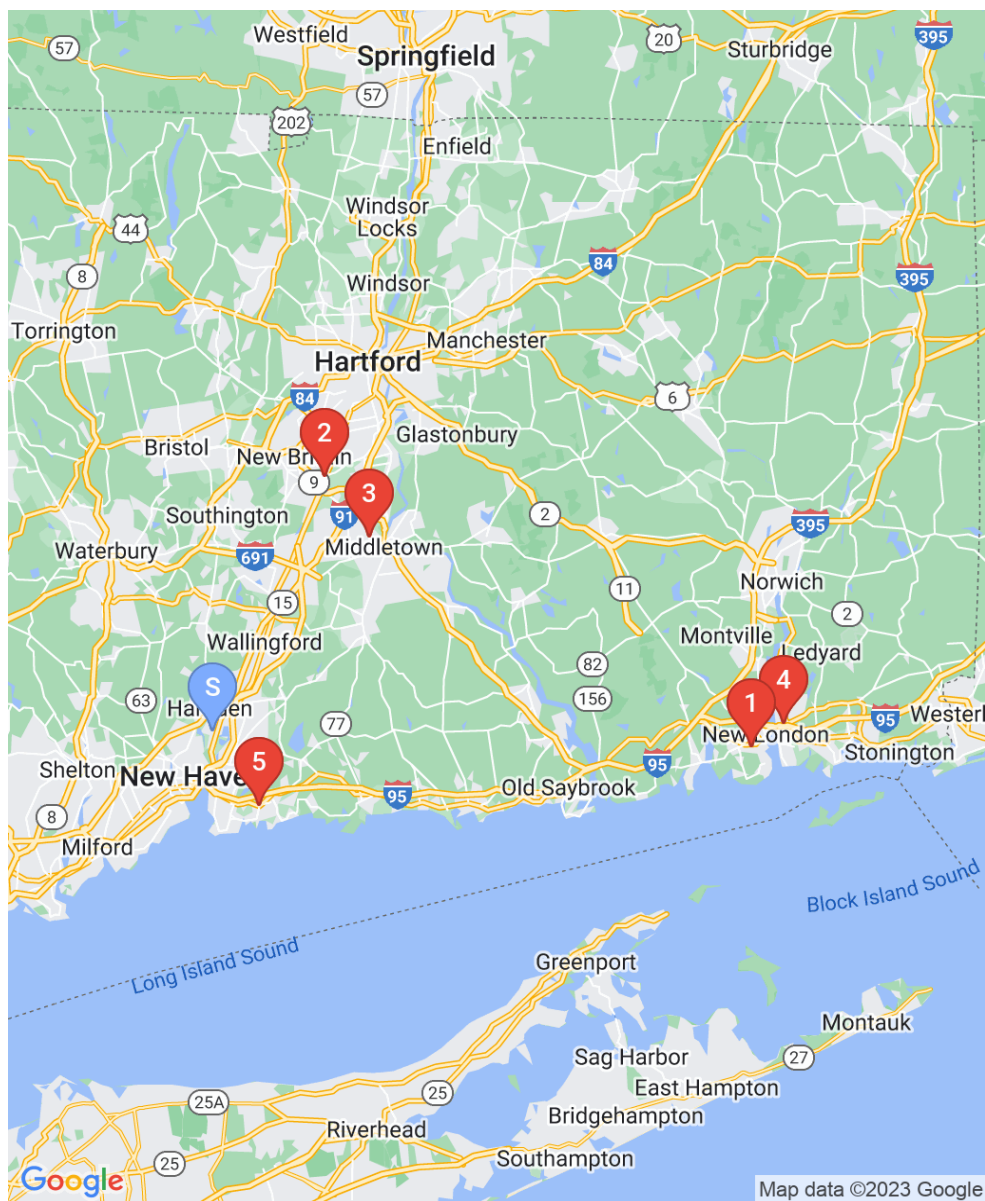
The sales reflect and sale price per unit range from \$41,752 to \$152,082. It is noted that our indicated stabilized values for the apartment component of the development was \$39,000 per unit. It is not unusual for affordable housing developments to have much lower pricing because of the rent restrictions.

Some issues, which have lowered values in Hamden and the area include the third highest tax rate in the state, softening market conditions.

6) OPEN SPACE STUDY

As part of our analysis, we studied the typical amount of open space for large scale multifamily development. On this page is a map of the multifamily developments. On the next page is a description of 5 developments in the area and the amount of open space in each development.

LOCATION MAP



MAP GUIDE

PROJECT

- 1 Waterford Woods (Phase 2)
- 2 Beach Hill Riverfront Apartments
- 3 Springside Middletown
- 4 Triton Square
- 5 Kelson Row

AMOUNT OF RECREATIONAL/OPEN/GREEN SPACE IN LARGE-SCALE MULTIFAMILY DEVELOPMENTS

#	NAME OF PROJECT	ADDRESS	CITY/TOWN	STATE	# OF RESIDENTIAL UNITS	AMOUNT OF TOTAL SPACE	AMOUNT OF OPEN/RECREATIONAL/ GREEN SPACE	% OF OPEN/RECREATIONAL/GREEN SPACE TO TOTAL SITE AREA	COMMENTS
1	Waterford Woods (Phase 2)	394 Willetts Avenue	Waterford	CT	313	27 Acres	11 Acres	41%	Waterford Woods, Phase 2 is one phase of a larger development that consists of 6 phases. Reportedly, about 2 acres is dedicated to recreational space and a separate 9-acres is dedicated to open space, equating to a total open/recreational space of 11 acres. It is noted that the developer gave up more open space than was required. The actual open space requirement by the Town is 20% of the total lot area, or 5.32 acres.
2	Beach Hill Riverfront Apartments	404 Berlin Turnpike	Berlin	CT	200	33 Acres	16 Acres	50%	Beachhill Riverfront Apartments is Phase 2 of a 4-Phase Development. The total acreage across all the 4 phases is approximately 33 acres. Phase 1 consists of a gasoline station, phase 2 is the apartment development, phase 3 is neighborhood retail, and phase 4 is a 100-room hotel. According to a representative at the town planning office, about 1/2 of the site was going to be used as open space. The part of the site that will be utilized as open space also features wetlands and utility easements.
3	Springside Middletown	494 Newfield Street	Middletown	CT	414	49 Acres	20 Acres	40%	Springside Middletown is a 414-unit apartment development on three adjacent sites in Middletown, CT. The developer provided 9.85 acres of usable open space, which is well above the reported amount required (6.69 acres). Additionally, there was about 10 acres of unusable wetland space on the site. In total, there was about 10+9.85=19.85 acres of open space.
4	Triton Square	55 Seely School Drive	Groton	CT	304	14 Acres	7 Acres	50%	Triton Square is a 304-unit apartment development on one site in Groton, CT. Based on conversations with the planning office, the town requires 100 SF/unit of recreation/community space. The developer offered 81,100 SF (1.86 acres) of recreation/community space. The site also had about 5 acres of unusable wetland/upland area. In total, there was about 7 acres of open space.
5	Kelson Row	1 Kelson Row	Rocky Hill	CT	213	12 Acres	4 Acres	34%	Kelson Row is a 213-unit apartment development on one site in Rocky Hill, CT. This site is the former Ames Headquarters. Based on conversations with the planning office, 34% of the total site size was open space with a pocket park, a meditation area, an open lawn area, and landscaped/planting areas.

OPEN SPACE STUDY CONCLUSION

The comparable properties indicate an open space to total site area percentage range of 34% to 50%, and average 43%. The developer proposes 22.32 acres remain open space out of 50.29 acres, equating to an open space to total site area percentage of 44.38%. The developer's projected open space is in line with the comparable properties.

7) DEVELOPMENT SCHEDULE AND ZONING APPROACH

A. DEVELOPMENT SCHEDULE

Below is the developer's schedule.

10. Schedule	
As previously described, the timing of the phases is subject to change in accordance with market conditions and the availability of public resources. The following represents a reasonable expectation of the development timeline:	
TOWN of HAMDEN RFP & AWARD	
RFP submission	September 7, 2023
Town preferred developer designation	November 2023
Final Agreement – "Notice of Award"	March 2024
MASTER PLAN	
Civil Design completion	September 2024
Approvals and permits in hand	March 2025
PUBLIC ASSISTED COMPONENT – Remediation, Demo & Walking Trails	
Design & Permit	May 2024 to October 2024
CIF Application	June 2024
Public Assisted Construction Start	December 2024
Public Assisted Construction completion	June 2025
PHASE I – Market-Rate Rental Housing	
Design & Permit	April 2025 to April 2026
Construction start	May 2026
Construction completion	April 2028
PHASE II – Affordable Rental Housing	
Design, Application & Permit	March 2025 to March 2026
Construction Start	October 2026
Construction Completion	December 2027
PHASE III – Affordable Rental Housing	
Design, Application & Permit	March 2025 to March 2027
Construction Start	October 2027
Construction Completion	December 2028
PHASE IV – Age-Restricted Homeownership	
Design & Permits	TBD
Construction Start	TBD
Construction Completion	TBD
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Below are the typical construction timelines for apartment and townhouse developments. The information was gleaned from developer's proformas and third parties.

CONSTRUCTION TIMELINES-APARTMENT BUILDINGS

COMP #	COUNTY	STATE	TYPE	PROJECT SIZE (UNITS)	TYPE	CONSTRUCTION LENGTH OF TIME (MONTHS)
1	Hillsborough	NH	Market-Rate	250	Multifamily	24
2	Hartford	CT	Market-Rate	360	Multifamily	18 to 24
3	Fairfield	CT	Affordable	69	Multifamily	9 to 11
4	Hampshire	MA	Affordable	34	Multifamily	14 to 16
5	Middlesex	MA	Affordable	168	Multifamily	19 to 21
6	Cumberland	ME	Market-Rate	181	Multifamily	24
7	Suffolk	MA	Market-Rate	219	Multifamily	21
8	Norfolk	MA	Market-Rate	465	Multifamily	30
9	Worcester	MA	Market-Rate	268	Multifamily	24
10	Fairfield	CT	Market-Rate	173	Multifamily	19 to 21

CONSTRUCTION TIMELINES-TOWNHOUSE BUILDINGS

COMP #	COUNTY	STATE	TYPE	PROJECT SIZE (UNITS)	TYPE	CONSTRUCTION LENGTH OF TIME (MONTHS)
1	York	ME	Market-Rate	12	Tow nhouse	9
2	Norfolk	MA	Market-Rate	8	Tow nhouse	14
3	Worcester	MA	Market-Rate	33	Tow nhouse	19
4	Worcester	MA	Market-Rate	16	Tow nhouse	8

CONCLUSION- DEVELOPER'S SCHEDULE

The developer expects the Phase 1 Apartment Component Construction Schedule to last from May 2026 to April 2028, or 24 months. The developer's projections are in line with the construction timeline of comparable properties.

The developer expects the Phase 2 and 3 Apartment Component Construction Schedule to each last for 14 months (each development has 60 units).

The developer did not indicate a timeline for the townhouse component. We project a timeline of 15 months assuming the developer does not phase the townhouse component.

One of the largest obstacles of this project will be its feasibility. To start construction, the project will need financing. The timing of the phases will be dependent upon the availability of state and federal resources.

B. ZONING APPROACH

Below is an outline of the current zoning setback regulations.

ZONING SUMMARY	
Municipality Governing Zoning	Town of Hamden Planning & Zoning Department
Current Zoning	Residential 4 (R-4)
Permitted Uses	Some permitted uses within this zoning district include an accessory building, a truck garden, keeping of animals, keeping of hens, keeping falconry raptors, mentally ill adults, family day care home, roomers and boarders, single-family accessory dwelling unit, accessory dwelling unit (other), single-family, and student housing.
Current Use	School
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
Proposed Use	Multifamily and Townhouse/Single Family
Is Proposed Use Legally Permitted?	No

ZONING REQUIREMENTS	
Minimum Site Area (SF)	10,000 SF
Minimum Site Area/Dwelling Unit	1 Dwelling Unit Per 10,000 SF
Minimum Lot Width	80 Feet
Maximum Building Coverage	25%
Max. Total Impervious Surface	30%
Minimum Front Yard From Street Line	25 Feet
Minimum Front Yard From Centerline	50 Feet
Minimum Yard Setbacks	
Rear (Feet)	25 Feet
Side (Feet)	12 Feet
Subject Density (Units/Acre)	6.1
Maximum Building Height	35 Feet

SUBJECT PARKING REQUIREMENT			
FLOOR PLAN	UNITS	REQUIRED SPACES/UNIT	REQUIRED SPACES
Studio-Market-Phase 1	25	1.50	37.5
Studio-80% AMI-Phase 1	6	1.50	9
1 Bed-Market-Phase 1	73	1.50	109.5
1 Bed-80% AMI-Phase 1	20	1.50	30
2 Bed-Market-Phase 1	56	2.00	112
2 Bed-80%AMI-Phase 1	13	2.00	26
3 Bed-Market-Phase 1	7	2.00	14
3 Bed-80% AMI-Phase 1	2	2.00	4
1 Bed-30% AMI-Phase 2 and 3	30	1.50	45
1 Bed-50% AMI-Phase 2 and 3	24	1.50	36
1 Bed-60% AMI-Phase 2 and 3	6	1.50	9
2 Bed-50% AMI-Phase 2 and 3	24	2.00	48
2 Bed-60% AMI-Phase 2 and 3	36	2.00	72
2-Bed Townhouse Condo	6	2.00	12
3-bed Townhouse Condo	19	2.00	38
Required Parking Spaces	347		602
Parking Spaces Provided			540

Multifamily is allowed to use via a special permit. Because of the allowed use limitations and other regulations, the development would need permitting to be allowable.

REAL ESTATE TAX BENEFIT

One of the benefits to the town of creating such a high density, market-rate development is the amount of real estate taxes that are generated. In total, utilizing our calculations, the project is estimated to generate approximately \$2,634,142 per year.

TOTAL TAXES	
ITEM	ANNUAL PROJECTED TAXES
Phase 1 Apartment Taxes	\$2,110,892
Phase 2 Apartment Taxes	\$136,625
Phase 3 Apartment Taxes	\$136,625
Phase 4 Townhouse Taxes	\$250,000
TOTAL TAXES	\$2,634,142

POSSIBLE ISSUES RELATED TO THE DENSITY OF DEVELOPMENT

Below are some possible issues related to the high density of development.

- Many municipalities require traffic studies during the permitting process. It is recommended that a traffic study being conducted to understand if there will need to be additional public and private infrastructure upgrades.
- Many municipalities require an understanding of how the town and private utilities will be impacted by the additional units. Typically, a town will want an understanding of how the new development will affect the utilities before the permitting process is completed.
- Considering that 2- and 3-bedroom units encompass approximately 43% of the proposed apartment development, it would be helpful to understand the stresses that the existing school system will encounter with additional students.
- There will be a large amount of public open space on the site. It would be helpful to understand who will be liable for maintaining and providing security for the open space.

CONCLUSION

Below is a qualitative analysis of the subject property according to the community concerns outlined in the RFP. The RFP identifies 13 categories. The higher the development addresses the issue, the higher the score. If the developer obtains the highest score in a category (superior-high), then the developer scores 10 points in that category. If the developer obtains the lowest score in a category (inferior-high), then the developer scores 0 points in that category. An average score across all 13 categories is 5 Points X 13 Categories = 65 points.

COMMUNITY CONCERNS-DAKOTA PARTNERS (AFFORDABLE PROPOSAL)

	INFERIOR			TYPICAL MARKET	SUPERIOR					
	HIGH	MODERATE	SLIGHT	MARKET STANDARD	SLIGHT	MODERATE	HIGH			
PRESERVATION OF OPEN SPACE										
Retaining A Portion of the Site As Open Space and Preserving the Existing Wetland						X				
Walking Trails and Paths as Part of the Development Open to the Public						X				
Have an Open Space Plan						X				
SUSTAINABILITY										
Consider Re-Use of Existing Buildings and Structures				X						
Highest Possible Level of Sustainability in the Design and Construction of the Improvements					X					
Develop LEED Standards with a minimum LEED Silver Standard or equivalent				X						
HOUSING USES										
55+ and Senior Housing Units for older Hamden Residents					X					
Support for the Development of Affordable Housing Units Beyond the 20% requirement imposed by the Town					X					
Development of family-size units to attract families to the Town						X				
Possibility of developing intergenerational housing opportunities				X						
OTHER NEIGHBORHOOD CONCERNS										
Concerns about the impact on the character of the neighborhood				X						
Impact New Development will have on traffic				X						
Pedestrian Safety				X						
TOTAL NUMBER OF ITEMS				0	0	5	1	3	4	0
TIMES CATEGORY SCORE				0	2	4	5	6	8	10
SUBTOTAL SCORE				0	0	20	5	18	32	0

SCORE OF COMMUNITY CONCERNS

SUBJECT SCORE	75
AVERAGE SCORE	65
PERCENTAGE ABOVE (BELOW) AVERAGE	15%

CONCLUSION (CONTINUED)

Overall, the developer addresses many of the community concerns including the preservation of open space, senior housing, having an affordability component, and including larger units (2- & 3-bedroom units) in the development. However, there are some drawbacks to the development including its feasibility as a market-rate and affordable-rate development. The proposed developments, especially the developments with a high percentage of affordable units will require a large amount of state and federal funding by using various debt and equity. There is also some concern over the high density of development, which may create traffic problems, pedestrian safety, and put other strains on the municipality.

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

Valuation Glossary 2023



Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. *(USPAP)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing

costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Interagency Appraisal and Evaluation Guidelines, Federal Register, December 10, 2010.

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease*. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



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Education or Qualifications

Plymouth State University, BA
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Business Analytics

State Certifications

Massachusetts
New Hampshire

Area of Expertise

Christopher Moore is a Valuation Specialist in the Boston office of Colliers Valuation & Advisory Services. He has been actively engaged in the appraisal profession since 2011. Mr. Moore began his appraisal career at Peter Scotti and Associates and worked as an appraiser at CBRE New England and Newmark Knight Frank.

Mr. Moore's appraisal experience includes appraising both residential and commercial properties. Recent assignments include a variety of assignments in Massachusetts, Rhode Island, Maine, and New Hampshire. Property types appraised include single family properties, residential condominiums, apartment properties, residential subdivisions, affordable housing, vacant land, office properties, retail properties, special use properties, industrial properties, schools, day cares, net lease properties, and solar panels.

Affiliations or Memberships

Practicing Affiliate for Appraisal Institute.

Professional Background

Peter Scotti & Associates-Appraiser
CBRE- Appraiser
Newmark-Appraiser

Appraisal Courses

- 15 Hour National USPAP
- Basic Appraisal Principles
- Basic Appraisal Procedures
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- General Appraiser Report Writing and Case Studies
- Statistics Modeling and Finance
- General Appraiser Income Approach 1 & 2
- Residential Market Analysis and Highest & Best Use
- Residential Appraiser Site Valuation and Cost Approach
- Residential Sales Comparison and Income Approach
- Residential Report Writing and Case Studies
- Advanced Residential Applications and Case Studies



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Chris Stickney, MAI

Area of Expertise

Chris Stickney serves as the Managing Director of Colliers' Boston Office which provides valuation and advisory services throughout New England. He also serves as the National Practice Leader of the Company's Hospitality Valuation Group. Prior to joining Colliers in 2016, he worked for the Boston office of Joseph J. Blake & Associates, and Petersen LaChance Regan Pino, LLC where he began his career as an appraiser in 2013.

Affiliations or Memberships

Designated Member – Appraisal Institute
Board of Directors and Treasurer –
Massachusetts, Rhode Island, and Maine
Chapter of the Appraisal Institute

Professional Background

Mr. Stickney's appraisal experience includes properties of all types and varying levels of complexity from single-tenant buildings to multi-billion dollar mixed-use assets. He is experienced in the valuation of core property types including multifamily, retail, office, and industrial uses. His experience also includes specialized assets: hotels, life science, college / university campuses, schools, ski resorts, marinas, golf courses, large tract developments, and portfolio valuations.

Mr. Stickney has completed appraisal assignments throughout all of New England, Delaware, New Jersey, New York, Pennsylvania, Virginia, California, and Washington D.C.

Education or Qualifications

University of Phoenix

Master of Business
Administration

Springfield College

Bachelor of Science

State Certifications

Connecticut New York

Maine Pennsylvania

Maryland Rhode Island

Massachusetts Vermont

New Hampshire Virginia

New Jersey Washington DC

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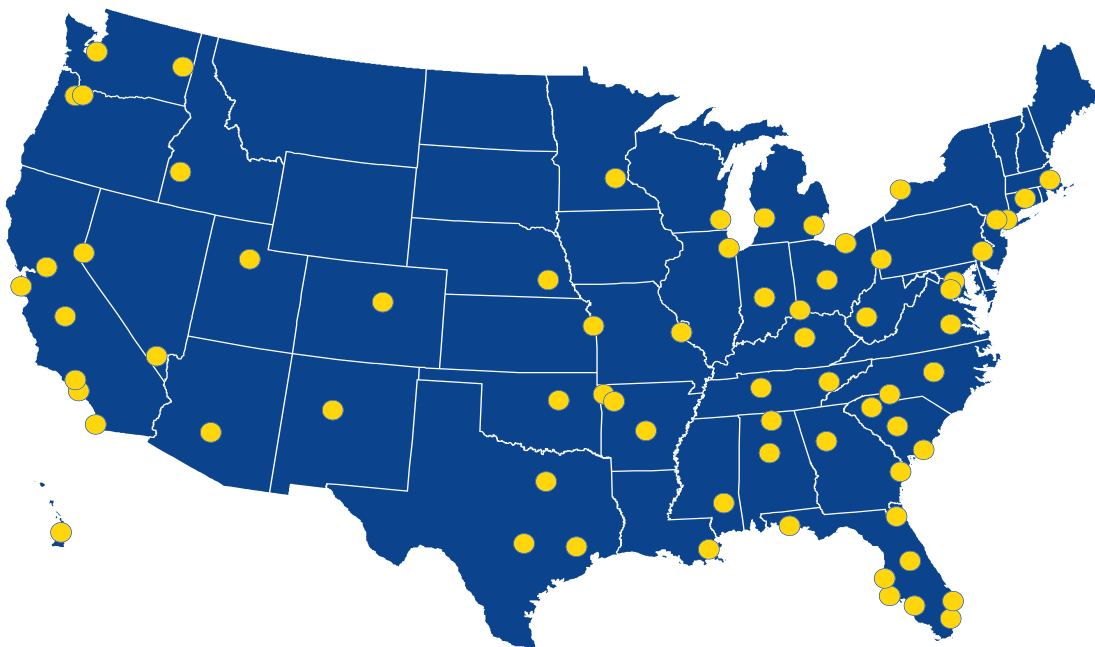
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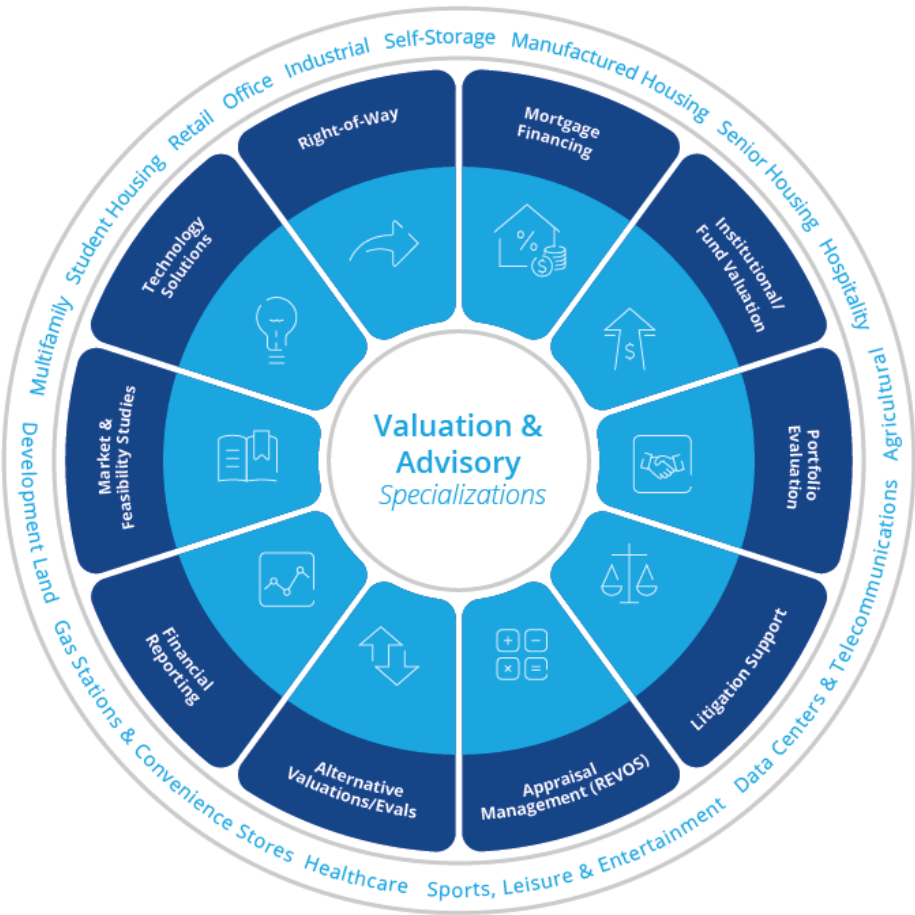
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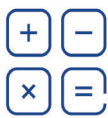
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Our Experts

To learn more about our Regional and Market Valuation Experts, please click on or scan the QR code.



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