

**Brooks
Pearsall
Zantow LLC**

Real Estate Appraisers · Consultants · Analysts

APPRAISAL REPORT

STUDIO/OFFICE AND RESIDENTIAL-OFFICE CONVERSION

300-308 12TH STREET NW
ALBUQUERQUE, NEW MEXICO 87102

Appraisal Project 30466

EFFECTIVE DATE

September 28, 2016

PREPARED FOR

Thomas M. Neale
University of New Mexico Real Estate Department
1 University of New Mexico
MSCo6 3595
Albuquerque, New Mexico 87131-0001

Brooks Pearsall Zantow LLC

Real Estate Appraisers · Consultants · Analysts

Bruce Gunderson, MAI

October 21, 2016

Thomas M. Neale
University of New Mexico Real Estate Department
1 University of New Mexico
MSC06 3595
Albuquerque, New Mexico 87131-0001

Reference: Appraisal Report
Studio/office and residential-office conversion
300-308 12th Street NW
Albuquerque, New Mexico 87102

We have completed an appraisal of the above-referenced property and we are pleased to submit the accompanying report of our findings and conclusions. The objective of the appraisal was to estimate the market value “as-is” of the fee simple interest in the property, subject to the assumptions and limiting conditions stated in the report. Our analysis indicates the following value of the property.

Effective Date:	September 28, 2016
Market Value Estimate:	\$890,000
Market Value Estimate assuming omission of 373-square-foot room connection 314 12 th Street:	\$866,000

The main body of our report provides you with our method of study as well as the limitations placed on the work product by the undersigned. Please read these limitations carefully so you may understand our conclusions clearly. In preparing this study, our conduct has been governed by the Code of Ethics of the various professional organizations of which we are members.

This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

BROOKS PEARSALL ZANTOW LLC



Bruce Gunderson, MAI

Table of Contents

Executive Summary

Preface

- Regional Location Map
- Albuquerque Metropolitan Map
- Neighborhood Map
- Zoning Map
- Downtown Zoning Map
- Fourth Ward Historic Overlay Zone
- Floor Plans
- Plat
- Aerial Photographs
- Property Photographs

Introduction

Overview of the Subject Property	1
Legal Identification	1
Ownership/Property History	2
Leases	2
Purpose and Intended Use of the Appraisal	2
Market Value Defined	2
Property Rights Defined	3
Effective Date of Appraisal and Date of Report	3
Scope of the Assignment	3
Extraordinary Assumptions and Hypothetical Conditions	4
General Underlying Assumptions	4
General Limiting Conditions	5

Description and Analysis

Albuquerque Profile Summary	6
Neighborhood Description	10
Site Description	15
Zoning	15
Flood Zone	16
Property Tax Information	16
Property Description	16
Highest and Best Use	19

Valuation

Problem Analysis and Data Interpretation	21
Sales Comparison Approach	21
Income Approach	26
Cost Approach	31
Reconciliation	31
Certification	33

Appendix

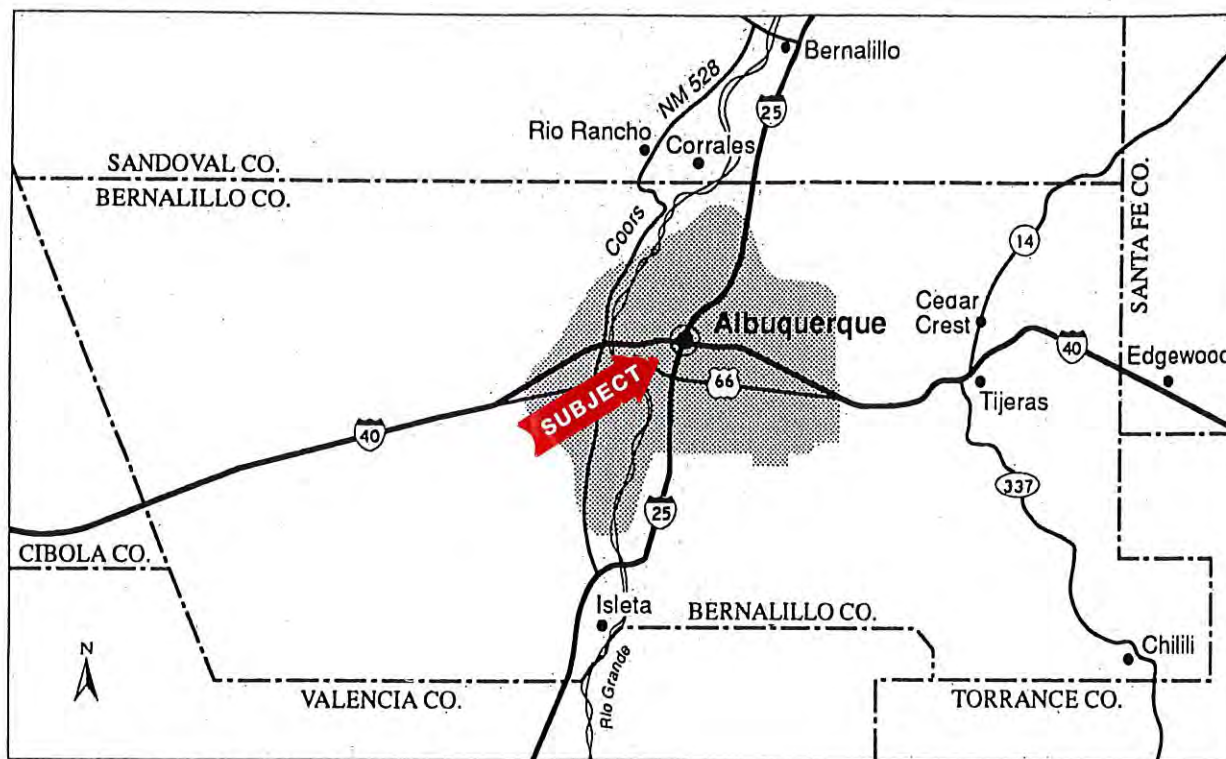
- Improved Sales
- Rental Comparables
- Flood Hazard Map
- Special Warranty Deed
- Subject Flyer
- Appraiser's Qualifications/License

Executive Summary

Property Identification:	Studio/office and residential-office conversion 300-308 12 th Street NW Albuquerque, New Mexico 87102
Sub-market & Property Type:	Downtown office
Clients & Intended Users:	University of New Mexico Real Estate Department and related entities.
Intended Use of Report:	To provide a fee simple opinion of market value “as-is” to assist in investment decisions
Property Summary	
Land Area:	14,200 square feet
Building:	Two, frame and masonry studio/office buildings; 10,329 gross square feet including 373-square-foot room connecting adjoining building.
Year Built:	1915/1920/1990
Zoning:	SU-2/SF Single Family Zone; Downtown Neighborhood Area Sector Development Plan; Fourth Ward Historic Overlay Zone.
Current Use:	Owner-occupied architectural firm office and gallery
Highest and Best Use	
Land as Though Vacant:	Medium-density redevelopment when market conditions warrant construction.
As Improved:	Studio/office building
Property Rights Appraised:	Market value of fee simple interest “as-is”
Value Indications	
Cost Approach:	Not Applicable
Sales Comparison Approach:	\$899,000
Income Capitalization Approach:	\$830,000
Market Value Estimate (Fee simple “As Is”):	\$890,000
Market Value assuming omission of 373-square-foot room connecting 314 12 th St.:	\$866,000
Effective Date of Market Value:	September 28, 2016
Marketing Time/Exposure Period	12 months

PREFACE

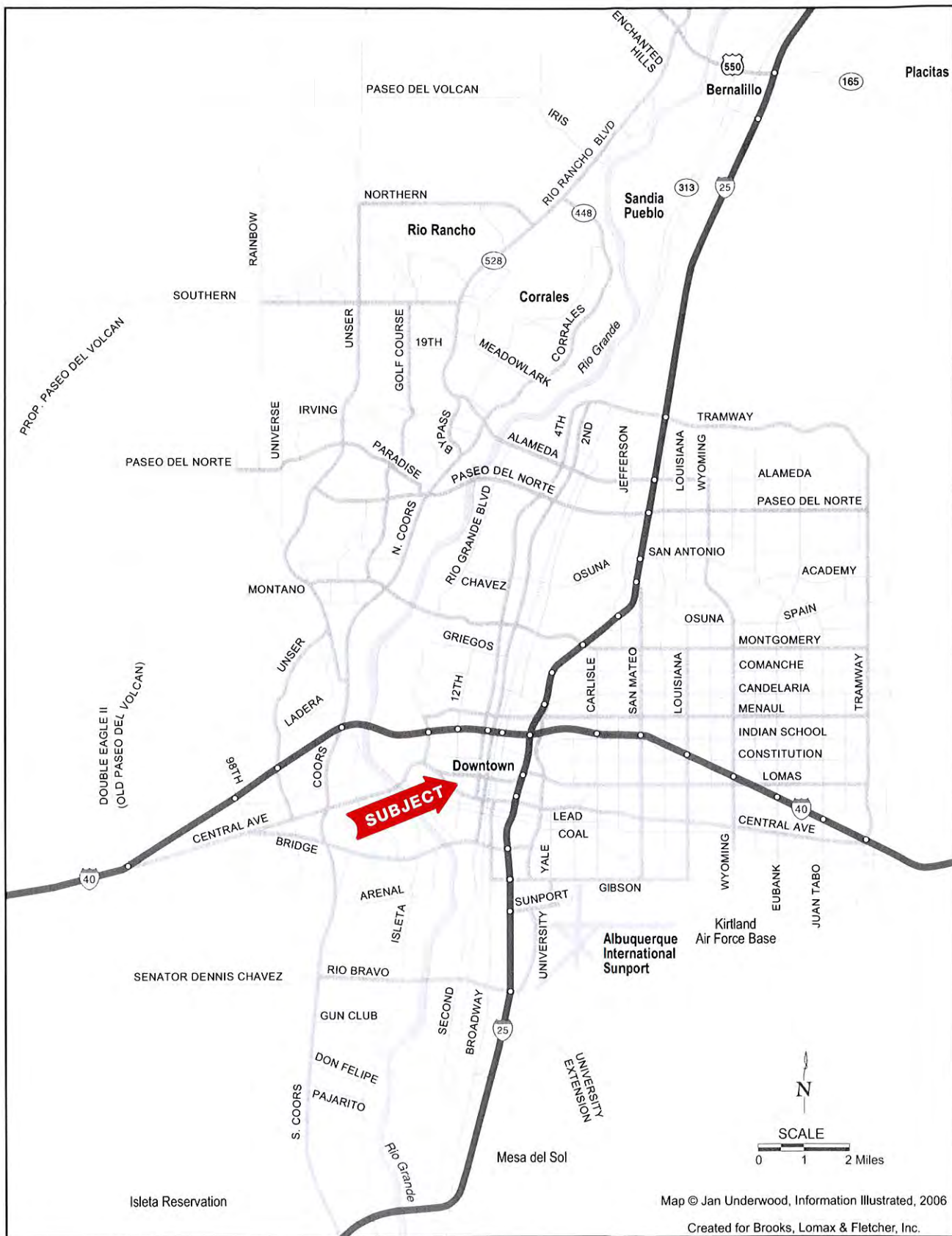
PREFACE

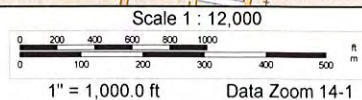
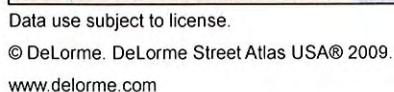


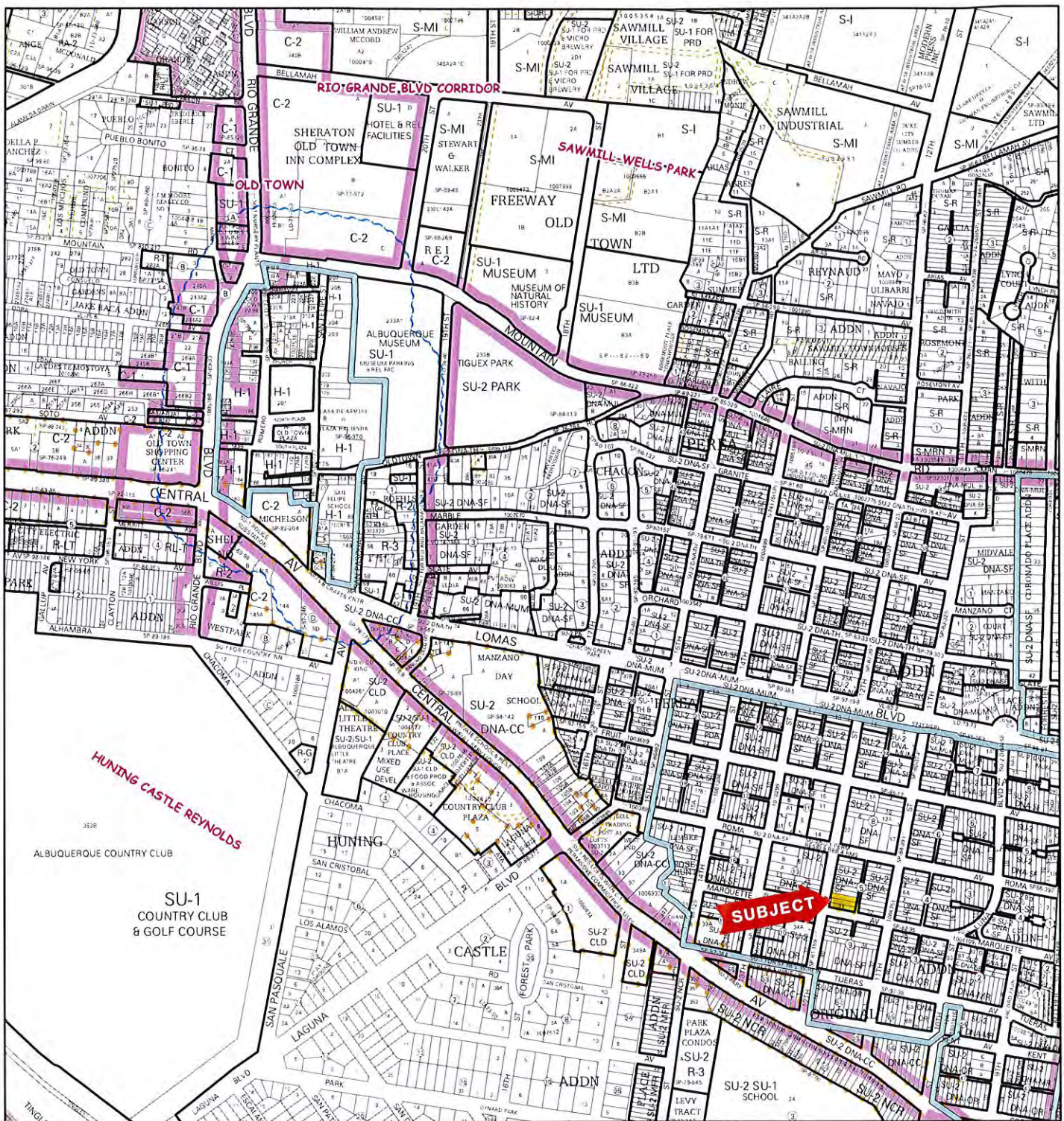
Map Design by *INFORMATION ILLUSTRATED*, 1991



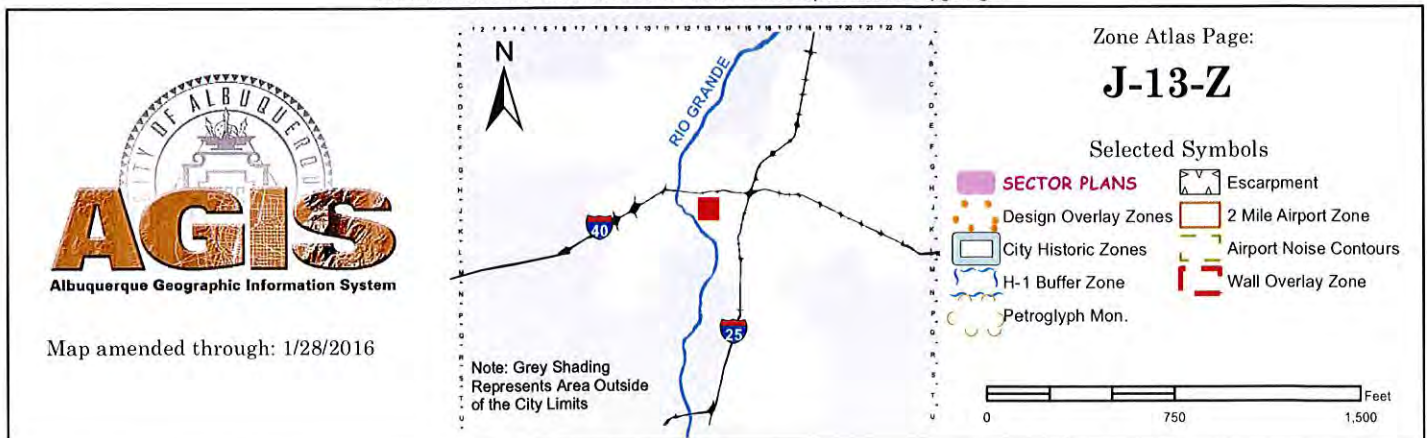
Regional Location Map







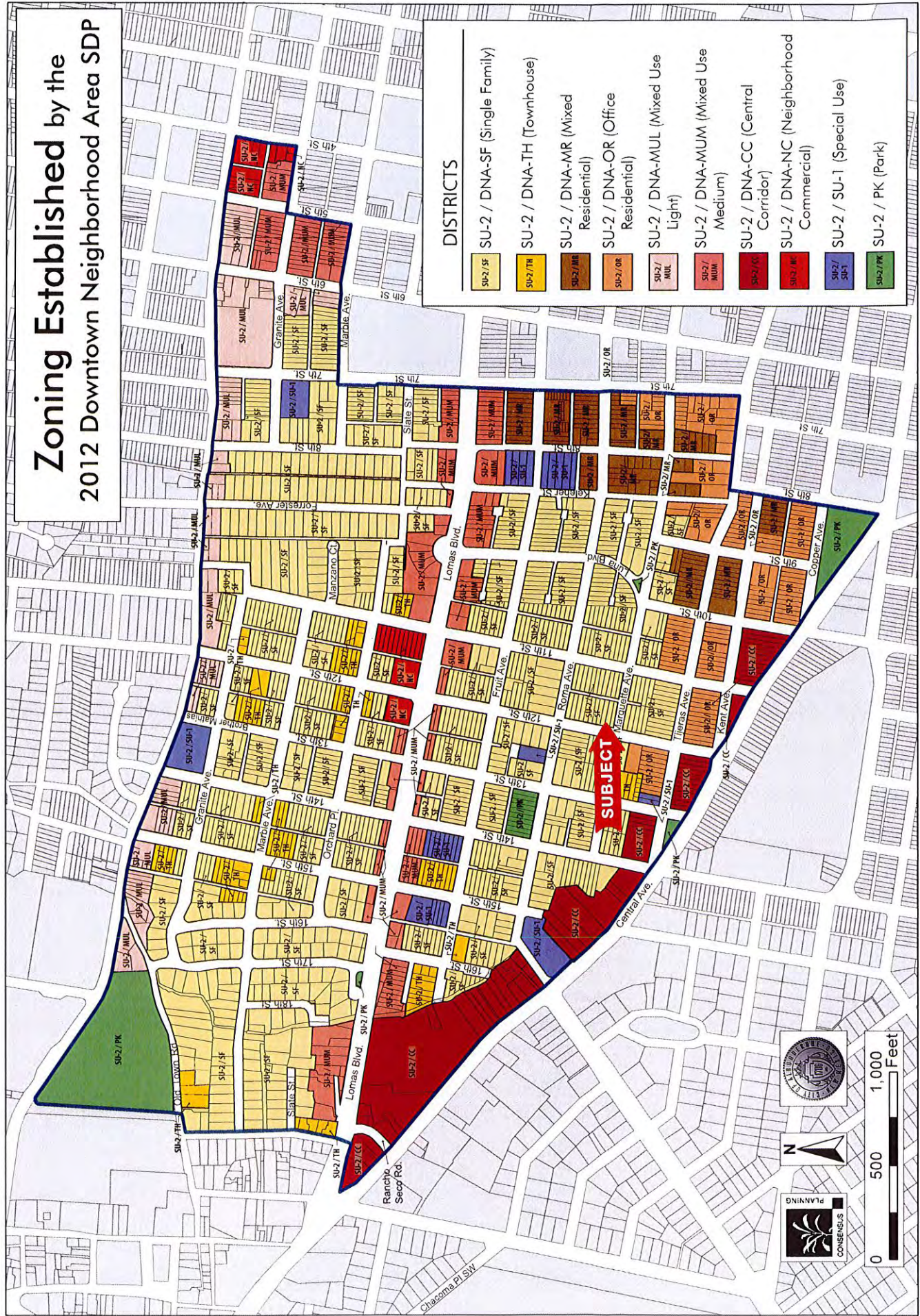
For more current information and details visit: <http://www.cabq.gov/gis>



Zoning Established by the 2012 Downtown Neighborhood Area SDP

DISTRICTS

- SU-2 / SF (Single Family)
- SU-2 / TH (Townhouse)
- SU-2 / DNA-MR (Mixed Residential)
- SU-2 / DNA-OR (Office Residential)
- SU-2 / DNA-MUL (Mixed Use Light)
- SU-2 / DNA-MUM (Mixed Use Medium)
- SU-2 / DNA-CC (Central Corridor)
- SU-2 / DNA-NC (Neighborhood Commercial)
- SU-2 / SU-1 (Special Use)
- SU-2 / PK (Park)

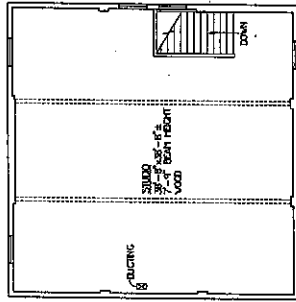


0 500 1,000 Feet

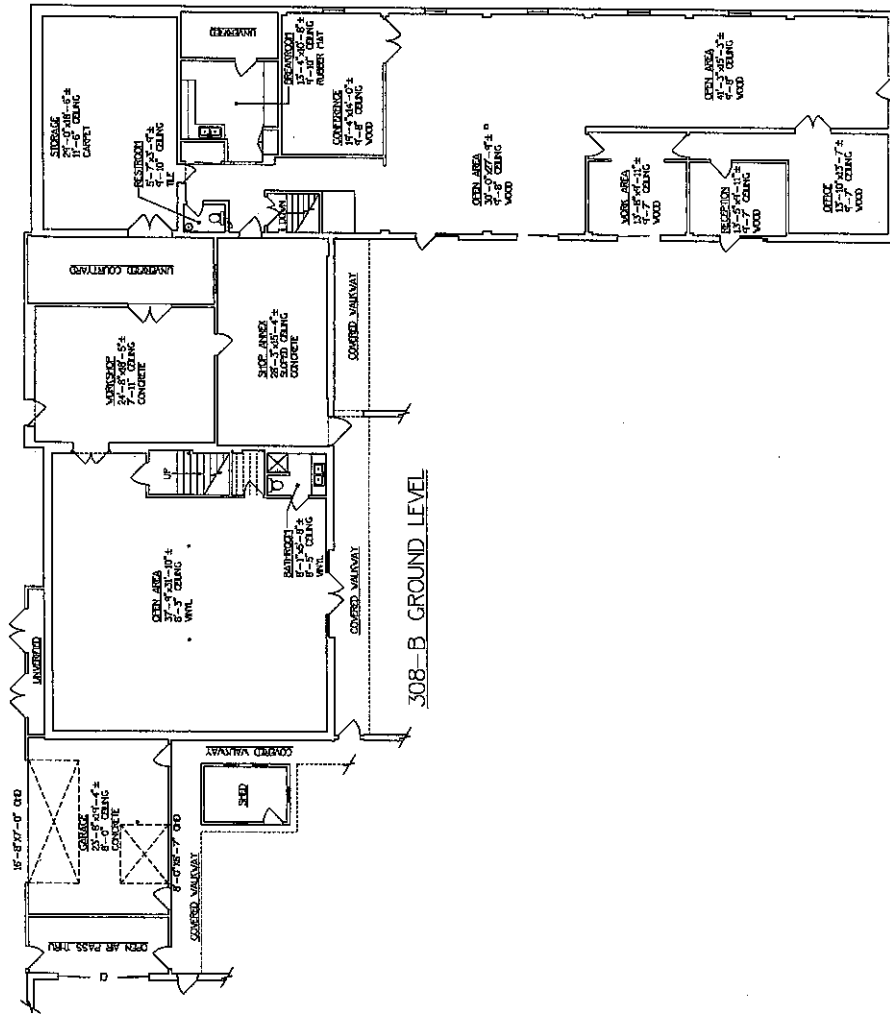
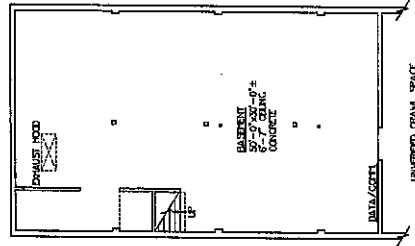
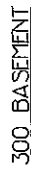
NOTES

1. CALCULATIONS EXCLUDE STAIRWELL VERTICAL PENETRATIONS.
2. ALL FIXTURES INDICATED ARE BUILT-IN.
3. SOME DIMENSIONS MAY VARY DUE TO WALLS OUT OF PLUMB.
4. ALL DIMENSIONS TO BE FIELD VERIFIED PRIOR TO ANY CONSTRUCTION.

308-B UPPER LEVEL





308-B GROUND LEVEL

300 GROUND LEVEL

AREA CALCULATIONS:

300 BASEMENT AREA	1575.57	SQ. FT.
300 GROUND FLOOR AREA	3756.30	SQ. FT.
308-B SECOND FLOOR AREA	1522.08	SQ. FT.
308-B GROUND FLOOR AREA	1525.80	SQ. FT.
WORKSHOP & ANNEX AREA	984.58	SQ. FT.
GARAGE AREA	495.75	SQ. FT.
SHED AREA	100.37	SQ. FT.
UNVERIFIED AREA	53.04	SQ. FT.

PROJECT: 300 & 308-B TWELFTH STREET NW	DESCRIPTION: AS-BUILT DRAWING	CLIENT: UNIM REAL ESTATE DEVELOPMENT	
SHEET # 01 OF 01		ORIGINATOR: MEASURED BY: _____ DESIGNED BY: _____ DATED BY: _____ CHECKED BY: _____ REVISED: _____ DATE: 08/29/15 SCALE: 1/8" = 1' - 0" 	

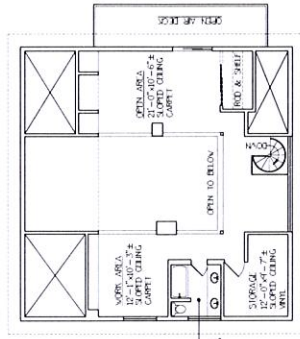
NOTES

1. CALCULATIONS EXCLUDE STAIRWELL AND VERTICAL PENETRATIONS.
2. ALL FIXTURES INDICATED ARE BUILT-IN.
3. SOME DIMENSIONS MAY VARY DUE TO WALLS OUT OF PLUMB.
4. ALL DIMENSIONS TO BE FIELD VERIFIED PRIOR TO ANY CONSTRUCTION.

~~314-A AREA CALCULATIONS:~~

~~314-A BASEMENT AREA 257.63 SQ. FT.
314-A GROUND FLOOR HEATED AREA 1587.55 SQ. FT.
314-A UNHEATED PORCH AREA 176.77 SQ. FT.~~

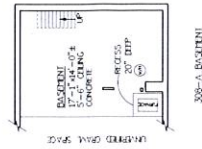
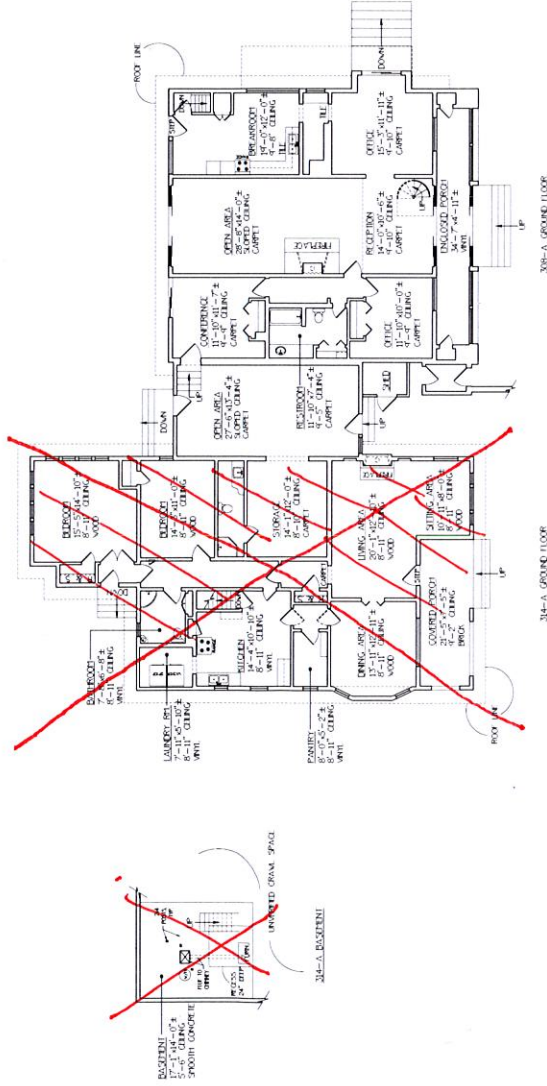
~~TOTAL AREA 314-A 2,021.95 SQ. FT.~~



308-A AREA CALCULATIONS:

308-A BASEMENT AREA 369.43 SQ. FT.
308-A GROUND FLOOR HEATED AREA 2291.53 SQ. FT.
308-A UNHEATED PORCH AREA 244.09 SQ. FT.
308-A SECOND FLOOR HEATED AREA 957.97 SQ. FT.
308-A OPEN AIR DECK AREA 151.19 SQ. FT.

TOTAL AREA 308-A 4,024.21 SQ. FT.



PROJECT 308-A & 314-A TWELFTH STREET NW		DESCRIPTION AS-BUILT DRAWING		CLIENT UNM REAL ESTATE DEVELOPMENT
SHEET # 01		OF 01		DATE 06/29/16
MEASURED BY JR	DESIGNED BY NA	DRAFTED BY JR	CHECKED BY PM	REVISOR 7
REVISION 1	DATE 06/29/16	BY JR	REASON 1	SCALE 1/8" = 1'-0"
YCD DESIGNS 505-899-1199				

12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
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Trison

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Avenue

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Eleventh

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Stilla

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Avenue

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Eleventh

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Stilla

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
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Metcalf

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Avenue

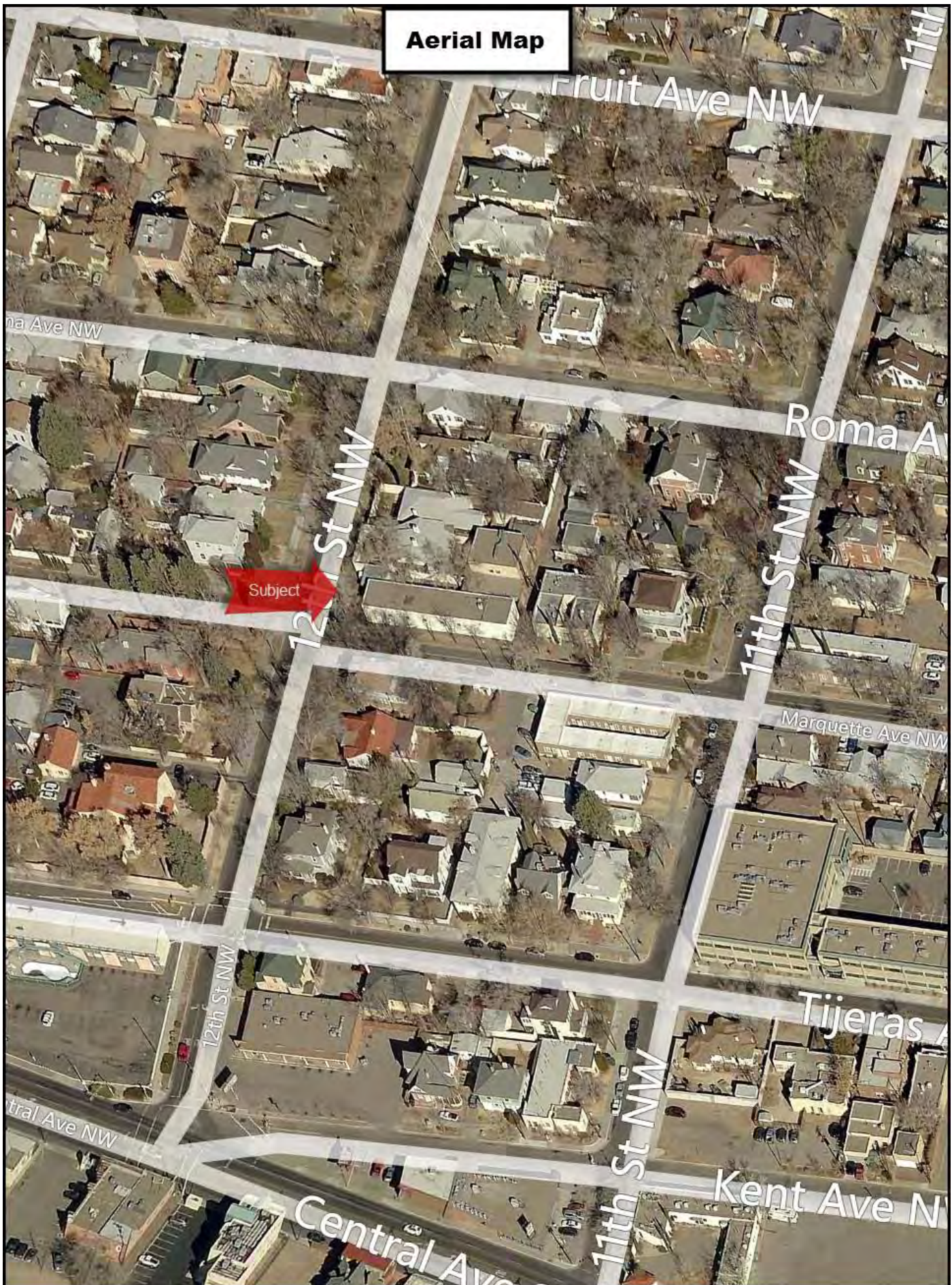
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Tras

Cañon

Road

Aerial Map



Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



View to north on 12th Street NW



View to south on 12th Street NW



View to west on Marquette Ave. NW



300-308 12th Street



Front elevation of 300 12th Street



Side south elevation

Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



Rear elevation



Rear elevation of 308-B, two-story studio



Alley



Courtyard



Courtyard elevation



West elevation of 308-B

Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



Studio office of 300 12th Street NW



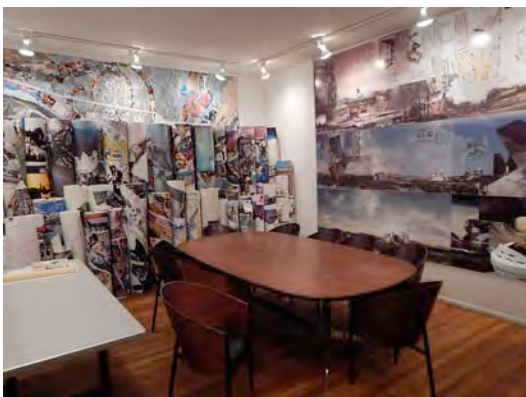
Private office



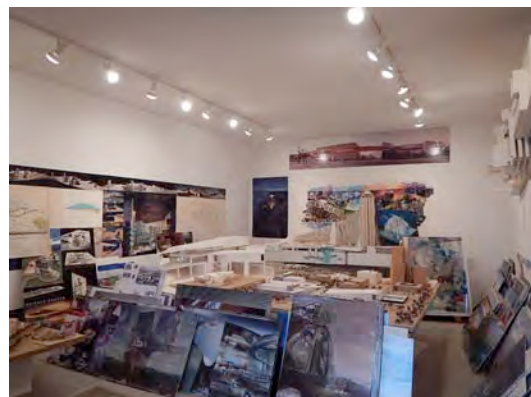
Main entrance lobby of office



Example of office facing courtyard



Conference room



Rear addition studio

Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



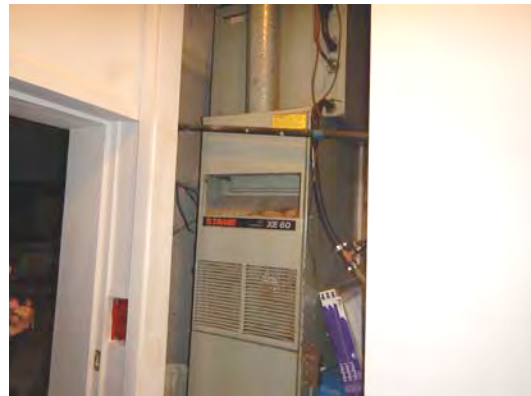
Single restroom in 300 12th Street



Kitchenette



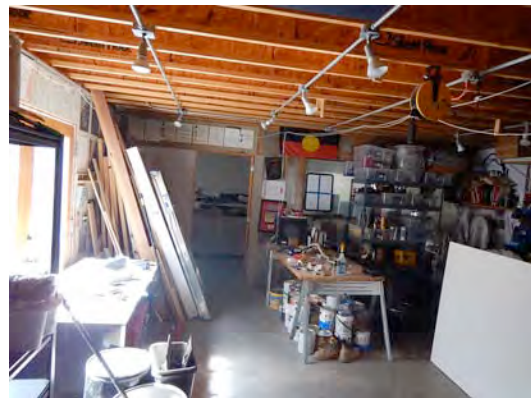
Partial basement storage (1,575 square feet)



Mechanical serving 300 12th Street (two gas forced air furnaces and air conditioning units)



Studio annex connecting 300 to 308B



Unfinished workshop connecting 300 to 300B

Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



Lower level studio in 308-B



3/4 restroom with shower in 308-B



Upper level studio in 308-B



Alley entrances to work shop and 308-B



Rear courtyard



Electrical service for 300-308 12th St.

Property Photographs
300-308-A-B 12th St NW
Albuquerque, New Mexico



308-A 12th Street NW



308-A street elevation



South elevation of 308-A 12th Street



Rear elevation of 308-A 12th Street



Canopy roof and courtyard wall connecting 300
to 308



Courtyard wall between 300 and 308

INTRODUCTION

Overview of the Subject Property

The subject of this appraisal is a studio/office and residential-office conversion located at 300-308 12th Street NW, Albuquerque, New Mexico. The property consists of three interconnected buildings with a total measured gross building area of approximately 10,329 square feet on a 14,200-square-foot site.

The property is an adaptive reuse of an historic commercial grocery market, a two-story warehouse and a converted single-family home, all used in recent years by an owner-occupied architectural firm. The building at 300 12th Street is a former tile-block neighborhood grocery market attached to a two-level masonry tile block warehouse built in the 1920s while the residence at 308 12th Street is older, apparently built after the turn of the century. The property was redeveloped in the late 1960s and early 1970s and added to and substantially remodeled again in the early 1990s. The frame and masonry buildings have average-quality interior finishes and are in average- to below-average condition at this time. The layout of 300 12th Street includes three private offices, a large open work area, two conference rooms, reception area kitchenette, copy room, and only one restroom. The main level includes 3,756 square feet. There is a partial 1,575-square-foot basement storage area, not included in the building area.

The two-level tile-block building referred to as 308-B 12th Street is now connected to 300 12th Street by a frame shop annex and unfinished workshop. The first level is an open studio with one restroom and the upper level is an open studio space that is currently leased separately. This building with attached shop spaces totals 4,031 square feet.

The converted residence at 308 12th Street has an exterior appearance of a 1.5-story residence but the interior has been substantially altered to include perimeter offices, kitchen break room, two restrooms and a central vaulted space with upper-level loft offices. The building also has an unfinished basement of 369 square feet, not included in the gross above grade building area. There is a 373-square-foot attached room connecting the adjoining residence at 314 12th Street that is included in this building's calculated building area for a total of 2,542 square feet, "as is". Without this connecting room the building is 2,169 square feet while the total property area becomes 9,956 square feet. *Note, the home at 314 12th Street is not included in this appraisal report value conclusion.*

The layout is configured and metered for one to two tenants yet the space could be demised into two separate offices.

The property is located in the Fourth Ward Historic District west of the central business district between Central Avenue and Lomas Boulevard. The neighborhood is a residential area that has evolved over the years to a concentrated urban area of mixed land uses including some apartments and office residences. The age of improvements in this area vary from old historic homesteads to some modern infill residential developments and commercial uses. All public utilities are available including water, sanitary sewer, electricity, natural gas and telephone.

See *Prefix* and *Appendix* for exhibits that include photographs, building plans, plat and maps to assist in visualizing the property location, its surroundings and the physical characteristics of the subject.

Legal Identification

Lots 8-11, Block 5, Perea Addition to the City of Albuquerque, Albuquerque, Bernalillo County, New Mexico. (See complete description on Warranty Deed exhibit in *Appendix*)

Parcel ID Number: 1-013-058-437-076-42001

Ownership/Property History

The current owner of record is 300 12th Street LLC. The last recorded transfer of the property was by Special Warranty Deed on June 27, 2016 from Keeper Family Limited Partnership (Doc# 2016058738). This is a transfer between related parties. The previous transfer was by Quit Claim Deed from Constance A. DeJong on September 1, 2006 (#2006134472). Otherwise, the property has been owner-occupied for many years and was designed and occupied by renowned architect Antoine Predock. A copy of the last deed document is included in the *Appendix*.

The property at 300-308 12th Street NW has been listed for sale since August 2013, priced at \$1,175,000. The property appraised and adjoining properties are currently in contract negotiations for purchase/donation with the University of New Mexico. The property representative indicated there were interested parties but none willing to make offers. No other offers were provided and the listing has expired. A copy of the listing brochure can be found in the *Appendix*.

Leases

Up to this time the property has essentially been owner-occupied and any internal or related party business leases were not considered in the valuation. The property is subject to a lease on the upper-level suite of the back building 308-B to Quantigy LLC. This lease expired on 9/21/2016 and it is my understanding it continues on a month-to-month basis. The rent has been \$1,200 per month modified gross plus utility reimbursement on 1,522 square feet (\$9.46/sf).

Purpose and Intended Use of the Appraisal

The purpose of the appraisal is to provide an opinion of market value of the fee simple interest “as-is”. The intended users are the UNM Real Estate Department and related entities. The intended use of the appraisal is to assist in property investment decisions.

Market Value Defined

Market value means 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 both acting in what they consider their own best interest;
- (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.

Source: Department of the Treasury, Office of the Comptroller of the Currency, 12 CFR Part 34 [Docket No. 90-16], Real Estate Appraisals, published in the Federal Register, Vol. 55 No. 165, August 24, 1990: Final Rule.

Property Rights Defined

The fee simple interest is defined as 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.

Source: Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, 2015

Effective Date of Appraisal and Date of Report

The effective date of the appraisal is September 28, 2016, which is the date of my most recent inspection. The date of the report is October 21, 2016.

Scope of the Assignment

The assignment is to prepare an opinion of market value of the identified property and to deliver a narrative appraisal report of my assignment results.

The scope of work is intended to mirror the thought process of a potential purchaser. It encompassed an inspection of the property and the neighborhood, research of building sales, research of lease rates for similar improvements, research regarding capitalization rates, analysis of supply and demand, analysis of market trends, and development of the applicable valuation methods: Sales comparison approach and income capitalization approach. The cost approach was not developed since it is not considered a meaningful or reliable method of estimating market value in this case since the subject is an older building and measuring depreciation is difficult. Land value is also difficult to establish in this built-up location.

Sources of data used in this report include:

- interviews with knowledgeable brokers, leasing agents and property managers;
- research and analysis of actual leases as well as asking lease rates and terms for existing comparable buildings;
- a search of in-house records and data maintained by Brooks Pearsall Zantow LLC;
- a search of the Bernalillo County Clerk's records for comparable sales;
- demographic studies produced by the University of New Mexico, the City of Albuquerque, and ESRI Business Analyst Online;
- occupancy and rental statistics published by CB Richard Ellis and Grubb & Ellis/New Mexico;
- research in a variety of local and national databases including the Greater Albuquerque Association of Realtors, MLS, CAR-NM (Commercial Association of Realtors New Mexico), LoopNet and CoStar.

This appraisal has been prepared in compliance with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Standards of Professional Practice. The appraisal report is a recapitulation of the appraiser's data, analysis and conclusions consistent with the reporting guidelines of Standards Rule 2-2(a) of USPAP. Supporting documentation is retained in the appraiser's work file.

Bruce Gunderson, MAI or other associates with Brooks Pearsall Zantow LLC have verified the comparable rents and improved property sales relied upon in the *Valuation* section of this report. Bruce Gunderson personally inspected the subject property and the comparable sales relied upon for this appraisal assignment.

New Mexico is a non-disclosure state. There are no public sources available to the appraiser from which to confirm consideration paid in a real estate transaction. Principals involved in real estate transactions are not required to disclose the sale price or terms of sale. Consequently, sale verifications are obtained from a variety of sources including sellers, buyers, brokers, real estate attorneys and/or appraisers. We deem these confirmation sources to be reliable and reasonably accurate. Unfortunately, not every sale in the marketplace is available for consideration because the parties to the transaction may refuse to disclose the sale price or other pertinent information critical to the analysis of the sale.

Extraordinary Assumptions and Hypothetical Conditions

1. My building area estimates are based on interior dimensions on the building plans provided by the client and checked by partial on-site measurements.
2. I assume the roof, mechanical and plumbing systems are in functional condition and no major repairs are necessary.
3. This report assumes no unusual environmental contamination issues are present. However, given the age of the building, some potential exists for asbestos-based materials such as floor tile or lead-based paint.
4. There is a 373-square-foot attached room connecting the adjoining residence at 314 12th Street that is included in the subject's calculated building area totaling 10,329 square feet, "as is". Including this space would require an encroachment easement and/or party wall agreement defined by replatting. At the request of the client, I have also estimated the value assuming this space is omitted from the property. Without this connecting room the total property area becomes 9,956 square feet. Note, the home at 314 12th Street is not included in this appraisal report value conclusion.

General Underlying Assumptions

1. The legal description used in this report is assumed to be correct.
2. A survey and building sketches of the property were available to the appraiser but no responsibility is assumed with accuracy with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, such as subsoil structures or asbestos containing building materials which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

7. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
8. It is assumed that all applicable federal, state and local environmental regulations and laws have been complied with unless otherwise stated, defined and considered in the appraisal report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.
10. It is assumed the utilization of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted within the report.
11. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance. If so, this could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, he or she did not consider the possible noncompliance with the requirements of ADA in estimating the value of the property.

General Limiting Conditions

1. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, or with reference to the property in question, unless arrangements have been previously made.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser and in any event only with proper written qualification and only in its entirety.
3. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and becomes invalid if so used.
4. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or another media without written consent and approval of the appraiser, nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified in public media without written consent of the appraiser.
5. We are unaware of any cross easements or any covenants, conditions, or restrictions impacting the subject property. We assume adequate ingress and egress to the property and we assume any reasonable sale of the property would not be inhibited by any covenants, conditions, or restrictions.

DESCRIPTION AND ANALYSIS

Albuquerque Profile Summary

The Albuquerque metropolitan area is located near the geographic center of New Mexico, situated on a high plateau along the Rio Grande just west of the Sandia and Manzano Mountains. The city covers 188 square miles and serves as the state's commercial, industrial, and transportation center.

Population

Estimated population for the city of Albuquerque is 557,169 as of July 1, 2014. This represents a 97,245 increase or an annual growth rate of 0.51% since the 2010 census. The entire metro area (Albuquerque MSA) includes Bernalillo, Sandoval Torrance and Valencia Counties and has an estimated population of 884,878 as of 2014, indicating a compound annual growth rate of just 0.5% since the 2010 census. The state of New Mexico, with a 2014 estimated population of 2,085,572, had a slightly lower estimated annual growth rate since 2010 of 0.32%. New Mexico's estimated 2015 population has actually declined by 463 persons to 2,085,109.

Albuquerque, Albuquerque MSA, and New Mexico population growth since 1950, is summarized on the following chart.

Historical Population Data: 1950 – 2014

<i>Year Historical</i>	<i>City of Albuquerque Population Total</i>	<i>Annual Growth Rate*</i>	<i>Albuquerque MSA Population Total</i>	<i>Annual Growth Rate*</i>	<i>State of New Mexico Population Total</i>	<i>Annual Growth Rate*</i>
1950	96,815	-	171,641	-	681,187	-
1960	201,189	7.59%	292,546	5.48%	951,023	3.39%
1970	244,501	1.97%	353,717	1.92%	1,017,055	0.67%
1980	332,920	3.13%	485,430	3.22%	1,303,303	2.51%
1990	386,988	1.52%	589,131	1.95%	1,515,069	1.52%
2000	448,607	1.49%	729,649	2.16%	1,819,046	1.85%
2010	545,852	1.98%	867,366	1.74%	2,059,179	1.25%
2014 est.	557,169	0.51%	884,878	0.50%	2,085,572	0.32%

*annual compound rate of growth

Source: US Bureau of the Census

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Most future growth in the MSA is expected to occur in Albuquerque's Northwest and Southwest Mesa submarkets and in Rio Rancho.

Employment

Albuquerque's economic base is nearly three-fourths trade, services, and government. Federal spending is a significant factor in the local economy, given the influence of Kirtland Air Force Base and Sandia National Laboratories, a major federal contractor in research and development of energy, weapons, and space exploration.

According to the New Mexico Department of Workforce Solutions, the Albuquerque metro area had a seasonally adjusted unemployment as of August 2016 of 6.1%. This is a notable improvement from its peak in 2010 when the metro area unemployment rate was 8.8%. This is lower than the statewide average of 6.6% and yet higher than the national unemployment rate reported at 4.9%. Although improving in recent years, the total employed job growth over this period is modest and data is still showing signs of job instability in certain sectors.

The following table shows growth in the number of persons employed in the Albuquerque metro area (MSA), the state of New Mexico, and the United States since 1998. (Note that starting in 2004 annual averages for labor force and the number employed reflects a new methodology in which workers are counted in the county of residence instead of job location. This may have overstated the growth in employed persons in the MSA for 2004.) All numbers are revised seasonally adjusted annual averages.

Historical Employment Information (Civilian Labor Force)

	Albuquerque MSA			New Mexico			United States		
	Employed (1,000s)	% Change	Unemp. Rate	Employed (1,000s)	% Change	Unemp. Rate	Employed (1,000s)	% Change	Unemp. Rate
1998	344.7	1.57%	4.50%	779.7	2.15%	6.20%	129,558	0.00%	4.50%
1999	339.4	-1.54%	3.90%	764.2	-1.99%	5.60%	131,463	1.47%	4.20%
2000	355.6	4.77%	4.10%	810	6.00%	5.00%	136,891	4.13%	4.00%
2001	360.2	1.31%	4.30%	821	1.36%	4.90%	136,933	0.03%	4.70%
2002	357.1	-0.88%	5.10%	823.2	0.27%	5.50%	136,485	-0.33%	5.80%
2003	358.3	0.36%	5.50%	832.6	1.15%	5.90%	137,736	0.92%	6.00%
2004	365.4	1.97%	5.40%	850.2	2.10%	5.80%	139,252	1.10%	5.50%
2005	372.4	1.91%	5.00%	867.3	2.02%	5.30%	141,730	1.78%	5.10%
2006	387.8	4.14%	4.00%	895.6	3.26%	4.20%	144,427	1.90%	4.60%
2007	393.6	1.50%	3.60%	909.1	1.50%	3.60%	146,047	1.12%	4.60%
2008	393.8	0.04%	4.10%	916.6	0.83%	4.00%	145,363	-0.47%	5.80%
2009	379.8	-3.51%	7.10%	892.1	-1.87%	6.80%	139,877	-4.22%	9.30%
2010	375.0	-1.27%	8.80%	878.8	-1.49%	8.40%	139,064	-0.58%	9.60%
2011	371.6	-0.89%	7.50%	873.7	-0.58%	7.10%	139,869	0.58%	8.90%
2012	368.7	-0.71%	7.00%	871.3	-0.27%	6.90%	142,469	1.86%	8.10%
2013	369.0	.011%	6.90%	870.6	-0.08%	6.70%	143,929	1.02%	7.40%
2014	386.1	4.62%	6.40%	858.1	-1.55%	6.50%	146,305	1.65%	6.20%
2015	390.2	1.06%	6.10%	858.6	0.06%	6.70%	149,703	2.32%	5.00%

Figures shown are annual averages.

Source: New Mexico Dept. of Workforce Solutions (formerly Department of Labor) and University of New Mexico BBER

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According to the latest data from the New Mexico Department of Workforce Solutions, for the past twelve months leading to July 2016, the metro area gained 5,300 net jobs or 1.4%, with 4,700 added in the private sector. The public sectors reported a slight increase of 600 jobs, mostly in state government. The largest gain was in the education and health services sectors with 3,900 new jobs, sectors that have consistently shown improvement over the past two years. Professional and business services showed a 3.1% increase in the past year with 1,800 new jobs, the largest growth in this sector since September 2007. Leisure and hospitality combined with construction grew by 500 jobs. Meanwhile, retail employment was down 900 jobs while manufacturing was down 1,200 jobs. Local job creation contradicts regional and national trends and can have an impact on many real estate markets.

Real Estate Markets

The following table summarizes Albuquerque metro area vacancy by market sector from year-end 1997 through the 2nd quarter 2016. As shown, vacancy rates for most types of real estate had increased in recent years due to rising unemployment and the slowdown in the economy. The recent financial crisis coupled with a large amount of speculative space that had entered the market has had an upward impact on vacancy in the office sector, while the retail and industrial submarkets were affected by downsizings and closings from both local and national tenants, though both have improved in recent quarters.

Colliers International (formerly Grubb and Ellis New Mexico) reports office vacancy as of 2nd quarter 2016 remaining high at 20.0%. Meanwhile, industrial vacancy had edged upward since 2008, but by 1st quarter 2014, industrial vacancy began decreasing and is now to pre-recession levels of 5.9% for the past two quarters.

Retail vacancy has continued to decrease starting in 2011 from 9.4% to 6.6% as of 2nd quarter 2016, near the lowest level reported in years. Construction of new retail space continues and vacancy is not widespread.

The CB Richard Ellis 4th quarter 2008 apartment market survey showed average vacancy of 9%, which is the highest in several years. This had tightened significantly as of September 2016 at 4.60%. Under current economic conditions home buying is frequently postponed, and therefore some households are inclined to rent. There also appears to be some continued migration into the metro area of people (likely renters) looking for employment opportunities.

Real Estate Market Sector Vacancy: Year-End 1997 – 2016

Year	Retail Market	Office Market	Industrial Market	Apartment Market
1997	8.1%	11.8%	3.8%	9.9%
1998	6.1%	13.3%	3.3%	11.6%
1999	6.4%	14.0%	3.1%	9.8%
2000	6.7%	12.7%	4.3%	7.5%
2001	10.5%	13.3%	3.2%	6.95%
2002	10.4%	14.2%	6.1%	10.0%
2003	10.3%	17.3%	8.1%	10.0%
2004	9.1%	13.4%	6.5%	5.8%
2005	8.8%	12.4%	10.5%	5.7%
2006	8.4%	13.4%	6.5%	7.1%
2007	8.0%	9.5%	5.9%	4.8%
2008	9.4%	13.1%	7.5%	9.0%
2009	10.8%	16.0%	9.3%	7.1%
2010	9.1%	18.0%	10.3%	5.0%
2011	9.4%	18.5%	10.3%	4.59%
2012	8.1%	18.9%	10.3%	6.67%
2013	7.6%	19.6%	9.3%	6.85%
2014	6.6%	20.9%	6.9%	6.36%
2015	6.1%	19.9%	6.4%	5.94%
2016	6.6%	20.0%	5.9%	4.60%

Sources: Colliers International (CB Commercial and Grubb & Ellis New Mexico): Retail, Office and Industrial; CB Richard Ellis and Apartment Association of New Mexico: Apartment)

* 2016 estimates are for 2nd Quarter (Retail, Office, Industrial); Sept. 2016 (Apartment)

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As can be expected, the higher vacancies have forced many landlords to lower rents to attract or retain tenants. Asking rents have dropped by 10% to 25% for some office class buildings since the beginning of the recession, and concessions as well as shorter-term leases are becoming more prevalent. Rent levels appear to now be stabilizing somewhat for the well located, better class buildings and most activity is on smaller spaces under 5,000 square feet. Large blocks of space are now becoming less prevalent especially in the North I-25 corridor where office vacancy is now at 17.5%. Class A space has an overall vacancy of 15.5%. The Class C and CBD office market is still struggling at 21.6% and 22.4% respectively. Without improvement in economic conditions that would prompt business to seek expansion and increase employment outlooks, there will not likely be any real improvement in the office markets. Downsizing of space is still prevalent and many lease offerings are a result of subletting portions of larger buildings.

Residential Markets

As published by the Home Builders Association of Central New Mexico, the total metro 2nd quarter 2016 reported 830 single-family permits, up from 801 this time last year. As of year-end 2015, single-family building permits totaled 1,645, up 4.3% from 1,576 in 2014, 1,457 in 2013 and 1,428 in 2012. This is a notable improvement of 39% over the 2011 annual permits of only 1,182, the lowest in decades. The number of permits reached an apex in 2005 with 8,598 permits issued. Although improving, the single-family construction industry is still lagging due to economic conditions.

Meanwhile, the Southwest MLS shows the Albuquerque metro area median detached, single-family price for July 2016 was at a seasonal high of \$189,900. The attached, single-family median price was \$135,250. The year-end 2015 median single-family home price was \$177,500, which is up 2.0% from 2014. This is still down from the apex of the housing bubble in 2007 at \$191,000. Sales volume remains consistently active with days on the market decreasing 15%-20% over the past year. Also of note is the decline in new and active listings, with 4,054 single-family homes and 358 attached homes, both down over the past year - 16.1% and -24.3% respectively. This past year has seen the most improvement in marketing conditions for local housing since the start of the recession. However, new home construction has not increased dramatically.

Apartment Vacancies and Rents

Based on current overall occupancy, the Albuquerque apartment market is considered healthy. The most recent market survey published by CB Richard Ellis shows a 4.61% citywide vacancy for May 2016. This survey covers 189 properties totaling 40,301 units in Albuquerque and Rio Rancho. Not included in the survey are units intended as assisted living or condominiums. The surveys shows slightly increasing trends in average rents, which are now at \$789 per month or \$0.97 per square foot.

The apartment market experienced slightly higher vacancies in periods when low mortgage rates allowed more tenants to buy homes. Vacancy has improved from the January 2010 survey of 7.1% and appears to have reached a stabilized level even in light of new construction actively occurring across the metro.

The recent low vacancy rates may be attributed to shifts in demand from single-family home ownership to more affordable apartment occupancy. Depending on location, rents may appear to have reached a point where new construction is financially feasible.

CB Richard Ellis also reports occupancies according to MLS areas. The subject's downtown market area is defined in the survey as Area 80. This area has 1,080 units in the survey. Average vacancy was only 1.48%, well below the citywide average of 4.61%.

Historic Development Pattern

The Albuquerque metropolitan area is geographically divided into three distinct areas: the East Mesa, the Valley, and the West Mesa. Initial European settlement occurred in the valley area, where Spanish colonists settled the flood plain of the Rio Grande in the vicinity of "Old Town" in the 1600s. This agrarian society spread north and south along the river in a pattern of farms and small villages. Due to this settlement pattern, the most traditional segments of regional development are found in the valley areas.

Downtown Albuquerque originated in the late 1800s, when the railroad placed its tracks about one and one-half miles east of the Old Town Plaza. The Railroad Subdivision was platted near the tracks, and businesses developed in response to the convenience of moving goods and people by rail. For approximately 70 years, from the arrival of the railroad to the development of the first suburban shopping mall in 1961, Downtown Albuquerque was the center of government and commerce for the growing area. In subsequent years (1960s and 1970s) Downtown workers and residents followed the national trend of out-migration to the suburbs.

The decline of the Central Business District in the 1970s prompted government support of Downtown redevelopment through tax incentives and municipal bond financing of private projects. By the late 1980s and early 1990s, the Central Business District was the location of some of the heaviest public and private capital investment in the metropolitan area.

Residential and institutional growth took place largely on the East Mesa during the period from 1930 to 1960. The direction of growth extended east from Downtown along old US Route 66, which was the east/west, intra-city and interstate roadway until the freeways were developed in the 1960s. The establishment of the University of New Mexico, the state fair grounds, Albuquerque International Airport, Kirtland Air Force Base, Sandia National Laboratories (scientific and weapons research), and four regional hospitals on the East Side propelled this growth and created the economic base of modern Albuquerque as well. This early growth area is generally identified as the Southeast Heights and University area, and contains several high-demand residential neighborhoods.

Beginning in the early 1960s, development continued on the East Mesa, but shifted north of I-40 and east of I-25 to what is now known as the Northeast Heights. The boom in population growth and housing over the last quarter century made the “Heights” the largest and most prosperous regional development area. This area was laid out on a grid system with primary arterials placed along the section lines in accordance with the government survey system. Until more recent planning and development, strip commercial and multifamily land uses were placed along the major arterials, forming a buffer for the single-family residential neighborhoods within the square-mile sections. More recently, curved streets and clustered non-residential uses have become more typical of development. The easternmost area of the Northeast Heights has a preferred location at the base of the Sandia Mountains and should remain in high demand for residential buyers for the foreseeable future. The foothill area contains much of the region’s most expensive housing.

Centered around the core of the Central Business District are a number of locally named neighborhood overlay districts including Old Town on the far west, Martinez Town/Santa Barbara to the northeast, East Downtown or “EDo” and the Huning Highlands Historic District extending up Central Avenue to the east, Barelbas to the south, Wells Park to the north, West Downtown, Forth Ward, Reynolds Addition and Country Club area immediately west and southwest of downtown and Sawmill at the northwest corner south of I-40 and east of Rio Grande Boulevard. The subject competes within these sub-districts. Existing Sector Development Plans are in place for all of these districts with specific development and land use concepts.

The city’s second major urban center, called “Uptown,” was created near I-40 and Louisiana Boulevard at the approximate center of East Side development. Initiated in the 1960s when two regional shopping centers were developed within a quarter mile of each other, Uptown was Albuquerque’s fastest-growing commercial and financial center during the 1970s and 1980s, and that trend is resurfacing with the development and expansion of ABQ Uptown.

As the supply of land on the East Mesa became scarce, there was a shift in development emphasis to the West Mesa. The West Mesa initially competed with the East Mesa on the basis of less-expensive land. More recently, the Southwest Mesa has been fulfilling that role.

Neighborhood Description

For purposes of this assignment, the subject’s general market area is physically defined as the downtown market area of Albuquerque, bordered by I-40 on the north, I-25 on the east, the Rio Grande on the west and Avenida Cesar Chavez/Bridge Boulevard on the south.

Land uses are a mix of concentrated urban mid- to high-rise office, support commercial, older residential both single-family and multifamily, hotels, and institutional uses including schools, government buildings and hospitals. There is some new construction and redevelopment in this area as it continues to be a popular, eclectic center of the community, but most of the recent activity has been new multi-family residential or adaptive reuse projects.

Development has reoccurred over the years as older properties become obsolete. However, public redevelopment incentives have spurred some projects. Further redevelopment is anticipated over time but office development is not likely to occur until economic conditions improve or there is a local stimulus to encourage business expansion to absorb the abundant vacant space now available. There is some

incompatibility of industrial, residential and older non-conforming uses, which can diminish the appeal for any redevelopment opportunities in certain locations. Non-conforming uses will likely be redeveloped over time, as land is not readily available.

All public utilities are available in the area. Some street infrastructure is older and in need of general repair. The topography drops from the valley escarpment along I-25 then becomes generally level as it drains toward the Rio Grande. Some lower areas have historically had problems draining during flash flood rains, so detention basins and pumping stations have been built to collect and divert water.

The subject is at the perceived edge of the downtown core yet is in an established, centralized area offering quick access to the downtown and the entire metro area. It is very convenient to employment, health care, public buildings, schools and services. The area west of downtown quickly transitions from concentrated downtown development and older pre-WWII eclectic housing, to the verdant residential setting of established homes near the Albuquerque Country Club, Zoo, Botanical Gardens and Tingly Beach. The country club area has historically been attractive to upper-priced housing.

Downtown Redevelopment

Downtown is the governmental and banking center of the metropolitan area, with office buildings representing the primary land use. However, during the 1990s, Uptown emerged as the preferred area for professional office space and downtown buildings experienced several years of high vacancies. In response, over the last 15 years, public and private partnerships fueled a major construction and growth phase for downtown, adding a mix of residential, office and retail projects. Major developments include the following.

- *Alvarado Entertainment Center.* This project is part of an \$80 million redevelopment of a 12-block district bounded by Central, First, Third, and Coal. The first phase was a three-story development anchored by a 14-screen movie theater, with retail and restaurant space on the ground floor and office space on the second and third levels. Included in the initial phase was a 650-space parking garage. The project includes a series of five buildings that sit in front of the parking garage, including space for additional retail, restaurants and condominiums.
- *Alvarado Transportation Center.* This public project, located between the railroad tracks and First Street, houses the city's transit services, Greyhound bus station, and train station. The center is designed to be reminiscent of the historic Alvarado Hotel, a railroad hotel that dated back to the 1900s and was demolished in 1970. The first phase of the project was completed in 2002 to serve Albuquerque's regional transit system, ABQRide. The second phase, completed in 2006, added facilities for Amtrak, Greyhound Lines, and the New Mexico Rail Runner commuter rail line.
- *New Courthouses.* Three new courthouse buildings include the Federal Courthouse completed in 1999, located on the north side of Lomas between Fourth and Fifth Streets; the 272,000-square-foot District Courthouse at the southwest corner of Fourth and Lomas, completed in 2001; and the Metro Court Building at the northwest corner of Fourth and Lomas completed in 2003. A parking garage is also part of this project.
- *Social Security Building.* This \$17 million, five-story regional call center for the Social Security Administration houses approximately 650 employees. The building is located at the southeast corner of Sixth Street and Lead Avenue.
- *Gateway Center.* A 25-acre tract at the northwest corner of Lomas Boulevard and I-25 has been developed as a mixed-use commercial park. This includes the Embassy Suites Hotel built in 2005 and TriCore Laboratories north of Lomas Boulevard.
- *Federal Building.* A federal office building for two agencies (Social Security Appeals Court and Bureau of Reclamation) are located at Broadway and Roma, just south of Lomas.
- *Hotel Parq Central.* This is an adaptive reuse of the historic ATSF railroad hospital on Central Avenue just west of I-25. This was converted in 2011 to a 74-room luxury boutique hotel.

- *UNM Innovate ABQ*. This is the most significant downtown development proposal in years and involves the University of New Mexico, the city of Albuquerque, Bernalillo County and private sector in the planned redevelopment of a +-6.5-acre city block formally occupied by the First Baptist Church at Central Avenue and Broadway Boulevard NE. This will become an academic/business incubator for upstart business and technology development. This project will include classroom space and dormitory housing and link the UNM campus with local business and the entrepreneurial spin-off potential associated with the Sandia Laboratories. Meanwhile, the former Library space in the old Albuquerque High School project has been occupied by an Internet innovation incubator known as Fat Pipe ABQ. Central New Mexico Community College has also started to extend their campus into downtown by occupying a large portion of the First Plaza galleria building for technical trade programs, known as STEMulus Center. These innovated steps, if prove successful, should have an energizing impact to an area stalled by the recent recession.

Downtown Housing

New housing added to the downtown area in recent years includes the following.

- Romero Rose has developed three projects along Silver Ave SW between 1st and 3rd Streets including the 212-unit *Silver Gardens*, a two phase mixed-income apartment; *The Elements*, the first phase of eight townhouse units that first became investment rentals as market conditions for SFR sales declined but has since seen the units sell; and the recently completed *Casitas de Colores*, a 70-unit mixed income LIHTC project, including 49 units targeted to households at 50%, 40% and 30% AMI plus 21 market rent units, but no 60% AMI units.
- *Villa de San Felipe Apartments*. This is one of the older tax credit projects, a 161-unit complex built in 2001 by GSL Development at Eight Street and Coal Avenue. It includes studios, one-bedroom and two-bedroom apartments plus a pool and clubhouse. Approximately 40% of the units are set aside for low-to-moderate income households under the LIHTC program.
- *Huning Castle Apartments*. This project includes 63 luxury units located on Central Avenue one mile west of the Downtown Central Business District and one-half mile east of the Old Town Albuquerque historic district. It was completed in 2004. Unit sizes are from 599 square feet to over 1,500 square feet, and rents are at the top of the market.
- *Lofts at Albuquerque High*. The first major downtown residential redevelopment project was at the old Albuquerque High School, located at Central and Broadway. Paradigm Development, with support from the city of Albuquerque, has transformed the former Albuquerque High campus and its immediate surroundings into a trendy, loft-style residential community. The first phase included 74 rental units, which leased very quickly, followed by several buildings built to be sold as condos. The final phase, called the BelVedere, has 54 new lofts and townhomes, some were sold but many are being rented. Typical prices start at \$119,500 to over \$300,000. Portions of the project have first level office and retail space. Parking is available in an adjoining city-owned structure. The resounding initial success of the Lofts at Albuquerque High gave other developers the confidence to renovate old buildings into residential lofts.
- *The Gold Avenue Lofts*. This is a six-story \$10 million project with street level retail, second-floor office live/work units and 32 residential condos above. Construction was completed in late 2004, at which time six units were sold. Additional sales have been slow, which is attributed to both inconsistent marketing as well as pricing. Prices for finished units are now just over \$200,000 to over \$500,000.
- *The Silver Lofts*. This 47 unit, three-story loft condo project is located at 803-837 Silver Avenue SW and consists of one- and two-bedroom units with garage residences and live/work lofts. Built in 2006, the project sales have varied and some investor/buyers now rent the units.

- *The Banque Lofts* at Third Street and Central is a 2006 redevelopment of the eight-story historic First National Bank building. Sunrise Bank and offices occupy the first and second floors, with plans for up to 35 luxury residential condominiums on the remaining floors. This project has had little activity and is partially incomplete while tenants occupy some units.
- *The Residences @ Anasazi*. Located at 6th and Central, this nine-story project has commercial located on the first floor and 45 one- and two-bedroom condo units on the remaining floors. Unfortunately, due to problems with the developer's business and financing, construction stopped midway and the property was foreclosed. The building suffered from vandalism and became a black eye for the city. The property was sold out of bankruptcy and work resumed in 2013 and the building is again being marketed as residential condos as of 2015 with mixed success, while the first level retail is now occupied by a charter school.
- *700@ 2nd SRO* opened a single-room occupancy workforce housing project at the southeast corner of Lomas and Second Street. The developer is the Supportive Housing Coalition of New Mexico. This is an LIHTC project with most units at less than 60% AMI but is unique since it contains 72 micro-efficiency sized units with 18 units specifically set aside for the recently homeless and the disabled. The lower floor contains a variety of community spaces including several devoted to resident services such as job skills training, vocational and GED support, counseling, substance abuse treatment, health care, financial literacy, budgeting, and home ownership training.
- *The Sawmill Community Land Trust* (Arbolera de Vida) has redeveloped 27 acres over the past 13 years east of Rio Grande Boulevard at Bellamah Avenue. Currently, there are 93 affordable single-family homes, 122 Low Income Housing Tax Credit apartments, 46 affordable senior apartments, 112 new conventional rentals, live/work commercial space and community gardens and open space. In the past two years affordable townhome condominiums have been added. The project has been met with notable success at the \$166,900 to \$225,000 price range.
- *The Villas* is north of the subject area, on the north side of Menaul Boulevard west of I-25. This 203-unit townhome infill project was started in 2007 by KB Homes. Most of the units are now sold and resales are now priced from \$118,000 to \$198,000 for two to three bedrooms with attached garage units. The gated community has a clubhouse, pool and hot tub.
- *Plaza Ciudadana* is a 68-unit low-income housing tax credit project at the corner of Broadway Boulevard and Indian School Road, south of I-40. The Greater Albuquerque Housing Partnership developed this project and it was completed in phases in early 2014 and quickly leased up by June 2014.
- *Silver Moon Lodge* is a 151-unit LIHTC urban apartment that opened in mid November 2014 and is located west of downtown on the south side of Central Avenue SW at 10th Street SW north of Park Avenue. The project includes a four-story building with 86 efficiency units and 65 one-bedroom units of 9 different sizes and configurations. The ground level corner includes a 4,200-square-foot retail commercial shell space.
- *Quatro* is the latest LIHTC downtown apartment project, a 56-unit senior infill between 4th and 5th Streets north of Lomas.
- *The Imperial* is a mixed-use and mixed-income LIHTC project on Silver and 2nd Street SW that includes 74 units plus a ground level urban grocery store that opened in the summer of 2016.
- *The Agave Townhomes* has 11 luxury units at 1900 Central Avenue SW. These are large 1,900-square-foot, 3-bedroom/2.5-bath/2-car garage units. Initially offered for sale, they became rentals for \$1,295 to \$1,350+ per month, but in the past year a new owner relisted them for sale and sold many by auction from \$182,000 to \$225,000, much less than originally offered.
- Another downtown condo project that will include 14 new townhome units is under construction at 14th Street SW and Coal Avenue. These large three- and four-bedroom two-car garage units are now priced from \$365,900 to \$489,900. Only three have been built and sold and the pricing may be higher than the willingness of the market.

- *Country Club Plaza* is the latest conventional apartment located at 1700 Central Avenue SW, a few blocks from the subject. The mixed commercial/apartment building includes 23 small one- and two-bedroom units and is successfully leasing up as of July 2016.
- Several new infill projects including attached townhomes have been developed in areas west of the downtown and extending north across I-40 into the North Valley. Most originally experienced good market acceptance but sales slowed in the recession with a decline in demand for condos and townhomes following the recent housing market crash. Many ended up in the rental market. More recently, this market is showing signs of improvement in terms of closed sale activity, absorption of supply and even improved pricing. Projects put on hold are now moving forward, but on a smaller scale.
- Conversions of buildings into condos have also added supply such as the 6th Street Loft Condominiums at 600 Central SW (Quickel Building), The Lofts @ 610 Central SW (16 units), the Bell Trading Post Lofts at 1503 Central Avenue SW (15 units) and the luxury Banque Lofts at 219 Central NW (35 units planned). Some of these projects have been met with mixed success, mostly due to poor market timing at the height of the housing crisis. The most popular conversions include the older high rise Park Plaza and Alcalde Place near the Albuquerque Country Club.

Roads and Transportation Systems

I-40 to the north side of downtown has numerous exits including Rio Grande Boulevard, 12th Street and 5th/6th Street. Interstate 25 is located two miles east of the subject and provides excellent access to and from virtually all areas of the city. Access to the subject from I-25 is via on/off ramps at Lomas Boulevard, Martin Luther King Jr., Central, Lead and Coal Avenues.

Public transportation is available from ABQRide, with connections with the Greyhound Bus Terminal, the Rail Runner commuter train and daily Amtrak service at the Alvarado Transportation Center at 1st and Central Ave. A free trolley serves the downtown area.

Shopping and Services

Commercial development in the subject area is currently limited to entertainment, eclectic retail and restaurants. The Century Rio multiplex is at the southwest corner of Central and First Street.

Small grocery store markets include the Country Club Food Store at Coal and 8th Street, Arrow Supermarket at 4th Street near Bridge, and Lowe's at Lomas and 12th and the recently completed market in the Imperial Building at Silver and 2nd Street. There are also scattered convenience stores to the north of the subject on Lomas. Walgreens has built a new store on 12th Street north of I-40. The nearest full service grocery store is 2.5 miles northeast on Indian School and Carlisle (Whole Foods) or Menaul and Carlisle (Wal-Mart). Other commercial retail, services, restaurants and motels can be found in the Old Town area of Central Avenue and Rio Grand Boulevard.

Health Care Services

Downtown is the city's center for health care, and major hospitals are located within one to two miles of the subject. These include Lovelace Medical Center, Lovelace Heart Hospital, Presbyterian Hospital and UNM Hospital. Doctor's offices and clinics are also located nearby. Health Care for the Homeless is located north of the subject at First Street and Lomas. Health care employment is a substantial influence to this area, likely creating demand for nearby housing at least for the service sector of the industry.

Schools and Public Facilities

The area is well served by public schools, parks, churches and similar facilities. Longfellow Elementary School, Lew Wallace Elementary School and Eugene Field Elementary, Washington Middle School and Albuquerque High School serve the area. Amy Biehl Charter High School is centered in the downtown core.

The Albuquerque Convention Center, Civic Plaza, and city and county office buildings are all within the downtown core while the Historic Old Town and many of the public museums are within walking distance of the subject.

Summary and Conclusions

Since the late 1990s downtown Albuquerque has been in a phase of growth and revitalization. Numerous new public and private developments have enhanced the perception of downtown as a viable workplace, entertainment, and residential district. New development in the downtown housing market has been mainly lofts or live/work condominiums, which had originally shown good buyer acceptance. With the declining housing market, sales activity has slowed while the rental market remains strong and occupancies found as part of this assignment are high.

The subject is near the perceived edge of the downtown core yet in a superior location relative to other sectors of downtown. It is very convenient to employment, health care, public buildings, schools and services. However, the current housing market has diminished feasibility for any widespread redevelopment opportunities, unless backed by civic redevelopment efforts and incentives. Non-conformity or incompatibility will continue to restrict cohesive future development of this area unless a concentrated effort to establish sector development programs is encouraged.

Site Description

The subject is rectangular-shaped tract located at the northeasterly corner of Marquette Avenue and 12th Street NW. The property consists of an assemblage of four lots measuring 100' x 142' with a site area estimated at 14,200 square feet or 0.326 acre.

The site is flat and even with or slightly above the level of the surrounding streets. Access is primarily along 12th Street NW though rear gravel-paved alley access permits entrance to the rear of the building and provides access for utilities.

Fencing and walls may encroach adjoining property lines as the subject and adjoining property to the north are commonly owned. In this case, there is no clear division between 300 and 308 12th Street due to shared courtyard walls, covered breezeways and overhangs. The connecting room between the north side of 308 and the adjoining residence at 314 12th Street NW straddles the property line. I will assume this 373-square-foot addition is part of the subject appraised and a surveyed encroachment or easement would be created in the event of transfer.

I was not provided with a Phase 1 Environmental Site Assessment, but have no reason to suspect contamination or adverse conditions.

Zoning

The site is within the city limits and is zoned SU-2/SF Single Family Zone. This area is part of the Downtown Neighborhood Area Sector Development Plan and is also subject to the Fourth Ward Historic Overlay Zone. This is a Special Use Neighborhood Zone, yet provides for a mixture of uses including a wide range of mixed residential density and some commercial office uses controlled by the specific Sector Development Plan.

Aside from permitted uses and setbacks for buildings and parking as described in the basic zoning, specific design guidelines for construction are enforced in the Historic Overlay. The property as improved would appear to be a non-conforming use under this classification. The building at 300 12th Street has been identified as non-contributing to the historic overlay inventory. One issue is the required parking which rarely conforms to most properties in the area so parking requirements are frequently not enforced given the nature of small properties.

Flood Zone

The property is within Zone X-500 of FEMA map number 35001C0333H (8/16/2012). According to the InterFlood map as shown in the *Appendix*, the shaded Zone X and is outside the nearby 500-year flood zone that is protected by levees. Street flooding is most common in some areas. This area has not seen floods for years due to protection from improved levee construction and up-stream dams on the Rio Grande.

Property Tax Information

Property taxes are administered by Bernalillo County on behalf of itself and other entities. The subject building has the following tax identification number: 1-013-058-437-076-42001. The assessed value for 2016, taxable value and current annual real estate taxes are as follows:

Land Value:	\$99,800
Improvements:	<u>\$413,900</u>
Total AV	\$513,700
Taxable Value:	\$171,216
Annual Taxes:	\$9,067.42

Annual taxes are based on 1/3 of assessed value at a tax levy rate of 52.959 per \$1,000 taxable value. All taxes due and payable are current according to the Bernalillo County Treasurer. The assessed value appears to be low relative to market value, not uncommon in this jurisdiction.

Property Description

Plans showing the general building layout and space division with building area calculations are included in the *Preface*. Note that this property appraisal does not include 314 12th Street NW but does include the connecting room between these buildings.

The property consists of three interconnected buildings with a total measured gross building area of approximately 10,329 square feet. The property is an adaptive reuse of an historic commercial grocery market, a two-story warehouse and a converted single-family home, all used in recent years by an owner-occupied architectural firm.

300 12 th Street	Studio/office	3,756 square feet
300-B 2 story	Studio shop	3,047
300- Work Shop	Shop	984
308 12 th Street	Studio/office	2,169
Connecting room attached to 314 8th		<u>373</u>
Total		10,329 square feet
Total without connecting room		9,956 square feet

The building at 300 12th Street is a former tile-block neighborhood grocery market attached to a two-level masonry tile-block warehouse apparently built in the 1920s or early 1930s. The main level includes 3,756 square feet. There is a partial 1,575-square-foot basement storage area, not included in the building area. A crawl space extends to the front of the building. The property was redeveloped in the early 1970s and was substantially remodeled again in the early 1990s to include a 573-square-foot rear conference room addition built on a slab. The exterior walls are synthetic stucco over masonry with minimal commercial

single-pane windows on the front façade and aluminum sliding doors leading to the interior courtyard. Many of the original side elevation windows have been covered, but the openings and wood frames are still in place. The flat, ballasted built-up roof is older though an inspection could not be made. The layout is demised with light-frame partitions to include three private offices, a large open work area, two conference rooms, reception area, kitchenette, copy room, and only one non-ADA restroom. Most of the walls and ceilings are textured and painted drywall but the flooring appears to be mostly original hardwood floors with some carpet and tile. Lighting is a combination of flush mounted florescent fixtures and incandescent track spotlights. Heating is provided by two gas forced air furnaces and rooftop air conditioning units. The electrical service is shared with adjoining buildings and is at least 200 amps. The building is not sprinklered but has smoke detectors and a security system. The buildings have average-quality-interior finishes and are in average- to below-average condition due to typical occupancy wear. Some cracking in the exterior walls was noted.

The two-level tile-block building referred to as 308-B 12th Street was built in the 1920s and is now connected to 300 12th Street by a frame-finished-shop annex and an unfinished workshop garage, apparently added around 1990. This building contains 3,047 square feet and with attached shop spaces totals 4,031 square feet. The exterior walls are both stucco and exposed tile block. The roof is flat and has recently been replaced with membrane roofing. The first level is an open studio with one restroom including a shower and the upper level is an open studio space that is currently leased separately. Finishes include concrete flooring while the upper level has hardwood floors, exposed tile block walls, a mirrored wall and exposed steel-truss roof beams. The rooftop furnace/air conditioning unit is new, which replaced an evaporative cooler. Upper level windows are vintage single-pane in metal casement frames.

The attached-shop space includes a finished copy room and an unfinished garage shop with exposed truss joists, wall air units and T-111 plywood exterior walls. There is a rear courtyard space fenced from the alley allowing window lighting.

The converted residence at 308 12th Street is older, apparently built after the turn of the century. The exterior has an appearance of a 1.5-story residence but the interior has been substantially altered to include perimeter offices, kitchen break room, two restrooms and a central vaulted space with upper level loft offices. There is a 373-square-foot attached room connecting the adjoining residence at 314 12th Street that is included in this building's calculated building area for a total of 2,542 square feet, "as is". Without this connecting room the building is 2,169 square feet while the total property area becomes 9,956 square feet. There is also an unfinished basement of 369 square feet not included in the building area. *Note, the home at 314 12th is not included in this appraisal report value conclusion.*

The exterior of 308 12th Street is stucco lath over frame and the foundation is concrete. The gable roof structure has asphalt shingles. Windows include wood casement and sliding and plate-glass windows in aluminum frames along the rear facade. The interior is now drywall or plaster over wood planks while ceilings are finished redwood siding in vaulted areas. Some built-in wall cabinets and shelves divide spaces. The kitchen is modern with all appliances. The home has gas forced air heating and air conditioning. There is a front open porch and a brick back porch leading to a courtyard between 300-B.

Parking is limited to four spaces on the front elevation, partially covered by a laminated wood-beam canopy connecting 300 to 308. A stucco courtyard wall encloses a brick and grass courtyard area with a small pond feature. There are a number of large mature trees. With limited parking, occupants are dependant on side-street parking on Marquette Avenue as no parking is allowed on 12th Street NW (1 space per 2,582 square feet building area). Lighting is building mounted. There is an attached, frame-storage shed along the alley.

Property Condition/Functional Utility

The age of the property is approximately 25 to 100 years. The overall condition of the property is average for a building of this age though the finish level is dated and somewhat worn. The last major remodeling was done in the early 1990s with minimal updating in recent years. The roof over the two-story 300-B and furnace and air conditioner have been replaced in recent years.

Some items of deferred maintenance include rotting of wood doors and T-111 plywood siding and trim along the rear elevation. Some of the exposed exterior tile block mortar may need periodic tuck-pointing. Some of the original single-pane-steel casement windows tend to lack energy efficiency but replacement can be cost prohibitive. Stucco cracking is noted in places. The asphalt shingled roof and older built-up roofing may need replacement in the near term.

The space has been owner-occupied for years by an architectural firm but could be configured for one or more tenants, potentially through demising space for multi-tenants or with shared executive suite studios. Conversion to condominiums where common area courtyard and wall space is defined is an alternative but somewhat cost prohibitive and not commonly done in this submarket.

Functionally, the utility of the floor plan layout is set up for both private offices with window/door openings and open workstations. Some of the non-bearing frame demising walls can be removed to enlarge rooms if needed but the core of the structure would be difficult to reconfigure. It would not be difficult to subdivide the space to two or three occupants. The rear space has a separate alley door entrance and restroom so it could be demised from the front space. The freestanding 308 12th Street could be occupied separately, but legal splitting of the lot is difficult due to encroachments. It could be converted back to a residence as the kitchen and baths remain. The HVAC units, gas meter, electrical panels and water service are common so the utilities would need to be shared or paid by the owner/landlord unless prorated. It appears that the electrical service connects to adjoining buildings which would need correction.

The building sits back close to the street curb and is screened by a stucco courtyard wall, reducing its visibility but creating a buffer from the traffic and creating a desirable private setting. The architecture may appeal to law offices, design firms, artists or specialty businesses attracted to this area.

The utility of the floor plan layout has some functional issues for some users. Most buyers and prospective tenants would anticipate conducting improvements to the property to suit their needs. The size of the property is larger than most users in this localized market area. Limited parking is an issue for some potential occupants.

Subject Competitive Position

The subject property is located within a historic residential district with reasonable access but limited traffic volume and visibility. This is a transitional area with mixed commercial and residential uses outside the centralized commercial/office business centers. However, the eclectic historic nature of the area and the subject property may be attractive to certain occupants relative to other basic office choices available in the market. Although this area is not commonly recognized as a concentrated office location such as Downtown, Uptown or in other planned business parks, there are a number of examples of law offices and professional services that have located in this area in recent years. The Albuquerque law community is attracted to distinctive residential home conversions, especially older vernacular homes. Many are located west of the downtown core or near the courthouses where zoning is permissive to office use. However, most of these homes are basic, small vernacular bungalows built in the early 20th century, only suitable for small firms. The subject is larger than most of these home/offices. These offices actively sell for prices that can exceed the value of a typical single-family home in the area and at times even general office space prices per square foot, mainly due to the smaller size. The subject is considerably larger, though could be split for multiple occupancy. Parking is limited given the number of private offices so users that have frequent visiting customers may be constrained.

Again, office users tend to be small law firms, design studios or nonprofit groups. Medical office uses are found closer to the hospital in buildings designed specifically for this use. The subject lacks ADA accessibility for some public uses. The predominance of retail or service businesses locate in commercial properties with major street frontage.

Highest and Best Use

Highest and best use is the most probable and profitable use to which a property might be adapted, based on consideration of alternative legal uses for which the property is physically suited and for which there is a market. The four criteria of highest and best use are (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive. For appraisal purposes, highest and best use analysis is a two-step process, which first considers the site as if vacant and then the combination of land and existing improvements.

Highest and Best Use as Vacant

Legally Permissible. The subject is zoned SU-2/SF Single Family Zone and is also is part of the Downtown Neighborhood Area Sector Development Plan and subject to the Fourth Ward Historic Overlay Zone. These zoning classifications impose additional approval restrictions on properties but are actually intended to protect areas from non-conforming development. Although any proposed use becomes somewhat speculative, in most cases the overlay zones and sector development plans do not diminish the value potential of most properties. The zoning would likely allow most office, limited commercial activities and certain institutional uses, compatible to the area. Heavy retail or highway oriented uses are not likely to get approval. Alternatively, residential uses are still encouraged in the area, with medium densities of single family or townhome-type projects. The site is somewhat small for a major project.

Physically Possible. The platted lot contains an estimated gross area of approximately 14,200 net square feet, somewhat small for most new developments especially those needing on-site parking. The site is located at a corner yet has rear alley access. The topography does not present a development problem. Given its smaller size, it could be assembled with adjoining properties for a larger site development.

Financially Feasible/Maximally Productive. Given the site's zoning, size and location, a new non-residential development consistent with the zoning is a less probable use for the land as if vacant given the frontage on a minor collector street. New residential infill development is readily occurring and the property would be ideal for a small, medium-density townhome/condo project, designed to meet the requirements of the overlay district. In fact, there are a few projects under development within blocks of the subject indicating demand and feasibility.

The highest and best use of the land as if vacant is a medium density, multiple-unit residential use or hold until the market recovers and construction is economically feasible.

Highest and Best Use As Improved

The subject is improved with a compound of studio/office buildings. Interior finishes are of average quality and the buildings are in average condition. Relative to basic land values in this area, these improvements contribute substantially to the overall value.

Although once two properties, the conversions over the years to create one business operation have encroached property lines so splitting the properties to be sold separately is challenging. Even the connecting room to the adjoining residence at 314 12th Street would be problematic, unless door openings are closed and a party wall agreement is made. It could be removed as it adds little to the utility of either property. Most likely, the subject would be maintained as one property. An investor would see the property for its rental income potential to multiple tenants. However, the net income after operating expenses may result in a capitalized value indication less than what is being paid by owner-occupant buyers in the area. This difference will be demonstrated in the following sales comparison and income approaches. Ideally, an owner-occupant or at least a part owner-occupant buyer is the most probable buyer, reflected in many of the sales found.

The subject's unique historic setting should be attractive to many tenants or buyers in the market looking for distinctive landmark space, especially the law community or design firm professionals. Even though the building has an older core structure, it should compete with most generic modern buildings of similar class. Given the subject's condition, quality, features and history, it would likely be very attractive to another design or law firm or similar profession.

VALUATION

Problem Analysis and Data Interpretation

The subject of this appraisal is a studio/office building and residential-office conversion. Market value of the fee simple interest is estimated since there are no long-term leases in place. The purpose of the appraisal is to provide an estimated opinion of market value of the fee simple interest “as-is” to assist the client in property investment decisions.

Of the three standard approaches to value only the income approach and sales comparison approach were developed since the cost approach would not provide a meaningful indication of market value given the age and depreciation of the older improvements.

The sales comparison approach includes an analysis of a variety of sales and current listings of similar buildings located in the nearby competitive market area. The sales represent both fee simple purchases and some partial leased fee transactions.

The income capitalization approach analyzes the property as an investment alternative. Estimated net market rent is based on actual and asking rents for similar properties, and is combined with deductions for vacancy and expenses to develop a projected first year net operating income. The direct capitalization method uses an overall rate derived from building sales in Albuquerque or from trends from other published sources. There are no long-term leases so leased fee estate is not valued in this case.

Full development of the cost approach including a formal land value was not conducted, as it offers no meaningful indication of value. Estimating land value at this built-up location and measuring all forms of accrued depreciation is difficult.

In the Reconciliation section, a summary of important points of each method is presented in support of a final estimate of market value.

Sales Comparison Approach

This approach develops an indication of value by analysis of prices paid in actual transactions of similar properties. The reliability of this approach is dependent upon the availability and quality of comparable sales data. I have considered a group of sales that closed between June 2013 and June 2016. I have also included current listings and reconciled this data with the recent sales uncovered. Older sales were considered but not included in this analysis due to questions of changing market conditions prior to 2010.

The selection of sales was first concentrated within the subject’s specific market area location near the perimeter of the central business district. Many residential office/conversion properties are concentrated north and west of the downtown along the Central Avenue and Lomas Boulevard corridors or adjoining side streets. Most are modest homes on small lots and are occupied by one or more office tenants, yet still retain most of the historical architectural features. Albuquerque has an active market for this type of office conversion, attractive to many small legal and design firms. Zoning in most of these areas are permissive of this type of use. Sales 1-7 are examples in the immediate area.

Since most of the homes are smaller than the combined scale of the subject, I have also considered sales of larger traditional office buildings of this vintage for comparison. The larger buildings tend to be multi-tenant investment properties instead of owner-occupied buildings. Sales directly within the core of the downtown or sales outside the downtown in business park settings were not comparable but they do establish a competitive value base.

Another area with a similar mix of neighborhood-setting offices attractive to buyers in the immediate area are near the University of New Mexico campus and Nob Hill district off east Central Avenue where values and rental rates are similar. In this case, sales of larger buildings were used from these locations so show some of the adjustments expected for a building with a larger size. It is important to understand that smaller offices can command higher price per square foot over larger space.

Sales are summarized on the adjustment matrix, with details, photographs and a location map included in the *Appendix*. Adjustments are applied to indicate an adjusted price per square foot for the subject.

Comparable Sales Summary and Adjustment Matrix

Address Grantor/Grantee	Subject 300-8 12th St NW Albuquerque	Sale # 1 925 Luna Cr. NW Albuquerque	Sale # 2 503-7 Slate Street NW Albuquerque	Sale # 3 1001 Gold/213 10th St. SW Albuquerque
Item	Data	Data Adj.	Data Adj.	Data Adj.
Cash Equiv. S.P.		\$525,000	\$306,000	\$260,000
Square Foot Area	10,329	3,667	3,627	2,142
Sale Price per S.F.		\$143.17	\$84.37	\$121.38
Terms		Cash to seller	Cash to seller	Cash to seller
Date of Sale/Appraisal	9/28/16	4/27/15	3/30/16	6/20/13
Mo to Date of Value	9/28/16	17.1	6.0	39.3
Mo. % Adj. For Time &/Or Market Conditions	0.00%	0.0%	0.0%	0.0%
Time Adjusted \$/SF		\$143.17	\$84.37	\$121.38
Other % Adj.				
Location	NW Downtown	Lomas/Superior	Superior	Similar
Size	10,329	3,667	3,627	2,142
Age/Condition	Older/Avg	Older/Avg+	Older/Avg-	Older/Avg
Land to Bldg. Ratio	1.37	2.67	3.37	3.31
Quality/Finish	Average	Superior	Inferior	Inferior
Features	Studio/office	Office suites	Office/res	Office/Studio
Site Improvements	Courtyard	Paved parking	Courtyard	Courtyard
Occupancy	Owner Occ.	Part leased	Part leased	Vacated
Other	Part Basement	Basement/stor.	Garage storage	Part basement
Net Adjustment		-40%	-5%	-28%
S.F. Value Indicated for Subject		\$85.90	\$80.15	\$87.39

Address Grantor/Grantee	Subject 300-8 12th St NW Albuquerque	Sale # 4 500 17th St. NW Albuquerque	Sale # 5 505 14th Street NW Albuquerque	Sale # 6 1014 Lomas Blvd. NW Albuquerque
Item	Data	Data Adj.	Data Adj.	Data Adj.
Cash Equiv. S.P.		\$250,000	\$220,000	\$325,000
Square Foot Area	10,329	2,112	1,467	2,096
Sale Price per S.F.		\$118.37	\$149.97	\$155.06
Terms		\$6,500 Seller concession	Cash to seller	Cash to seller
Date of Sale/Appraisal	9/28/16	8/13/14	6/10/16	7/31/13
Mo to Date of Value	9/28/16	25.5	3.6	38.0
Mo. % Adj. For Time &/Or Market Conditions	0.00%	0.0%	0.0%	0.0%
Time Adjusted \$/SF		\$115.29	\$149.97	\$155.06
Other % Adj.				
Location	NW Downtown	Lomas/Superior	Similar	Lomas/Superior
Size	10,329	2,112	1,467	2,096
Age/Condition	Older/Avg	Older/avg-	15/Avg+	Older/Good
Land to Bldg. Ratio	1.37	2.15	2.42	2.54
Quality/Finish	Average	Average	Average	Average
Features	Studio/office	Office/+Res	Live/Work	Live/Work
Site Improvements	Courtyard	Similar	Courtyard	Courtyard
Occupancy	Owner Occ.	Leased	Owner	Owner
Other	Part Basement	None	Garage	Part Bsmt
Net Adjustment		-21%	-43%	-42%
S.F. Value Indicated for Subject		\$90.08	\$85.48	\$89.93

Brooks Pearsall Zantow LLC

Comparable Sales Summary and Adjustment Matrix

Address	Subject 300-8 12th St NW Albuquerque	Sale 7 700 Roma Ave NW Albuquerque	Sale 8 122 Bryn Mawr Dr SE Albuquerque	Sale 9 4221 Silver Ave SE Albuquerque
Grantor/Grantee				
Item	Data	Data Adj.	Data Adj.	Data Adj.
Cash Equiv. S.P.		\$165,000	\$375,000	\$375,000
Square Foot Area	10,329	1,591	3,260	4,034
Sale Price per S.F.		\$103.71	\$115.03	\$92.96
Terms		Cash to seller	Contract	Cash to seller
Date of Sale/Appraisal	9/28/16	8/27/15	6/1/14	6/24/16
Mo to Date of Value	9/28/16	13.1	27.9	3.2
Mo % Adj. For Time &/Or Market Conditions	0.00%	0.0%	0.0%	0.0%
Time Adjusted \$/SF		\$103.71	\$115.03	\$92.96
Other % Adj.				
Location	NW Downtown	Similar	Superior	Inferior
Size	10,329	1,591	3,260	4,034
Age/Condition	Older/Avg	Older/Avg	Older/Avg	46/Avg
Land to Bldg. Ratio	1.37	3.17	2.18	2.97
Quality/Finish	Average	Inferior	Similar	Similar
Features	Studio/office	Off.+studio	Off+res.	Off./daycare
Site Improvements	Courtyard	Paved Lot	Paved Lot	Paved lot
Occupancy	Owner Occ.	Vacant	Leased	Expired
Other	Part Basement	Part Bsmt	Part Bsmt	Basement
Net Adjustment		-13%	-24%	-8%
S.F. Value Indicated for Subject		\$90.23	\$87.42	\$85.52

Brooks Pearsall Zantow LLC

Adjustments to Sales

Adjustments for differences between the subject and the sale properties attempt to make the comparable sales equal to the subject as of the date of appraisal. In order to make adjustments to the comparables, I have relied on market data where possible, but made logical adjustments where appropriate. Adjustments are discussed in the following categories.

Property Rights Conveyed. Some of these sales involve existing leased fee estates and are adjusted for any occupancy or leaseholds if necessary. A separate adjustment will be made for occupancy at the time of sale if it influenced price. Many are single-occupant buildings so market data does not tend to distinguish between leased or vacant buildings if the buyer intends to owner-occupy the space.

Financing Terms. All of the sales were cash to the seller or terms equivalent to cash, so no adjustment is needed. In cases, contract terms are commonly offered in the market due to recent difficulty in obtaining conventional financing. Sale 4 had a seller-paid concession so the price is adjusted downward accordingly. Sale 8 sold on a contract but terms were not favorable relative to conventional market financing so no measurable adjustment is needed.

Conditions of Sale. All of the sales were considered arm's-length transactions, and no specific adjustments are applied.

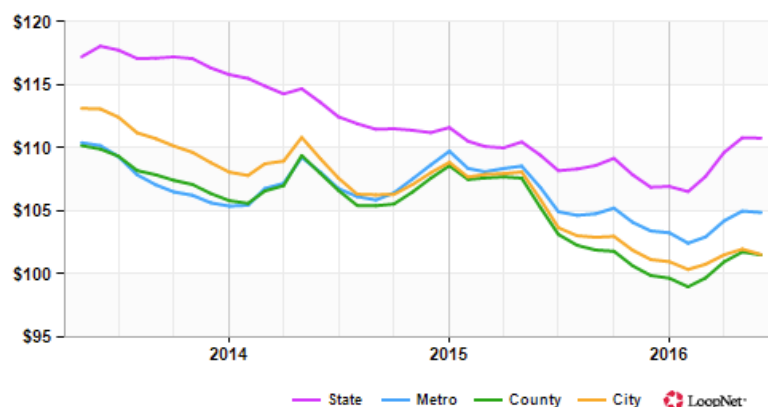
Market Conditions. All of the sales occurred within 39 months of the appraisal date with two sold within four months to ensure a true reflection of market conditions. Market evidence clearly shows price declines beginning in 2007 and discussion earlier concerning market occupancy of the office market shows high vacancy and depressed rental rates. There is still an abundant supply of listings which fuels competition.

Based on comparing the limited sales to each other and other trends in pricing, overall value declines since the peak in 2007 have exceeded 10%-30%. This trend is stabilizing in recent years and some signs show improvement. For example, LoopNet reports an overall downward trend in office asking prices in Albuquerque of approximately 4.1% per year since January 2013, but the decline is starting to stabilize somewhat with a slight increase in recent months (see graph on following table).

Office Property Asking Price Index - Sale Trends

 Embed

Asking Prices Office for Sale Albuquerque, NM (\$/SF)



Current Albuquerque market trends data indicates an increase of +0.8% in the median asking price per sq ft for Office properties compared to the prior 3 months, with a decrease of -4.1% compared to last year's prices. County-wide, asking prices for Office properties are 1.8% higher at \$102 per sq ft compared to the current median price of \$102 per sq ft for Office properties in Albuquerque, NM.

The subject area has not experienced the dramatic supply problem found in the traditional downtown high rises or other office markets in the metro. Based on a comparison of the specific sales used in this analysis, no measurable adjustment is made to the sales leading to the date of value.

Location. Sales 1-7 are all from the immediate area north or west of downtown, within blocks of the subject. Sales 1, 4 and 6 have superior frontage along Lomas Boulevard NE and have the advantage of considerable traffic at 18,100 VPD as compared with 6,200 VPD at the subject so a downward adjustment is made. Sale 2 is located on Slate Street and 5th Street NW, just one block north of the Federal and District Courthouses, superior to the subject. Sales 3, 5 and 7 are off-frontage side streets similar to the subject. Sales 8-9 are on off-frontage sites one block south of Central Avenue near Silver Avenue in the popular Nob Hill area east of UNM. Sale 8 is a location similar to the subject while an upward adjustment is made to Sale 9, which is further east from the UNM campus and considered inferior.

Size. As building size increases, the sale price per square foot generally decreases. There currently is greater demand for smaller spaces as there are more active purchasers. This is more pronounced in single-occupant buildings under 3,000 square feet, which is the typical size of many of the residential office conversions. Upper level walk-up office space also commands less value than ground level space, evident by demand and rents for two-level buildings. The combined subject size of over 10,000 square feet will require notable downward adjustment relative to many of the smaller sales.

Age/Condition Adjustment. The subject is of variable age and in average condition. Most of the comparables are all older buildings that have been updated over the years but not recently remodeled. The older dated age and/or condition of Sales 2, 4 and 7 require some upward adjustment. Sale 1 and 6 had been remodeled more recently and were in superior condition to the subject so they are adjusted downward. Sale 5 is a newer building in better condition and requires downward adjustment.

Land to Building Ratio/Parking. This adjustment considers the differences in land area per square foot of building area or inversely known as floor area ratio. In this case, the subject has a limited land area and parking is critical. Many of the sales are on smaller lots, so the quantity or ratio of parking is a function of land area so the sales are adjusted accordingly based on the contributory value of office land in the area.

Quality/Finish/Features. Most of the sales are of average Class C office quality with a mix of office and residential features. Sale 1 is has a superior functional office suite layout and is adjusted downward. Sales 2, 3 and 7 have inferior residential features and are adjusted upward. Site features included minimal parking and landscaped yard spaces.

Occupancy. This adjustment is made if occupancy or leaseholds influence price. The subject is currently configured for single- or multiple-tenant occupancy as are most of the sales. At the time of sale some were either partially occupied or effectively vacated. Many of the sale properties intended buyers were to owner-occupy all or part of the space or were leased out for investment purposes. Regardless of occupancy and buyer motivation, none of the sales require any measurable adjustment.

Other. This adjustment accounts for basement or garage storage spaces not included in the building area. Many of these older buildings had partial basements like the subject. Sale 4 lacked a basement but the contributory value of this space is much less than finished grade level space so the percentage adjustment is minimal.

Comparable Listings

Given the limited sales data within this submarket, I have also considered area listings for a basis of pricing. These are briefly described as follows.

Comparable Listings Summary

Listings				
Address	List Price	Square Feet	\$/SF	Features
A: 524 12th St./1114 Lomas NW	\$329,000	3,075	\$106.99	Off.+2 apts
B: 1118 Park Ave SW	\$295,000	3,647	\$80.89	Off.+2 apts
C: 423 14th St/1408 Lomas NW	\$399,000	1,960	\$203.57	Two offices
D: 1005 Luna Ct. NW	\$299,000	1,180	\$253.39	Res. Office
E: 823 Gold Ave SW	\$259,000	2,075	\$124.82	SFR
F: 501 3rd St SW	\$240,000	1,419	\$169.13	Res. Office
G: 1012 Lomas Blvd. NW	\$285,000	1,800	\$158.33	Res Office
H: 918 Kent Ave. NW	\$430,000	3,058	\$140.61	Res Office
I: 423 Mountain Road NW	\$225,000	1,100	\$204.55	Res Office
J: 612 1st St. NW	\$1,500,000	15,859	\$94.58	Office
K: 500 Marble NW	\$500,000	4,356	\$114.78	Office/Church
L: 1014 Lomas Blvd. NW	\$335,000	2,096	\$159.83	Res Office

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The unadjusted area listings offer varied support from \$80.89 to \$253.39 per square foot or \$225,000 to \$1,500,000. Also, note that the overall prices of these listings and of the actual sales used predominately are less than \$500,000, a common price threshold of this market. It does show a notable degree of standing competition with the subject.

After considering sales activity relative to listings, there still appears to be some disconnect between sellers and active buyers expectations, especially in the office market. Of note is the relationship between size and price per square foot. The larger buildings clearly show lower prices per square foot. Since no sales have occurred, little consideration is given to these indications

Subject Pending Contract

The subject is currently under contract negotiations involving multiple properties in this area, including single-family homes and duplex conversions. There is no established price at this time. The past subject listing at \$1,175,000 indicates a price per square foot of \$113.76. No other offers were reported at this price after an extended marketing period. All but two of the sales used took place during the period the subject was exposed to the market.

Conclusion Sales Comparison Approach

After adjustment to the comparable sales, the indicated values for the subject ranges from \$80.15 to \$90.23 per square foot or \$827,869 to \$931,986. All but two of the sales indicate values under \$90.00 per square foot. The average of this set is \$87.01 per square foot.

Based on this data, the estimated market value of the fee simple interest for the subject in its “as-is” condition is estimated to average \$87.00 per square foot. Total estimated market value from the sales comparison approach is calculated as follows.

“As-Is” Value of Fee Simple Interest 300-308 12th Street NW

Gross area square feet	10,329
Estimated value per square foot	\$87.00
Total estimated value	\$898,623
Rounded	\$899,000

For internal disposition and allocation purposes, the client has requested that we report a value that excludes or removes the 373-square-foot room connecting the subject with the adjoining residence at 314 12th Street. The market value assuming this space is omitted or removed is also estimated at \$87.00 per square and calculated as follows.

Value assuming omission of 373-square-foot connecting room

Gross area square feet	9,956
Estimated value per square foot	\$87.00
Total estimated value	\$866,172
Rounded	\$866,000

Income Approach

The income approach is based on net income expectancy and the capital requirements of typical investors in the market. Net income is the residual of rental collections after deductions are made for all expenses of normal operation, including professional management fees and an allowance for credit loss or vacancy, but excluding debt service and depreciation (recapture). The capitalization process converts net income expectancy into a value estimate using an overall rate or a market-specific unleveraged yield rate.

Contract Rent Analysis

The subject building has been occupied by the owner’s business and any business lease would not be considered arms length. The property is subject to a lease on the upper-level suite of the back building 308-B to Quantigy LLC. This lease expired on 9/21/2016 and it is my understanding it continues on a month-to-month basis. The rent has been \$1,200 per month modified gross plus utility reimbursement on 1,522 square feet (\$9.46/sf).

Market Rent Analysis

Market rent is estimated based on actual and asking rents for comparable space in the market. A number of rent comparable indications are included for this analysis. Photos and a location map can be found in the *Appendix*.

The most typical rent structure for this class of office space is modified gross, where the landlord pays taxes, insurance and some of the maintenance and some non-metered common utilities. Triple net leases require upward adjustment for tenant-paid expenses to equate to a modified basis. I will estimate the subject rent with modified gross terms. Some prorated shared utility expenses can be passed-through to tenants.

The following table is an aggregate summary of the current comparable rental indications found. These represent a sample of competitive offerings in the area. They vary in occupancy between general retail and office but are of similar class, age and condition to the subject.

Adjustment is made first for rental terms to equate to a modified gross lease then an overall adjustment is made for differences with the subject for location, condition, quality or space size. The rental market is less sophisticated and line item adjustments per square foot are hard to specifically quantify.

Comparable Lease Indications

Lease Indications Address	Sqft	Finish/Condition	Rent/SF	Rental Terms	Exp. Adj.	Adj. to MG terms	Superior/ Inferior	% Adj.	Ind. Rent/ SF
1: 1216 5th St. NW	1,010	Off/Res. Class C	\$14.20	MG	\$0.00	\$14.20	Superior	-10%	\$12.78
2: 924 Lomas Blvd. NW	1,600	Off/Res. Class C	\$16.00	MG		\$16.00	Superior	-20%	\$12.80
3: 821 Mountain Rd. NW	2,500	Office/studio	\$17.00	NNN	\$1.75	\$18.75	Superior	-30%	\$13.13
4: 924 Park Ave SW	3,166	Office Class B	\$13.00	MG		\$13.00	Similar		\$13.00
5: 800 Lomas Blvd. NW	2,200	Office Class B+	\$14.00	MG+Util		\$14.00	Superior	-10%	\$12.60
6: 2002 Central Ave SW	2,135	Office Class B	\$18.00	MG		\$18.00	Superior	-30%	\$12.60
7: 1429 Central Ave NW	510	Office Class B+	\$20.00	FS	\$1.75	\$21.75	Superior	-40%	\$13.05

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After adjustment, the indicated annual rent from this data set ranges from \$12.60 to \$13.13 per square foot. These indications may now show differences between grade level space and upper level or rear storage space. It also shows that well located space rent is in greater demand. Space size also is a notable influence and the subject's larger size would diminish the rent per square foot. I would estimate the subject's second level space could command \$2.00 less per square foot contributory rent over the grade level.

Separate rents are estimated between 300, 308 and 308-B (upper and lower studio and shop space combined together). Based on these indications, assuming modified gross terms where the landlord pays for base real estate taxes, insurance and general structural repairs, the front office/studio rent is estimated at approximately \$11.00 to \$12.00 per square foot while the rear 308-B is estimated at \$6.50 per square foot. Basement rent is inclusive. The total monthly and annual rent is estimated as follows.

Market Rent Estimate

Market Rent		Market			
Unit Type	Type	Sq. Ft.	Rent/Mo.	Annual	Rent/SF/Yr
1: 300 12th St Office	Office/studio	3,756	\$3,450	\$41,400	\$11.02
2: 308-B Studio/Shop	2-sty studio	4,031	\$2,185	\$26,220	\$6.50
3: 308 Office Front	2-sty. Studio	2,542	\$2,550	\$30,600	\$12.04
Total		10,329	\$8,185	\$98,220	\$9.51

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Vacancy Estimate

The estimate of vacancy loss represents a stabilized amount over a typical holding period. In addition to periods of potential vacancy, the rate also accounts for the risk of non-payment of rent.

As discussed earlier in the overview of the office market, Colliers International (formerly Grubb and Ellis New Mexico) reports office vacancy as of 2nd quarter 2016 remaining high at 20.0%. This includes mostly larger spaces over 10,000 square feet found in downtown offices. My review of availability did not show an abundant standing vacancy in the immediate area and most good spaces were well occupied. Vacancy was in older less functional Class C buildings. Using a CoStar analytics search of the immediate area showed area vacancy at 8.1%, much better than the overall metro averages.

The subject may still be subject to periodic turnover vacancy or partial vacancy. I have applied a stabilized vacancy rate over a typical holding period at 7.0%.

Operating Expenses

The property has been owner-occupied and there were no formalized historic annual income and expense operating statements available attributed specifically to this property. I was able to obtain the most recent insurance expense, real estate tax expense and recent monthly utilities shared by the subject buildings. I have also compared other expenses from actual operating statements available on file.

Real Estate Taxes – The forecasted gross annual tax expense is based on the current assessment and the current levy rate is \$9,067 or \$0.88. The assessment and taxes appear low relative to value but reasonably equitable relative to other properties in the area. This expense will be the owner's responsibility over a long-term lease.

Insurance – I will assume the owner will carry full property insurance. The current insurance expense for both 300 and 308 12th Street is \$2,259 or \$0.22 per square foot.

Utilities – The owner has been paying all utilities including electric, gas and water/sewer. Some of the tenants have reimbursed the owner on a prorated formula. The owner's manager provided details on recent utility bills but they were not annualized. Unfortunately, some of the electric expenses have been included with the adjoining 314 12th Street but the current tenants in this duplex reimburse \$231.86/mo. for all utilities. Also, the tenant of the upper level 308 B reimburse the owner \$103.05 per month.

Based on details given, the allocated electric expense specifically for the subject has recently been \$283.39 per month or \$3,400 per year. I estimate a gross annual electric expense of \$3,500 per year. The gas bill varies by season and is estimated \$560 per year. Water and sewer has been \$140.76 per month or \$1,689 per year and is stabilized at \$1,700.

Note that I will estimate that some of the utilities will be passed through to the tenant on a prorated basis to reflect the typical modified gross lease structure of the market, where tenants pays metered expenses. The annual net reimbursement income is estimated at \$3,000 per year, offsetting some of the total expense.

Trash – Based on the actual expense of \$79.26 per month, the annualized solid waste expense paid by the owner is \$950.

Janitorial - Interior janitorial is paid by the tenant.

Repairs and Maintenance – The general upkeep of the building may be delegated to the occupying tenant but some structural and mechanical repairs would be the owner's responsibility, especially with an older building of this nature. I estimate a stabilized expense at \$1,500 per year. This does not include reserves for replacements or tenant-improvement allowances.

Management/Legal/Accounting - Professional management is typically 3% to 10% of effective gross income. This will include accounting, legal and periodic leasing commissions if marketed with brokerage firms. For a rental building of this scale and rent range, 4% or \$3,774 per year is appropriate.

Reserves for Replacements - Ownership of a leased building will require periodic replacement of short-lived components such as mechanical equipment, roof replacement and interior floor covering and finishes. Also, some level of tenant-provided improvements or TI's will be needed over the life of the building. With this building, a reasonable reserve estimate of \$1,850 or 2.0% of income should be adequate.

Based on the preceding analysis, my estimate of Year 1 net operating income at stabilized market rent and occupancy is shown as follows.

Reconstructed Operating Statement

Reconstructed Operating Statement				
		Gross Annual Potential Income	Per SF	% EGI
Gross Income				
Gross Potential Apartment Rent		\$98,220	\$9.51	
Less: Vacancy	7.0%	6,875	\$0.67	
Net Rental Income		\$91,345	\$8.84	
Utility Reimbursements		\$3,000	\$0.29	
Total Effective Gross Income		94,345	\$9.13	100%
Less: Expenses			\$-	
Real Estate Taxes		\$9,067	\$0.88	9.6%
Insurance		2,259	\$0.22	2.4%
Professional Management/Admin.	4.0%	\$3,774	\$0.37	4.0%
Accounting/Legal		800	\$0.08	0.8%
Electric		3,500	\$0.34	3.7%
Gas		560	\$0.05	0.6%
Water/Sewer		1,700	\$0.16	1.8%
Repairs/Supplies		1,500	\$0.15	1.6%
Trash		950	\$0.09	1.0%
Total Reserves For Replacements		\$1,850	\$0.18	2.0%
Total Expenses		\$25,960	\$2.51	27.5%
Net Operating Income		\$68,385	\$6.62	72.5%

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Direct Capitalization

In direct capitalization, the overall rate represents the relationship between first year net income expectancy and value. Ideally it is developed by analysis of recent transactions in the market involving relatively similar properties. Cap rate information is sometimes not widely available, as investors have been less active in the market. Of the sales found for this specific appraisal none had suitable net income to derive capitalization at the time of sale. Many of the participants did not quantify the relationship between value and income. Sale 1 had been partially leased by executive-suite tenants but the purchaser occupied part of the space. Sale 2 was partially leased at the time of sale and the buyer is now releasing the remainder of the property. A review of other sales of this class of building ranged from 8 to over 9 percent. Older buildings with non-rated tenants tend to have higher rates.

Given the lack of recent rates, published surveys were referenced concerning this class of building. RealtyRates.com survey defines capitalization and investment rates for suburban office in the past quarter as follows. The averages of these surveys will include all levels and age of properties. Newer properties tend to be lower. These surveys had shown a decreasing trend in capitalization rates in recent quarters, until an increase in the last quarter following the increase in Treasury rates.

RealtyRates.com				
	Suburban Office	Suburban Office	Suburban Office	Suburban Office
	3 rd Qtr 2016	3 rd Qtr 2014	3 rd Qtr 2013	4 th Qtr 2012
Average	9.02	9.09	9.23	9.48
Low	4.31	4.70	4.39	5.30
High	11.96	11.94	12.32	12.36
LV Ratio	75%	75%	75%	70%
Interest Average	5.11%	5.38%	5.13%	5.07%
Amortization Avg	28	28	28	23

For comparison, the PriceWaterhouseCoopers Real Estate Investor Survey for the 4th Quarter 2015 shows declining overall rates over the past years but a notable improvement over the last two years.

PWC Real Estate Investor Survey		Office/Suburban		
	4th Qtr 2015	4th Qtr 2014	4th Qtr 2013	4th Qtr 2012
Average	6.36%	6.66%	6.98%	7.42%
Low	4.25%	5.00%	5.00%	5.00%
High	9.0%	9.0%	9.5%	10.4%

The differences in rates between each survey is due to many factors including survey size and class. The RealtyRates.com attempts to capture leveraged properties across a broad spectrum of the market, while the PWC survey is national metro markets with institutional portfolio product with unleveraged all cash transactions. The point spread would be 25 to 250 points higher on a non-institutional grade property. The subject would likely fall somewhere near the lower end these surveys as Albuquerque is a secondary market and the subject may not be selected for a large portfolio purchase.

An alternative technique in the development of an overall rate is the Band of Investment Mortgage/Equity method, which derives a weighted average of the required rates of return on each component of the investment. Based on quotes from lenders and investor surveys, I have estimated a 75% loan-to-value ratio, mortgage interest at 5.0% with a 25-year amortization and 10-year term. Equity dividend rates are 11% and 13%, which are expected in the current market.

Mortgage Equity Table				
	Mortgage Ratio			75%
	Equity Ratio			25%
	Mortgage Interest Rate			5.00%
	Equity Dividend Rate(Low)			11.00%
	Equity Dividend Rate(High)			13.00%
	Mortgage Amortization			25 Years
75%	Mortgage Ratio x	0.0702	(Mortgage Constant)	0.0527
25%	Equity Ratio x	0.1100	(Equity Dividend Rate)	<u>0.0275</u>
				0.0802
75%	Mortgage Ratio x	0.0702	(Mortgage Constant)	0.0527
25%	Equity Ratio x	0.1300	(Equity Dividend Rate)	<u>0.0325</u>
				0.0852

The band of investment analysis supports a range of 8.02% to 8.52%.

Given the small scale of the subject and older age of the building, a capitalization rate at the mid to upper end of the range is expected. There is some potential rental income may increase over time as the economy improves. Furthermore, our inclusion of some reserves for replacements will temper the rate downward since many quoted cap rates do not account for reserves. I estimate a capitalization rate of 8.25%, which is applied to the estimated first year net operating income. Based on this, the outlook of an investor intending to lease the entire space to a single tenant, the prospective value assuming market rent and stabilized occupancy is capitalized as follows.

Net Operating Income (Stabilized @ Market)	\$68,385
Overall Rate	8.25%
Indicated Value by Direct Capitalization	\$828,909
Rounded	\$830,000

Discount For Lease Up (“As-Is”)

The previous indication reflects an analysis where rents are at market levels with stabilized occupancy. To calculate the value as vacant, there are various techniques that can be used depending on the complexity. This includes either a discounted cash flow, which estimates the present value of the rental income cash flow, rent loss and lease up forecast, or a reversion value at the end of the lease. Alternatively, a buyer may simply anticipate the short-term rent loss and new tenant lease-up costs to achieve stabilized occupancy. The latter method would be the most reasonable assumption in this case.

I would anticipate a relatively short lease-up period that may have minimal impact to the market value indicated from this approach or from sales. Most of the sales found have tended to be for part or full owner-occupancy so lease-up discounting is not a factor. No further adjustment is made in this case and adjustment will be reconciled in the final value conclusion.

Cost Approach

The cost approach is based on the premise that a buyer will not pay more for a property than it would cost to create an equally desirable substitute. In this case, development of the cost approach was not done, as it offers no meaningful value estimate, especially in a built up location and with older improvements.

Reconciliation

Estimated values from the preceding analyses are shown below.

Sales Comparison Approach	\$899,000
Income Capitalization Approach	\$830,000

The sales comparison approach is based on recent sales tempered with competing listings for similar small office residential-conversion buildings in the immediate market area. Recent sales were readily available and the selection found offers a reasonable value range to support a conclusion. Most consideration is given to this approach. This approach would also be most representative of the market value at stabilized occupancy or for an owner-occupant.

The income approach analyzes the subject as an investment property. The subject’s layout and size is suitable for rental investment while many offices in the area are frequently rented. In this case, the direct capitalization approach is more representative of the value at stabilized market rent and occupancy. Although not fully leased in this case, the indicated value from this approach assuming the hypothetical condition the subject is at stabilized occupancy and expenses are reconstructed. This method has some forecast weaknesses and the outlook of an investor may be more conservative relative to owner-occupant purchases, therefore the value indication may be lower. This approach is given less consideration in the final value conclusion.

The cost approach was not developed in this assignment, as it is not recognized as a reliable indication of value since a buyer would not normally consider the cost to build as an alternative to purchasing an existing property.

I have relied primarily on the sales comparison approach with some consideration from the income approach. Because of its size and layout, the subject should command greater value if purchased by an owner-occupant instead of a speculative rental property investor.

Based on this analysis of market data, the “as-is” market value is estimated at **\$890,000**.

The value indication under the hypothetical condition assuming the 373-square-foot connecting room between the subject and 314 12th Street is omitted is estimated at \$866,000.

Marketing and Exposure Time

The projected marketing time is the length of time it would probably take to sell the property if placed on the market as of the appraisal date. A reasonable exposure time is the amount of time, leading up to the date of value, necessary to expose a property to the open market in order to achieve a sale. Activity in the commercial market has slowed considerably and no clear improvement in the rental and occupancy rates is noted. Referring to the reported sales used in this analysis, most have a reported marketing time of three to 28 months with most selling within 12 months. Some of the listings reviewed have had exposure of up to 12 months yet some may be either over priced or the buyer/seller expectations differ. The subject has been exposed to the market for over three years. Assuming an asking price that is consistent with the appraised market value, I believe that a marketing period within 12 months is a reasonable expectation for this property.

Certification

I certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of the assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.

The following certification statements are required by the Appraisal Institute:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Bruce R. Gunderson, MAI has completed the continuing education program of the Appraisal Institute.

This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

BROOKS PEARSALL ZANTOW LLC

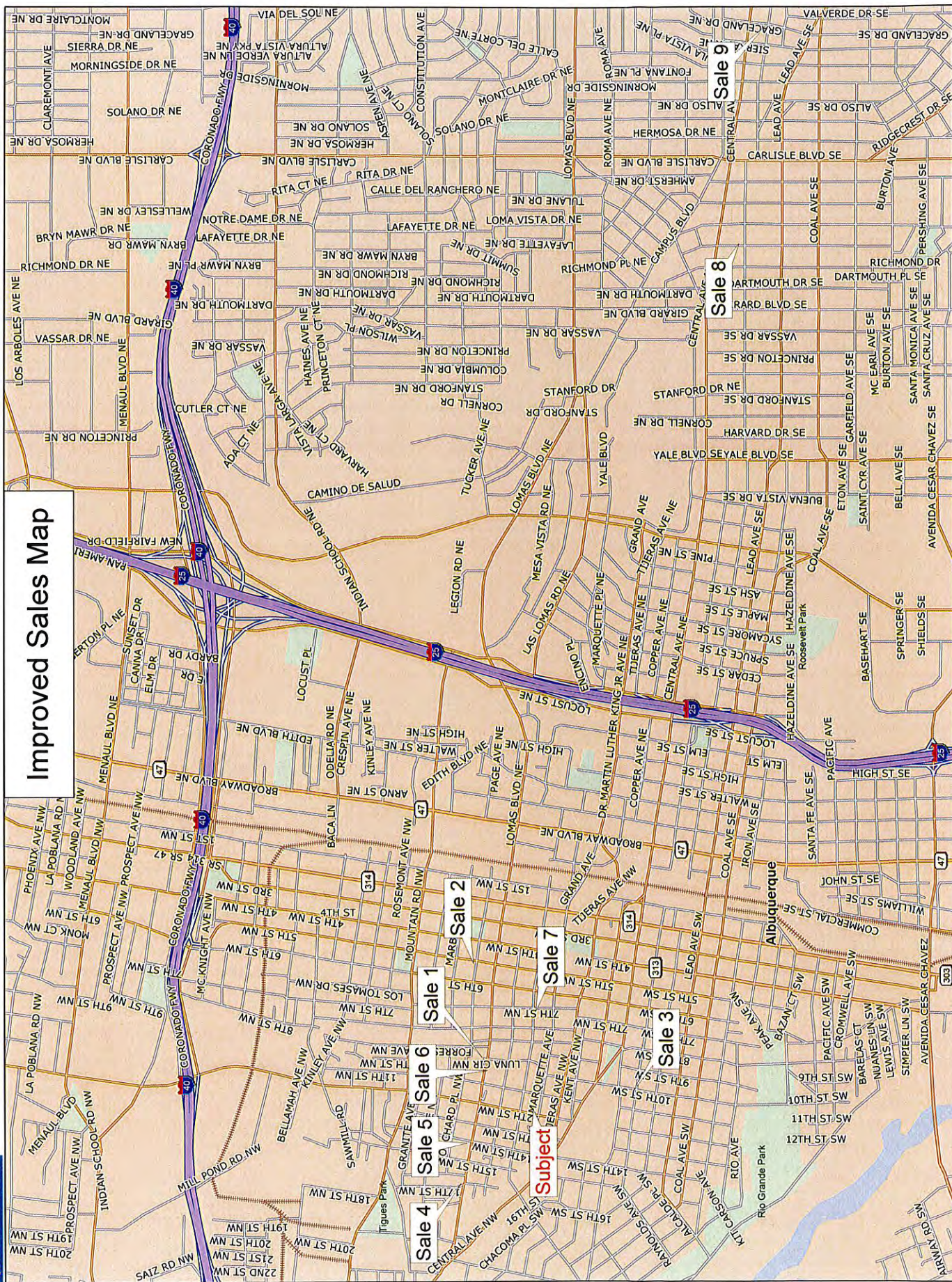


Bruce R. Gunderson, MAI #03167-G

APPENDIX

APPENDIX

Improved Sales Map



Data use subject to license.

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www.delorme.com

Scale 1 : 28,125

 $1" = 2,343.8 \text{ ft}$

Data Zoom 13-0

Improved Sale 1

Office
Multi-Tenant

Entry Date 10-14-2016

Comp # 21249

Project Name		Sale Price	\$525,000
Location	N/s Luna Cir NW just N/o Lomas W/o Forrester E/o 12th	Date of Sale	27 Apr 2015
		Gross Building Area	3,667
Street Address	925 Luna Cir NW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$143.17 /
Legal Description	Luna Place, Block 10, Lot F and adj. 10' x 60' unplatted land to the east	Land Area (Ac/SF)	0.2248 /9,794
		Effective Gross	
		Expenses	
		Net Income	
Plat	R1-B39 Tax ID 1-014-058-006-178-3-34-08	EGIM	
Market Area	Downtown Map Page J-13/ J-14	Overall Rate	
Arterial Location	Major	FAR	0.3744
Zoning	SU-2 DNA-MUM	Year Built	1920s

Grantor	Luk, Ting S		
Grantee	Carpenter Holdings L L C (Frances C Carpenter/ Larry Carpenter)		
Terms	Cash to seller with \$6,500 paid by seller in concessions		
Document Number	15-034334	Type	Warranty Deed

Property Description

One story plus partial basement residential office conversion. Has been divided into nine office suites with shared conference room, two restrooms, kitchenette and a central hall reception. Also includes 620-square-foot basement storage and 209-square-foot storage shed, not included in square foot area. Had been renovated in 2008 and was in average+ condition. Rear parking as platted is suitable for five cars plus street parking. Luna Circle essentially fronts Lomas Boulevard giving good access and visibility.

Parking Ratio		Marketing Time	28 months
Vacancy	40%		
Rental Information			

Comments

Had been listed for \$699,000 since 12/2013 then relisted by another broker for \$525,000 two weeks before sale. There were six executive single-office suites leased to four tenants on a month-to-month basis. The gross monthly income at the time was \$2,050 or \$342 per office. Two were occupied by owner and two were vacant. Some of tenants remained after sale though buyer occupied most of space. Detailed expense information was never clearly defined.



Improved Sale 2

Office
Multi-Tenant

Entry Date 10-13-2016

Comp # 21244

Project Name	Slate Law Offices	Sale Price	\$306,000
Location	NW/c Slate Ave & 5th St NW just N/o Lomas S/o Mountain	Date of Sale	30 Mar 2016
Street Address	503 Slate Ave NW	Gross Building Area	3,627
City, County, State	Albuquerque Bernalillo NM	Rentable Area	
Legal Description	Grant Tract, Block 3, Lots 13 - 15, Ely 11' of Lot 16	\$/SF Gross/Rentable	\$84.37 /
		Land Area (Ac/SF)	0.2803 / 12,212
		Effective Gross	
		Expenses	
		Net Income	
Plat	C2-7 Tax ID 1-014-058-171-187-3-44-07*	EGIM	
Market Area	Downtown Map Page J-14	Overall Rate	
Arterial Location	Minor/Collector	FAR	0.297
Zoning	SU-3	Year Built	1925

Grantor	Jones, Thomas Nance and Patty		
Grantee	Lopez, Raul A and Shannon K		
Terms	Cash to seller. \$246,636 mortgage		
Document Number	16-029667	Type	Special Warranty Deed

Property Description

Office residential conversion of a 1920s bungalow with additions. Layout included eight office suites, conference room, two restroom/baths, kitchen, attached storage garage and two secretarial waiting room entrances. Onsite parking with +-5 spaces and rear landscaped courtyard. Overall condition is average given its age. Office finishes are older Class C.

Parking Ratio		Marketing Time	7 months
Vacancy	50%		
Rental Information	Unknown		

Comments

Listed originally for \$175/sf then reduced to \$121/sf or \$433,375. Also listed with adjoining duplex at 507 Slate Street which ended up selling separately for \$118,000 (\$84.89/sf). Building suites had been partially leased to law firm tenants on mo./mo. basis. Buyer is actively leasing executive suites. Property located just north of Federal and County District courthouses at corner of 5th Street NW and Slate in an area of mixed office/industrial and residential uses. Many older homes in area have been converted over the years to small law offices due to proximity to courts.



Improved Sale 3

Office
Multi-Tenant

Entry Date 10-13-2016

Comp # 21245

Project Name		Sale Price	\$260,000
Location	NW/c Gold Ave & 10th St SW	Date of Sale	20 Jun 2013
		Gross Building Area	2,142
Street Address	1001 Gold Ave, 213 10th St SW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$121.38 /
Legal Description	Raynolds, Block 2, Lots 13, 14	Land Area (Ac/SF)	0.1630 /7,100
		Effective Gross	
		Expenses	
		Net Income	
Plat	D1-33A Tax ID 1-013-057-473-437-1-39-06	EGIM	
Market Area	Downtown Map Page K-13	Overall Rate	
Arterial Location	Local	FAR	0.3017
Zoning	SU-2 MFR	Year Built	1926

Grantor	Sacks, Steven Irwin, trustee
Grantee	Jaffe, Mark S and Henderson, Sandy
Terms	Cash to seller
Document Number	13-069922 Type Warranty Deed

Property Description

Single-family home office conversion with attached studio space. Mediterranean style with stucco exterior and tile roof and basic interior quality featuring hardwood floors and arched windows. Layout includes five offices, two 1/2 baths, kitchenette, reception and waiting area with fireplace and a rear studio space with separate entrance at 213 10th Street. Also included 548-square-foot finished basement storage not included in building area. Some built-in cabinetry and shelves remained. Walled courtyard area and onsite parking for two cars. Overall condition is average.

Parking Ratio	
Vacancy	Vacated by owner Marketing Time 3 months
Rental Information	

Comments

Listed for \$298,500 for three months. Had been vacated by owner prior to sale but now used by buyer's law office while the separate space fronting 10th Street is leased by a pet groomer and supply business.



Improved Sale 4

Office
Single Tenant

Entry Date 10-13-2016

Comp # 21246

Project Name	Law Office	Sale Price	\$250,000
Location	NE/c Lomas Blvd & 17th St NW E/o Rio Grande	Date of Sale	13 Aug 2014
		Gross Building Area	2,112
Street Address	500 17th St NW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$118.37 /
Legal Description	Chacon, Block 2, Lot 10, S1/2 of Lot 9 (w/ ex.)	Land Area (Ac/SF)	0.1040 /4,531
		Effective Gross	
		Expenses	
		Net Income	
Plat	D-29 Tax ID 1-013-058-306-210-4-37-01	EGIM	
Market Area	Downtown Map Page J-13	Overall Rate	
Arterial Location	Major	FAR	0.466
Zoning	SU-2 DNA-SF	Year Built	1959

Grantor	Shaw, Joseph W and Dagmar R, debtors in possession		
Grantee	Romero, Keith R and Brandy J		
Terms	Cash to seller with \$6,500 concession allowance paid by seller. \$250,000 new mortgage obtained by buyer.		
Document Number	14-063770	Type	Warranty Deed

Property Description

Adobe residential office conversion with attached casita/office. Stucco/adobe with pueblo features including kiva fireplaces, vigas, tile floor and courtyard. Layout includes five offices, reception, breakroom and 1/2 bath with separate efficiency casita/office with kitchen and full bath. Limited parking on site. Overall condition average but in need of some work. Good exposure on corner with Lomas Blvd. NW.

Parking Ratio

Vacancy Part leased

Marketing Time 12 months.

Rental Information \$30,000 GPI

Comments

Listed for \$300,000 and sold in 12 months. Casita was leased for \$695 per month. Buyer was an owner of a law firm.



Improved Sale 5

Office
Mixed Use

Entry Date 10-14-2016

Comp # 21247

Project Name		Sale Price	\$220,000
Location	W/s 14th St NW just N/o Lomas	Date of Sale	10 Jun 2016
		Gross Building Area	1,467
Street Address	505 14th St NW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$149.97 /
Legal Description	Perea, Block 29, Lot 21	Land Area (Ac/SF)	0.0815 /3,550
		Effective Gross	
		Expenses	
		Net Income	
Plat	C2-43 Tax ID 1-013-058-371-203-4-39-02	EGIM	
Market Area	Downtown Map Page J-13	Overall Rate	
Arterial Location		FAR	0.413
Zoning	SU-2 DNA-SF	Year Built	2001

Grantor	Allen, Darrell M and Merritt H
Grantee	Catlett, Patricia W
Terms	Cash to seller
Document Number	16-053163 Type Warranty Deed

Property Description

Live work office/residence townhome on designated lot. One of three attached office/residences built in 2001. Front and rear courtyard entrances with two living/working spaces, three full baths, two office/bedrooms, one full kitchen and kitchenette. All appliances included (range/oven, refrigerator, dishwasher, disposal). Includes one-stall attached garage off alley. Above average condition and quality.

Parking Ratio	
Vacancy	Vacant Marketing Time 6 months
Rental Information	

Comments

Listed for \$250,000 and sold in 6 months. Had been leased for \$13.00/sf modified gross.



Improved Sale 6

Office
Single Tenant

Entry Date 10-14-2016

Comp # 21248

Project Name		Sale Price	\$325,000
Location	S/s Lomas Blvd NW W/o Luna E/o 11th	Date of Sale	31 Jul 2013
		Gross Building Area	2,096
Street Address	1014 Lomas Blvd NW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$155.06 /
Legal Description	Luna Place, Block 7, Lot 7, Wly 1/2 of Lot 6	Land Area (Ac/SF)	0.1222 / 5,325
		Effective Gross	
		Expenses	
		Net Income	
Plat	D1-16 Tax ID 1-013-058-502-154-4-35-12	EGIM	
Market Area	Downtown Map Page J-13	Overall Rate	
Arterial Location	Major	FAR	0.3936
Zoning	SU-2 DNA-MUM	Year Built	1911

Grantor	Robertson, Anna		
Grantee	Weiss, Timothy Francis and Charlotte Mae (Victoria, BC, Canada)		
Terms	Cash to seller		
Document Number	13-085877	Type	Warranty Deed

Property Description

One-story single residential bungalow fronting Lomas Boulevard in area of mixed residential and office conversions where zoning allows some commercial uses. Home had been updated with new kitchen, bath and replacement windows and was in above average to good condition. Layout included two+ bedrooms/offices, 1.5 baths, living, dining, rear solarium addition and full kitchen. Also had partially finished 696-square-foot basement not included in living area. Alley parking for three cars. Fenced and landscaped courtyard space.

Parking Ratio			
Vacancy	Owner	Marketing Time	12 months
Rental Information			

Comments

Originally listed for \$475,000 on 8/1/2012 then reduced a number of times to \$340,000 before sale. Currently listed since 3/2016 for \$335,000. Previously sold 4/13/2009 for \$260,000 prior to remodel.



Improved Sale 7

Office
Single Tenant

Entry Date 10-14-2016

Comp # 21250

Project Name		Sale Price	\$165,000
Location	SW/c Roma Ave & 7th St NW S/o Lomas	Date of Sale	27 Aug 2015
		Gross Building Area	1,591
Street Address	700 Roma Ave NW	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$103.71 /
Legal Description	Perfecto Armijo and Brothers, Block 7, Nly portion of Lots 83 - 86	Land Area (Ac/SF)	0.1158 /5,043
		Effective Gross	
		Expenses	
		Net Income	
Plat	D-116 Tax ID 1-014-058-085-066-3-12-10	EGIM	
Market Area	Downtown Map Page J-14	Overall Rate	
Arterial Location	Minor/Collector	FAR	0.315
Zoning	SU-2 DNA-MR	Year Built	1916

Grantor	Spath, Ginger Beth, personal representative		
Grantee	Rose, Jeffrey J		
Terms	Cash to seller		
Document Number	15-074976	Type	Warranty Deed

Property Description

One-story bungalow and detached converted garage/studio. Also 822-square-foot basement not included in gross area. Layout essentially a two-bedroom one-bath home with living, dining, kitchen and front solarium study. Detached studio includes 3/4 bath. No specific office features though zoning and one-block proximity to CBD allows office uses. Overall condition was average and dated.

Parking Ratio		
Vacancy	Vacant	Marketing Time
Rental Information		

Comments

Unpriced listing for sale or lease at \$1,450 per month.
Purchased by real estate broker/investor.



Improved Sale 8

Office
Single Tenant

Entry Date 10-18-2016

Comp # 21251

Project Name		Sale Price	\$375,000
Location	E/s Bryn Mawr Dr SE just S/o Central E/o Girard	Date of Sale	1 Jun 2014
		Gross Building Area	3,260
Street Address	122 Bryn Mawr Dr SE	Rentable Area	
City, County, State	Albuquerque Bernalillo NM	\$/SF Gross/Rentable	\$115.03 /
Legal Description	University Heights, Block 41, Lot 6	Land Area (Ac/SF)	0.1630 /7,100
		Effective Gross	
		Expenses	
		Net Income	
Plat	D-27 Tax ID 1-016-057-377-243-4-32-08	EGIM	
Market Area	Airport Area Map Page K-16	Overall Rate	
Arterial Location	Local	FAR	0.459
Zoning	CCR-1	Year Built	1920s/1950s

Grantor	Key, Perry S and Jane		
Grantee	Forage Studios L L C (Sofia Eleftheriou)		
Terms	Contract sale with \$60,000 down; 6% interest, \$2,600/month including interest for 7 years.		
Document Number	14-045106	Type	Real Estate Contract

Property Description

Older single-family home with front office masonry addition built in 1950s. Home includes three bedrooms, 1.5 baths, sunroom, part basement, garage and a fireplace. Office includes 1,650 square feet with seven private offices, two restrooms and lobby reception. Rear alley parking area with space for eight cars.

Parking Ratio	1:4		
Vacancy	Part leased	Marketing Time	>12 months
Rental Information			

Comments

Building originally listed for \$475,000 then reduced to \$435,000. Most office tenants were on month-to-month leases. Buyer to occupy most of space. House has been leased at \$1,500/month including utilities. No confirmed income and expenses were available. Location is within Nob Hill district just south of Central Avenue east of UNM.



Improved Sale 9

Office
Mixed Use

Entry Date 10-18-2016

Comp # 21252

Project Name	Silver Professional Building (All Star Children's Academy)	Sale Price	\$375,000
Location	NW/c Silver Ave & Graceland St SE just S/o Central W/o Washington	Date of Sale	24 Jun 2016
Street Address	4221 Silver Ave SE	Gross Building Area	4,034
City, County, State	Albuquerque Bernalillo NM	Rentable Area	
Legal Description	Mesa Grande, Block 6, Lots 13, 14	\$/SF Gross/Rentable	\$92.96 /
		Land Area (Ac/SF)	0.2755 / 12,000
		Effective Gross	
		Expenses	
		Net Income	
Plat	C2-27 Tax ID 1-017-057-231-193-3-40-05*	EGIM	
Market Area	Airport Area Map Page K-17	Overall Rate	
Arterial Location	Local	FAR	0.336
Zoning	CCR-2	Year Built	1970

Grantor	Joshohn L L C (John H Shanks/ JoAnne Shanks)		
Grantee	Mansi Group L L C		
Terms	Cash to seller		
Document Number	16-062244	Type	Warranty Deed

Property Description

One-story masonry/frame office building. Had been used in past as medical and legal space yet was leased to a daycare at the time of sale. Includes nine offices, conference rooms, work area and five restrooms. There is a 480-square-foot basement. Had been split into two spaces in the past. Hot water boiler heat and heat/pump air conditioning. Overall condition was average and somewhat dated.

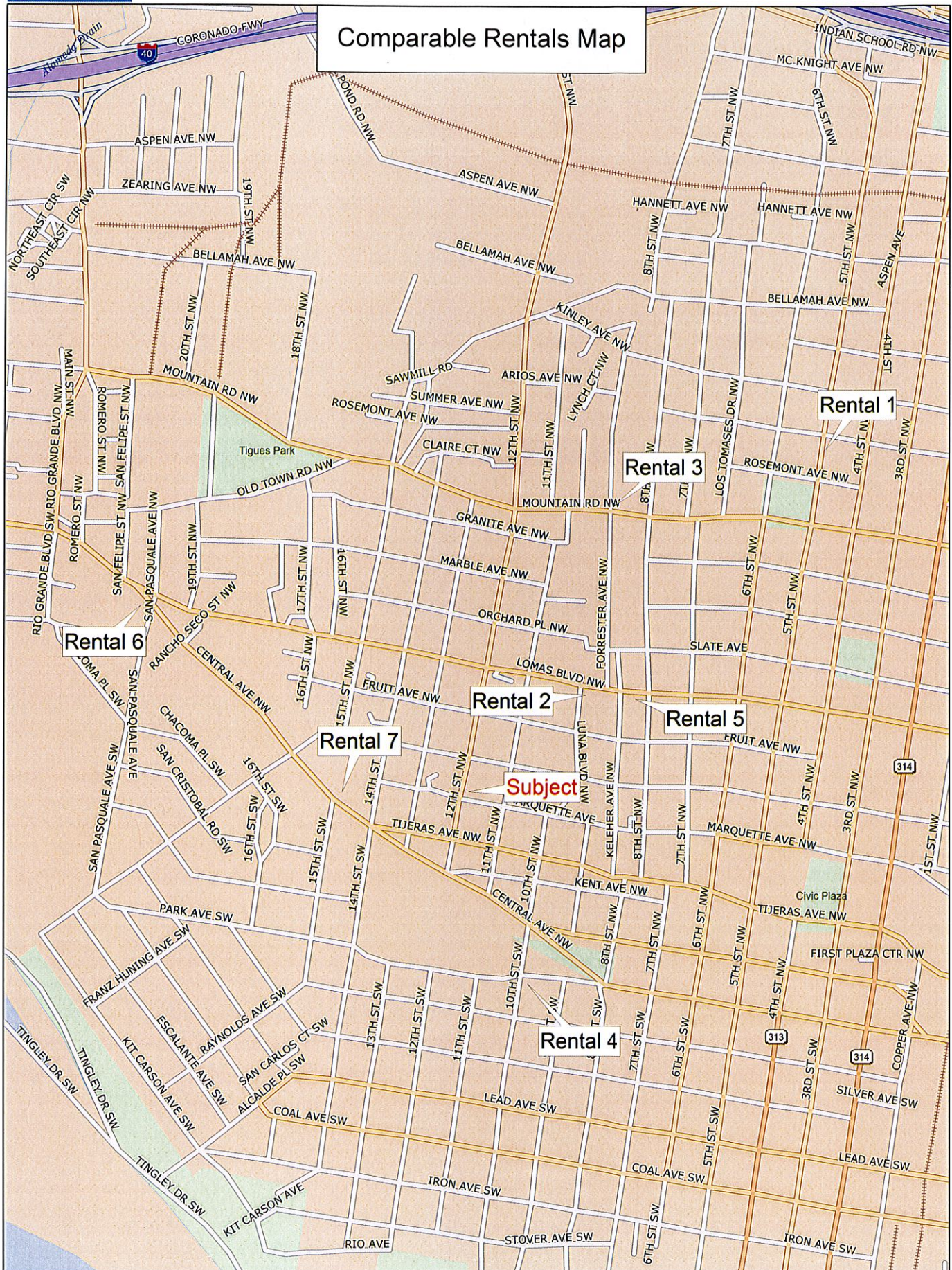
Parking Ratio		Marketing Time	10 months
Vacancy	Tenant will vacate		
Rental Information	\$10.43/sf/MG		

Comments

Originally listed for \$499,000 then \$450,000 for eight months until expired. Was listed and sold in one month. Located 1/2 block south of Central Avenue and one block east of Washington in area of mixed residential and commercial uses.



Comparable Rentals Map



Data use subject to license.

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www.delorme.com



Scale 1 : 12,800



1" = 1,066.7 ft

Data Zoom 14-0

Rental and Listing Comparable Photographs
300-308 12th Street NW
Albuquerque, New Mexico



Rental 1: 1216 5th Street NW



Rental 2: 924 Lomas Blvd. NW



Rental 3: 821 Mountain Rd. NW



Rental 4: 925 Park Ave. SW



Rental 5: 800 Lomas Blvd. NW



Rental 6: 2002 Central Ave SW

Rental and Listing Comparable Photographs
300-308 12th Street NW
Albuquerque, New Mexico



Rental 7: 1429 Central Ave NW



Listing A: 524 12th St./1114 Lomas NW



Listing B: 1118 Park Ave SW



Listing C: 423 14th/1408 Lomas



Listing D: 1005 Luna ct. NW



Listing E: 823 Gold Ave SW

Rental and Listing Comparable Photographs
300-308 12th Street NW
Albuquerque, New Mexico



Listing F: 501 3rd St. NW



Listing G: 1012 Lomas Blvd NW



Listing H: 918 Kent Ave. NW



Listing I: 423 Mountain Road NW



Listing J: 612 1st St. NW

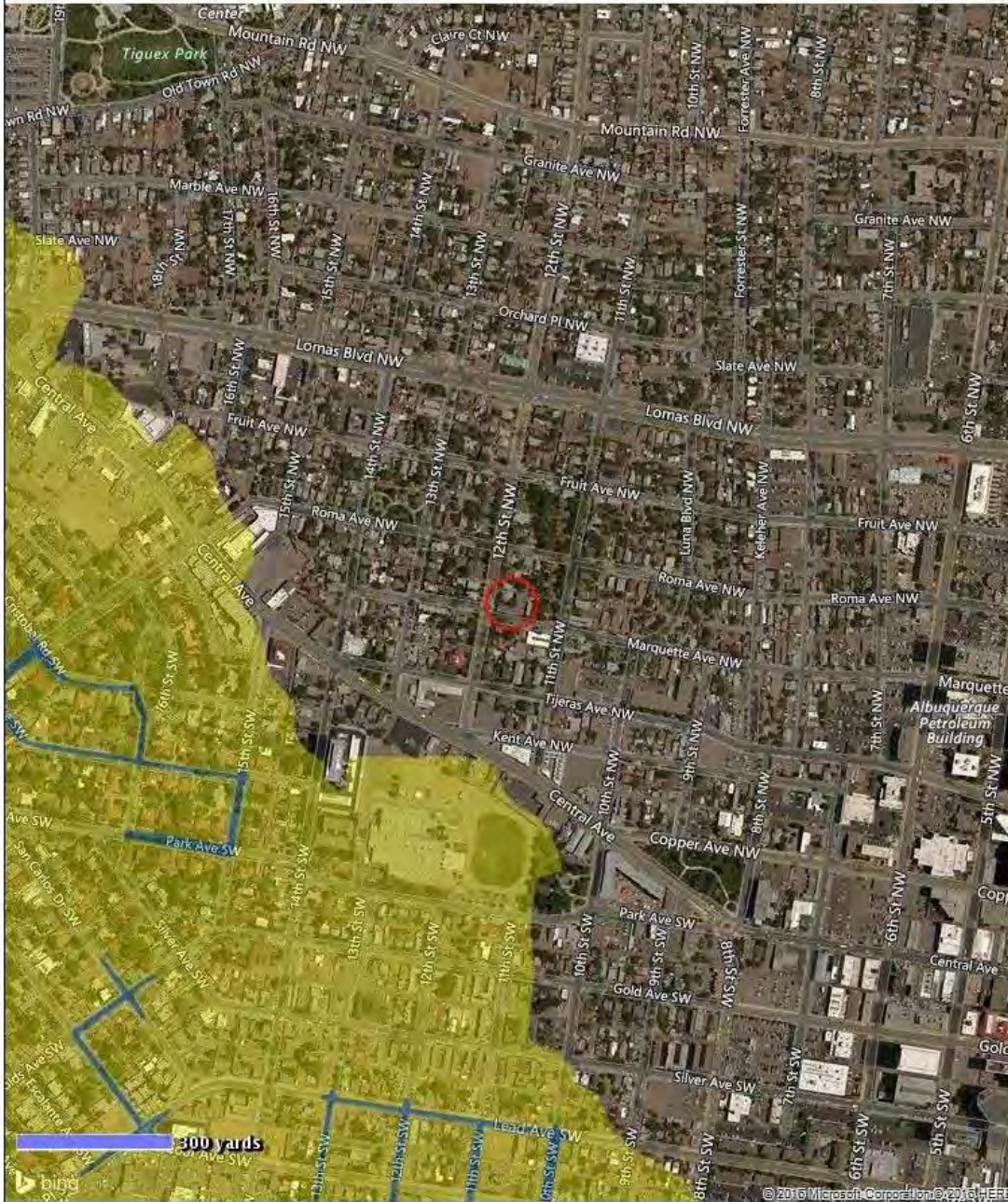


Listing K: 500 Marble Ave. NW

Rental and Listing Comparable Photographs
300-308 12th Street NW
Albuquerque, New Mexico



Listing L: 1014 Lomas Blvd. NW



MAP DATA

FEMA Special Flood Hazard Area: **No**

Map Number: **35001C0333H**

Zone: **X**

Map Date: **August 16, 2012**

FIPS: **35001**

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard

- Protected Areas
- Floodway
- Subject Area

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SPECIAL WARRANTY DEED

For consideration paid, Keeper Family Limited Partnership, a New Mexico limited partnership, grants to 300 12th Street LLC, a New Mexico limited liability company, whose address is 2155 Louisiana Blvd. NE, #7000, Albuquerque, NM 87110, **with special warranty covenants**, the real estate located in Bernalillo County, New Mexico commonly known as 300, 308 and 314 12th Street NW, Albuquerque, NM, more particularly described as follows:

Lots numbered Six (6), Seven (7), Eight (8), Nine (9), Ten (10) and Eleven (11) in Block numbered Five (5) of the PEREA ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the Map of said Addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 1, 1891.

SUBJECT TO reservations, restrictions, covenants, easements and all other matters of record, and property taxes for the year 2016 and subsequent years.

EXECUTED as of June 27 2016.

KEEPER FAMILY LIMITED PARTNERSHIP, a New Mexico limited partnership

By: Salamanca Property Management LLC, a New Mexico limited liability company, General Partner

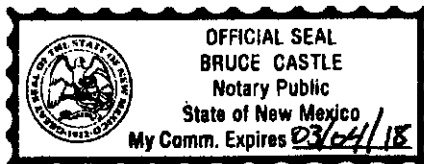
By: *John R. Howard*
John R. Howard, Manager

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on June 27, 2016, by John R. Howard, Manager of Salamanca Property Management LLC, a New Mexico limited liability company, General Partner of Keeper Family Limited Partnership, a New Mexico limited partnership.

My commission expires:
March 4, 2018

Bruce Castle
NOTARY PUBLIC



Special Warranty Deed

Doc# 2016058738

06/27/2016 11:18 AM Page: 1 of 1
SPWD R:\$25.00 M. Toulouse Oliver, Bernalillo County



300 12th Street NW
Albuquerque, NM 87102

FOR SALE

Downtown Office/Studio/Warehouse



Available Space 9,000 SF Total

Zoning SU-2 DNA-SF

Sale Price \$1,175,000.00
(\$130.56/SF)



Comments

- Rare Commercial Property Located on the Historic Fourth Ward Overlay in Downtown Albuquerque
- Multi Building Complex that Consists of:
 - 4,000 SF Adaptable Office/Studio
 - 3,000 SF Warehouse (Currently Used as Studio/Gallery)
 - 2,000 SF Live/Work Residence
- Designed by World Renowned Architect!
- Interior Courtyard Offers Beautiful & Tranquil Setting

The information contained is believed reliable. While we do not doubt the accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projection, opinion, assumption or estimated uses are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on many factors which should be evaluated by your tax, financial, and legal counsel. You and your counsel should conduct a careful independent investigation of the property to determine that it is suitable to your needs.

(505) 268-2800

WWW.ROGER-COX.COM

1717 Louisiana Blvd. NE, Suite 111
Albuquerque, NM 87110



**ROGER COX
AND ASSOCIATES**
REAL ESTATE BROKERAGE, LLC

David Montgomery
O - (505) 268-2800
M - (505) 459-5404
montgomery99@gmail.com

300 12th Street NW
Albuquerque, NM 87102

FOR LEASE

Aerial

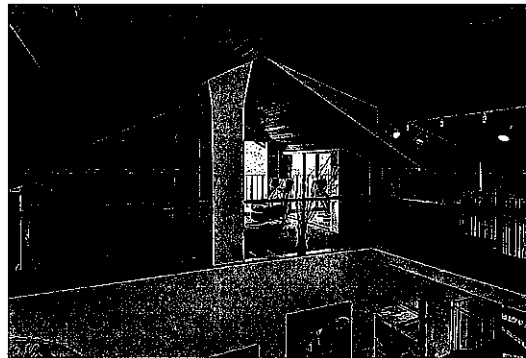


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300 12th Street NW
Albuquerque, NM 87102

FOR LEASE

Photos



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Bruce R. Gunderson, MAI

EDUCATION

Bachelor of Science, Community & Regional Planning. Iowa State University, 1984.

Appraisal Institute Courses and Seminars:

"USPAP" (1988, 1994, 1999, 2002, 2004, 2006, 2010, 2012, 2014, 2016 update)
"Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets" 833
"Condemnation Appraising: Principles and Applications" 715 "Litigation Appraising" 705
"The Appraiser as an Expert Witness"
"Marketability Studies: Advanced Considerations & Applications" 835
"Practical Regression Using Microsoft Excel"
"Appraisal Curriculum Overview"
"Small Hotel/Motel Valuation"
"Advanced Sales Comparison & Cost Approaches" 530
"Highest & Best Use and Market Analysis" 520
"Capitalization Theory and Techniques, Part A" "Capitalization Theory and Techniques, Part B"
"Case Studies in Real Estate Valuation" "Appraising Distressed Commercial Real Estate"
"Report Writing and Valuation Analysis"
"Real Estate Finance, Value and Investment Performance "Rates, Ratios, and Reasonableness"
"Appraisal of Partial Acquisition"
"Appraising Environmentally Contaminated Properties"
"Subdivision Analysis" "Reviewing Appraisals"
"Appraisal of Retail Properties"
"Feasibility Analysis, Market Value & Investment Timing"
"Appraisal of Nursing Facilities" "Appraising the Tough Ones"
"Forecasting Revenue" "Scope of Work"
"Land Valuation" "Regression Analysis"
"Real Estate Disclosure" "Argus Intermediate"
Other courses: Real Estate Finance, Urban Economics, Housing Economics, Land Development Law, Surveying, Transportation Engineering, and Historic Preservation.

EXPERIENCE

Experience primarily appraising commercial, industrial, multiple family and land with past experience appraising single-family residential properties. Experience appraising and testifying for full and partial condemnation in State and Federal District Court.

POSITIONS HELD

Real Estate Appraiser/Partner – Brooks, Pearsall, Zantow LLC, Albuquerque, New Mexico
Real Estate Appraiser/Partner - Carlson, Gunderson (McClure), & Associates, Inc. - 2000 -2010
Real Estate Appraiser - Mark Cowan & Associates, Taos, New Mexico - 1998 to 2000
Real Estate Appraiser - Carlson, McClure, & Associates, Inc. - 1987 to 1998.
Real Estate Appraiser - Scott D. Harris and Company - 1986 to 1987.
Staff Appraiser for Iowa Appraisal & Research Corp., Des Moines, Iowa - 1984 to 1986.

PROFESSIONAL ORGANIZATION

Member of the Appraisal Institute, MAI, President, Rio Grande Chapter AI; Region VIII Representative

EDUCATIONAL STATEMENT

As of the date of this report, Bruce R. Gunderson has completed the requirements under the continuing education program of the Appraisal Institute through December 31, 2018. On registry of Litigation Professional Development Program

CERTIFICATION STATEMENT

As of the date of this report, Bruce R. Gunderson is a Certified General Real Property Appraiser in the State of New Mexico (#03167-G) expires 4/30/2018

State of New Mexico

REAL ESTATE APPRAISERS BOARD

PO Box 25101

Santa Fe, NM 87505

(505) 476-4622



This is to certify that

Bruce R. Gunderson #03167-G

Having complied with the provisions of the New Mexico Real Estate Appraisers Act is hereby granted a license to practice as a

General Certified Appraiser

This appraiser is eligible to perform in Federally Related Transactions

Issue Date: 06/01/2010 Date Expires: 04/30/2018

THIS LICENSE MUST BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS