

Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

MAI, Member of the Appraisal Institute, Certificate No. 8661

Licensed Real Estate Appraiser, State of New Mexico

Education

BS, Agricultural Business Management, New Mexico State University, School of Agriculture, Las Cruces, New Mexico, 1983. Concentration in Finance and Economics.

Appraisal Courses and Seminars

Principles in Real Estate Appraisal
New Mexico State University

Real Estate Law
New Mexico State University

Real Estate Appraisal Principles
Course 1A-1, AIREA

Real Estate Valuation Procedures
Course 1A-2, AIREA

Capitalization Theory and Techniques, Part A
Course 1B-A, AIREA

Capitalization Theory and Techniques, Part B
Course 1B-B, AIREA

Case Studies in Real Estate Valuation
Course 2-1, AIREA

Report Writing and Valuation Analysis
Course 2-2, AIREA

Standards of Professional Practice
Course SPP, AIREA

Experience

Associated with Brooks, Lomax & Fletcher, Inc., October 1983 to Present.

Assignments

Appraisal assignments have involved a wide variety of property types, including multifamily, commercial, industrial, special purpose and rural. Examples of improved property appraisals include neighborhood shopping centers, a 240,000 square foot single-user distribution warehouse, large scale apartment projects, and multistory office buildings. Land appraisal assignments include commercial and residential subdivisions, a regional shopping center site, and a 20,000 acre land hold in the path of anticipated long-term growth.

BROOKS, LOMAX & FLETCHER INC.



APPRAISAL REPORT

18.545-Acre Vacant Site

University Boulevard North of Lomas Boulevard NE

Albuquerque, New Mexico

Appraisal Project 24806

EFFECTIVE DATE

June 17, 1993

PREPARED FOR

Mr. Kim Murphy

Director of Real Estate

University of New Mexico

Scholes Hall, Room 233

Albuquerque, New Mexico 87131

BROOKS, LOMAX & FLETCHER INC.

July 7, 1993

Mr. Kim Murphy
Director of Real Estate
University of New Mexico
Scholes Hall, Room 233
Albuquerque, New Mexico

Reference: Appraisal Report
18.545-Acre Vacant Site
University Boulevard North of Lomas Boulevard NE
Albuquerque, New Mexico

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 of the fee simple interest in the property, subject to assumptions and limiting conditions stated in the report. Our analysis indicates the following value of the property.

Effective Date	June 17, 1993
Estimated Market Value As Is	\$1,280,000
Estimated Market Value Assuming Adequate Access Is In Place	\$1,370,000

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, LOMAX & FLETCHER, INC.



Joshua Cannon, MAI

Table of Contents

Executive Summary

Preface

- Regional Location Map
- Albuquerque Metropolitan Map
- Neighborhood Map
- Zoning Map
- Photographs of the Subject Property

Introduction

Overview of the Subject Property	1
Legal Identification	1
History of Ownership	1
Scope of the Assignment	1
Market Value Defined	2
Purpose of the Appraisal	2
Property Rights Defined	2
Effective Date of Appraisal	2
Special Assumption	2
General Underlying Assumptions	2
General Limiting Conditions	3

Description and Analysis

Albuquerque Profile	4
Neighborhood Description	10
Site Description	11
Real Estate Taxes	13
Zoning	13
Overview of Commercial and Multifamily Real Estate Markets	14
Highest and Best Use	15

Valuation

Problem Analysis and Data Interpretation	18
Valuation	18
Analysis of Cost to Acquire Additional Land Required for Legal Access	26
Value Conclusion	27
Certification	28

Addenda

- Comparable Land Sales
- Legal Description
- Letter from Bohannon-Huston, Inc.
- Flood Hazard Boundary Map
- Qualifications of the Appraiser

Executive Summary

Project: Single tract of vacant land zoned for commercial use

Location: University Boulevard NE, one-third mile north of Lomas Boulevard NE, Albuquerque, New Mexico

Client: Mr. Kim Murphy, Director of Real Estate
University of New Mexico
Scholes Hall, Room 233
Albuquerque, New Mexico 87131

Property Rights Appraised: Fee Simple Interest

Land Area: 18.545 acres (807,820 square feet)

Zoning: C-3, Heavy Commercial

Important Appraisal Issue and Assumption: The body of the subject property is recessed from University Boulevard by an average of 325 feet. Access is provided by two 25-foot wide strips of land that extend east to University Boulevard. According to Albuquerque's Transportation Development office, the minimum required width for this type of access is 36 feet. Accordingly, a critical assumption in this appraisal is that these accessways can be expanded eleven feet by purchasing additional land from adjoining owners. A "reasonable" cost to acquire the needed land area is estimated to be approximately \$90,000. Note that this cost is an unsupported estimate and the actual cost to acquire needed right-of-way may be substantially different.

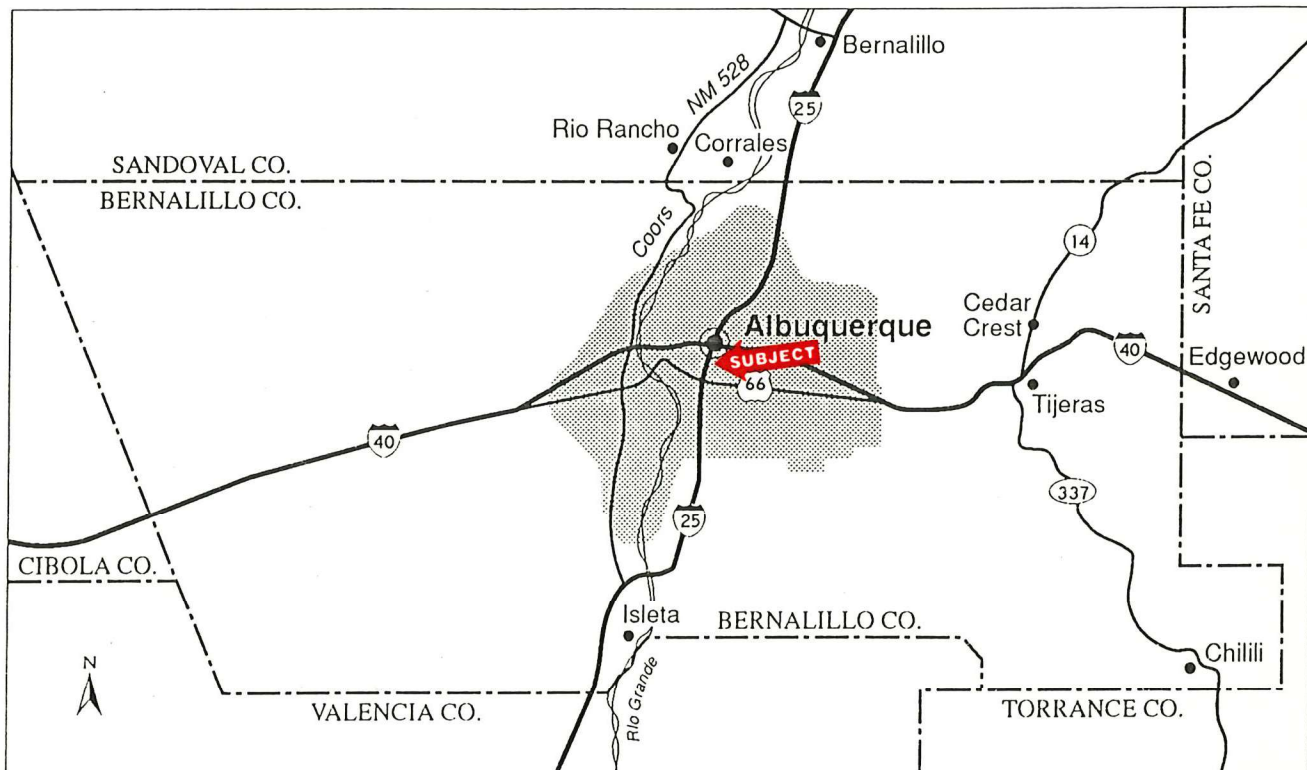
Highest and Best Use: The subject property is zoned for commercial use, although its lack of arterial frontage (except for the accessways) precludes typical commercial development. Feasible uses are estimated to be either apartments or self storage, with apartments given greater likelihood. Apartments are a conditional use under C-3 zoning, and several C-3 sites in the subject area have been improved with apartments. It is reasonable to assume that apartment use is achievable for the subject property, and this is estimated to be its highest and best use.

Value Estimates:

Market Value Assuming Adequate Access Is In Place:	\$1,370,000 (\$1.70 per square foot)
Market Value As Is:	\$1,280,000 (\$1.58 per square foot usable)

Effective Date of Appraisal: June 17, 1993

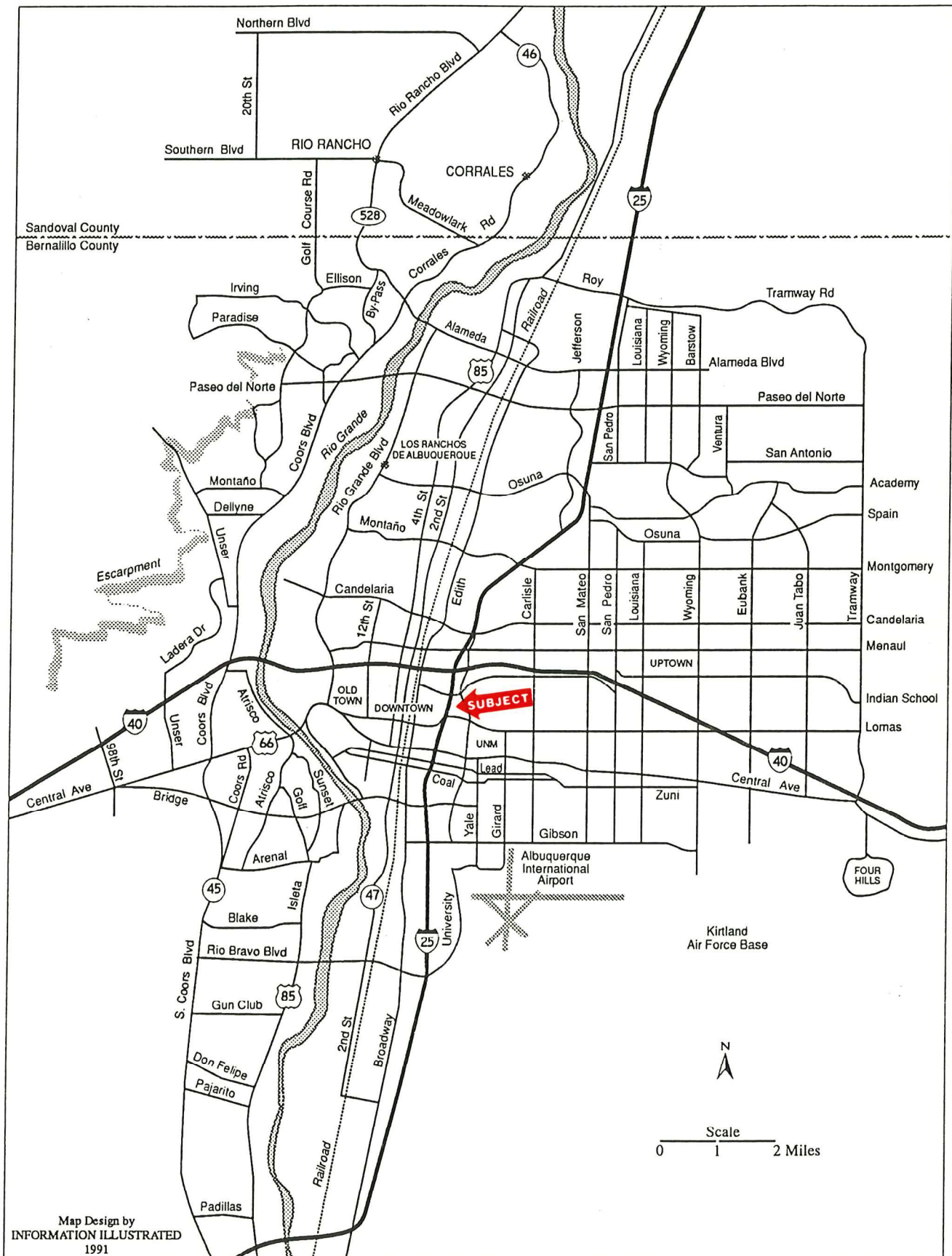
Preface



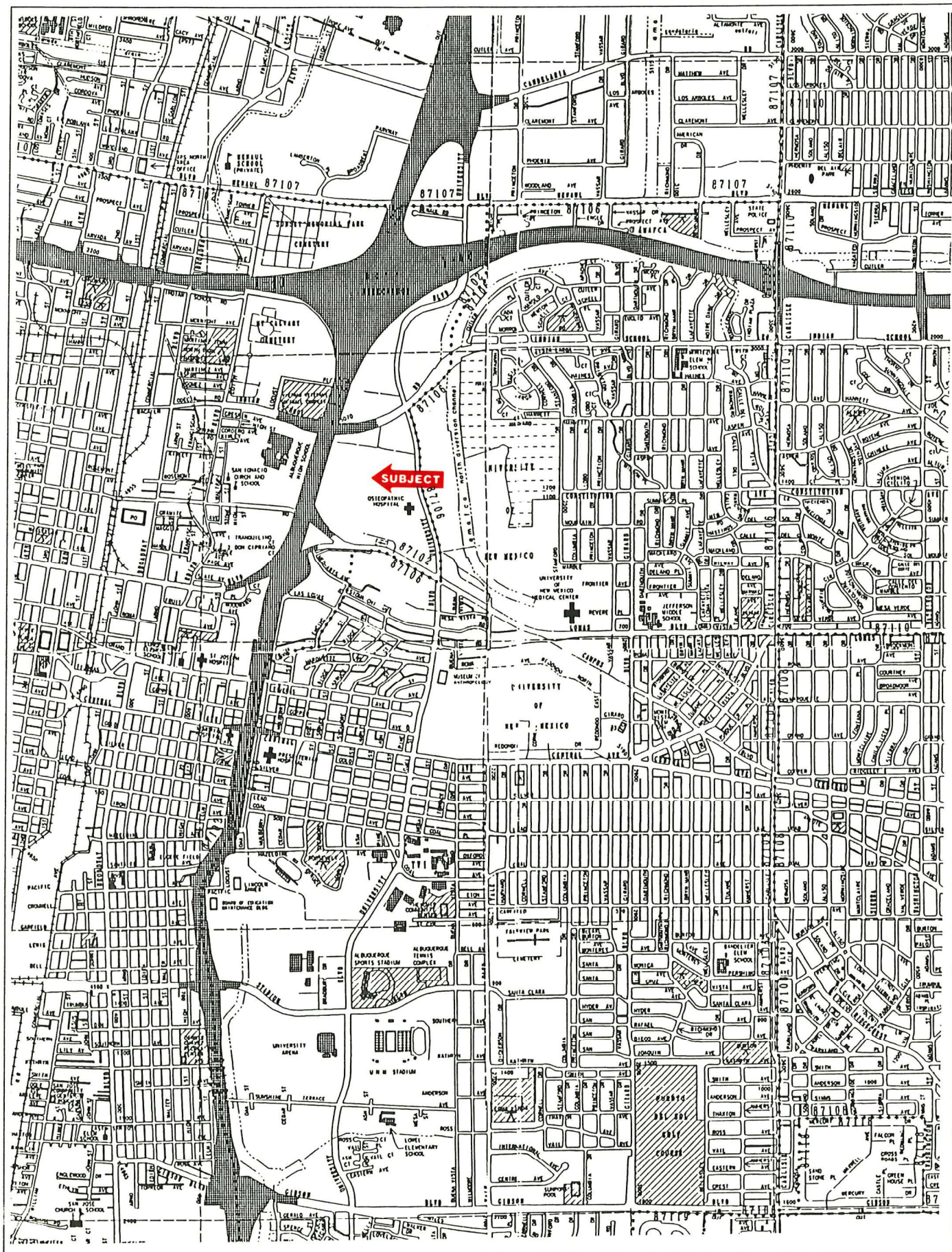
Map Design by INFORMATION ILLUSTRATED, 1991



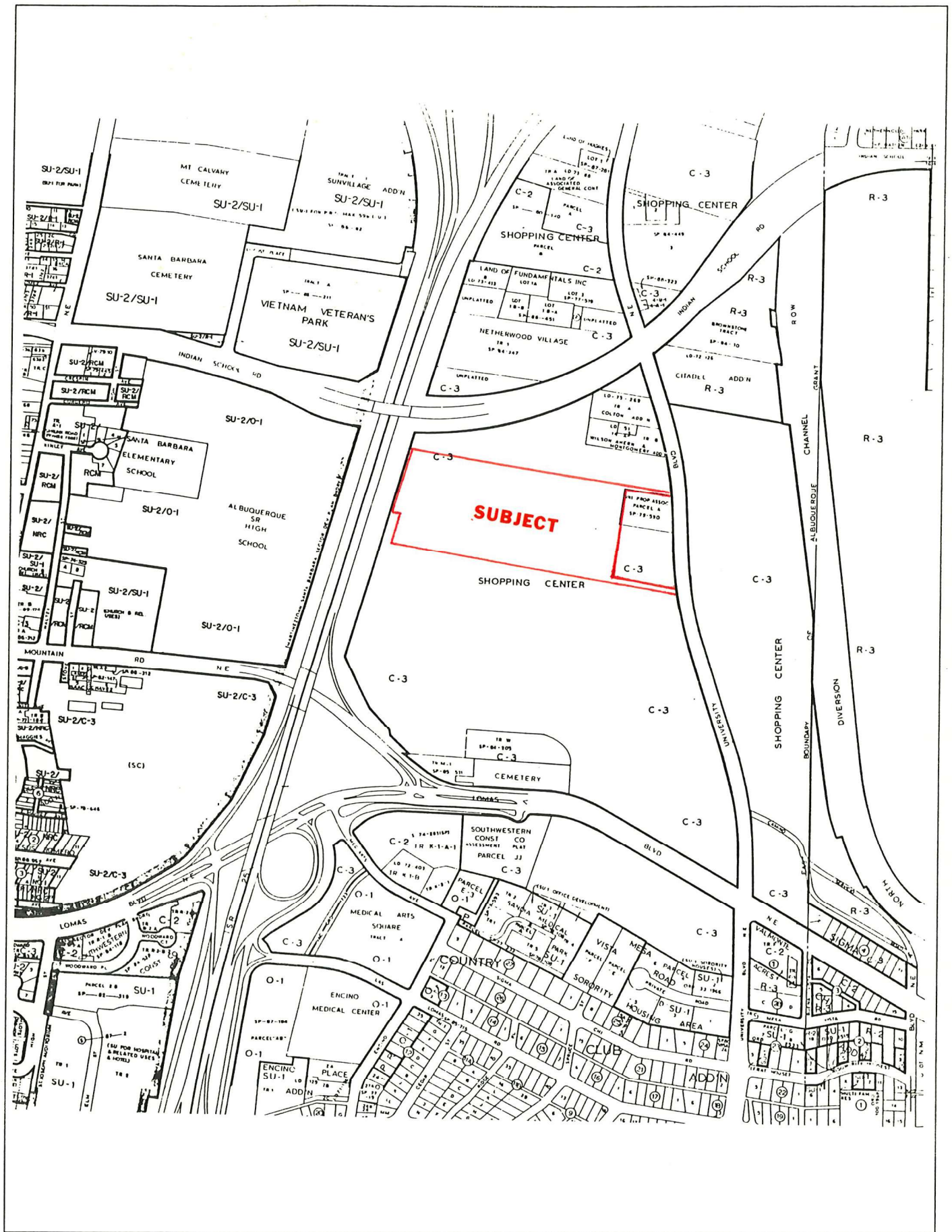
Regional Location Map



Albuquerque Metropolitan Area



Neighborhood Map



Zoning Map

Introduction

Overview of the Subject Property

The subject property is approximately 18.545 acres of vacant land located on the west side of University Boulevard, approximately 800 feet south of Indian School Road and approximately one-third mile north of Lomas Boulevard. The subject is located in the "University" market area of the city, with the University of New Mexico campus located approximately one-half mile to the southeast. Improvements fronting on University Boulevard in the area of the subject include a wide variety of office, commercial, multifamily residential and special purpose buildings. The subject site is zoned for commercial use.

The subject property has a highly irregular shape that is best visualized by referring to the exhibits in the Preface of this report. Almost the entire site is removed from University Boulevard frontage by an average of roughly 325 feet. Access to University Boulevard is provided by two 25-foot wide strips that are part of the subject's fee simple ownership. These strips are located at the northeast and southeast corners of the property. The west boundary of the site fronts on the right-of-way of Interstate 25 (I-25). In addition to quality of access, the terrain of the site has a material impact on value. Overall grade change from east to west is approximately 40 feet. The bulk of the site has been graded into two plateaus. Also, an active natural drainage channel crosses the western portion of the site near I-25.

Legal Identification

The legal description for the subject property is a lengthy metes and bounds description for four contiguous parcels as fully described in the report Addenda. The last public recording for the property was in 1982, and the document indicates a total land area of 18.1667 acres. More particularly, one of the four parcels is described as containing "15.00 acres, more or less." Using the metes and bounds description, our computer platting program calculates the area of this site to be 15.379 acres. I have applied the land area calculated by the computer in this analysis, which is 18.545 acres.

History of Ownership

The bulk of the subject land was sold via a real estate contract in June 1950 by William A. Arias and Yvonne R. Arias, his wife, to The Cougar Club, Inc., a non-profit corporation, with the stipulation that the land be devoted to and used for educational and/or recreational purposes for the Catholic youth of New Mexico. Any other use of the property terminates the sale and the property reverts to the grantors, their heirs or assigns. A football field and two baseball fields were developed on the parcel in the early 1950s, and these were used primarily by a Catholic high school until the mid-1960s. In July 1965, three small parcels (Tracts II, IV, and V in the legal description) were added to the land area, completing the parcel as appraised, with the same restrictive covenant regarding land use. The full property was conveyed to the Roman Catholic Church of the Archdiocese of Santa Fe, a corporation, in September and December of 1966. The three ball fields are currently overgrown with weeds, are not maintained and reportedly have not been used since the mid-1960s.

Scope of the Assignment

The assignment is to prepare a market value appraisal of the property identified above, and to deliver a narrative report of our findings and conclusions. The property rights appraised will be the fee simple interest in the property. No departure will be made from The Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, or the Appraisal Institute's Standards of Professional Practice.

Note that this appraisal does not recognize the impact on value of the existing restrictive covenants described above. The appraisal assumes the transfer of clear, fee simple title.

Our client has also requested that the estimated value of the subject parcel be allocated among the four legally described parcels noted above. This allocation has been performed in the final section of this report on a pro rata basis.

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.

Purpose of the Appraisal

The appraisal is intended for use by the University of New Mexico, which is considering purchasing the subject property.

Property Rights Defined

The property rights appraised are identified as the fee simple estate in the referenced real estate. The fee simple estate is an absolute ownership unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation.

Effective Date of Appraisal

The effective date of this appraisal is June 17, 1993, which is the date of the most recent site inspection.

Special Assumption

Access to the main street arterials from the bulk of the subject tract does not currently meet city requirements and is inadequate in terms of optimizing marketability of the property. As described in the valuation portion of the report, this problem appears solvable. An assumption of the appraisal report is that the access problem can be corrected at additional expense to the property owner, as described in the report.

General Underlying Assumptions

1. The legal description used in this report is assumed to be correct.
2. No survey of the property has been made by the appraiser; no responsibility is assumed in connection 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. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
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.

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

This section of the report summarizes the city's economic base, its demographic and land use trends, and the current development climate for real estate. The appraised property is located on University Boulevard near the campus of the University of New Mexico.

Geographic Area

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 168 square miles and serves as the state's commercial, industrial and transportation center. The state's population is approximately 1.5 million, and the Albuquerque metropolitan area population is over 500,000. Santa Fe, the state capital, is 65 miles to the north. The state capital is a much smaller city than Albuquerque, with a 1990 population of 56,000.

The Albuquerque metropolitan area includes Bernalillo County, the city of Albuquerque, and the city of Rio Rancho in southern Sandoval County. By rough approximation the land area is 520 square miles.

Albuquerque is relatively isolated, with no significant sub-regional commerce centers between itself and Phoenix, 450 miles to the west; Denver, 420 miles to the north; Dallas, 650 miles to the east, and El Paso, 300 miles to the south. Albuquerque is well served by interstate highways and major airlines, but its geographic isolation and relative lack of manufacturing industries limit its development as a regional hub.

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 separate, 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, Downtown workers and residents followed the national trend of out-migration to the suburbs (1960s and 1970s).

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 1930 to 1960. The direction of growth extended east from Downtown along old US Route 66, which was the east-west intra-city and inter-state 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 accord 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 mile square 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 foothills area contains much of the region's most expensive housing.

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.

As the finite supply of land on the east mesa fills, there is an increasing shift in development emphasis to the west mesa. The west mesa has traditionally competed primarily on the basis of less expensive land. Historically, a major limitation to demand on the west side was commuting time to employment centers east of the river. However, completion of a new six-lane bridge (Paseo del Norte) in late 1987 did much to alleviate this problem. An additional two-lane bridge is planned south of Paseo del Norte at Montañito Road but has been delayed by opposition.

Population and Employment Trends

The population of the Albuquerque metropolitan area—including all of Bernalillo County and the city of Rio Rancho—is estimated at 515,116, according to a report entitled *Urban Growth Projections for Albuquerque and Vicinity; 1992 - 2002*, published in January 1993 by the City of Albuquerque Planning Department, under contract with the University of New Mexico Bureau of Business and Economic Research (BBER). In 1980, the same geographic area's population was an estimated 430,696, indicating an average annual growth rate of 1.8 percent during the last decade. By contrast, the area's population grew at an average annual rate of 3.1 percent during the 1970s.

Population growth over the 40-year period from 1950 to 1990 in the city of Albuquerque and Bernalillo County is shown in the following chart.

US Bureau of the Census Population Figures: 1950 - 1990

Year	City of Albuquerque		Bernalillo County	
	Total Persons	Growth Rate*	Total Persons	Growth Rate*
1950	96,815	---	145,673	---
1960	201,189	7.59%	262,199	6.05%
1970	243,751	1.94%	315,774	1.88%
1980	331,767	3.13%	419,700	2.89%
1990	384,736	1.49%	480,577	1.36%

* annual compound rate of growth

Note: Bernalillo County data encompasses the same land area from year to year. The City of Albuquerque's land area has undergone changes due to annexation.

Source: US Bureau of the Census

Brooks, Lomax & Fletcher, Inc.

The BBER projects annual population growth of 1.6 percent during the 1990s assuming moderate employment growth. Population estimates from *Urban Growth Projections for Albuquerque and Vicinity; 1992 - 2002* for the Albuquerque SMSA are shown on the following chart. Note that the statistical area used in this chart is different from the area used by the Census Bureau, causing the initial population estimates to differ.

Albuquerque Metropolitan Area¹ Projected Population

Year	Projected Metro Area	Growth Rate	Projected City of Albuquerque ²	Growth Rate
	Population Total		Population Total	
1990	521,580	---	488,188	---
1995	569,903	1.8%	524,084	1.5%
2000	614,114	1.5%	558,892	1.3%
2005	657,003	1.4%	592,053	1.2%

Source: *Urban Growth Projections for Albuquerque and Vicinity; 1992 - 2002*; Bureau of Business and Economic Research, University of New Mexico for City of Albuquerque.

¹ BBER's metro study area is most of Bernalillo County and the city of Rio Rancho in southern Sandoval County, NM.

² City of Albuquerque figures exclude only the City of Rio Rancho from the metro total.

Brooks, Lomax & Fletcher, Inc.

By 2000, the Albuquerque metropolitan area population is projected to be 614,114, a 17.7 percent total increase over 1990 and a 1.6 percent compounded annual growth rate for the 1990s. This is significantly below the 3.1 percent annual rate for the 1970s, and slightly below the 1.8 percent annual rate for the 1980s. Population growth is estimated to slow due to an aging population with lower fertility and less net migration due to more moderate economic conditions.

The area'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. The combined segments of military employment plus civilian employment directly linked to federal spending represent more than 10 percent of total employment, compared to less than 5 percent nationally.

According to a prior BBER report (*Socioeconomic Projections: Albuquerque, 1980 - 2000*), job growth since 1960 has averaged 3.9 percent per year. In the 1980s the average rate was 3.2 percent, compared to 5.4 percent in the 1970s and 3 percent in the 1960s. The following table shows growth in the number of persons employed in the Albuquerque metropolitan area, the State of New Mexico, and the United States over the past twelve years. The rate of growth declined steadily after 1986, actually turning negative in 1990 (net loss in jobs). In 1991 the direction of change turned positive, and the trend has been a strong pattern of increases in the number employed. Growth in 1992 was slightly over 2%, the highest percentage increase in four years.

Historical Employment Information

	Metro Area			New Mexico			United States		
	Number Employed	Percent Change	Unemployment Rate	Number Employed	Percent Change	Unemployment Rate	Number Employed	Percent Change	Unemployment Rate
1980	187	n/a	7.7%	520	n/a	7.5%	99,303	n/a	7.1%
1981	190	1.83%	7.4%	537	3.27%	7.3%	100,397	1.10%	7.6%
1982	200	5.38%	8.1%	541	0.74%	9.2%	99,526	-0.87%	9.7%
1983	210	4.91%	8.7%	547	1.11%	10.1%	100,834	1.31%	9.6%
1984	221	5.04%	6.2%	581	6.22%	7.5%	105,005	4.14%	7.5%
1985	226	2.28%	6.7%	587	1.03%	8.8%	107,150	2.04%	7.2%
1986	237	5.10%	6.5%	616	4.94%	9.2%	109,597	2.28%	7.0%
1987	244	2.94%	6.4%	622	0.97%	8.9%	112,440	2.59%	6.2%
1988	248	1.68%	5.9%	635	2.09%	7.8%	114,968	2.25%	5.5%
1989	252	1.41%	5.1%	651	2.52%	6.7%	117,342	2.06%	5.3%
1990	250	-0.71%	5.0%	656	0.77%	6.3%	117,914	0.49%	5.5%
1991	253	1.28%	5.2%	665	1.37%	6.9%	116,877	-0.88%	6.7%
1992	259	2.09%	4.9%	673	1.20%	7.0%	117,598	0.62%	7.4%
1980-92 (avg)		2.8%	6.4%		2.2%	7.9%		1.4%	7.1%

Source: *New Mexico Labor Market Review**Brooks, Lomax & Fletcher, Inc.***Employment According to Categories: Albuquerque MSA (Bernalillo County)**

	1970	1980	% Change 1970-1980	1990	% Change 1980-1990	% Change 1970-1990
Total Non-Agricultural Wage & Salary	110,600	183,000	39.6%	246,100	25.6%	55.1%
Construction & Mining*	11,800	12,900	8.5%	13,000	0.8%	9.2%
Manufacturing	9,900	17,200	42.4%	21,200	18.9%	53.3%
Durable Goods	6,500	11,700	44.4%	15,000	22.0%	56.7%
Nondurable Goods	3,300	5,600	41.1%	6,200	9.7%	46.8%
Transportation & Public Utilities	7,000	11,500	39.1%	12,700	9.4%	44.9%
Wholesale & Retail Trade	26,200	46,300	43.4%	61,100	24.2%	57.1%
Wholesale Trade	6,500	12,700	48.8%	14,400	11.8%	54.9%
Retail Trade	19,700	33,600	41.4%	47,800	29.7%	58.8%
Eating & Drinking Places	5,000	11,400	56.1%	18,700	39.0%	73.3%
Finance, Insurance & Real Estate	6,300	10,600	40.6%	13,900	23.7%	54.7%
Services	26,100	42,500	38.6%	74,700	43.1%	65.1%
Hotels & Lodging Places	1,500	2,500	40.0%	3,700	32.4%	59.5%
Health Services	4,900	9,700	49.5%	16,600	41.6%	70.5%
Government	27,300	42,000	35.0%	49,500	15.2%	44.8%
Federal	10,400	12,600	17.5%	13,900	9.4%	25.2%
State	6,200	11,400	45.6%	13,400	14.9%	53.7%
Local	10,600	18,000	41.1%	22,200	18.9%	52.3%

* Construction only for 1970

Source: New Mexico Department of Labor

Brooks, Lomax & Fletcher, Inc.

(Note: The number of employed persons is based on an employed person by place of residence concept; whereas, the nonagricultural wage and salary series in the preceding table is based on a job by place of work concept.)

The BBER projects that employment growth in the mid-1990s will reach the 2.7 percent to 3.0 percent range. The projected employment growth levels in the mid-1990s is attributed to a cyclical rebound

following the national recession of the early 1990s. After 1995, however, employment growth is projected to be moderate primarily because of demographic factors (annual average 1.9 percent).

Area Employment Information - Projected

Year	Estimated Total Persons Employed	Percent Annual Growth
1991	251,116	---
1992	253,438	0.9%
1993	260,345	2.7%
1994	268,140	3.0%
1995	275,367	2.7%
1996	282,819	2.7%
1997	288,227	1.9%
1998	293,755	1.9%
1999	299,406	1.9%
2000	305,184	1.9%
2001	311,093	1.9%
2002	317,135	1.9%

Source: *Urban Growth Projections for Albuquerque and Vicinity; 1992 - 2002*; Bureau of Business and Economic Research, University of New Mexico for City of Albuquerque.

Brooks, Lomax & Fletcher, Inc.

Real Estate Markets

At present, virtually all real estate market sectors except single family housing are soft because of the past decade's overbuilding coupled with a slowdown in population growth. The following table summarizes vacancy by market sector from 1986 to 1992.

Real Estate Market Sector Vacancy: 1986 - 1992

Year	Retail Market	Office Market	Industrial Market	Apartment Market
1986	7.8%	20.9%	8.3%	13.2%
1987	10.4%	19.5%	8.4%	12.4%
1988	11.1%	19.3%	8.4%	11.0%
1989	14.1%	21.1%	8.0%	7.5%
1990	15.5%	22.4%	6.7%	7.2%
1991	15.1%	19.9%	5.5%	3.8%
1992	12.1%	17.6%	4.6%	3.3%

Sources: CB Commercial
Apartment Association of New Mexico, fourth quarter figures

Brooks, Lomax & Fletcher, Inc.

The latest vacancy survey by CB Commercial, Fourth Quarter 1992, shows that the city wide vacancy rate for office space is 17.6 percent and lease rates range from \$10.00 to \$14.50 per square foot. Fourth quarter 1991 figures for office vacancy were reported at 19.9 percent and lease rates ranged from \$9.00 to \$14.00 per square foot. The indicated trend is upward.

Retail space vacancy and lease rate figures in the same report show fourth quarter 1992 vacancy figures in the city at 12.1 percent. This is an improvement over the prior year when citywide vacancy figures were 15.1 percent. Fourth quarter lease rates for retail space ranged from \$10.00 to \$12.00 per square foot. The low end of the range one year earlier was \$8.00 per square foot. The trend in retail space is also improving.

The industrial market also has had low vacancies and increasing rental rates in recent years. The CB Commercial report indicates industrial vacancy rates fell from 5.5% in 1991 to 4.6% in 1992. Additionally,

the rental rate range for warehouse space in the Northeast Height increased \$0.50 per square foot over the same time period.

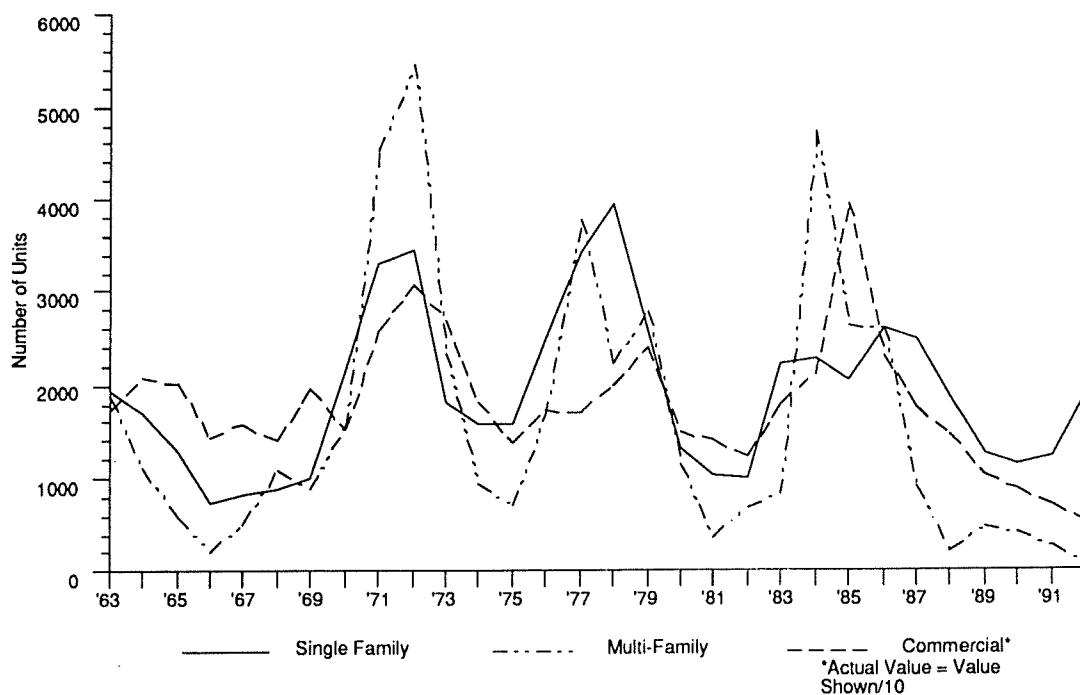
The Apartment Association of New Mexico shows a continued drop in apartment vacancy over the last six years terminating at 3.3 percent for fourth quarter 1992. CB Commercial estimated citywide apartment vacancy for 1992 to be 4.0 percent for complexes over fifty units. The decline in vacancy rates has prompted rising rents, and it is expected that development plans will soon be observed for speculative construction. The peak in the last market cycle was in 1984. The years from 1987 to 1991 show the lowest sustained level of building permits for the last twenty-eight years.

The market for single family housing has recovered from the 1987-1990 downturn. Single family construction in the metropolitan area averaged 4,000 units per year from 1983 through 1987, then declined to 3,200 units in 1988 and to less than 2,000 units in 1990, where it bottomed out (the metro area includes the City of Albuquerque, Rio Rancho and the unincorporated areas of Bernalillo County). There were 2,131 single family building permits issued in the metropolitan area in 1991, and 3,016 in 1992.

Overall Trend for Real Estate Economy

The behavior of Albuquerque's real estate markets over the long term is shown in the graph below, which covers a 30-year period from 1963 to 1992.

Construction Permits for City of Albuquerque: 1963 - 1992



Brooks, Lomax & Fletcher, Inc.

As shown in the preceding graph, the development markets peaked by 1986 and entered a long period of decline. The single family housing market recovered in 1991 but the multifamily and commercial development markets have continued to decline.

Metropolitan area employment growth was negative in 1990, which was the bottom year in the employment cycle. The single family development market also bottomed out in 1990. Employment and

housing starts both sustained significant growth in 1991 and 1992, indicating the real estate economy is in a recovery phase.

Commercial and multifamily construction activity is still very low but a positive trend is apparent in these segments as well. The vacancy data presented earlier shows that all segments improved each year following 1990. The industrial market began an improving trend after 1989, and the multifamily market began improving after 1988.

The conclusion is that the real estate economy is in a recovery phase with the largest improvements shown in employment and housing during the last two years. All market sectors are improving based on the vacancy statistics.

Summary

Albuquerque is continuing to achieve a moderate level of economic growth. Among the distinguishing characteristics of the city's economy are: 1) its role as a statewide center for trade, transportation and services; 2) an increasing local diversification in manufacturing and distribution; 3) a moderate in-migration of regional and national business interests; and 4) a significant component from federal government employment and contracting.

With the limited supply of remaining developable land in the historically popular northeast quadrant, the primary growth area of the city is steadily shifting to the west mesa in the northwest quadrant of the city. This trend is expected to continue in the future. The northeast quadrant, however, should remain the preferred residential and commercial area of the city due to the quality of existing infrastructure and improvements, as well as its proximity to employment centers and recreational amenities.

Passing the demographic milestone of a half million residents in the metropolitan area should increase the number of national businesses which would consider Albuquerque in their marketing and expansion plans. The area has a dry, mild, high altitude climate with noticeable weather variations in all four seasons. Hydrology studies indicate that there is a sufficient water supply to support a population of two to three million, and the community is committed to accommodating growth and improving its urban amenities. A moderate rate of local economic growth is expected to continue, and the real estate markets will continue to absorb the oversupply of commercial space.

Neighborhood Description

The subject neighborhood is a commercial district approximately one mile in length, that encompasses land along a north-south commercial corridor formed by University Boulevard. This commercial corridor is roughly bounded by 1) generally newer commercial uses to the north of Interstate 40, with several hospitality properties; 2) a University of New Mexico golf course and single-family residential land uses to the east; 3) the main campus of the university, some commercial businesses, and single-family housing to the south of Lomas Boulevard; and 4) outlying areas of downtown Albuquerque to the west, beyond Interstate 25 (I-25). The subject property lies in the southwest portion of the described neighborhood. Access to the subject property is from the west side of University Boulevard, approximately one-third mile north of Lomas Boulevard.

A major attribute of the subject neighborhood is its central location within the city, close to the I-25/I-40 interchange, the downtown business district, and the University of New Mexico. Commercial uses predominate in the neighborhood, spanning a wide variety of uses. There is minimal vacant land along University Boulevard's frontage available for new development.

The northern corridor of the neighborhood consists primarily of small office buildings and multifamily housing. The southern sector has some retail influence as evidenced by two smaller strip retail centers and two large auto dealerships centered around the most heavily traveled intersection in the neighborhood—Lomas and University Boulevards. Remaining neighborhood uses consist of a hospital and medical support facilities, two television stations, a mortuary, student parking and child-care facilities owned and operated by

the University, two gasoline stations, together with office/warehouses and institutional structures. In addition, there are two apartment complexes to the north of the subject at the intersection of University and Indian School Road.

A sizeable portion of the neighborhood is vacant land, although most of this land is recessed to the west of University Boulevard in the area immediately surrounding the subject site. Almost all the land is owned by either the University of New Mexico or the Archdiocese of Santa Fe. The development of this land will further determine the pattern of growth for the neighborhood.

University Boulevard has a four-lane roadway and is classified as a minor arterial. This classification is directly related to its average daily traffic flow, which is moderate by Albuquerque arterial standards. A summary of average daily traffic flows for the neighborhood's arterials follows. The most recent traffic study was performed in 1991.

Average Daily Weekday Traffic Volumes

<i>Location</i>	<i>1985</i>	<i>1988</i>	<i>1991</i>
Indian School Road, at University Blvd.	8,500	9,700	10,900
University Boulevard, between Indian School Rd. and Lomas Blvd.	20,100	23,700	24,500
Lomas Boulevard, west of University Blvd.	31,700	38,500	44,600

Source: *Middle Rio Grande Council of Governments*

Brooks, Lomax & Fletcher, Inc.

Based upon the most recent study, average weekday traffic flow at the subject frontage is 24,500 vehicles. Principal arterials in Albuquerque typically carry 35,000 to 45,000 vehicles per day.

In summary, the subject neighborhood is a commercial corridor within Albuquerque built up with a variety of mostly lower-intense commercial uses. The predominant non-institutional use in the area is office buildings occupied by medical or technical users. Additionally, UNM owns a sizable portion of the neighborhood, notably using a large frontage area for student parking. The close-in location of the neighborhood—convenient to the freeway system, the University of New Mexico, and downtown Albuquerque—assures continued market acceptance, with orderly infill of remaining vacant parcels and conversion of older property improvements to newer improvements when warranted.

Site Description

Area and Shape

The subject property is an irregular-shaped parcel, as shown on the exhibits provided in the report Preface. Total land area is estimated to be 18.545 acres. The body of the site is nearly rectangular in shape, measuring roughly 555 feet wide by 1,430 feet deep. From this body extend two 25-foot wide accessways to University Boulevard. At the northeast corner of the site, the accessway extends approximately 275 feet from the body of the site to University Boulevard. From the southeast corner of the site, the extension measures roughly 375 feet. On average, the body of the site is approximately 325 feet removed from University Boulevard.

Topography and Drainage

The site has a significant overall slope downward from east to west. Within the body of the site, grade change is estimated to be 40 feet. Also, the easternmost body of the site lies below the grade of University Boulevard by another 10 feet. Most of the site has been graded into two plateaus. Recall that the tract was used in the past for baseball and football fields, and these areas are relatively flat. An arroyo runs from southeast to northwest across the lower, or westerly portion of the tract. This arroyo isolates approximately 1.4 acres from the body of the site.

The engineering firm of Bohannon-Huston, Inc. was retained to examine the site regarding its suitability for development. Kerry L. Davis, P.E., and I performed an on-site inspection of the property on July 25, 1993. According to Mr. Perry, development would probably involve a "stair step" terracing of the site; and terrain conditions do not prohibit any probable land uses. He also reports that the arroyo can be contained in either a below-ground pipe, or above-ground concrete channel with a crossing bridge. Costs associated with these issues are discussed in a later section.

Approximately one acre in and near the arroyo is either in Zone AO (Depth 3), an area of 100-year shallow flooding at a depth of up to three feet, or in Zone A, an area of 100-year flooding without base flood elevations and flood hazard factors determined. Other areas of the subject tract are in Zone C, an area of minimal flooding. This information is found on the National Flood Insurance Program flood hazard map for Albuquerque (Community Panel Number 35-00002-0029-C), dated October 14, 1983. With proper containment of the arroyo, the A and AO flood zones could be eliminated (except for the channel itself).

Utilities and Services

Water, natural gas, electricity, and telephone are available to the site at its University Boulevard frontage. A sewer stub is located approximately 120 feet north of the northwest corner of the site, or just southeast of the intersection of I-25 and Indian School Road. It is assumed in this appraisal that subject access to this sewer stub is achievable.

Soils and Subsoil Conditions

No soils report was provided to assist in this study. Value estimates could change if unforeseen soil conditions are revealed by future studies. The immediate area has been developed with residential and commercial uses and without easily-seen evidence of excessive or abnormal settling.

Visibility, Access and Off-Site Conditions

Access to the subject property from University Boulevard is via two 25-foot-wide strips of land along the northern and southern boundaries, or approximately 275 feet and 375 feet, respectively, to the body of the site. University Boulevard is a four-lane asphalt-paved street with center median, concrete curb-and-gutter, and concrete sidewalks on each side of the street. The body of the site has minimal visibility from University Boulevard. The western boundary of the site is formed by the eastern right-of-way line of Interstate 25. The subject has good visibility from I-25 traffic.

The two 25-foot accessways are adequate to construct two traffic lanes each, but they are not adequate by city standards to meet virtually any type of proposed development. According to the Albuquerque Transportation Development office, a minimum of 36 feet is required for each entrance. This width allows for one inbound lane and two outbound lanes (left and right turn exit). Accordingly, any developer of the subject site would be required to purchase an additional 11 feet along each accessway. The north accessway borders a 1.38 vacant site owned by the Catholic Church for approximately 275 feet. The south accessway borders the former University Volkswagen dealership site owned by UNM for approximately 375 feet. Both of these sites could grant an additional 11 feet along their respective boundaries without materially impacting their utility. Combined, the subject ownership would be required to purchase 7,150 square feet of

land $((275' \times 11') + (375' \times 11')) = 7,150$ square feet). It is assumed in this appraisal that this required land can be acquired. An estimate of probable cost to acquire is performed in the Valuation section of this report.

Easements and Encroachments

The title report provided by our client lists nominal utility easements at the site's perimeter. Site inspection revealed no apparent adverse easements or encroachments.

Adjoining Uses

As stated, the subject is removed from University Boulevard by an average of 325 feet. There are two sites between the subject and University: a 1.378 acre tract of vacant land, and the former University Volkswagen dealership. The dealership was purchased by the University of New Mexico in 1992. To the north, between the subject and Indian School Road, are a television station (Fox Channel 2), two tracts of vacant land and a church. On the west the subject borders Interstate 25. On the south is a 20-acre tract of vacant land leased by UNM from the Sandia Foundation, and a vehicle storage area for Galles Chevrolet.

Real Estate Taxes

Property taxes are administered and levied by the County of Bernalillo on behalf of itself and other public entities. The property's tax identification numbers are 1-015-058-228-328-2-17-06 and 1-015-058-300-321-1-01-07.

Assessed and taxable values for the past three years are shown on the following table. Taxable value is one-third of assessed value. In that the property is owned by a church, no real estate taxes are charged by Bernalillo County.

Subject Property Assessed and Taxable Values

	<i>Assessed Value</i>	<i>Taxable Value</i>	<i>Annual Taxes</i>	<i>Assessed Value/SF</i>	<i>Annual Taxes/SF</i>
1990	\$2,177,130	\$725,627	\$0	\$2.70	\$0
1991	\$2,177,130	\$725,627	\$0	\$2.70	\$0
1992	\$2,177,130	\$725,627	\$0	\$2.70	\$0

Brooks, Lomax & Fletcher, Inc.

Zoning

The subject land is zoned C-3, Heavy Commercial Zone, as defined in Albuquerque's *Comprehensive City Zoning Code*. This zone provides suitable sites for virtually all commercial uses, including wholesale commercial uses and some light industrial uses which cause no vibration discernible beyond the premises. Additional restrictions in the C-3 zone in general include 1) height of buildings, 2) building setbacks from property boundaries, and 3) off-street parking.

Residential uses are a conditional use in this zone, and apartment development is governed by the R-3, Residential Zone, regulations. Permissive uses under R-3 zoning allow apartment projects up to 30 dwelling units per acre. A density above 30 dwelling units per acre is a conditional use under R-3 zoning. Apartment development on C-3 zoned land is fairly common throughout Albuquerque. In fact, the most recent apartment project developed along University Boulevard (the Netherwood Apartments with 219 units)

was on a C-3 site. The Netherwood Apartments, built in 1984, are at the northwest corner of University Boulevard and Indian School Road, or approximately 500 feet north of the subject. Overall, it is reasonable to assume that the city would approve an apartment use up to 30 dwelling units per acre for the subject site.

The subject land is not located within the boundaries of one of the city's neighborhood sector plans which are designed to guide development activity within the sector.

Overview of Commercial and Multifamily Real Estate Markets

This overview is an investigation into the market conditions of the potential real estate uses for the subject property. The subject property is zoned for commercial use and it is reasonable to assume that apartment construction would receive approval. Due to its lack of frontage (except for two 25-foot wide accessways), typical uses found on commercially zoned sites such as retail or office are poorly suited to the subject. In my view, conceivable uses for the property include either apartments or self storage.

Apartment Market

The apartment market in Albuquerque is just reaching the break point where speculative construction becomes feasible. We have reviewed apartment building permits since 1963, and the data provide fairly predictable patterns. Over the past twenty-nine years, peak years in terms of total units permitted occurred in 1972, 1977 and 1984, or roughly every six years. Based on historical trends, Albuquerque should be experiencing the next apartment construction boom. Delaying this boom, however, was the comparatively large peak years of 1984 and 1985 coupled with the recent slowdown in population and employment growth. Accordingly, the next peak in apartment construction is probably one to two years away. The beginning of the upswing is now beginning, with several projects rumored to be in the land acquisition phase. Please refer to the graph on page 9 in the Albuquerque Profile which details apartment construction for the city over the past years. Also shown on the graph are construction permits for single family and commercial construction.

Multifamily construction volume in 1988 was at the lowest level in more than 20 years, but turned upward in 1989 and 1990 before declining again in 1991 and 1992. This fluctuating pattern is similar to the recovery phase in the early 1960s, when several years of increasing volume were interrupted by a further decline, then were followed again by resumption of the expansion phase. The early 1960s were also similar to the present in the sense of having followed an unusually long trough phase.

Market information more specific to the subject neighborhood is shown in the following chart. The information presented is published by the Apartment Association of New Mexico (AANM), which performs quarterly surveys. The most recent survey encompassed 17,196 apartment units citywide. AANM presents survey information both citywide and by zip code areas. The subject property is located in zip code 87102, which includes the subject neighborhood plus a sizable portion of the Downtown and South Valley markets. Since the subject is aligned more closely with the University market area, I have also included statistics from zip code 87106, an area south of the campus with a high percentage of student housing.

Included on the chart are 1) citywide vacancy since 1984, 2) the average rental rate for a one-bedroom apartment in the two zip code areas described since 1984, and 3) the vacancy rates for the two zip code areas since 1984.

Apartment Market Statistics

<i>Survey Date</i>	<i>Citywide Vacancy - All Units</i>	<i>Zip 87102 Vacancy - All Units</i>	<i>Zip 87102 1 BR Rent w/o Util.</i>	<i>Zip 87106 Vacancy - All Units</i>	<i>Zip 87106 1 BR Rent w/o Util.</i>
March 1985	7.9%	19.6%	\$351	5.9%	\$231
April 1986	15.2%	16.3%	\$376	12.1%	\$206
May 1987	13.5%	13.8%	\$379	6.7%	\$230
May 1988	12.1%	11.8%	\$340	7.6%	\$251
October 1989	7.5%	7.6%	\$395	4.8%	\$267
April 1990	9.6%	4.0%	\$341	5.6%	\$341
April 1991	6.8%	3.3%	\$374	2.4%	\$292
April 1992	4.8%	7.0%	\$423	1.9%	\$323
March 1993	3.8%	2.3%	\$425	0.6%	\$300

Source: Apartment Association of New Mexico
Brooks, Lomax & Fletcher, Inc.

The vacancy level in the subject zip code is at 2.3%, or below the city average. Vacancy in the area south of the campus (zip code 87106) is an incredibly low 0.6%. Clearly, there is a shortage of apartment units in the subject market area. The current average rental rate for a one-bedroom apartment in the subject zip code is \$425 per month, versus \$351 per month in 1985. This equates to an annualized growth rate of 2.42% per year. Adjusting for inflation, current rental rates are still below the level that triggered the construction boom in 1984/1985; however, apartment land prices have remained relatively stable since 1985. Also, significant rental step-ups are anticipated in the near term because of the low vacancy levels. Overall, the combination of apartment rents, construction costs and land costs are at, or very near, the point where new construction becomes feasible.

Self Storage Market

Since the mid-1980s, the Albuquerque self storage market has experienced a broad development cycle, including a high degree of overbuilding as well as a significant degree of absorption. Published information on the self storage market is limited, with no group performing citywide vacancy or rental rate surveys. Available information indicates that this market has nearly recovered to the point that new construction is feasible.

In 1986, Brooks, Lomax and Fletcher, Inc. surveyed approximately 7,500 self storage units citywide and found an overall vacancy rate of 18%. Subsequent surveys made by this firm found vacancy rates in the subject area of 28% in March 1988, and 14% in October 1989.

The most recent survey by Brooks, Lomax and Fletcher, Inc. was in June 1992. The survey included 3,000 units, and the average vacancy rate was 6.32%. The survey also revealed a total average rental increase of approximately 20% from 1986 to 1992, or slightly under the inflation rate during this period. Given that the vacancy level is nearing the generally accepted "stabilized level" of 5%, new construction of self storage units in the city can be expected in the next one to two years.

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.

Legally Permissible

The subject property is zoned C-3, Heavy Commercial Zone, which allows virtually any type of commercial use. It is reasonable to assume that an apartment project of up to 30 dwelling units per acre would also be approved for the site. There are multiple examples of apartment projects approved for C-3 zoned land located throughout the city, including sites in the subject neighborhood. Overall, existing zoning places almost no limitation on possible uses that are also physically and economically suited to the site.

Physically Possible

The subject site contains 18.545 acres, with access via two 25-foot wide strips extending to University Boulevard. The bulk of the site is approximately 555 feet wide, which is adequate to accommodate a wide variety of uses. The key physical issues are land size and quality of access/visibility. The site is removed from University Boulevard by an average of 325 feet. This quality of visibility, combined with the access, essentially precludes office or retail use. Uses most conducive to the site appear to be either apartments or self storage.

Weighing apartments against self storage use, greatest interest for the site would almost certainly come from apartment developers. The subject land size is better suited to apartments. Self storage complexes are typically sited on two to five acres; and an 18.545-acre self storage complex would probably be the largest in the city. Also, judging whether there is sufficient demand in the subject market area to absorb an 18.545-acre self storage complex is problematic.

Conversely, the subject site is reasonably well scaled to apartment use. The most recently developed apartment complex in the subject market area is Sun Village, located at the southwest quadrant of I-25 and Indian School Road. Sun Village consists of 572 units on 17.1 acres and was built in 1986. There are multiple projects of this size located throughout the city. I interviewed the agent for a 5.44-acre apartment site listed for sale at the southeast quadrant of Indian School and University Boulevard (one-third mile northeast of the subject), who reports that the 5.44-acre size is actually a drawback. The agent said that most apartment developers are seeking sites in the 10- to 15-acre range.

As stated in the Site Description, the developer of the subject site—under any use—will be required to expand the accessways to 36-foot widths. Although not ideal, two access points of this width are adequate to serve an 18.545-acre apartment project. One example of this is the Sun Village Apartments noted above. Primary access to this 17-acre project is a two-lane road extending from Indian School Road. Secondary access is from a two-lane road extending from Edith Boulevard. Two projects developed on sites very similar to the subject are located near the intersection of San Mateo Boulevard and Osuna Road in the Northeast Heights. In 1985, Mountain Shadows Apartments with 504 units was developed on 17.86 acres recessed to the southeast from San Mateo and Osuna. Immediately south of Mountain Shadows, Oaktree Apartments with 320 units on approximately 13 acres was also developed on a recessed site. Both these projects have dual accessways virtually identical to the subject. Also, all three noted projects have occupancy and rent levels consistent with city norms.

Overall, from a physical standpoint, the subject site is felt to be better suited for apartment use.

Financially Feasible/Maximally Productive

Although legally permissible, neither retail nor office development is considered a viable option. The subject's configuration and location would result in a badly designed office or retail project competing in a very tough market, and the chances for economic success are below marginal. Based upon 1) the preceding market study, and 2) the physical analysis of the site, the most likely development for the subject property is apartments. The subject location and configuration are adaptable to this use.

From a practical standpoint, a site plan which blends apartments and self storage is also realistic. Available data suggest that the two product types have roughly equal potential in terms of providing the greatest economic return to the subject land. Also, my research reveals that apartment and self storage developers

typically can afford to pay a similar price for land. We are aware of no arms-length land purchases for self storage development since the mid-1980s, and there have been very few apartment site sales. However, land sales that occurred during the last construction cycle indicate that self storage land and apartment land will bring roughly equal prices per square foot.

Based upon the preceding data and analysis, the highest and best use of the subject is concluded to be apartment development in the near term. A secondary option is apartment construction with a portion of the site improved with self storage units.

Valuation

Problem Analysis and Data Interpretation

The appraisal problem is to estimate the market value an 18.545-acre tract of vacant land located in the University market area of Albuquerque, New Mexico. The site is zoned for commercial use, although the highest and best use is estimated to be apartment development.

The valuation of vacant land is typically best performed by a sales comparison approach using recent sales and listings of sites with similar physical and locational attributes. For the subject property, sales and relevant listings that are comparable to the subject are very limited. Sales activity in the apartment land markets was heavy in the mid-1980s. Since the mid-1980s, sales activity has decreased significantly and available information suggests that per-square-foot prices have remained relatively flat. Further compounding the valuation problem are the subject's physical characteristics.

The sale data used in the analysis include tracts purchased for apartment development. The included sale data occurred from 1983 to 1991. The two sales from the mid-1980s occurred during the last construction boom, although current market conditions suggest Albuquerque is nearing the next construction phase of the cycle. Accordingly, sales from this period are considered relevant to this current analysis. After an adjustment for site access and terrain, the included sales provide a fairly strong and consistent indication of market value on a per-square-foot basis.

Valuation

A land value estimate is typically based on comparison of the subject property to other properties that are similar with regard to development potential. Recent sales are ideal, although the lack of recent apartment land sale activity requires using sales occurring up to ten years ago. The older sales are in the immediate subject area, and their proximity to the subject outweighs their lack of timeliness. Both listings are currently under contract. The intended use of each site is apartments.

Adjustment are made to the data for recessed location (access), configuration and terrain. These adjustments are explained in the following text.

Summary of Market Data

<i>Sale Number</i>	<i>Subject</i>	<i>1</i>	<i>2 (Lease)</i>	<i>3</i>
<i>Location</i>	University, N/o Lomas NE	SW/q I-25 & I-40, N/o Ind. Sch. NE	NW/c Indian Sch. & University NE	Morris, N/o Montgomery NE
<i>Sale Price</i>		\$1,857,059	\$683,520	\$600,000
<i>Date of Sale</i>		Oct-84	Sep-83	Aug-91
<i>Land Area</i>	18.545 acres	17.053 acres	6.2766 acres	15.5188 acres
<i>Zoning</i>	C-3	SU-1/C-3	C-3	SU-1
<i>Planned Use</i>		Sun Village Apts.	Netherwood Apts.	Apartments
<i>Access</i>	Recessed	Fair	Good	Average
<i>Visibility</i>	Fair	Excellent	Good	Average
<i>Configuration</i>	Normal	Normal	Normal	Poor
<i>Terrain</i>	Poor	Fair	Fair	Poor
<i>Sale Price/Square Foot</i>		\$2.50	\$2.50	\$0.89
<i>Recessed Location Adj.</i>		(\$0.50)	(\$0.50)	(\$0.50)
<i>Configuration Adj.</i>		\$0.00	\$0.00	\$1.00
<i>Terrain Adj.</i>		(\$0.30)	(\$0.30)	\$0.00
<i>Adjusted SP/SF</i>		\$1.70	\$1.70	\$1.39

<i>Sale Number</i>	<i>4</i>	<i>5</i>	<i>Listing A</i>	<i>Listing B</i>
<i>Location</i>	NE/c Anderson & Alvarado SE	SE/c Academy & Rolling Hills NE	Indian Sch., E/o University NE	Moon, S/o Academy NE
<i>Sale Price</i>	\$500,000	\$3,257,000	\$793,268	\$4,430,000
<i>Date of Sale</i>	Mar-88	Jun-89	Current Listing	Current Listing
<i>Land Area</i>	3.35 acres	16.635 acres	5.4361 acres	22.60 acres
<i>Zoning</i>	R-3	SU-1	R-3	SU/R-2
<i>Planned Use</i>	Brandywood Apts.	La Mirage Apts.	Apartments	Apartments
<i>Access</i>	Average	Good	Average	Average
<i>Visibility</i>	Average	Good	Good	Average
<i>Configuration</i>	Excellent	Good	Adquate	Average
<i>Terrain</i>	Excellent	Average	Adequate	Average
<i>Sale Price/Square Foot</i>	\$3.43	\$4.49	\$2.95*	\$4.00**
<i>Recessed Location Adj.</i>	(\$0.50)	(\$0.50)	(\$0.50)	(\$0.50)
<i>Configuration Adj.</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Terrain Adj.</i>	(\$0.60)	(\$0.60)	(\$0.60)	(\$0.60)
<i>Adjusted SP/SF</i>	\$2.33	\$3.39	\$1.85	\$2.90

* Estimated contract purchase price; listing price is \$3.35 per square foot.

** Estimated contract purchase price; listing price is \$4.50 per square foot.

Brooks, Lomax & Fletcher, Inc.

Adjustments

The following discussion explains the adjustments applied on the preceding chart. Note that no adjustment is applied on the chart to acquire the additional land required to widen the subject accessways. This factor is accounted for in the final section of the report.

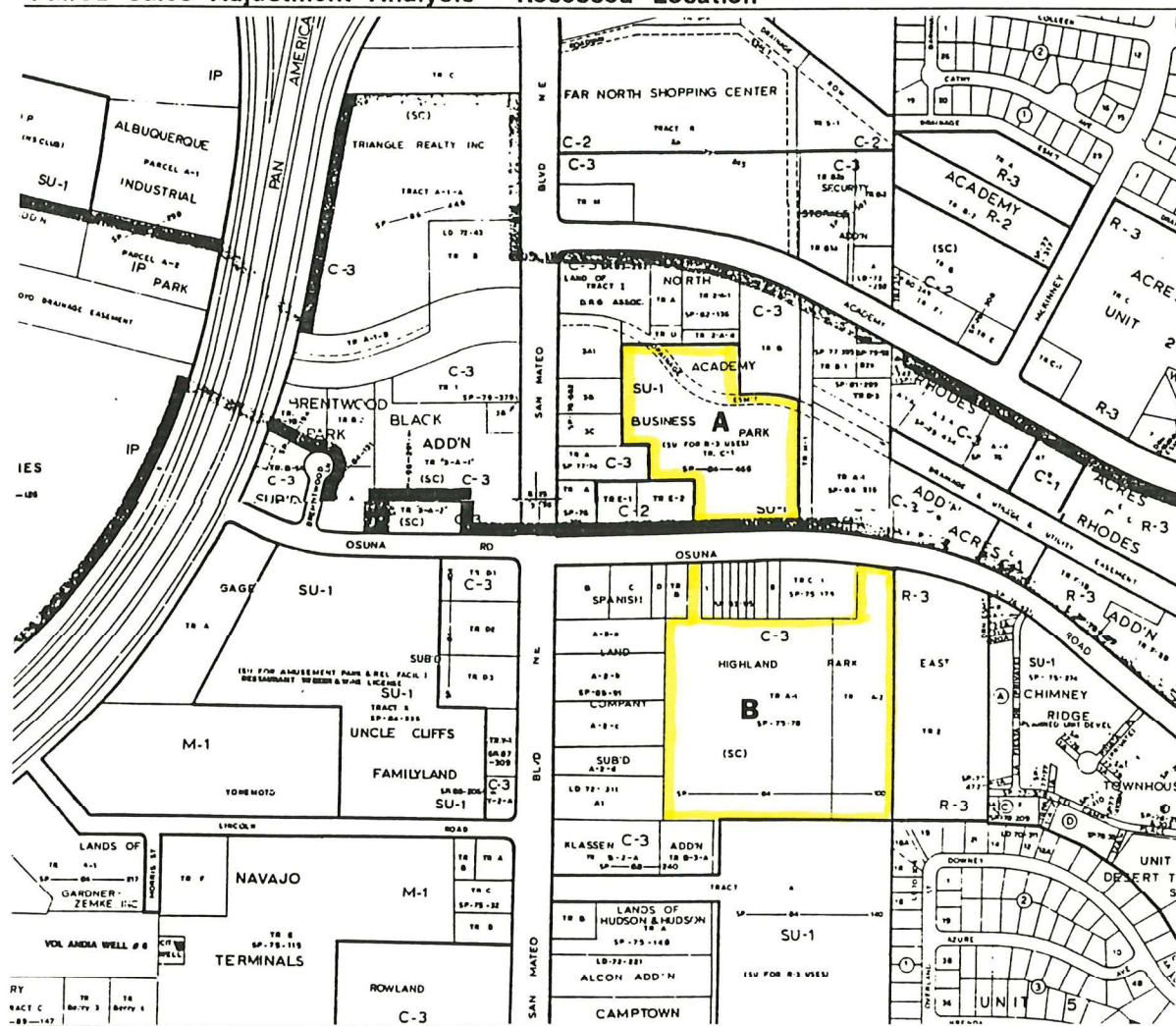
Date of Sale Adjustment

No clear adjustment for date of sale can be discerned from the included data, and this is logical given the poor development climate for apartments since roughly 1985. As reported in the market study section of this report, apartment rents have risen roughly 20% since the mid-1980s, which implies that land values should have risen a commensurate amount. However, it appears that any economic benefit resulting from rising rents may have been offset by the negative effects of the tax code change in 1986. Also, the availability of mortgage financing has diminished significantly since the mid-1980s, which lessens effective demand for vacant land. The available data indicate that no adjustment for time is warranted, and none has been applied.

Recessed Location Adjustment

The subject property is recessed from University Boulevard by an average of roughly 325 feet. This factor diminishes its per-square-foot value compared to other sites with typical frontage. An appropriate adjustment is extracted from a paired sales analysis of two apartment sites, each with normal configurations but one is recessed from the accessing arterial. The paired sales are presented on the following page.

Paired Sales Adjustment Analysis - Recessed Location



<i>Sale:</i>	A	B
<i>Use:</i>	Apartments	Apartments
<i>Configuration:</i>	Normal	Normal
<i>Visibility:</i>	Normal	Recessed
<i>Sale Date:</i>	2/84	2/84
<i>Land Size:</i>	9.98 acres	16.07 acres
<i>DUs per Acre:</i>	29.1	28.0
<i>Sale Price/SF:</i>	\$3.50	\$3.00

Indicated Recessed Location Adjustment: -0.50 per square foot

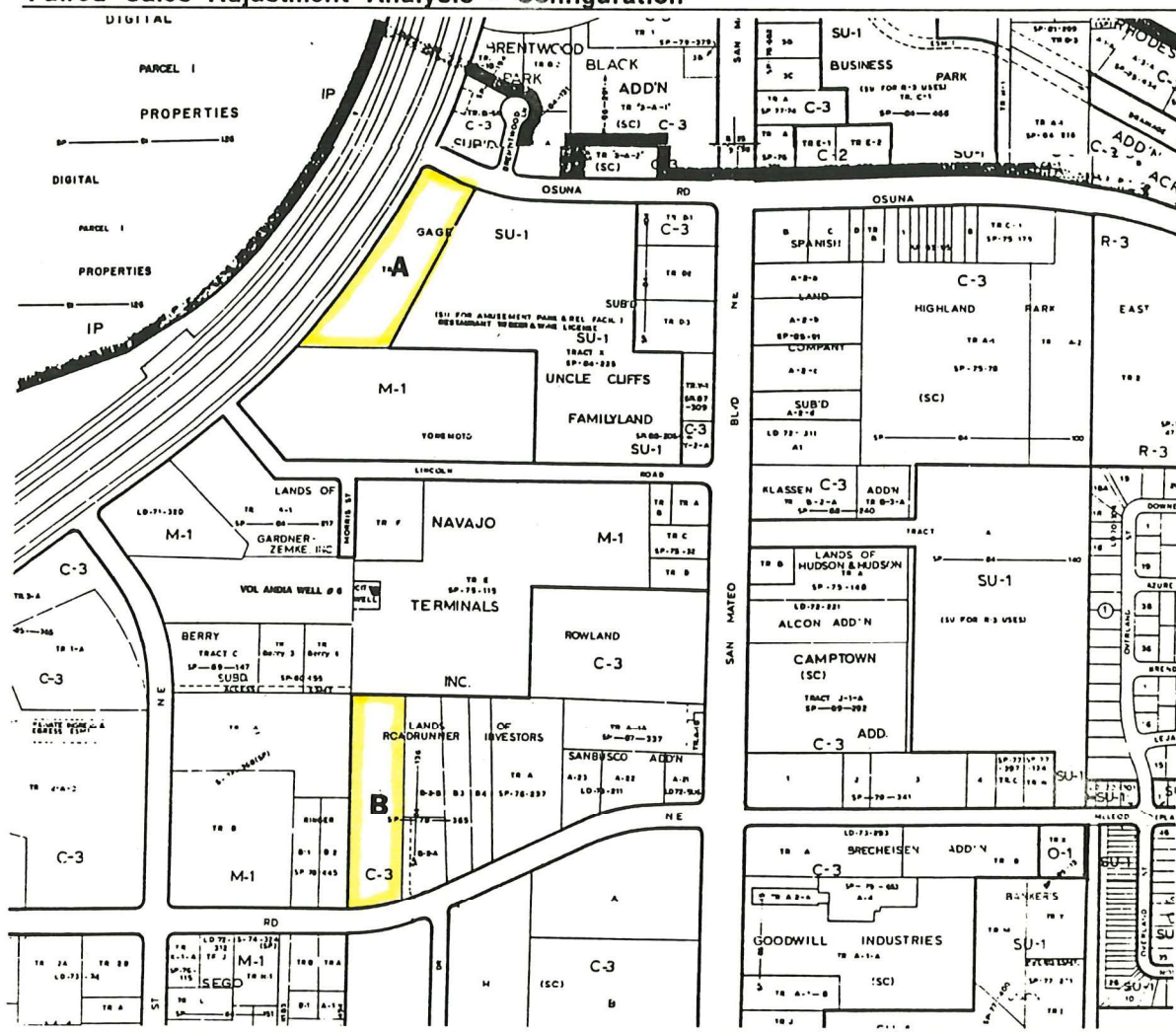
The two sales shown are located near the intersection of San Mateo Boulevard and Osuna Road in Albuquerque's Northeast Heights. The sites are identical in virtually every respect except the recessed location of Sale B. The appropriate adjustment is indicated to be -\$0.50 per square foot.

Configuration

The configurations of the subject property and all but one of the comparables are reasonably functional. Land Sale 3 has a narrow and extremely deep configuration with a depth over seven times greater than its average width. This configuration has a significant negative impact on the potential development of the site, which in turn has a negative impact on value. Our research disclosed no adequate paired sale examples from apartment land purchases from which to extract an adjustment for configuration. However, an excellent example was found from two self storage land purchases, which often compete with apartments for potential sites.

The following paired sales are used to extract an adjustment for configuration.

Paired Sales Adjustment Analysis - Configuration



Sale:	A	B
Use:	Self Storage	Self Storage
Configuration:	Normal	Narrow
Visibility:	Normal	Normal
Sale Date:	11/83	1/84
Land Size:	3.90 acres	3.61 acres
Sale Price/SF:	\$3.44	\$2.50

Indicated Configuration Adjustment: -0.94 per square foot

The preceding comparison indicates roughly a \$1.00 per square foot downward adjustment is warranted to compare a normally configured site versus one with an unusually narrow configuration. This level of adjustment is consistent with information gathered from other sale data I reviewed for this assignment. Accordingly, Land Sale 3 has been adjusted upward by \$1.00 per square foot.

Terrain and Flood Control

As noted in the Site Description section of this report, the subject site drops in grade by approximately 40 feet, plus there is a natural arroyo crossing the rear of the site. To assist in estimating the "cost to cure" these physical problems, the engineering firm of Bohannon-Huston, Inc., was brought in to inspect the subject site and provide some general cost guidelines. Kerry Davis, P.E., a vice president of Bohannon-Huston, inspected the site on June 25, 1993, and was asked to examine terrain, drainage and utility availability. According to Mr. Davis, the subject terrain is rated as moderate with an overall slope of approximately 4%. Using Bohannon-Huston's "standard cost estimates," the cost spread for grading between moderate and typical terrain is \$0.17 per square foot. Mr. Perry also estimated that 4-foot retaining walls would probably be required at roughly 200-foot intervals. This equates to seven rows of retaining walls at 555 linear feet each. Retaining wall costs are approximately \$51 per linear foot, or a total cost of \$198,135. This equates to \$0.25 per square foot of the subject site area.

The recommend solution to the crossing arroyo is to route it underground in 60" piping. With this method, the surface area can be used for parking and landscaping. The estimated cost of installing an underground line is roughly \$218 per linear foot, or a total of \$121,000. This equates to \$0.15 per square foot of subject site area.

The total cost to accommodate the subject terrain and crossing arroyo is estimated to be approximately \$0.57 per square foot of site area. I have used a rounded amount of \$0.60 per square foot to adjust those sales with normal terrain and no arroyos. Note that the adjustment applied to Land Sale's 1 and 2 is \$0.30 per square foot. Each of these sites required above average site work, although not as severe as the subject. Land Sale 3 had terrain problems similar to the subject, thus no adjustment is required.

Analysis the Market Data

After adjustment, the seven items of market data result in a price range of \$1.39 to \$3.39 per square foot. Because physical factors have been accounted for on the chart, the spread in price is primarily attributable to location. Following is a discussion of the individual sales.

Land Sale 1, which sold at an adjusted \$1.70 per square foot, involves a 17.053-acre tract located at the I-25/I-40 interchange. This site has recessed access similar to the subject, but its excellent freeway visibility works to overcome this factor. This tract was developed with the 572-unit Sun Village apartment complex. The site is located approximately one-half mile northwest of the subject and is similar to the subject in locational influences. A notable location difference is its position on the west side of I-25, which adds to this project's appeal to Downtown workers, but lessens its appeal to UNM students.

Land Sale 2 is located at the northwest corner of University Boulevard and Indian School Road, or only one-third of a mile north of the subject. The site also backs up to I-25, as does the subject property. The adjusted price for this 6.28-acre site is also \$1.70 per square foot. The transaction was actually a land lease, although the fee simple value was agreed to by both parties. Developed on the tract is the 219-unit Netherwood Village apartments. Given its location, this is an excellent comparable to the subject.

Land Sale 3 is located in a good quality Northeast Heights location that is reasonably similar to the subject. The tract consists of 15.5188 acres with a long, narrow shape. Partially due to its configuration, the buyer is planning low density townhouse-style development (14 dwelling units per acre). The adjusted price is the lowest of the data set, or \$1.39 per square foot. This low price is a result of both its physical characteristics and the RTC in the selling position. For reasons not entirely explainable, sales by the RTC have occurred almost consistently below market. The RTC often sells through a bid process, which tends to result in a below market price for upper priced commercial real estate. Also, the motivation of RTC's personnel to

negotiate the highest possible price is obviously less than a private owner with a very real financial stake in the outcome of price negotiations. Overall, this sale indicates a value for the subject higher than \$1.39 per square foot.

Land Sale 4 is a 3.35-acre site which sold at an adjusted price of \$2.33 per square foot. This tract is located in the Southeast Heights and was subsequently improved with the Brandywood Park efficiency apartments. The location of this site is similar to the subject, although it is physically superior. Land Sale 4 was a perfectly level site located in a fully built-up neighborhood, and was bordered on all four sides by improved streets. This site was effectively ready for construction after only very minor grading. Also, the cost of connecting to utilities was minimal. Given these factors, the indicated value of the subject is below \$2.33 per square foot.

Land Sale 5 represents the highest adjusted price of the data set at \$3.39 per square foot. This 16.635-acre tract is located on Academy Road near Eubank Boulevard in Albuquerque's far Northeast Heights. This prestigious area is surrounded by some of the most expensive housing in Albuquerque, and apartment rents are the highest in the city. The site was improved with the 376-unit La Mirage apartment complex. This sale is significantly superior to the subject in location.

Land Listing A is located on the south side of Indian School Road, just east of University Boulevard, and approximated one-third mile north of the subject. This is a 5.4361-acre site zoned for multifamily use and listed for \$3.35 per square foot. The listing broker reports that the site is currently under contract at a price "just under \$3.00 per square foot." Given this comment, I have applied a contract price of \$2.95 per square foot for use in this analysis. The adjusted price is \$1.85 per square foot. This is an excellent comparable because of its location and timeliness. Further discussion with the listing agent revealed that the sale will probably not close because of the buyer's difficulty in obtaining financing. This is not unusual in that mortgage financing for larger commercial projects is extremely limited, and required loan-to-value ratios are roughly 65%. The contract buyer in this sale also recently informed the agent that in retrospect, the negotiated land price is too high in relation to the results of a recently completed feasibility study for apartment development, i.e., "the numbers don't work." These comments suggest that the price indication from Land Sales 1 and 2 at \$1.70 per square foot is more indicative of the subject's market value.

The final item of market data is Land Listing B in the far Northeast Heights. The 22.60 acre site is listed at \$4.50 per square foot, and the listing agent reports the site is under contract at approximately \$4.00 per square foot. The adjusted contract price is \$2.90 per square foot. This site is comparable to Land Sale 5 at \$3.39 per square foot, although the lower price is explained by a slightly inferior location. Nevertheless, this sale is significantly superior to the subject in location, and a materially lower value is indicated for the appraised property.

Overall, the most comparable data to the subject are Land Sales 1 and 2, and Land Listing A, and they present a range of \$1.70 to \$1.85 per square foot. This range is bracketed by Land Sale 3 at \$1.39 per square foot, and Land Sale 4 at \$2.33 per square foot. Because of the transaction dates of Land Sales 1 and 2 (1983 and 1984), I would normally be hesitant to rely on these sales as current market value indicators. Their relevance, however, is strongly improved by the price indication from Listing A. Also, Land Sales 1 and 2 occurred at the beginning of the last upswing in the apartment construction cycle, which is very similar to current market conditions. Overall, these three points of data provide a consistent and convincing indication of the subject's market value. I have chosen the low end of the range, or \$1.70 per square foot, as the best estimate of value for the subject. This position recognizes the contractual buyer's comments for Land Listing A.

Based upon the foregoing data and analysis, the estimated market value of the subject property, *assuming adequate access is in place*, is \$1.70 per square foot, or \$1,370,000.

Subject land area in square feet	807,820
Estimate of market value per square foot, assuming adequate access is in place	\$1.70
Indicated market value under noted assumption	\$1,373,294
Rounded	\$1,370,000

Analysis of Cost to Acquire Additional Land Required for Legal Access

This section is placed at the end of the valuation analysis for the benefit of users of this report. Clearly, there would be several options for those involved in transferring the additional land required to provide the body of the subject site with access meeting city standards. These options could involve monetary payment, some agreement which enhances the access of the adjoining sites in trade for widening the accessways (such as a traffic signal), or a combination of the two.

To re-summarize, access to the body of the subject property is currently provided by two 25-foot wide strips of land extending to University Boulevard. The two 25-foot accessways are adequate to construct two traffic lanes each, but they are not adequate by city standards to meet virtually any type of proposed development. According to the Albuquerque Transportation Development office, a minimum of 36 feet is required for each entrance. This width allows for one inbound lane and two outbound lanes (left and right turn exit). Accordingly, any developer of the subject site would be required to acquire an additional 11 feet along each accessway. The north accessway borders a 1.38 vacant site owned by the Catholic Church for approximately 275 feet. The south accessway borders the former University Volkswagen dealership site (now owned by UNM) for approximately 375 feet. Both of these sites could grant an additional 11 feet along their respective boundaries without materially impacting their utility. Combined, the subject ownership would be required to purchase 7,150 square feet of land $((275' \times 11') + (375' \times 11') = 7,150 \text{ square feet})$. It is assumed in this appraisal that this land can be acquired.

One obvious observation is that since the Catholic Church owns both the subject property and the northerly frontage site, it would be in their best interest to provide the needed right-of-way at a market based cost. The next obvious observation, however, is that the church could sell this site at any time and the benefit of uniform ownership would be lost. I have assumed that all three parcels (the subject and the two frontage sites) are under different ownership. If the church is still the owner of the north frontage site when negotiations begin to purchase the subject property, a deal can be structured accordingly.

The appropriate adjustment to the subject value is essentially equal to the cost to acquire the needed right-of-way. Recent sales activity in the subject area indicate the value of the sites from which additional right-of-way is needed to be approximately \$5.00 per square foot. A best case scenario would be that the needed land could be purchased for \$5.00 per square foot, but this scenario is probably unrealistic. The benefit of acquiring the right-of-way is entirely with the subject property, i.e., there is no motivation for the frontage land owners to sell eleven feet of frontage other than economic benefit. Also, these owners will be aware that the land must be acquired to initiate any development on the subject. In other words, they will be in a very strong negotiating position.

I interviewed several people, all knowledgeable participants in the real estate market, to ascertain what multiple of market value would be required to trigger a sale under the circumstances described. The majority of those interviewed responded with "two or three times market value," or \$10.00 to \$15.00 per square foot. This is reasonable in my view and I have estimated the appropriate amount to be \$12.50 per square foot. At \$12.50 per square foot, the cost to acquire the additional right-of-way totals \$89,375 $(7,150 \text{ SF} \times \$12.50/\text{SF} = \$89,375)$, rounded to \$90,000. I have applied this amount as an adjustment in the final estimate of market value for the subject property. This adjustment is estimated to be a "reasonable amount" and really has no basis in market evidence. The true adjustment would come from actual negotiations with the property owners, and the resulting amount would be treated as a direct deduction from the preceding value estimate of \$1.70 per square foot. As stated earlier in the Special Assumptions section of the report, the assumption that the needed right-of-way can be acquired is critical to our overall valuation of the subject tract.

Value Conclusion

The final estimate of market value for the subject property is set forth below. Our client has also requested that the estimated value of the subject parcel be allocated among four legally described parcels noted in the introduction of this report. This allocation has been performed on a pro rata basis by land area.

Subject land area in square feet	807,820
Estimate of market value per square foot, assuming adequate access is in place	\$1.70
Indicated market value under noted assumption	\$1,373,294
Rounded	<u>\$1,370,000</u>
Estimated cost to acquire additional land for access	(\$90,000)
Indicated market value, as is	\$1,280,000
Indicated market value per square foot, as is	\$1.58

Allocation

Parcel Number	2	3	4	5
Land Area (acres)	0.8776	15.379	0.8817	1.407
Est. Market Value				
Assuming Adequate Access*	\$65,000	\$1,139,000	\$65,000	\$104,000
Est. Market Value, As Is*	\$60,000	\$1,058,000	\$61,000	\$97,000

*Sum of parcel value estimates do not equal total value estimates due to rounding.

Certification

This certifies that effective June 17, 1993, the estimated value of the subject of this report is as follows:

Estimate of Market Value, As Is: \$1,280,000

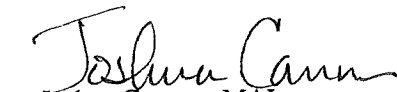
Estimate of Market Value Assuming Adequate Access Is In Place \$1,370,000

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

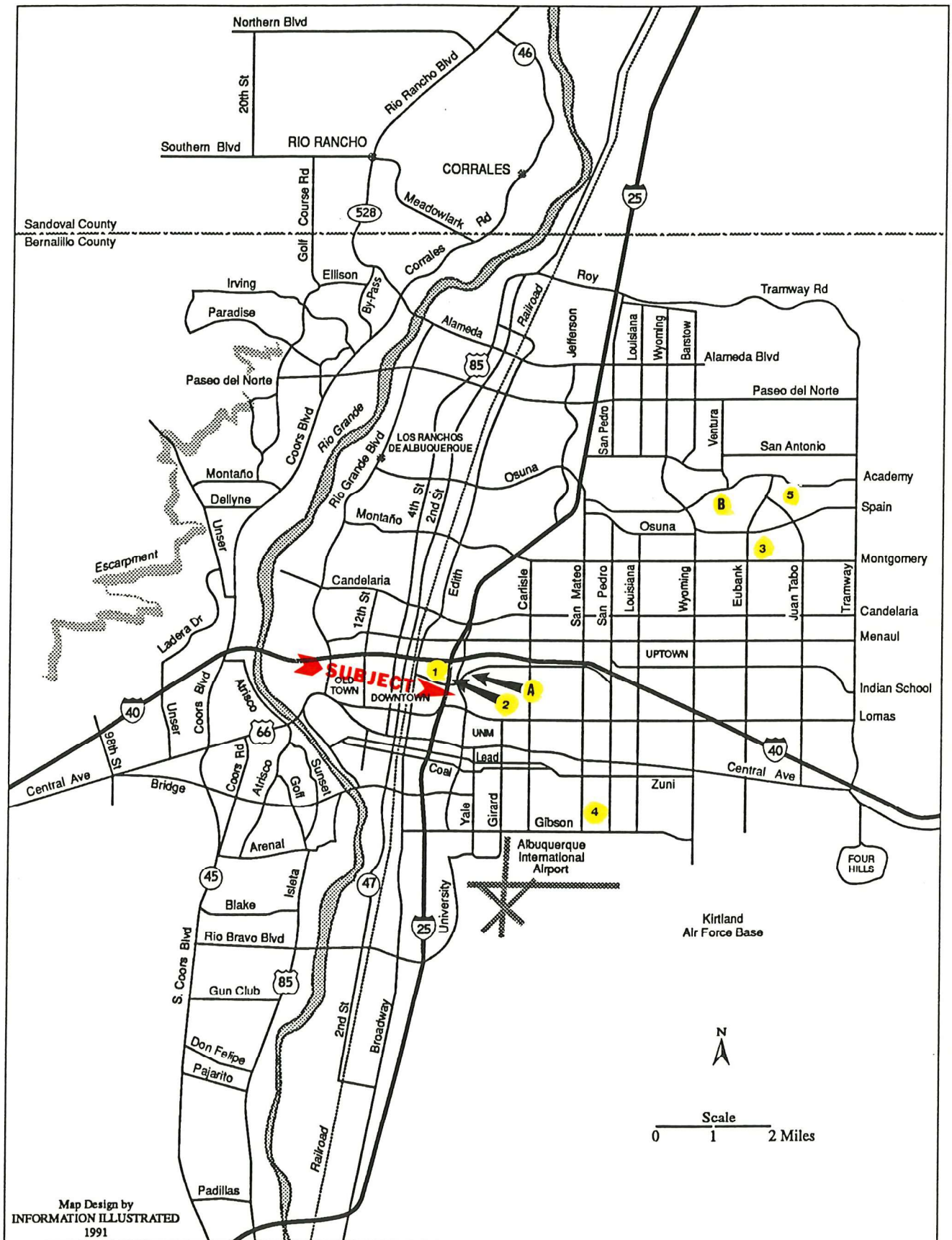
- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the uniform Standards of Professional Appraisal Practice.
- I have inspected the subject property, the neighborhood, and the comparables used in arriving at the value estimate reported.
- no one provided significant professional assistance to the person signing this report.
- 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 and Standards of Professional Practice of the Appraisal Institute.
- I certify that 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, I have completed the requirements of 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, LOMAX & FLETCHER, INC.


Joshua Cannon, MAI

Addenda

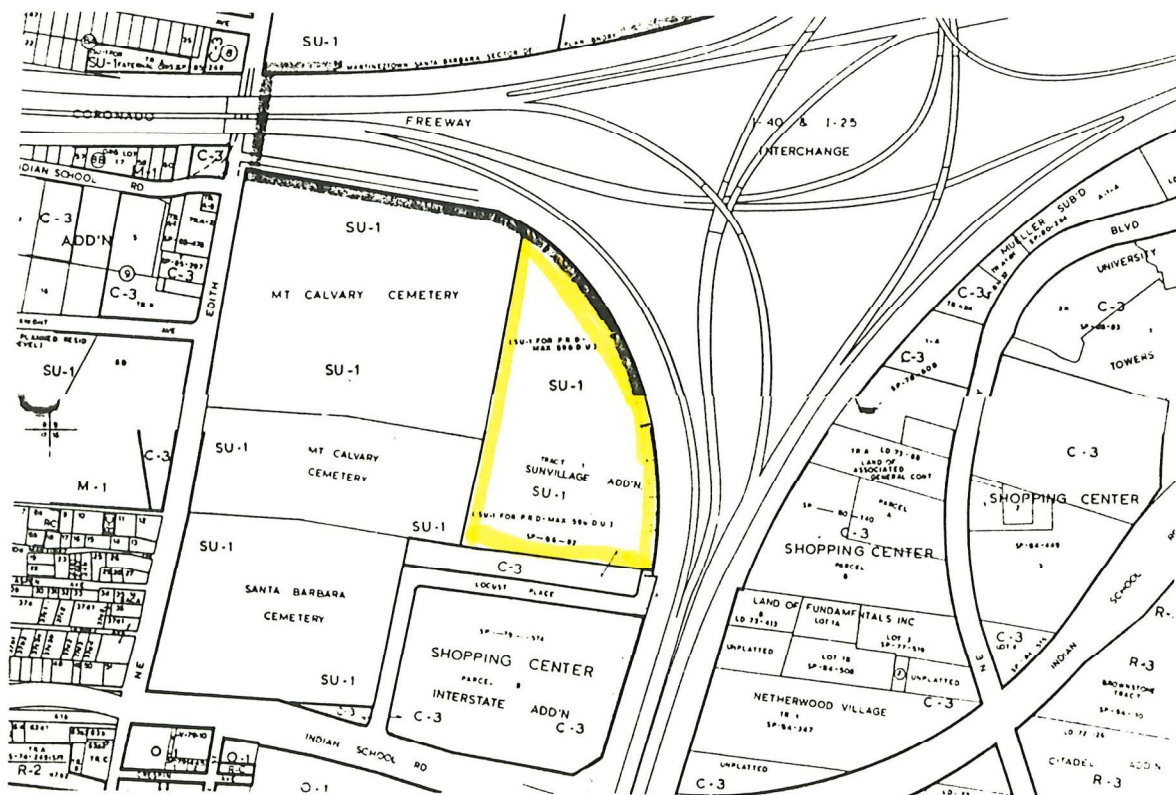


Land Sale 1

Location:	North of Indian School Road, west of Interstate 25 (I-25), at the intersection of I-25 and I-40
Sale Price:	\$1,857,059
Date of Sale:	October 29, 1984
Land Area:	17.053 acres (742,829 square feet)
Sale Price/Square Foot:	\$2.50
Sale Price/Dwelling Unit:	\$3,247
Terms:	\$200,000 in cash; remainder due \$2,000 per month at 1% interest per month for 9 months and balance due at 10 months from date of sale
Legal Description:	Parcels A and B, Interstate Addition
Grantor:	Sandia Land Developers, a New Mexico Corporation, et al
Grantee:	Albuquerque Apartments Limited Partnership
Zoning:	SU-1, Special Use, and C-3, Heavy Commercial
Document Number:	84-82723
Map Reference:	H-15, J-15

Comments:

This site lies at the I-25/I-40 interchange, with excellent visibility but relatively poor access via a short city street. A cemetery lies to the west. The site was developed during 1986 with the 572-unit Sun Village apartment complex. Due to the brevity of the seller-financing, no financing adjustment is suggested.

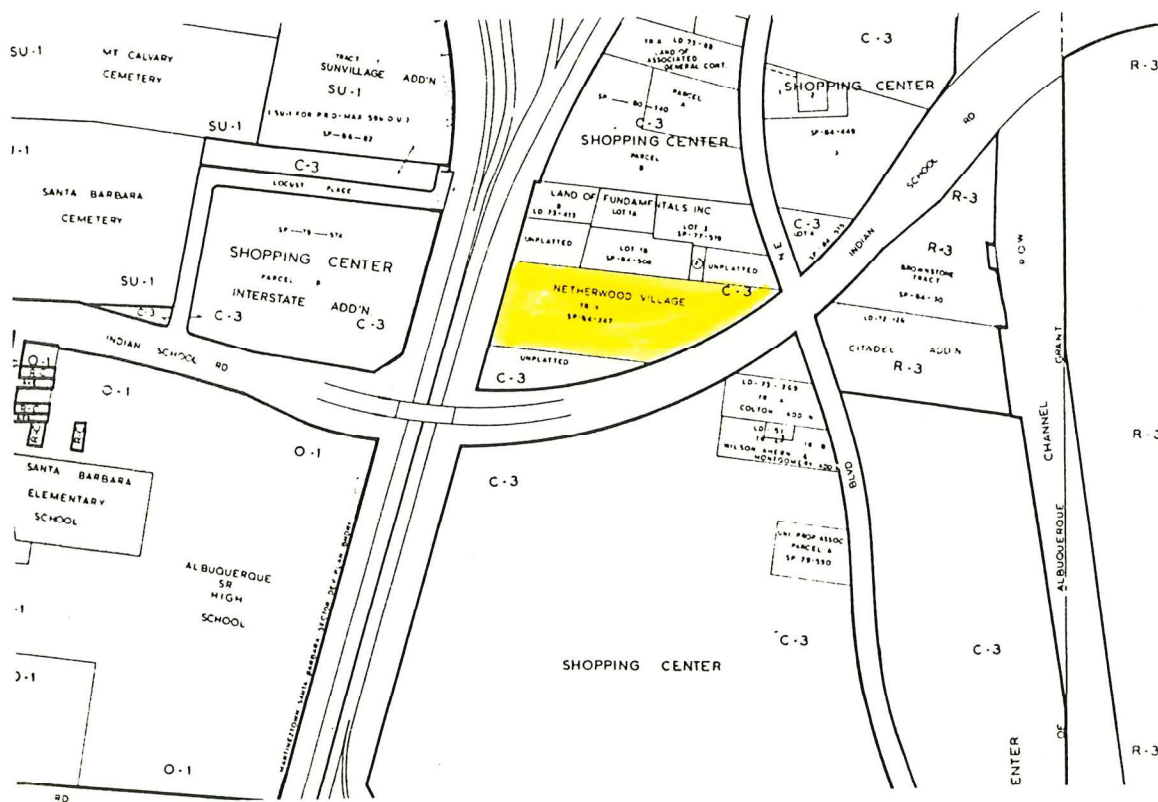


Land Lease 2

Location:	Northwest corner of Indian School Road and University Boulevard
Lease Rate:	\$68,352 per year, paid monthly
Negotiated Land Value:	\$683,520
Date of Lease:	September 9, 1983
Land Area:	6.2766 acres (273,409 square feet)
Negotiated Land Value/Square Foot:	\$2.50
Negotiated Land Value/Dwelling Unit:	\$3,121
Lessor :	The Sandia Foundation
Lessee:	Christopher C. Inman, et al
Zoning:	C-3, Heavy Commercial
Map Reference:	J-15
Other:	Primary lease term of 35 years; one option renewal term of 20 years; annual CPI adjustments, beginning after the third year of the lease

Comments:

This site was developed with the 219-unit Netherwood Village apartment complex. The site has approximately 600 feet of frontage on Indian School Road, and excellent visibility from both Indian School and Interstate 25. Reportedly, extra site development costs, due to a fairly steep grade, ran approximately \$.50 per square foot.

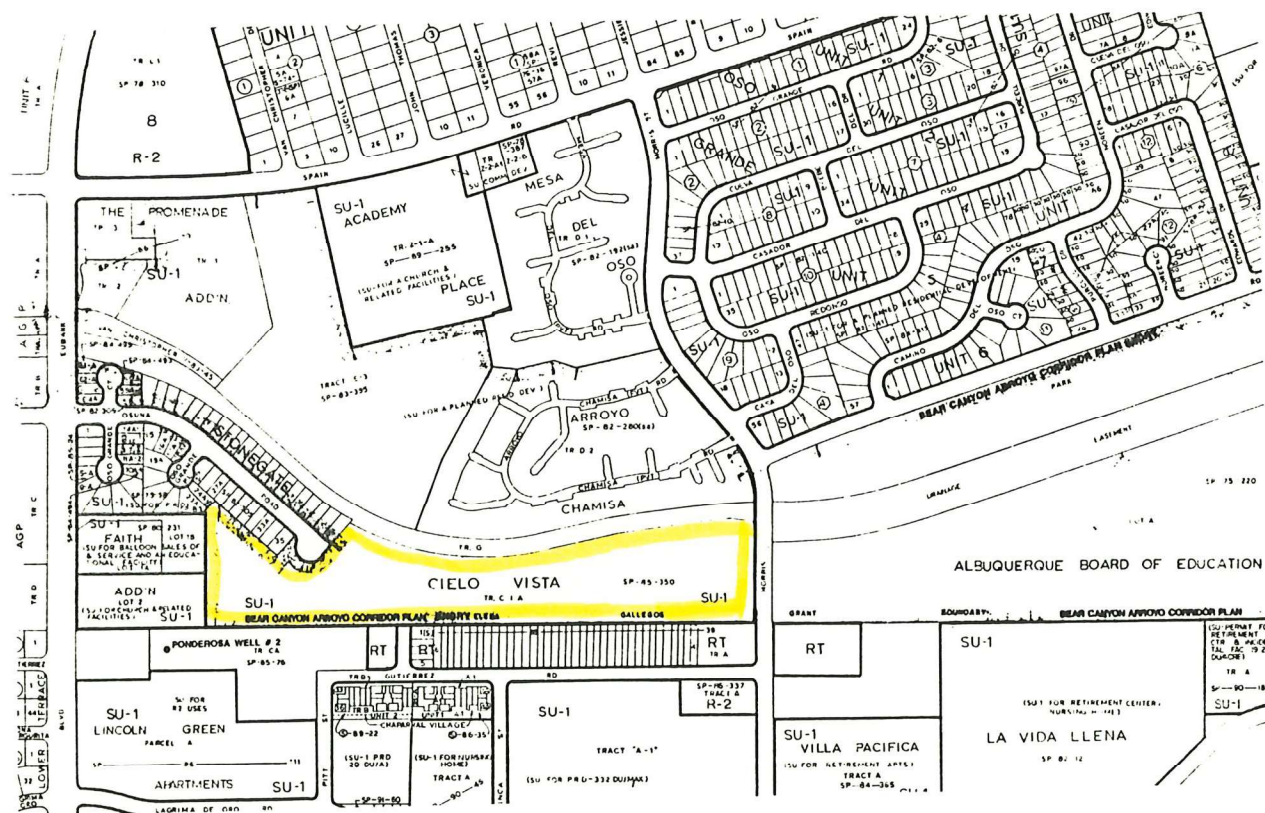


Land Sale 3

Location:	West side of Morris Street, between Montgomery Boulevard and Spain Road
Sale Price:	\$600,000 — see comments
Date of Sale:	August 1, 1991
Land Area:	15.5188 acres (676,000 SF)
Development Density:	13.85 DUs per acre
Sale Price/Square Foot:	\$0.89 — see comments
Sale Price/Dwelling Unit:	\$2,791 — see comments
Terms:	Cash
Legal Description:	Tract C-1A, Cielo Vista
Grantor:	Resolution Trust Corporation
Grantee:	C and K Properties
Zoning:	SU-1
Document Number:	91-63402
Map Reference:	F-21

Comments:

A development plan for a 215-unit apartment complex has been approved for this site. Construction was scheduled to begin May 1992; however, groundbreaking has yet to occur. The broker estimates site work needed to smooth the rugged terrain of this site will cost \$300,000. Effective prices, including site work, are \$1.33 per square foot and \$4,186 per DU. This site was originally listed for \$1,650,000.

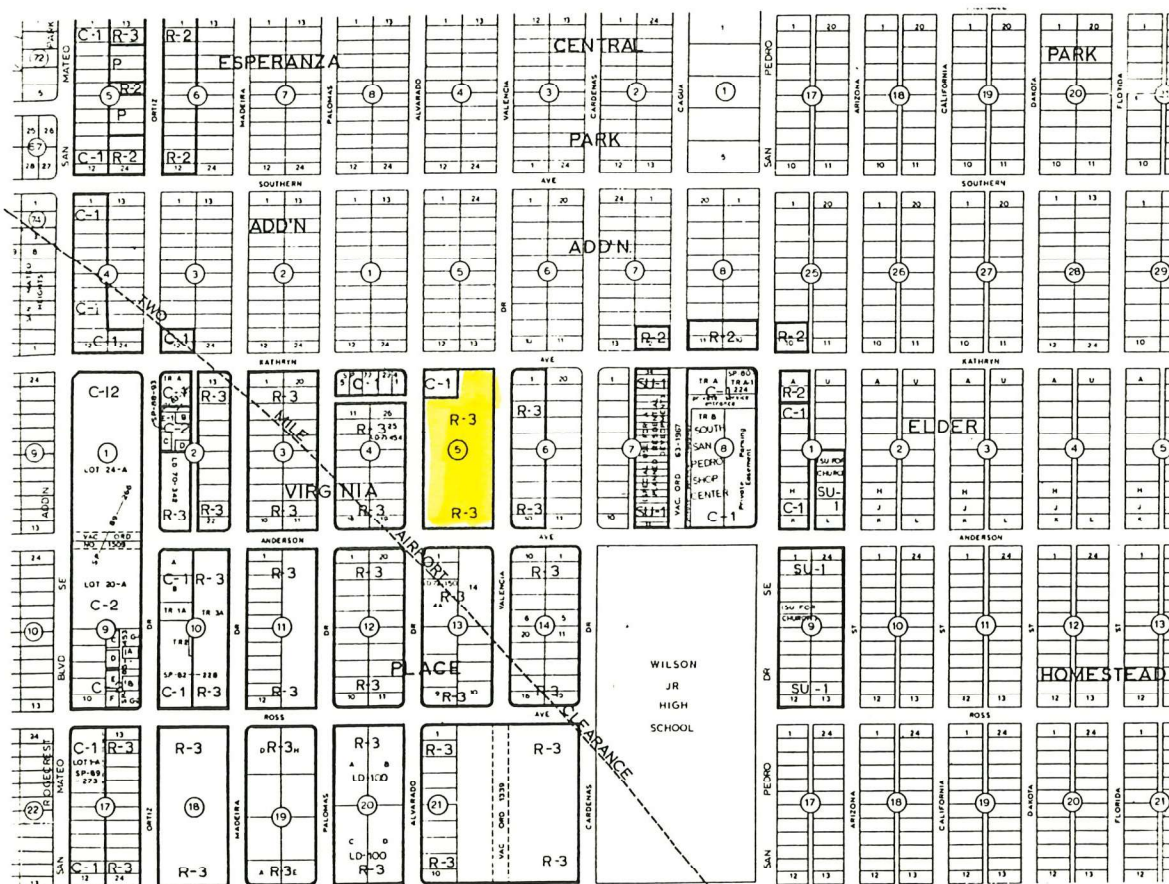


Land Sale 4

Location: NE corner of Anderson and Alvarado SE, north of Gibson, west of San Pedro
 Sale Price: \$500,000
 Date of Sale: March 18, 1988
 Land Area: 3.35 acres (145,800 SF)
 Sale Price/Acre: \$149,254
 Sale Price/Square Foot: \$3.43
 Sale Price/Dwelling Unit: \$2,976
 Terms: Cash to seller
 Legal Description: Block 5, Virginia Place Subdivision, except the N. 120' of the W. 135'
 Development Density/Acre: 50.2
 Grantor: Sunwest Bank, trustee of the estate of Jane C. Mitchell
 Grantee: Donald and Harold Erickson
 Zoning: R-3, Residential
 Document Number: 88-24364
 Map Reference: L-18

Comments:

This property was improved with Brandywood Park, a 168 unit apartment complex. All units are efficiency apartments.

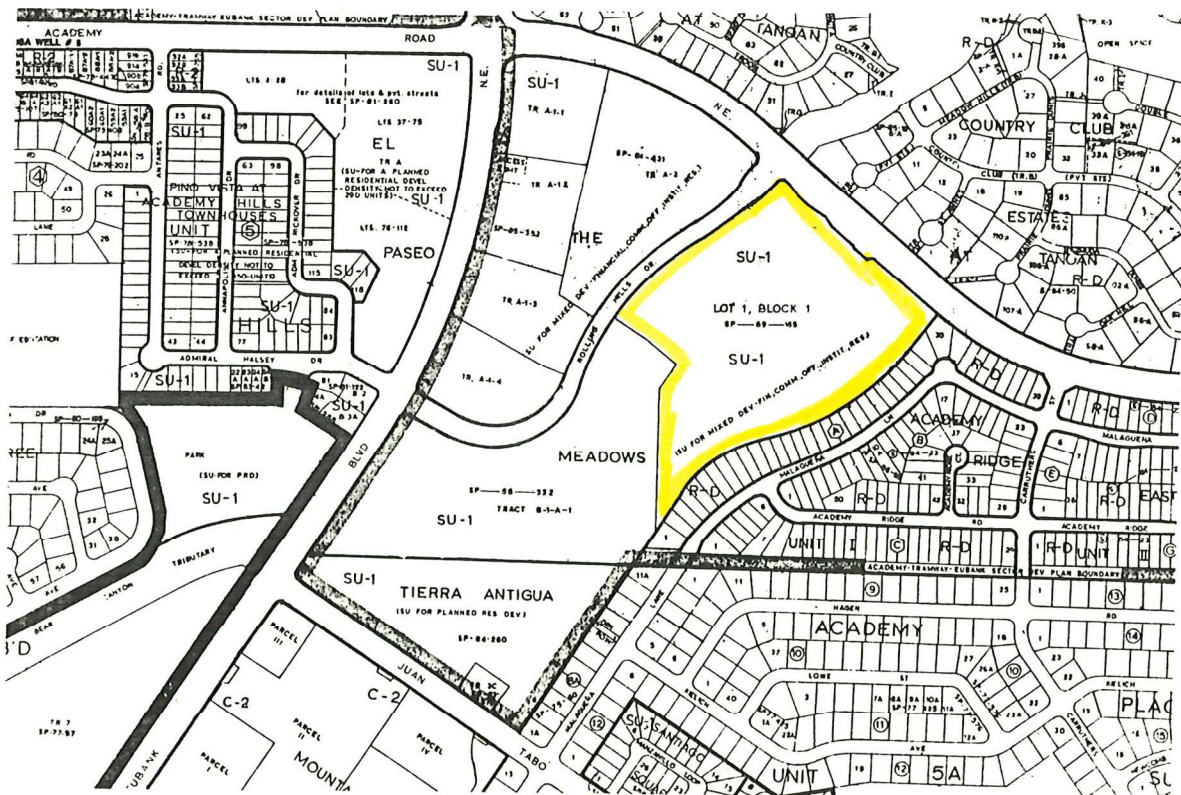


Land Sale 5

Location:	Southeast corner of Academy Road and Rolling Hills Drive
Sale Price:	\$3,257,000
Date of Sale:	June 16, 1989
Land Area:	16.635 acres (724,620 SF)
Sale Price/Square Foot:	\$4.49
Sale Price/Dwelling Unit:	\$8,662
Terms:	Cash to seller
Legal Description:	Lot 1, Block 1, La Mirage
Development Density/Acre:	22.6
Grantor:	Cauwels & Davis Associates Management Co.
Grantee:	TCR Rolling Hills Limited Partnership
Zoning:	SU-1, for mixed development
Document Number:	89-52797
Map Reference:	E-21

Comments:

This site was recently developed with the 376-unit La Mirage apartment complex. The buyer also developed the 344-unit Overlook Apartments that adjoin the site to the southwest. The buyers paid \$4.46 per square foot for the 13.9 acre (usable) Overlook site in September 1987. This is a prestigious Northeast Heights neighborhood near Tanoan.

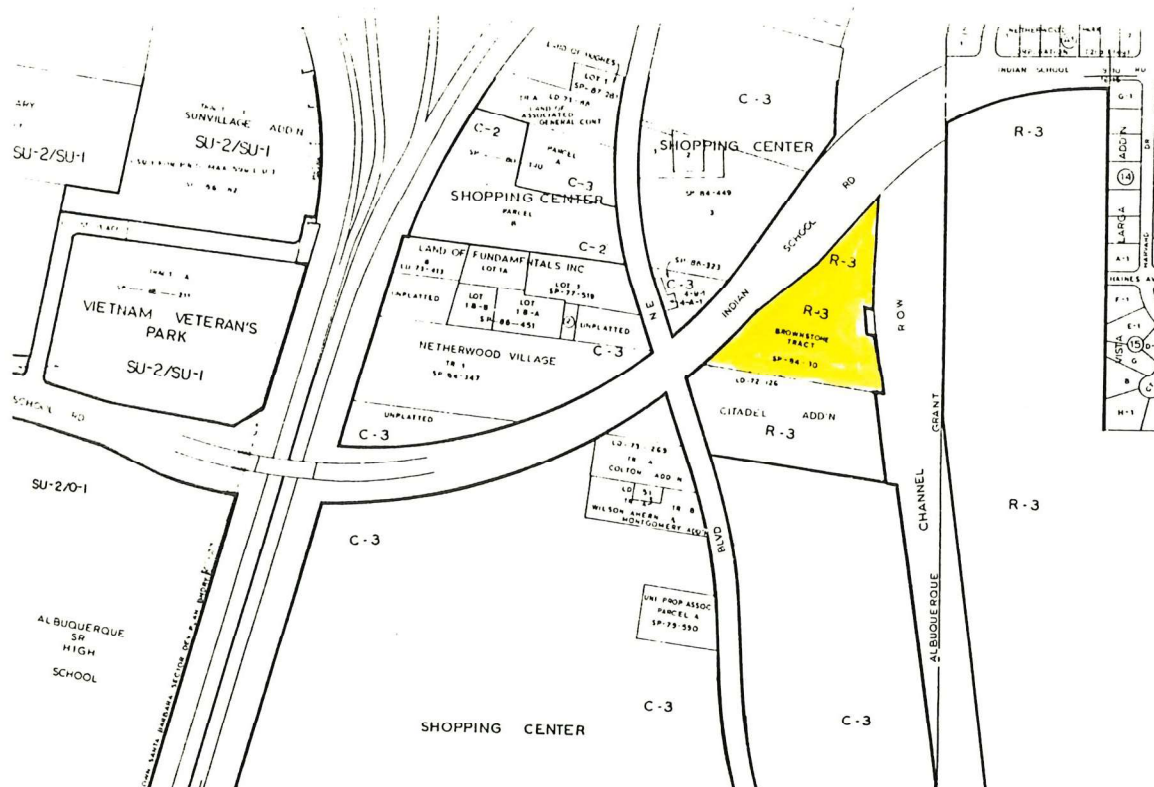


Land Listing A

Location:	South side of Indian School Road, approximately 100 feet east of University Boulevard
Listing Price:	\$793,268
Land Area:	5.4361 acres
Listing Price/Square Foot:	\$3.35
Terms:	Cash
Legal Description:	Metes and bounds
Listing Agency:	CB Commercial
Zoning:	R-3, Residential
Research Date:	June 27, 1993
Map Reference:	J-15

Comments:

This site has been approved for a 218-unit apartment complex (40DUs/acre). Grade change on the site is significant, although concrete retaining walls in place create level building areas. The listing agent reports that site is currently under contract for "just under \$3.00/SF," but it appears doubtful that the buyer can secure financing to construct apartments. Also, the agent reports that the buyer feels the contract price is too high after completing feasibility study.

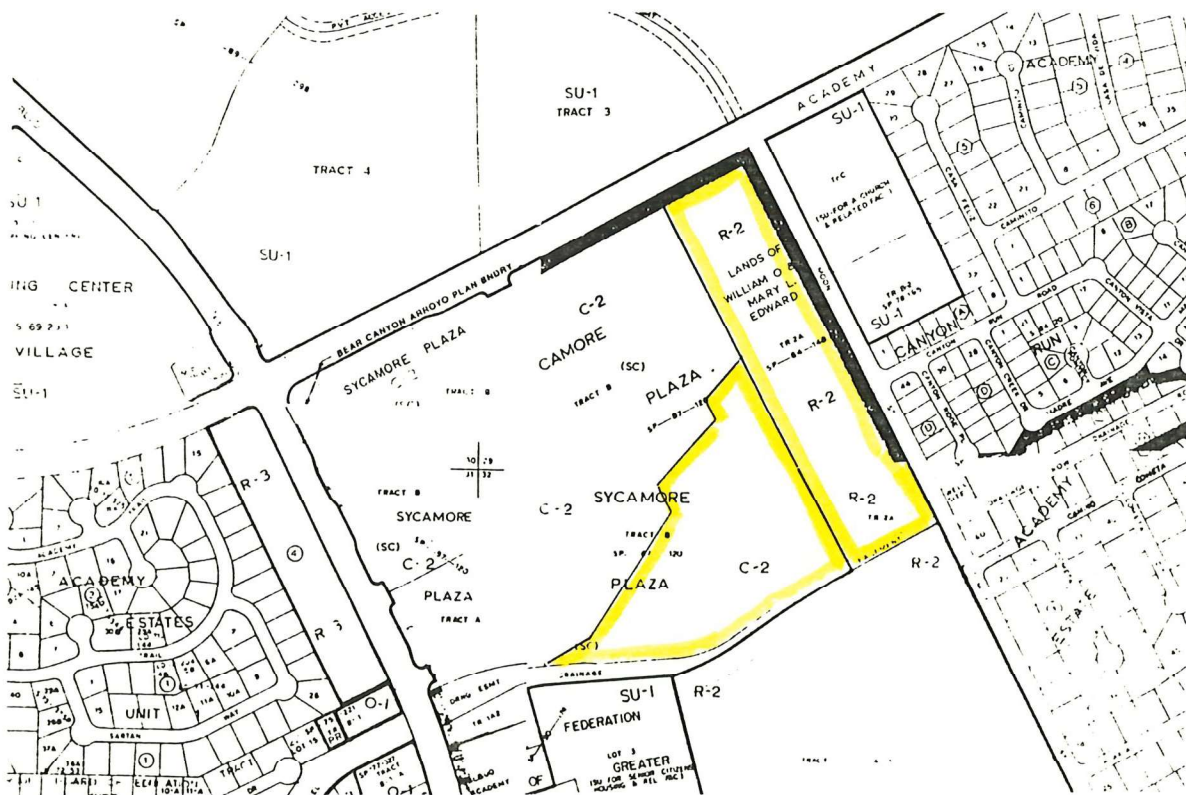


Land Listing B

Location:	Moon Street, south of Academy Road and behind Sycamore Plaza Shopping Center
Listing Price:	\$4,430,000
Land Area:	22.60 acres
Listing Price/Square Foot:	\$4.50
Terms:	Cash
Legal Description:	Tract B-11, Sycamore Plaza, and Tract 2A, Lands of William and Mary Edward
Listing Agency:	Brown and Associates, Inc.
Zoning:	R-2 & SU for R-2 uses
Research Date:	June 1993
Map Reference:	E-20

Comments:

This site wraps around the Sycamore Plaza Shopping Center now under construction at the southeast corner of Academy Road and Wyoming Boulevard. It is probably the premier vacant apartment site remaining in the city. The listing agent reports the site is under contract at "near \$4.00 per square foot."



LEGAL DESCRIPTION CONTINUED

Parcel I:

Parcel "A" as the same is shown and designated on the Summary Plat showing Uniprop Associates Parcel "A" within Section 16, Township 10 North, Range 3 East, N.M.P.M., Albuquerque, New Mexico, filed in the office of the County Clerk of Bernalillo County, New Mexico, on October 22, 1979. ①

Parcel II:

That certain Tract of land situate within the City Limits of the City of Albuquerque, Bernalillo County, New Mexico, lying West of University Blvd., NE and East of Interstate Route No. 25, in Section 16, Township 10 North, Range 3 East, N.M.P.M., and being identified as Tract "A".

Being more particularly described by metes and bounds survey as follows:

BEGINNING at the Southeast corner of the tract herein described, said Southeast corner being a point on Curve on the Westerly Right-of-Way line of University Blvd. NE, whence the Northeast corner of Lot numbered One (1) in Block numbered Twenty-three (23) of COUNTRY CLUB ADDITION, First Extension North, as the same is shown and designated on the Plat of said Addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 16, 1938, bears S. 14 deg. 27' 19" E., 3,220.31 feet distance; thence, N. 81 deg. 23' 00" W., 1531.67 feet distance to the Southwest corner of the tract herein described; thence, N. 08 deg. 37' 00" E, 25.00 feet distance to the Northwest corner of the tract herein described; thence, S. 81 deg. 23' 00" E., 1,526.69 feet distance to the Northeast corner of the tract herein described, said Northeast corner being a Point on Curve on the Westerly Right-of-Way line of University Blvd. NE; thence, Southeasterly, 25.50 feet distance along said Westerly Right-of-way line of University Blvd. NE, along the arc of a curve bearing to the right (said arc having a radius of 1,869.86 feet and a chord which bears S. 03 deg. 25' 35" E., 25.48 feet distance) to the Southeast corner of the tract herein described and place of beginning. ②

Parcel III:

A certain tract of land situate in Section 16, Township 10 North, Range 3 East, N.M.P.M., Santa Barbara District, Bernalillo County, New Mexico, and lying between Highland Road and the East line of the Albuquerque Grant, North of Mountain Road and being more particularly described as follows:

BEGINNING at the Southeast corner of said Tract from which point the Northeast corner of Lot No. 1, Block 23 of the Country Club Addition, First Extension North, to the City of Albuquerque, Bernalillo County, New Mexico, bears N. 21 deg. 42' W., 2346.14 feet distant and running thence, N. 81 deg. 32' W., 1249.20 feet along a line that is 25 feet northerly from and parallel to the Southerly line of land belonging to W.A. Arias, to the Southeast corner; thence, N. 10 deg. 48' W., 324.24 feet to a point; thence, N. 08 deg. 37' E., 200.00 feet to the Northwest corner; thence N. 81 deg. 23' E., 1357.07 feet along a line that is 25 feet south of and parallel to the northerly line of land belonging to W. A. Arias to the Northeast corner thence, S. 08 deg. 37' E., 505.82 feet to the place of beginning. Less the Easterly 100.17 feet of the above described tract which property was deeded to William A. Arias and Yvonne R. Arias, his wife, in July 1965.

(Continued)

LEGAL DESCRIPTION CONTINUED

Parcel IV:

That certain Tract of land situate within the City Limits of the City of Albuquerque, Bernalillo County, New Mexico, lying West of University Blvd. NE, and East of Interstate Route No. 25, in Section 16, Township 10 North, Range 3 East, N.M.P.M., and being identified as Tract "B", and being more particularly described by metes and bounds survey as follows:

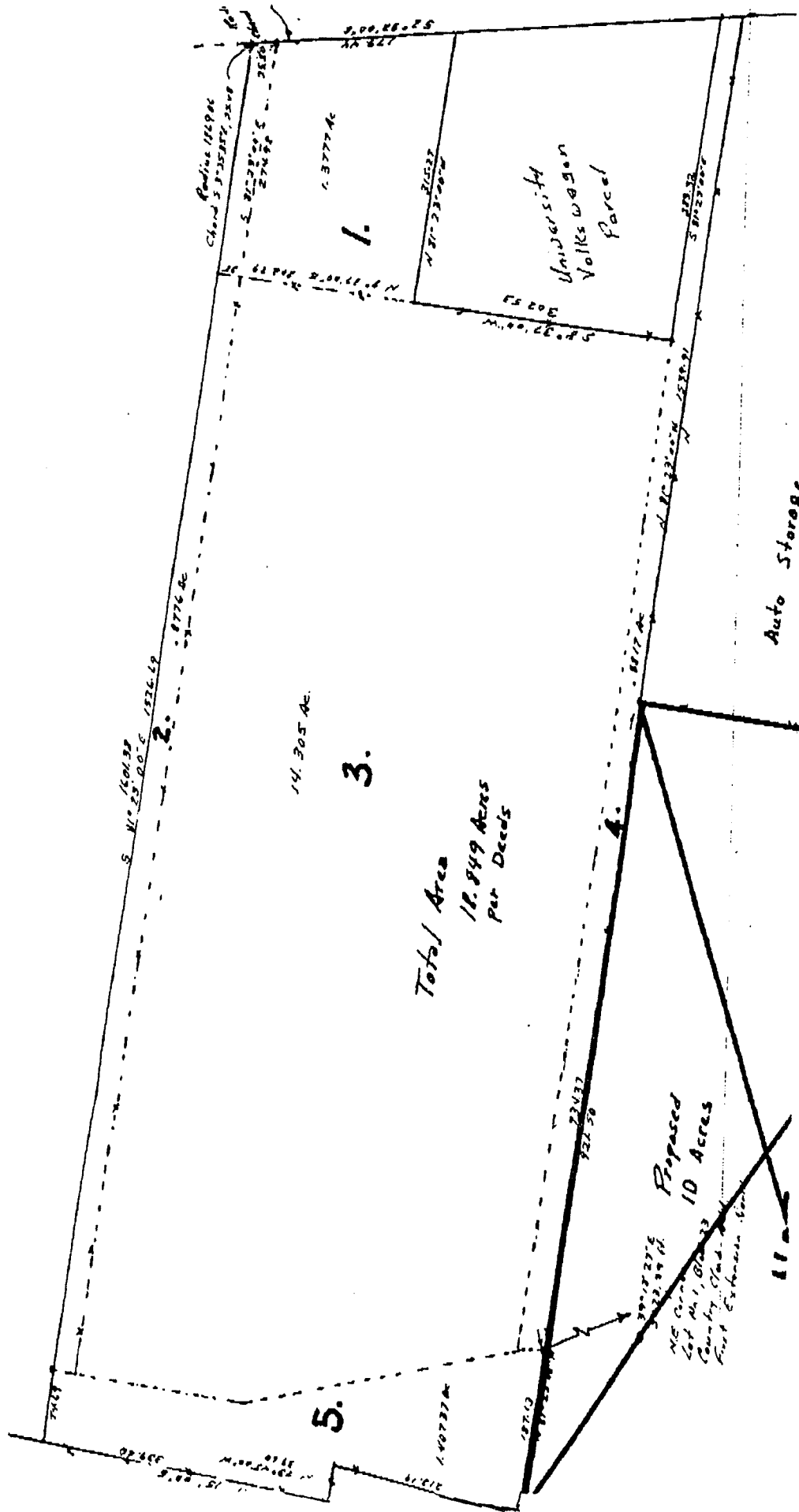
BEGINNING at the Southeast corner of the tract herein described, said Southeast corner being a Point on Curve on Westerly Right-of-Way line of University Blvd. NE, whence the Northeast corner of Lot numbered One (1) in Block numbered twenty-three (23) of Country Club Addition, First Extension North, as the same is shown and designated on the Plat of said Addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 16, 1938 bears S. 16 deg. 36' 50" E., 2,688.40 feet distance; thence, N. 81 deg. 23' 00" W., 1,539.91 feet distance to the Southwest corner of the tract herein described; thence, N. 08 deg. 37' 00" E., 25.00 feet distance to the Northwest corner of the tract herein described; thence, S. 81 deg. 23' 00" E., 1,532.52 feet distance to the Northeast corner of the tract herein described, said Northeast corner being a Point on Curve on the Westerly Right-of-way line of University Blvd. NE; Thence, Southeasterly 26.10 feet distance along said Westerly Right-of-way line of University Blvd. NE, along the arc of a curve bearing to the left (said arc having a radius of 1,949.86 feet and a chord which bears S. 08 deg. 10' 25" E., 26.09 feet distance) to the Southeast corner of the tract herein described and place of beginning.

Parcel V:

That certain tract of land situate within the City Limits of the City of Albuquerque, Bernalillo County, New Mexico, lying West of University Blvd. NE and East of Interstate Route No. 25, in Section 16, Township 10 North, Range 3 East, N.M.P.M., and being identified as Tract "C". Being more particularly described by metes and bounds survey as follows:

BEGINNING at the Southeast corner of the tract herein described, whence the Northeast corner of Lot numbered One (1) in Block numbered Twenty-three (23) of COUNTRY CLUB ADDITION, First Extension North, as the same is shown and designated on the Plat of said Addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 16, 1938 bears S. 39 deg. 13' 27" E., 3,623.29 feet distance; thence, N. 81 deg. 23' 00" W, 187.13 feet distance to the Southwest corner of the tract herein described, said Southwest corner being a point on the Easterly Right-of-way line of Interstate Route No. 25 (chain link fence in place); thence, N. 16 deg. 15' 00" E., 213.19 feet distance along said Easterly Right-of-way line of Interstate Route No. 25 (chain link fence in place) to a point; thence, N. 11 deg. 15' 00" E., 339.60 feet distance continuing along said Easterly Right-of-way line of Interstate Route No. 25 (chain link fence in place) to the Northwest corner of the tract herein described; thence, S. 81 deg. 23' 00" E., 74.69 feet to the Northeast corner of the tract herein described; thence, S 08 deg. 37' 00" W, 225.00 feet distance to a point; thence, S. 10 deg. 48' 00" E, 324.24 feet distance to a point; thence, S. 08 deg. 37' 00" W., 25.00 feet distance to the Southeast corner of the tract herein described and place of beginning.

1937



July 1, 1993

Mr. Joshua Cannon
 Brooks, Lomax and Fletcher
 20 First Plaza, Suite 320
 Albuquerque, NM 87102

Re: Development Cost Observations on Archdiocese Property between University
 Boulevard and Interstate 25

Dear Josh:

Pursuant to our visit to the site on Friday, June 25, 1993, I have the following observations regarding development costs associated with the Archdiocese Property south of Indian School and east of Interstate 25. As I understand it, these observations should be based upon the assumption of the best and highest use of the property, which in your opinion is multi-family residential. I had given you a copy of our compilation of city standard unit price costs for infrastructure improvements for various components of development requirements. Please refer to that document for additional information. Please note that all costs that are quoted in this letter will need to be increased by 45% to cover contingencies, engineering, city review fees, etc.

ACCESS

The constraints upon access to the site include two existing 25' wide access easements or corridors for access to University Boulevard. The standard driveway width for an undivided access to a multi-family development is 40', which provides for two 12' wide egress lanes and one 16' wide ingress lane. Due to the constriction upon the existing corridors, a one way arrangement might be advisable, which would provide for two ingress lanes at one location, and two egress lanes at another location. This configuration would also reduce the potential conflicting movements created by multiple ingress/egress lanes occurring at a single intersection on University Blvd. Such conflicting movements create a significant potential for a traffic signal requirement. If a signal were to be required at either or both of the access points, the anticipated costs would be in the \$75,000 range per signal. Added to the signal costs would be any right turn deceleration or median left turn lane modifications that might be required at University Boulevard. The anticipated costs for such lanes could be estimated at approximately \$15,000 per lane. The total cost for a single intersection with a full turning movement signal and left turn median modifications as well as a right turn deceleration lane would be approximately \$105,000, plus approximately 45% for contingencies, engineering, city review fees, etc. A traffic study will also be required for the development, which may identify additional offsite improvement requirements that are not included in these figures. I would recommend that you meet with either Dave Harmon or Richard Dourte of the Transportation Development Division (768-2680) to discuss their impressions of the anticipated requirements and constraints.

i:\kerry\5340\jcannon.ltr-7/1/93

PRINCIPALS

LARRY W. HUSTON, C.P.
 MICHAEL M. EMERY, P.E.
 BRIAN G. BURNETT, P.E.

KERRY L. DAVIS, P.E.
 ROBERT G. KLETZLI
 LARRY A. LARRAÑAGA, P.E.

HOWARD C. STONE, P.E.
 WILLIAM L. VREEKE, P.E.
 GORDON A. WALHOOD JR., P.E.

WATER

At our meeting, I also provided you with a copy of the City's water sectional map, which identifies their facilities in the area. The property is located entirely within one water zone, and the closest existing facilities are located within University Boulevard. It is anticipated that a looped water extension into one of the entrances, through the site, and back to University would be required. For estimating purposes, a 10" diameter loop could be assumed, which is a standard requirement for multi-family developments. A water and sewer serviceability statement could be requested from the City's Utility Development Division if necessary. Mr. Stuart Reeder, at 768-2730, could answer any preliminary questions or concerns regarding any anticipated water and sewer capacity problems.

SANITARY SEWER

Although we were unable to locate it during our site visit, an existing Public City sewer main was extended across the Indian School embankment at the far northwest corner of the site, when the interstate overpass was constructed. This main should be adequate for extension through the property for service connection. I would not anticipate any unusual or excessive costs associated with such an extension.

GRADING AND DRAINAGE

According to the city's topographic map, which I provided at our meeting, the average slope across the site is approximately 4-5%, which is a moderate slope for a multi-family development. I would anticipate that the majority of slope differences between apartment buildings could be taken up within landscape areas or parking areas. However, if you wish to assume a certain number of retaining walls in order to determine their effect upon development costs, I would suggest that approximately half of the slope would require walls as opposed to landscape or parking slope treatment. This would result in a 4' wall spaced at approximately every 200' from east to west across the site. I would also recommend that the figures for moderate site earthwork be utilized from the standard development cost booklet for estimating purposes.

With regard to the existing arroyo that traverses the site, I would assume that the arroyo can be conveyed through a 60" storm sewer at an approximate construction cost of \$150 per linear foot. This type of treatment would allow the storm sewer to be routed through parking and landscape areas within the development. A second option that we discussed for this arroyo would be a landscape feature of some sort. One possible treatment could be similar to the channel improvements within the Journal Center, which consist of a low flow concrete lined channel surrounded by extensive landscaping. A treatment such as this would require construction of a bridge across the arroyo. The resulting loss of developable land, combined with the additional cost for channelization, landscaping, and bridge, would most likely make such a treatment impractical.

Mr. Joshua Cannon
June 30, 1993
Page 3

Please understand that these observations and cost assumptions are based only upon my experience and initial impressions from a single visit to the site, and are not supported by any real engineering analysis or research. Obviously, a more exhaustive analysis, including interviews with various city staff members as well as detailed computations of anticipated improvement requirements, would provide more exact figures. I would be pleased to provide you with a proposal to perform such an analysis. In lieu of that, however, I hope that these initial observations are adequate to assist you in your efforts to analyze the value of the property. Please don't hesitate to call me if you should have any questions or if I can be of further service.

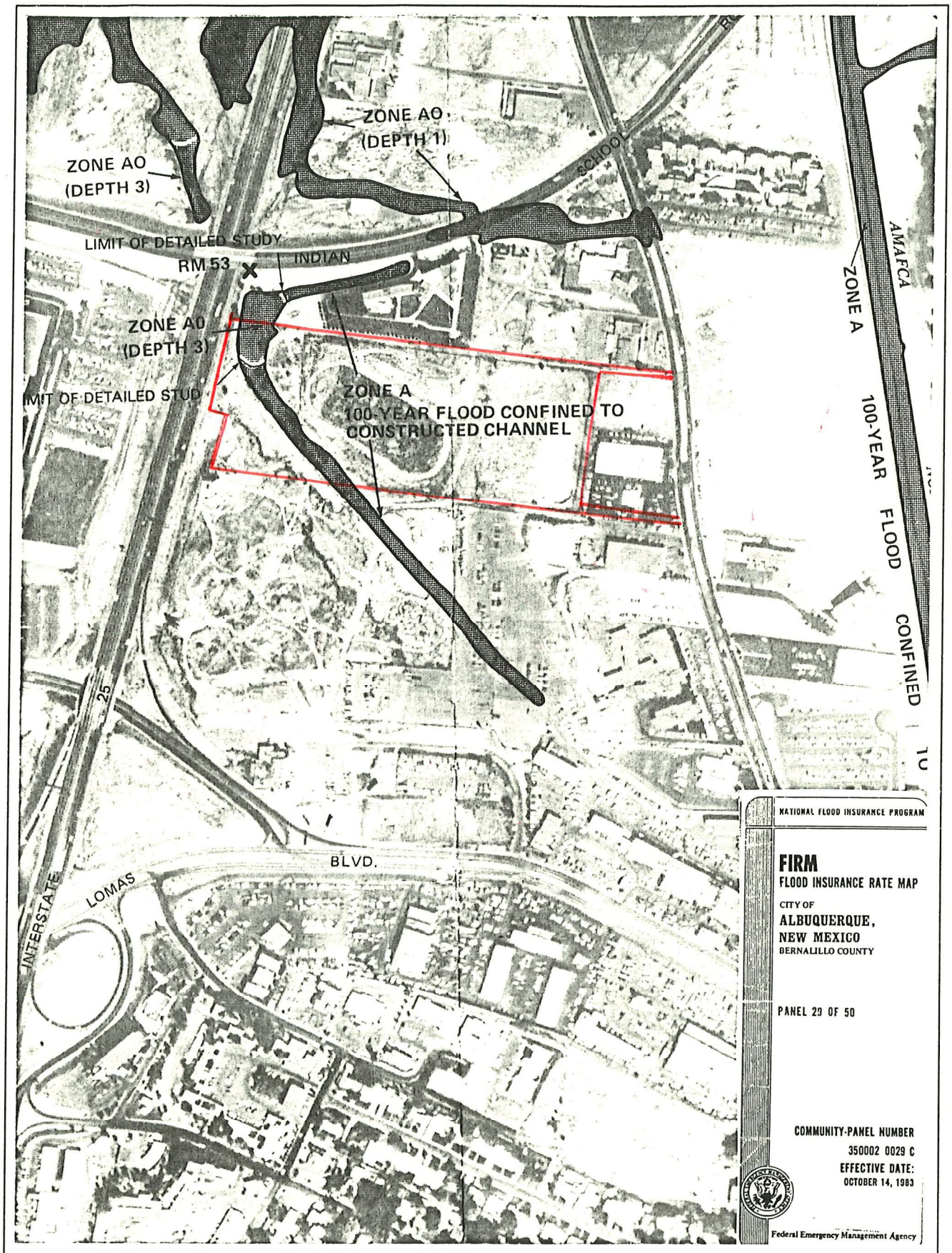
Sincerely,

A handwritten signature in black ink, appearing to read "Kerry Davis", with a stylized flourish at the end.

Kerry L. Davis, P.E.
Vice President, Community
Development and Planning

KLD/kc

cc: Kim Murphy
w/attachments



NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

CITY OF
ALBUQUERQUE,
NEW MEXICO
BERNALILLO COUNTY

PANEL 29 OF 50

COMMUNITY-PANEL NUMBER

350002 0029 C

EFFECTIVE DATE:
OCTOBER 14, 1983



Federal Emergency Management Agency

Flood Hazard Boundary Map

Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

MAI, Member of the Appraisal Institute, Certificate No. 8661

Licensed Real Estate Appraiser, State of New Mexico

Education

BS, Agricultural Business Management, New Mexico State University, School of Agriculture, Las Cruces, New Mexico, 1983. Concentration in Finance and Economics.

Appraisal Courses and Seminars

Principles in Real Estate Appraisal
New Mexico State University

Real Estate Law
New Mexico State University

Real Estate Appraisal Principles
Course 1A-1, AIREA

Real Estate Valuation Procedures
Course 1A-2, AIREA

Capitalization Theory and Techniques, Part A
Course 1B-A, AIREA

Capitalization Theory and Techniques, Part B
Course 1B-B, AIREA

Case Studies in Real Estate Valuation
Course 2-1, AIREA

Report Writing and Valuation Analysis
Course 2-2, AIREA

Standards of Professional Practice
Course SPP, AIREA

Experience

Associated with Brooks, Lomax & Fletcher, Inc., October 1983 to Present.

Assignments

Appraisal assignments have involved a wide variety of property types, including multifamily, commercial, industrial, special purpose and rural. Examples of improved property appraisals include neighborhood shopping centers, a 240,000 square foot single-user distribution warehouse, large scale apartment projects, and multistory office buildings. Land appraisal assignments include commercial and residential subdivisions, a regional shopping center site, and a 20,000 acre land hold in the path of anticipated long-term growth.