

BROOKS, LOMAX & FLETCHER INC.

APPRAISAL REPORT UPDATE

1.38-Acre Vacant Site

University Boulevard North of Lomas Boulevard NE

Albuquerque, New Mexico

Appraisal Project 25028

EFFECTIVE DATE

February 1, 1995

PREPARED FOR

Mr. Kim Murphy

Director of Real Estate

University of New Mexico

Scholes Hall, Room 233

Albuquerque, New Mexico 87131

February 6, 1995

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

Reference: Appraisal Report Update
1.38 Acre Vacant Site
University Boulevard NE
Albuquerque, New Mexico

Introduction

The property referenced above was previously appraised by Joshua Cannon for the University of New Mexico, as of an effective date of June 17, 1993. The transmittal date of the report was July 1, 1993.

The previous appraisal was comprehensive in scope and was transmitted in a narrative report containing full documentation of the data, methodology, and reasoning used in arriving at an opinion of market value of the fee simple interest in the property. The previous appraisal is incorporated by reference as the foundation for the opinions expressed in this letter.

The objective of this update appraisal is to support a current opinion of value of the subject property.

Legal Description

The subject property is legally described as 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.

Market Value Defined

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

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and both acting in what they consider their own best interest;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Property Rights Appraised

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.

Scope of Research

The scope of research for this update appraisal included the following: 1) a re-inspection of the property and its surrounding environs; 2) the research of new land sales and listings in the subject neighborhood and comparable neighborhoods; 3) the initiation of fact-finding conversations with local brokers, real estate developers, and government officials; and 4) a review of local market conditions for potential subject land uses, i.e., office or retail.

Subject Property Information

Physical Description

The subject property is a rectangular-shaped parcel, as shown on the exhibits provided in the report Addenda. Total land area is estimated to be 1.3777 acres. The site has 180 feet of frontage on the west side of University Boulevard and a depth of 295 feet. Terrain is level and at street grade, it is not within a flood zone and all utilities are available.

Real Estate Taxes

The assessed value of the site in 1994 is \$177,726, unchanged from the prior appraisal. No taxes are paid due to its church ownership.

Zoning

Zoning for the entire site is C-3, Heavy Commercial. This is unchanged from the prior appraisal.

Ownership History

The subject property is owned by the Roman Catholic Church of the Archdiocese of Santa Fe. The church purchased the site in 1982 for a reported price of \$240,000, or \$4.00 per square foot. The University of New Mexico is currently seeking to purchase this site.

Neighborhood Information

The subject neighborhood is essentially unchanged from the date of the prior appraisal. Development in the neighborhood is predominantly office, mixed commercial, vacant land and special purpose improvements owned by UNM. UNM continues to be the dominant influence on neighborhood land use, with many commercial and multifamily improvements catering to UNM students and employees.

As of the prior appraisal, the average weekday traffic count at the subject's University Boulevard frontage was 24,500 vehicles. The last survey available is from 1993, and traffic count is shown to be 24,700 vehicles.

Overview of Office and Retail Real Estate Markets

This overview updates my investigation into the condition of the office and retail markets, which are the most likely land uses for the subject property.

Office Market Overview

The Albuquerque office market is currently experiencing growth in occupancy and market rents after several years of weak performance. According to CBS Investment Realty, Inc., total inventory of primary office space is 10,002,115 square feet of gross leasable area. Vacancy citywide at year end 1994 is approximately 10.9%, down from 12.8% at year end 1993. The largest gains in occupancy occurred in the West Mesa/Rio Rancho sub-area and in the I-25/Jefferson Corridor. Most market areas in the city are into their third year of improving occupancy levels.

Current office market statistics are shown on the following chart. As classified by CBS, the subject property is located in the Southeast Heights/Airport market area, just south of the Northeast Heights.

Office Market Statistics - Fourth Quarter 1994

Market Area	No. Buildings	Total Sq.Ft.	Percent of Total Inventory	Percent Vacant				
				1994	1993	1992	1991	1990
Downtown	44	3,082,923	30.8%	18.0%	19.4%	17.5%	20.0%	26.0%
Midtown	19	941,672	9.4%	11.3%	13.0%	N/A	N/A	N/A
Uptown	27	1,820,090	18.2%	6.2%	8.7%	16.9%	20.0%	25.0%
Northeast Heights	70	1,775,394	17.8%	6.9%	7.8%	10.7%	15.0%	18.0%
Southeast Heights/Airport	35	1,390,651	13.9%	12.2%	13.0%	15.7%	16.0%	18.0%
I-25/Jefferson Corridor	10	695,630	7.0%	1.0%	6.1%	15.2%	21.0%	15.0%
West Mesa/Rio Rancho	14	<u>295,755</u>	<u>3.0%</u>	5.2%	13.8%	15.1%	14.0%	14.0%
Totals	219	10,002,115	100.0%	10.9%	12.8%	15.5%	18.1%	22.0%

source: CBS Investment Realty, Inc.

Brooks, Lomax & Fletcher, Inc.

Citywide vacancy is down nearly two percentage points from a year ago, while the relevant subject market areas (Southeast Heights/Airport and Northeast Heights) have fallen about one point. Overall, the strength of the office market, as it affects the subject site, has improved only slightly since our prior appraisal. Typically, real estate markets need to experience two to three years of near full occupancy before rents recover to a point to support new improvements. Using the recent historical trend in occupancy as a guide, it will be several years before the subject market area can support speculative office construction.

Retail Market Overview

The information presented in this section originates from the "Second Quarter 1994 Commercial Real Estate Market Report" published by CB Commercial Real Estate Services. This is the most recent citywide retail survey available.

A summary of pertinent statistics for retail space in the city is shown on the following chart. The bulk of the statistics are for second quarter 1994. Also shown are vacancy rates for year-end 1991 - 1993. CB Commercial places the subject at the east edge of the Downtown market, although it is more closely aligned with the Northeast/Southeast Heights.

Retail Market Statistics - Second Quarter 1994

Market Area	Total Sq. Ft.	Sq. Ft. Vacant	Percent Vacancy	Sq. Ft. Under Construct.	Sq. Ft. Planned	Total Sq. Ft.	1993 4th Qtr. Vacancy	1992 4th Qtr. Vacancy	1991 4th Qtr. Vacancy
Downtown	211,014	17,253	8.2%	0	0	211,014	27.1%	22.4%	28.7%
South Valley	1,045,347	166,726	15.9%	0	0	1,045,347	15.2%	19.5%	24.2%
Westside	1,115,899	59,740	5.4%	46,000	1,952,000	3,113,899	7.5%	15.9%	14.4%
Rio Rancho	679,676	78,510	11.6%	0	0	679,676	11.1%	13.9%	23.9%
North Valley	779,874	115,987	14.9%	101,830	0	881,704	16.7%	16.8%	20.2%
NE Heights	4,922,788	401,087	8.1%	13,975	55,000	4,991,763	10.3%	12.2%	18.6%
SE Heights	2,982,389	440,753	14.8%	136,000	104,000	3,222,389	14.2%	15.7%	14.4%
Uptown	2,836,703	20,566	0.7%	11,040	200,000	3,047,743	0.9%	1.3%	1.4%
Totals	14,573,690	1,300,622	8.9%	308,845	2,311,000	17,193,535	10.1%	12.1%	15.1%

source: CB Commercial

Brooks, Lomax & Fletcher, Inc.

According to CB Commercial, citywide vacancy for retail space was 8.9% for second quarter 1994, while vacancy in the Northeast and Southeast Heights was 8.1% and 14.8%, respectively. Like the office market, occupancy is slowly improving in the subject area but it appears several years away from a new retail building cycle. As stated in the prior appraisal, however, a specialty retailer or restaurant targeted specifically to the UNM campus remain potential users.

Highest and Best Use

In the prior appraisal, the highest and best use of the subject site was concluded to be owner-occupied or build-to-suit office construction, or a type of special purpose use that is common to this specific market area. Market conditions for these types of land uses have been stable or upward since the prior appraisal, and the conclusion of highest and best use is unchanged.

Updated Valuation

The value of the subject property in the prior appraisal was estimated to be \$5.00 per square foot, or a rounded total of \$300,000. This estimate was based upon a comparative analysis using five sales.

This updated valuation includes an analysis of six additional land sales. The new market data are summarized in the following chart.

Summary of Land Sales

<i>Sale Number</i>	1	2	3
<i>Location</i>	Carlisle Blvd., N/o Candelaria Rd. NE	Menaul Blvd., W/o Vassar Dr. NE	Carlisle Blvd., S/o Comanche Rd. NE
<i>Sale Price</i>	\$115,000	\$336,875	\$52,000
<i>Date of Sale</i>	Jul-94	Jun-94	Apr-94
<i>Land Area</i>	0.77 acre	2.21 acres	0.29 acre
<i>Zoning</i>	C-1	C-3	C-1
<i>Planned Use</i>	Add Parking	Expand Business	Add Parking
<i>Avg. Daily Traffic Count</i>	25,200	28,100	25,200
<i>Sale Price/Square Foot</i>	\$3.42	\$3.50	\$4.07
.....			
<i>Sale Number</i>	4	5	6
<i>Location</i>	NW/c Tramway Blvd. & Montgomery Blvd. NE	Candelaria Rd., W/o Juan Tabo Blvd. NE	Menaul Blvd., E/o Juan Tabo Blvd. NE
<i>Sale Price</i>	\$532,000	\$200,000	\$53,000
<i>Date of Sale</i>	Aug-94	Mar-94	Oct-93
<i>Land Area</i>	2.64 acres	0.72 acre	0.18 acre
<i>Zoning</i>	O-1/C-2	C-2	C-1
<i>Planned Use</i>	Furniture Store	Auto Parts Store	Add Parking
<i>Avg. Daily Traffic Count</i>	22,000/17,000	14,600	14,000
<i>Sale Price/Square Foot</i>	\$4.63	\$6.36	\$6.63

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The comparables range from \$3.42 to \$6.63 per square foot. The price differences among the sales are a function of location/demographics, visibility and tract size. Following is a discussion of the individual transactions.

Sales 1 and 3 are both located on Carlisle Boulevard between Candelaria Road and Comanche Road, and each were purchased by adjoining land owners to expand parking. The sales occurred at \$3.42 and \$4.07 per square foot. This is a second tier suburban office location with generally lower quality improvements. The potential for retail is very limited. Excluding the impact of UNM on the subject market area, these sales are relatively similar to the subject in location and potential use. Given the positive impact of UNM, however, a higher land value is probable for the subject.

Sale 2 is located on Menaul Boulevard between Carlisle and University Boulevards. It was purchased by the owners of Zuni Equipment Rental to expand their adjoining business. This is a visible site and the surrounding area is improved with lower quality offices and light industrial buildings. Again, this location is similar to the subject in potential land use if the impact of UNM is not recognized. A significant drawback to this particular site is its mid-

block location without a median break on Menaul. Specific access is available to westbound traffic only on a right-in/right-out basis. Like Sales 1 and 2, a higher subject unit value is indicated. The sale price of \$4.63 per square foot is a reasonable value indication for the subject.

Sale 4 is located at the northwest quadrant of Tramway Boulevard and Montgomery Boulevard in the far Northeast Heights. This 2.64-acre tract is being improved as an Ethan Allen furniture store and warehouse. It wraps around a one-acre site located directly at the corner that is under construction with a Taco Bell. Sale 4 has significant frontage on Tramway Boulevard but no direct access from this arterial. Access is via a single curb cut on Montgomery, but like Sale 2, there is no median break and access is right-in/right-out only. Its higher price versus Sale 2 is due to superior demographics. This site is superior to the subject in general location but inferior in specific access.

Sales 5 and 6 are located on arterials in the Northeast Heights and sold at \$6.36 per square foot and \$6.63 per square foot, respectively. These sites have fairly low traffic counts but solid demographics with significant surrounding middle income single family housing. Each sale has both office and retail potential and they indicate a subject value below \$6.00 per square foot.

A subject unit value above \$4.00 per square foot is indicated by Sales 1 - 3, while Sales 5 and 6 suggest a value below \$6.00 per square foot. Sale 4 is not directly comparable, but is a reasonable price indicator due to negating superior/inferior characteristics. Overall, the data indicate a subject value of approximately \$5.00 per square foot, or unchanged from the prior appraisal. The total subject value estimate is calculated below.

Subject land area in square feet	60,013
Estimate of market value per square foot	\$5.00
Indicated market value	\$300,065
Rounded	\$300,000

Certification

This certifies that effective February 1, 1995, the estimated value of the subject of this report is as follows:

Estimate of Market Value	\$300,000
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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 I have no personal interest or bias with respect to the parties involved.
- this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- 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.
- 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, Joshua Cannon, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

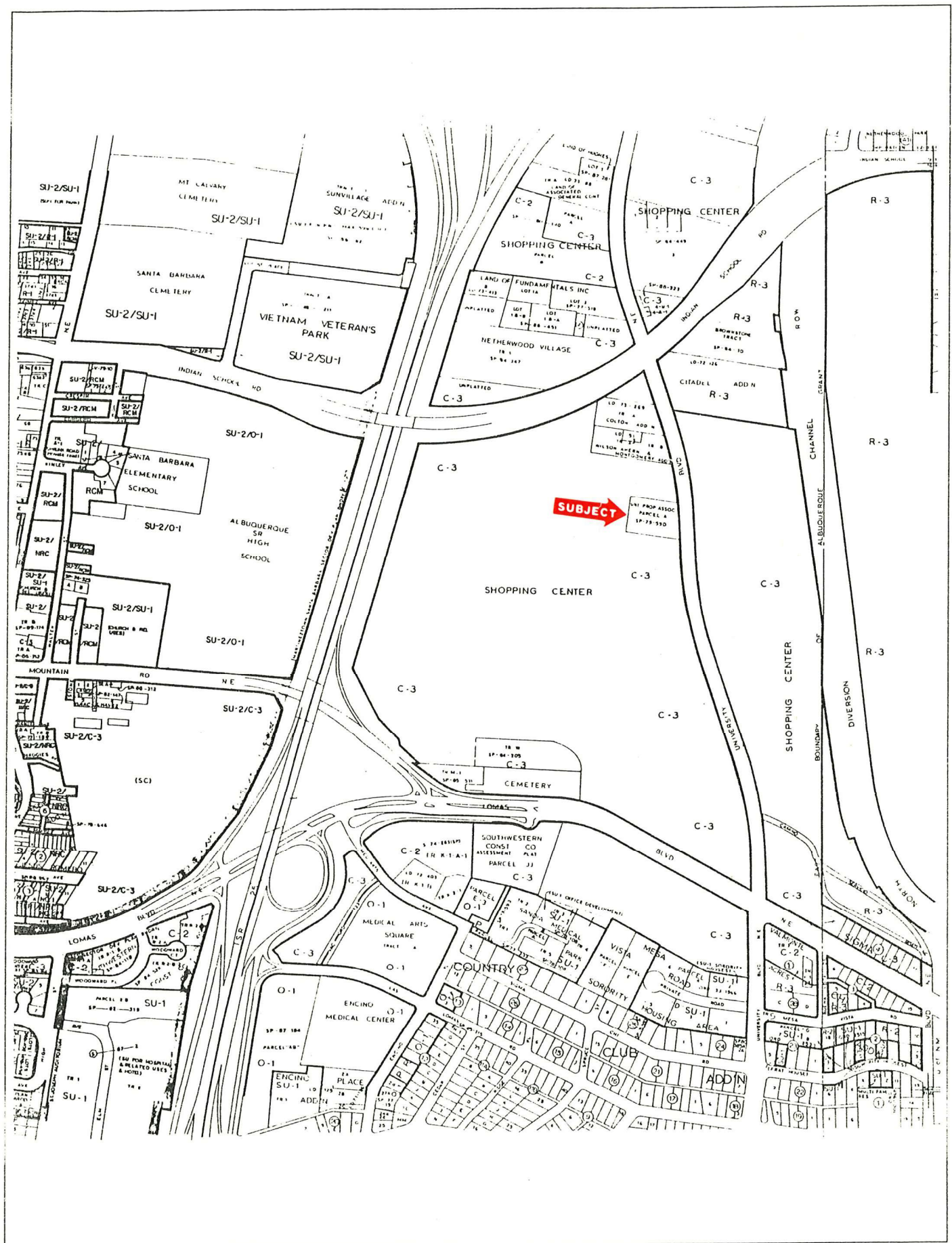
This opportunity to provide appraisal services to you is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

BROOKS, LOMAX & FLETCHER, INC.

A handwritten signature in cursive script that reads "Joshua Cannon".

Joshua Cannon, MAI

Addenda



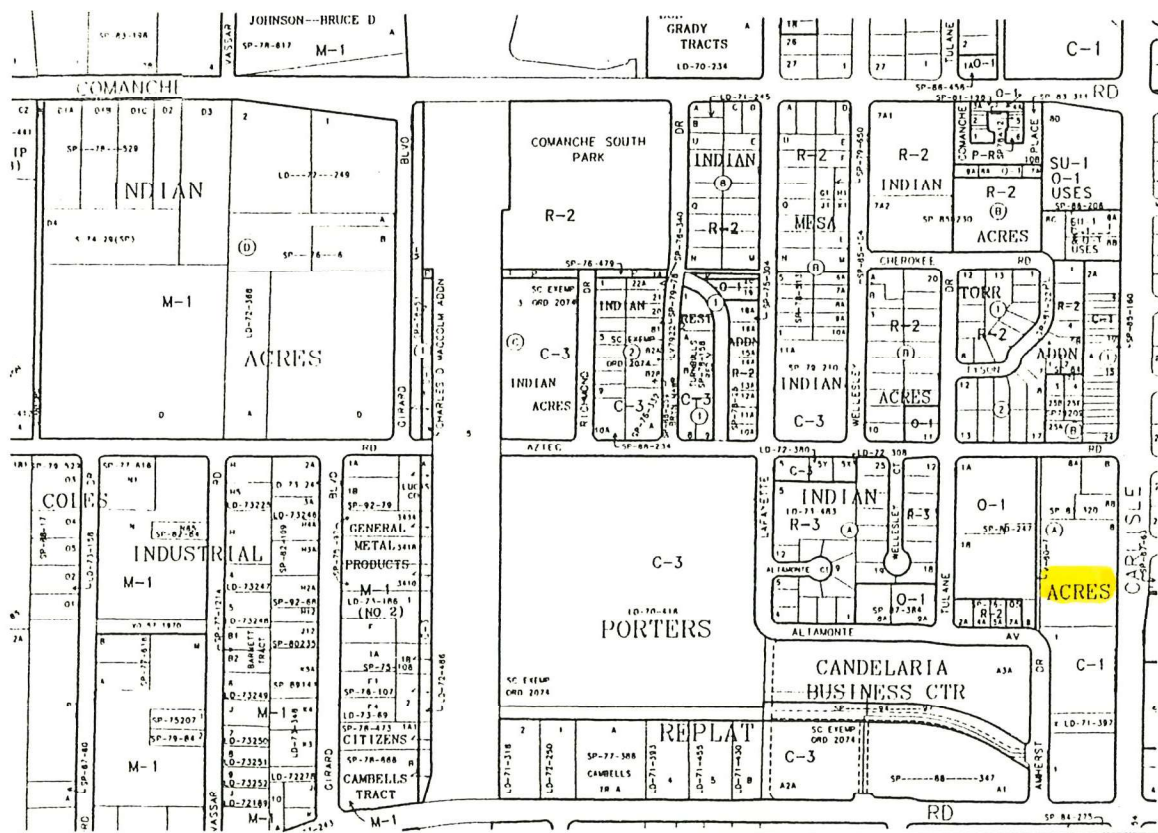
Zoning Map

Land Sale 1

Location:	West side of Carlisle Boulevard, north of Candelaria Road NE
Sale Price:	\$115,000 (see comments)
Date of Sale:	July 14, 1994
Land Area:	0.77 acre (33,600 square feet)
Sale Price/Square Foot:	\$3.42
Terms:	Cash to seller
Legal Description:	Portion of Lot 8, Block A, Indian Acres Subdivision
Grantor:	First National Bank of Farmington
Grantee:	D. F. and Marie Robertson
Zoning:	C-1
Document Number:	94-90102
Map Reference:	G-16

Comments:

Actual sale price was \$110,000, but buyer spent an additional \$5,000 to widen median break on Carlisle Boulevard. Level site with 118 feet of Carlisle Boulevard frontage and depth of 285 feet. Buyer runs adjoining retail store and will use site for parking.

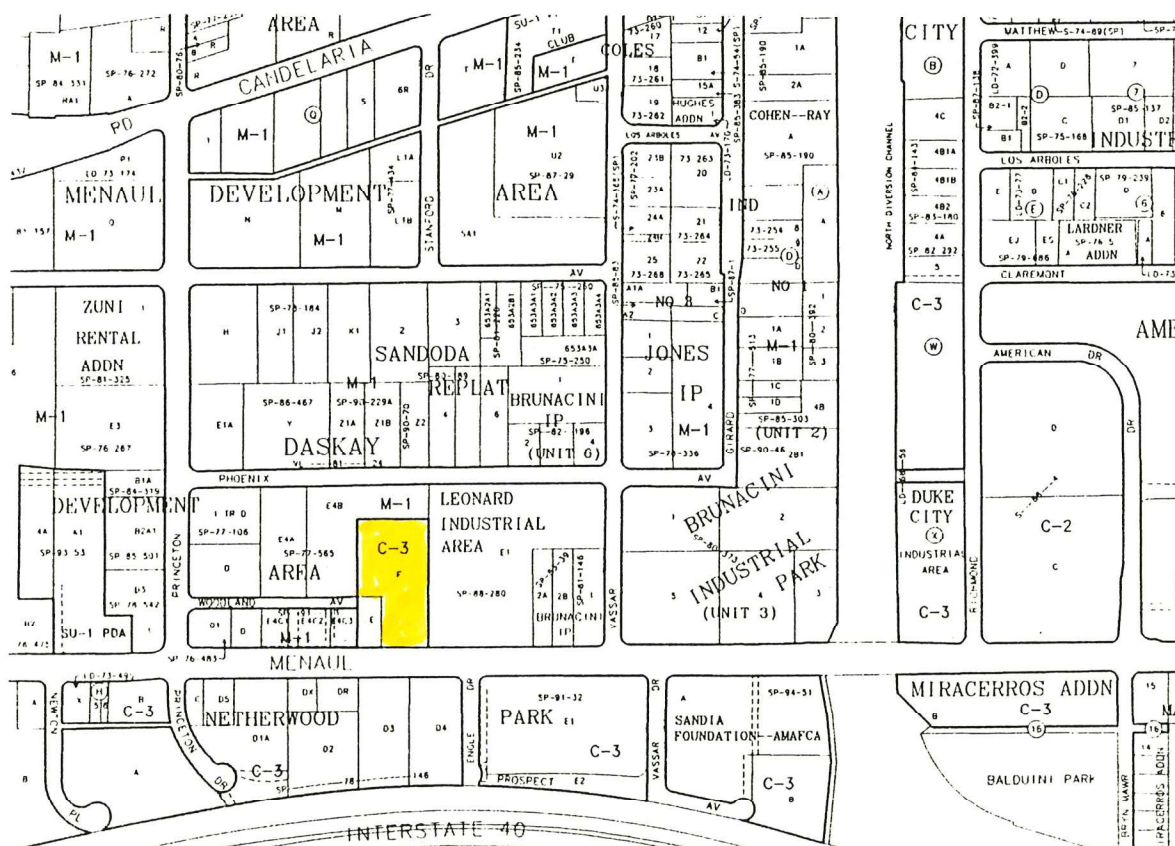


Land Sale 2

Location: North side of Menaul Boulevard, between Princeton Drive and Vassar Drive
Sale Price: \$336,875
Date of Sale: June 15, 1994
Land Area: 2.2095 acres (96,246 square feet)
Sale Price/Square Foot: \$3.50
Terms: \$56,875 cash, \$280,000 mortgage from United New Mexico Bank at 7.75%.
Legal Description: Tract F, Menaul Development Area
Grantor: Sandia Foundation
Grantee: Partnership 221
Zoning: C-3
Document Number: 94-79259
Map Reference: H-16

Comments:

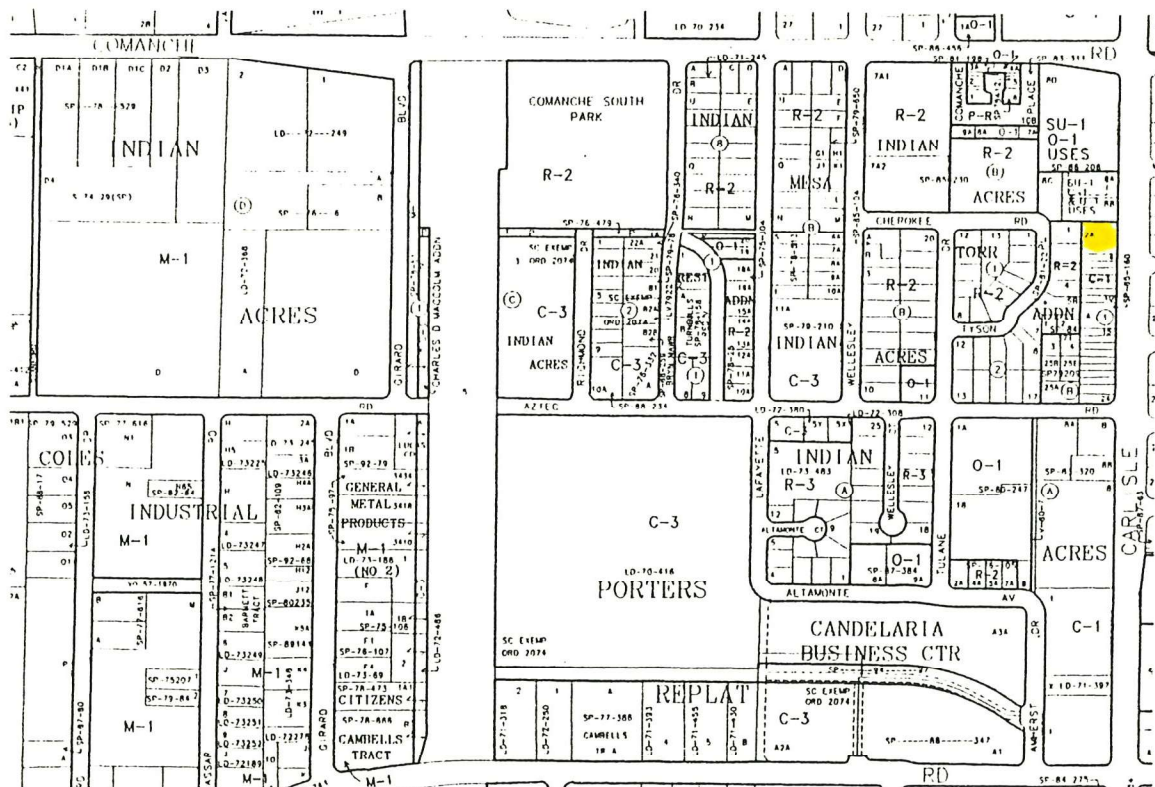
Level site with 175 feet of frontage on Menaul Boulevard and a depth of 500 feet. There is no median break on Menaul at this point, thus access is right-in/right-out only. The buying partners are principals in Zuni Equipment Rentals, which adjoins this site on the east. It was purchased for future expansion of their business.



Land Sale 3

Location: West side of Carlisle Boulevard, south of Comanche Road NE
 Sale Price: \$52,000
 Date of Sale: April 29, 1994
 Land Area: 0.2934 acre (12,781 square feet)
 Sale Price/Square Foot: \$4.07
 Terms: Real estate contract, \$25,000 down, \$1,250 per month at 10% per annum
 Legal Description: Indian Acres, Tract 2-A
 Grantor: Donald D. Becker PA
 Grantee: Kuen Piu Ma
 Zoning: C-1
 Document Number: 94-57305
 Map Reference: G-16

Comments:
 The grantee owns an adjoining restaurant. This purchase was to accommodate additional restaurant parking.

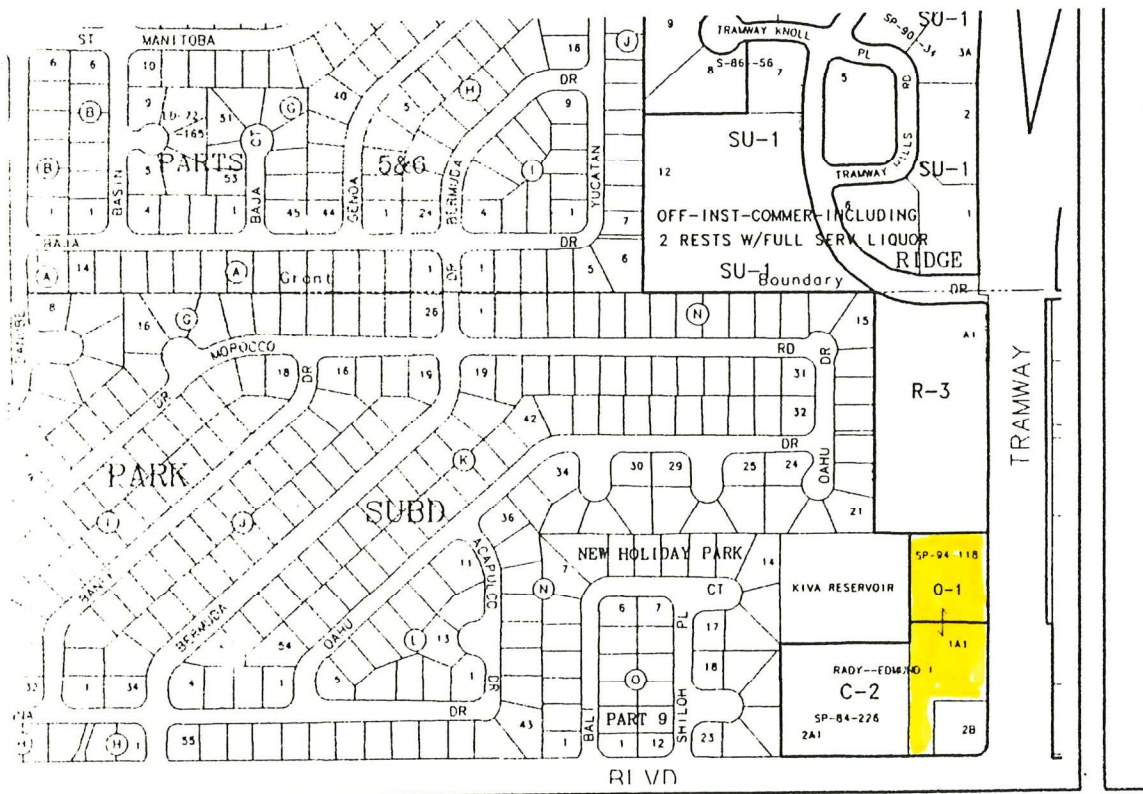


Land Sale 4

Location:	Northwest quadrant of Tramway Boulevard and Montgomery Boulevard NE
Sale Price:	\$532,000
Date of Sale:	August 18, 1994
Land Area:	2.6373 acres (114,881 square feet)
Sale Price/Square Foot:	\$4.63
Terms:	Cash to seller
Legal Description:	Parcel 1A and 2A 2-Edmund I. Rady
Grantor:	First Security Mortgage Corporation
Grantee:	Stokes Limited Partnership (James D. Stokes and Ann G. Stokes)
Zoning:	O-1 and C-2
Document Number:	94-103567
Map Reference:	F-22

Comments:

This site was purchased for development of an Ethan Allen furniture store and storage facility. The site has no direct access to Tramway Boulevard.



Land Sale 5

Location:

North side of Candelaria Road, west of Juan Tabo
Boulevard NE

Sale Price:

\$200,000

Date of Sale:

March 14, 1994

Land Area:

0.7216 acre (31,433 square feet)

Sale Price/Square Foot:

\$6.36

Terms:

Cash

Legal Description:

La Reina de los Altos, Unit 2, Tract H-7-C-1-A

Grantor:

Calvin Horn et al

Grantee:

AutoZone Inc.

Zoning:

C-2

Document Number:

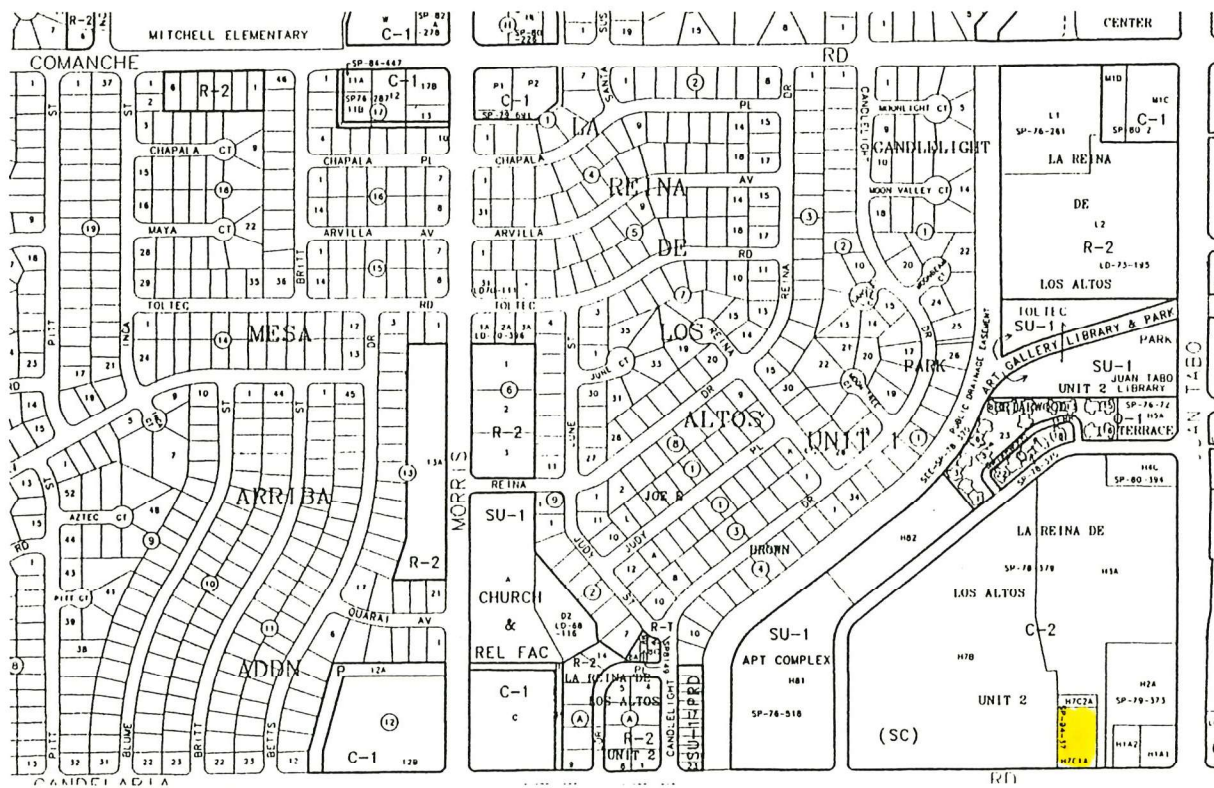
94-34407

Map Reference:

G-21

Comments:

This is a pad site at the Brentwood Shopping Center with good visibility from Candelaria. The sale closed in 1994 although negotiations began approximately about three years ago. A new AutoZone store was constructed on the site and opened in August 1994.



Land Sale 6

Location:

North side of Menaul Boulevard, east of Juan Tabo Boulevard NE

Sale Price:

\$53,000

Date of Sale:

October 29, 1993

Land Area:

0.18365 acre (8,000 square feet)

Sale Price/Square Foot:

\$6.63

Terms:

Real estate contract for \$10,000 down and monthly installments of \$365 at 10% per annum. Balloon payment due October 28, 1998.

Legal Description:

Enchanted Mesa, Block 5, Lots 3, 4

Grantor:

Jane L. Wu

Grantee:

E.S.E. Communications, Inc.

Zoning:

C-1

Document Number:

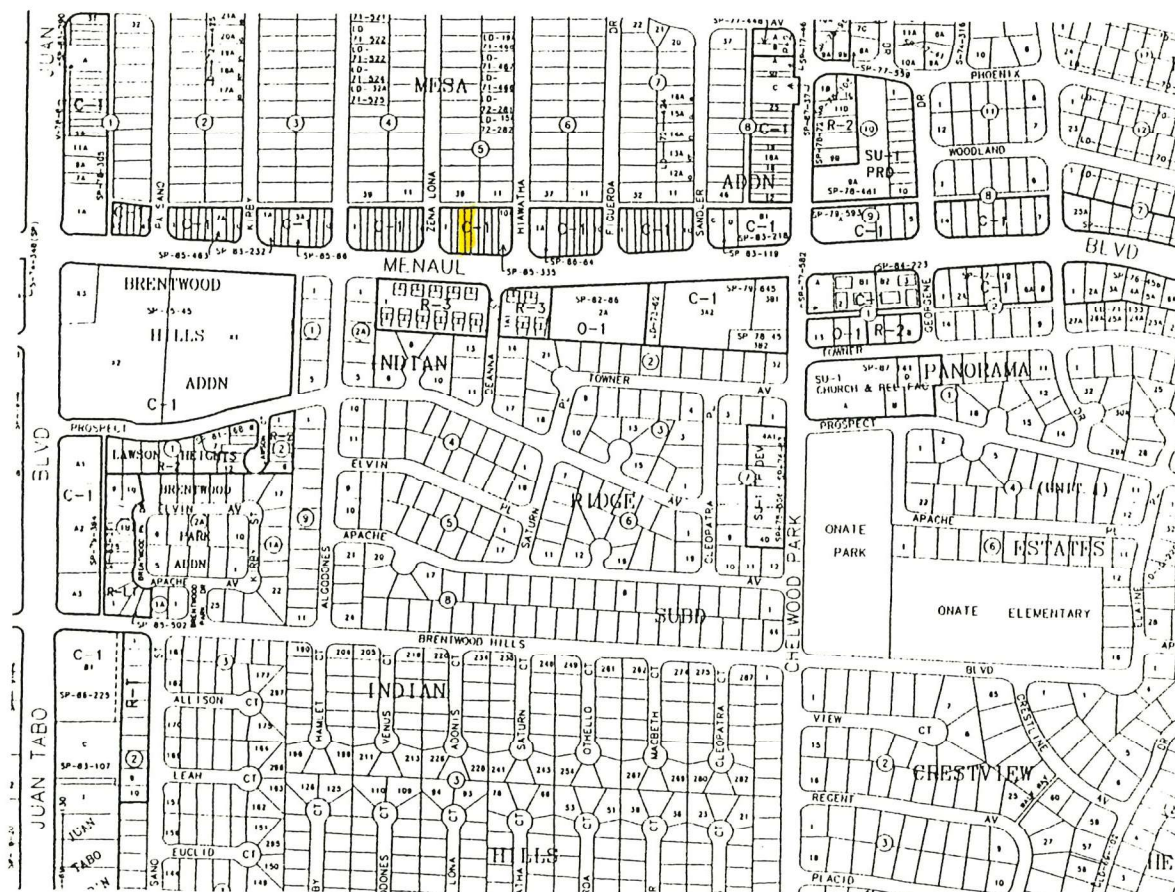
93-124192

Map Reference:

H-22

Comments:

Narrow rectangular lot with 50 feet of frontage on Menaul Boulevard NE.



General Underlying Assumptions

1. The legal descriptions used in this report are 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. Plats exhibits and 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. 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.
4. 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.

Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

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

State of New Mexico General Certificate No. 00021-G

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.

UPDATE APPRAISAL REPORT

18.545-Acre Vacant Site
University Boulevard North of Lomas Boulevard NE
Albuquerque, New Mexico

Appraisal Project 25008

EFFECTIVE DATE

January 3, 1995

PREPARED FOR

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



January 9, 1995

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Director of Real Estate
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The objective of this update appraisal is to support a current opinion of value of the subject property.

Legal Description

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.

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

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and both acting in what they consider their own best interest;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Property Rights Appraised

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.

Special 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. This applies to virtually any development probable for the site. Accordingly, it is critical that these accessways be expanded eleven feet. Land adjoining the south accessway is owned by UNM; adjoining the north leg is a 1.3 acre site under the same ownership as the subject (Roman Catholic Church of the Archdiocese of Santa Fe). UNM intends to purchase this site and thus would control land needed to expand both accessways. At the request of our client (UNM), it is assumed in this appraisal that both accessways meet the noted city requirements. This assumption is reasonable given UNM's current and planned adjoining ownerships. No adjustment has been made to the updated value estimate to account for potential costs to expand the accessways. Also, the subject land area of 18.545 acres does not reflect the additional land required.

Scope of Research

The scope of research for this update appraisal included the following: 1) a re-inspection of the property and its surrounding environs; 2) the research of new land sales and listings in the subject neighborhood and comparable neighborhoods; 3) the initiation of fact-finding conversations with local brokers, real estate developers, and government officials; and 4) a review of local market conditions for the product type envisioned for the subject property, i.e., an apartment complex.

Subject Property Information

Physical Description

The subject property is an irregular-shaped parcel, as shown on the exhibits provided in the report Addenda. 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. All utilities are available to the property.

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. 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.

At the time of the prior appraisal, 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 June 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, with the below-ground pipe being the most practical method.

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 35-0002-0029-C), dated October 14, 1983. The A and AO flood zones could be eliminated by the piping method described above.

Real Estate Taxes

The assessed value of the site in 1994 is \$2,165,655, down from \$2,177,130 in the prior appraisal. No taxes are paid due to its church ownership.

Zoning

Zoning for the entire site is C-3, Heavy Commercial. This is unchanged from the prior appraisal.

Ownership History

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 and reportedly have not been used since the mid-1960s.

Neighborhood Information

The subject neighborhood is essentially unchanged from the date of the prior appraisal. Development in the neighborhood is predominantly office, mixed commercial, vacant land and special purpose improvements owned by UNM. UNM continues to be the dominant influence on neighborhood land use, with many commercial and multifamily improvements catering to UNM students and employees.

As of the prior appraisal, the average weekday traffic count at the subject's University Boulevard frontage was 24,500 vehicles. The last survey available is from 1993, and traffic count is shown to be 24,700 vehicles.

Overview of Apartment Real Estate Market

This overview updates my investigation into the condition of the apartment market, which is the estimated highest and best use of the subject property.

At the time of the prior appraisal in mid-1993, the apartment market in Albuquerque was just reaching the break point where speculative construction becomes feasible. Rental rates and occupancies have now clearly reached points that trigger development, and a construction phase is occurring. Two complexes were permitted in 1993 for the Northeast Heights sub-market which effectively started the development cycle. A 200-unit complex (The Enclave) is nearing completion of construction at the southwest corner of Eubank Boulevard and Osuna Road. Leasing started in July 1994. A 424-unit apartment complex is currently under construction on the west side of Moon Street south of Academy Road with pre-leasing starting in September 1994. Also, a 76-unit addition to the Valle Grande Apartments is nearing completion. Other developments planned in the Northeast Heights include 430 units at High Desert near Academy Road and Tramway Boulevard, 205 units at Morris Street and the Bear Canyon Arroyo, 192 units at the southwest corner of Academy Road and Tramway Boulevard, and 250 units northwest of the northwest corner of Academy Road and Tramway Boulevard.

Development is also occurring in Albuquerque's West Side sub-market. A 224-unit complex (Phase I of II) at the northeast corner of Eagle Ranch Road and Paradise Boulevard began construction in early June 1994 (Eagle Ranch Apartments). A 248-unit complex (Camino Real) is under construction at the northwest corner of Calle Cuervo and Corrales Road. A 315-unit complex is planned at the southwest corner of Montañito Plaza Place and Coors Road, and is expected to be under construction in the near term. A 200-unit complex (Phase I of II) is planned at the northwest corner of Irving Boulevard and Golf Course Road which will participate in the federal Low Income Housing Tax Credit Program. A 472-unit complex (Westwood Ranch) is planned at the southwest corner of Seven-Bar Loop and Coors By-pass Boulevard; and, a 235 unit complex is planned for construction in 1995 south of Paseo del Norte approximately 300 feet west of Coors Boulevard (San Miguel).

ARV Housing Group purchased a 5.4-acre site located on the south side of Indian School Road just east of University Boulevard in December 1993. The site is located in the subject trade area, and they plan to develop the site with 160 apartment units (Vista del Rio Villas) in 1995. The project will participate in the Low Income Housing Tax Credit Program; and, they have already received a \$7,239,720 federal tax credit allocation for the project. The site is located approximately one mile north of UNM and approximately 1,000 feet north of the subject.

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 is for Third Quarter 1994 and encompassed 17,632 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 1985, 2) the average rental rate for a one-bedroom apartment in the two zip code areas described since 1985, and 3) the vacancy rates for the two zip code areas since 1985.

Apartment Market Statistics - Third Quarter 1994

<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
March 1994	3.1%	0.9%	\$475	1.0%	\$386
September 1994	1.9%	1.2%	\$495	1.2%	\$425

Source: Apartment Association of New Mexico

Brooks, Lomax & Fletcher, Inc.

As shown on the chart, market conditions are extremely strong in the subject trade area with vacancies at approximately one percent and rents increasing by more than 10% per year. Except for a bump in April 1992, vacancies in the subject zip code have been below 5% since 1990. Consistent with the remainder of the city, market conditions are such that new construction is clearly feasible. As noted above, this market strength has significantly increased demand for available apartment sites over the last one to two years. The subject site is well suited for apartment use and its marketability is positively impacted by these conditions.

Highest and Best Use

In the prior appraisal, the highest and best use of the subject site was concluded to be development as an apartment complex, with self storage units as a potential secondary use. Market conditions for both these land uses have continued to strengthen over the past 18 months, and the conclusion of highest and best use is unchanged.

Updated Valuation

The value of the subject property in the prior appraisal, assuming adequate access was in place, was estimated to be \$1.70 per square foot. This estimate incorporated adjustments of \$0.50 per square foot for its recessed location, and \$0.60 per square foot to cure physical problems. In other words, assuming the site had typical frontage on University Boulevard, level terrain and no crossing arroyos, the implied value estimate would have been \$2.80 per square foot ($\$1.70 + \$0.50 + \$0.60 = \2.80). This estimate was based upon an analysis of five land sales and two listings.

This updated valuation includes 1) an analysis five additional land sales and one listing that have occurred since the date of the prior appraisal, and 2) a re-analysis of the appropriate adjustments for the subject's physical characteristics and recessed location.

Adjustments made to the sales and listings are discussed below.

Adjustments

Terrain and Flood Control. The subject site drops in grade by approximately 40 feet, plus there is a natural arroyo crossing the rear of the site. The "cost to cure" these physical items was discussed in-depth in the prior appraisal, and the adjustment was based upon cost data provided by Kerry Davis, P.E., a vice president of the engineering firm of Bohannon-Huston, Inc. Specifically, the cost estimates were \$0.17 per square foot for grading, \$0.25 per square foot for retaining walls, and \$0.15 per square foot to contain the arroyo in underground piping. This equated to a total cost of \$0.57 per square foot of subject site area. A rounded amount of \$0.60 per square foot was used to adjust those sales with typical terrain and no arroyos.

I contacted Mr. Davis for this assignment regarding a current cost estimate to cure the identical items noted above. He reported that an accurate current estimate could be made by updating the prior costs by a factor of 10%. Accordingly, the base adjustment for Terrain and Flood Control in this valuation update is \$0.63 per square foot ($\$0.57/\text{SF} \times 1.10 = \$0.63/\text{SF}$). Note that many of the sales presented in this analysis are adjusted by an amount less than \$0.63 per square foot. These are properties that also have some degree of terrain or drainage problems.

Recessed Location. An adjustment of \$0.50 per square foot was made in the prior appraisal to account for the subject's recessed location from University Boulevard. This adjustment accounts for the negative impact on the site's utility and marketability due to significantly reduced exposure and less functional access. This adjustment is unchanged in this analysis.

Configuration. One of the land sale comparables in the prior appraisal had an unusually narrow configuration, and a positive adjustment of \$1.00 per square foot was made to compare it to a normally configured site. Land Sale 5 in the following data set also has a poor narrow configuration, and a \$1.00 per square foot adjustment is made. A configuration adjustment of \$0.25 per square foot is made to Sale 1, a triangular site on Indian School Road east of University Boulevard.

The new market data, including noted adjustments, are summarized in the following chart.

Summary of Land Sales and Listings

<i>Sale Number</i>	1	2	3
<i>Location</i>	Indian School Rd, E/o University Blvd. NE	SW/c Eubank Blvd. & Osuna Rd. NE	Moon St., S/o Academy Rd. NE
<i>Sale Price</i>	\$674,870	\$1,050,000	\$3,981,000
<i>Date of Sale</i>	Dec-93	Aug-93	Sep-93
<i>Land Area</i>	5.4361 acres	8.0385 acres	21.76 acres
<i>Zoning</i>	R-3	R-2	C-2 & R-2
<i>Planned Use</i>	Vista del Rio Apts.	Enclave Apts.	La Paloma Apts.
<i>Access</i>	Average	Average	Average
<i>Visibility</i>	Average	Average	Average
<i>Configuration</i>	Fair	Average	Average
<i>Terrain</i>	Average	Below Average	Below Average
<i>Sale Price/Square Foot</i>	\$2.85	\$3.00	\$4.20
<i>Recessed Location Adj.</i>	(\$0.50)	(\$0.50)	(\$0.50)
<i>Configuration Adj.</i>	\$0.25	\$0.00	\$0.00
<i>Terrain/Flood Control Adj.</i>	(\$0.63)	(\$0.55)	(\$0.55)
<i>Adjusted SP/SF</i>	\$1.97	\$1.95	\$3.15

<i>Sale Number</i>	4	5	Listing A
<i>Location</i>	SW/c Tramway Blvd. & Tramway Ridge Dr. NE	Osuna Road, E/o San Mateo Blvd. NE	Indian School Rd., W/o San Mateo Blvd. NE
<i>Sale Price</i>	\$860,000	\$350,000	\$735,000
<i>Date of Sale</i>	Aug-94	Aug-93	Current Listing
<i>Land Area</i>	4.589 acres	4.6392 acres	5.648 acres
<i>Zoning</i>	R-3	C-3	R-2
<i>Planned Use</i>	Tramway Ridge Apts.	Self Storage	Apartments
<i>Access</i>	Average	Average	Average
<i>Visibility</i>	Average	Adequate	Average
<i>Configuration</i>	Average	Poor	Average
<i>Terrain</i>	Below Average	Average	Below Average
<i>Sale Price/Square Foot</i>	\$4.30	\$1.73	\$2.99
<i>Recessed Location Adj.</i>	(\$0.50)	(\$0.50)	(\$0.50)
<i>Configuration Adj.</i>	\$0.00	\$1.00	\$0.00
<i>Terrain/Flood Control Adj.</i>	(\$0.55)	(\$0.63)	(\$0.40)
<i>Adjusted SP/SF</i>	\$3.25	\$1.60	\$2.09

Brooks, Lomax & Fletcher, Inc.

The unadjusted prices of the comparables range from \$1.73 to \$4.30 per square foot. The adjusted range is \$1.60 to \$3.25 per square foot. Comparables 2 - 5 are located in the Far Northeast Heights, where home prices, apartment rents, and residential land prices are typically the highest in Albuquerque, and are generally superior to the subject with regard to location. Comparable 1 and Listing A are located within the subject's trade area and are similar in location and achievable rent levels. Following is a discussion of the individual properties.

Sale 1 represents the most recent apartment site sale in the subject trade area with an adjusted price of \$1.97 per square foot. The terms of the transaction were not typical; but, according to the selling broker and the buyer, they did not affect the sale price. The site had been marketed by a competent real estate brokerage firm for approximately two years before the sale. The buyer intends to break ground on a 160-unit apartment complex by early-1995. The broker states that the seller had received the price he wanted. Both the buyer and the seller were knowledgeable and acting in their own best interests. The site's topography slopes from street grade along Indian School Road upward 12 to 15 feet to the southeast. Three retaining walls are located on the site and portions are rough-graded creating some terracing. The triangular shape of the site creates some unusable land area, although the developer plans to achieve a

comparatively high density of 29.5 units per acre. Due to location and timeliness, Sale 1 is a good indicator of value for the subject site.

Sale 2 sold in August 1993 for \$3.00 per square foot and was the first sale of a large apartment site during the current development cycle. The site is located at the southwest corner of Eubank Boulevard and Osuna Road and is currently being developed as The Enclave, a 200-unit, above-average quality apartment complex. The location is considered superior to the subject. Competitive rents near Sale 2 are substantially higher than in the subject trade area. The site had been the location of a concrete plant several years ago, and the topography was altered by prior excavation. Thus, the site required more than typical site preparation before development was possible, similar to the subject. Overall, Comparable 2 is considered superior to the subject due to location. Its comparatively low price is a result of its mid-1993 sale date.

Sale 3 sold in September 1993 for \$4.20 per square foot, and is one of the highest prices paid per square foot for apartment land in Albuquerque. The adjusted price is \$3.15 per square foot. The site is located in a neighborhood within the Far Northeast Heights which has single-family home prices ranging from \$175,000 to \$600,000 and the highest rents in the Albuquerque market, ranging from \$1,000 to \$1,400 per month for a three bedroom apartment unit. It was purchased for the development of an above-average quality 424-unit apartment complex (La Paloma) which is currently under construction. Overall, the site is considered substantially superior to the subject.

Sale 4 is an August 1994 sale in the Far Northeast Heights along Tramway Boulevard. The site slopes downward to the west approximately 18 feet and requires on-site ponding to temporarily hold run-off and control outflows. Access is by way of Tramway Ridge Drive which has a right-in/right-out intersection at Tramway Boulevard. The site does not have direct access to Tramway Boulevard along its eastern boundary because it is a limited-access thoroughfare. The site was owned in joint tenancy by eight heirs. A purchase price of \$800,000 (\$4.00/SF) cash had been negotiated with seven of the eight; however, in order to finalize the negotiations with the last heir, the purchase price was raised to \$860,000 (\$4.30/SF). The site is currently being developed as a 112-unit apartment complex (Tramway Ridge Apartments). The adjusted price is \$3.25 per square foot. Like Sale 3, this property is well superior to the subject in location and achievable rent levels.

Sale 5 is the only non-apartment transaction in the data set. It is a 4.64-acre site purchased in August 1993 at \$1.73/SF. The site fronts on Osuna Road just east of San Mateo Boulevard and the buyer will build a self storage complex. This site is similar to the subject in many regards. First, it has C-3 zoning like the subject, but it also had site plan approval for a 128-unit apartment complex (27.6 units/acre). Second, it has a very narrow configuration which works to off-set the subject's inferior characteristics of sloped terrain, needed flood control infrastructure and recessed location. Overall, this August 1993 sale supports the value estimate in the prior appraisal of \$1.70 per square foot. (The effective date of the prior appraisal was June 17, 1993). As of the current date, the indicated subject value is higher.

Listing A is a recent offering of an apartment site on Indian School Road near San Mateo Boulevard. Site area is 5.648 acres and the list price is \$2.99 per square foot, adjusted to \$2.09 per square foot. It has good frontage on Indian School and Interstate 40 but its terrain is undulating with a crossing arroyo and many piles of uncontrolled fill and construction debris. This site is similar to the subject in location, moderately superior in terrain characteristics and well superior in visibility. The adjusted list price is considered the upper end of the subject value range.

From the data set, Sale 1 at \$1.97 per square foot and Listing A at \$2.09 per square foot are clearly the most comparable to the subject. Sale 1 is only a few hundred feet north of the subject while the listing is in the same general trade area. The remaining data represent the best secondary information available, but are less relevant due to location and/or timeliness. Accordingly, the value of the subject property from the preceding analysis is estimated to be \$2.00 per square foot.

The data used in the preceding analysis include some fairly significant adjustments. Data to fully support adjustments of almost any magnitude are rarely available, and this is true in this analysis. This is not to say that the preceding value estimate is not considered accurate, but that the size of the adjustments required are a concern. On this basis, it is worthwhile to perform a simple comparative analysis with the most relevant sales, without considering the adjustments.

The most comparable transaction is clearly Sale 1. It is a 5.4361-acre site that sold for \$2.85 per square foot. It is only 1,000 feet north of the subject and the location is essentially identical. The site's triangular shape is a

drawback, but the developer will achieve a density of 29.5 units per acre thus the impact is relatively minimal. This site also has a fairly large grade change but retaining walls are already in place. The subject site compares poorly in terms of its recessed location and the significant expense to cure terrain and flood control problems. Versus this sale, a subject value near \$2.00 per square foot is logical.

In terms of location, the second most comparable site is Listing A. This site is approximately two miles northeast of the subject with frontage on Indian School Road and Interstate 40. This is similar to the subject with frontage on University and Interstate 25. Because of its proximity to UNM, demand for apartment units is probably superior at the subject, but the quality of the surrounding neighborhood at Listing A is better. Demand for apartments by students will be higher at the subject, but the typical non-student would choose Listing A. This site has undulating terrain and a crossing arroyo and required the lowest adjustment for these factors. The subject's massive grade change and the length of the arroyo, however, will cost significantly more to cure. Finally, Listing A has a relatively functional shape with lengthy frontage, versus the subject lack of frontage and "goose neck" access. The asking price for Listing A is \$2.99 per square foot, suggesting the owner would probably accept \$2.50 - \$2.75 per square foot. Like Sale 1, Listing A indicates a subject value near \$2.00 per square foot is logical.

Finally, the estimated value of the subject site in the June 1993 appraisal was \$1.70 per square foot. The current value estimate is \$2.00 per square foot, or 18% higher. The Apartment Association of New Mexico tracks average rent levels by zip code on a quarterly basis in Albuquerque. The most recent survey is third quarter 1994. The subject is within zip code 87102, but is also closely aligned with 87106. Increases in average monthly rent from June 1993 to September 1994 are shown as follows.

Zip Code	June 1993 Avg. Rent/Mo./SF	September 1994 Avg. Rent/Mo./SF	Percent Increase
87102	\$0.62	\$0.70	13%
87106	\$0.55	\$0.68	24%
Citywide	\$0.58	\$0.67	16%

Rents citywide have increased 16% since the prior appraisal, and 13% - 24% in the subject trade area. These increases are consistent with the 18% increase in the value estimate of this update appraisal.

Based on my analysis of the foregoing data and assuming adequate access is in place, the market value of the subject property is estimated to be \$2.00 per square foot, or a total of \$1,620,000.

Subject land area in square feet	807,820
Estimate of market value per square foot	\$2.00
Indicated market value	\$1,615,640
Rounded	\$1,620,000

If you should have any questions regarding our updated analysis, please do not hesitate to contact us.

BROOKS, LOMAX & FLETCHER, INC.



Joshua Cannon, MAI

Certification

This certifies that effective January 3, 1995, the estimated value of the subject of this report is as follows:

Estimate of Market Value Assuming Adequate Access Is In Place

\$1,620,000

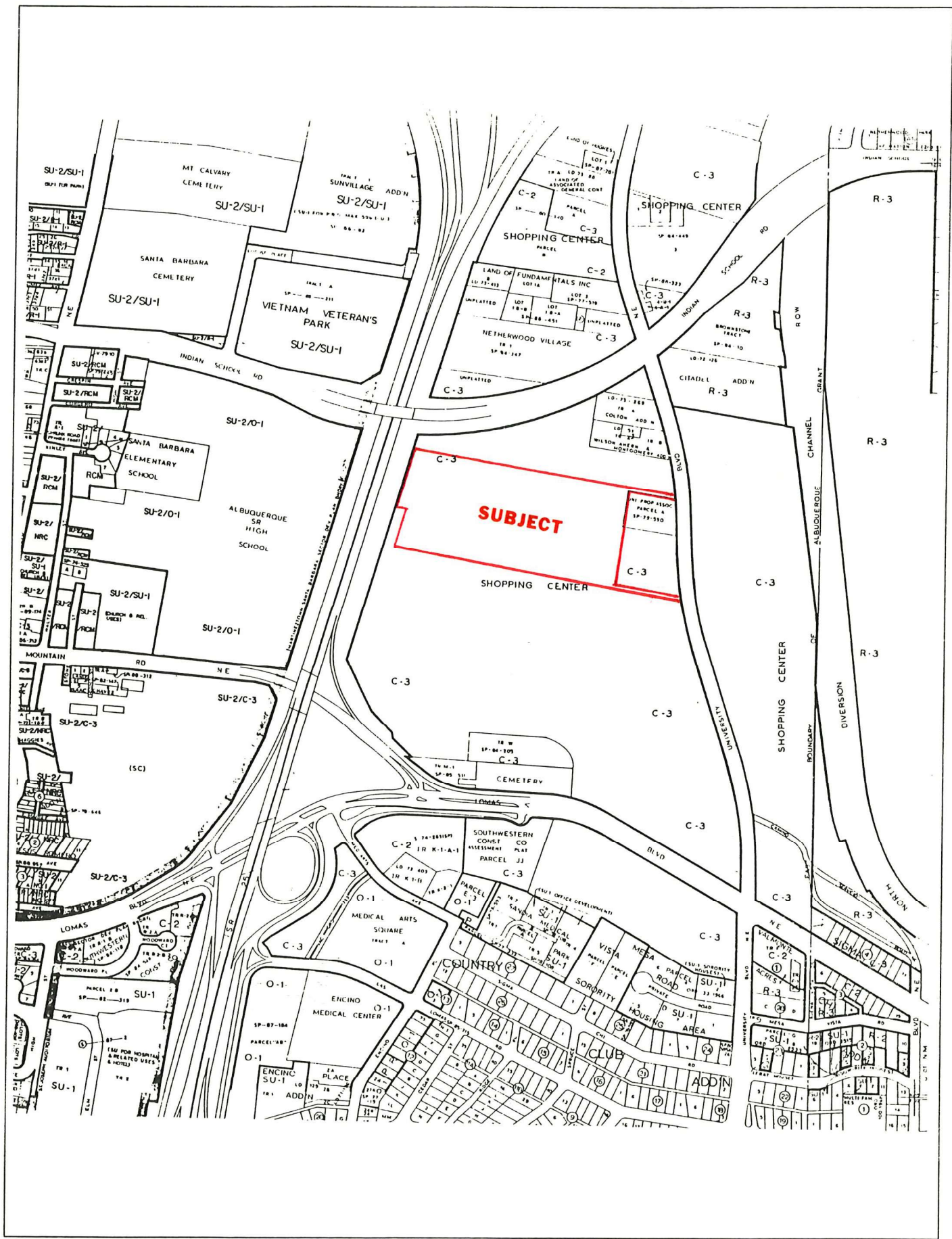
I certify that, to the best of my knowledge and belief:

- 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 I have no personal interest or bias with respect to the parties involved.
- this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- 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.
- 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, Joshua Cannon, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

This opportunity to provide appraisal services to you 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



Zoning Map

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:

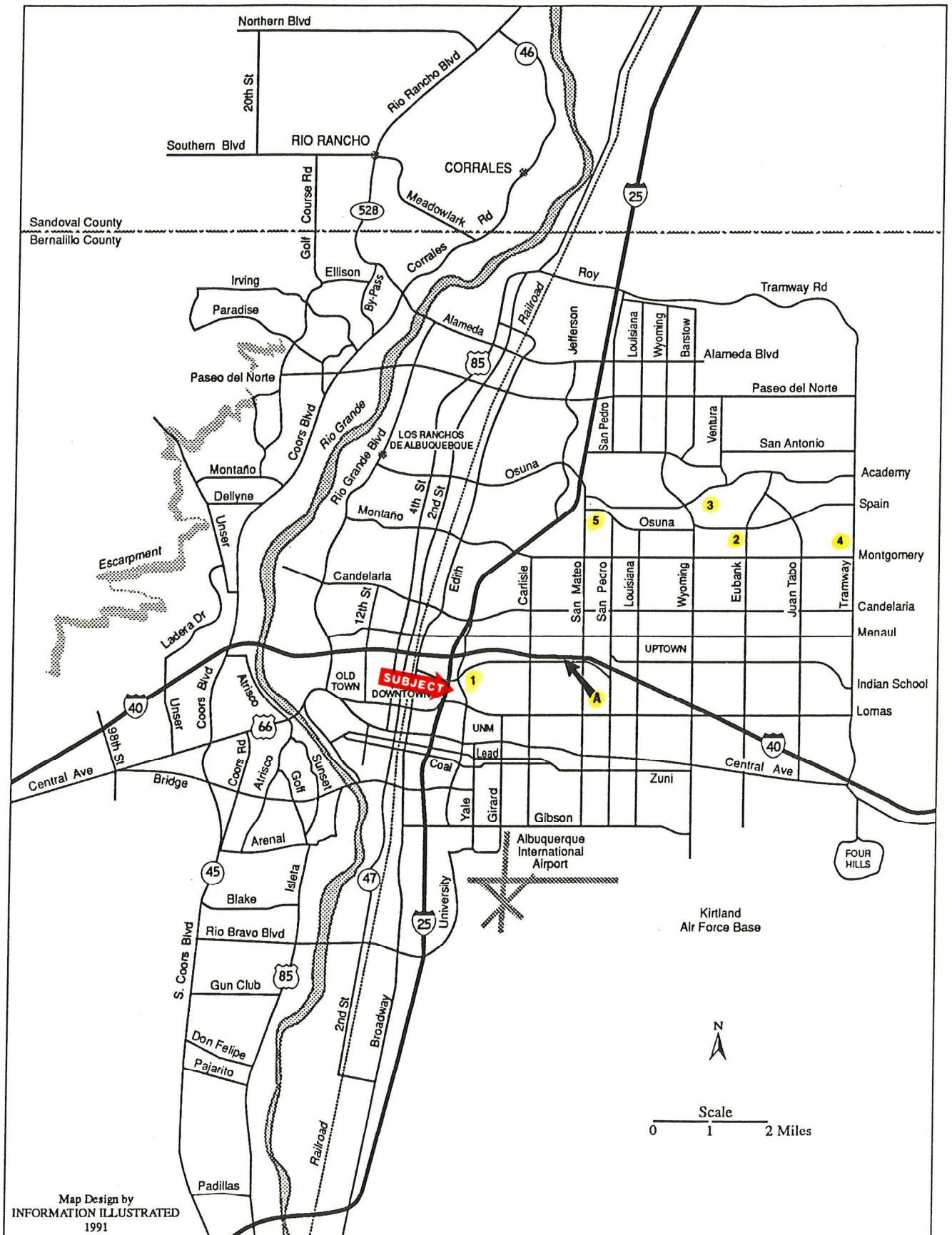
BEGINNING at the Southeast corner of the tract herein described, said Southeast corner being a Point on Curve on Westerly Right-of-Way line of University Blvd. NE, whence the Northeast corner of Lot numbered One (1) in Block numbered twenty-three (23) of Country Club Addition, First Extension North, 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.

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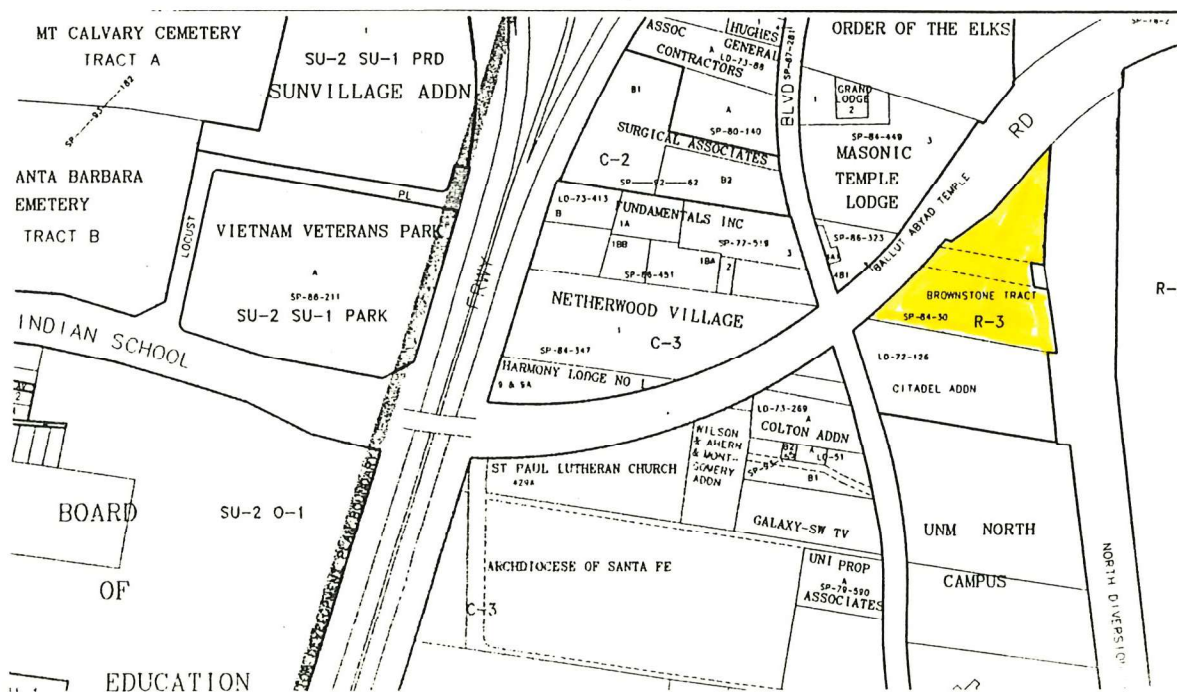


Land Sale 1

Project:	Vista del Rio Villas
Location:	South side of Indian School Road just east of University Boulevard NE
Sale Price:	\$674,870
Date of Sale:	December 23, 1993
Land Area:	5.4361 acres (236,797 square feet)
Development Density:	29.47 DUs per acre
Sale Price/Square Foot:	\$2.85
Sale Price/Dwelling Unit:	\$4,218
Terms:	The terms of the transaction were not typical; but, according to the selling broker and the buyer, the terms did not affect the sale price. The purchase price was \$674,870 to be paid as follows: \$25,000 cash at closing, an additional \$25,000 on or before April 1, 1994, with the balance of \$624,870 due and payable on or before June 1, 1994. The buyer also had the option of extending the pay-off to the end of 1994 with two additional \$25,000 payments toward the balance owed.
Legal Description:	The Brownstone Tract, Albuquerque, NM, plat C23-027, dated 1/25/84
Grantor:	Chrysalis Exploration Corporation
Grantee:	ARV Vista del Rio Villas
Zoning:	R-3
Document Number:	93-147788
Map Reference:	J-15

Comments:

The selling broker states that the seller had received the price he wanted. The site had been marketed by a competent real estate brokerage for approximately two years before the sale. Both the buyer and the seller were knowledgeable and acting in their own best interests. Thus, although the terms of sale were not typical, they did not substantially affect the sale price. The buyer plans to develop the site with 160 apartment units (Vista del Rio Villas) in 1995. The project will participate in the Low Income Housing Tax Credit Program; and, they have already received a \$7,239,720 federal tax credit allocation for the project. Three retaining walls are located on the site and portions are rough-graded creating some terracing. The site will require more than typical compaction and dirt-work before development can begin. The site is located approximately one mile north of the University of New Mexico (UNM).

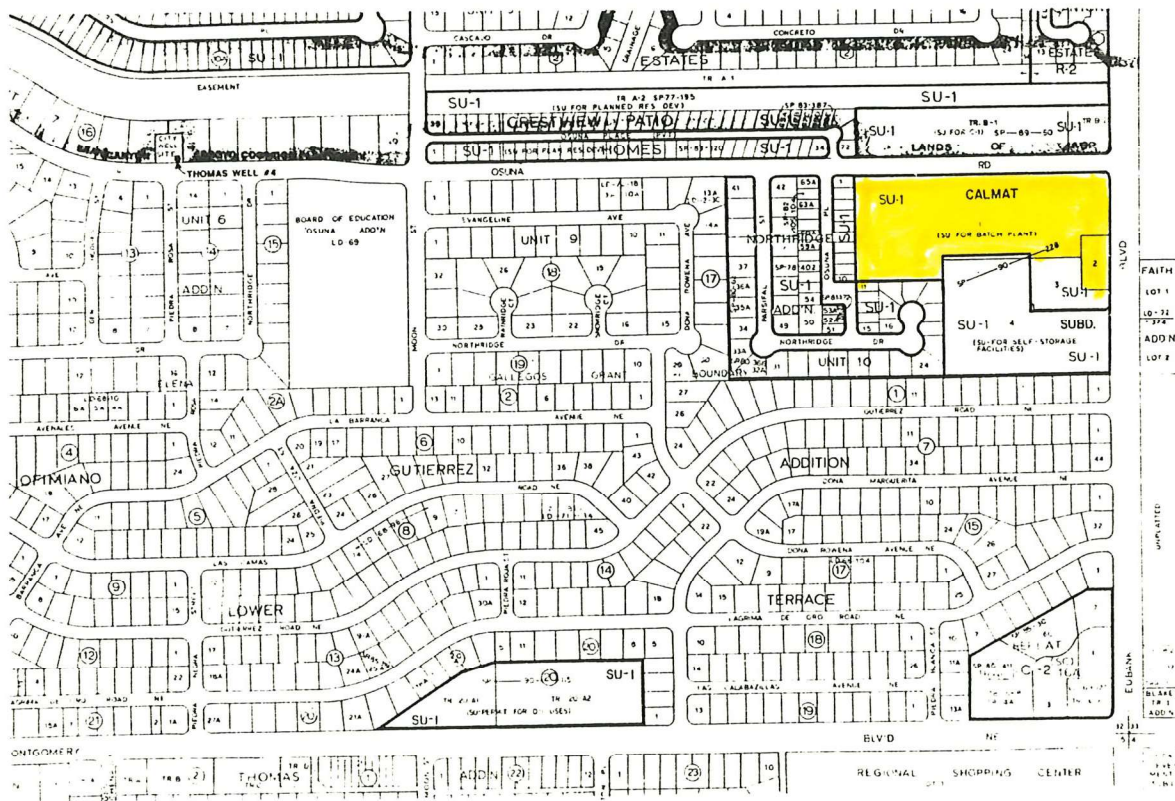


Land Sale 2

Project:	The Enclave Apartments
Location:	Southwest corner of Eubank Boulevard and Osuna Road NE
Sale Price:	\$1,050,000
Date of Sale:	August 16, 1993
Land Area:	8.0385 acres
Development Density:	24.9 DUs per acre
Sale Price/Square Foot:	\$3.00
Sale Price/Dwelling Unit:	\$5,250
Terms:	Cash
Legal Description:	Lots 1 and 2, Calmat Subdivision being a replat of Tracts C-1 and D-1, Land of AGP
Grantor:	Calmat Properties Co.
Grantee:	Albuquerque Enclave, Ltd.
Zoning:	R-2 (previously SU for a batch plant)
Document Number:	93-98083
Map Reference:	F-20

Comments:

Land is mostly level with a sharp 20' rise along the southern boundary. Property had been listed for \$3.50 at time of sale. It was previously occupied by a concrete batch plant; no soil contamination found by engineer's preliminary site assessment. Prior zoning was Special Use; successful change of zone to R-2 was contingency of sale. A 200 unit apartment complex (The Enclave Apartments) is under construction on the site. Sale price per unit is \$5,250.

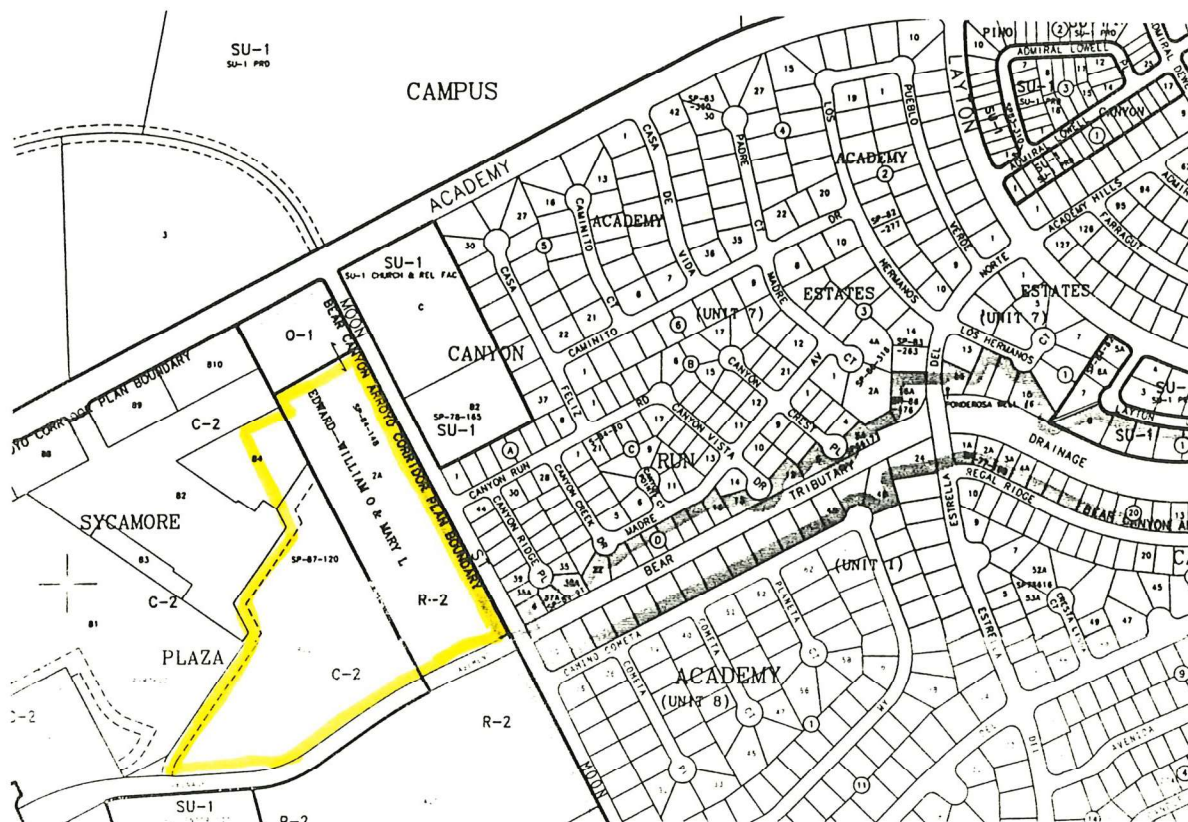


Land Sale 3

Project:	La Paloma Apartments
Location:	West side of Moon Street, south of Academy Road NE
Sale Price:	\$3,981,000
Date of Sale:	September 30, 1993
Land Area:	21.76 acres
Development Density:	19.49 DUs per acre
Sale Price/Square Foot:	\$4.20
Sale Price/Dwelling Unit:	\$9,389
Terms:	Cash to seller
Legal Description:	Lands of William O. and Mary L. Edward, Tr. 2A-2A
Grantor:	The Edward Family Partnership
Grantee:	Property Trust of America
Zoning:	C-2, R-2
Document Number:	93-109684
Map Reference:	E-20

Comments:

The land is currently being developed with a 424-unit upper-end apartment complex (La Paloma). The developer is Mark Taylor of Phoenix, Arizona. This was one of the highest unit prices paid for an apartment site in several years.

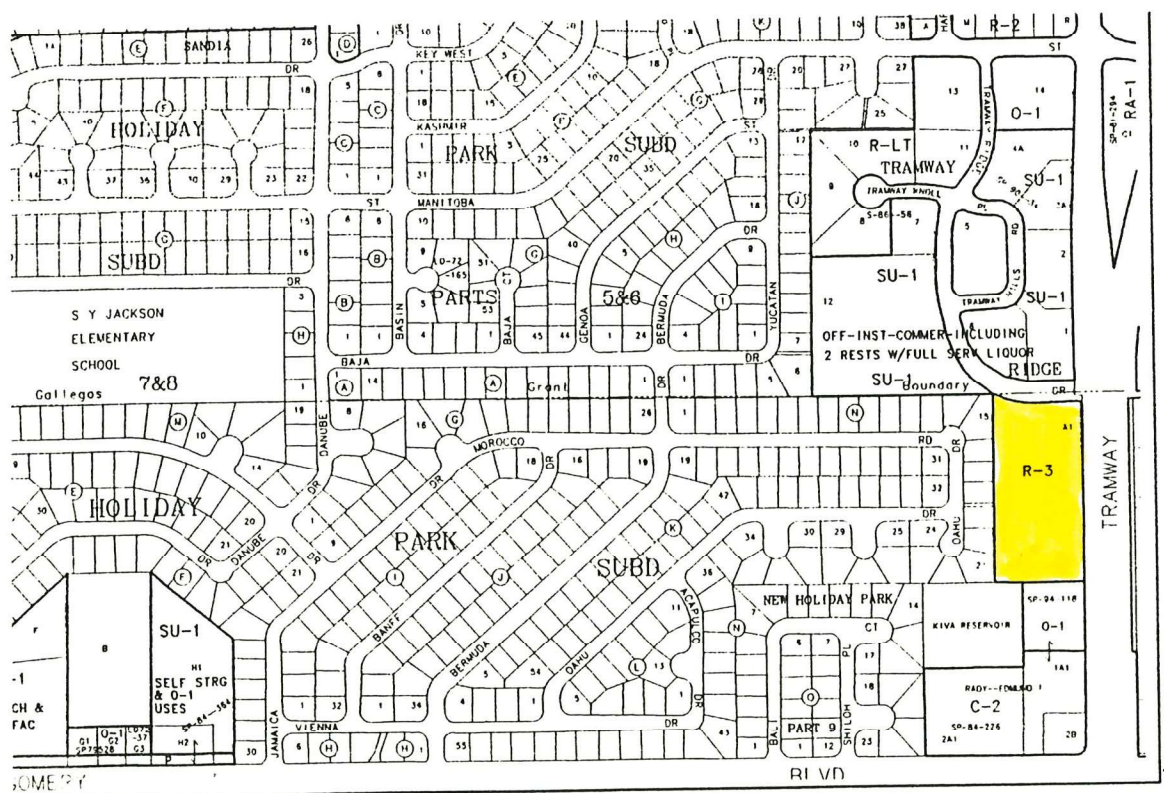


Land Sale 4

Project:	Tramway Ridge Apartments
Location:	Southwest corner of Tramway Boulevard and Tramway Ridge Drive NE
Sale Price:	\$860,000
Date of Sale:	August 25-29, 1994
Land Area:	4.589 acres; 199,897 square feet
Development Density:	24.40 DUs per acre
Sale Price/Square Foot:	\$4.30
Sale Price/Dwelling Unit:	\$7,677
Terms:	Cash
Legal Description:	Tract A-1, Tramway Ridge, Albuquerque, NM, as shown and designated on the plat C32-189, dated February 12, 1987; less a 0.038-acre portion and a 0.121-acre portion deeded to the County of Bernalillo for roadway expansion
Grantor:	Marguerite Gutierrez Borde et al
Grantee:	Realty Marketing Services
Zoning:	R-3, Multi-family Residential Zone
Document Numbers:	94-107635, 36, 37, 38, 39, 40, 41
Map Reference:	F-22

Comments:

The site slopes downward to the west approximately 18 feet, from street grade to approximately 10 feet below street grade along Tramway Boulevard. The site requires on-site ponding to temporarily hold run-off and control outflows. Access is by way of Tramway Ridge Drive which has a right-in/right-out intersection at Tramway Boulevard. The site was owned in joint tenancy by eight heirs. A purchase price of \$800,000 cash had been negotiated with seven of the eight; however, in order to finalize the negotiations with the last owner, the purchase price was raised to \$860,000. According to the buyer, the eighth seller was not typically motivated. The site is currently being developed as a 112-unit apartment complex (Tramway Ridge Apartments).

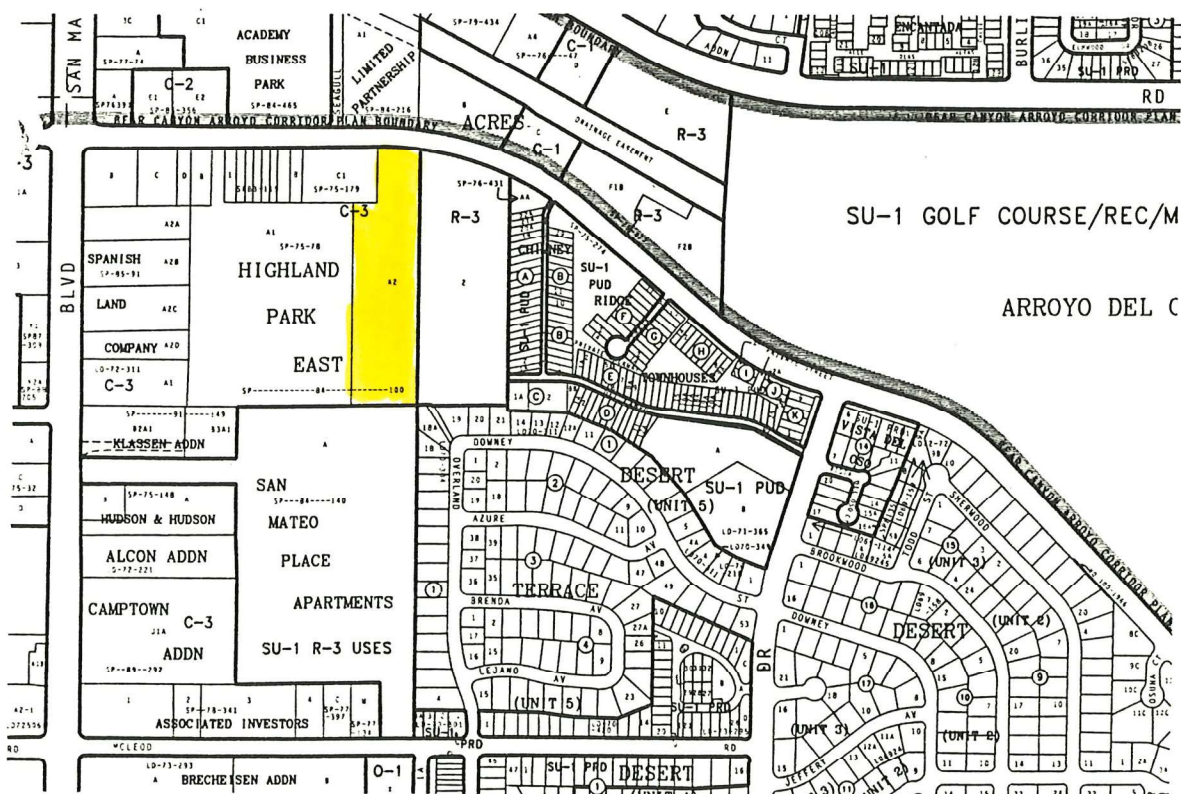


Land Sale 5

Location: South side of Osuna Road, east of San Mateo Boulevard NE
 Sale Price: \$350,000
 Date of Sale: August 31, 1993
 Land Area: 4.6392 acres
 Sale Price/Square Foot: \$1.73
 Terms: Cash to seller
 Legal Description: Tract A-2, Highland Park East
 Grantor: Oak Tree Park Apartments, Ltd.
 Grantee: Howard Herbert Sr.
 Zoning: C-3
 Document Number: 93-97496
 Map Reference: F-18

Comments:

Level site with narrow, deep configuration. Frontage on Osuna Road is 142 feet and depth is 962 feet. The rear 80% of the property widens to 228 feet. This site received city approval for 128 apartment units in 1984, but development plans were subsequently canceled. The buyer intends to construct a self storage complex.

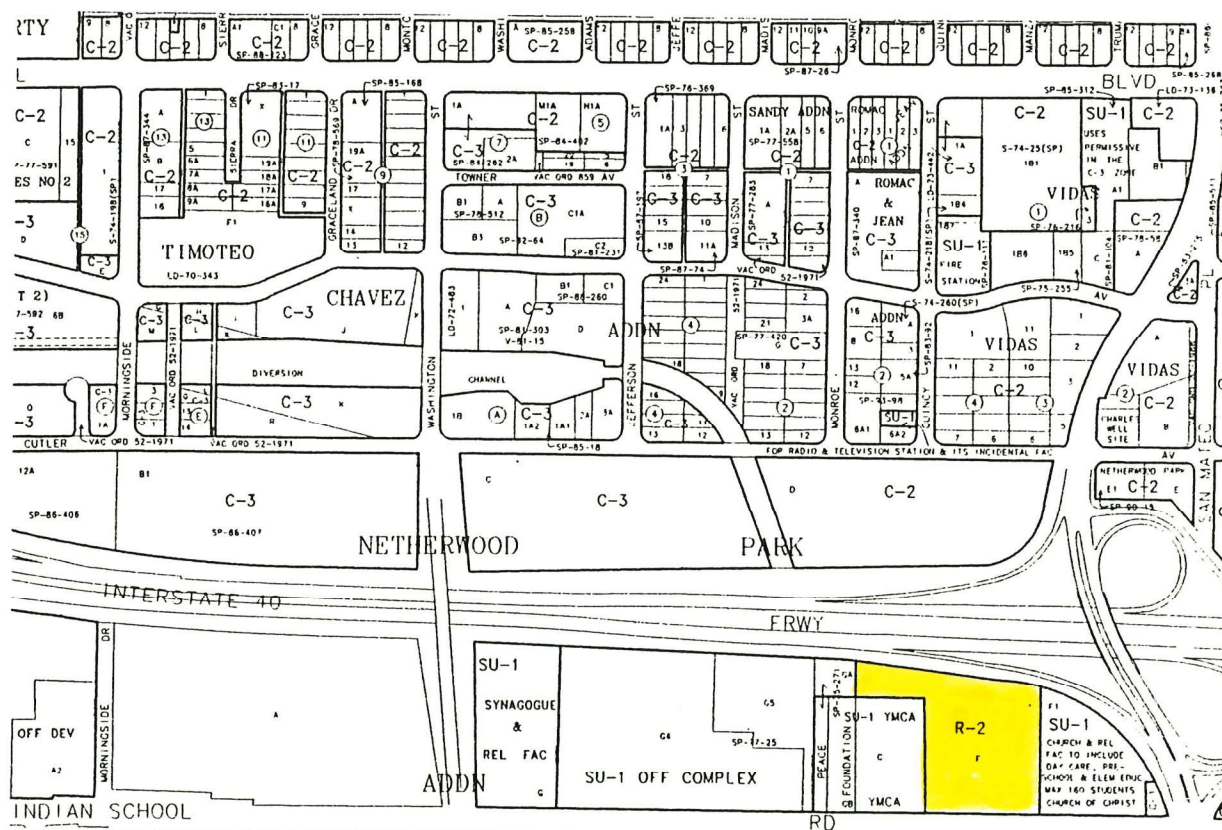


Land Listing A

Location:	North side of Indian School Road approximately 500 feet west of San Mateo Boulevard NE
Listing Price:	\$735,000
Land Area:	5.648 acres
Listing Price/Square Foot:	\$2.99
Legal Description:	Tract F, Netherwood Park Addition
Seller:	The Coe Family Irrevocable Trust
Listing Agent:	Martin Mondlick
Zoning:	R-2, Multifamily Residential
Listing Date:	Circa November 1994
Map Reference:	H-17

Comments:

Site has frontages of 440 feet on Indian School Road and 575 feet on I-40; average depth is about 520 feet. Terrain is undulating with a crossing arroyo and numerous piles of uncontrolled fill dirt/construction debris.



General Underlying Assumptions

1. The legal descriptions used in this report are 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. Plats exhibits and 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. 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.
4. 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.

Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

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

State of New Mexico General Certificate No. 00021-G

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

1.38 Acre Vacant Site

University Boulevard North of Lomas Boulevard NE

Albuquerque, New Mexico

Appraisal Project 24807

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 1, 1993

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

Reference: Appraisal Report
1.38 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	\$300,000

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

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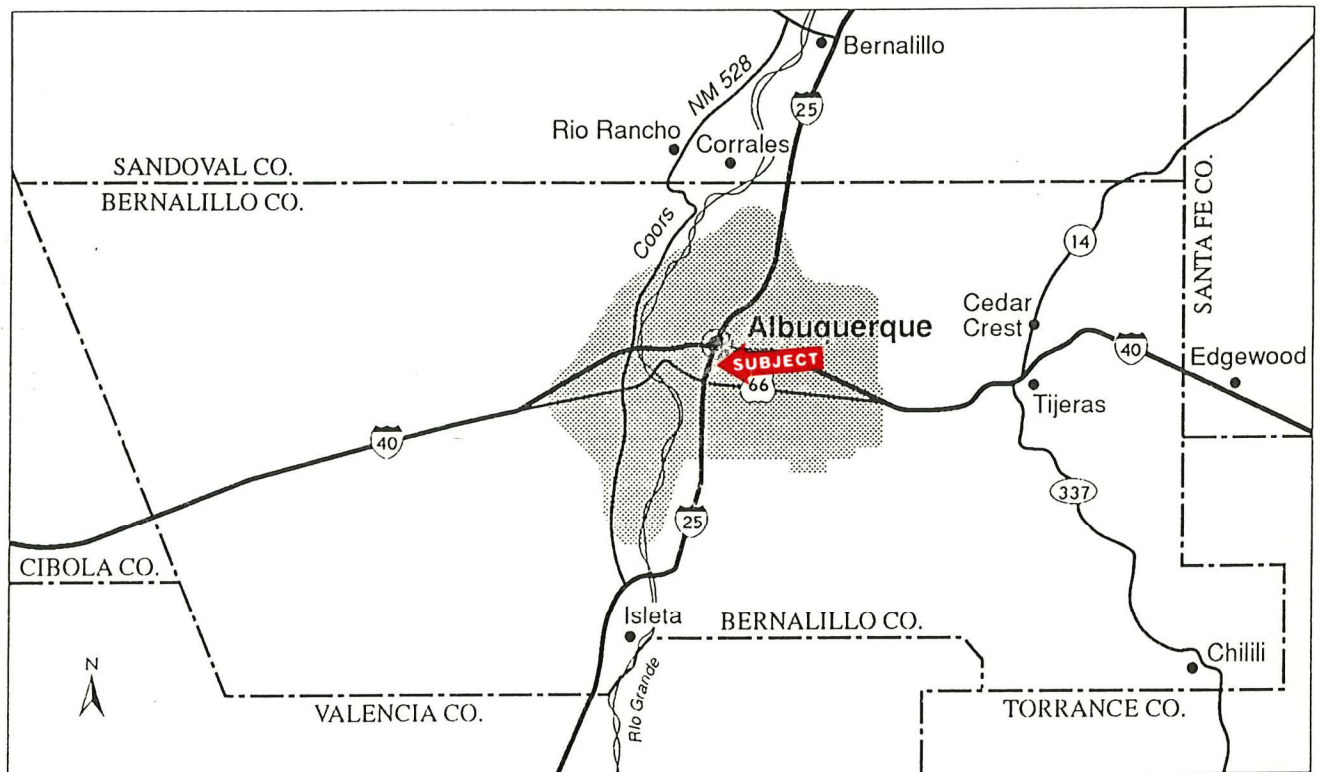
Addenda

- Comparable Land Sales
- 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
Land Area:	1.3777 acres
Zoning:	C-3, Heavy Commercial Zone
Highest and Best Use:	Office or Special Purpose Use
Estimate of Market Value:	\$300,000 (\$5.00 per square foot)
Effective Date of Appraisal:	June 17, 1993

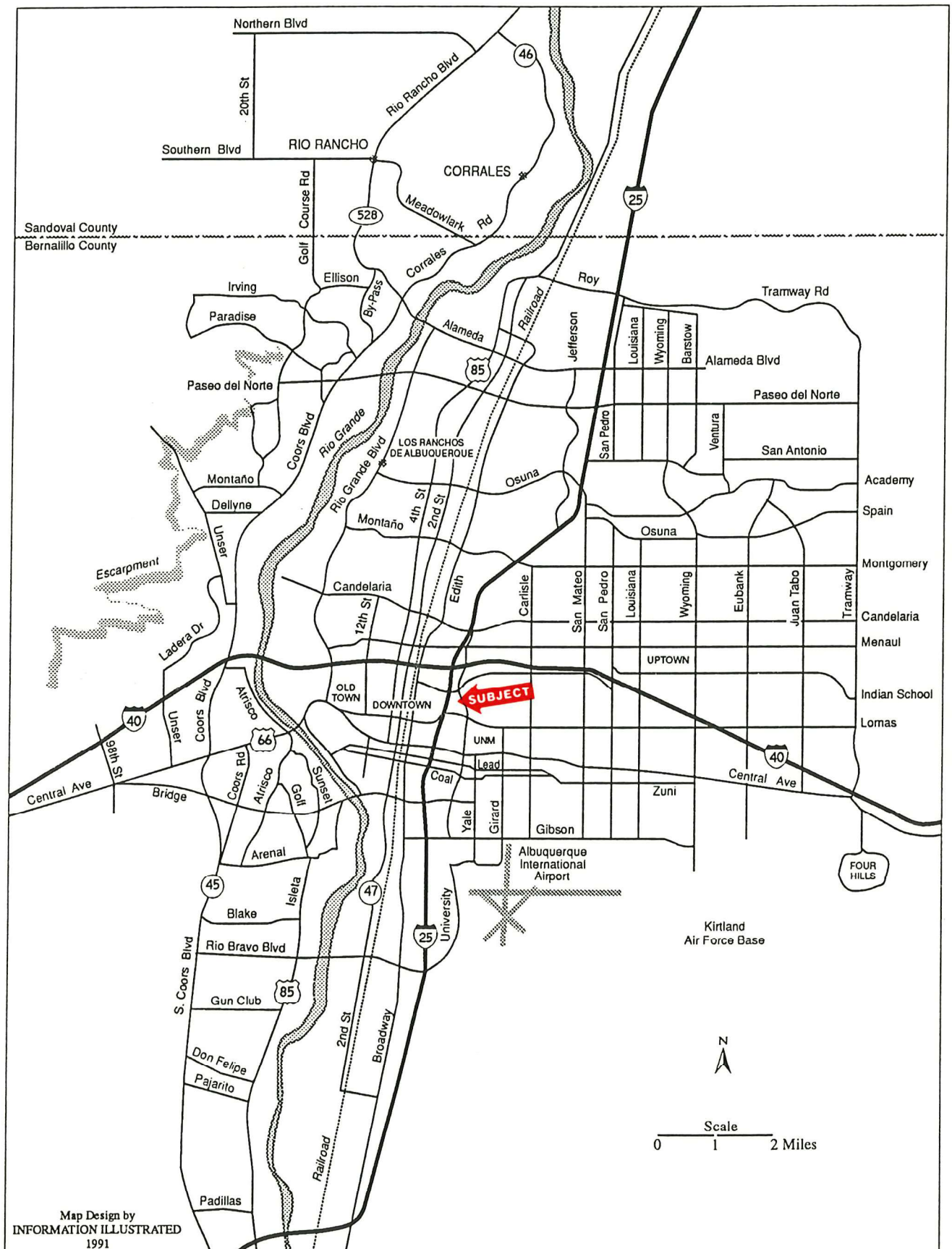
Preface



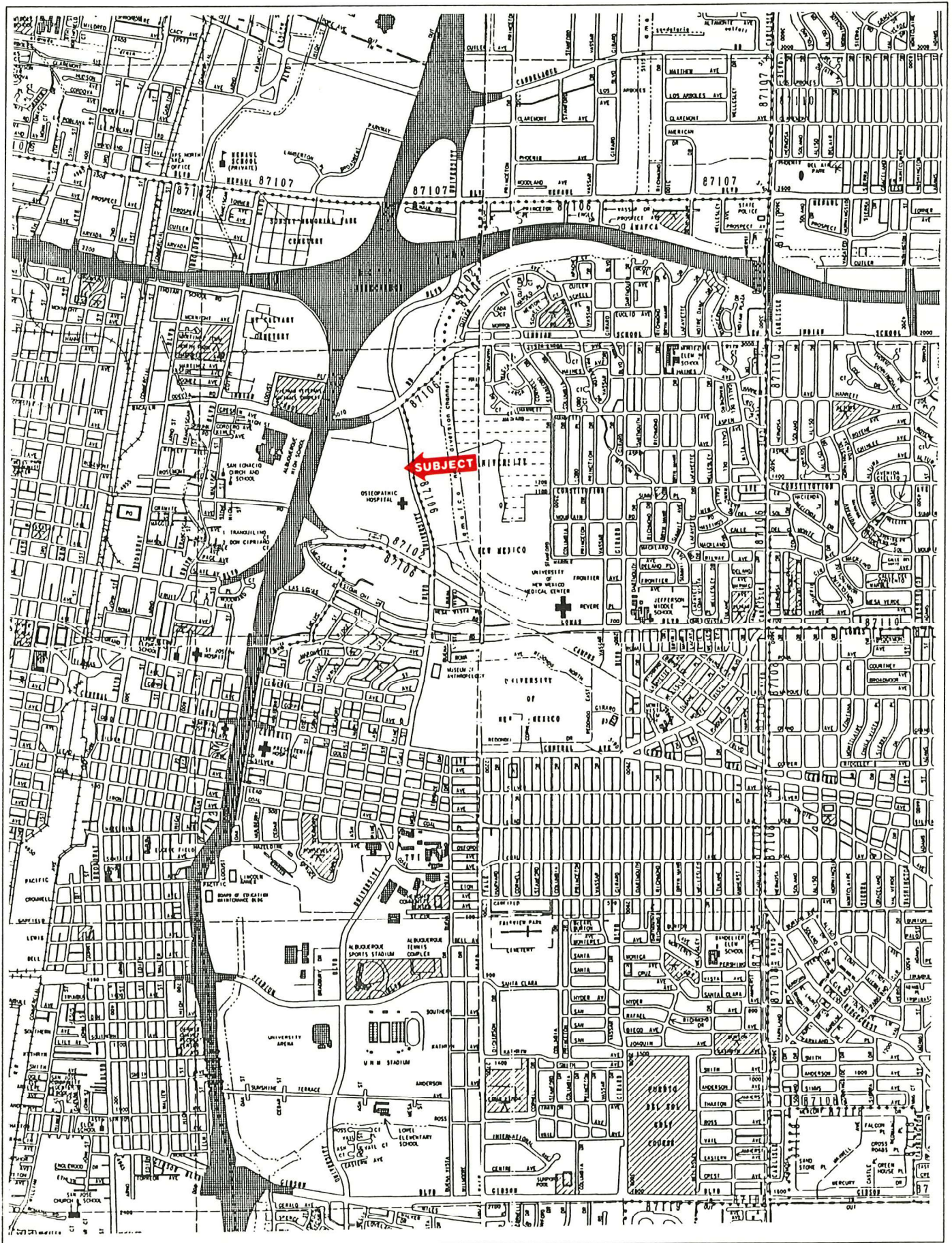
Map Design by INFORMATION ILLUSTRATED, 1991



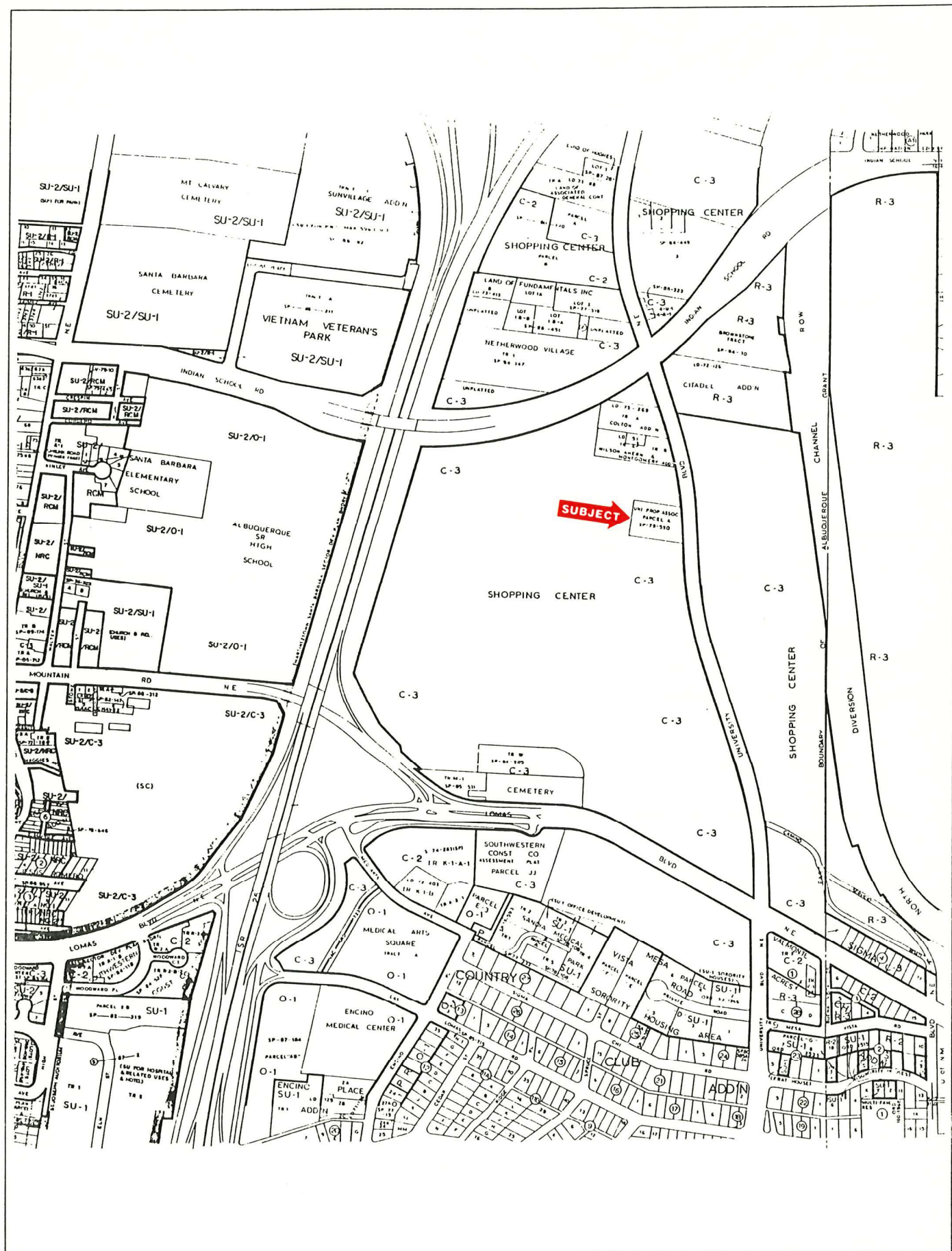
Regional Location Map



Albuquerque Metropolitan Area



Neighborhood Map



Zoning Map

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View west along southern boundary of site.



View east across body of site from lower plateau. Note blue University Volkswagen building at right center of photo.

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View north along the eastern boundary of the body of the site.



View northwest across the eastern plateau of the body of the site. Church on right fronts on Indian School Road. Bridge at left-center of photo designates Interstate 25.

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View of north 25-foot-wide accessway from University Boulevard. The accessway is designated by curb cut.



View of south 25-foot-wide accessway from University Boulevard. This accessway is located immediately right of the left light pole, and was improved with asphalt paving by University Volkswagen.

**Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE**



View south along University Boulevard. The north accessway is located at the curb cut at front right of photograph; the south accessway is beyond blue building on right.



View north along University Boulevard.

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View north along western boundary of the subject property. Interstate 25 is immediately left of photo.



View of arroyo crossing western portion of subject property.

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View south along University Boulevard; the subject property is on the right.



View southwest across University Boulevard toward the subject property.

Property Photographs
Vacant Land
University Boulevard North of Lomas Boulevard NE



View north along University Boulevard; the subject property is on the left.



View northwest across University Boulevard toward the subject property.

Introduction

Overview of the Subject Property

The subject property is 1.3777 acre tract 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 and special purpose buildings. The subject site is zoned for commercial use.

Legal Identification

The subject property is legally described as 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.

History of Ownership

The subject property is owned by the Roman Catholic Church of the Archdiocese of Santa Fe. The church purchased the site in 1982 for a reported price of \$240,000, or \$4.00 per square foot. As of the date of this appraisal, the site is not formally listed for sale.

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.

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 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.

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

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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. 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.
4. 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 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 Montañó 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

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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.

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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

<i>Year</i>	<i>Estimated Total Persons Employed</i>	<i>Percent Annual Growth</i>
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

<i>Year</i>	<i>Retail Market</i>	<i>Office Market</i>	<i>Industrial Market</i>	<i>Apartment Market</i>
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.

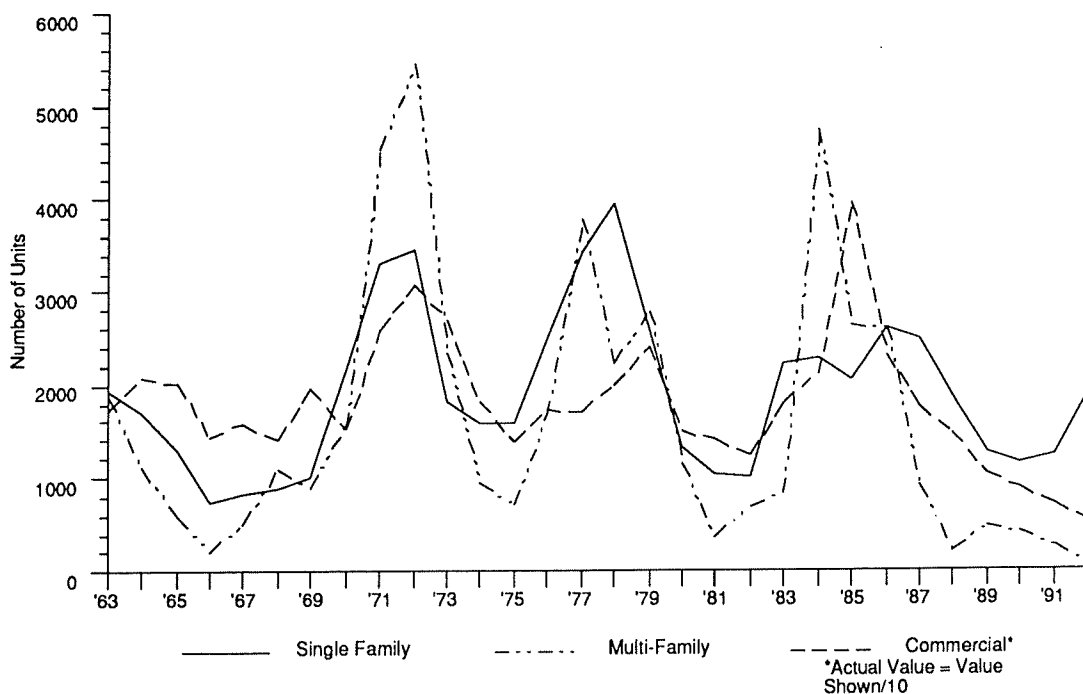
The Apartment Association of New Mexico shows a continued drop in apartment vacancy over the last six years terminating at 3.3 percent for fourth quarter 1992. CB Commercial estimated citywide apartment vacancy for 1992 to be 4.0 percent for complexes over fifty units. The decline in vacancy rates has 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 and is located on the west side of University 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 consists 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. 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 nearly rectangular in shape, as shown on the plat exhibit in the report Preface. The site has 180 feet of frontage on University Boulevard and an average depth of 295 feet. Total land area is 1.3777 acres.

Topography and Drainage

The site is effectively level and at grade with University Boulevard, with a slight slope downward to the north and east. The subject tract is 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.

Utilities and Services

All public utilities are available to the site at its University Boulevard frontage, including water, sewer, natural gas, electricity, and telephone.

Soils and Subsoil Conditions

No soil or site engineering reports were 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 without easily-seen evidence of excessive or abnormal settling.

Visibility, Access and Off-Site Conditions

As stated, the site has 180 feet of frontage on University Boulevard, which is the neighborhood's primary north-south artery. University Boulevard is improved with four traffic lanes and a raised center median. A median break allows access to the site from either direction on University.

Easements, Encroachments and Covenants

The subject plat shows a single five-foot wide utility easement along the site's northern boundary. Site inspection revealed no apparent adverse easements or encroachments.

Adjoining Uses

Adjoining the subject on the south is the former University Volkswagen dealership. This property was purchased by the University of New Mexico in 1992. To the north of the subject is a television station (Fox Channel 2); adjoining on the west is a 17 acre vacant site owned by the Roman Catholic Church. Across University Boulevard to the east is a vacant site used for UNM parking.

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 number is 1-015-058-368-324-1-01-09.

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	\$177,726	\$59,236	\$0	\$2.96	\$0
1991	\$177,726	\$59,236	\$0	\$2.96	\$0
1992	\$177,726	\$59,236	\$0	\$2.96	\$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 most commercial uses, including wholesale commercial

uses and some light industrial uses which cause no vibration discernible beyond the premises. Residential uses are a conditional use in this zone and are accompanied by specified open space requirements. 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.

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 Albuquerque's Commercial Markets

The subject's commercial zoning, 1.377 acre tract size, and frontage on a minor arterial suggest that the site would be marketable to an office or retail user. Frontage uses in the subject area include a wide variety of office, retail and special use improvements. This section provides an overview of the condition of the city's office and retail markets.

Office Market Profile

The majority of the information presented originates from three sources — surveys performed by Brooks, Lomax and Fletcher, Inc., "Albuquerque Metropolitan Office Market Survey, 4th Quarter 1992," published by CBS Property Services, Inc., and the "Fourth Quarter 1992 Commercial Real Estate Market Report" published by CB Commercial Real Estate Services (formerly Coldwell Banker Real Estate Services). CBS Property Services and CB Commercial are among the largest commercial real estate firms in Albuquerque, and both perform extensive ongoing surveys of the office markets in Albuquerque.

CBS Property Services Survey

The most recent summary of the Albuquerque office market published by CBS Property Services is shown on the following chart. The subject property is located in the Airport/Southeast market area, and just south of the Northeast Heights.

Distribution of Office Supply by Market Area

<i>Market Area</i>	<i>No. Bldgs.</i>	<i>Total Sq.Ft.</i>	<i>Percent of Total Inventory</i>	<i>Percent Vacant 4th Qtr 1992</i>	<i>Absorption in 1992</i>	<i>Rent</i>
Downtown	37	3,054,169	34.2%	17.5%	23,705	\$11.58
Uptown	24	1,780,836	19.9%	16.9%	47,994	\$13.61
Northeast Heights	60	1,827,585	20.5%	10.7%	44,556	\$10.21
Airport/Southeast	25	1,370,213	15.3%	15.7%	(2,451)	\$9.47
Jefferson Corridor	9	676,830	7.6%	15.2%	37,163	\$9.91
West Mesa/Rio Rancho	8	218,066	2.4%	15.1%	(1,877)	\$9.43
Totals	163	8,927,699	100.0%	15.5%	149,090	\$11.20

Source: CBS Property Services, Inc., *Albuquerque Metropolitan Office Market Survey, 4th Quarter 1992*

Compilation by Brooks, Lomax & Fletcher, Inc.

Brooks, Lomax & Fletcher, Inc.

Office vacancy citywide is approximately 15.5%, according to the source referenced above, and has varied from 16% to 22% since 1987. As in most U.S. cities, the inventory of office space more than doubled in Albuquerque during the last ten years.

Much of Albuquerque's absorption in recent years has been the result of migration between buildings within a market area, or migration between market areas within the city. As a result, negative absorption in one class of space will generally correspond to positive numbers in other classes or market areas of the city. The following table shows the aggregate absorption reported by CBS Property Services, Inc. for the metropolitan area as a whole.

Albuquerque Metropolitan Area Office Absorption, 1987 - 1992

	1987	1988	1989	1990	1991	1992
Downtown	103,821	37,693	-159,988	-54,861	155,718	23,705
Uptown	80,449	-80,707	71,327	44,801	51,013	47,994
Northeast Heights	54,796	53,534	48,769	-48,443	22,768	44,556
Airport/Southeast Heights	-11,152	-4,197	83,332	15,740	12,318	-2,451
Jefferson Corridor	6,656	22,165	-25,054	20,519	-50,099	37,163
West Mesa/Rio Rancho	-14,726	-14,096	37,553	20,490	-6,360	-1,877
Total	219,844	14,392	55,939	-1,754	185,358	149,090

Source: CBS Property Services, Inc.

Compilation by Brooks, Lomax & Fletcher, Inc.

Brooks, Lomax & Fletcher, Inc.

The citywide totals above show a substantial decline in absorption after 1987, with an upturn in 1991 and 1992. The highest gains in absorption in the past two years have been in Downtown, Uptown and the Northeast Heights. Absorption in the remaining markets has been relatively flat.

Inverse to absorption statistics, rental rates for most classes of space were fairly flat from 1987 to 1990. From year-end 1990 to year-end 1992, CBS reports that average rental rates have dropped approximately \$4.00/SF for Class A space, \$1.00/SF for Class B space, and \$2.00/SF for Class C space.

CB Commercial Survey

From the CB Commercial survey, a summary of pertinent statistics for office space in the city is shown on the following chart. The bulk of the statistics are for fourth quarter 1992, the most recent survey available. Also shown are vacancy rates for year-end 1991 and 1990. CB Commercial places the subject location in the Downtown market area, although it is immediately west of the Southeast Heights (west of the University Boulevard boundary line) and south of the Northeast Heights (south of the Indian School Road boundary line). Regardless of the subject's designated "Downtown" location, the site is more heavily aligned with the Northeast Heights and Southeast Heights market areas.

Office Market Statistics - Fourth Quarter 1992

Market Area	Total Sq. Ft.	Sq. Ft. Vacant	Percent Vacancy	Sq. Ft. Under Constr.	Sq. Ft. Planned	Total Sq. Ft.	1992 YTD Net Absorption	4th Qtr. 1991 Vacancy	4th Qtr. 1990 Vacancy
Downtown	2,675,392	584,364	21.8%	0	0	584,364	84,484	25.0%	26.5%
Westside	119,121	38,980	32.7%	0	0	38,980	-18,015	17.6%	33.2%
Rio Rancho	36,100	4,660	12.9%	0	0	4,660	-184	12.4%	24.0%
North Valley	329,997	9,700	2.9%	0	0	9,700	15,380	7.6%	11.6%
NE Heights	1,988,596	208,960	10.5%	0	0	208,960	79,386	14.5%	18.2%
SE Heights	1,133,192	243,575	21.5%	0	0	243,575	11,393	22.5%	24.0%
Uptown	1,999,241	365,397	18.3%	0	0	365,397	16,458	19.1%	21.5%
Totals	8,281,639	1,455,636	17.6%	0	0	8,281,639	188,902	19.9%	22.4%

Source: CB Commercial

Brooks, Lomax & Fletcher, Inc.

According to CB Commercial, citywide vacancy for office space was 17.6% as of fourth quarter 1992. The statistics show a steady improvement in market conditions over the past two years.

Regardless of the designated locations of the subject property, the site is the most closely aligned with the suburban office market of the Northeast Heights. The two surveys presented are fairly consistent in terms of the Northeast Heights office vacancy rate: 10.7% by CBS and 10.5% by CB Commercial. CBS indicates citywide vacancy to be 15.5% versus 17.6% for CB Commercial, although this discrepancy is secondary in terms of the subject property. Both surveys concur that the market for office space in the Northeast Heights is steadily improving, and we are aware of no new significant construction planned.

Demand for office space in the immediate subject area appears to be comparatively good, i.e., vacancies at existing structures are low. The majority of the space is occupied by owners in the medical or technical fields. The owner-user market is by far the strongest segment of the office market, and the subject location and tract size are compatible with this type of user. This said, the market continues to be overbuilt in all classes of office space. Office building values have declined in relative proportion to the downturn in net effective rents and occupancy levels. Current market activity has been primarily generated by tenant mobility as opposed to derived demand. There has been very little new demand the past two years. The following comments summarize our general observations about the office market:

- There is excessive vacancy citywide (approximately 16%);
- Selected submarkets are doing better than others; the Northeast Heights is performing well above the city average;
- Internal mobility (relocation) accounts for the majority of a submarket's current market activity (both positive and negative);
- Over the past three years, effective rental rates have declined anywhere from 20% to 35%. Virtually all of the submarkets, including the Northeast Heights, have suffered to some degree by a decrease in effective rents;
- Class A space appears to be in greatest demand while Class B and C space are having the most trouble;
- To be economically feasible at a stabilized occupancy level of 92% to 94%, new Class A office buildings need to realize effective "full service" rents of between \$18 and \$22 per square foot while new Class B buildings will have to rent for approximately \$14 to \$18 per square foot (depending upon location). At today's rates, there is a 20% to 40% gap between market rent and economic rent. Until the excess vacancy is absorbed and the market returns to equilibrium, the rental rate discrepancy will continue to exist. It is not economically feasible to build new speculative office space or renovate older buildings, given current market conditions.
- Future capture rates will not necessarily be apportioned based upon current market distribution. Downtown is not likely to maintain its dominant market share.

Retail Market Profile

The majority of the information presented in this section originates from two sources — surveys performed by Brooks, Lomax and Fletcher, Inc., and the "Fourth Quarter 1992 Commercial Real Estate Market Report" published by CB Commercial Real Estate Services.

A summary of pertinent statistics for retail space in the city is shown on the following chart. The bulk of the statistics are for fourth quarter 1992, the most recent survey available. Also shown are vacancy rates for year-end 1991 and 1990. Again, CB Commercial places the subject in the Downtown market, although it is more closely aligned with the Northeast/Southeast Heights.

Retail Market Statistics - Fourth Quarter 1992

<i>Market Area</i>	<i>Total Sq.Ft.</i>	<i>Sq.Ft. Vacant</i>	<i>Percent Vacancy</i>	<i>Sq.Ft. Under Construction</i>	<i>Sq.Ft. Planned</i>	<i>Total Sq.Ft.</i>	<i>1992 YTD Net Absorption</i>	<i>1991 4th Qtr. Vacancy</i>	<i>1990 4th Qtr. Vacancy</i>
Downtown	211,014	47,349	22.4%	0	0	211,014	13,212	28.7%	28.9%
South Valley	1,045,347	203,910	19.5%	0	0	1,045,347	49,064	24.2%	23.7%
Westside	1,115,899	177,486	15.9%	0	1,300,000	2,415,899	-16,797	14.4%	12.1%
Rio Rancho	679,676	94,611	13.9%	0	0	679,676	79,247	23.9%	20.7%
North Valley	779,874	131,271	16.8%	0	0	779,874	26,264	20.2%	26.4%
NE Heights	4,754,588	581,554	12.2%	0	270,000	5,024,588	302,799	18.6%	17.7%
SE Heights	2,652,392	415,580	15.7%	50,000	9,400	2,711,792	161,361	14.4%	15.9%
Uptown	2,655,146	35,267	1.3%	0	0	2,655,146	1,905	1.4%	3.6%
Totals	13,893,936	1,687,028	12.1%	50,000	1,579,400	15,523,336	617,055	15.1%	15.5%

Source: CB Commercial

Brooks, Lomax & Fletcher, Inc.

According to CB Commercial, citywide vacancy for retail space was 12.1% for fourth quarter 1992, while vacancy in the Northeast and Southeast Heights was 12.2% and 15.7%, respectively. Interestingly, citywide vacancy has declined for each of the past two years. At face value, these statistics suggest a strengthening market for retail space in the city; however, the vast majority of the absorbed space in the city is from the construction and occupancy of national discount chain stores.

There has been a tremendous volume on national discount retail space constructed in Albuquerque over the past several years. A tabulation of the larger discounters constructed in the city since 1987 is shown on the following chart.

Summary of Albuquerque Discount Store Construction

<i>Year Built</i>	<i>Store Name</i>	<i>City Quadrant</i>	<i>Store Size</i>
1987	Home Base	Northeast	104,000 SF
1987	Builders Square	Northeast	80,160 SF
1987	Office Depot	Northeast	25,000 SF
1988	Target	Northeast	102,000 SF
1988	Target	Northeast	102,000 SF
1989	Target	Northwest	102,000 SF
1989	Wal-Mart	Northwest	87,000 SF
1990	Phar-Mor	Northeast	65,520 SF
1990	Phar-Mor	Northwest	65,520 SF
1992	Wal-Mart	Northeast	129,000 SF
1992	Home Base	Northwest	112,580 SF
1992	PACE	Northeast	108,000 SF
1992	Best Buy Electronics	Northeast	28,048 SF
1992	PetsMart	Northeast	25,000 SF
1993*	Wal-Mart	Northeast	116,000 SF
1993*	Wal-Mart	Northeast	116,000 SF
1993*	PetsMart	Northeast	25,000 SF
1993*	Office Depot	Northeast	25,000 SF
Total			1,417,828 SF
Total Northeast			1,050,728 SF
* Under Construction			

Brooks, Lomax & Fletcher, Inc.

Including space under construction, the chart shows that 1.4 million square feet of discount retail space have been built in the city since 1987, of which 1.05 million square feet were in the northeast quadrant. Not included in the tabulation are several major grocery stores built during the same period. The addition of these large chains has had a negative impact on the occupancy rate and achievable rental rate of strip space and small single tenant buildings. The small retailers are at a distinct disadvantage versus the major discount chains in terms of wholesale buying power and required profit markups. Both their sales volumes and profit margins are harmed by the tremendous influx of new competition. While the overall occupancy rates for retail space have improved in the city for the past two years, occupancy and rental rates for many strip centers have declined. This is a direct result of the addition of the large discounters as there has been no significant construction of strip space in the same time period. Overall, the outlook for significant absorption and/or rental rate increases at space suitable for small retailers in the foreseeable future is not good.

There is one multi-tenant retail/office building on University Boulevard in the subject area. The center is located approximately 800 feet south of the subject, with retail tenants in the space fronting University Boulevard, and office tenants recessed to the rear. Current vacancy at the 11,000 square foot center is 25%. Available space includes a 1,100 square foot retail bay and a 1,600 square foot office suite.

There will most likely be continued construction of national discount stores in Albuquerque, and the long term outlook for rental retail space is poor. In my opinion, it is highly doubtful that the construction of rental retail space at the subject location could be feasible. There is a greater likelihood that a specialty retailer or restaurant targeted specifically to the UNM campus could be attracted to the site; however, demand from this sector is also not especially strong.

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. Given existing zoning, there are almost no limitations on possible uses that are also physically and economically suited to the site.

Physically Possible

The subject site contains 1.3777 acres and has a functional rectangular shape. The mid-block site has 180 feet on frontage on University Boulevard, and a median break allows access from both north and southbound traffic. University Boulevard is classified as a minor arterial with a 1991 average daily traffic count of 24,500 vehicles at the subject location.

Because of the site's non-corner location and the moderate traffic count on University Boulevard, uses requiring top level access and visibility are probably not suitable for the property. Examples of these types of uses include fast food, branch bank, or gas station, i.e., "pad" type users. These types of buyers will typically pay a high price level per square foot, but are very demanding in their site selection criteria. Conversely, the site is physically well suited to more typical commercial uses seeking an arterial location with reasonable visibility and access. Examples of these uses include office, table service restaurant, general retail, or special purpose commercial. The subject site could accommodate any of these uses.

Financially Feasible/Maximally Productive

Although legally permissible, neither speculative retail nor speculative office development is considered a viable development option. As noted in the preceding market studies, the vacancy rate of retail space in the city is 12.1%, while office vacancy is approximately 16%. The chances of economic success for either use are marginal.

Uses surrounding the subject site include a wide mixture improvements, although the predominant use is smaller, single tenant office. The bulk of the office buildings are owner occupied, and this continues to be a source of demand for sites in the subject class. There is a viable segment of the market seeking reasonably priced frontage sites to construct office space for owner-occupancy or build-to-suit projects. The bulk of this demand comes from technical, governmental or specialized organizations, all of which are common in the subject neighborhood. Another likely source of demand includes a wide array of special use type buyers. Examples of this type in the subject area include churches, various University of New Mexico structures, radio/television stations, mortuaries, and the United Blood Services facility. Again, these types of users typically seek frontage sites on minor arterials with a central city location. The subject site meets all these criteria.

Based upon the preceding discussion, the highest and best use of the subject site is concluded to be owner-occupied or build-to-suit office construction, or a specialty use consistent with the nearby uses described.

Valuation

Valuation

The estimate of land value is based on a comparison approach, a method in which sales of sites relevant to the valuation are analyzed. In this case, information is presented on four vacant land sales with locations similar to the subject, plus an improved sale adjacent to the subject (former University Volkswagen) where land value was allocated in the purchase price. The sales occurred between March 1990 and May 1993. The included data are considered the most relevant under the combined criteria of comparability and timeliness. The sales are analyzed based upon sale price per square foot in that this is the primary unit of comparison used by market participants for this land type.

The five sales are summarized on the following chart.

Land Sale Summary Chart

<i>Sale Number</i>	<i>Subject</i>	<i>1</i>	<i>2</i>
<i>Location</i>	University Blvd., N/o Lomas Blvd.	Carlisle Blvd., N/o Menaul Blvd.	University Blvd., N/o Indian School Rd.
<i>Sale Price</i>		\$818,000	\$299,951
<i>Date of Sale</i>		Aug-90	May-93
<i>Land Area</i>	1.3777 acres	6.2575 acres	1.7477 acres
<i>Zoning</i>	C-3	C-2	C-3
<i>Planned Use</i>		Speculative	Office
<i>Avg. Daily Traffic Count</i>	24,500	35,200	21,300
<i>Frontage x Depth</i>	180' x 295'	480' x 570'	170' x 450'
<i>Sale Price/Square Foot</i>		\$3.00	\$3.94

<i>Sale Number</i>	<i>3</i>	<i>4</i>	Univ. Volk. Dealership
<i>Location</i>	Osuna Rd., W/o Jefferson St.	SE/c Menaul Blvd. & Vasser Dr.	University Blvd., N/o Lomas Blvd.
<i>Sale Price</i>	\$562,000	\$94,000	\$524,789
<i>Date of Sale</i>	Mar-90	Aug-91	Mar-92
<i>Land Area</i>	3.213 acres	0.5215 acre	2.4095 acres
<i>Zoning</i>	M-1	C-3	C-3
<i>Planned Use</i>	Church	Speculative	See Narrative
<i>Avg. Daily Traffic Count</i>	22,100	27,100	24,500
<i>Frontage x Depth</i>	315' x 450'	140' x 160'	310' x 350'
<i>Sale Price/Square Foot</i>	\$4.02	\$4.14	\$5.00

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The five sales range in price from \$3.00 to \$5.00 per square foot, and in land area from 0.52 acre to 6.26 acres. The sales are ranked on the chart by sale price per square foot. The subject land area is 1.38 acres. Other than price and land area, important details shown on the chart included site configuration, zoning, planned use and traffic count.

All of the included sales were for cash, thus no adjustment for financing is required. All of the sites have zoning similar to the subject. The sales occurred over the past three years and analysis of a wide variety of citywide land sales indicate that no adjustment for date of sale is required for this data set. Land prices for nearly all categories of use experienced a price drop after the building boom of the mid-1980s. Since roughly 1990, land prices have tended to remain stable, although sales activity continues to be slow.

An obvious consideration in the data set is tract size. Typically, value per square foot is inversely related to tract size, i.e., as land area increases, value per square foot decreases. The point at which land size affects price per square foot will vary by probable use. For example, apartment land values are minimally affected by tract size up to roughly twenty acres. In fact, the ideal site is typically around ten acres. For "pad type" retail (fast food restaurants, branch banks gas stations), price per square foot tends to fall beyond the one acre threshold.

The highest and best use of the subject property is estimated to be owner-user office, or some form of special use desiring arterial frontage with moderate visibility. In the office/special-use land-use category, the impact of tract size on value per square foot is difficult to measure. For "pure" office locations such as Albuquerque's Journal Center in the North I-25 Business Corridor, land area between one and five acres is found to have a minimal impact on value per square foot. This suggests that competition from both small and large office project developers is relatively equal. Conversely, in market areas where owner-user office is the primary use but smaller commercial users may also compete for small sites, price per square foot for a one-half to one acre site and a two-plus acre site may vary substantially. Overall, the subject property and most of the comparables tend to fall within this latter area, i.e., some adjustment for tract size is appropriate. However, applying specific, stepped size adjustments to all of the comparables would not reflect actual market conditions. For example, the size adjustment range appropriate for varying land sizes at Land Sale 1 on Carlisle Boulevard is not necessarily the same for Land Sale 4 on Menaul Boulevard. Furthermore, extracting real market evidence upon which to base specific adjustments is not possible. In conclusion, there are insufficient market data available to support specific adjustments to each sale for tract size. Accordingly, tract size is recognized in the value estimate on a sale-by-sale basis in the following discussion.

The primary criteria in my search for appropriate land sales was timeliness and location. Similar locations were considered to be those built up with predominantly low-intensity office buildings, plus miscellaneous special use and heavy commercial improvements similar to the subject area. At none of the sale locations is there significant demand from more intense commercial users such as strip retail, pad type retail or mid-rise office. When significant demand from these types of users is present, land prices typically step up into the \$6.00 to \$10.00 per square foot range.

Land Sale 1 is a 6.26-acre site on the west side of Carlisle Boulevard approximately one-quarter mile north of Menaul Boulevard. This site is actually improved with a vacated automobile dealership (former Sunshine Buick-GMC), although no value was attributed to the improvements. This section of Carlisle Boulevard, or roughly between Menaul Boulevard and Montgomery Boulevard, is built up primarily with smaller, owner-occupied office buildings, plus several lower quality retail structures. The presence of retail space is largely a function of traffic count; 35,200 vehicles per day versus 24,500 vehicles per day at the subject frontage. Land Sale 1 occurred in August 1990 at a price of \$3.00 per square foot. The sale's position at the low end of the range is a function of tract size. Poor market conditions for strip retail and multi-tenant office space has dramatically reduced the demand for larger commercial sites. Available evidence indicates that an appropriate size adjustment to compare this site the subject size is near 100%. In other words, the value of a 1.38 acre site at this location would be roughly \$6.00 per square foot. Since this location is considered slightly more valuable than the subject location, \$6.00 per square foot tends to represent the upper end of the value range for the appraised property.

Land Sale 2 is clearly an excellent comparable for this analysis. This is the sale of a 1.75-acre site located on the west side of University Boulevard approximately one-fifth of a mile north of the subject. The sale occurred in May 1993 at \$3.94 per square foot, cash. The buyer is Blood Systems, Inc., which operates United Blood Services on the adjoining site to the south. This site was purchased for future expansion of this facility. At face value, this sale indicates a subject value of approximately \$4.00 per square foot. Further analysis, however, suggests that the subject value per square foot is materially higher. First, this site's location to the north of the subject is considered inferior. As distance from UNM's campus increases, the potential to capture a "campus oriented" commercial user decreases. Also, demand from the University itself subsides. The University of New Mexico is continually seeking to acquire real estate near the campus as evidenced by its current interest in the subject site. Second, the dimensions of Land Sale 2 are 170 feet of frontage by 450 feet of depth. In other words, depth is 2.6 times frontage. The depth-to-frontage ratio of the

subject site is 1.6. Although it is not dysfunctional, the configuration of Land Sale 2 could preclude its purchase by some users. Based upon these factors, Land Sale 2 is felt to set the low end of the value range for the subject.

Land Sale 3 is located on Osuna Road, west of Interstate 25, in Albuquerque's North I-25 Business Corridor. Land use along this section of Osuna is varied, although the predominant use is office. Other structures in the area include a church, equipment dealers, wholesale tool sales and office/showroom/warehouse space. Traffic count of 22,100 vehicles at this location is nearly identical to the subject. The 3.213-acre site was purchased in March 1990 for \$4.02 per square foot. The site is now used as a parking lot for the adjoining church. The shape of this site (depth-to-frontage ratio of 1.4) is similar to the subject. In my opinion, the appraised property should command a higher per square foot price than Land Sale 3. First, the subject is materially smaller at 1.38 acres. Second, there is a slightly greater potential for retail use at the subject location.

Land Sale 4 is a 0.52-acre site at the southeast corner of Menaul Boulevard and Vasser Street. This location is approximately midway between University Boulevard and Carlisle Boulevard, approximately one mile northeast of the subject. The site was purchased by an adjoining land owner in August 1991 for \$4.14 per square foot. Land uses in this area are varied, being a mixture of office space and heavy commercial such as equipment rental and wholesale supply facilities. A cluster of motels and restaurants surround the intersection of University and Menaul Boulevards, although this site's more easterly location on Menaul probably precludes a similar use. A likely use for this site is office, special purpose or heavy commercial. Given these probable uses, Land Sale 4's small size was not a significant positive influence on its value per square foot. Conversely, it probably had a negative effect in that these types of users typically require larger sites. For reasons similar to Land Sale 3, the indicated subject value is slightly higher.

The last transaction shown is the purchase of the former University Volkswagen dealership by the University of New Mexico. This property adjoins the subject on the south, and consists of a 2.41-acre site improved with a 20,125 square foot building. Negotiations to purchase this property began in approximately 1990, although closing did not occur until March 1992. The total purchase price was \$900,000, with land value allocated at approximately \$5.00 per square foot, and the remainder to the improvements. The facility is now occupied by UNM. Clearly, this property is similar to the subject in virtually every respect. The single difference is land area—2.41 acres versus 1.38 acres. Available information indicates that the impact on value per square foot is not significant within this size range, plus the University Volkswagen site is more functional in shape.

In conclusion, the purchase by UNM of the adjoining University Volkswagen property is considered to best represent the value of the subject site. This indication is highly consistent with the remaining sale data, with particular support provided by Land Sale 2 at \$3.94 per square foot. For reasons discussed, the subject is estimated to have a higher value than Land Sale 2. A premium of approximately 25% is considered reasonable ($\$3.94/\text{SF} \times 1.25 = \$4.93/\text{SF}$) given the subject's superior location and shape.

Based on the preceding data and analysis, the subject's market value is estimate to be \$5.00 per square foot, or \$300,000.

Subject land area in square feet	60,013
Estimated value per square foot	\$5.00
Estimate of market value	\$300,065
Rounded	\$300,000

Certification

This certifies that effective June 17, 1993, the estimated value of the subject of this report is Three Hundred Thousand Dollars (\$300,000).

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.

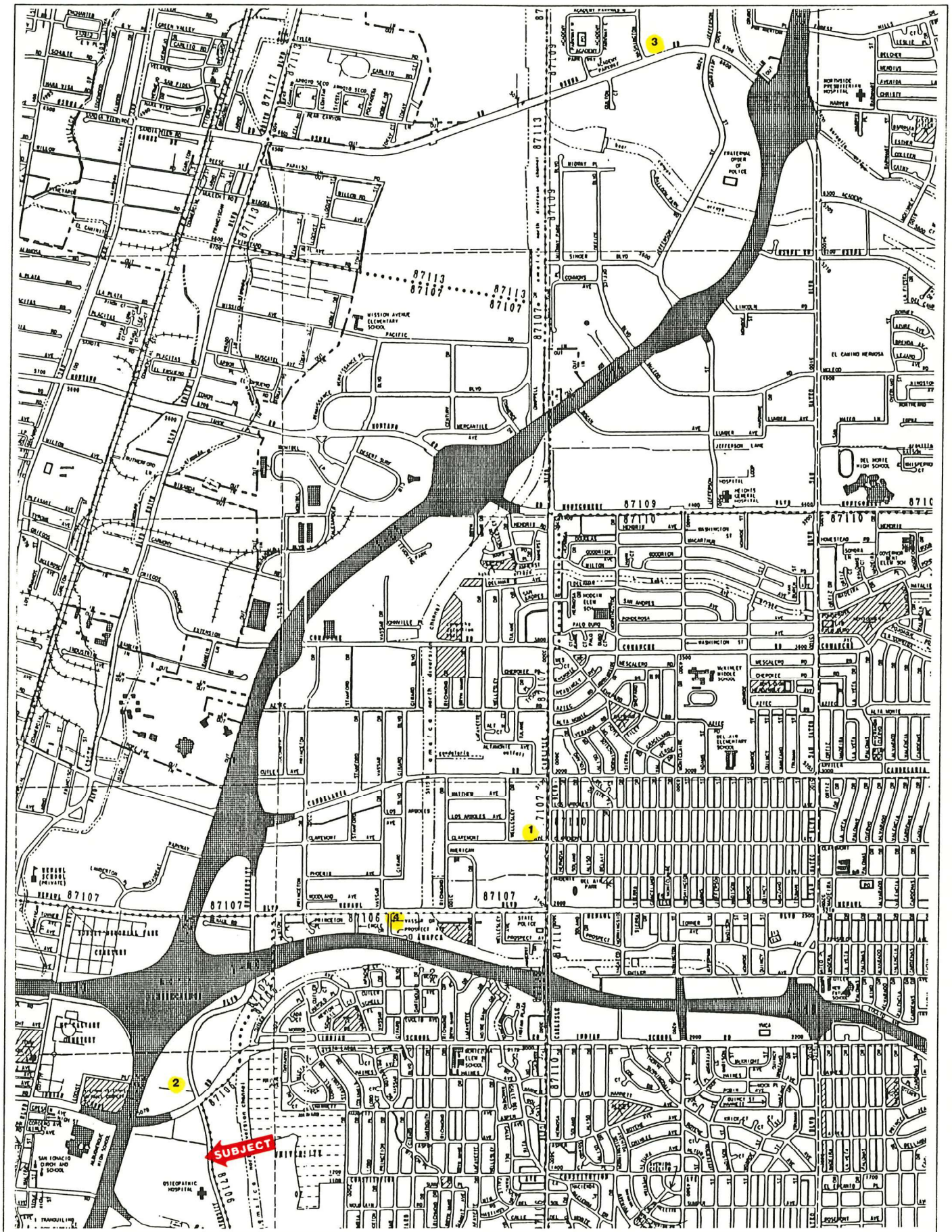
This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

BROOKS, LOMAX & FLETCHER, INC.



Joshua Cannon, MAI

Addenda

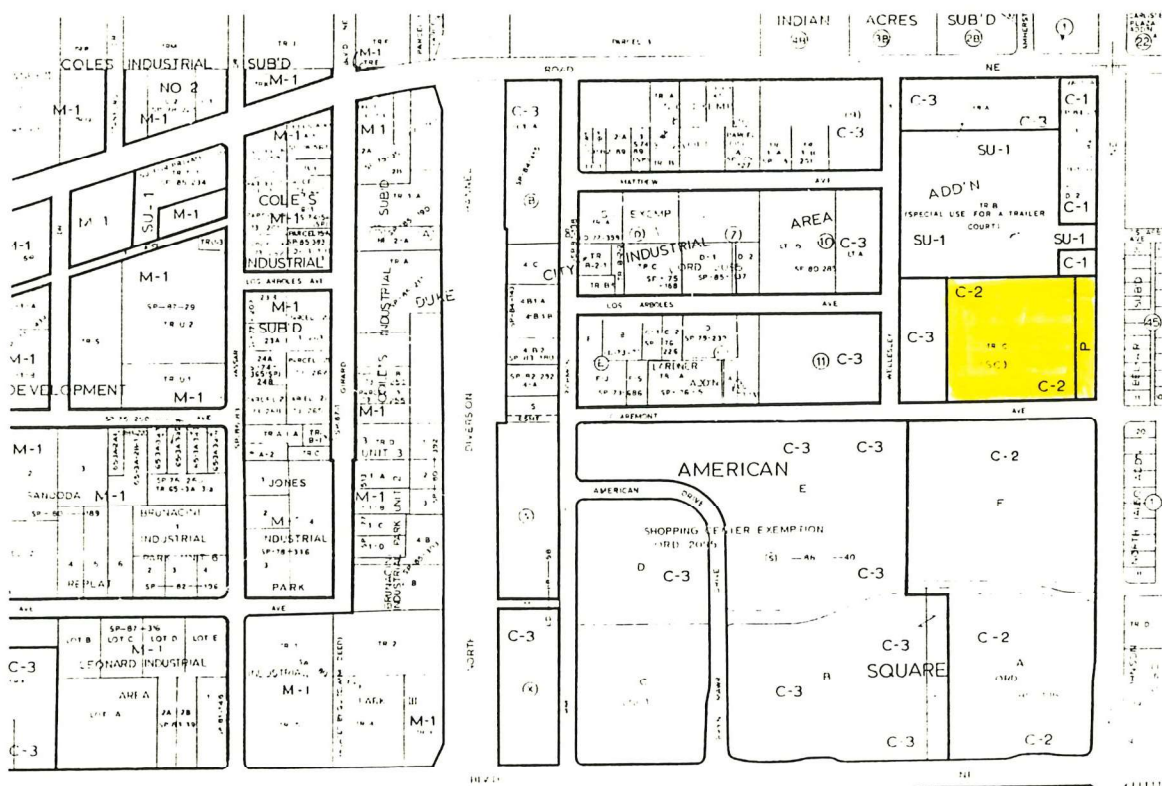


Land Sale 1

Location:	Northwest corner of Carlisle Boulevard and Claremont Avenue
Sale Price:	\$818,000
Date of Sale:	August 13, 1990
Land Area:	6.2575 acres
Sale Price/Square Foot:	\$3.00
Terms:	Cash to seller
Legal Description:	Tract C, Duke City Industrial Area Addition
Grantor:	Kenneth A. Schultz
Grantee:	Duke City Partners
Zoning:	C-2 (5.4475 acres) and P (.81 acres)
Document Number:	90-63316
Map Reference:	H-16

Comments:

The purchase price was confirmed with one of the grantees to be approximately \$3.00/SF. This site was formerly occupied by Sunshine Buick and GMC, and is improved as an automobile dealership. The building is of steel construction and contains approximately 45,000 square feet. The buyer gave no contributory value to the improvements. The site has 480' frontage on Carlisle and 570' of depth. Cost to demolish the buildings is estimated at \$0.10 to \$0.15/SF of land area. The property is now listed for sale at \$6.00/SF.

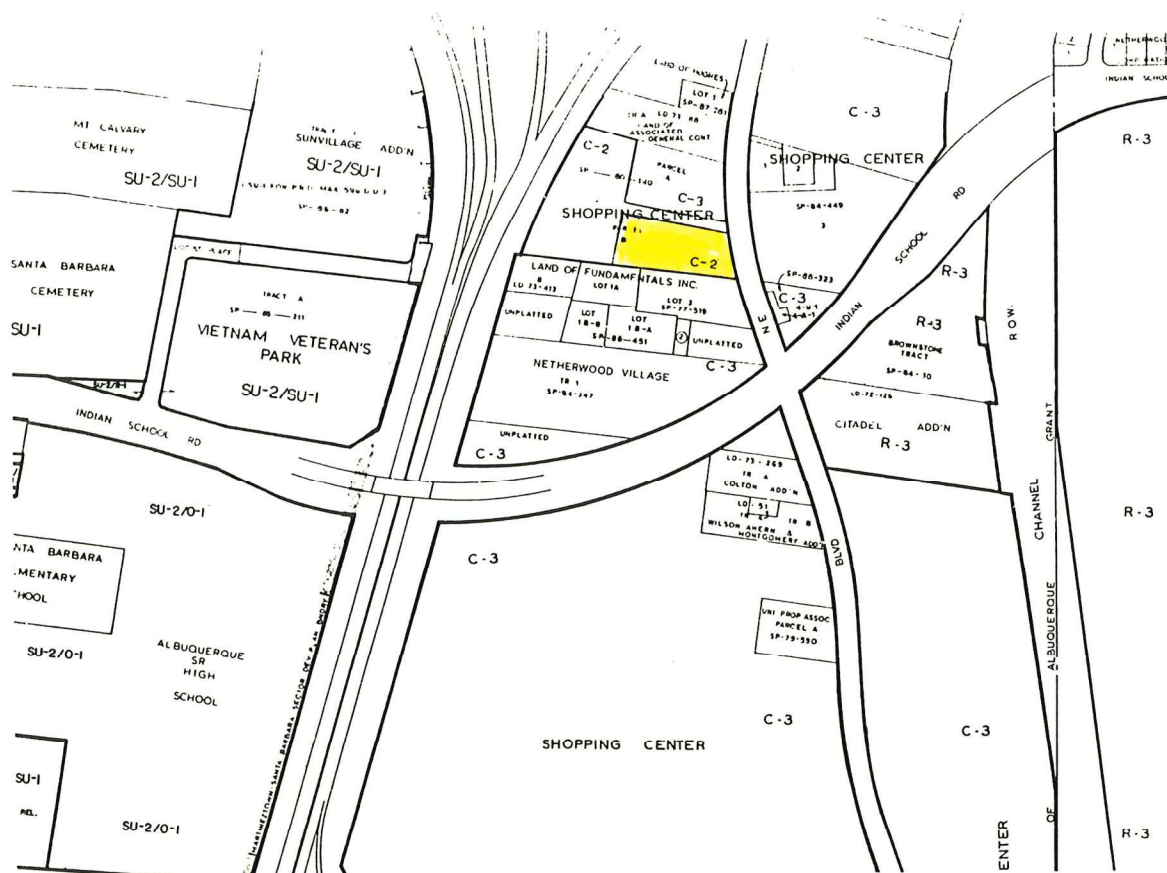


Land Sale 2

Location:	West side of University Boulevard, 400 feet north of Indian School Road NE
Sale Price:	\$299,951
Date of Sale:	May 13, 1993
Land Area:	1.7477 acres
Sale Price/Square Foot:	\$3.94
Terms:	Cash to seller
Legal Description:	Parcel B-2 of Surgical Associates P.A. Profit Sharing Plan & Trust
Grantor:	Trustees of Surgical Associates, et.al.
Grantee:	Blood Systems, Inc.
Zoning:	C-3
Document Number:	93-49397
Map Reference:	J-15

Comments:

The buyer owns and operates the United Blood Services facility adjoining this site on the south. This site was purchased for future expansion. The selling broker reports that the offer to purchase the site was made in June 1991, and then closing was repeatedly delayed by the buyer's attorneys. The broker feels that the delays were directly related to the buyer's lack of near term plans to develop. This is a relatively level site with 170 feet of frontage on University Boulevard and an average depth of 450 feet.

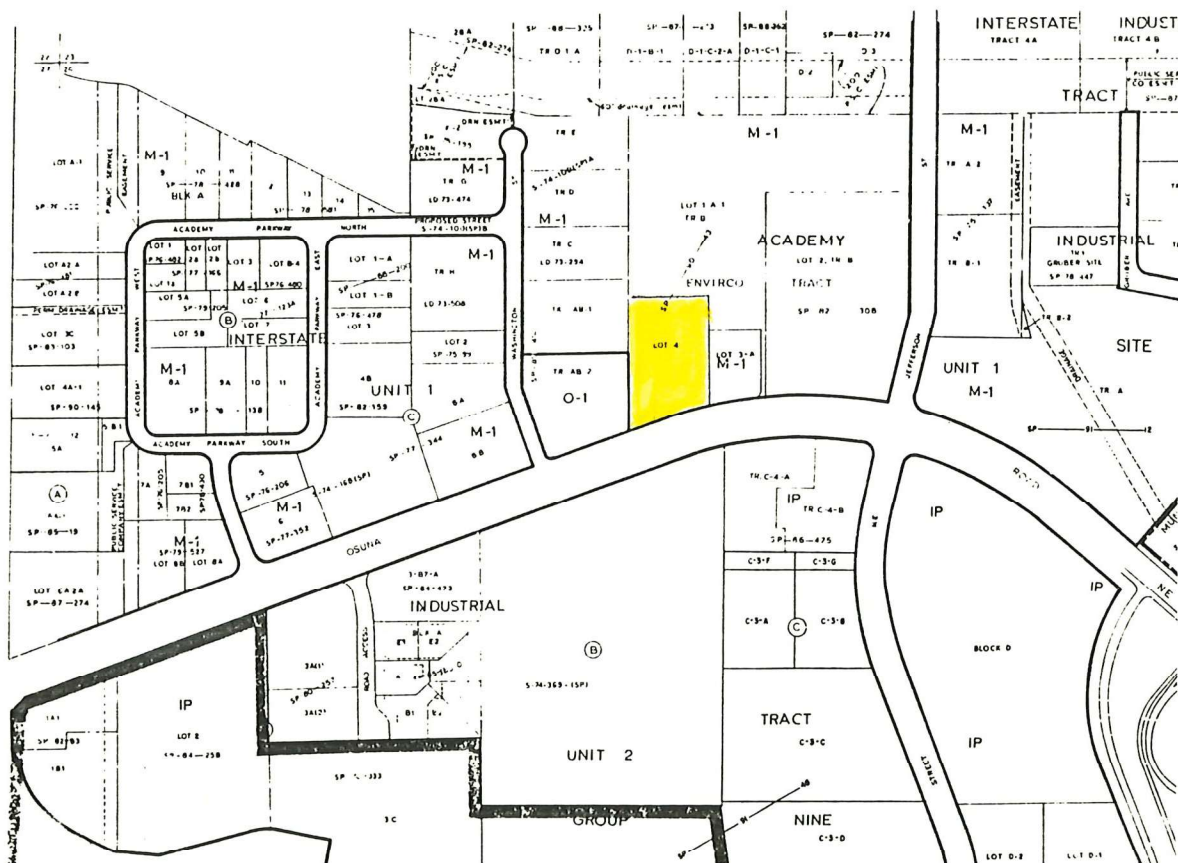


Land Sale 3

Location:	North side of Osuna Road between Jefferson and Washington
Sale Price:	\$562,000
Date of Sale:	March 20, 1990
Land Area:	3.213 acres
Sale Price/Acre:	\$174,914
Sale Price/Square Foot:	\$4.02
Terms:	Cash
Legal Description:	Lot 4, Tract B, Envirco Tract
Grantor:	Envirco, Ltd. (Clifford)
Grantee:	Calvary Chapel of Albuquerque
Zoning:	M-1, Light Manufacturing
Document Number:	90-1262 and 90-50733
Map Reference:	E-17

Comments:

Calvary Chapel owns the adjoining western property and bought this site for use as a parking lot. The purchase price for the lot occupied by the church was \$5.84/SF on July 23, 1986.

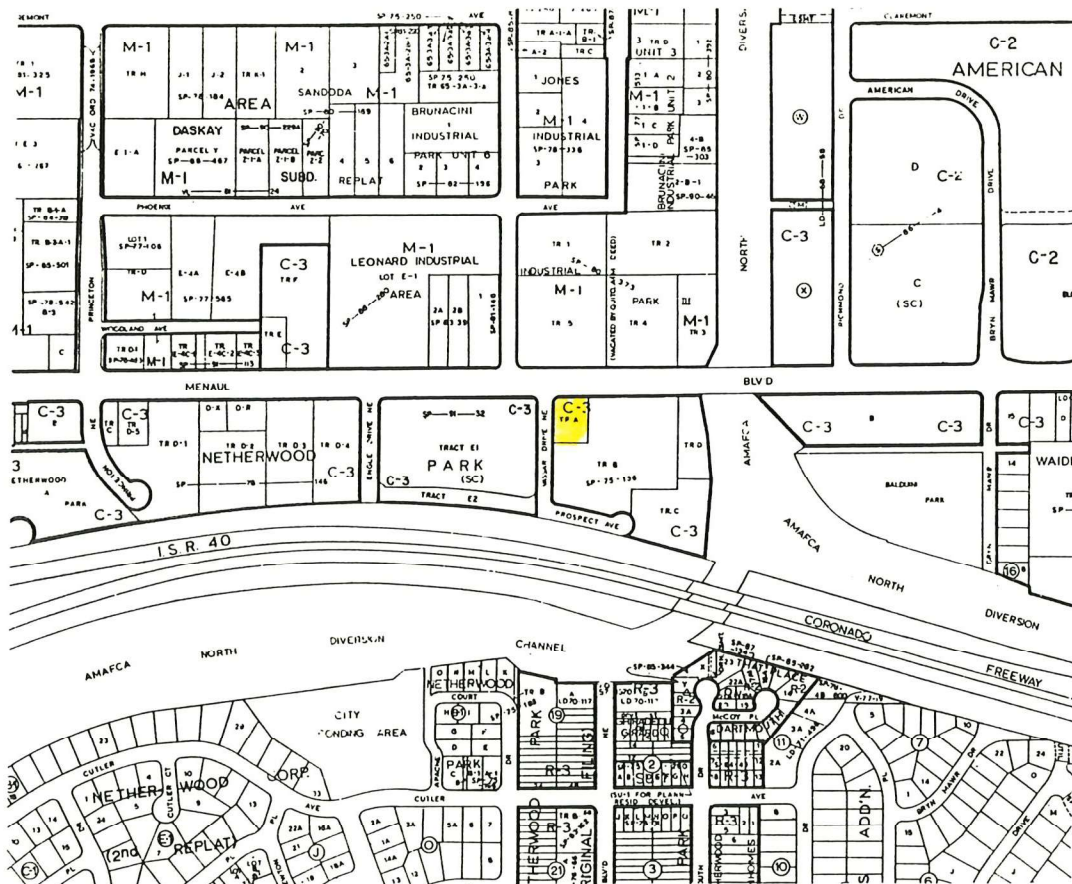


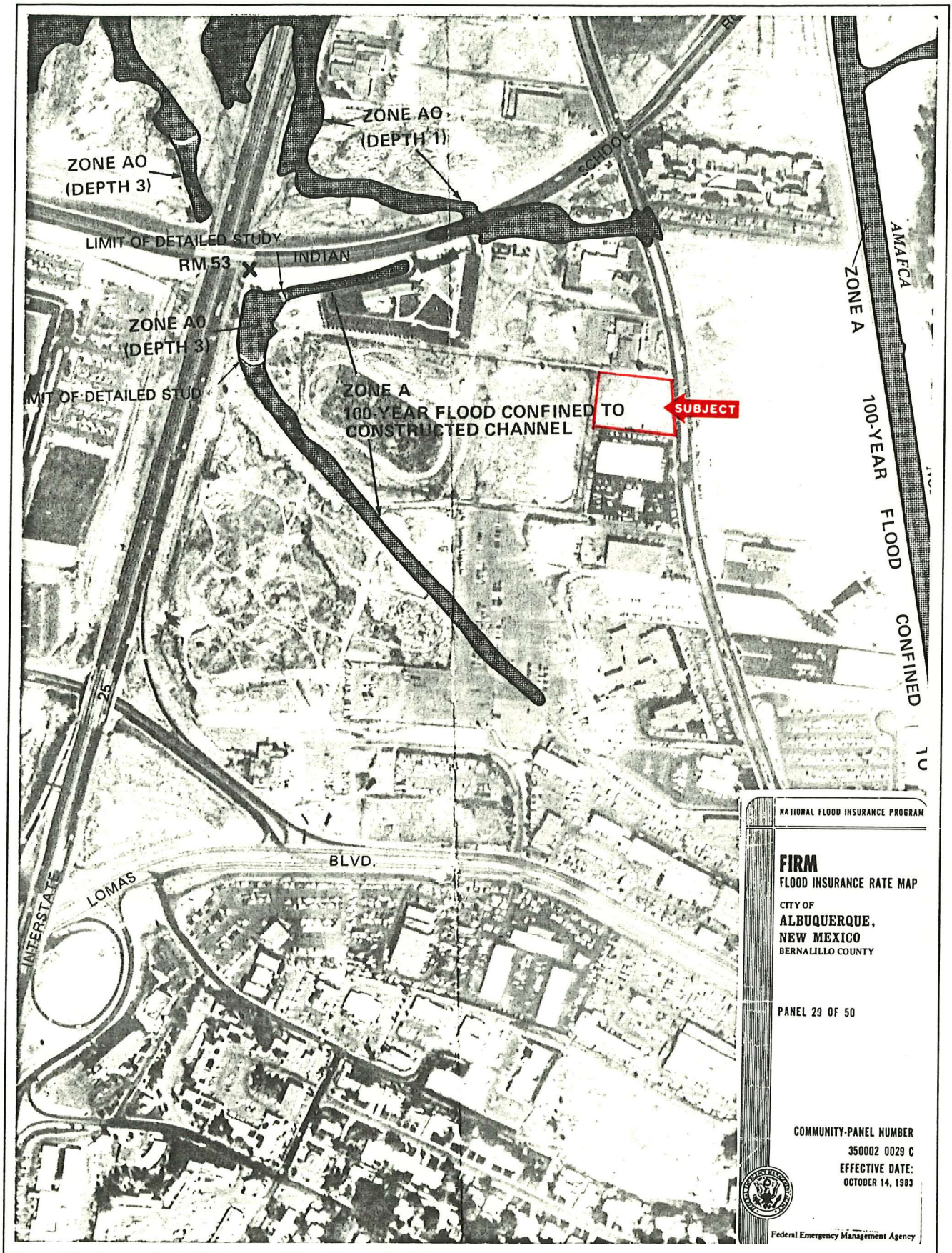
Land Sale 4

Location:	Southeast corner of Menaul Boulevard and Vassar Drive NE
Sale Price:	\$94,000
Date of Sale:	August 13, 1991
Land Area:	0.5215 acre
Sale Price/Square Foot:	\$4.14
Terms:	Cash to seller
Legal Description:	Tract A, Netherwood Park
Grantor:	Sharon & Mary Ahern, Co-Trustees
Grantee:	Sandia Foundation, Inc.
Zoning:	C-3
Document Number:	91-66798
Map Reference:	H-16

Comments:

Vacant site in a commercial-industrial location. Moderate site work will be required for development. The buyer is an adjoining land owner (Tract B), with no near-term development plans.





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.