

Recommendation that the Town of Durham Acquire 66 Main Street

It is recommended that the Town of Durham purchase the property at 66 Main Street for the average assessed price of \$2,045,000. Located between the People's United Bank and the Town and Campus Store, this is the last remaining significant undeveloped property in the Durham downtown district.

The purchase of a major property is an unusual action for the town to take, and it will bring its own set of complications and challenges. However, there are unique aspects to the current situation that make this an attractive option for the town:

- 1) 66 Main is a deteriorating property that has languished undeveloped and untended for several years, marring the primary transition zone between the university and the town.
- 2) This parcel provides an excellent opportunity for the town to add, on a portion of the property, additional well-screened parking that will facilitate further commercial development in the downtown district that would otherwise be limited by the lack of available parking. This is needed because the last downtown parking analysis showed that increased demand from new development has resulted in no parking spaces being available in the Sammy's Lot and only a few spaces available in the core downtown during some midday periods.
- 3) Ownership of the property will leave the town in control of a major development opportunity. The town has already been involved in discussions with the university (the current owner of the property) and a developer, Elliot Sidewalk Communities. Work with Elliot or other developers could add desired commercial space to the downtown. The property is currently exempt from taxes and this development could generate additional tax revenues of as much as \$600,000 per annum for Durham.
- 4) For the purchase, the town can utilize the approximately \$714,000 in parking impact fees that have been paid by developers in the past to avoid parking requirements. If these fees are not utilized starting in August of this year, they will need to be returned to the developers, and be lost to the town.
- 5) The town can fund the remaining purchase price by utilizing the approximately \$675,000 that currently resides in the TIF Fund Balance, and then financing the remaining \$742,000 through a TIF bond. The bond can be repaid through future TIF funds, and therefore the purchase would have no impact on the town's future tax rate.

- 6) The property can generate income of its own through parking permit fees or meter funds, or other opportunities such as a lay-down area for any major downtown construction projects.

66 Main Street Description and Background

The 66 Main Street property is currently owned by the University of New Hampshire and is exempt from Durham property taxes. The parcel is 1.18 acres and is in the core downtown business district of Durham. Municipal water and sewer, and a natural gas utility serve the area. The downtown is completely developed with no other vacant parcels, although some parcels are considered to be underdeveloped, or have aging buildings. The parcel is located directly across Main Street from the university, and the campus extends to the north and west from the site. Table 1 provides basic information about the parcel.

Table 1. Summary of 66 Main Street Parcel

Acreage	1.18
Map/Lot	Map 2, Lot 14-2
Frontage	355 feet on Main Street
Zoning	Central Business District
Utilities	Water, sewer and gas
Grade	Above Main Street Grade
Access	Main Street

The property was owned by Gamma Theta Corporation prior to the University's acquisition in 2014 for \$2,100,000 and other considerations. A large wood frame building on the property housed the Alpha Tau Omega fraternity, and a large portion of the parcel was an unimproved parking lot. The building had fallen into disrepair over many years, and was vacated in 2011 due to health and safety code violations. The structure was further damaged by a fire in 2012, and the university razed the building after acquiring the property.

The parcel has remained vacant since 2015, although the university has used it for parking and staging during various campus construction projects. The university released an RFQ to potential developers, and involved the town in the RFQ process and in discussions with potential developers. The University, with town participation, has had ongoing discussions with Elliott Sidewalk Communities on development options that include the possibility of moving the Barnes and Noble Bookstore from the Memorial Union Building. Elliott Sidewalk Communities remains interested in redeveloping the property, and we have an agreement to work exclusively with Elliot through the end of 2021. After year-end, we may work with any interested developer.

Parcel Appraisals and Acquisition Price

The parcel was appraised in early 2019 by The Stanhope Group LLC for Elliot Sidewalk Communities and by Bergeron Commercial Appraisal for the University System of New Hampshire. Both appraisals are included in Appendix A (does not include all addenda due to file size).

The Stanhope Group appraised the property at \$1,970,000 and Bergeron Commercial Appraisal appraised it at \$2,120,000. The Durham Town Assessor has reviewed the appraisals, and concluded that each used appropriate methodology and information. Variance between the appraisals is only 7%.

The University System agreed to sell the parcel to the Town of Durham, subject to Town Council approval, for \$2,045,000. This price is midway between to two appraisals. It is also higher than, but within 1.7% of the parcel's assessed value for taxes, although property taxes are not paid to Durham by the university. The University System of NH is exempt from paying property taxes per RSA 72:23 I (d). The proposed Purchase and Sale Agreement is provided in Appendix B.

Funding of the Acquisition

The acquisition of 66 Main Street would be funded with a combination of Parking Impact Funds, retained Tax Increment Finance funds (TIF Fund Balance) and bonding paid for with the current annual TIF funding. *The purchase would not use general funds nor would it impact Durham's future property tax rate.*

Parking Impact Funds: The use of the Parking Impact Fund is restricted to providing or improving public parking within the downtown and must be expended within six years of the date received; if not utilized, the funds must be returned to the developers. These funds will start to expire by August 7 and would be primarily depleted by October 2021.

The Town can utilize the Parking Impact Funds for the purchase of the parcel since it will be used for public parking by the town as detailed later. As of December 31, 2020, the fund balance was \$713,750.

TIF Fund Balance (i.e., the TIF "Savings Account"): The town has traditionally retained, for the TIF, a small portion (7%) of the funds available to the TIF district each year. In 2020 the 7% retained amount was \$151,700, and this increased the TIF Fund Balance to \$674,578 at year-end 2020. This TIF Fund Balance would be used for the acquisition.

It should be noted that the majority of taxes eligible for the TIF district (93%) are not directed into the TIF, and instead are used in the general fund. No increase in TIF district funding is necessary for the acquisition of 66 Main Street.

Bonding Paid with Future TIF Revenues: The TIF District can be used to fund bonds for downtown infrastructure and parking. A 10 year \$741,672 TIF bond at the currently available 1.0% interest rate would be required to complete the acquisition of the property and to fund initial parking improvements as summarized in Table 2.

Table 2. Project Funding and Acquisition

66 Main Street Acquisition	\$2,045,000
Initial Improvements for Parking	<u>\$85,000</u>
Total	\$2,130,000

Funds Available for Acquisition and Project

TIF Fund	\$674,578
Parking Impact Fees Collected	<u>\$713,750</u>
Total Funds Available	\$1,388,328

TIF Bond Required \$741,672

Year 1 Financing Cost *

Years	10
Interest	1.00%
Year 1 Cost	\$81,584

* Financing is Funded by Future Annual TIF Contributions

Table 3 shows the disposition of annual TIF funding for the 10 years of the bond. It can be noted that the annual bond obligation falls well below the \$151,700 received in 2020.

Table 3. Disposition of TIF Funding During 10 Year Bond

	Current	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700	\$151,700
TIF Debt Service		\$81,584	\$80,842	\$80,101	\$79,359	\$78,617	\$77,876	\$77,134	\$76,392	\$75,651	\$74,909
TIF Retained or Used on Other Projects	\$151,700	\$70,116	\$70,858	\$71,599	\$72,341	\$73,083	\$73,824	\$74,566	\$75,308	\$76,049	\$76,791

It can be seen that normal TIF funding will cover the bond requirements and leave over \$70,000 per annum for other projects or to rebuild the TIF Fund balance, even if the annual taxes were to remain at the 2020 level.

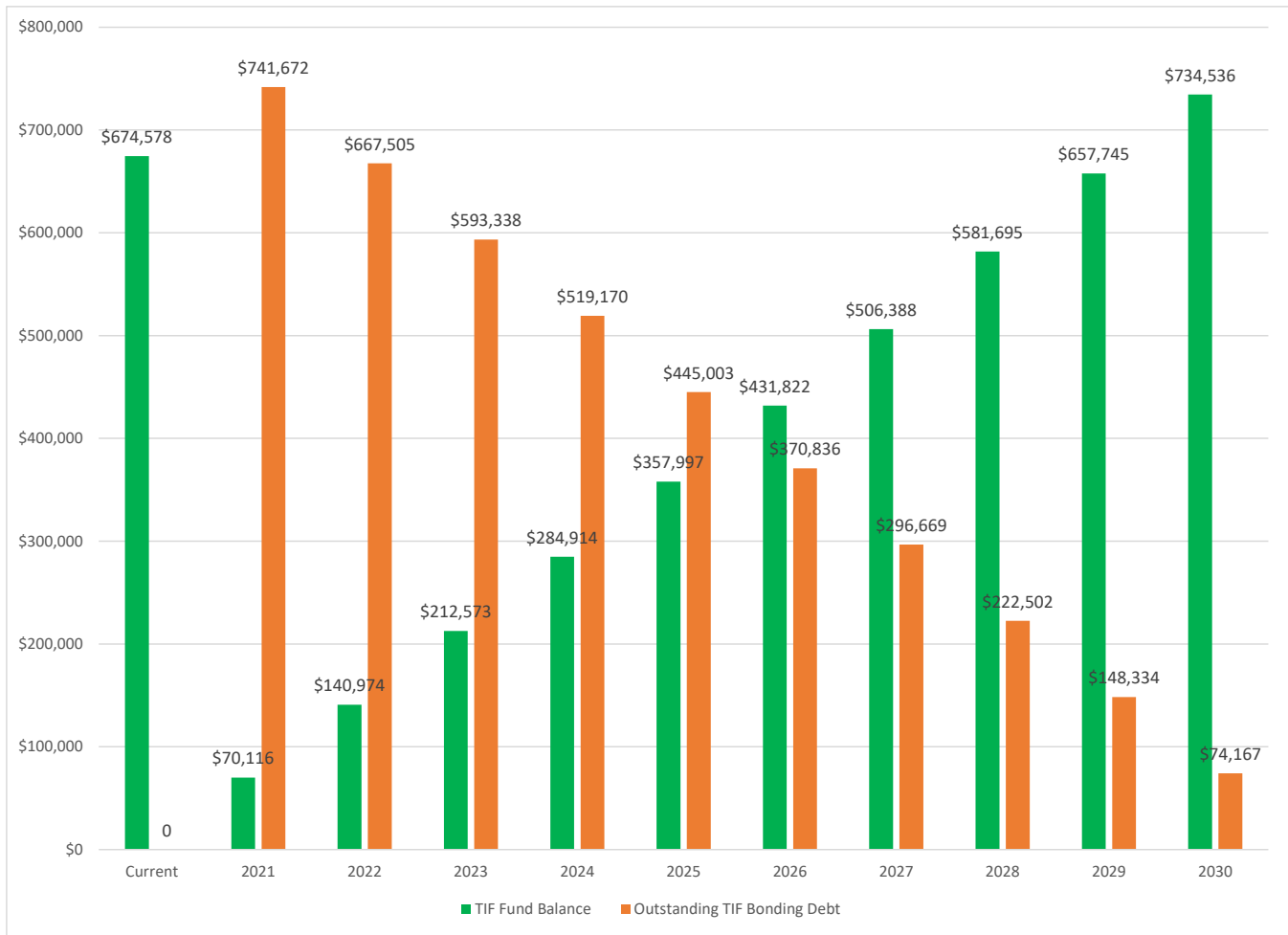


Figure 1 – TIF Fund Balance and Bond Obligation

Demand and Limited Supply of Municipal Parking

Durham regularly collects data on municipal parking utilization to track yearly trends. The last survey of parking was conducted prior to the pandemic in November 2019. That survey showed parking in the downtown is highly utilized during the peak periods. The 2-Hour parking in the core downtown was over 76% utilized and parking that allows both hourly and business permit parking was over 98% utilized.

This indicates that there is insufficient capacity to accommodate the new commercial space introduced in the downtown since 2010, despite the continual review and optimization of parking policies. There is also insufficient parking capacity to accommodate a shift of commercial activities within existing space that are attractive to a wider Durham and seacoast market. Finally, desirable new infill development will require more downtown parking with future improvements paid by new parking impact fees. The November 2019 parking report is provided in Appendix C.

While it is impossible to predict the exact timing and size of infill development, an analysis of potential near-term smaller redevelopment shows that new parking demand could well exceed the available parking. Combined near-term (within 4 years) and midterm (5-10 years) redevelopment may greatly exceed the current parking capacity. Appendix D provides a high-level analysis of public parking estimates for various downtown redevelopments.

Near Term Municipal Use of 66 Main Street

The near-term objectives for the 66 Main Street parcel will be three-fold.

First, and of greatest priority, it will be used to provide the increased parking capacity necessary for existing commercial tenants and allow for some redevelopment of older buildings and under-utilized parcels in the downtown. The parcel's parking capacity can be expanded in increments as parking demand dictates, with the costs funded by future parking impact fees, meter or permit fees, or the TIF Fund Balance.

Second, a portion of the parcel can be used as a laydown area for downtown projects, when appropriate, to provide both revenue to the town, and to limit disruption to the downtown and downtown businesses during any redevelopment.

Third, the acquisition by the town allows it to extinguish easements to access the property across the town-owned parcel on Pettee Brook Lane that is currently used for permit parking (Map 2, Lot 15-1).

Final Disposition for the Property after Acquisition

The plan for 66 Main Street has two critical longer-term objectives.

The first objective is to address the long term parking needs of current business owners and some future business expansion. Increased parking that allows existing and new businesses to support a broader market coupled with redevelopment will increase the vibrancy of the downtown while adding to Durham's tax base.

The second objective is to sell the parcel, or a portion of the parcel, to a private developer and move it back to the tax roles with an assessed value that should exceed \$15-20M after development.

Public parking will be the critical consideration when evaluating the sale of the property. The town's ownership of the parcel allows it to consider different options for incorporating parking into the structure of the sale. The following are just two examples of possible frameworks for the property's sale that address parking:

Subdivision of the Parcel. The property can be combined with the Town-owned lot along Pettee Brook Lane to create a lot that is 1.66 acres. The resulting lot can be subdivided to create a larger town-owned lot for parking accessed from Pettee Brook Lane and a second desirable lot for redevelopment fronting Main Street.

Developer Provided Municipal Parking. The property, or combined two lots, could be sold to a developer with terms and conditions that require the developer to provide shared or municipal parking as part of the development. The combined property allows for a second access point to the property and a presence on Pettee Brook Lane, making it more desirable for redevelopment.

Subdividing the lot and selling the portion along Main Street, or requiring the developer to provide substantial public parking could result in an adjustment in the property's market value; however, it should be noted that 33.4% of the acquisition is funded by the current Parking Impact Fund that the town will lose if not expended on parking infrastructure in the near future.

Appendix A
Appraisals for 66 Main Street

APPRAISAL OF:
VACANT LAND
66 MAIN STREET
DURHAM, NEW HAMPSHIRE

PREPARED FOR:
MS. CATHERINE PROVENCHER, CPA
VICE CHANCELLOR FOR FINANCIAL AFFAIRS AND TREASURER
UNIVERSITY SYSTEM OF NEW HAMPSHIRE
5 CHENELL DRIVE, SUITE 301
CONCORD, NEW HAMPSHIRE 03301

DATE OF VALUE ESTIMATE:
FEBRUARY 12, 2019

BERGERON COMMERCIAL APPRAISAL

CONSULTANTS IN REAL ESTATE VALUATION

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Portsmouth, New Hampshire 03801
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February 18, 2019

Ms. Catherine A. Provencher, CPA
Vice Chancellor of Financial Affairs and Treasurer
University System of New Hampshire
5 Chenell Drive
Concord, New Hampshire 03301

Re: Appraisal of the vacant land located at 66 Main Street in the town of Durham, New Hampshire.

Dear Ms. Provencher:

At your request, I am submitting a narrative appraisal of the above-referenced property. The purpose of this appraisal is to estimate the "as is" market value of the fee simple interest in the subject property. The intended use of this appraisal is to assist the University System of New Hampshire with valuation for possible sale. The date of value is February 12, 2019, the most recent date of inspection.

Market value, as used herein, is defined in the body of this report. The complete legal and physical description of the property has also been included in this report. The analysis and conclusion within the attached narrative report are based upon field research, interviews with market participants, and publicly available data. The accompanying report was prepared in accordance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

The narrative report contains 53 pages, 8 Exhibits and 2 Addenda. The methods that I have used and all pertinent data gathered in my investigation are included in this report. I certify that I have no personal interest or bias with respect to the subject matter of the appraisal report or to the parties involved. I have personally inspected the subject property and the comparable data utilized within this report. Your attention is specifically called to the "Limiting Conditions and Assumptions" section of this report, where the parameters of the assignment are outlined in more detail.

As of February 12, 2019, I estimate the following market value for the subject property:

MARKET VALUE ESTIMATE:

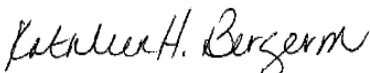
VACANT LAND

66 MAIN STREET, DURHAM, NH

\$2,120,000

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

Sincerely,



Kathleen H. Bergeron, MAI
NHCG – 595

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EXECUTIVE SUMMARY

Appraisal Assignment

Scope of Appraisal:	Narrative appraisal using all applicable approaches to value.
Purpose of Appraisal:	To estimate the market value of the subject on an "as is" basis.
Interest Appraised:	Fee Simple
Intended Use of Appraisal:	The intended use of this appraisal is to assist the University System of New Hampshire with valuation for possible sale.
Effective Date of Appraisal:	February 12, 2019
Date of Inspection:	February 12, 2019
Date Report Transmitted:	February 18, 2019

Subject Property Characteristics

Property Type:	Vacant land
Property Owner:	University of New Hampshire
Location (Address):	66 Main St, Durham, New Hampshire 03824
Improvements:	None
Land Area:	1.18 acres
Zoning:	Central Business District
Highest and Best Use:	Mixed use development

Valuation Indications:

Cost Approach:	Not Completed
Income Approach:	Not Completed
Sales Comparison Approach:	\$2,120,000

Market Value Estimate: \$2,120,000

Estimated Exposure Time:	2 to 6 months
Estimated Marketing Time:	2 to 6 months

EXHIBIT A - SUBJECT PHOTOGRAPHS



Front View of Subject from Main Street – February 2019



View of the Subject from Main Street – February 2019

EXHIBIT A - SUBJECT PHOTOGRAPHS



Site View, facing South – February 2019



Site View, facing East – February 2019

EXHIBIT A - SUBJECT PHOTOGRAPHS



Main Street, Facing East - February 2019



Main Street, Facing West - February 2019

LIMITING CONDITIONS AND ASSUMPTIONS

1. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than stated in this report.
2. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, are obtained from sources considered to be reliable and believed to be true and correct. However, no responsibility for accuracy can be assumed by the appraiser.
3. All information has been checked where possible and is believed to be correct, but it is not guaranteed as such.
4. The appraiser assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no soil contamination exists as a result of chemical drainage or leakage in connection with any production operations on or near the property. No testing has been done for the presence of asbestos-containing materials and it is assumed that no hazardous amounts are present.
5. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
6. Distribution of this report is the sole prerogative of the client and no distribution will be made without specific direction of the client. No reproduction of this report, in whole or in part, shall be made without the prior approval of the appraiser.
7. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal institute or the MAI Designation.
8. Information regarding any flood hazard zones for the subject property was provided from outside sources. Accurately reading flood hazard maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided in this appraisal assignment. No responsibility is assumed by the appraiser in the misinterpretation of these maps. It is strongly recommended that any lending institution re-verify flood hazard locations for any property for which they are providing a mortgage loan.
9. The report and data investigated, except that furnished by the client, remains the sole property of the firm.
10. I did not observe any endangered species or endangered species' habitats during my property inspection. It should be noted that my expertise in matters of endangered species and endangered species' habitats is extremely limited.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the

ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this factor could have a negative impact upon the value conclusion reached herein. Since I have no direct evidence relating to this issue, I did not consider non-compliance with the requirements of ADA in estimating the value of the subject property.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

None

APPRAISER'S COMMENTS

The subject is a 1.18 acre vacant site located along Main Street in downtown Durham, New Hampshire. The site was formerly improved with a fraternity, which was sold to the University of New Hampshire in 2014. Following their acquisition, the University demolished the improvements.

Downtown Durham has experienced a large amount of new development over the past several years, mostly consisting of multi story buildings with ground floor commercial and upper level student housing. According to the town of Durham's Planner, Michael Berenht, new development over the past six years provides housing for 741 students. In 2017, Durham changed the zoning regulations in the Central Business District to lessen allowed density for student apartments from 300 SF per student to 600 SF per student for apartments shared by unrelated tenants. This change was to encourage development in the Central Business District other than student housing.

The purpose of this appraisal is to value the vacant site to the highest and best use for possible sale. The highest and best use of the subject site is mixed-use development with ground floor commercial and upper-level micro residential units (under 600 SF for one-tenant occupancy), hotel development, or a university building.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is a vacant, 1.18 acre site located along the north side of Main Street in the town of Durham, Strafford County, New Hampshire. The subject property is identified as Map 2, Lot 14-2UNH by the Durham Assessor's office. The current owner of record is University of New Hampshire.

LEGAL DESCRIPTION

Book 4244, Page 383 (Strafford County Registry of Deeds). A copy of the deed is included in Appendix B of the appraisal.

PROPERTY RIGHTS APPRAISED

The fee simple interest is valued in this appraisal. "Fee Simple Estate" is defined as follows:

"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Source: *The Dictionary of Real Estate Appraisal*, 6th Edition © 2015; The Appraisal Institute

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property on an "as is" basis. The intended use of the appraisal is to assist the University System of New Hampshire with valuation for possible sale.

INTENDED USER OF APPRAISAL

The client and intended user of this appraisal is the University System of New Hampshire. This appraisal was prepared for the sole and exclusive use of the client. No third parties are authorized to rely upon this report without the express written consent of the client and Bergeron Commercial Appraisal.

SCOPE OF THE APPRAISAL

The scope of this narrative appraisal report is summarized as follows:

- To inspect the subject property and the subject neighborhood.
- Gather and analyze information available on the subject property, including information provided by the client, property owner, community, county records, and other public sources.
- Research and analyze regional, community, and neighborhood market conditions, trends, and economics.
- Analyze the subject and market data to draw a conclusion regarding the Highest and Best Use of the subject.
- Determine the best method(s) of valuing the subject property, given available subject information, available market data, market conditions, highest and best use, and the most likely buyer.
- Research, analyze, and confirm market sales, lease, and cost data that is relevant to the valuation of the subject. This information is gathered and confirmed with brokers, appraisers, public officials, public data sources, private publications, periodicals, personal research, and interviews with buyers and sellers.
- Analyze the available data to assemble the most appropriate set of comparable data from which to draw a value conclusion.
- Inspect and photograph the comparable properties.
- Report the subject description, comparable data, and value conclusion(s) in a narrative text in a format that is in conformance with USPAP.
- Produce the narrative appraisal report with all exhibits and addendum.

DEFINITION OF MARKET VALUE

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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: Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990 and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the office of the Controller of the Currency (OCC), and Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

EXPOSURE TIME AND MARKETING TIME

Exposure Time and Marketing time are defined as follows:

Exposure Time is defined as: *“the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal.”*

Marketing Time is defined as: *“the opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediate after the effective date of an appraisal.”*

Source: *The Dictionary of Real Estate Appraisal*, 6th Edition © 2015; The Appraisal Institute

In estimating a exposure time for the subject property, I have considered the following positive and negative elements affecting the subject's marketability:

Positive Factors:

- The site is located in downtown Durham’s central business district, with good visibility from vehicle and pedestrian traffic.
- The site is located in close proximity to the University of New Hampshire.
- There is little available land in the downtown Durham market.
- There have been several mixed use developments in the past several years, suggesting good demand.

Negative Factors:

- Recent zoning changes have decreased allowable residential apartment density from one resident per 300 SF to one resident per 600 SF. This negatively impacts the feasibility of the subject site for student housing development.
- The large amount of recent development has resulted in retail and office vacancy in the downtown market. This vacancy is placing downward pressure on rents, and diminished the feasibility of new commercial development.

The comparable sales presented typically required less than 6 months of exposure time.

Given the factors discussed above, an exposure time of 2 to 6 months is estimated for the subject, assuming the hypothetical consummation of a sale at the market value on the effective date of the appraisal.

Considering the lack of available developable land in the downtown market, a marketing time of 2 to 6 months is also estimated for the subject property.

REGIONAL DATA

The subject property is located in the Northern New England region, which includes the states of New Hampshire, Maine, and Vermont. Southern New Hampshire contains a majority of the state's population, with commercial development concentrated in the population centers of Nashua, Salem, and Manchester. These three municipal centers are connected by the state's major highways, which include I-93, Route 101, and the FE Everett Turnpike. This region is heavily influenced by its proximity to the greater population density of Eastern Massachusetts. New Hampshire's highest priced real estate tends to be in communities near the Massachusetts border and within the Seacoast Region.

Despite the rapid economic growth during the past few decades, real estate developers and lenders have generally been cautious following the widespread overbuilding of the 1980s. As a result, little speculative construction has been undertaken in the region. Owner-user and build-to-suit development has been most prevalent in the industrial, retail, and office sectors. These trends have kept inventory levels low, resulting in moderate rent and price appreciation. During the Great Recession of 2007-2008 new construction came to a near standstill. More recently, some new commercial construction is evident, mainly in prime locations.

In recent years New Hampshire's unemployment rate has remained below national levels. Additionally, New Hampshire's residential and retail sectors have been fueled by the highest rate of population growth in the New England region. A common motivation of relocating residents has been "quality of life" and relatively affordable housing, compared to neighboring states to the south. This residential growth resulted in unprecedented levels of new single-family residential construction during the past decade. Several of the state's rural agricultural communities have quickly become suburban bedroom towns, with school systems and infrastructure struggling to catch up. New apartment construction is just beginning to occur in the New Hampshire market for the first time in decades as a result of rising rents.

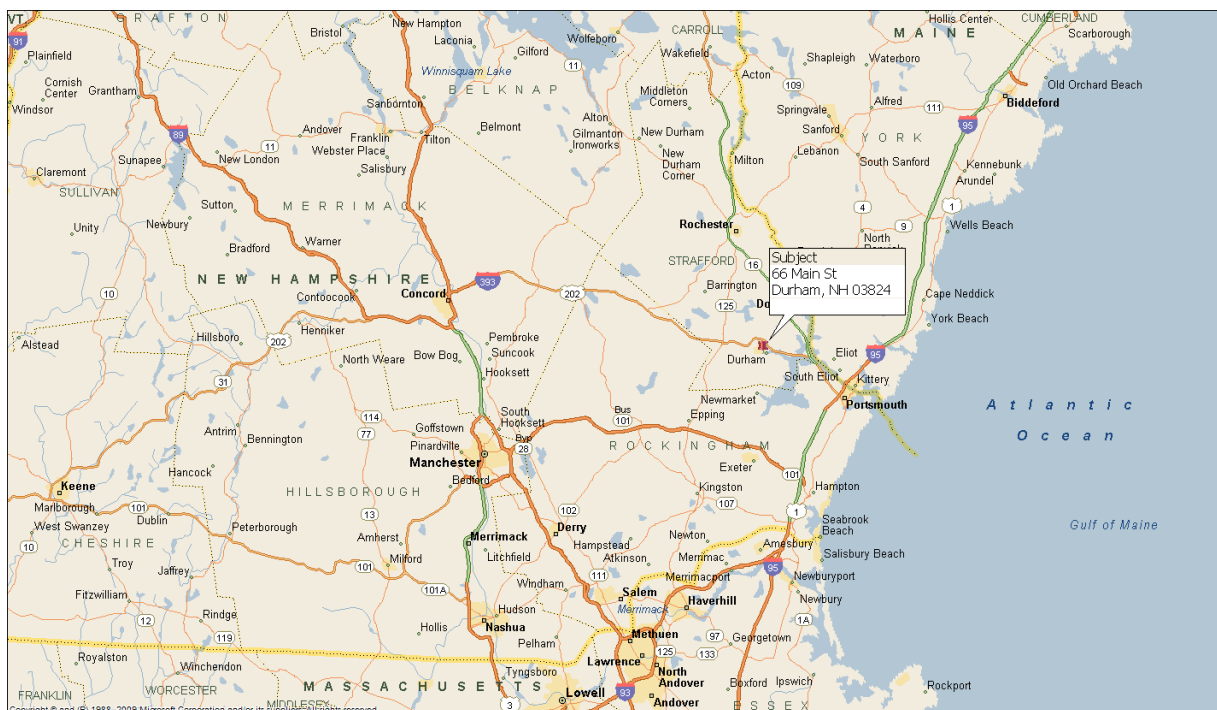
The Great Recession and recovering economy that followed impacted individual communities within New Hampshire at different rates. In general, the rate of foreclosures and declining home prices was below national levels and new foreclosures are now very limited. Projected economic and population growth in New Hampshire is expected to outpace the remaining New England states in the coming decade.

The residential real estate market has demonstrated positive activity and price growth during the past several years. New home construction has resumed at a modest pace.

The commercial real estate market's decline during the recession was only minor, and as of the beginning of 2019, occupancy and prices in most segments of the commercial market have demonstrated moderate appreciation. Limited new construction is evident in most segments of the commercial market.

Overall, the New Hampshire market appears to be well positioned during the current economic cycle, compared to other regions of the United States, due to a broad employment base and healthy commercial and residential real estate markets. New Hampshire continues to be one of the only states in the U.S. to rely almost exclusively on property and business profits taxes for its revenue base, with no personal income or sales tax.

EXHIBIT B - AREA MAP



COMMUNITY DATA

The town of Durham is located in southeastern New Hampshire, at the southern tip of Strafford County. The town is approximately 20 miles north of the Massachusetts state border. Durham is bordered to the north by Madbury, the east by Great Bay and Newington, to the south by Newmarket and the west by Lee. According to the New Hampshire Employment Security, the town of Durham had a 2017 estimated population of 16,523, an increase of 30.26% over the 2000 population.

Access to Durham is via State Routes 4 and 108. The nearest Interstate is I-95, approximately 12 miles to the southeast. The town is located 12 miles northwest of Portsmouth, New Hampshire and 64 miles north of Boston. The nearest commercial airports are located in Manchester, New Hampshire and Boston, Massachusetts.

The town of Durham is governed by an administrator and elected town council. The majority of the town is serviced by municipal water and municipal sewer. The public school system includes elementary, middle and high school that are part of a cooperative school system with the

neighboring towns of Lee and Madbury. The nearest hospital is Wentworth Douglas Hospital, located approximately five miles to the north in Dover, New Hampshire.

The University of New Hampshire is located within Durham with a current enrollment of approximately 15,000 students, including 13,000 undergraduate and 2,000 graduate students. Many of the college's student population live in private apartments, putting somewhat of a strain on available housing. The University of New Hampshire is the town's largest employer, followed by Goss International and the town of Durham.

Durham's commercial development is centered near the downtown area and includes retail and service businesses that cater to Durham residents and University students. The university is located near the downtown area, as well as multifamily residential properties used as student housing. The outlying areas of Durham consist of single family residential neighborhoods, agricultural land and rural areas.

Durham has several single family residential neighborhoods, many of which are located west of downtown Durham and the University of New Hampshire. Homes within a two mile radius of downtown Durham are primarily homes constructed in the 1970's. Outlying areas contain many agricultural properties and older farmhouse style residences. Newer development is located along Durham Point Road, near the banks of Great Bay. In the past 12 months, prices of single-family home sales have ranged from \$200,000 to \$1,750,000, with an average price of \$437,000 and a median of \$381,000. The median size of homes sold in the past year is 2,200 SF. Overall, prices for the past three years have climbed slightly.

NEIGHBORHOOD DATA

The subject property is located along the north side of Main Street, in downtown Durham, New Hampshire. The University of New Hampshire (UNH) campus is on the west and south sides of the downtown, within short walking distance from the subject site. The downtown is approximately one mile from U.S. Route 4, both to the west along Main Street and to the northeast along Route 108. NH Route 108 travels north and south from Newmarket through Durham into Dover. Development in the

area to the north and east of town is comprised of single family homes, multi-family student housing, fraternities and sororities.

Durham's commercial development is centered in the downtown area and includes local retail and service businesses that cater to Durham residents and University students. Development is predominately one to three story buildings with ground floor retail and upper level apartments occupied by University students.

Durham's downtown has had a number of major new redevelopment projects completed over the past 7 years. Most of these are mixed-use projects combining commercial and retail space with modern student housing options. These projects include the following:

Madbury Commons, a multi building development along Madbury Road, on the northern side of downtown that includes 45,000 SF of ground floor commercial space and 126 upper level apartment units. Completed in 2015.

1 Madbury Road, which also fronts on Main Street and contains 25,000 +/- SF with ground floor retail, lower level parking and 16 apartment units. Completed in 2015.

10 Pettee Brook Lane, a 31,000 SF, four story mixed use building completed in 2012. Contains (17) four bedroom apartment units.

9 Madbury Road, a 32,500 SF mixed use building located at the intersection of Madbury Road and Pettee Brook Lane, completed in 2013. Contains (16) four bedroom units.

49 Main Street, which was the redevelopment of an existing, one story commercial building to a three story mixed use building containing ground floor commercial and (6) four bedroom apartment units on the upper level. Completed in 2015.

The developments completed within the past six years created housing for 741 students in the downtown area.

All of the recent development occurred under the prior zoning ordinance which specified that for unrelated people, 300 SF of living space was required per occupant. The recently updated zoning specifies one person per 600 SF of living space in a shared residential unit, essentially doubling the required size of an apartment. The Durham town Planner, Michael Behrendt, explained that the change was enacted in order to encourage development other than student housing in the downtown market. The proposed Durham Marketplace development and the

proposed expansion of 60 Main Street were both in the planning and approval stage prior to zoning changes, and therefore, can be designed under the old, less restrictive, zoning specifications.

Proposed development in the downtown area includes:

Durham Marketplace, Mill Road, is the redevelopment of a one story strip center to include multi story buildings with student housing in addition to the existing grocery store tenant. This development is currently on hold while the developer negotiates with the long term grocery store tenant.

60 Main Street is the proposed expansion of a two story building , to include upper level student housing and renovated ground floor commercial. The developer of this site has had work sessions with the town of Durham, but has not submitted a formal application.

74 Main Street is the proposed development of a three or four story building on a recently subdivided lot at the corner of Main Street and Pettee Brook lane. The property is currently improved with a mixed use building that would be demolished. The developer is has presented preliminary plans to the town of Durham, and the town expects an application soon.

Main Street and Mill Road – the proposed development of a hotel are being sought for a parcel of land at the corner of Main Street and Mill Road, which is owned by the University of New Hampshire. The development would entail the demolition or redevelopment of two dormitories.

Abutting the subject to the north is a two story office building. The ground floor is occupied by People’s United Bank, and the second floor office space is vacant. The second floor of this bank building has been vacant for several years. Further north is a one-story building occupied by a restaurant and bike shop, abutting this site to the north is 74 Main Street, where a four story proposed mixed use building is proposed. Further north, across Pettee Brook Lane, are University buildings. West of the subject, across Main Street, are University dorms, including the two dorms that have been proposed for redevelopment to a hotel. South west of the South of the subject is a mixed use building at 60 Main Street, which fronts on Main Street and Jenkins Court. The owner of this property has plans for redevelopment and expansion, and is in the approval stage with the town of Durham. Further south are several one and two story mixed use buildings housing restaurants and retail stores. Further south, at the intersection of Main Street and Madbury Road, is a newly

developed three story building. East of the subject is a public parking lot fronting along Pettee Brook Lane, and further east is development along Pettee Brook Lane and University buildings.

Overall, this is a good Durham location, in the heart of downtown with good pedestrian and vehicle exposure. The site is in close proximity to downtown services and the University.

EXHIBIT C - NEIGHBORHOOD MAP

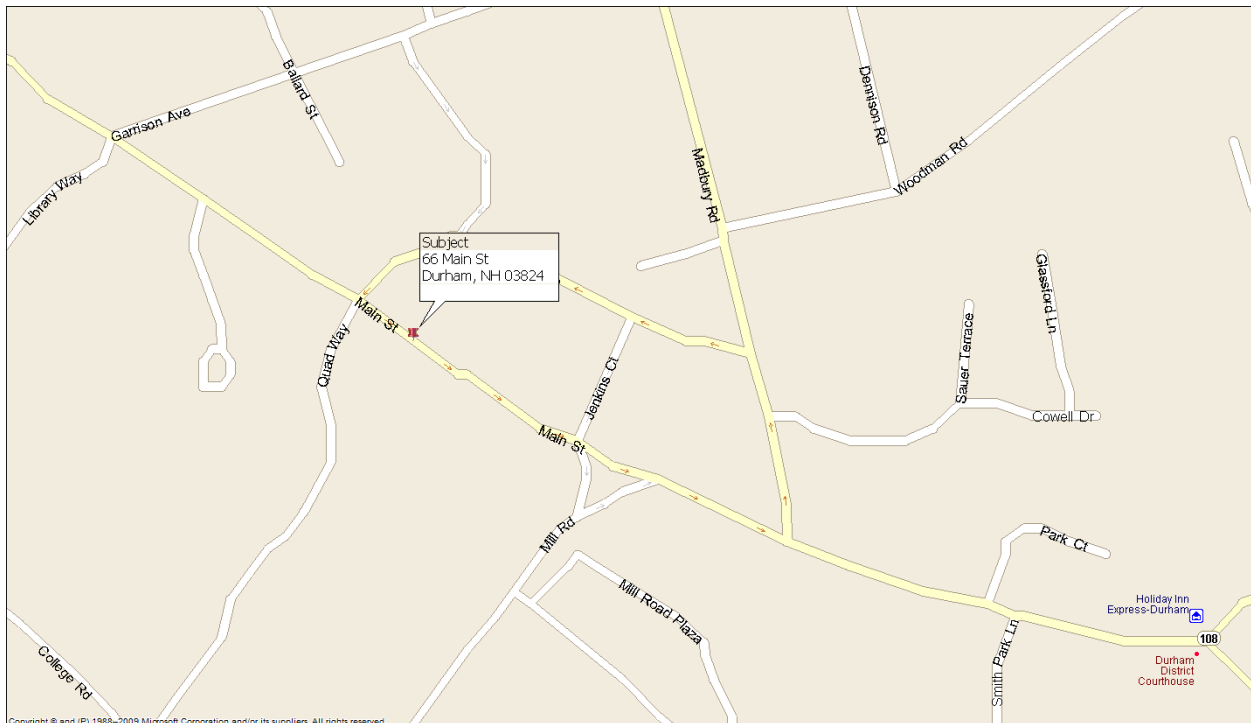
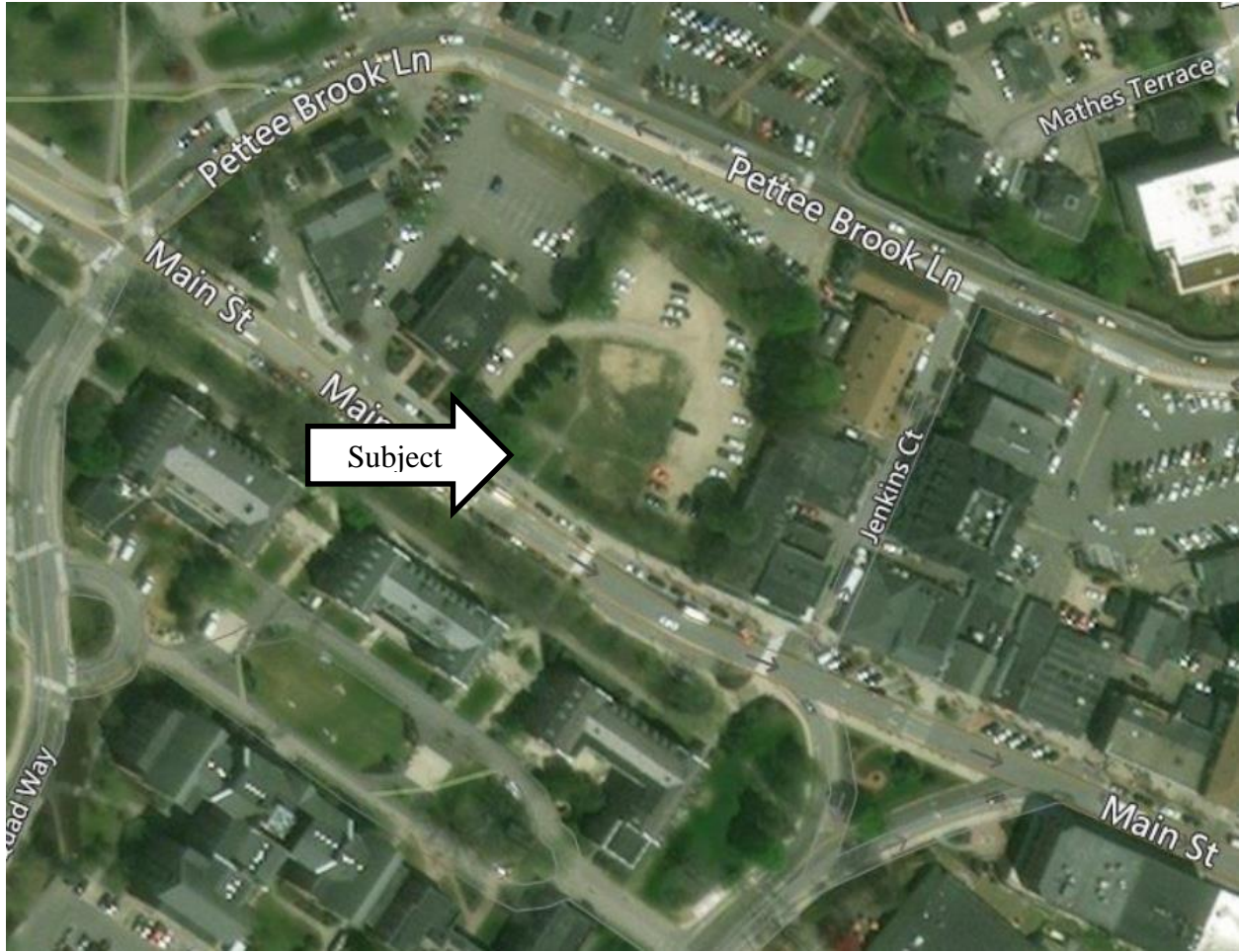


EXHIBIT D – AERIAL VIEW OF NEIGHBORHOOD



OWNERSHIP DATA AND SALES HISTORY

OWNER OF RECORD: University of New Hampshire
LEGAL DESCRIPTION: Book 4244, Page 383 (Strafford County Registry of Deeds)
DATE RECORDED: September 23, 2014
CONSIDERATION: \$2,100,000

The above sale from Gamma Theta Corporation is the most recent sale of the subject site. A copy of this deed is presented in the Addendum of this appraisal. No sales of the subject were noted within the past three years. At the time of sale, the site was improved with a vacant fraternity building in fair physical condition. The University of New Hampshire subsequently demolished the improvements.

As of the date of this appraisal, the subject not for sale or under contract to sell. However, the purpose of this appraisal is to estimate market value for a possible sale.

SITE DESCRIPTION

The subject property consists of a 1.18 acre site located at 66 Main Street in the town of Durham, Strafford County, New Hampshire. The subject site is described in more detail as follows:

ACREAGE:	1.18 acres
MAP/LOT:	Map 2, Lot 14-2UNH
FRONTAGE:	355 feet along Main Street
ZONING:	Central Business District
UTILITIES:	Public water sewer available
TOPOGRAPHY:	Mostly level
SHAPE:	Irregular
GRADE:	Above grade with Main Street
ACCESS:	Good from Main Street
VISIBILITY:	Good from Main Street
EASEMENTS/ ENCROACHMENTS:	There are no known easements or encroachments that impact the utility of the subject.
PRESENCE OF TOXIC WASTES:	This appraisal assumes no contamination. See Limiting Condition #4.
FLOOD STATEMENT:	According to the FEMA's Flood Insurance Rate Map #33017C0318E, dated September 30, 2015, the subject <i>appears</i> to be located outside of the 100 and 500-year flood hazard areas (See Exhibit G – Flood Map).

EXHIBIT G – FLOOD INSURANCE RATE MAP



ASSESSMENT AND TAX DATA

The town of Durham currently assesses the subject property as follows:

Map/Lot	Land	Building	Total
2/14-2UNH	\$2,008,300	\$0	\$2,008,300

The current 2018 tax rate for the town of Durham is \$26.80 per \$1,000 of assessed value. Based on the current tax rate and assessment, the total annual real estate tax expense is \$53,822. However, the University of New Hampshire is exempt from local property taxes.

The most recent 2018 equalization ratio for Durham is 97.6%, indicating an equalized assessment of \$2,057,684. Based on the market estimate in this appraisal, the subject's is fairly assessed.

ZONING

The subject is located in Durham's Central Business District. Permitted uses within the CBD zone include educational facilities, library, museum, hotel restaurant, craft shop, gallery, medical clinic, retail, bank, office, theater, and repair service, child care, adult day care, art center, hotel, restaurant, retail, bank, medical clinic and office.

Dimensional requirements for the Central Business district are as follows:

1. Minimum lot size - 5,000 SF
2. Minimum Lot Area/Dwelling - 450 SF
3. Minimum frontage - 50 feet
4. Minimum Height - 2 stories
5. Maximum Height - 4 stories

According to town planner Michael Behrendt, there have been several recent zoning changes that allow for more flexibility in development in the Central Business District.

Development in the Central Business District requires ground floor retail or office. If a development is three stories, 33.3% of the floor area must be retail/office. For a four-story building, 50% must be retail or office. Zoning prior to the recent 2018 changes indicated that retail and commercial development would be by floor.

Recent changes to occupancy requirements allow residential development at a rate of one person per 300 SF for multi tenanted apartment units in mixed use developments. This density is a change from 600 SF per tenant which was enacted in 2014. Prior to 2014, the density requirement was no more than 1 person per 300 SF and prior to 2013, 1.5 people per 300 SF.

The minimum lot area per dwelling was recently changed in 2018 to 450 SF of lot area from 1,200 SF of lot area, resulting and increase in allowed density.

The subject site conforms to current zoning.

HIGHEST AND BEST USE

The first step in the valuation process involves the determination of the highest and best use of the property. Establishing the highest and best use provides the framework from which to value a property, by establishing the most probable and profitable use, market, and the most likely user of the real estate being valued.

Highest and Best Use is defined as follows:

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are:

1. legal permissibility
2. physical possibility
3. financial feasibility, and
4. maximum productivity.”

Source: *The Dictionary of Real Estate Appraisal*, 6th Edition © 2015; The Appraisal Institute

The highest and best use of a property is analyzed in two ways: the subject site as though vacant and ready to be improved; and as presently improved as of the date of the appraisal. The purpose of the “as vacant” analysis is to determine the ideal use for the site, given its unique location, size, zoning, neighboring properties, and economic conditions. The highest and best use conclusion, as vacant, is generally the use that would yield the highest land value and return to the developer in the current marketplace. In making a determination of highest and best use, such factors as market conditions, supply and demand, and financial feasibility must all be considered and weighted in the final conclusion.

The analysis of the highest and best use, as improved, compares the site’s actual improvements to the “as vacant” conclusion. Variations between the actual and the ideal improvements for a particular site may result in some diminution in value as a result of functional or external obsolescence. In general, properties that are improved in accordance with their highest and best use will command the highest price, or a price that is near or above replacement cost. Properties that are not improved to their highest and best use may require renovation, if financially feasible. Otherwise, such properties may suffer from a form of functional obsolescence that is not curable, or financially feasible to change.

This Highest and Best Use discussion assists in determining the most appropriate buyer and marketplace for the subject, as well as the most appropriate market data from which to derive a market

value estimate. In general, properties are to be appraised according to their highest and best use, or the use that yields the highest value.

The subject property is a 1.18 acre site located in downtown Durham, New Hampshire. Surrounding development includes commercial properties, mixed use properties with ground floor commercial and upper level residences or offices, a parking lot and University of New Hampshire dormitories. The site is located in Durham's Central Business District, which allows for mixed use and commercial uses including retail, restaurant, offices, hotel, child care, upper level residences and elder services. Much of the recent development in the downtown market has been multi story mixed use properties with ground floor commercial and upper level residences, marketed to students. All of this development occurred under Durham's previous zoning regulations, which allowed for higher density residential development than is currently allowed. Two proposed developments are currently in the approval process with the town of Durham, and can be developed under the former, less restrictive, zoning. Both of these developments will include ground floor commercial and upper level student housing.

In reconciling to a highest and best use for the subject site, the surrounding development and allowed uses with the Central Business District are considered. As previously discussed, recent development has been mixed use, with ground floor retail/office and upper level student apartments. Most of the apartments are three to five bedrooms, configured for three to six students, and maximize the density allowed under previous zoning regulations. For the subject, under the new zoning regulations, apartments are subject to the 300 SF per tenant restriction, depending on height and other development details. However, due to the large amount of recent and proposed development, there appears to be an oversupply of ground floor retail and office space. Therefore, mixed use development with ground floor retail/office and upper level multi-tenant apartments no longer appears to be feasible, and does not appear to be the highest and best use of the site.

Mixed Use development with micro residential units would also be allowed. If a residential unit is occupied by just one tenant, the unit can be 400 SF, according to current zoning. This would allow for the maximum number of residential units to be constructed.

Office is also allowed in the CBD. However, as previously noted, there is a large supply of newer office and retail in the subject market, and many offices have experienced extended vacancy. Rents and demand for office in downtown Durham does not support new office construction.

Hotel and restaurant are also allowed uses in the CBD. Under current zoning, a building housing a hotel or hotel and restaurant can be four stories. This use would conform to zoning and be compatible with surrounding uses. The financial feasibility of a specific hotel concept is beyond the scope of this appraisal. However, several hotel projects have been developed throughout the region in recent years.

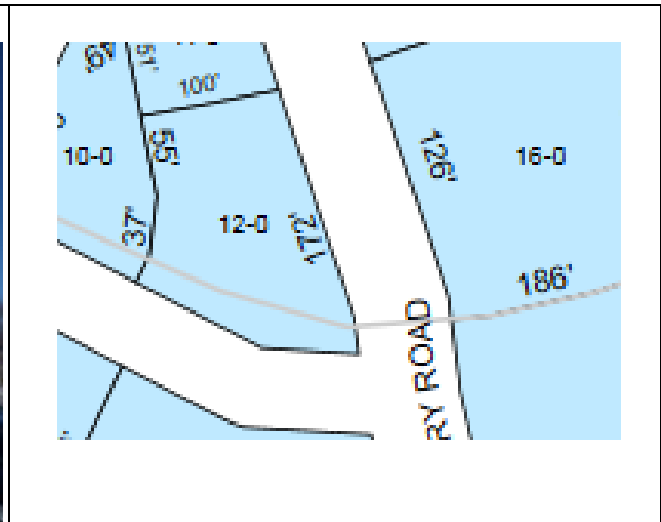
Educational facilities are allowed in the Central Business Zone. Given the proximity to the university, this is a feasible use that would be compatible with the surrounding neighborhood.

APPRAISAL PROCESS

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property on an “as is” basis. In the completion of this appraisal, all applicable approaches to value have been considered. In the valuation of vacant land, the Sales Comparison Approach is typically the only applicable indication of market value and is the only approach presented in this report.

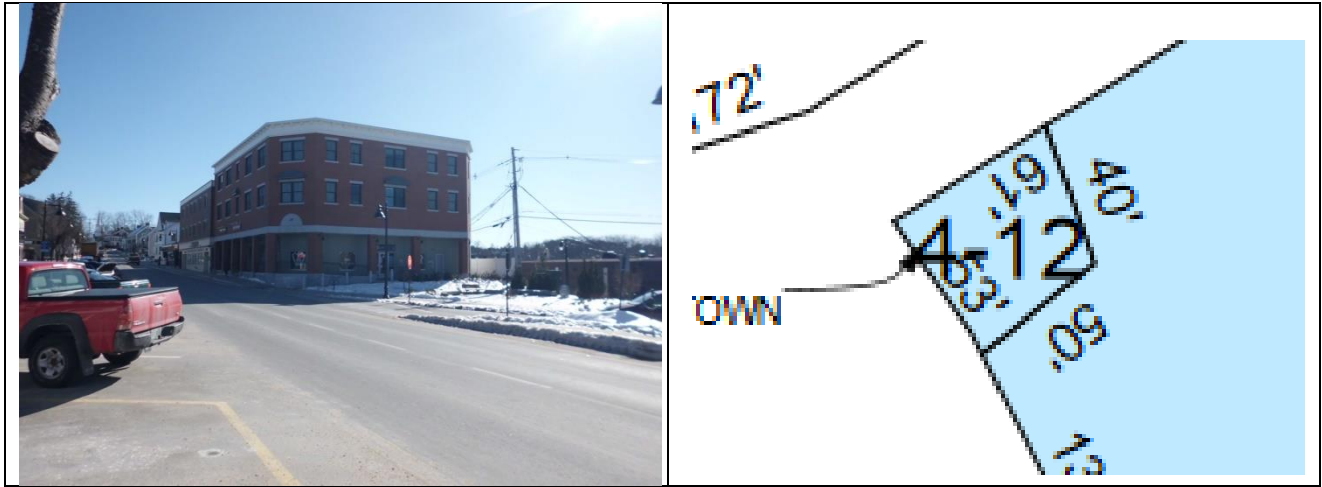
SALES APPROACH

The Sales Comparison Approach provides a value estimate based on the analysis of recent sales data. Several of the most recent sales of physically similar land parcels available within the subject market are summarized on the following pages. The comparables will be compared on a price per acre basis, as this unit of comparison indicates the greatest consistency.



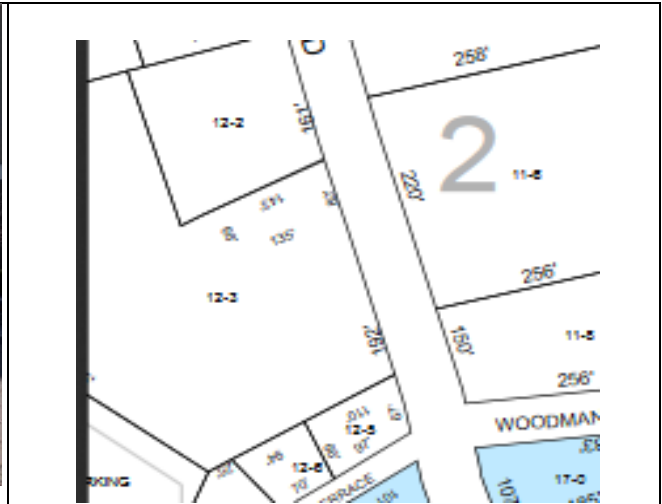
SALE COMPARABLE NO. 1

LOCATION:	9 Madbury Road, Durham, New Hampshire
GRANTOR:	CWC Properties
GRANTEE:	9 Madbury Road, LLC
SALE PRICE:	\$987,500
DATE OF SALE:	November 4, 2010
BOOK/PAGE:	3878/204
LAND DATA:	0.35 Acres
PRICE PER ACRE:	\$2,821,429 per acre
COMMENTS:	Site is located at the corner of Madbury Road and Pettee Brook Lane. At time of purchase was improved with a 3 story, 3 unit commercial building in fair condition. Buyer demolished improvements and constructed a four story, 32,500 SF mixed use building. Commercial space is on first and fourth floor, second and third floor contains (16) four bedroom apartments.
CONFIRMATION:	Representative of Grantee



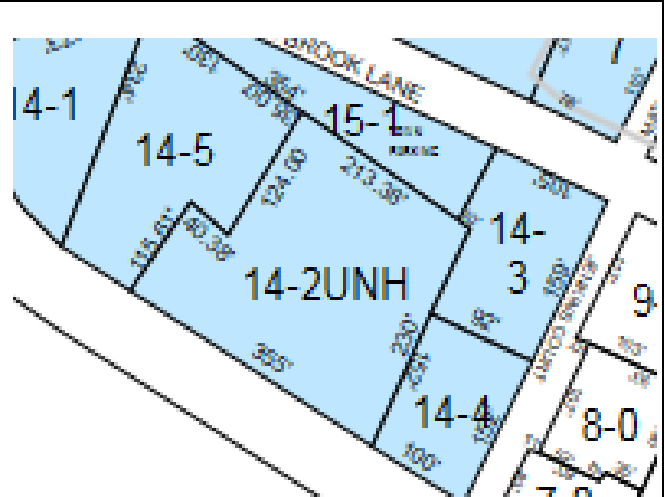
SALE COMPARABLE NO. 2

LOCATION:	49 Main Street, Durham, New Hampshire
GRANTOR:	Norman Menard
GRANTEE:	Mary Kyrils, LLC
SALE PRICE:	\$650,000
DATE OF SALE:	May 20, 2013
BOOK/PAGE:	4132/231
LAND DATA:	0.12 acres
PRICE PER ACRE:	\$5,416,667 per acre
COMMENTS:	Property was improved with a 3,500+/- SF one story commercial building with partially finished basement and 5 parking spaces adjacent to the building. Buyer redeveloped the site with a three story, 12,000 SF building containing ground floor commercial and 6 upper level student apartments.
CONFIRMATION:	Grantee's Representative



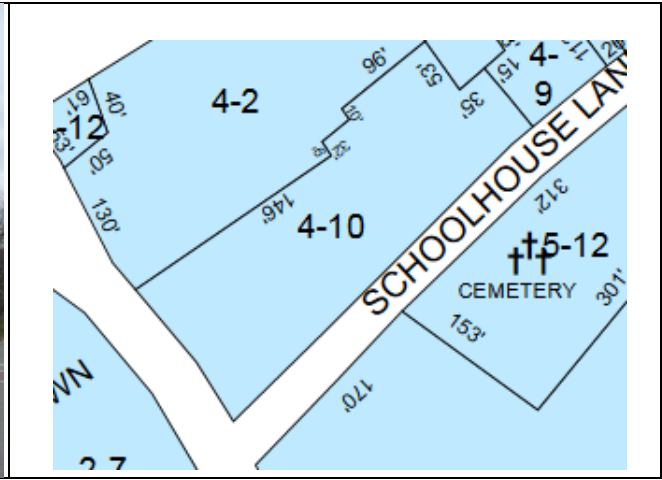
SALE COMPARABLE NO. 3

LOCATION:	17-21 Madbury Road, Durham, New Hampshire
GRANTOR:	Jessie and June Gangwer R.T of 2011 & Rose Lawn Properties, LLC
GRANTEE:	GP Madbury 17, LLC
SALE PRICE:	\$3,100,000 total (Lot 1 - \$800,000, Lot 2 - \$2,300,000)
DATE OF SALE:	Lot 1 – December 28, 2012 Lot 2 – June 6, 2014
BOOK/PAGE:	4084/888
LAND DATA:	2.60 acres total (Lot 1-0.22 Acres; Lot 2 – 2.38 Acres)
PRICE PER ACRE:	\$1,192,308 per acre
COMMENTS:	The sale is of two abutting properties owned by related parties. The buyer obtained approvals for the construction of 169,694 SF mixed use development with ground floor retail/office and 126 apartments housing 525 students.
CONFIRMATION:	Grantor



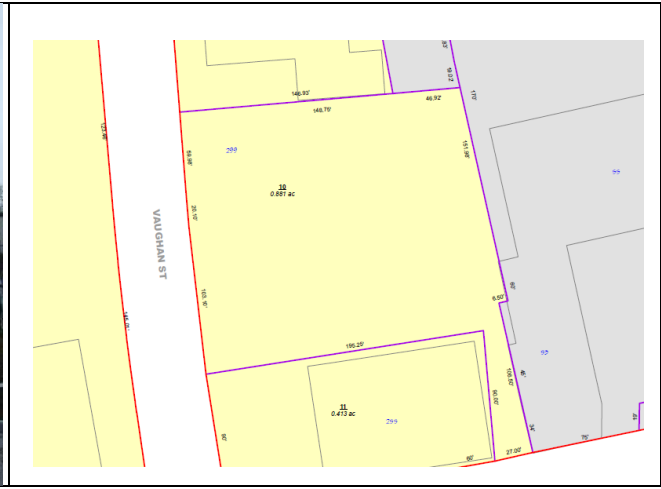
SALE COMPARABLE NO. 4

LOCATION:	66 Main Street, Durham, New Hampshire
GRANTOR:	Gamma Theta Corporation
GRANTEE:	University of New Hampshire
SALE PRICE:	\$2,100,000
ADJUSTED SALE PRICE:	\$2,750,000
DATE OF SALE:	September 23, 2014
BOOK/PAGE:	4244/383
LAND DATA:	1.18 acres
PRICE PER ACRE:	\$2,330,508 per acre
COMMENTS:	This sale is part of a two property deal, which entailed the University purchasing this parcel for \$2,100,000 plus the swap of a of a University owned property along Garrison Avenue in Durham valued at \$650,000, resulting in an adjusted price of \$2,750,000. This site is located along Main Street in downtown Durham, NH. At time of sale, the subject was improved with a 2 and 3 story wood frame structure that was a former fraternity, in poor physical condition. The buyer razed the structure.
CONFIRMATION:	Representative of the Grantee



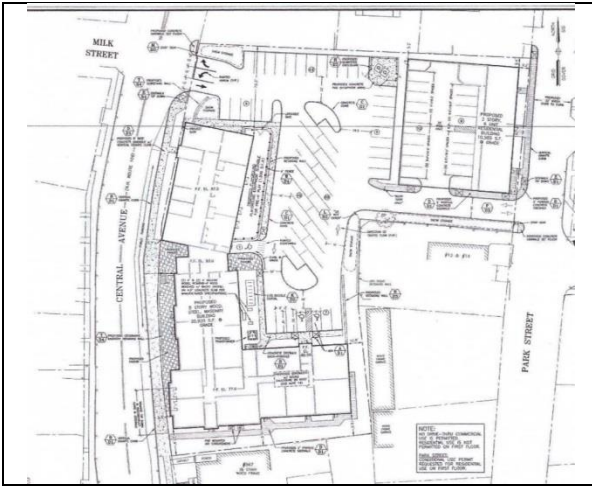
SALE COMPARABLE NO. 5

<p>LOCATION: GRANTOR: GRANTEE: SALE PRICE: DATE OF SALE: BOOK/PAGE: LAND DATA: PRICE PER ACRE: COMMENTS:</p>	<p>15 Newmarket Road, Durham, New Hampshire Town of Durham THMB, LLC \$650,000 August 13, 2015 4316/133 0.95 acres \$684,211 per acre Town relocated to property located across the street. Purchased for owner-occupancy by Applied GeoSolutions, who will gut and renovate the property prior to occupancy. Property includes large parking lot. Town of Durham retained an easement to use a 3,750 SF portion of site for parking. Buyer plans to lease additional parking to an abutter and students.</p>
<p>CONFIRMATION:</p>	<p>Grantee – Carrie Salas</p>



SALE COMPARABLE NO. 6

LOCATION:	299 Vaughan Street, Portsmouth, New Hampshire
GRANTOR:	GSM Realty Trust and Sanel, Inc.
GRANTEE:	299 Vaughan Street LLC
SALE PRICE:	\$3,720,000
DATE OF SALE:	May 2, 2013 & August 25, 2017
BOOK/PAGE:	5434/2905 & 5848/129
MAP/LOT:	124/10, 124/11 and 123/15
LAND DATA:	2.28 acres; 1.29 usable acres (two lots)
ZONING:	Central Business A
FRONTAGE:	183' along Vaughan Street 23' along Green Street
PRICE PER ACRE:	\$1,631,579 per acre
COMMENTS:	Property is an assemblage purchased with the intent of development as a hotel. Property was improved with several older industrial buildings that were demolished. Sold with conceptual plans for the development of a 143 room hotel with a 40,000 square foot footprint. Site has frontage along North Mill Pond. Located in Portsmouth's Northern Tier. Rear of the site is not considered usable due to irregular shape and wetland setbacks. Much of site falls within a flood plain, limiting development potential.
CONFIRMATION:	Broker – Greg Whalen

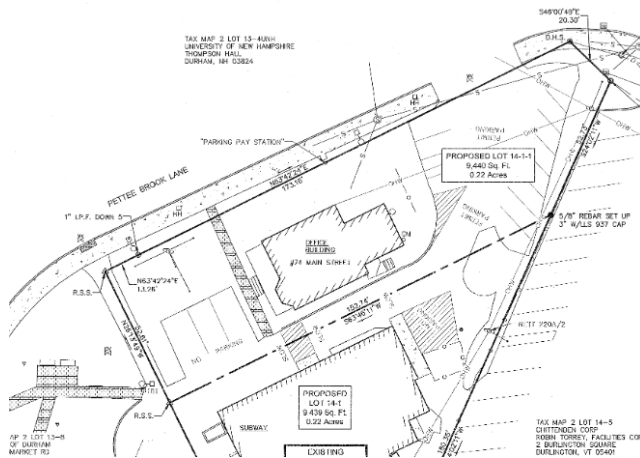


SALE COMPARABLE NO. 7

LOCATION: 575-577 Central Avenue, Dover, New Hampshire
GRANTOR: Roman Catholic Bishop St. Charles Parish Rectory
GRANTEE: The Housing Partnership
SALE PRICE: \$700,000
ADJUSTED SALE PRICE: \$930,000
DATE OF SALE: June 23, 2016
BOOK/PAGE: 4392/267
MAP/LOT: Map 27, Lots 2, 3, 4, 15
LAND DATA: 1.80 acres
ZONING: General Commercial
NUMBER OF UNITS: 46 garden apartments plus commercial space
PRICE PER ACRE: **\$516,667 per acre**

COMMENTS: The property was listed for sale since April 2011, originally at \$1.75 million. With no successfully negotiated redevelopment concepts for the site, the asking price was reduced over time, most recently to \$850,000. The Housing Partnership gained approvals for the development of a new building to be known as Bradley Commons. This two building mixed-use redevelopment with 46+/- residential units is currently estimated to have a building area of 68,895 square feet with significant frontage along Central Avenue with garage and surface parking to the rear of the site. Site redevelopment requires demolition of a large existing church and rectory buildings, estimated to cost \$230,000.

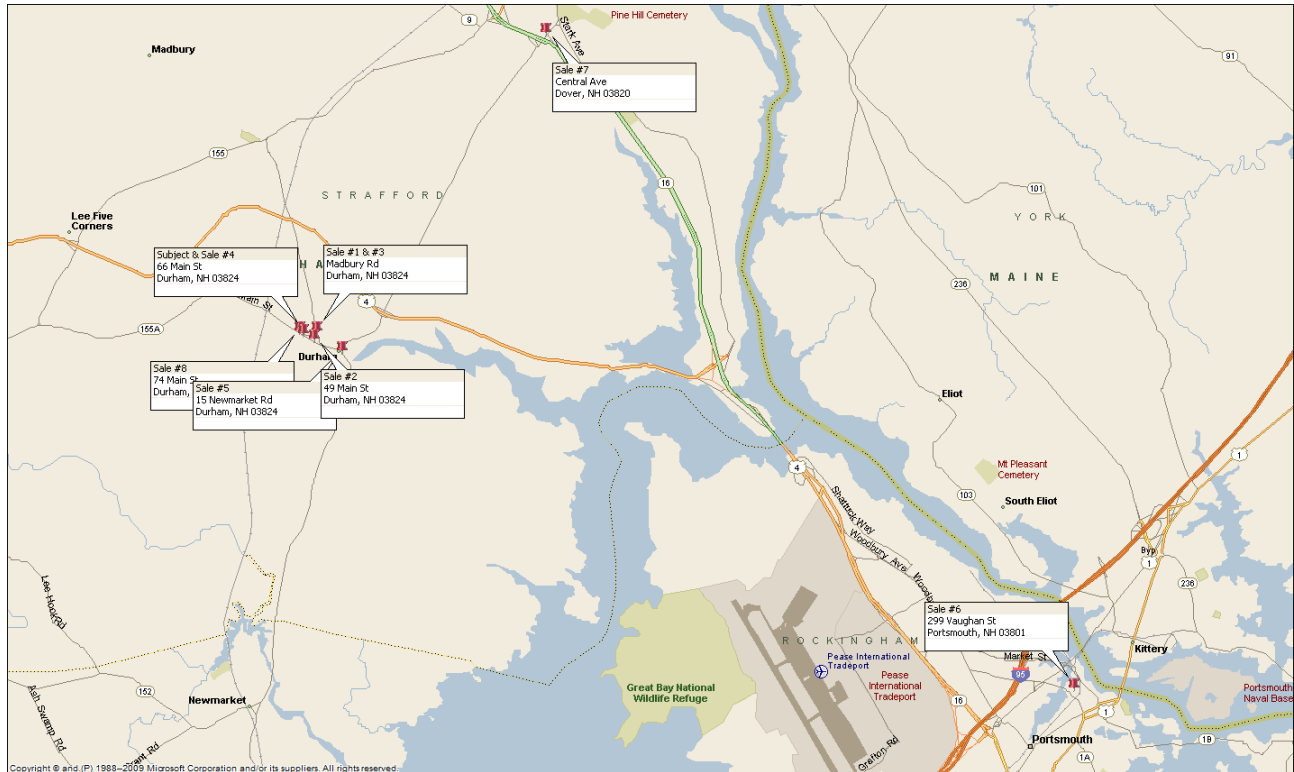
CONFIRMATION: Broker for sale – Christian Stallkamp; Grantee – Marty Chapman



SALE COMPARABLE NO. 8

LOCATION:	74 Main Street, Durham, New Hampshire
GRANTOR:	Town and Campus, Inc.
GRANTEE:	Clark Properties, LLC
SALE PRICE:	\$800,000
DATE OF SALE:	October 11, 2018
BOOK/PAGE:	4607/835
MAP/LOT:	Map 2, Lot 14-1-1
LAND DATA:	0.22 acres
ZONING:	CBD – Central Business District
PRICE PER ACRE:	\$3,636,363 per acre
COMMENTS:	This site was recently subdivided from a larger 0.433 acre site. It is improved with a 4,334 SF, 2.5 story wood frame building occupied as ground floor office and upper level residential apartment. The buyer purchased the site with the intent of obtaining approvals and constructing a four story, 27,200 SF, mixed use building. As of February 2019, the approval process was ongoing.
CONFIRMATION:	Appraiser for sale

EXHIBIT H - IMPROVED SALES MAP



Analysis of Comparable Sales

Eight sales of sites for development are presented on the previous pages. In searching for comparables, emphasis was placed on finding sales of similar size sites in downtown Durham. Due to the limited number of sales in Durham, sales of urban sites in surrounding communities were also researched. The sales are analyzed on a price per acre basis. The sales presented indicate a broad range of prices from \$516,667 to \$5,416,677 per acre, before adjustment.

Discussion of the Elements of Comparison

Elements of comparison include factors such as property rights conveyed, conditions of sale, financing, market conditions, location, size, frontage, zoning and existing improvements at the time of sale.

Property Rights is considered, as deed restrictions or encumbrances would have an impact on how the property can be developed, and therefore on the value. Seven of the transfers were similar to the subject and not adjusted. Sale No. 7 is the sale of a site from the Catholic Church with a deed

restriction prohibiting use of the property for the sale of alcohol or for medical procedures related to abortion. Since the development rights are restricted, this comparable is adjusted upward.

Conditions of sale refers to atypical aspects of a sale which may have contributed to a higher or lower sale price than would have otherwise been the case in a normal market transaction (i.e. foreclosure sale or sale to an atypically motivated buyer). No adjustments are necessary to the comparables presented.

Financing can affect the purchase price if extraordinary financing, in the way of a lower interest rate or high loan-to-value ratio, is obtained. No adjustments were necessary for financing.

Date of Sale/Market conditions for all types of commercial property demonstrated an upward trend in the past several years. The sales presented occurred since 2010. Due to the unique nature of the downtown Durham market, as well as the limited sales data available in downtown Durham, some older comparable sales are presented in this analysis. The Durham market experienced upward price trends through 2017, when several large projects were completed. More recently, the market has appeared to stabilize. Therefore, the sales presented are adjusted upward at a rate of 2.5% annually through 2017 to reflect upward price trends.

Size may impact unit prices, with larger parcels often selling at a lower price per acre than smaller parcels, due higher development costs, a smaller pool of buyers, and quantity discounting.

The comparables range in size from 0.12 to 2.6 acres, bracketing the subject's 1.18 acre size. Comparable Nos. 1, 2 and 8 are adjusted downward for the substantially smaller size. Sale No. 3 is adjusted upward for larger size. Comparable No. 6 is significantly larger than the subject. However the usable acreage is similar to the subject, and the comparable is not adjusted. The remaining comparables are similar size and do not require adjustment.

Location is one of the most important considerations for any type of real estate. The subject is located in downtown Durham among mixed use properties and in close proximity to the University of New Hampshire campus. Comparable Nos. 1 through 4 and 8 are also located in this downtown market. Comparable No. 5 is located south of the downtown area, in a location that gets little foot traffic and is not convenient to the UNH campus. Comparable No. 6 is located in Portsmouth, New

Hampshire, in Portsmouth's downtown market and requires downward adjustment. Comparable No. 7 is located in Dover, New Hampshire, on the northern fringe of the downtown market and in an area of inferior foot traffic. This comparable is adjusted upward for location.

Frontage is also considered, as visibility, access, and retail exposure are important for any commercial property and impacts value. Five of the comparables offer similar frontage to the subject and are not adjusted. Comparable No. 1 is located on the corner of Madbury Road and Pettee Brook Lane and offers superior visibility. Comparable No. 8 is located at the intersection of Pettee Brook Lane and Main Street, and also has superior visibility. These comparables are adjusted downward. Comparable No. 6 is located on a secondary road, with little vehicle and pedestrian traffic and is adjusted upward for frontage.

Zoning is considered, as local zoning dictates how a property can be developed. Comparable Nos. 1 through 4 are all in the same zone as the subject. However, these sites were purchased at a time when the zoning was less restrictive, enabling greater development density. These comparables are adjusted downward. Comparable No. 5 is in the more restrictive Church Hill zone and adjusted upward. Comparable Nos. 6 and 7 are in zones similar to the subject and are not adjusted. Comparable No. 8 is a recent sale in the same zone as the subject, and therefore, is not adjusted.

Site Improvements are considered, as costs associated with demolition, or use of existing improvements can impact price. Comparable Nos. 1, 3, 4 and 6 had minor improvements to be demolished and are adjusted upward. Comparable No. 2 was the purchase of an existing retail center that was added on to, and a portion of the structure was used. This comparable is adjusted downward to reflect savings gained. Comparable Nos. 5 and 8 are sites with existing structures purchased for redevelopment. These comparable are adjusted at a lesser rate, as the existing improvements had little contribution to values.

The adjustment grid presented below summarizes the adjustments discussed above and calculates an adjusted price for each comparable sale.

Sales Comparison Approach Adjustment Summary Grid

Subject	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8
66 Main St. Durham, NH	9 Madbury Rd Durham, NH	49 Main St. Durham, NH	17-21 Madbury Rd Durham, NH	66 Main St. Durham, NH	15 Newmarket Rd. Durham, NH	299 Vaughn St. Portsmouth, NH	575 Central Ave. Dover, NH	72 Main Street Durham, NH
	\$987,500 \$987,500 0.35	\$650,000 \$650,000 0.12	\$3,100,000 \$3,100,000 2.38	\$2,100,000 \$2,750,000 1.18	\$650,000 \$650,000 0.95	\$3,720,000 \$3,720,000 2.28	\$700,000 \$930,000 1.80	\$800,000 \$800,000 0.22
Sale Price / Acre	\$2,821,429	\$5,416,667	\$1,302,521	\$2,330,508	\$684,211	\$1,631,579	\$516,667	\$3,636,364
Property Rights	Market	Market	Market	Market	Market	Market	Deed Restrictions	Market
Adjusted Price/Unit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%
Sale Conditions	Market	Market	Market	Market	Market	Market	Market	Market
Financing	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional
Adjusted Price/Acre	\$2,821,429	\$5,416,667	\$1,302,521	\$2,330,508	\$684,211	\$1,631,579	\$568,333	\$3,636,364
Date of Sale	Nov-10	May-13	Dec 12 & June 14	Sep-14	Aug-15	May 13 & Feb 17	Jun-16	Oct-18
Adjusted Price/Unit	\$3,315,179	\$5,958,333	\$1,400,210	\$2,505,297	\$718,421	\$1,713,158	\$582,542	\$3,636,364
Size	0.35 Acres	0.12 Acres	2.6 Acres	1.18 Acres	0.95 Acres	2.28 Acres	1.80 Acres	0.22 Acres
Location	Similar	Similar	Similar	Similar	Inferior	Superior	Inferior	Similar
Frontage	0%	0%	0%	0%	30%	-10%	25%	0%
Zoning	Superior	Similar	Similar	Similar	Similar	Inferior	Similar	Superior
Improvements	-10%	0%	0%	0%	0%	5%	0%	-10%
	CBD	CBD	CBD	CBD	CH- Church Hill	Central Business	General Commercial	CBD
	-20%	-20%	-20%	-20%	20%	0%	0%	0%
	Demolition	Existing Impr.	Demolition	Demolition	Existing Imp.	Demolition	Demolition	Existing Improvements
	5%	-20%	5%	5%	-10%	5%	0%	-10%
Net Adjustment	-50%	-70%	0%	-15%	40%	0%	30%	-50%
Adj. Price / Acre =	\$1,657,589	\$1,787,500	\$1,400,210	\$2,129,502	\$1,005,789	\$1,713,158	\$757,304	\$1,818,182
Rounded to:	\$1,658,000	\$1,788,000	\$1,400,000	\$2,130,000	\$1,006,000	\$1,713,000	\$757,000	\$1,818,000

Sales Comparison Approach Value Conclusion

The eight sales presented indicate a range of prices, from \$757,000 to \$2,130,000 per acre, after adjustment. Sale No. 7 is at the low end of the range. This is the sale of a property for mixed use development on the northern fringe of downtown Dover, New Hampshire. This sale falls well below the range of remaining comparables. Sale No. 5 is also at the low end of the range. This is the sale of a site and building located south of downtown Durham, in an area of little pedestrian traffic. Sale No. 4 is at the high end of the range presented. This is the 2014 sale of the subject parcel which also involved the swap of another property in Durham. The University was also considered to be atypically motivated to remove the existing abandoned building from the center of the Durham Campus and also control the future development of the site. Sale Nos. 1, 2, 3, 6 and 8 indicate a close range of prices from \$1,400,000 to \$2,000,000 per acre. Four of these sales are in the downtown Durham market.

In reconciling to a market value for the subject site, particular emphasis is placed on Sale Nos. 1, 2, 3 and 8, which indicate adjusted prices of \$1,658,000, \$1,788,000, \$1,400,000 and \$1,818,000 per acre, respectively. In addition to the 2014 sale of the subject, these four comparables are the most recent sales that have occurred in downtown. Sale No. 8 is a recent 2018 sale of a site in close proximity to the subject.

Considering the subject site's good location, the lack of available land in downtown Durham, and with also considering projects that are being proposed, a unit value of \$1,800,000 per acre, at the high end of the prevailing range indicated by the comparables, is concluded for the subject property. The subject's concluded market value, via the sales comparison analysis, is presented below.

SALES COMPARISON APPROACH MARKET VALUE CONCLUSION

VACANT LAND

66 MAIN STREET

DURHAM, NEW HAMPSHIRE

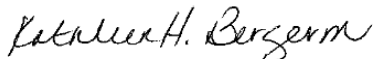
\$1,800,000 PER ACRE X 1.18 ACRES = \$2,124,000, ROUNDED TO: \$2,120,000

TWO MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

CERTIFICATION

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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have previously appraised the property within the past three years.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 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, Kathleen H. Bergeron has completed the continuing education program for Designated Members of the Appraisal Institute.



Kathleen Holden Bergeron, MAI
NHCG – 595

February 18, 2019
Date

QUALIFICATIONS OF KATHLEEN HOLDEN BERGERON, MAI

PROFESSIONAL MEMBERSHIPS:

Appraisal Institute - MAI Designation
New Hampshire Chapter of the Appraisal Institute

STATE LICENSES:

New Hampshire State Certified General Appraiser - # 595

EXPERIENCE:

2000 - Present	Bergeron Commercial Appraisal Commercial Appraiser
1999 – 2000	F & M Appraisal Group, Inc. Commercial Appraiser

EDUCATION:

University of New Hampshire, Whittemore School of Business and Economics - BS degree, Business Administration

APPRAISAL EDUCATION:

Appraisal Principles – Exam 110
Appraisal Procedures – Exam 120
Basic Income Capitalization - Exam 310
Standards of Professional Practice A & B - Exams 410 & 420
Advanced Income Capitalization - Exam 510
Advanced Cost & Sales Comparison – Exam 530
Report Writing and Valuation Analysis – Exam 540
Advanced Applications – Exam 550
Highest & Best Use Analysis – Exam 520
Attacking and Defending Appraisals in Litigation – Ted Whitmer
Business Practice and Ethics
Apartment Appraisal Concepts and Applications
Marshall & Swift Commercial Cost Analysis
Subdivision Analysis
Real Estate Finance, Statistics, and Valuation Modeling

APPRAISAL ASSIGNMENTS:

Real estate appraisal experience includes the following: commercial land and residential subdivisions; apartment complexes; retail properties, including neighborhood and community shopping centers; proposed construction; mixed-use properties; industrial properties; manufacturing facilities; office properties, and; special use assignments, including restaurants, going-concern values, feasibility analyses, auto dealerships and LIHTC affordable housing properties.

Appendix A: Engagement Letter

BERGERON COMMERCIAL APPRAISAL

CONSULTANTS IN REAL ESTATE VALUATION

487 State Street
Portsmouth, New Hampshire 03801
(603) 436-3009
www.bergeronappraisal.com

February 7, 2019

Ms. Catherine A. Provencher, CPA
Vice Chancellor for Financial Affairs and Treasurer
University System of New Hampshire
5 Chenell Drive, Suite 301
Concord, New Hampshire 03301
Via e-mail: Catherine.provencher@usnh.edu

Dear Ms. Provencher:

Bergeron Commercial Appraisal would like to submit the following proposal in response to your request for appraisal services:

1. To provide a narrative appraisal of the following property:

**Vacant Land
66 Main Street (Map 2, Lot 14/2UNH)
Durham, New Hampshire**

2. The purpose of this assignment is to estimate the "as is" market value of the property. The scope of the appraisal will include the completion of all applicable approaches to value (most likely Sales Comparison Approach only). The intended use of this appraisal is to assist the University System of New Hampshire with valuation for a possible sale.
3. Delivery of the completed narrative appraisal will be within 2 weeks of engagement.
4. The fee for completion of the narrative appraisal report is **\$2,800**. If the appraisal is cancelled prior to completion, the client will be invoiced at a rate of \$250 per hour for work completed, to date. Any subsequent analysis, appraisal review, court preparation, or testimony requested after the completed appraisal will be invoiced under a separate contract at a rate of \$250 per hour.
5. The appraisal will be addressed to the University System of NH (USNH). The USNH will be responsible for payment of the completed appraisal within 30 days of delivery of the completed appraisal.
6. The appraisal will be completed by either Stephen J. Bergeron, MAI, or Kathleen H. Bergeron, MAI, who are Certified General Appraisers in the state of New Hampshire. This appraisal will be developed and prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Code of Professional Ethics.

Thank you for the opportunity to bid on this assignment. Please feel free to contact me if you have any questions, or if you feel any modifications are needed to this proposal. To accept the terms of this proposal, please sign and date below.

Sincerely,



Stephen J. Bergeron, MAI
Bergeron Commercial Appraisal
Date: February 7, 2019

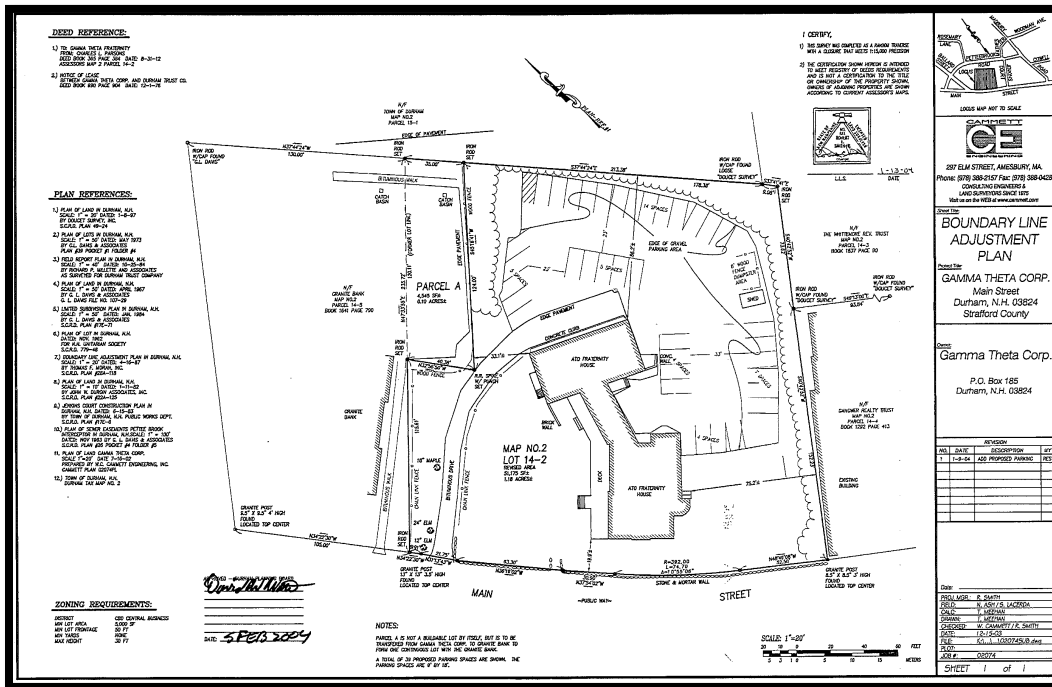
Accepted by:



Ms. Catherine Provencher
Vice Chancellor for Financial Affairs and
Treasurer
University System of NH

Date: 2/7/2019

APPRAISAL REPORT



1.18 ACRES OF VACANT LAND

LOCATION
66 MAIN STREET
DURHAM, NEW HAMPSHIRE

OWNER
UNIVERSITY SYSTEM OF NEW HAMPSHIRE

CLIENT
ELLIOTT SIDEWALK COMMUNITIES

PREPARED BY
THE STANHOPE GROUP
NOBLE'S ISLAND – UNIT 1C
500 MARKET STREET
PORTSMOUTH, NEW HAMPSHIRE 03801

STANHOPE GROUP FILE #181173
VALUE ESTIMATE AS OF JANUARY 29, 2019



THE STANHOPE GROUP LLC
Appraisers and Consultants

Certified General
Appraisers

Peter E. Stanhope
G. Andrew Clear
Peter Knight
John Madden

January 31, 2019

Mr. Jim Flannery
Elliott Sidewalk Communities
909 Ridgebrook Road
Suite 216
Sparks, Maryland 21152

Certified Residential
Appraisers

Laurie Larocque
Ann Norman-Sydow
Jeffrey Wood
Victoria Stanhope
David Michaud
Debra West

RE: 66 Main Street
Durham, New Hampshire
Stanhope Group File #181173

Appraisers

Peter Bride
Eric Duca
Julia Morris

Dear Mr. Flannery:

In accordance with your request for appraisal services, I have completed an appraisal on the real estate referenced above. This appraisal is presented in an *Appraisal Report* format. This appraisal report summarizes my *Assignment Results*. It is prepared in accordance with the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

As a result of my investigation and analysis of the data contained in this report and in my work file, I find the most probable “as is” market value of the subject property, in fee simple, as of January 29, 2019 based upon the scope of work outlined on page 8-9 to be:

**One Million Nine Hundred Seventy Thousand Dollars
(\$1,970,000)**

Extraordinary Assumption (An extraordinary assumption is defined by USPAP as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusion):

- **The subject property has no development approvals in place or completed engineering with regard to development potential. The client has provided the appraiser with a conceptual development plan. That plan shows development of the site with two, two and three-story buildings with 86 parking spaces beneath the two buildings. Some consideration of this plan has gone into the subject’s highest and best use analysis.**

Hypothetical Condition (A hypothetical condition is defined by USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis):

- The subject site has no subsurface conditions that would require any more than normal site work to prepare it for development to its highest and best use.

Probability of Value Change:

The estimated market value of the property appraised in this report is estimated as of the aforementioned date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a new appraisal.

The value indicated is subject to the General Assumptions and General Limiting Conditions located at the end of the report.

Sincerely,



Peter A. Knight, NHCG-606
Director-Commercial Division

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ADDENDA

- Area Map
- Municipal Tax Card
- Municipal Tax Map
- Site Plan
- Legal Description
- Conceptual Development Plan
- Severino Site Work Quote
- Comparable Sales Location Maps
- Appraiser Qualifications
- Appraiser License

ASSIGNMENT ELEMENTS

SUBJECT:	1.18 Acres of Vacant Land 66 Main Street, Durham, N.H. Town of Durham Map 2 / Lot 14-2UNH
REPORT TYPE:	<i>Appraisal Report</i> Defined as a written report prepared under Standards Rule 2-2(a) performed under Standard 1 of the Uniform Standards of Professional Appraisal Practice (USPAP).
DATE OF INSPECTION:	January 29, 2019
DATE OF VALUE:	January 29, 2019
DATE OF REPORT:	January 31, 2019
INSPECTION:	Inspection refers to the appraiser's general tour of the property and observations. This term is not intended to convey a complete and detailed examination of the real estate.
PROPERTY RIGHTS:	<i>Fee Simple Interest</i> A fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat. (<u>The Dictionary of Real Estate Appraisal</u> , 4 th Ed., Appraisal Institute, 2002.).
VALUE TYPE:	Market Value
ASSIGNMENT COND:	<i>Extraordinary Assumptions</i> – See Report <i>Hypothetical Conditions</i> – See Report <i>Jurisdictional Exceptions</i> – None
CLIENT:	Elliott Sidewalk Communities
INTENDED USERS:	Elliott Sidewalk Communities University of New Hampshire
PROBLEM TO BE SOLVED:	The purpose of this appraisal assignment is to estimate the most probable "as is" market value in fee simple of the subject property.
USE:	The function of this appraisal is to provide the client an opinion of market value to assist in negotiating a potential acquisition from the University System of New Hampshire. The appraiser does not intend use of this appraisal by any other party than those disclosed above, or for any other purpose by the client.

DEFINITION OF MARKET VALUE

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. The buyer and seller are typically motivated;
2. Both of the parties are well informed or well advised, and are each acting in what they consider to be their own best interest;
3. A reasonable period of 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 arrangement 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.

The definition of market value was taken from the Department of the Treasury, Office of the Comptroller of the Currency, 12CFR Part 34, dated 8/24/90 (Section 34.42 Definitions)

Market Value Comments: The factors of utility, scarcity, desire and effective purchasing power is apparent in the definition. The implication that buyer and seller are working under equal pressure is seldom completely true, although typical motivation for each does imply a reasonable balance for a market value transaction. Market prices do not necessarily follow all of these concepts, and are often affected by salesmanship and the urgency and need of the buyer and/or seller. The central difference between market price and market value lies in the premise of knowledge and willingness both of which are contemplated in market value, but not in market price. Stated differently, at any given moment of time, market value denotes what a property is actually worth under certain specified conditions, while market price denotes the actual sales price.

Probability of Value Change: The estimated market value of the property appraised in this report is estimated as of the aforementioned date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a new appraisal.

SCOPE OF WORK

According to the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP), for each appraisal assignment an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

In order to determine the appropriate scope of work, the appraiser must properly identify the problem to be solved. That scope of work must be sufficient to produce assignment results that are credible. For a scope of work to be acceptable, it must meet or exceed:

1. The expectations of parties who are regularly intended users for similar assignment; and
2. What an appraiser's peers' actions would be in performing the same or a similar assignment.

Identification of Relevant Property Characteristics

Physical

- The appraiser will inspect the site at a level necessary to gather information about the physical characteristics that are relevant in the valuation problem.
- The appraiser will interview representatives of the property owner.
- The appraiser will review available public information.

Legal

- The appraiser will review and rely on the legal description provided.
- The appraiser will examine the municipal tax card, tax map, and fully review all pertinent ordinances relevant to the property.
- The appraiser will interview various town of Durham officials.

Economic

- The appraiser will analyze the downtown Durham market.
- The appraiser will review the conceptual development plan provided by the client.

Development of the Highest and Best Use Opinion(s)

In developing an opinion of highest and best use, the appraiser applied the four tests (physically possible, legally permissible, financially feasible, and maximally productive) with research into each factor, testing for feasibility.

Application of the Three Approaches to Value

The **Cost Approach** was considered but not developed. The approach is not relevant in the valuation of vacant land.

The **Sales Comparison Approach** was fully developed. The appraiser was able to identify and confirm a number of downtown Durham commercial land sales. With the proper analysis, the approach produced a credible and reliable opinion of market value.

The **Income Approach** was considered but not developed. The appraiser's 20 years of experience in analyzing downtown Durham land sales indicated parcels are always purchased for development, and not lease to another party for development. As a result, this approach is not relevant.

Reporting Type

The results of this appraisal assignment are being reported as an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated.

Sources of Information Included:

- Physical inspection of the property performed on January 29, 2019
- Prior appraisal of the subject
- Jim Flannery of Elliott Sidewalk Communities
- Mike Mason, Director of Facilities-Asset Management, UNH
- Michael Behrendt, Durham Town Planner
- Town of Durham Assessor's Office, Tax Collector's Office, Planning and Code Enforcement Department
- Town of Durham Ordinances
- Town of Durham Planning Files
- NECPE
- Appraiser's Files, Published Data

HAZARDOUS CONDITIONS

An opinion as to the extent of any hazardous waste on the subject properties and any associated removal and/or remediation costs is beyond the scope of this assignment and the expertise of the appraiser. The appraiser lacks the knowledge and experience with respect to the detection and measurement of hazardous substances. However, any visual or obviously known hazardous substances affecting the property will be reported.

No environmental report was provided by the client or property owner. An on-site inspection revealed no apparent environmental issues.

COMPETENCY STATEMENT

The appraiser has been performing valuation work throughout the State of New Hampshire since 1998. During that time numerous assignments have been completed involving commercial development parcels. The appraiser has completed numerous assignments in downtown Durham. The appraiser is competent from both a geographical and property type perspective. In addition, this appraisal has been performed in a competent manner. No professional experience or other steps were required to meet the competency expectations of USPAP.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumption (An extraordinary assumption is defined by USPAP as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusion):

- **The subject property has no development approvals in place or completed engineering with regard to development potential. The client has provided the appraiser with a conceptual development plan. That plan shows development of the site with two, single-story retail buildings totaling 17,950 square feet and 55 surface parking spaces. Access would be via one curb cut from Main Street. Some consideration of this plan has gone into the subject's highest and best use analysis.**

Hypothetical Condition (A hypothetical condition is defined by USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis):

- **The subject site has no subsurface conditions that would require any more than normal site work to prepare it for development to its highest and best use.**

DESCRIPTION OF THE MUNICIPALITY

Location:

The town of Durham is located in southeastern New Hampshire along the southeasterly border of Strafford County. The town of Durham is border by Madbury to the north, Lee to the west, Newmarket to the south and Great and Little Bays to the east. The city of Portsmouth is 12 miles to the southeast; the cities of Dover and Rochester are 5 and 12 miles, respectively to the north. The close proximity to Portsmouth and the town of Newington to the southeast makes Durham attractive for local commuters. The Atlantic Ocean is approximately 15 miles to the southeast. Both the Oyster River and the Lamprey River run through Durham. The town of Durham has a significant amount of frontage on the tidal portion of the Oyster River, Little Bay and Great Bay.

Size:

Durham contains 22.4 square miles of land area and 2.4 square miles of inland waterway.

Transportation:

Major transportation routes within the town include Federal Route 4 and State Routes 108, 155 and 155A. Route 4 is one of the primary east/west highways in southeastern New Hampshire and connects the city of Concord to the west with the Seacoast Region to the east. It is only two lanes and is becoming heavily traveled due to the continued growth in northern Rockingham and southern Strafford counties. Route 4 provides convenient access for Durham residents to the Spaulding Turnpike at Exit 5 and then Interstate 95 at Exit 5. Route 108 is also a two lane, heavily traveled road that provides access north to Dover and south to Exeter. Finally, Routes 155 and 155A are primarily local commuter roads to Lee and Madbury.

Population:

From 2010 to 2017, the town of Durham's population increased by 13%. This was significantly higher than the 4% overall increase for Strafford County. The median age of 20.8 is the lowest in the state as a result of the University of New Hampshire.

Demographics:

2016 inflation adjusted per capita and median household income was \$23,019 and \$67,241, respectively. Residential improvements as of 2016 included 2,247 single-family units and 1,429 multi-family units. The 2017 property valuation included 67% residential, 30% commercial, and 3% other. The 2017 civilian labor force totaled 9,113.

Government:

Durham has a Town Administrator/Town Council form of government. Members of all town boards are appointed.

Town Services:

Eversource and NH Electric Cooperative provide electricity. Municipal sewer serves a significant portion of the town. The system has the current capacity to treat 2.5 million gallons per day of effluent. When UNH is in session, they account for 1.3 to 1.4 million gallons. The Durham Water System provides municipal water to a significant portion of the town. Water comes from the town well in Lee and treated water from the UNH wastewater treatment plant.

Water is mixed from those two sources and then delivered to Durham residents. Natural gas provided by Unitil serves a portion of the town. Durham offers curbside trash pickup and has a mandatory recycling program. There are full-time police and fire departments. Durham, with the towns of Lee and Madbury is part of the Oyster River Cooperative School District. The nearest hospital is Wentworth-Douglass in Dover (5 miles). The nearest major commercial airport is in Manchester. The airport at Pease that is only several miles away has a very limited number of commercial flights.

Development:

For many years, Durham's downtown stagnated with no new development or redevelopment. This was a result of the town's very restrictive zoning and general culture of the town. The voting majority wished Durham not to change. However, with UNH not willing to build any new student housing, and the private stock continuing to get older and less appealing to a portion of the student population, change became inevitable. Starting in 2007 and continuing through today, a number of new developments have been completed that brought over 2,200 new student housing beds on line, as well as new first floor commercial space. Again, as a result of the significant downtown development, again the town and a significant portion of its citizenry is attempting to block market forces with restrictive zoning and attitudes.

DESCRIPTION OF THE LOCATION

The subject location is considered to be the core downtown district of Durham. This triangular section is bounded by Main Street, Garrison Avenue, and Madbury Road. The other main roads within the location include Strafford Avenue, Pettee Brook Lane, and Jenkins Court. Municipal water and sewer, and natural gas serve the area. Electricity, telephone and cable service are above ground and pole mounted. All of the streets have a sidewalk on one side or both. Zoning within the location is Professional Office and Central Business. The location is completely developed with no vacant parcels. To the north and east of the location are the main downtown single-family residential sections of Durham. To the south and west is the University of New Hampshire campus. Improvements within the location may be broken into several components that are geographically based. The first are those on Madbury Road. Traditionally, this was fraternity/sorority row. From Pettee Brook Lane to Garrison Avenue, both sides of Madbury Road are improved with primarily those structures. There is also some student housing mixed in. From Pettee Brook Lane to Main Street, improvements include St Thomas Moore Church, the United States Post Office, several mixed-use buildings and a municipal parking lot. Improvements along Garrison Avenue include several fraternities, student housing, UNH administrative buildings, and two UNH dormitories. Main Street is the main retail street of Durham. Traffic is one-way from Pettee Brook Lane to the Post Office. This street is improved with one, two and three-story buildings. The single-story buildings are retail, while the two and three-story buildings have retail on the first level and student apartments on the upper levels. The largest single improvement in the downtown area is Mill Plaza. This is a two-building retail strip shopping center. The main tenants are Durham Marketplace and Rite-Aid. There are a number of other local tenants.

DESCRIPTION OF THE MARKET AREA

According to the Dictionary of Real Estate Appraisal, a market area is defined as “the geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users.”

It is the appraiser’s opinion the market area consists of downtown Durham.

View:	Main Street and Pettee Brook Lane.
Soils:	All upland soils.
Public Utilities:	Municipal water & sewer, natural gas, electricity, telephone and cable service.
Flood Zone:	Not located in a flood hazard area.
Traffic Count:	Significant traffic count as a result of its downtown location.
Easements:	None noted in the 2014 deed or shown on the recorded plan.
Restrictions:	None noted or disclosed.
Encroachments:	None noted or disclosed.
Externalities:	Positive externality given the close proximity of the UNH campus and the downtown.
Zone:	The parcel is located in Durham's Central Business District.
Abutters:	Various commercial buildings and a municipal parking lot.

DEVELOPMENT CONSTRAINT COMMENTS

According to the property owner and the client, the site "as is" has subsurface conditions that would appear to require a significant amount of site work to allow development of the property to its highest and best use. The appraiser has not been provided with a subsurface analysis by either the property owner or the client. The appraiser has been provided with a quote from the client for what they estimate is the site work cost to prepare the site for development to its highest and best use. That quote is in the appraisal's addenda and is reported to be \$1,779,000.

Information with respect to subsurface conditions and the cost to prepare the site for development to its highest and best use was not provided to the appraiser at the time of engagement. As a result, any value opinion at highest and best use based upon information received after engagement is beyond the scope of work of this appraisal.

HISTORY OF CONVEYANCE

Gamma Theta Corporation owned the real estate from 1912 to September 18, 2014 when it transferred via Warranty Deed to The University System of New Hampshire. The transfer is recorded at Book 4244 / Page 383-384 at the Strafford County Registry. The reported consideration was \$2,100,000. In addition to that consideration, UNH provided the fraternity at no cost, a property they owned at 18 Garrison Avenue they had valued at \$750,000(Stanhope Group appraisal).

OCCUPANCY/USE

The subject property with a fraternity building served as the UNH Chapter of Alpha Tau Omega until a 2011 drug raid and fire closed it. Subsequently, the fraternity lost University of New Hampshire recognition, and the fraternity's national chapter revoked their charter. The building was demolished after UNH purchased the property. It has been a vacant site since.

LISTING INFORMATION

The subject has not been publicly offered for sale with a real estate broker. Several developers have shown interest in the property in the past but no deal has been put together.

ASSESSMENT AND TAXES

Address: 66 Main Street
Map/Lot: Map 2 / Lot 14-2UNH

Assessment:	
Land	\$2,008,300
Improvements	<u>None</u>
Total	\$2,008,300

2018 Tax Rate: \$26.80
2018 Taxes: \$53,822

ZONING

Zoning is the public regulation of the character and intensity of the use of real estate through the employment of police power. This is accomplished by the establishment of districts or areas in each of which uniform restrictions relating to structure heights, lot sizes, setbacks, frontage, impervious coverage, density and other limitations are imposed upon the use and development of private property.

Zone

The subject is located in the Central Business District. The purpose of this district is to “maintain the mixed-use, pedestrian-oriented character of the downtown area while accommodating new development, redevelopment, and enlargement of existing buildings in a manner that maintains and enhances the small-town character of the downtown. The CBD is intended to accommodate a range of uses in a manner that encourages fuller utilization of the limited area of downtown through denser building construction and modified parking requirements.”

Permitted Uses by Right (abridged)

Child care	Adult day care
Community center	Municipal
Hotel	Restaurant
Retail	Bank
Office	Medical office
Personal services	

There are a number of uses allowed via Conditional Use Permit. The most notable being mixed-use with commercial on the first floor and residential on the upper floors.

Dimensional Regulations

Lot Size	5,000 Square Feet
Lot Area/Dwelling Unit	450 Square Feet
Frontage	50 Feet
Setbacks	None
Height	30 Feet/50 Feet with CUP
Impervious Coverage	100%

Development Standards

- No parking between front wall of building and property line.
- New buildings must have a minimum of two useable stories.
- Mixed-use buildings must have at least the first level as office/retail.
- Apartment units may have a maximum of three unrelated individuals.
- Apartment units can have a maximum of two bedrooms.

- Apartments must have a minimum of 300 square feet of habitable floor area per occupant if two occupants, and 400 s.f. if three occupants.
- New development may be exempt from the parking requirements by payment of a one-time parking impact fee.

A definitive opinion regarding conformity to zoning is beyond the scope of the appraisal assignment and the professional expertise of the appraiser. Should the client require a definitive conclusion as to zoning conformity, it is suggested that either a licensed surveyor and/or attorney be consulted.

HIGHEST AND BEST USE

Highest and Best Use is a basic concept in real estate appraisal. It is an analysis of the subject property's optimum use. It reflects the assumption that the price a buyer will pay is based on his or her conclusions about the most profitable use of the property.

The determination of highest and best use carefully considers prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property.

Highest and best use is defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability."

(The Dictionary of Real Estate Appraisal, 4th Edition, dated 2002, Appraisal Institute)

The four criteria are defined as follows:

Legally Permissible:

Those uses that are permitted by zoning and other legal restrictions.

Physically Possible:

Those uses that are physically possible for the site.

Financially Feasible:

Those permissible and possible uses that will produce any net return to the owner.

Maximally Productive:

That use among the feasible uses that will produce the highest net return. This is the highest and best use of the property.

The highest and best use analysis of land as vacant is based on the assumption that a parcel of land is vacant, or can be made vacant through demolition of the improvements. If the subject land is vacant, optional scenarios are tested to identify the most profitable development plan for the parcel. Sometimes improvements already exist on the subject land but are toward the end of their economic life. In such cases, it may be feasible to make the land vacant through demolition of the existing improvements and replace them with more profitable improvements.

The subject property is a vacant parcel. It will be appraised as such.

Legal Permissibility:

Based upon a review of Durham’s Zoning Ordinance, the subject parcel with 1.18 acres and 355 feet of continuous frontage on Main Street is a legally conforming lot. Any subdivision would be based upon the following requirements:

Dimensional Regulations

Lot Size	5,000 Square Feet
Lot Area/Dwelling Unit	450 Square Feet
Frontage	50 Feet
Setbacks	None
Height	30 Feet/50 Feet with CUP
Impervious Coverage	100%

Based upon these regulations, the parcel may be subdivided into multiple components.

Development Standards

- No parking between front wall of building and property line.
- New buildings must have a minimum of two useable stories.
- Mixed-use buildings must have at least the first level as office/retail.
- Apartment units may have a maximum of three unrelated individuals.
- Apartment units can have a maximum of two bedrooms.
- Apartments must have a minimum of 300 square feet of habitable floor area per occupant if two occupants, and 400 s.f. if three occupants.
- New development may be exempt from the parking requirements by payment of a one-time parking impact fee.

Permitted Uses by Right (abridged)

Child care	Adult day care
Community center	Municipal
Hotel	Restaurant
Retail	Bank
Office	Medical office
Personal services	

There are a number of uses allowed via Conditional Use Permit. The most notable being mixed-use with commercial on the first floor and residential on the upper floors.

Physical Possibility:

The subject site is level and all upland soils. It is served by municipal water/sewer and natural gas. **Based upon the elevation above Main Street to the front and Pettee Brook Lane to the rear, it is possible this site has ledge near the surface. With no documentation, this**

appraisal does not account for the ledge removal in the highest and best use analysis or valuation. It is therefore the appraiser's opinion the full 1.18-acre site may be developed.

Financial Feasibility & Maximum Productivity:

The client has provided the appraiser with a conceptual development plan on the property. The site plan component is shown below.



The remainder of the plans are in the report's addenda. The conceptual proposes two structures on the site. The northerly structure is three stories and the southerly structure is two stories. Built into the slope below each structure on the easterly side are a total of 86 parking spaces accessed from Petite Brook Lane. Square footage breakdown is as follows:

Ground floor retail	21,700 square feet
Ground floor office	12,170 square feet
Second floor retail	10,000 square feet
Second floor office	23,627 square feet
Upper floor residential	28,266 square feet

The downtown section of Durham within the CBD is very small and highly desirable from a commercial and student housing perspective as it directly abuts the University of New Hampshire campus. Enrollment is 15,000 students. In the past 12 years, the downtown has commenced a complete transformation. Prior to that, the area was mostly old student housing and single level and old commercial buildings. A tremendous amount of pent up demand formed. Since the university did not want to be in the new student housing business to a great degree, private developers stepped in.

Over that 12-year period numerous student housing and mixed-use commercial/student housing projects were permitted, constructed and occupied. Over 2,200 new beds in the downtown or off Outer Main Street were brought online. Initially, all projects that came online had all their student beds filled immediately. The reason was that many people that wanted to live in Durham were residing in the Town of Newmarket to the south and the City of Dover to the north due to lack of supply. According to conversations with UNH student housing operators, this has started to change. Most report that beds in the immediate downtown area continue to operate at 100% occupancy. This is due to student desire to be right on campus. However, the four large projects off Outer Main Street are experiencing some softness. Rents that were dramatically increasing on an annual basis are not anymore.

From a retail and office perspective, Durham has always been somewhat of a difficult market. Generally, there is little demand for private office space in the town. Office users gravitate to Pease, Portsmouth, or Dover. UNH has taken office space in some of the new developments. According to UNH representatives, future leasing of space brought on-line in new projects is unclear. Retail and restaurant have fared somewhat better. However, spaces generally have to be relatively small in size. Currently, most space whose highest and best use is retail or restaurant is occupied.

Durham has only one hotel in town. That is the Holiday Inn Express with 68 guest rooms. According to sources familiar with the property it has always experienced subpar occupancy. That is a result of a number of problems. The first is there are not enough university visitors on a regular basis to fill sufficient rooms. Secondly, if visiting the university, people will typically stay in Portsmouth as it is only 20 minutes away and the city has vast amenities where Durham has none. Finally, any conference business/corporate meetings will go to Portsmouth for the reasons already mentioned. These problems are evident in the 5/19/15 sale of the 68-room Holiday Inn Express at 2 Main Street. This facility is the only hotel in Durham and sold for \$4,097,000 or \$60,000/room. Typically, limited service flagged hotels in secondary markets in Northern New England are selling for between \$100,000/room and \$140,000/room. The sale price was driven not by the hotel's condition as it was built in 2005, but by subpar occupancy levels.

In the Seacoast, there is an extreme shortage of available market rate rental housing. The City of Portsmouth is adding mostly very high-end condominiums. The City of Dover however is adding numerous new apartments but rents are still relatively high for many people. In many expensive cities, there has been a trend toward micro apartments. While small, the rents are more affordable. The Durham Ordinance allows two occupant apartments to be only 600 square feet. This size unit might allow a developer to build a large enough project that was still financially feasible. The issue with this type development would be parking. The Town of Durham has no current plan to build a downtown parking garage. Without one, a good amount of the lot would have to be dedicated to surface parking.

Highest & Best Use Conclusion:

There appears to still be demand for well-designed student housing in the immediate downtown. The subject is the only vacant site of any significance left in town. It is the appraiser's opinion the highest and best use it to improve the site with a three-story building with commercial space on the first level and student or standard apartment units on the upper levels. On-site parking would need to be provided.

It is the appraiser's opinion the conceptual development plan provided and summarized on page 21 does not represent highest and best use. It provides way too much retail and office space. Downtown Durham could not absorb that space in a reasonable amount of time at rates necessary to cover construction costs. The appraiser has forecast a 56,000 square foot building requiring only 18,000 square feet of first floor commercial space and surface parking.

THE APPRAISAL PROCESS

The appraisal process is a systematic analysis of factors that affect the value of real estate. The objective is to utilize the process to develop support for a final value estimate of the subject property.

The analysis is based on market data for each of the three approaches that are commonly used by appraisers:

1. The Cost Approach
2. The Sales Comparison Approach
3. The Income Approach

Depending on the availability of data, one or more of these approaches may be developed. The value indication and relative strength of each developed approach is summarized in the reconciliation. The final value estimate, which completes the valuation process, is the value suggested by the analysis.

The Cost Approach

The Cost Approach assumes the principal of substitution. This principal affirms that no prudent buyer would purchase a property for more than it would cost to purchase a site and construct a property of similar desirability and utility. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land.

The following outline is a step-by-step procedure utilizing the Cost Approach to derive a property value:

1. Estimate the value of the site as though vacant and available to be developed to its highest and best use.
2. Estimate the direct and indirect costs of the improvements as of the effective appraisal date.
3. Estimate an appropriate entrepreneurial incentive from analysis of the market.
4. Add estimated direct costs, indirect costs, and the entrepreneurial incentive to arrive at the total cost of the improvements.
5. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
6. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
7. Estimate the contributory value of the site improvements not already considered.
8. Add the site value to the total depreciated cost of all the improvements to arrive at the indicated value of the property.
9. Adjust the indicated value of the property for any personal property that may be included in the cost estimate.

The Sales Comparison Approach

The Sales Comparison Approach involves a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparable sales based on the elements of comparison. The basic steps in the procedure of the Sales Comparison Approach are:

1. Research the market to identify similar properties for which sales, listings, and/or offering data is available.
2. Qualify the prices as to those factors that appear to have affected price. These factors are property rights, financing (including favorable financing), conditions of sale (motivational factors), and market conditions (including appreciation or depreciation over time).
3. Compare each of the important attributes of the comparable properties to the corresponding ones of the property being appraised. These general categories include location, physical characteristics, and conditions of sale.
4. Analyze all dissimilarities and adjust for their probable effect on the price of each property to derive new market value indications for the comparable properties.
5. From the pattern developed, formulate an opinion of market value for the subject property.

The Income Approach

The Income Approach is defined as “that procedure in appraisal analysis that converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate.” The Income Approach is a basic tool for estimating the value of income producing property, based on the thinking and motivation of the typical investor. It is based on the principal of anticipation reflected in the definition of value as the present worth of all rights to future benefits accruing to ownership. The Income Approach is practical only when an income stream attributable to the real estate can be estimated. The basic steps in the procedure of the Income Approach when Direct Capitalization is used are:

1. Estimate the market rent or rents.
2. From the market rent(s) calculate the stabilized potential gross income.
3. Estimate and deduct the forecast vacancy and credit loss allowance to arrive at effective gross income.
4. Estimate the fixed expenses, variable expenses and a replacement allowance and deduct them from effective gross income to arrive at net operating income.
5. Select an appropriate capitalization method and develop the capitalization rate.
6. Use the formula of VALUE equals INCOME divided by RATE to arrive at the value estimate by this approach.

Methods Considered and Applied

The **Cost Approach** was considered but not developed. The approach is not relevant in the valuation of vacant land.

The **Sales Comparison Approach** was fully developed. The appraiser was able to identify and confirm a number of downtown Durham commercial land sales. With the proper analysis, the approach produced a credible and reliable opinion of market value.

The **Income Approach** was considered but not developed. The appraiser's 20 years of experience in analyzing downtown Durham land sales indicated parcels are always purchased for development, and not lease to another party for development. As a result, this approach is not relevant.

SALES COMPARISON APPROACH

The Sales Comparison Approach, or market approach, is based upon a comparison of the prices that are paid for similar competitive properties in the same market. This approach is most effective in an active market where these prices serve as good indicators of the most probable selling price of the subject property as of the valuation date.

Comparable sales are analyzed and adjusted for property rights conveyed, conditions in the market, terms of financing, unusual sale conditions, and differences in physical characteristics and location. The adjusted sales price should be what the comparable property would have sold for if it had possessed similar characteristics of the subject property at the time of sale.

In order to estimate the market value via this approach, the appraiser conducted a search in Durham's Central Business District for the recent sale of development sites. The search was confined to that area because of its uniqueness with respect to location and zoning. That search produced no recent sales. As a result, older sales were considered relevant as the only adjustment required is for market condition. That search produced five sales. One additional sale in the abutting City of Dover was considered relevant and included. All of the sales were verified with a party to the transaction and Durham's/Dover's planning file.



Land Comparable #1

Location:	10 Pettee Brook Lane, Durham
Proposed Development:	Commercial on Ground Level/Student Apartments on 2-3
Highest & Best Use:	Same
Area Description:	Located in Durham’s Central Business District.

LEGAL DATA

Sale Date:	10/1/08
Sale Price:	\$1,075,000
Sale Price/S.F.:	\$94.91
S.P./Approved-Proposed SF	\$33.99
Grantor:	10 Pettee Brook Lane, LLC
Grantee:	Ionian Properties, LLC
Recorded:	Book 3683, Page 241-242, Strafford County
Deed Type:	Warranty
Property Rights:	Leased Fee Interest. At the time of sale, the apartment building was leased to 12 students. The commercial building was leased to a real estate brokerage company and a local retailer.
Sale Conditions:	None influencing the sale price.
Status At Sale:	As is
Financing:	Profile Bank in the amount of \$750,000.

Sources: Assessor's Office, Real Data, Registry of Deeds, Proposed Development Plan, Buyer (John Kostis 682-5424)
Confirmed By: Peter Knight (8/09)

SITE

Map / Lot: 2 / 12-11
Zone: Central Business District
Lot Size: 11,326s.f.
Useable Acreage: Same as a result of a wetland setback variance from Durham's ZBA.
Shape: Rectangular
Topography: Level
Improvements: 2,796s.f. student apartment building and 2,040s.f. commercial building. The improvements provided no contribution to value.
Frontage: 100 feet on Pettee Brook Lane and 120 feet on Durham's municipal parking lot.
Services: Municipal water and sewer.
Visibility: Excellent visibility on Pettee Brook Lane that handles a large volume of traffic.
Traffic Count: Probably 10,000 vehicles per day based upon NHDOT figures for Main Street.

DEVELOPMENT PROFILE

Proposed Use: Demolish the existing improvements and redevelop the site with a three story, 24,810s.f. building with 21 lower level parking spaces. The first floor would contain 4,970s.f. of commercial space and two, ADA compliant student apartments with three tenants each (will require variance from Durham's ZBA). The two upper levels would have 15, 4-bedroom apartments. The total occupancy would be 66 beds. On July 29, 2009, the developer received a variance allowing the new building within the wetland setback of Pettee Brook. A portion of the town's municipal parking lot located adjacent to this lot is located behind the subject buildings and is not paved, or used for parking. The developer plans to complete a lot line adjustment with Map 2 / Lot 15 and purchase 3,427s.f. of land area. This will allow for a slightly larger project with several more apartments.
Eventually approved with a 31,625 square foot building with 7,936 square foot parking level.

Buyer Profile: Local investor.

Comments: The development will require PB approval for height as it will exceed the 30 feet. The purchase price of the property was not

based upon its current income. However, the property is currently breaking even. The owner plans to redevelop the site within 2-4 years. He is waiting for an improved economy and hopefully the new business school and hotel/conference center to be built. The property last transferred from Thompson Family Trust to 10 Pettee Brook Lane, LLC (Matt Crape) on July 1, 2008 for a reported consideration of \$925,000. Nothing was done physically to the property between that sale and the most recent one. Attempts to reach Matt Crape were unsuccessful.



Land Comparable #2

Location: 6 Jenkins Court, Durham
 Proposed Development: Commercial on Ground Level/Student Apartments on 2-3/Commercial on 4
 Highest & Best Use: Same
 Area Description: Located in Durham’s Central Business District

LEGAL DATA

Sale Date: 1/5/09
 Sale Price: \$650,000
 Sale Price/S.F.: \$69.28
 S.P./Approved-Proposed SF \$30.97 not included the fourth-floor shell.
 Grantor: Hardware House GP
 Grantee: 10 Pettee Brook, LLC
 Recorded: Book 3702, Page 76-78, Strafford County
 Deed Type: Warranty
 Property Rights: Leased Fee Interest. At the time of sale, the owner’s hardware store space was empty. Two student apartments were rented through the spring semester of 2009.
 Sale Conditions: None influencing the sale price.
 Status At Sale: As is

Financing: Profile Bank in the amount of \$390,000.
Sources: Assessor's Office, Real Data, Registry of Deeds, Proposed Development Plan, Seller (Dick Houghton 868-7546)
Confirmed By: Peter Knight (8/09)

SITE

Map / Lot: 4 / 8
Zone: Central Business
Lot Size: 9,382s.f.
Useable Acreage: Same
Shape: Rectangular
Topography: Level
Improvements: At the time of sale, the lot was improved with a former hardware store building and two apartments with a total of 6,480s.f.
Frontage: 107 feet on Jenkins Court.
Services: Municipal water and sewer.
Visibility: The site is only visible from Jenkins Court that is a lightly traveled street that runs between Main Street and Pettee Brook Lane.
Traffic Count: Minimal

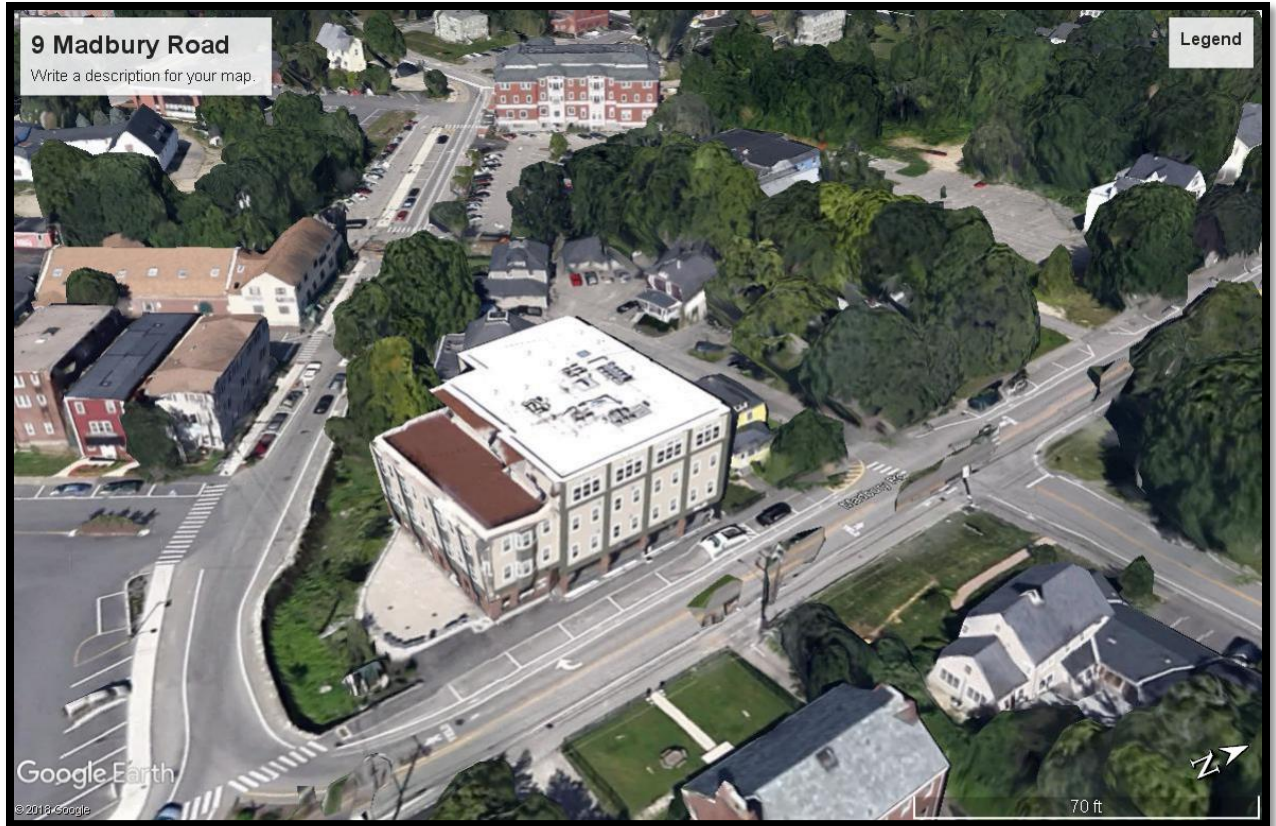
DEVELOPMENT PROFILE

Proposed Use: The buyer plans to demolish the existing improvements and redevelop the site with a three story, 18,600+/-s.f. building. The first floor would contain commercial space. The second and third floor would each have five, six-bedroom student apartments. Currently, zoning will allow a fourth floor but only if the first two floors are commercial. The owner is building a fourth-floor shell in anticipation that at a future date, the zoning will change to allow first floor commercial and three levels of apartments. The buyer received conditional approval from Durham's PB on 7/16/09. The building is to be 49' high.

Eventually approved with a 20,986 square foot building not including the 3,680 square foot fourth floor.

Buyer Profile: Investor from Vermont.

Comments: Its location fronting Jenkins Court makes it less than ideal for commercial space given the lack of traffic and visibility.



Land Comparable #3

Location: 9 Madbury Road, Durham
 Proposed Development: Commercial on Ground Level/Student Apartments on 2-3/Commercial on 4
 Highest & Best Use: Same
 Area Description: Located in Durham’s Central Business District

LEGAL DATA

Sale Date: 10/29/10
 Sale Price: \$987,500
 Sale Price/S.F.: \$64.77
 S.P./Approved-Proposed SF \$30.64
 Grantor: CWC Properties, LLC
 Grantee: 9 Madbury Road, LLC
 Recorded: Book 3878/Page 204, Strafford County
 Deed Type: Warranty
 Property Rights: Leased Fee Interest
 Sale Conditions: None influencing the sale price.
 Status At Sale: Conditional approval in place with approvals paid for by buyer.
 Financing: Conventional
 Sources: Assessor’s Office, Real Data, Approved Plan, Grantor

Confirmed By: Peter Knight (8/11)

SITE

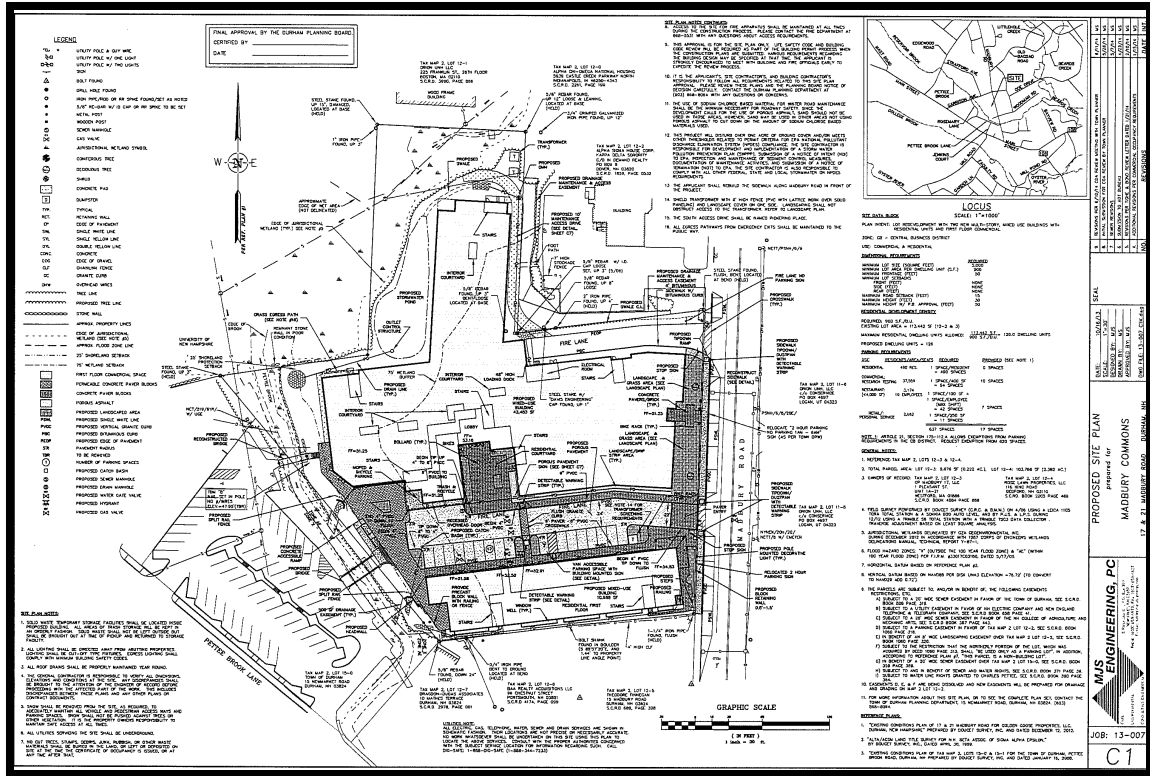
Map / Lot: 4 / 12
Zone: Central Business district
Lot Size: 15,266s.f.
Useable Acreage: Same
Shape: Triangular
Topography: Level
Improvements: Improved with an older, two-story commercial building housing a restaurant, convenience store, and hair salon. The improvements provided no contribution to value.
Frontage: 165 feet on Madbury Road and 125 feet on Pettee Brook Lane.
Services: Municipal water and sewer, natural gas.
Visibility: Excellent visibility at the intersection.
Traffic Count: Significant.

DEVELOPMENT PROFILE

Proposed Use: The buyer obtained conditional approval on 6/2/10 to demolish the improvements and construct a four story, 31,895s.f. building. No on-site parking was provided. The first floor would be commercial. Floors two and three would contain 16 dwelling units with a total of 76 beds. The dwelling units would have 4 or 5 bedrooms. The fourth floor would be commercial.
Eventually approved with a 32,230 square foot building.

Buyer Profile: Local student housing investor and developer.

Comments: Zoning would not allow the fourth floor to be additional dwelling units.



Land Comparable #4

Location: 17-21 Madbury Road, Durham
 Proposed Development: Commercial on Ground Level/Student Apartments Above
 Highest & Best Use: Same
 Area Description: Located in Durham's Central Business District

LEGAL DATA

Sale Date: 12/28/12 & 6/6/14
 Sale Price: \$3,100,000
 Sale Price/S.F.: \$27.37
 S.P./Approved-Proposed SF: \$18.27
 Grantor: Jesse Gangwer RT of 2011/June Gangwer RT of 2011 and Rose Lawn Properties, LLC
 Grantee: GP Madbury 17, LLC
 Recorded: Book 4084/Page 888 and Book 4220/Page 208, Strafford County
 Deed Type: Warranty
 Property Rights: Leased Fee
 Sale Conditions: None influencing the sale price.
 Status At Sale: As Is
 Financing: None
 Sources: Assessor's Office, Real Data, Grantee, Town Planner
 Confirmed By: Peter Knight (8/14)

SITE

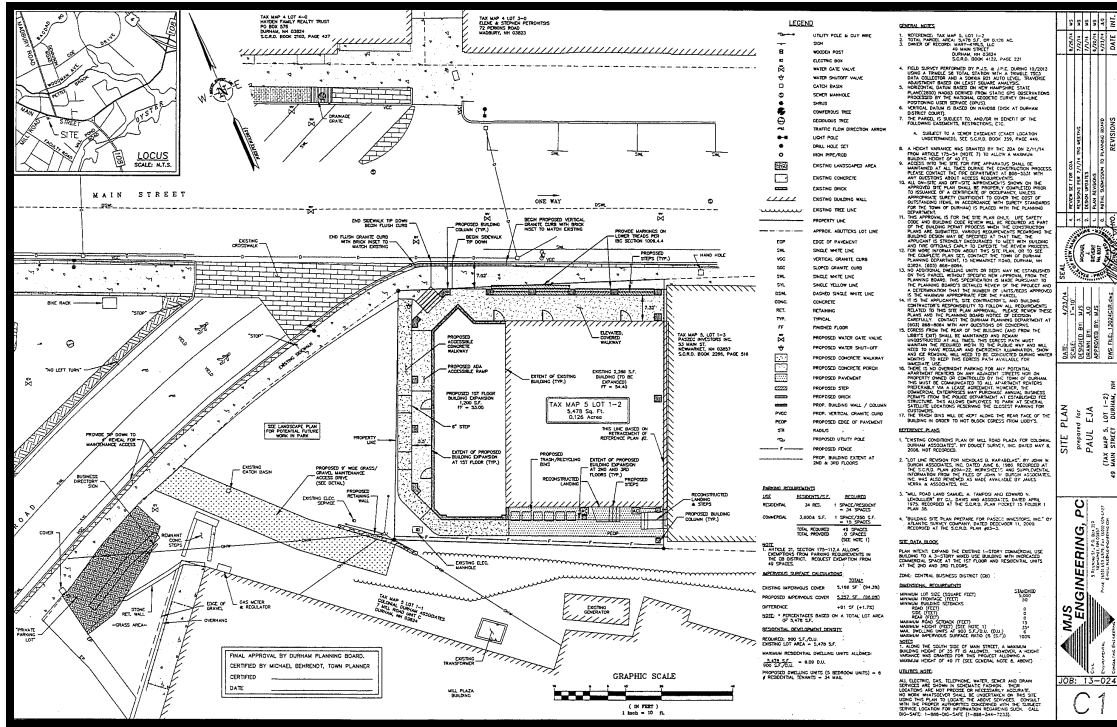
Map / Lot: 2 / 12-3 and 12-4
Zone: Central Business District
Lot Size: 113,256s.f.
Useable Acreage: Same
Shape: Irregular
Topography: Level
Improvements: The first lot was improved with a 4,900s.f. circa 1935 fraternity building with a 25-bed occupancy permit from the town. The improvements were in poor condition at the time of sale and provided no contribution to value. The second lot was improved with a 20,000s.f. circa 1950-1980 student rental with a 92-bed occupancy permit from the town. Again, the improvements provided no contribution to value.
Frontage: 272 feet on Madbury Road.
Services: Municipal water and sewer, natural gas.
Visibility: Excellent visibility from both directions on Madbury Road.
Traffic Count: Significant

DEVELOPMENT PROFILE

Proposed Use: They plan on demolishing all the improvements, merging the two lots, and develop the combined 2.60-acre site with a 165,000s.f. building accommodating commercial on the first floor, and 126 apartments on the upper floors accommodating 525 beds. Only 17 on-site spaces will be provided for the commercial component. Final approval is expected by February 2014.

Buyer Profile: Local student housing investor.

Comments: It is reported that with the demise of the current development plan for 66-70 Main Street, UNH's InterOperability Laboratory will take 2/3 of the first floor.



Land Comparable #5

Location: 49 Main Street, Durham
 Proposed Development: Commercial on Ground Level/Student Apartments Above
 Highest & Best Use: Same
 Area Description: Located in Durham's Central Business District

LEGAL DATA

Sale Date: 5/29/13
 Sale Price: \$650,000
 Sale Price/S.F.: \$118.42
 S.P./Approved-Proposed SF: \$53.98
 Grantor: Norman & Claire Menard
 Grantee: Mary-Kyrls, LLC
 Recorded: Book 4132/Page 231, Strafford County
 Deed Type: Warranty
 Property Rights: Leased Fee
 Sale Conditions: None influencing the sale price.
 Status At Sale: As Is
 Sources: Assessor's Office, Real Data, Grantee, Town Planner
 Confirmed By: Peter Knight (8/14)

SITE

Map / Lot: 5 / 1-2
Zone: Central Business District
Lot Size: 5,489s.f.
Useable Acreage: Same
Shape: Rectangular
Topography: Level
Improvements: The lot was improved with a 3,500s.f one story commercial building that had five parking spaces.
Frontage: 77 feet on Main Street.
Services: Municipal water and sewer, natural gas.
Visibility: Excellent visibility from both directions on Main Street and Mill Road.
Traffic Count: Significant

DEVELOPMENT PROFILE

Proposed Use: Buyer obtained Planning Board approval on 7/9/14 to demolish the existing structure and replace it with a three-story building with 12,041s.f. The first floor will have two commercial units and the two upper floors will have 6 student rentals with 24 bedrooms and a 34-bed occupancy.

Buyer Profile: The buyer Paul Eja was the owner of Pauly's Pockets, a local takeout restaurant. He occupied half of the building.

Comments: The owner kept the other tenant Hair Excitement.



Land Comparable #6

Location:	Corner of Washington/Locust/Walnut Streets, Dover
Proposed Development:	Commercial on Ground Level/Apartments Above
Highest & Best Use:	Same
Area Description:	Located in Dover's Central Business District

LEGAL DATA

Sale Date:	1/19/17
Sale Price:	\$1,400,000
Sale Price/S.F.:	\$30.12
S.P./Approved-Proposed SF	\$32.74
Grantor:	104 Washington Street, Inc./Sidney Robbins Family Trust
Grantee:	104 Wash Street, LLC
Recorded:	Book 4451/Page 291, Strafford County
Deed Type:	Warranty
Property Rights:	Fee Simple Interest
Sale Conditions:	None influencing the sale price.
Status At Sale:	As Is
Sources:	Assessor's Office, Grantee, Town Planner
Confirmed By:	Peter Knight (1/19)

SITE

Map / Lot:	Map 2 / Lot 4, 5, 6, 6A, 7, 8, 8A and 9.
Zone:	Central Business District
Lot Size:	46,483s.f.
Useable Acreage:	Same
Shape:	Irregular
Topography:	Level
Improvements:	The lots were improved with four buildings from the early 1900s that had a total of 41,000s.f. Provided no contribution to value.
Frontage:	236 feet on Washington Street, 195 feet on Locust Street, and 229 feet on Chestnut Street.
Services:	Municipal water and sewer, natural gas.
Visibility:	Excellent visibility from both directions on all streets.
Traffic Count:	Significant

DEVELOPMENT PROFILE

Proposed Use:	Buyer obtained Planning Board approval on 1/9/18 to demolish the existing structures and replace them with a five-story building. The first level has 10,742s.f. of commercial space. The upper four floors total 32,020s.f. The upper floors have 130 apartment units of various sizes. There is off-street parking for 98 vehicles. A portion of those are covered at street level and a portion are not covered.
Buyer Profile:	The buyer was Cathartes Properties, a Boston based developer who had completed several projects in Portsmouth.
Comments:	The project is located just off Central Avenue near dover's busiest downtown intersection. Dover's parking garage is directly across the street.

COMPARABLE SALES GRID

	Subject	#1	#2	#3	#4	#5	#6
Sale Price		\$1,075,000	\$650,000	\$987,500	\$3,100,000	\$650,000	\$1,400,000
Demolition		\$29,000	\$39,000	\$20,000	\$153,000	\$21,000	\$246,000
Adjusted Sale Price		\$1,104,000	\$689,000	\$1,007,500	\$3,253,000	\$671,000	\$1,646,000
Market Condition	1/29/19	10/1/08 +30% +\$331,000	1/5/09 +30% +\$207,000	10/29/10 +27% +\$272,000	6/6/14 +13% +\$422,000	5/29/13 +16% +\$107,000	1/19/17 +6% +\$99,000
Adjusted Sale Price		\$1,435,000	\$896,000	\$1,279,500	\$3,675,000	\$778,000	\$1,745,000
<u>Elements of Comparison</u>							
Lot Size	51,400s.f.	11,326s.f.	9,382s.f.	15,266s.f.	113,256s.f.	5,489s.f.	46,483s.f.
Approved Square Footage		31,625s.f.	20,986s.f.	32,230s.f.	165,000s.f.	12,041s.f.	42,762s.f.
Land/Building Ratio		2.79x	2.24x	2.11x	1.50x	2.19x	.92x
<u>Units of Comparison</u>							
Sale Price per Land S.F.		\$126.70	\$95.50	\$83.81	\$32.45	\$141.74	\$37.54
Sale Price per Approved S.F.		\$45.38	\$42.70	\$39.70	\$22.27	\$64.61	\$40.81

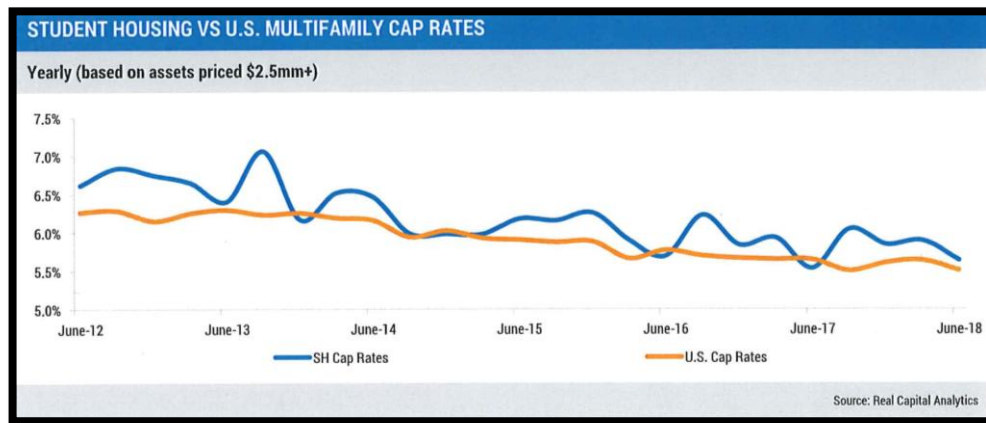
Comments on Grid and Adjustments

Demolition

All of the comparable sales included improvements that required removal prior to development of the sites. All were of different sizes and types. Based upon a conversation with a local demolition company, a cost of \$6/s.f. is reasonable for demolition and removal.

Market Condition

In these type properties, appreciation is driven by two factors. The capitalization rate on the completed and leased development, and rental increases. For the capitalization rate component, the appraiser consulted ARA Student Housing's "2018 Mid-Year Student Housing Market Overview". The historical capitalization chart is shown below.



That chart shows capitalization rates on student housing properties decreasing from 6.25% in 6/12 to 5.70% in 6/18. This would result in a 10% increase in value if all other factors were constant. This is an annualized 1.67%. For the rental rate component, the appraiser talked to owners of Durham student housing. They indicated rental rates have been increasing at roughly 3% per year. However, expenses have been increasing as well. Their net has been increasing roughly 1% per year. The total of the two components is 2.67%. The appraiser has chosen to adjust all of the comparable sales at +3% per year.

No other adjustment was required.

In the grid, three elements of comparison and two units of comparison were developed. The development of these is critical as buyers of these type development parcels formulate their offering price based upon what sites may accommodate for development. In general, as sites become larger and require on-site parking, the sale price/s.f. of land and the sale price/approved building s.f. drops dramatically. That is evident by looking at comparable sales 1, 2, 3 and 5, as compared to comparable sales 4 and 6. The subject is much more like 4 and 6 given its 1+ acre size. All weight was placed on those two comparable sales to arrive at a value conclusion for the subject.

Sale Price/Square Foot of Land

In this analysis, since the subject has no approvals, a land/building ratio must be forecast first. Land to building ratios are driven by land characteristics and zoning. In the case of comparable sales 4 and 6, and the subject, each site was fully developable from a physical standpoint. From a zoning perspective, both are in their municipality's CBD that allows full impervious coverage and substantial building height. At the high end of the range was comparable sale 4 at 1.50x. It is located in Durham and the development only had 17 on-site parking spaces. That was to accommodate the commercial space only. None was provided for the student renters. At the low end of the range was comparable sale 6 at .92x. The developer provided 98 on-site spaces. The town of Durham has no parking garage and very little permit parking. According to UNH, they are almost completely maxed out at their surface parking lots. As a result, it would appear a prudent developer would provide at least some on-site parking for their student rentals. As a result, their land/building ratio would be on the lower end of the range. Given these factors, the appraiser has selected \$37/s.f. of land area as reasonable and well supported.

$$51,400 \text{ Square Feet} \times \$37.00/\text{S.F.} = \$1,901,800$$

Sale Price/Approved Square Foot

In this analysis, since the subject again has no approvals, a land/building ratio must be forecast first. Based upon the analysis above, the appraiser has selected a land/building ratio of 1.10x. Comparable sale 6 had a similar land to building ratio and a similar parcel size. Comparable sale 4 had a parcel that was three times the size of the subject and comparable sale 6. Comparable sale 6 is much more relevant at \$40.81/s.f. than comparable sale 4 at \$22.27/s.f. The appraiser has selected \$36/s.f. of potential square footage as reasonable and well supported.

$$51,400 \text{ Square Feet} \times 1.10 \times \$36.00/\text{S.F.} = \$2,035,400$$

Reconciliation of Approaches

The two approaches produce value conclusions that are very close. Both were considered well researched and credible. It is difficult to find reasoning to weigh one more than the other. As a result, they received equal weight as shown below.

$$\begin{array}{r r r r r} \$1,901,800 & \times & 50\% & = & \$ 950,900 \\ \$2,035,400 & \times & 50\% & = & \underline{\$1,017,700} \\ & & & & \$1,968,600 \end{array}$$

Estimated Market Value via the Sales Comparison Approach

\$1,970,000

UNH purchased the property for \$2,100,000 on 9/18/14. While downtown properties have appreciated since then, Durham's zoning has changed to allow less student housing density. This has the affect of reducing underlying land values. The 2014 purchase price provides support to the value conclusion.

RECONCILIATION

Reconciliation is the process of coordinating and integrating the facts in order to develop a unified conclusion. In the estimation of the most probable market value of the subject property, the appraiser considered the Cost Approach, Sales Comparison Approach, and Income Approach. Each of these is recognized to be an established technique in the valuation of real estate.

The purpose of reconciliation is to develop the most reliable estimate of value based on an analysis of the quality, quantity and durability of all the data developed.

Summation of Value Indications

Sales Comparison Approach **\$1,970,000**

FINAL VALUE ESTIMATE

As a result of my investigation and analysis of the data contained in this report and in my work file, I find the most probable “as is” market value of the subject property, in fee simple, as of January 29, 2019 based upon the scope of work outlined on page 8-9 to be:

One Million Nine Hundred Seventy Thousand Dollars
(\$1,970,000)

EXPOSURE TIME ESTIMATE

This is the only vacant development parcel in Durham’s CBD. The market for student housing is still extremely strong. It is the appraiser’s opinion exposure time would have been 3-6 months.

Extraordinary Assumption (An extraordinary assumption is defined by USPAP as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusion):

- **The subject property has no development approvals in place or completed engineering with regard to development potential. The client has provided the appraiser with a conceptual development plan. That plan shows development of the site with two, single-story retail buildings totaling 17,950 square feet and 55 surface parking spaces. Access would be via one curb cut from Main Street. Some consideration of this plan has gone into the subject’s highest and best use analysis.**

Hypothetical Condition (A hypothetical condition is defined by USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis):

- **The subject site has no subsurface conditions that would require any more than normal site work to prepare it for development to its highest and best use.**

Probability of Value Change:

The estimated market value of the property appraised in this report is estimated as of the aforementioned date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a new appraisal.

The value indicated is subject to the General Assumptions and General Limiting Conditions located at the end of the report.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions.

General Assumptions

No responsibility is assumed for the legal description provided of for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

The property is assumed free and clear of any or all liens or encumbrances unless otherwise stated.

Responsible ownership and competent property management are assumed.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

All engineering studies are assumed to be correct. The plot plans and illustrative materials are included only to help the reader visualize the property.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in this forecast of valuation.

It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the value range forecast.

It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value range forecast is based.

It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.

The appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or

detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of the value range forecast, any observed condition or other comments given should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy of condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party were concerned about the existence, condition, or adequacy of a particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Engineering analyses of the subject property were neither provided for nor made as a part of this value range forecast. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation and the value range forecast is subject to such limitations.

The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value range forecast of the property. Since we have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value range forecast of the property has not been considered.

Unless otherwise stated, the existence of hazardous materials, which may or may not be present on the property, was not observed. The preparer of this value range forecast, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The appraisal value estimate is predicated on the assumption that there is no such

material on or in the property that would cause a loss in value. No responsibility is assumed for 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.

General Limiting Conditions

Any allocation of the total value estimate in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Possession of this report, or a copy thereof, does not carry with it the right of publication.

The appraiser, by reason of this appraisal, is not required to give further consultations or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

The appraiser may not divulge the material (valuation) contents of this report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing, or by a court of law or body with the power of subpoena.

If this appraisal is used for mortgage loan purposes, the appraiser invites attention to the fact that (1) the equity cash requirements of the sponsor have not been analyzed, (2) the loan ratio has not been suggested, and (3) amortization method and term have not been suggested.

The function of this report is not for use in conjunction with a syndication of real property. This report cannot be used for said purposes and, therefore, any use of this report relating to syndication activities is strictly prohibited and unauthorized. If such an unauthorized use of this report takes place, it is understood and agreed that Peter Knight has no liability to the client and/or third parties.

Furnishings and equipment or business operation, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

On all appraisals subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

The forecasts, projections, or operating estimates contained herein are based on market data and conditions as of the date of this report. Although reasonably expected trends are projected, it is

impossible to accurately anticipate the future conditions that could influence the value. Any substantial changes in market conditions could have a favorable or unfavorable influence on the value. There is no responsibility assumed regarding future changes in the market that could not be anticipated as of the date of this report.

Acceptance and Use

Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing General Assumptions and General Limiting Conditions.

CERTIFICATION

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

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

The appraiser has completed numerous commercial assignments in downtown Durham over the past 20 years. The appraiser was therefore competent to complete the assignment.

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 is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

Peter Knight has performed a personal inspection of the property that is the subject of this report.

The appraiser has acted in an independent capacity and the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



Peter A. Knight
Director-Commercial Division

Appendix B
Proposed Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement"), is made by and between the Town of Durham, a political subdivision of the state New Hampshire with offices located at 8 Newmarket Road, Durham, NH 03824, (Purchaser) and the University System of New Hampshire, a body politic and corporate established by NH RSA 187-A with offices located at Thompson Hall, Main Street, Durham, NH 03824, (Seller), effective on the date on which both parties have executed the Agreement, below. In consideration of the mutual covenants set forth herein, the parties undertake and agree as follows:

1. Recitals and Purposes. Seller wishes to sell, and Purchaser wishes to buy the land described in the deed to the University System of New Hampshire, dated September 23, 2014, and recorded at the Strafford County Registry of Deeds at Book 4244, Page 383 with the address of 66 Main Street, Durham, Strafford County, New Hampshire, also known as Town of Durham tax Map 2 lot 14-2UNH ("Premises"). The Premises include approximately 1.18 acres of land, without buildings or other improvements.

2. Purchase and Sale. Expressly conditioned upon and in reliance on the terms and conditions set forth herein, Seller hereby agrees to sell to Purchaser and Purchaser agrees to purchase from Seller all of Seller's interest in the Premises.

3. Purchase Price. The Purchase Price for the Premises shall be Two Million Forty-Five Thousand Dollars (\$2,045,000), (the "Purchase Price").

4. Closing Time and Place. The Closing shall be on or before April 30, 2021. Unless the parties agree in writing to a different date, time, and place, the Closing shall be on April 30, 2021 at 10:00 AM, at the Durham Town Hall, at 8 Newmarket Road, Durham, NH.

5. Closing Obligation and Transfer Tax Exemption: At closing the Seller shall deliver a Quitclaim Deed for the Premises in statutory form and the Purchaser shall deliver the Purchase Price. This sale is exempt from real estate transfer tax under RSA 78-B:2. Seller shall also deliver a certificate of non-foreign status, and each party shall deliver completed New Hampshire Department of Revenue conveyance tax forms.

6. Contingent on Approval of Durham Town Council: This Agreement and the rights and obligations of each Party are expressly contingent on approval of the transaction by the Durham Town Council, failing which the Agreement shall be null and void and neither Party shall have any further obligation to the other.

7. Entire Agreement and Amendment: This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof. All prior discussions are merged herein. Any amendment hereto shall be effective only if in writing and signed by authorized representatives of the Parties.

8. No Assignment: The rights and obligations under this Agreement are specific to the named Parties and not assignable.

9. No Brokers: Seller and Purchaser represent to each other that they have not dealt with any broker and will not owe any brokerage fees in connection with this transaction.

10. Governing Law: New Hampshire law governs this Agreement.

11. Property Disclosures. Statutory disclosures are attached here and incorporated by reference.

In Witness Whereof, the Purchaser and Seller, through their duly authorized representatives, have executed this Agreement as of the date noted below:

**Purchaser:
Town of Durham**

Witness: _____

By: _____

Dated: March _____, 2021

Its authorized: _____

**Seller:
University System of New Hampshire**

Witness: _____

By: _____

Dated: March _____, 2021

Its authorized: Vice Chancellor and Treasurer

NOTIFICATION PURSUANT TO RSA 477:4-a, c, d, f and g RSA 485-A:39

Date: March ____, 2021

To Buyer: Town of Durham

From Seller: University System of New Hampshire

Premises: 66 Main Street, Durham, NH

Pursuant to New Hampshire RSA 477:4-a, c and d, Seller hereby notifies the Buyer of the following:

Radon Gas: (RSA 477:4-a) Radon: Radon, the product of decay of radioactive materials in rock, may be found in some areas of New Hampshire. Radon gas may pass into a structure through the ground or through water from a deep well. Testing of the air by a professional certified in radon testing and testing of the water by an accredited laboratory can establish radon's presence and equipment is available to remove it from the air or water.

Arsenic: (RSA 477:4-a) Arsenic: Arsenic is a common groundwater contaminant in New Hampshire that occurs at unhealthy levels in well water in many areas of the state. Tests are available to determine whether arsenic is present at unsafe levels, and equipment is available to remove it from water. Buyer is encouraged to consult the New Hampshire department of environmental services private well testing recommendations (www.des.nh.gov) to ensure a safe water supply if the subject property is served by a private well.

Lead Paint: (RSA 477:4-a) Lead Paint: Not applicable; unimproved land.

Water Supply: (RSA 477:4-c and d) - Not applicable; unimproved land.

Sewage Disposal: (RSA 477:4-c and d) - Not applicable; unimproved land.

Insulation: (RSA 477:4-d) - Not applicable; unimproved land.

Condominium Disclosure: (RSA 477:4-f) - Not applicable.

Methamphetamine Production (RSA 477:4-g) - if blank, information is not known:

_____ To Seller's knowledge, no production of Methamphetamine has occurred on the subject property.

_____ To Seller's knowledge, production of Methamphetamine has occurred on the subject property and [has] [has not] [CIRCLE ONE] been remediated as defined in RSA 477:4-g.

Developed Waterfront Property Sale/Site Assessment Study See separate notification regarding RSA 485-A: 39 (if applicable). (Developed Waterfront Property defined in RSA 485-A: 21) - Not applicable.

Appendix C
November 2019 Parking Study



Public Parking Utilization and Analysis

Draft

November 2019

Durham Parking Utilization and Analysis

November 2019

Data Collection Method

Municipal parking data was collected weekdays between November 15 and November 25 in the same locations as previous studies, and then summarized by the following “Parking Areas” with similar restrictions:

- **Downtown Parking:** Parking in proximity to downtown businesses including Main Street (excluding near the Memorial Union Building/Presidents House and Huddleston Hall), Sammy’s Lot, Pettee Brook Lane, Jenkin’s Court and Madbury Road between Main Street and Pette Brook Lane.
- **West side of Madbury Lane** between Pettee Brook Lane and Garrison Avenue
- **Permit Only Parking:** Parking restricted to business permit holders at the Pettee Brook Permit Lot, East side of Madbury Road and Cowell Drive.
- **Meter & Permit Parking:** The Pettee Brook lot.
- **Near Campus Parking:** Parking on Garrison Avenue and the north side of Main Street near the Memorial Union Building and Main Street in front of Huddleston Hall.
- **Remote Business Parking:** Parking along Stafford Avenue (excluding UNH parking in proximity to Adams Tower) and on the Middle School side of Garrison Lane.

The Parking Areas are shown in Figure 1. Some of the areas were adjusted from earlier studies. Those studies have been updated to reflect the parking areas used in this latest study.

Surveys were conducted between of 8:30AM and 5PM during weekdays, and a total of twenty-five surveys were conducted of Durham’s 340+ parking spaces. Data was summarized according to the survey time – morning, midday and afternoon. The figures in the report are for midday when parking demand is the highest, however, available spaces and utilization of parking is provided for all three periods. The data collection, summaries and analysis were conducted by Carden Welsh, Sandra Hebert and Jim Lawson.

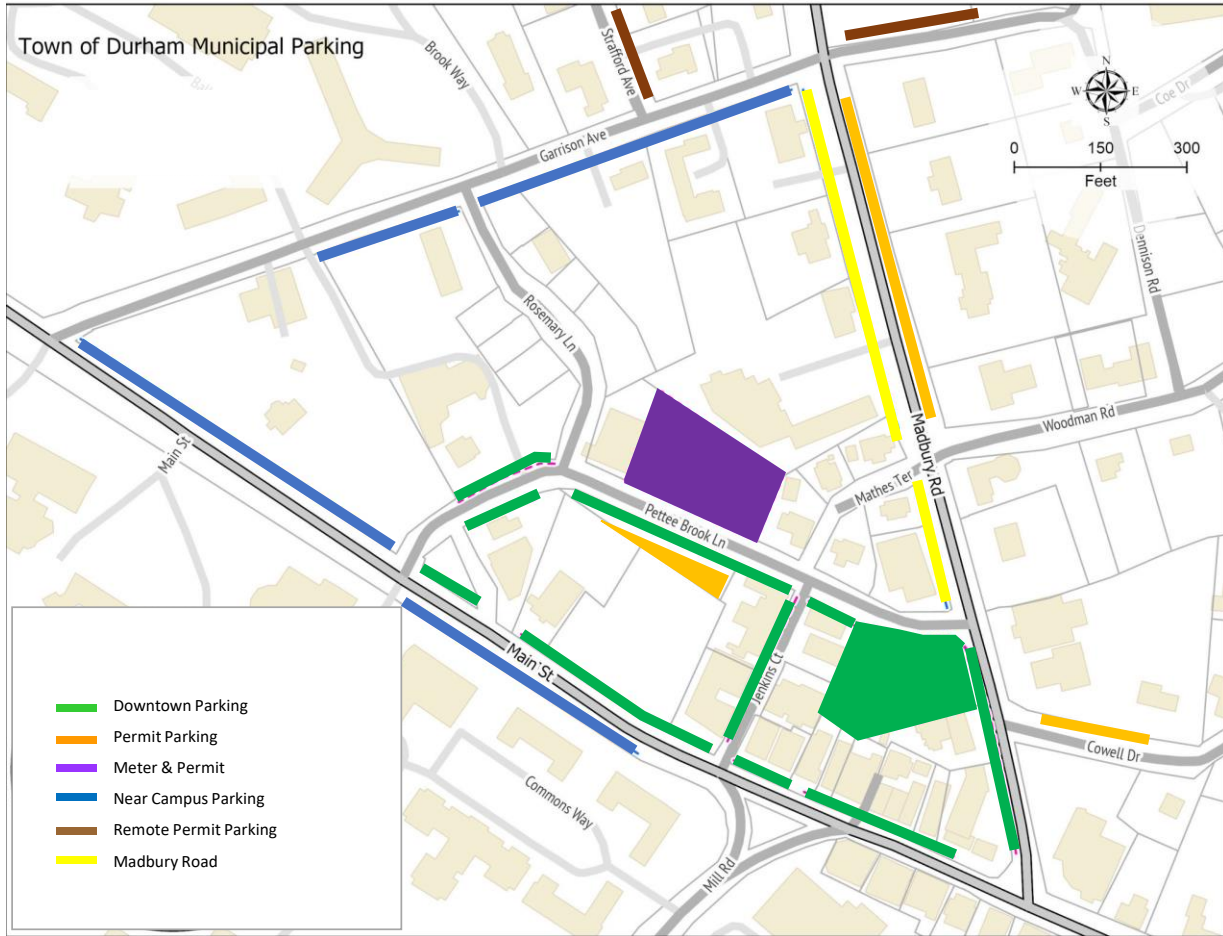


Figure 1 – Downtown Parking Areas

Parking Use Threshold

It is recommended that parking utilization be kept at or below an 85% threshold¹ in downtown Durham. Below this threshold allows downtown visitors to find parking without unnecessary frustration or cycling, and assures that there will be parking in a reasonable proximity of their destination. However, visitors who expect a parking spot directly in front of their destination will inevitably be disappointed in any busy and vibrant downtown – including Durham’s.

¹ “Town of Durham – Parking Pricing & Management Report”, TND Engineering, November 2011, Page 31

Parking Data Summary and Trends

All of the data collected is provided in Appendix A. The Parking Areas are shown in Figure 1, and the utilization is summarized in Table 1 for the different parking areas. Table 2 provides the results from October 2017 and May 2019 studies for comparison.

Of obvious concern is the parking available to downtown businesses customers. The average utilization of Downtown parking during the peak period was 76.7% with an average of thirty-one spaces available. Downtown parking on the north side of Main Street in front of businesses had an average of 6-7 spaces available, but there were samples times when only two or three spots were available in this area.

Table 1 – Parking Area Utilization and Spaces Available during the November 2019 Study

		Morning 9-11AM	Midday 11-2PM	Afternoon 2-3PM
Downtown Parking (DT) Jenkins Court, Main St Short Term, Pette Brook Lane, Sammy's Lot, Madbury to Pettee Brook Lane	Utilization	61.5%	76.7%	65.5%
	Available Spaces	52.3	31.7	46.9
Madbury Road Longer Term (MR) Madbury Road (west side) from Pette Brook Lane to Garrison Ave	Utilization	53.9%	73.6%	66.2%
	Available Spaces	13.8	7.9	10.1
Downtown Parking and Business Permit (DTBP) Pettee Brook Lot	Utilization	94.3%	98.5%	88.0%
	Available Spaces	2.8	0.8	6.0
Downtown Business Permit (BP) Pettee Brook Permit Lot, Cowell Drive, Madbury Road (East Side)	Utilization	76.6%	86.3%	64.3%
	Available Spaces	9.8	5.8	15.0
Near Campus Parking (CP) Garrison Av, Main Street (Across from MUB and by Huddleston Hall)	Utilization	62.7%	63.1%	55.7%
	Available Spaces	25.3	25.1	30.1
Remote Business Permit (RBP) Garrison Ave (Near Middle School), Stafford Ave.	Utilization	0.7%	4.2%	4.8%
	Available Spaces	23.8	23.0	22.9

Table 2 – Parking Area Utilization and Spaces Available during the Oct 2017, May 2019 and November 2019 Study

		Oct 2017 Midday	May 2019 Midday	Nov 2019 Midday
Downtown Parking (DT) Jenkins Court, Main St Short Term, Pette Brook Lane, Sammy's Lot, Madbury to Pettee Brook Lane	Utilization Available Spaces	75.6% 32.9	72.5% 37.1	76.7% 31.7
Madbury Road Longer Term (MR) Madbury Road (west side) from Pette Brook Lane to Garrison Ave	Utilization Available Spaces	67.0% 8.3	71.0% 8.7	73.6% 7.9
Downtown Parking and Business Permit (DTBP) Pettee Brook Lot	Utilization Available Spaces	97.3% 1.4	95.7% 2.1	98.5% 0.8
Downtown Business Permit (BP) Pettee Brook Permit Lot, Cowell Drive, Madbury Road (East Side)	Utilization Available Spaces	90.4% 3.8	81.5% 7.8	86.3% 5.8
Near Campus Parking (CP) Garrison Av, Main Street (Across from MUB and by Huddleston Hall)	Utilization Available Spaces	80.4% 13.1	73.5% 18.0	63.1% 25.1
Remote Business Permit (RBP) Garrison Ave (Near Middle School), Stafford Ave.	Utilization Available Spaces	10.4% 21.5	0.6% 23.9	4.2% 23.0

Parking availability has remained consistent over the past two years, with the exception of parking in proximity to the UNH campus. Near campus parking has experienced decreasing demand and higher availability over the past two years. This may be due to increases in parking prices that are now aligned with UNH pricing at the UNH Campus Crossings and Visitor lots.

Figure 2 shows the midday parking use for specific lots and streets during November 2019. Figures 3 and 4 show data from May 2019 and October 2017 respectively.

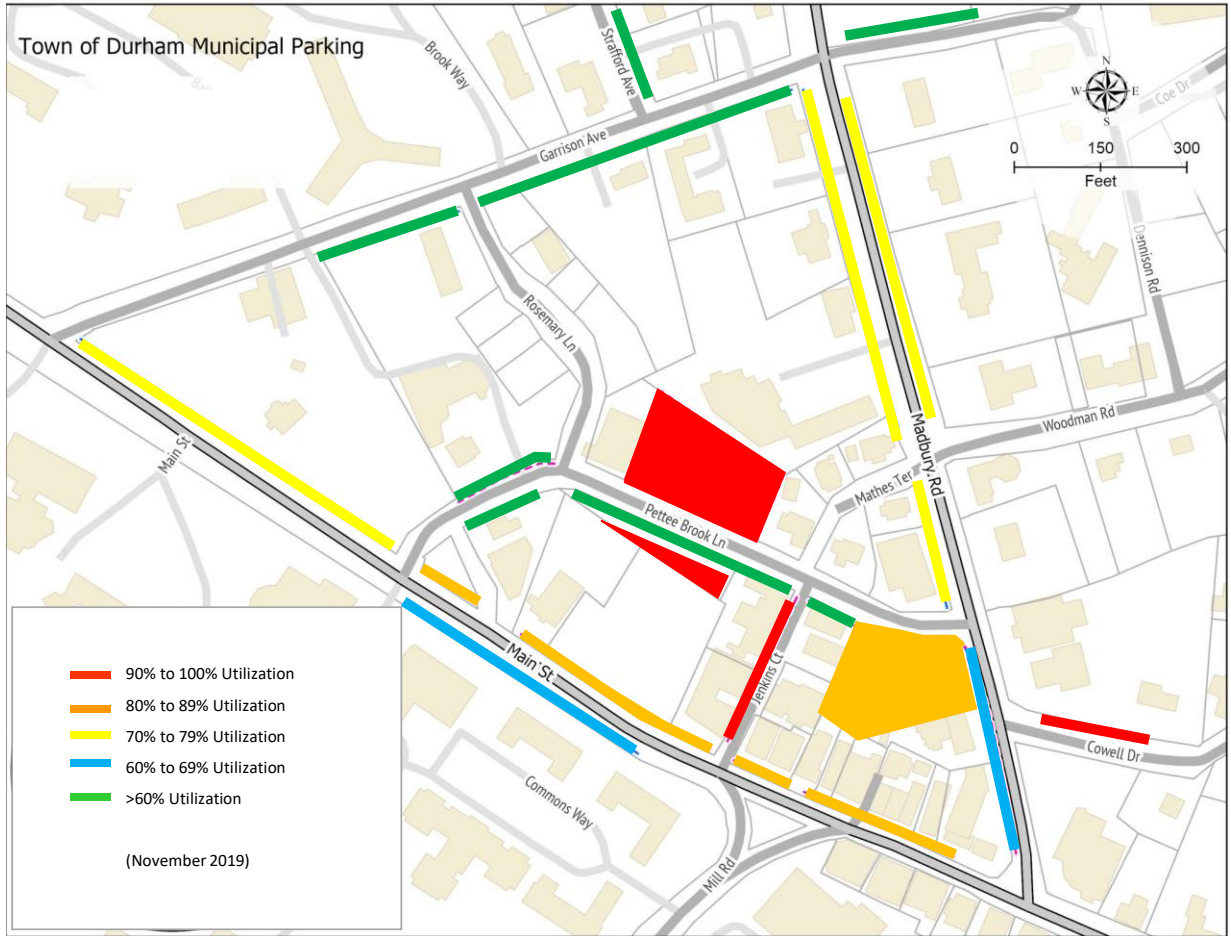


Figure 2 – Parking Utilization During November 2019

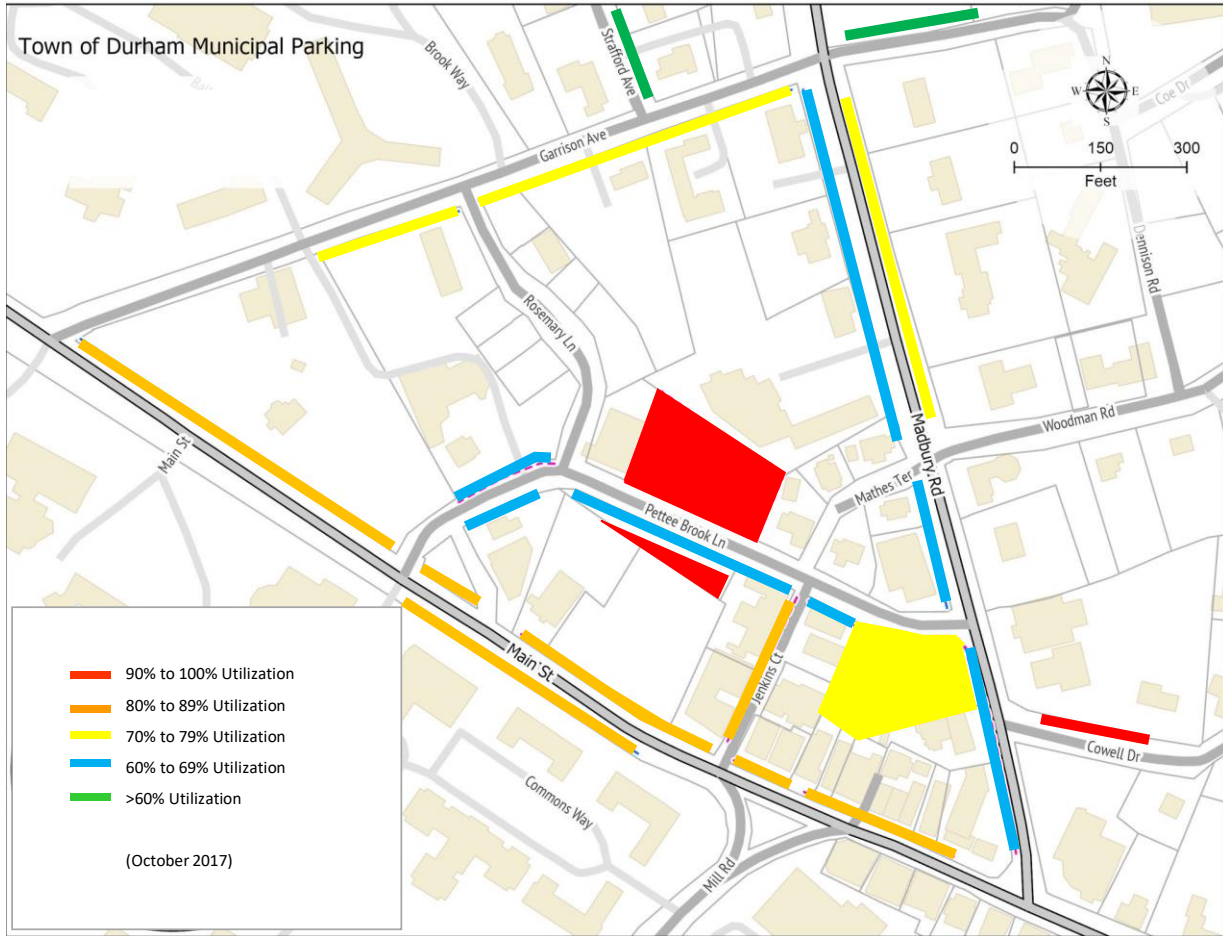


Figure 4 – Parking Utilization During October 2017

Parking Conclusions and Recommendations

Conclusions

- Parking in the Downtown is highly utilized, but the utilization has been consistent since 2017 and *well below the 85% threshold*.
- Permit Parking in the downtown is highly utilized, but permit parking spots are available on the east side of Madbury Road. Remote Business Permit parking on Stafford and Garrison Avenues is rarely used.
- Parking in the Pettee Brook Lot continues to be highly utilized with the majority of users having a business permit.

- Parking in proximity to the campus has decreased. This is probably the result on the increase in pricing to the same level has UNH parking in the Campus Crossing and Visitor Lots.

Recommendations

- Analyze and estimate the amount of new downtown infill development that can be accommodated without exceed the 85% utilization threshold.
- Collect updated Data during calendar year 2020 while UNH is in session to monitor trends.

Questions or Comments? Please contact Dave Kurz (dkurz@ci.durham.nh.us) or Jim Lawson (lawsonje24@comcast.net).

Appendix A

November 2019 (Weekdays)			Date Time	20-Nov 8:43	15-Nov 9:20	26-Nov 9:43	21-Nov 9:45	25-Nov 10:20	15-Nov 10:30	20-Nov 11:15	20-Nov 11:18	22-Nov 11:24	21-Nov 11:43
Cowell Drive	Total Spaces	7	7	7	7	7	7	7	7	7	7	7	7
	Open Spaces	<u>BP</u>	5	2	0	2	3	0	1	1	1	0	0
Jenkins Court	Total Spaces	10	10	10	10	10	10	10	10	10	10	10	10
	Open Spaces	<u>DT</u>	5	0	0	1	1	0	0	0	1	2	0
Garrison Avenue Meter	Total Spaces	32	32	32	32	32	32	32	32	32	32	32	32
	Open Spaces	<u>CP</u>	18	17	5	9	11	9	10	10	10	15	16
Garrison Avenue Permit (Near Middle School)	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>RBP</u>	12	12	12	12	12	12	12	12	12	12	12
Madbury Road - Main to Pettee Brook	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>DT</u>	10	2	1	6	8	4	9	8	1	4	4
Madbury Rd -Pettee Brook to Garrison Ave	Total Spaces	30	30	30	30	30	30	30	30	30	30	30	30
	Open Spaces	<u>MR</u>	26	13	11	14	5	14	11	11	14	13	13
Madbury Road - Permit	Total Spaces	17	17	17	17	17	17	17	17	17	17	17	17
	Open Spaces	<u>BP</u>	10	9	3	6	8	4	9	9	9	9	0
Main Street - Downtown Short Term	Total Spaces	39	39	39	39	39	39	39	39	39	39	39	39
	Open Spaces	<u>DT</u>	11	12	3	7	18	10	11	9	6	2	2
Main Street - Long Term Huddleston/Fairchild	Total Spaces	15	15	15	15	15	15	15	15	15	15	15	15
	Open Spaces	<u>CP</u>	12	8	9	4	7	7	10	9	5	0	0
Main Street - Long Term near MUB/ Presidents House	Total Spaces	21	21	21	21	21	21	21	21	21	21	21	21
	Open Spaces	<u>CP</u>	12	8	2	4	3	7	8	8	5	3	3
Pettee Brook Metered Lot	Total Spaces	50	50	50	50	50	50	50	50	50	50	50	50
	Open Spaces	<u>DTBP</u>	6	9	0	0	2	0	1	1	1	3	3
Pettee Brook Lane	Total Spaces	29	29	29	29	29	29	29	29	29	29	29	29
	Open Spaces	<u>DT</u>	25	8	9	17	14	19	17	16	12	11	11
Pettee Brook Permit	Total Spaces	18	18	18	18	18	18	18	18	18	18	18	18
	Open Spaces	<u>BP</u>	4	2	0	0	1	0	1	1	1	0	0
Sammy's Lot	Total Spaces	46	46	46	46	46	46	46	46	46	46	46	46
	Open Spaces	<u>DT</u>	30	13	13	28	23	16	20	16	7	18	18
Strafford Ave	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>RBP</u>	12	12	12	12	12	11	11	10	11	12	12
Post Office	Total Spaces	0	0	0	0	0	0	0	0	0	0	0	0
	Open Spaces	<u>PQ</u>	15	11	13	16	16	11	15	15	6	11	11

November 2019 (Weekdays)			Date Time	15-Nov 11:45	22-Nov 12:30	26-Nov 12:33	15-Nov 12:40	21-Nov 13:03	19-Nov 13:10	21-Nov 13:13	20-Nov 13:40	25-Nov 13:57	19-Nov 13:58
Cowell Drive	Total Spaces	7	7	7	7	7	7	7	7	7	7	7	7
	Open Spaces	<u>BP</u>	0	0	0	0	1	0	1	0	0	3	1
Jenkins Court	Total Spaces	10	10	10	10	10	10	10	10	10	10	10	10
	Open Spaces	<u>DT</u>	2	0	0	0	0	0	0	0	1	2	2
Garrison Avenue Meter	Total Spaces	32	32	32	32	32	32	32	32	32	32	32	32
	Open Spaces	<u>CP</u>	13	23	13	16	13	16	16	13	16	10	18
Garrison Avenue Permit (Near Middle School)	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>RBP</u>	11	12	12	11	11	12	10	10	11	11	11
Madbury Road - Main to Pettee Brook	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>DT</u>	5	0	3	1	5	7	5	7	5	7	7
Madbury Rd -Pettee Brook to Garrison Ave	Total Spaces	30	30	30	30	30	30	30	30	30	30	30	30
	Open Spaces	<u>MR</u>	5	9	2	5	7	5	5	X	11	7	7
Madbury Road - Permit	Total Spaces	17	17	17	17	17	17	17	17	17	17	17	17
	Open Spaces	<u>BP</u>	5	6	1	7	1	4	2	7	1	6	6
Main Street - Downtown Short Term	Total Spaces	39	39	39	39	39	39	39	39	39	39	39	39
	Open Spaces	<u>DT</u>	4	5	4	3	6	5	8	14	18	13	13
Main Street - Long Term Huddleston/Fairchild	Total Spaces	15	15	15	15	15	15	15	15	15	15	15	15
	Open Spaces	<u>CP</u>	4	7	2	5	1	6	2	11	7	6	6
Main Street - Long Term near MUB/ Presidents House	Total Spaces	21	21	21	21	21	21	21	21	21	21	21	21
	Open Spaces	<u>CP</u>	10	3	7	7	2	5	4	3	4	2	2
Pettee Brook Metered Lot	Total Spaces	50	50	50	50	50	50	50	50	50	50	50	50
	Open Spaces	<u>DTBP</u>	0	2	0	0	0	1	0	0	0	1	0
Pettee Brook Lane	Total Spaces	29	29	29	29	29	29	29	29	29	29	29	29
	Open Spaces	<u>DT</u>	16	9	9	10	8	12	8	14	13	16	16
Pettee Brook Permit	Total Spaces	18	18	18	18	18	18	18	18	18	18	18	18
	Open Spaces	<u>BP</u>	1	0	0	1	0	0	0	0	1	3	3
Sammy's Lot	Total Spaces	46	46	46	46	46	46	46	46	46	46	46	46
	Open Spaces	<u>DT</u>	2	0	0	6	6	5	8	12	15	15	15
Strafford Ave	Total Spaces	12	12	12	12	12	12	12	12	12	12	12	12
	Open Spaces	<u>RBP</u>	12	12	12	12	11	12	11	12	12	12	10
Post Office	Total Spaces	0	0	0	0	0	0	0	0	0	0	0	0
	Open Spaces	<u>PQ</u>	13	11	16	10	11	10	6	13	13	12	12

November 2019 (Weekdays)

	Date Time	22-Nov 14:00	21-Nov 16:00	22-Nov 16:00	20-Nov 16:06	22-Nov 16:30		9-11AM Utilization	11AM-2PM Utilization	2-5PM Utilization
								Average Spaces Avail	Average Spaces Avail	Average Spaces Avail
Cowell Drive	Total Spaces	7	7	7	7	7	7	71.4%	95.2%	71.4%
	Open Spaces	<u>BP</u> 1	2	3	1	3	3	2.00	0.33	2.00
Jenkins Court	Total Spaces	10	10	10	10	10	10	88.3%	95.0%	81.4%
	Open Spaces	<u>DT</u> 3	3	0	2	1	1	1.17	0.50	1.86
Garrison Avenue Meter	Total Spaces	32	32	32	32	32	32	64.1%	54.7%	39.3%
	Open Spaces	<u>CP</u> 20	19	26	15	28	28	11.50	14.50	19.43
Garrison Avenue Permit (Near Middle School)	Total Spaces	12	12	12	12	12	12	0.0%	4.2%	3.6%
	Open Spaces	<u>RBP</u> 12	11	12	12	12	12	12.00	11.50	11.57
Madbury Road - Main to Pettee Brook	Total Spaces	12	12	12	12	12	12	56.9%	61.8%	50.0%
	Open Spaces	<u>DT</u> 4	6	5	8	7	7	5.17	4.58	6.00
Madbury Rd -Pettee Brook to Garrison Ave	Total Spaces	30	30	30	30	30	30	53.9%	73.6%	66.2%
	Open Spaces	<u>MR</u> 11	11	11	10	10	10	13.83	7.91	10.14
Madbury Road - Permit	Total Spaces	17	17	17	17	17	17	60.8%	70.6%	50.4%
	Open Spaces	<u>BP</u> 7	7	14	12	12	12	6.67	5.00	8.43
Main Street - Downtown Short Term	Total Spaces	39	39	39	39	39	39	73.9%	83.5%	68.1%
	Open Spaces	<u>DT</u> 16	7	12	9	12	12	10.17	6.42	12.43
Main Street - Long Term Huddleston/Fairchild	Total Spaces	15	15	15	15	15	15	47.8%	65.6%	62.9%
	Open Spaces	<u>CP</u> 4	8	2	7	5	5	7.83	5.17	5.57
Main Street - Long Term near MUB/ Presidents House	Total Spaces	21	21	21	21	21	21	71.4%	74.2%	75.5%
	Open Spaces	<u>CP</u> 5	3	6	10	6	6	6.00	5.42	5.14
Pettee Brook Metered Lot	Total Spaces	50	50	50	50	50	50	94.3%	98.5%	88.0%
	Open Spaces	<u>DTBP</u> 9	5	7	6	14	14	2.83	0.75	6.00
Pettee Brook Lane	Total Spaces	29	29	29	29	29	29	47.1%	59.2%	42.4%
	Open Spaces	<u>DT</u> 17	15	18	20	18	18	15.33	11.83	16.71
Pettee Brook Permit	Total Spaces	18	18	18	18	18	18	93.5%	97.7%	74.6%
	Open Spaces	<u>BP</u> 0	7	8	4	9	9	1.17	0.42	4.57
Sammy's Lot	Total Spaces	46	46	46	46	46	46	55.4%	81.9%	78.6%
	Open Spaces	<u>DT</u> 9	6	9	15	0	0	20.50	8.33	9.86
Strafford Ave	Total Spaces	12	12	12	12	12	12	1.4%	4.2%	6.0%
	Open Spaces	<u>RBP</u> 12	11	12	11	11	11	11.83	11.50	11.29
Post Office	Total Spaces	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
	Open Spaces	<u>PO</u> 11	7	11	12	9	9	13.67	11.42	10.71

Appendix D

Assessment of Future Parking Demand Resulting from Downtown Redevelopment

Memo

To: Downtown Working Group

From: Jim Lawson

cc: Name

Date: March 29, 2021

Re: Revised Central Business Infill Redevelopment and Future Public Parking Demand Estimates (Version 3.0)

This memo details estimates of the commercial infill redevelopment potential of Durham's Central Business District and the resulting demand for public parking. The methodology has been revised to look at the relative time frames of the redevelopment, and also presents the parking demand using different ratios. However, I still recommend the ratio of 3.3 public parking spaces per 1,000 sf of commercial space after reviewing previous Durham parking studies and data from the Urban Land Institute and the ITE.

Infill redevelopment will drive increased parking demand in the downtown. Demand for an additional 12 spaces would push parking utilization above the 85% threshold based on data collected just prior to the pandemic¹. Increased parking demand should also be expected if businesses having a wider market appeal occupy space in the downtown, such as The Big Bean restaurant on Jenkins Court.

Revised Methodology for Estimation Infill Develop Potential and Parking

- Older buildings and underdeveloped downtown parcels were identified. The median age of the buildings identified is 81 years.
- The buildings were placed into one of three categories:
 - Near-Term Development Potential (Within 4 years) – These are properties that the owner has submitted preliminary development plans or has discussed potential redevelopment at Planning Board meeting.
 - Mid-Term Development Potential (5-10 years) – These are properties where the owner expressed a willingness in the past to work with a developer or other property owner.
 - Long-Term Development Potential – These are properties where the interest in redevelopment is either unknown or the property has two or more floors of apartments.

¹ Town of Durham, "Public Parking Utilization and Analysis", November 2019

- The existing commercial space in these older buildings was estimated using tax records and general knowledge of the building's commercial space.
- New commercial space is assumed to occupy one floor based on the proposed downtown zoning. Useable commercial space is estimated by taking 70% of the lot size, based on the following assumptions:
 - Developers need to develop the entire parcel in a downtown environment, particularly when the parcel is small.
 - 70%-80% of the gross floor space is available for commercial activity (one floor).
- Current private parking spaces lost because of redevelopment are added to the future public parking estimates.

Data and Calculations of Commercial Space

The buildings analyzed in the downtown are shown in Figure 1. The estimates of existing commercial space, new space and the net change for each property are provided in Table 1.



Figure 1 – Parcels and Buildings Included in Analysis

Table 1. Estimation of existing and potential new commercial space.








Grantee	Picture	Business (Reference Only)	Street Number Index	Street Name	Zone	Estimated Existing Commercial Area	Method For Estimating Current Commercial Area	Estimated Commercial Infill Redevelopment (1 floor)	Method of estimated Infill Development	NET Change in Commercial Space
GALARO PROPERTIES LLC		Kostis Building	13	JENKINS COURT	CB	13,501	Tax Information	10,931	70% of the land area (1 floor of commercial)	(2,570)
60 MAIN R.E. LLC (1)		Smoke Shop	5-7	JENKINS COURT	CB	3,285	Tax Information	2,287	70% of the land area (1 floor of commercial)	(998)
HOLGATE LIMITED PARTNERSHIP		Wildcat Pizza	3	MADBURY ROAD	CB	5,310	1st floor area	9,800	70% of the land area (1 floor of commercial)	4,490
PASTOR, PETER L		Campus Convience	32	MAIN STREET	CB	1,984	1st floor area	3,972	70% of the land area (1 floor of commercial)	1,988
PETROVITSIS, STEPHEN - Front		DHOP	36	MAIN STREET	CB	4,000	1st floor area of DHOP Area	9,179	70% of the land area (1 floor of commercial)	5,179
PETROVITSIS, STEPHEN - Rear		Building in back	36	MAIN STREET	CB	-	No Commercial	Included Below	70% of the land area (1 floor of commercial)	N/A
PETROVITSIS, STEPHEN - Rear 2		Bld in Back - Makery	36	MAIN STREET	CB	1,616	1st floor area	30,492	70% of the land area (1 floor of commercial)	28,876
GFAS REALTY LLC		White House	39	MAIN STREET	CB	-	No Commercial	3,938	70% of the land area (1 floor of commercial)	3,938
HAYDEN FAMILY REALTY TRUST		Hayden Sports	44	MAIN STREET	CB	4,669	1st floor area	5,548	70% of the land area (1 floor of commercial)	879
NINEANDAHALF LLC		Scorpis / Village Pizza	45	MAIN STREET	CB	3,626	1st floor area. Excludes basement	4,221	70% of the land area (1 floor of commercial)	595
R&S HAYDEN DEVELOPMENT LLC		Laundrycenter	46	MAIN STREET	CB	1,940	1st floor area	2,607	70% of the land area (1 floor of commercial)	667

Table 1. Estimation of existing and potential new commercial space (continued).

Grantee	Picture	Business (Reference Only)	Street Number Index	Street Name	Zone	Estimated Existing Commercial Area	Method For Estimating Current Commercial Area	Estimated Commercial Infill Redevelopment (1 floor)	Method of estimated Infill Development	NET Change in Commercial Space
YOUNG FAMILY TRUST		Clark's Bistro	48	MAIN STREET	CB	3,166	1st floor area	4,589	70% of the land area (1 floor of commercial)	1,423
ARROW 5054 PROPERTIES LLC		Breaking New Grounds	50	MAIN STREET	CB	2,674	1st floor area	6,298	70% of the land area (1 floor of commercial)	3,624
ARROW 5054 PROPERTIES LLC		Real Estate Office/Barbra	50	MAIN STREET	CB	3,150	1st floor area	Included Above	70% of the land area (1 floor of commercial)	(3,150)
60 MAIN R.E. LLC (2)		Ciaco Italia Building	58	MAIN STREET	CD	4,858	1st floor area	Included Below	70% of the land area (1 floor of commercial)	(4,858)
60 MAIN R.E. LLC (3)		TC Building	60	MAIN STREET	CB	4,858	1st floor area	10,640	70% of the land area (1 floor of commercial)	5,782
CHITTENDEN CORP		Peoples Bank	70	MAIN STREET	CB	8,624	Tax Information	22,292	70% of the land area (1 floor of commercial)	13,668
TOWN & CAMPUS INC		Aroma Joes / Subway	72	MAIN STREET	CB	4,472	Tax Information	6,708	70% of the land area (1 floor of commercial)	2,236
CLARK PROPERTIES		Currently no commercial	74	MAIN STREET	CB	-	No Commercial	6,708	70% of the land area (1 floor of commercial)	6,708

Estimating Future Parking Requirements

There is variability in parking ratios used by different communities. Some cities, like Portsmouth, have adopted aggressive ratios closer to 2 parking spaces per 1,000sf of commercial space while others communities have adopted higher ratios of 4-5 when they don't have the density of office space or the nighttime parking reuse for restaurants like Portsmouth.

Durham's downtown commercial space is predominately comprised of restaurant, general retail and limited consumer service/medical offices. It also has significant pedestrian traffic originating from the UNH campus and downtown housing that does not place demand on downtown parking, all of which makes setting a reasonable parking ratio challenging. For this analysis, parking ratios of 2, 3.3 and 4 spaces per 1,000sf of commercial space are presented. The parking ratio of 3.3 space per 1,000sf of commercial space, however, was recommended for

