



APPRAISAL REPORT ON:
A REDEVELOPMENT PROPERTY
484-500 MAIN STREET
WORCESTER, MASSACHUSETTS



Prepared For: Executive Office of Economic Development
City of Worcester
Peter Dunn, Chief Development Officer
455 Main Street
Worcester, MA 01608

Prepared By: HOWARD S. DONO & ASSOCIATES, INC.
217 West Boylston Street
West Boylston, Massachusetts 01583

As of: September 8, 2021 (date of inspection)



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September 28, 2021

Executive Office of Economic Development
City of Worcester
Peter Dunn, Chief Development Officer
455 Main Street
Worcester, MA 01608

**RE: Appraisal of 484-500 Main Street, Worcester, MA
File No. 21080068**

Dear Mr. Dunn:

We are pleased to submit this appraisal report on the above referenced property. The purpose of this appraisal is to provide a market value opinion of the subject property in its "as is" condition as a redevelopment property (single economic unit).

The intended user is the Executive Office of Economic Development, City of Worcester and its intended use is for potential acquisition purposes.

The legal interest appraised is the fee simple estate as the property has been considered as a redevelopment building unencumbered by any lease agreements. Furthermore, the property is currently utilized as a 36 unit office condominium building; as such this analysis assumes that the condominium association is dissolved and the appraised property has been considered in its "as is" condition as a single economic unit as a redevelopment building per the client's request.

The date as of which the value opinion shall apply is September 8, 2021, the date of our inspection of the subject property.

The appraised property consists of two non-contiguous parcels of land considered as one economic unit. The property site consisting of two non-contiguous parcels contains a total land area of 110,489± square feet. The property at 484 Main Street contains 55,234± square feet and contains the six story building improvement. The property at Irving Street and Chatham Street contains 55,225± square feet and is utilized as a parking lot, which is essentially situated one block to the north and could be marketed separately. However, within this analysis no consideration has been given to this parcel as a free standing site as it would support the parking requirements for any potential redevelopment of the existing building improvement.

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City of Worcester



Per the Master Deed and Assessment records contained in the analyst work file the building contains a total of 200,000± square feet of which 151,786± square feet (75.89%) is unit space and 48,214± square feet (24.11%) is common area. There are a total of 36 units on six levels per the 2021 assessment records. Again for the purpose of this analysis we have considered the subject property as a 200,000 square foot redevelopment building with no consideration to the existing condominium usage.

Within the extraordinary assumptions and hypothetical conditions section of this report is our “Statement Relative to the Coronavirus (COVID-19) Pandemic” and we urge the client to read this section of the report.

While a state of emergency was declared on March 10, 2020 as of April 2021 vaccination of the Massachusetts population was well underway with anticipation of a full re-opening of the economy for the summer of 2021 with the Governor lifting restrictions and the Massachusetts economy being declared “open for business” as of May 29, 2021. Presently as of September 2021 the pandemic has been ongoing for 18 months and with the resurgence of the Delta Variant nationally and locally the full impact on the real estate market is yet to be determined with individual retail, office, industrial and residential sectors experiencing varying degrees of impact.

The property is not currently being marketed for sale as a redevelopment building (single economic unit) to the best knowledge of the appraisers. That being said within MLS unit listings for sale/lease were observed.

We find that if professionally brokered at the appraised value the subject would compete favorably in the marketplace and would experience a marketing period of less than one year given current market conditions and assuming the availability of financing.

The scope of the appraisal is not limited and therefore includes all steps customarily performed by our peers in the valuation of properties such as the subject. The scope of work is suitable to produce a credible appraisal. A summary description of the property, the sources of information, and the bases of the estimates are contained in the accompanying sections of this report.

This appraisal assignment has been performed and completed in compliance with USPAP, the Code of Professional Ethics, the Massachusetts Board of Real Estate Appraisers, the American Society of Appraisers, and the specific requirements of the client.

Within the past 3 years we believe neither the appraiser(s) nor Howard S. Dono & Associates, Inc. performed any services related to the subject of this report. That being said within the past 3 years services were completed for individual condominium unit owners and the client is aware of this fact.

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484-500 Main Street, Worcester, MA
Appraised for Executive Office of Economic Development
City of Worcester



Subject to all conditions and explanations contained in the accompanying report, our market value opinion of the fee simple interest in the subject property in its "as is" condition as redevelopment property (single economic unit), expressed in terms of financial arrangements equivalent to cash, as of September 8, 2021, is:


**FIVE MILLION THREE HUNDRED TEN THOUSAND DOLLARS
(\$5,310,000.00)**

Extraordinary Assumptions and Hypothetical Conditions: Extraordinary assumptions or hypothetical conditions were required for the completion of the appraisal assignment and we urge the client to read this section of the report.

Reports are delivered electronically as prepared by Howard S. Dono & Associates, Inc. with protected digital signatures and contain all addenda materials. Copies of the report may not represent our actual analyses and conclusion(s) of value, as we have no control over the security of the content once delivered. This report must be considered in its entirety and we assume no liability for the use of this report by anyone other than the intended user, any use other than the intended use, and partial or fraudulent versions of our reports. The accompanying prospective financial analyses are based on estimates and assumptions developed in connection with the appraisal. Some assumptions, however, inevitably may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analyses may vary from estimates, and the variations may be material. Further, we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts and other management actions upon which actual results will depend.

Respectfully Submitted,

HOWARD S. DONO & ASSOCIATES, INC.


Joseph R. Curley, Jr., MBA, MRA, ASA
Massachusetts Certified General Real Estate Appraiser #811

As review/supervising appraiser, I certify that I have reviewed the content, analysis and conclusion expressed in this report and concur with the final value estimate.



Howard S. Dono, MRA, IFAS, ASA
Supervising / Review Appraiser
Massachusetts Certified General Real Estate Appraiser #1204

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EXECUTIVE SUMMARY

Property Information

Property Name:	N/A
Address:	484-500 Main Street Worcester, Massachusetts
Property Type:	Redevelopment (single economic unit)
Occupancy:	Currently office condominium units
Proposed Use:	Redevelopment
Owner of Record:	See summary ownership to follow
Owner's Representative:	Doug Morris, On-site Tech Manager Glickman Kovago Property Management

Building Characteristics

Number of Buildings:	1
Number of Units:	1 as redevelopment property Currently 36 office condominiums
Number of Stories:	6
Gross Building Area:	200,000± square feet Master Deed
Current Office Area:	151,786± square feet (36 units)
Common Area:	48,214± square feet
Year Built:	Circa 1900 converted 1983
Substantial Deferred Maintenance:	See property description
Conforming:	Yes

Site Characteristics

Land Area:	110,489± square feet (combined)
Zoning Designation:	BG-6.0
Flood Hazard Zone:	Apparently no
Conforming:	Yes

Highest and Best Use

As if Vacant:	Commercial development
As Improved:	Redevelopment, as currently improved
User:	Investor / Developer
Excess / Surplus Land:	Apparently no



EXECUTIVE SUMMARY

Valuation Information

Property Interest Appraised:	“As is” fee simple estate
Effective Date of Appraisal:	September 8, 2021, date of value
Listing Price:	N/A
Pending Sale Price:	N/A
Exposure Time / Marketing Period:	Less than 12 months

Market Value Opinion Indications as a Redevelopment Property (single economic unit)

Cost Approach:	Not Developed
Sales Comparison Approach:	\$5,310,000.00
Income Capitalization Approach:	Not Developed

Market Value Opinion Conclusion as a Redevelopment Property (single economic unit)

Real Estate:	\$5,310,000.00
Allocation (furniture, fixtures):	Not Applicable

Extraordinary Assumptions and Hypothetical Conditions: Extraordinary assumptions or hypothetical conditions were required for the completion of the appraisal assignment and we urge the client to read this section of the report.

SUBJECT PHOTOGRAPHS

REPRESENTATIVE VIEW OF SUBJECT PROPERTY



SUBJECT PHOTOGRAPHS

REPRESENTATIVE SUBJECT PHOTOGRAPH

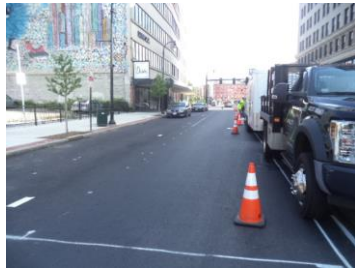


SUBJECT PHOTOGRAPHS

REPRESENTATIVE SUBJECT PHOTOGRAPH



SUBJECT PHOTOGRAPHS



Street scene photograph Main Street



Street scene photograph Main Street



Street scene photograph Chatham Street



Street scene photograph High Street



Street scene photograph Chase Court



Street scene photograph Chatham Street

SUBJECT PHOTOGRAPHS



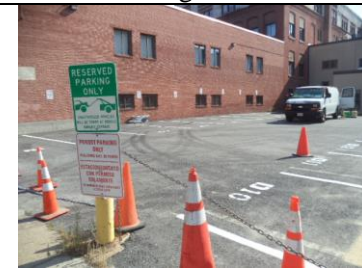
Exterior view Chase Court



Exterior view gas meter



Exterior view Chase Court



Exterior view High Street parking area



Exterior view loading dock area



Electric meter



Typical electric



Typical electric

SUBJECT PHOTOGRAPHS



Typical sprinkler



Typical sprinkler



Interior view



Heating system in use



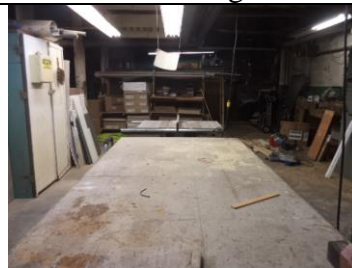
Heating system not in use



A/C water cooling unit

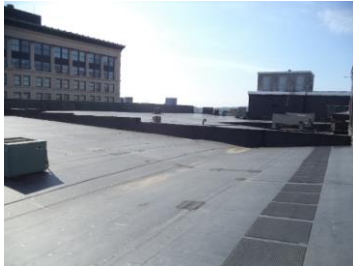


Maintenance area



Maintenance area

SUBJECT PHOTOGRAPHS



Roof view



Roof view



Elevator area



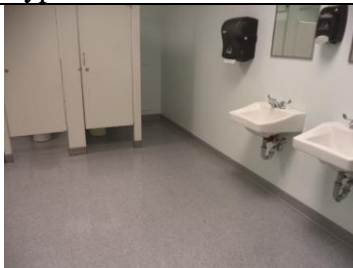
Typical common escalator area



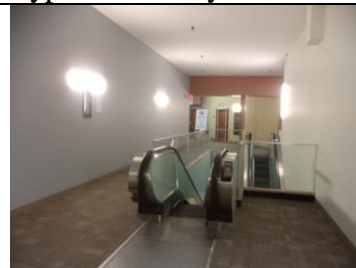
Typical common bath area



Typical stairway view



Typical common bath area



Typical common escalator area

SUBJECT PHOTOGRAPHS



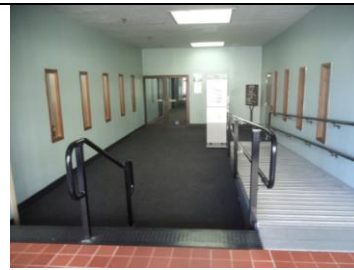
Main Street entrance area



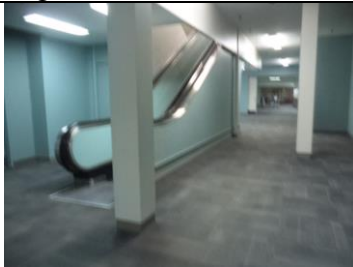
Main Street entrance area



High Street entrance area



Interior view



Interior view



Interior view



Interior view



Interior view

SUBJECT PHOTOGRAPHS



Interior view



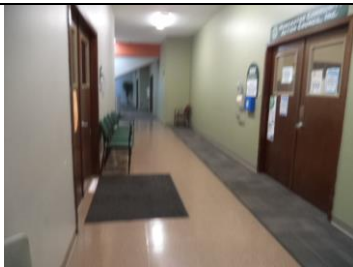
Interior view



Interior view



Interior view



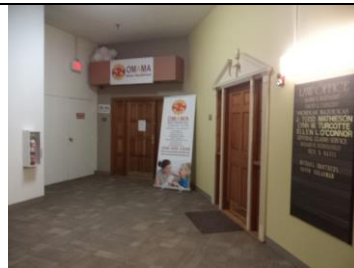
Interior view



Interior view



Interior view



Interior view

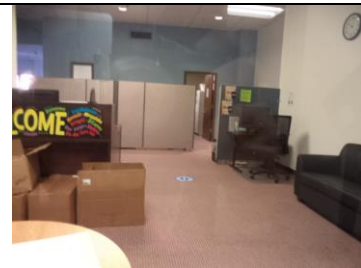
SUBJECT PHOTOGRAPHS



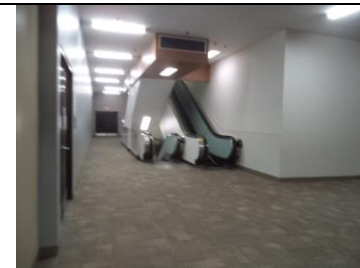
Interior view



Interior view



Interior view



Interior view

SCOPE OF WORK

Prior to accepting this appraisal assignment, the appraiser was fully aware of the type of property to be appraised, the geographical and market area in which the subject property is located, and the nature of the appraisal problem. The appraiser has broad experience in appraising commercial real estate in the subject region. Compliance with the competency provision, as described in the Uniform Standards of Professional Appraisal Practice, is understood. The scope of work is intended to be in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics, the Massachusetts Board of Real Estate Appraisers, the American Society of Appraisers, and the specific requirements of the client.

It is the intent of this report to communicate a market value appraisal, in narrative fashion, based upon gathering, presenting, and analyzing various pertinent market data. The depth and extent of the scope of this report reflect the prior agreement of the client and appraiser. This appraisal conforms to Standards 2 of USPAP; as such, it contains discussions of the data, reasoning and analyses involved in the appraisal process while supporting documentation is retained in our work file.

The scope of the appraisal includes all steps customarily performed by our peers in the preparation of the appraisal report for a property such as the subject. These steps include, but are not limited to, the following:

- Inspection of the property to be appraised. An inspection is made to sufficiently describe the subject for valuation purposes. The level of inspection is dictated by the nature of the real estate and the degree of access granted by ownership and/or occupants. Roofs are generally inspected only from easily and safely accessible vantage points. The level of inspection was sufficient for a credible appraisal. *That being said per USPAP, the appraiser personal inspection is defined as a physical observation performed to assist in identifying relevant property characteristics in a valuation service. An appraiser's inspection is typically limited to those things readily observable without the use of special testing or equipment.*
- The gross building area estimate of 200,000± square feet is based upon the Master Deed. The finished area estimate of 151,786± square feet and the common area of 48,214± square feet are based upon the assessment records and Master Deed. These measurements are for valuation purposes only. The analyst recognizes that he is not a professional engineer or surveyor and assumes that said area calculations are correct. The analyst reserves the right to amend the value estimate herein should detailed engineering or architectural plans differ from those relied upon.
- Land area calculations are based upon the assessment records. The site contains 110,489± square feet combined (55,234 and 55,225 square feet respectively as detailed in body of report).

SCOPE OF WORK

- Discussions with ownership and review of operating income and expense statements, schedule of recent or intended capital improvements, leases, listings, and purchase and sales agreements, if applicable. For leased properties we have requested copies of leases, income/expense summary and/or tax returns. Currently, the property has been considered as redevelopment property (single economic unit) per the client's request. No rental data and expense data was supplied. Presently the subject is not being marketed for sale as a single economic unit redevelopment property. The analyst knows of no proposed pending capital improvements.
- Analysis of highest and best use by analyzing the subject's physical and geographic characteristics in light of the subject's existing development.
- Research and analysis of market data; historic, current and proposed, within the City of Worcester. Research and analysis of same data regionally through Baystate Multiple Listing Service (MLS), Banker & Tradesman, Costar.com, Loopnet.com, and extensive in-house files. Our research, unless otherwise noted, covered a period of 3 years.
- Development of opinion(s) of value through consideration of the three approaches to value and development of all approaches applicable to valuing a property with the subject's characteristics. An explanation of the exclusion of any approaches must be stated.
- Writing an appraisal report in compliance with the standards of our profession and the specific requirements of the client.
- For the purpose of this analysis no consideration has been given to the "on-going" business concern, equipment, furnishings and/or goodwill of the business operations associated with the subject property. The value estimate herein is for the real estate only. As such this analysis required no allocation to the value estimate for FF&E (furnishings, fixtures and equipment) or and allocation to an "on-going" business concern.
- Software utilized is Microsoft Excel and maintained by Joseph Curley, Jr., MBA, MRA, ASA.

CERTIFICATION


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

1. To the best of our knowledge and belief, the estimates of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.
2. Joseph R. Curley, Jr., MBA, MRA, ASA made a personal inspection of the property that is the subject of this report. Howard S. Dono, MRA, IFAS, ASA has inspected the subject property in conjunction with the review appraisal function. Details of the extent of inspection have been incorporated in the body of this report.
3. The reported analyses, opinions, and conclusions are limited only by the reported contingent and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
4. 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.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Neither this appraisal assignment nor my compensation is contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Massachusetts Board of Real Estate Appraisers and the American Society of Appraisers, and conforms to the Uniform Standards of Professional Appraisal Practice (U.S.P.A.P.).
8. No one other than the undersigned provided significant professional assistance to the persons signing this report.
9. The appraisal assignment was not based on a minimum valuation, a specific valuation, or the approval of a loan.

CERTIFICATION


10. The appraiser certifies that he/she is competent to complete the appraisal report in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice.
11. Disclosure of the contents of this appraisal report is governed by the bylaws and regulations of the Massachusetts Board of Real Estate Appraisers and the American Society of Appraisers relating to review by its duly authorized representatives.
12. Within the past 3 years we believe neither the appraiser(s) nor Howard S. Dono & Associates, Inc. performed any services related to the subject of this report. That being said within the past 3 years services were completed for individual condominium unit owners and the client is aware of this fact.
13. The property herein described and defined, which is the subject of this appraisal report, was valued as of September 8, 2021 at \$5,310,000.00 for its fee simple title in the subject property "as is" condition as a redevelopment property (single economic unit).

Extraordinary Assumptions and Hypothetical Conditions: Extraordinary assumptions or hypothetical conditions were required for the completion of the appraisal assignment and we urge the client to read this section of the report.



Joseph R. Curley, Jr., MBA, MRA, ASA
Massachusetts Certified General Real Estate Appraiser #811

As review/supervising appraiser, I certify that I have reviewed the content, analysis and conclusion expressed in this report and concur with the final value estimate.



Howard S. Dono, MRA, IFAS, ASA
Supervising / Review Appraiser
Massachusetts Certified General Real Estate Appraiser #1204

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinion or conclusions. A hypothetical condition is a condition that is contrary to what exists but is supposed for the purpose of analysis. Extraordinary assumptions or hypothetical conditions were required for the completion of the appraisal assignment.

Statement Relative to the Coronavirus (COVID-19) Pandemic:

While a state of emergency was declared on March 10, 2020 as of April 2021 vaccination of the Massachusetts population was well underway with anticipation of a full re-opening of the economy for the summer of 2021 with the Governor lifting restrictions and the Massachusetts economy being declared "open for business" as of May 29, 2021. Presently as of September 2021 the pandemic has been ongoing for 18 months and with the resurgence of the Delta Variant nationally and locally the full impact on the real estate market is yet to be determined with individual retail, office, industrial and residential sectors experiencing varying degrees of impact.

Over the past 18 months substantial turmoil has occurred in financial markets and due to the developing situation; it is not possible at this time to quantify its long-term or short-term effects on real estate markets or on the subject property.

The value opinion contained in this appraisal is based on findings of an analysis of trailing market data available to the appraiser at the time of the assignment. We must state that our regional and local demographics, trends, unemployment numbers, financial rates, marketing times and other pertinent statistics along with our market data (comparable sales and comparable rentals) are based upon trailing data and current prevailing conditions related to COVID-19 and caution real estate participates to proceed with a relative degree of "uncertainty" related to financial markets and the impact upon real estate values. We have tried to remain of aware of the most recent economic data; but caution the client that "daily" the economic atmosphere is continually changing.

Lastly, while we rely upon trailing and current data to estimate vacancy & occupancy, market rents, exposure and marketing periods, expense ratios, capitalization rates and ultimately form an "opinion of value" the short term and long term economic impact of the "pandemic" is largely unknown. The impact of high unemployment numbers, business failures, enterprise downsizing and overall market conditions is yet to be seen in this time of "uncertainty".

**EXTRAORDINARY ASSUMPTIONS AND
HYPOTHETICAL CONDITIONS**

The appraised property consists of two non-contiguous parcels of land considered as one economic unit.

The subject property has been considered as a single economic redevelopment building unencumbered by any lease agreements or condominium documents. As such the fee simple interest has been appraised.

The property site consisting of two non-contiguous parcels contains a total land area of 110,489± square feet.

The property at 484 Main Street contains 55,234± square feet of land and contains the six story building improvement. The property at Irving Street and Chatham Street contains 55,225± square feet of land and is utilized as a parking lot. Land area calculations are based upon the assessment records. The site contains 110,489± square feet combined.

Per the Master Deed and Assessment records contained in the analyst work file the building contains a total of 200,000± square feet of which 151,786± square feet (75.89%) is unit space and 48,214± square feet (24.11%) is common area. There are a total of 36 units on six levels per the 2021 assessment records.

Again for the purpose of this analysis we have considered the subject property as a 200,000± square foot redevelopment building with no consideration to the existing condominium usage. As such the gross building area estimate of 200,000± square feet is based upon the Master Deed. The finished area estimate of 151,786± square feet and the common area of 48,214± square feet are based upon the assessment records and Master Deed. These measurements are for valuation purposes only. The analyst recognizes that he is not a professional engineer or surveyor and assumes that said area calculations are correct. The analyst reserves the right to amend the value estimate herein should detailed engineering or architectural plans differ from those relied upon.

Per the clients request the subject property has been appraised as redevelopment property (single economic unit).

Again for the purpose of this analysis we have considered the subject property as a 200,000± square foot redevelopment building with no consideration to the existing condominium usage. Furthermore no consideration has been given to any potential development of the Chatham Street parking lot as it is reasonable to assume that any developer would consider this parking lot necessary for the redevelopment of the existing building improvement. As such the two non-contiguous parcels have been considered as one economic unit within this analysis.

**EXTRAORDINARY ASSUMPTIONS AND
HYPOTHETICAL CONDITIONS**

We have reviewed the EBI Consulting January 2020 Condominium Reserve Study and Mechanical Electrical Plumbing Life Safety Report supplied by the client.

The Mechanical Electrical Plumbing Life Safety Report indicates a total deferred maintenance cost estimate of \$607,728 pertaining to the subject the building plumbing, HVAC, electrical fire/life safety and elevators/conveying system.

The Condominium Reserve Study indicates an overall building deferred maintenance cost estimate of \$1,643,725.

While the interior units are in average condition as a redevelopment property we have considered the overall condition to be dated and in “fair” condition due to deferred maintenance as a redevelopment property. The building suffers functional obsolescence due to the high amount of common area associated with the conversion from a former retail facility to office condominiums.

GENERAL CONTINGENT AND LIMITING CONDITIONS

This appraisal report, the Letter of Transmittal and the Certification of Value are made expressly subject to the following assumptions and limiting conditions contained in the report which are incorporated herein by reference.

1. No responsibility is assumed for matters legal in nature, nor is any opinion rendered as to title, which is assumed to be marketable. The legal description contained in this report is assumed to be correct.
2. The Appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. The sketches contained in this report were not completed by an engineer and are included only to assist the reader in visualizing the property.
3. No title search was completed in connection with this appraisal report. Therefore, no responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered in this report. The title is assumed to be good and marketable.
4. Information furnished by others is assumed to be true, factually correct and reliable. A reasonable effort has been made to verify such information but the Appraisers assume no responsibility for its accuracy.
5. All mortgages, liens, encumbrances, leases and solitudes have been disregarded unless so specified within this report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed in this report that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined and considered in the appraisal report.

GENERAL CONTINGENT AND LIMITING CONDITIONS

9. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and the improvements is within the boundaries or property lines of the property described and there is no encroachment or trespassing unless noted within this report.
11. In this appraisal report, the existence of potentially hazardous material used in the construction or maintenance of any existing buildings, such as the presence of urea-formaldehyde foam insulation and/or the existence of toxic waste, was not observed by the appraiser. The appraisers, however, are not qualified to detect such substances. The existence of urea-formaldehyde insulation or other potentially hazardous waste material may have an effect on the value of the property. The appraiser urges the client to retain an expert in the field, if desired. Please note the information supplied in the Site Description - Hazardous Substances Section.
12. In this appraisal, compliance with the Americans with Disabilities Act (ADA) accessibility requirements has been considered. Unless otherwise noted in this report, no information was obtained to indicate compliance or lack thereof to ADA accessibility requirements. The appraiser is not qualified to conduct an ADA accessibility assessment and urges the client to retain an expert in this field if desired.
13. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made prior to the completion of this assignment.
14. Possession of this report, or a copy thereof, does not carry within the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser.
15. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocation of land and improvements in value must not be used in conjunction with any other appraisal and/or is invalid if so used.

GENERAL CONTINGENT AND LIMITING CONDITIONS

16. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without the written consent and approval of the Appraisers nor shall the Appraisers, firm or professional organization of which the Appraisers are members or candidates be identified without written consent of the Appraisers.
17. The gross building area and/or land area of the sales considered in the direct sales comparison approach were verified with public records from the Board of Assessors, the real estate brokers, the grantor and the grantees. However, the appraisers have not conducted field measurements of the comparable sale properties.
18. The term “inspection”, or any variation thereof, is commonly used by our peers to mean our visual observation of the accessible areas of the property as real property appraisers and is not intended to represent inspection by a trade professional unless specifically noted. We have not been hired to, nor are qualified to, perform such inspections.
19. Our conclusions of highest and best use are based on the complexity of the assignment, the purpose of the appraisal, and the intended use and user. A full analysis of highest and best use concludes with the identification of the ideal improvement both “as if vacant” and “as currently improved”. Such analyses typically require professionally prepared site plans, architectural renderings, and cost quotes. When such documentation is not provided it is assumed that the client has agreed to a limited analysis of highest and best use.
20. For the purpose of this analysis no consideration has been given to the “on-going” business concern, equipment, furnishings and/or goodwill of the business operations associated with the subject property. The value estimate herein is for the real estate only. As such this analysis required no allocation to the value estimate for FF&E (furnishings, fixtures and equipment) or an allocation to an “on-going” business concern.
21. This is an "Appraisal Report" per USPAP and has been prepared at the format request of the client. The requested reporting format appears appropriate for the intended use and user.



PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide a market value opinion of the fee simple interest in the subject property in its “as is” condition as a redevelopment property (single economic unit).

INTENDED USE AND USER

The intended use of this appraisal report is for potential acquisition purposes. The intended user of this report is the Executive Office of Economic Development, City of Worcester. Any other use or user is unintended and Howard S. Dono & Associates, Inc. assumes no liability for its use by anyone other than the client or for any use other than the intended use.

EFFECTIVE DATE OF VALUATION

The property was physically inspected on September 8, 2021, which is the date of our market research. Therefore the effective date of valuation is September 8, 2021.

LEGAL INTEREST APPRAISED

The subject property has been considered as a single economic redevelopment building unencumbered by any lease agreements or condominium documents. As such the fee simple interest has been appraised.

The legal interest appraised herein is the fee simple estate in the land and improvements. A 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. (*Appraisal Institute, Dictionary of Real Estate Appraisal, 6th edition, 2015, p. 90.*)

DEFINITION OF MARKET VALUE

As indicated previously, the purpose of this appraisal is to estimate the market value of the subject property. The definition of market value is:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
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.¹

¹ 12 C.F.R. Part 54.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

IDENTIFICATION AND HISTORY OF SUBJECT PROPERTY

The subject property is identified as 484-500 Main Street, Worcester, MA. The subject is known as the Denholm Building with direct access from Main Street and High Street. The property was constructed circa 1900 and converted to condominium use per the Master Deed recorded on 1/10/1983

The property site consisting of two non-contiguous parcels contains a total land area of 110,489± square feet.

The property at 484 Main Street contains 55,234± square feet and contains the six story building improvement.

The property at Irving Street and Chatham Street contains 55,225± square feet and is utilized as a parking lot.

Per the Master Deed and Assessment records contained in the analyst work file the building contains a total of 200,000± square feet of which 151,786± square feet (75.89%) is unit space and 48,214± square feet (24.11%) is common area.

There are a total of 36 units on six levels per the 2021 assessment records.

Again for the purpose of this analysis we have considered the subject property as a 200,000 square foot redevelopment building with no consideration to the existing condominium usage.

IDENTIFICATION AND HISTORY OF SUBJECT PROPERTY

Sales History / Legal Description

The following is a summary of the current 36 units per the assessment records and will serve as our legal description. The Master Deed, Assessment Property Record Cards and Unit Deeds are contained in the analyst work file.

# Units	Unit Number	Unit Size SF	Assessment	Unit Owner	Legal Description WDRD Book/Page	Sale Date	Consideration	Comment
1	10	10,083	\$218,200.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
2	50	7,938	\$216,500.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
3	100	4,280	\$166,000.00	PPM V Partnership	16699-228	11/10/1994	\$265,000.00	
4	105	1,743	\$90,300.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
5	110	1,144	\$44,400.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
6	120	959	\$37,200.00	Sideris Angelou	12305-341	8/30/1989	\$90,000.00	
7	150	3,530	\$128,200.00	Denholm Condo Trust	43014-236	6/25/2008	\$100.00	
8	170	1,189	\$66,400.00	SE Asian Coalition	59106-162	7/16/2018	\$100.00	
9	180	1,439	\$53,100.00	Choice 1 Realty LLC	61830-31	1/31/2020	\$45,000.00	
10	200	9,251	\$354,900.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
11	250	3,047	\$121,600.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
12	280	4,100	\$157,300.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
13	300	10,996	\$421,800.00	United Way Central MA	7896-289	8/31/1983	\$0.00	Multiple units
14	320	3,601	\$130,800.00	Denholm Condo Trust	44296-395	5/24/1994	\$120,000.00	Multiple Units
15	330	2,754	\$124,600.00	Robert Marhefka	8939-378	9/18/1985	\$92,500.00	
16	340	1,976	\$78,800.00	Center for Living & Working	12977-123	8/31/1990	\$100,000.00	
17	345	3,682	\$146,900.00	Center for Living & Working	11050-372	12/31/1987	\$187,500.00	
18	350	2,627	\$120,600.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
19	360	3,204	\$127,800.00	Big Brother Big Sister CM	13632-105	9/11/1991	\$60,000.00	
20	400	7,854	\$313,400.00	United Way Central MA	10115-193	12/31/1986	\$0.00	
21	420	3,044	\$118,000.00	Zechariah Cook	65974-43	9/1/2021	\$95,000.00	
22	430	11,609	\$463,200.00	Faith Fellowship Ministries	52748-126	8/29/2014	\$290,000.00	
23	450	2,612	\$104,200.00	Colleges of Worcester	40340-386	12/14/2006	\$1.00	
24	460	2,845	\$110,300.00	Center for Living & Working	51418-92	8/28/2013	\$50.00	
25	480	4,158	\$151,100.00	Center for Living & Working	51418-103	8/28/2013	\$50.00	
26	500	5,592	\$223,100.00	Colleges of Worcester	19682-244	3/6/1998	\$180,000.00	
27	510	1,580	\$61,300.00	Randy Feldman	15063-331	4/2/1993	\$65,000.00	
28	515	1,132	\$45,200.00	Colleges of Worcester	19682-249	3/6/1998	\$37,500.00	
29	520	1,627	\$63,100.00	David Cataldo	63402-174	10/1/2020	\$100.00	
30	530	2,746	\$106,500.00	David Cataldo	63402-176	10/1/2020	\$100.00	
31	535	2,740	\$106,300.00	Choice 1 Realty LLC	59582-126	10/23/2018	\$25,000.00	
32	540	2,648	\$105,600.00	Faith Fellowship Ministries	59033-259	6/29/2018	\$100.00	Multiple units
33	560	2,937	\$117,200.00	Faith Fellowship Ministries	59033-259	6/29/2018	\$100.00	Multiple units
34	570	2,090	\$81,000.00	Vangella Real Estate LLC	65901-261	8/24/2021	\$55,000.00	
35	580	2,167	\$84,000.00	Joseph Lostracco	64459-373	10/9/2020	\$30,000.00	
36	600	16,862	\$672,700.00	Easter Seal Society Mass	8490-375	12/14/1984	\$0.00	
		151,786	\$5,731,600.00					

IDENTIFICATION AND HISTORY OF SUBJECT PROPERTY

Listing History

The subject property is not currently being marketed for sale nor has it been marketed for sale within the past five years to the best knowledge of the appraiser as a single economic redevelopment property.

Occupancy History

Current occupancy is detailed on the tax summary below.

Tax and Assessment Data

Current unit assessments are as follows:

# Units	Unit Number	Unit Size SF	Assessment	Unit Owner	Legal Description WRD Book/Page	Sale Date	Consideration	Comment
1	10	10,083	\$218,200.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
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35	580	2,167	\$84,000.00	Joseph Lostracco	64459-373	10/9/2020	\$30,000.00	
36	600	16,862	\$672,700.00	Easter Seal Society Mass	8490-375	12/14/1984	\$0.00	
		151,786	\$5,731,600.00					

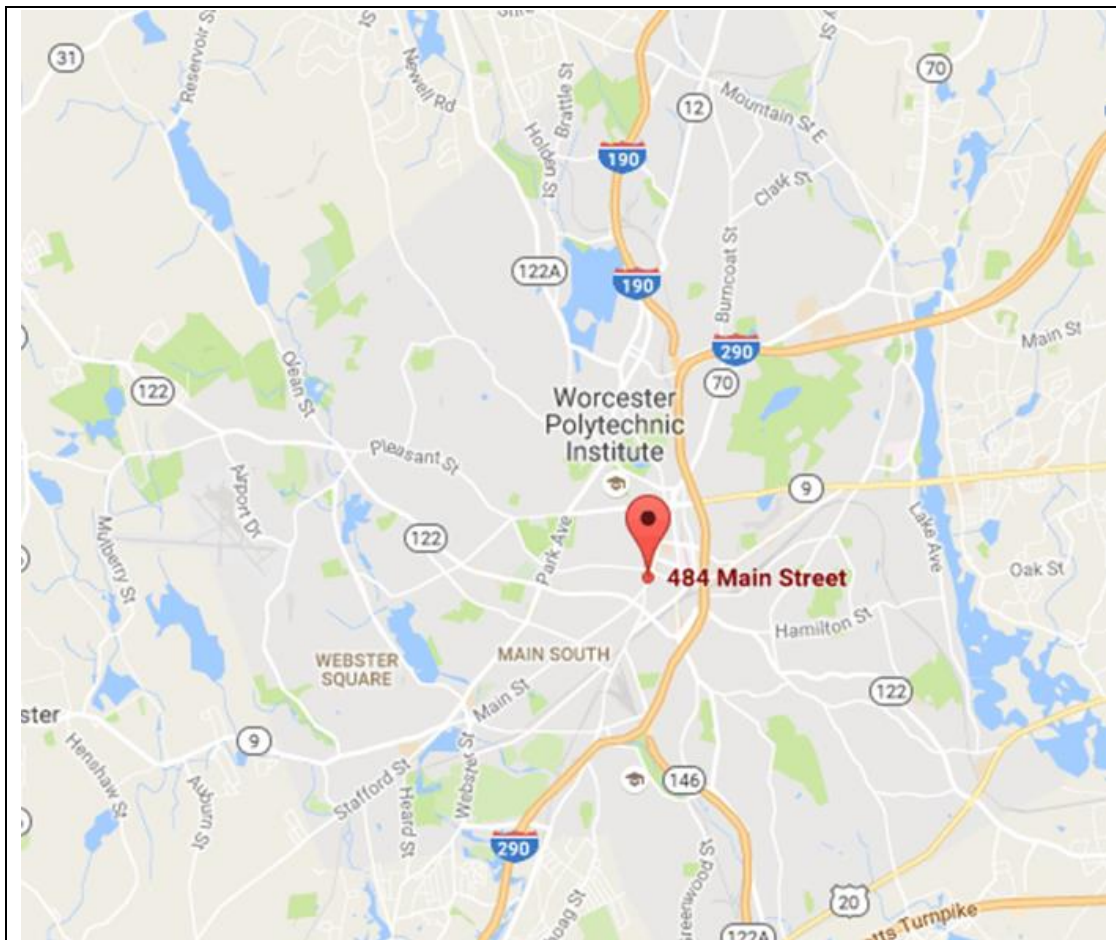
REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The region, economy, and specific location of the subject property are described for the purpose of understanding the influence of these factors on highest and best use and value.

Regional Location

The subject is located in the City of Worcester, Worcester County, Massachusetts.

The subject is located regionally below:



The City of Boston is the 20th most populous city in the United States. Worcester is the second largest city in New England – behind only Boston – and is the 74th largest city in America. Nearly 46% of the 13± million people in New England live in Massachusetts.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

General Characteristics / Trends of the Region

Based on 2015-2019 statistics Massachusetts’s median household income is \$81,215 compared to the national 2013-2017 median of \$74,167. Massachusetts’ prosperity radiates from east to west and along its interstate highway system. The greater Boston area is the wealthiest area of the state and its real estate is generally the most sought after and costly. There is very little developable land remaining east of Interstate 495 as the sprawl of the 1980s and again in the late 1990s resulted in furious land development. Prior to the current housing correction, single-family residential development gave way to condominium development as the favored development option. Interstate 495 remains the strongest corridor in terms of new development both residentially and commercially. Interstate 495 communities considered part of the subject region are located in Middlesex and Worcester Counties.

More recent data from 2010 thru 2018 / 2020 reflects the following trends for the 14 counties in Massachusetts.

	<u>Massachusetts</u>	<u>Essex</u>	<u>Suffolk</u>	<u>Middlesex</u>	<u>Norfolk</u>	<u>Bristol</u>	<u>Worcester</u>	<u>Hampden</u>
2019 Population	6,892,503	790,638	807,252	1,614,714	705,388	564,022	830,839	470,406
2010 Population	6,547,629	743,167	722,023	1,503,085	670,726	548,285	798,548	463,490
% Change Population 2010-2019	5.27%	6.39%	11.80%	7.43%	5.17%	2.87%	4.04%	1.49%
Land Area (square miles)	7,840	493	58	817	396	553	1,510	618
Density (persons per square mile)	879	1,604	13,882	1,976	1,781	1,020	550	761
Building Permits (2020)	17,025	1,359	3,696	4,443	1,924	694	1,681	320
Building Permits (2019)	17,365	1,134	3,169	5,569	2,078	648	1,774	258
Building Permits (2018)	17,044	870	3,738	4,309	2,009	669	1,596	291
% Change Building Permits (19-20)	-1.96%	19.84%	16.63%	-20.22%	-7.41%	7.10%	-5.24%	24.03%
Median Income (2015-2019)	\$81,215	\$79,263	\$69,669	\$102,603	\$103,291	\$69,095	\$74,679	\$55,429
Median Income (2014-2018)	\$77,378	\$75,878	\$64,580	\$97,012	\$99,511	\$66,157	\$71,895	\$53,403
Median Income (2013-2017)	\$74,167	\$73,533	\$61,242	\$92,878	\$95,668	\$62,514	\$69,313	\$52,205
% Change Median Inc. (2018-2019)	4.96%	4.46%	7.88%	5.76%	3.80%	4.44%	3.87%	3.79%
<i>Source: U.S. Census Bureau</i>								
	<u>Massachusetts</u>	<u>Barnstable</u>	<u>Plymouth</u>	<u>Hampshire</u>	<u>Franklin</u>	<u>Berkshire</u>	<u>Nantucket</u>	<u>Dukes</u>
2019 Population	6,892,503	213,413	518,132	161,355	70,963	126,348	11,327	17,352
2010 Population	6,547,629	215,888	494,921	158,080	71,372	131,219	10,172	16,535
% Change Population 2010-2019	5.27%	-1.15%	4.69%	2.07%	-0.57%	-3.71%	11.35%	4.94%
Land Area (square miles)	7,840	394	659	527	699	926	45	103
Density (persons per square mile)	879	542	786	306	102	136	252	168
Building Permits (2020)	17,025	592	1,343	349	91	211	198	124
Building Permits (2019)	17,365	513	1,114	451	85	276	156	140
Building Permits (2018)	17,044	1,005	1,565	368	59	262	169	134
% Change Building Permits (19-20)	-1.96%	15.40%	20.56%	-22.62%	7.06%	-23.55%	26.92%	-11.43%
Median Income (2015-2019)	\$81,215	\$74,336	\$89,484	\$70,876	\$60,950	\$59,230	\$107,717	\$71,811
Median Income (2014-2018)	\$77,378	\$70,621	\$85,654	\$67,044	\$59,522	\$56,674	\$105,171	\$71,224
Median Income (2013-2017)	\$74,167	\$68,048	\$82,081	\$64,974	\$57,307	\$55,190	\$91,942	\$67,535
% Change Median Inc. (2018-2019)	4.96%	5.26%	4.47%	5.72%	2.40%	4.51%	2.42%	0.82%
<i>Source: U.S. Census Bureau</i>								

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

All counties, except Barnstable, Franklin and Berkshire, experienced population gains from 2010 to 2019.

Overall building permit activity in the state decreased 1.96% from 2019 to 2020.

Counties showing an increase in building permit activity include: Essex County, Suffolk County, Bristol County, Barnstable County, Plymouth County, Franklin County and Nantucket County from 2019 to 2020. Counties mirroring this decrease in building permit activity include: Middlesex County, Norfolk County, Worcester County, Hampden County, Hampshire County, Berkshire County and Dukes County from 2019 to 2020.

Median income from 2018 to 2019 increased in the state by 4.96% statewide. All counties experienced an increase in median income from 2018 to 2019.

General Health of the U.S. and Regional Economy in Terms of Real Estate as an Investment

The federal government concluded that the nation entered into a recession in December 2007. Economists believe that Massachusetts entered into a recession in August 2008. Comparisons between the current economic climate and the economy of the Great Depression were often mentioned in newspapers and on television. The U.S. and world economies appeared to have been well into the recovery phase of the worst recession since the Great Depression throughout 2015 and real estate sector cycles have normalized. The following are unemployment rates are provided by the United States Department of Labor.

United States Department of Labor Statistics (August 2021 at 5.2% Nationally)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.2	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.1	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.6	5.3	5.2	5.1	5.0	5.0	5.1	5.0
2016	4.8	4.9	5.0	5.1	4.8	4.9	4.8	4.9	5.0	4.9	4.7	4.7
2017	4.7	4.6	4.4	4.5	4.4	4.3	4.3	4.4	4.2	4.1	4.2	4.1
2018	4.0	4.1	4.0	4.0	3.8	4.0	3.8	3.8	3.7	3.8	3.8	3.9
2019	4.0	3.8	3.8	3.7	3.7	3.6	3.6	3.7	3.5	3.6	3.6	3.6
2020	3.5	3.5	4.4	14.8	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7
2021	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2				

While unemployment spiked April to July 2020 at a high of 14.80%; rates have declined steadily and are at 5.20% in August 2021.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

United States Department of Labor Statistics (July 2021 at 4.9% Massachusetts)

Massachusetts								
Data Series	Back Data	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	
Labor Force Data								
Civilian Labor Force(1)		3,740.8	3,744.4	3,745.7	3,702.1	3,696.7	(P) 3,701.6	
Employment(1)		3,477.9	3,492.3	3,504.8	3,518.6	3,516.2	(P) 3,521.2	
Unemployment(1)		262.9	252.2	240.8	183.5	180.5	(P) 180.5	
Unemployment Rate(2)		7.0	6.7	6.4	5.0	4.9	(P) 4.9	

United States Department of Labor Statistics (July 2021 at 6.0% Worcester-Metro)

Worcester, MA-CT								
Data Series	Back Data	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	
Labor Force Data								
Civilian Labor Force(1)		349.0	349.0	347.5	347.9	350.3	(P) 353.4	
Employment(1)		323.4	325.6	326.5	329.9	330.4	(P) 332.3	
Unemployment(1)		25.6	23.4	21.0	18.0	19.9	(P) 21.0	
Unemployment Rate(2)		7.3	6.7	6.0	5.2	5.7	(P) 6.0	

Seasonally Unadjusted Unemployment Rate (Source: Bureau of Labor Statistics)										
	Thru	%	Thru	%	Thru	%	Thru	%	Thru	%
National	Jan-15	5.7%	Jan-16	4.9%	Jan-17	4.8%	Jan-18	4.1%	Jan-19	4.0%
Statewide	Jan-15	5.1%	Jan-16	4.7%	Jan-17	3.2%	Jan-18	3.5%	Jan-19	3.1%
Worcester- Metro	Jan-15	5.9%	Jan-16	5.3%	Jan-17	4.4%	Jan-18	4.2%	Jan-19	3.9%
									Jan-20	3.6%
									Jan-20	2.8%
									Jan-20	3.7%
									Jan-21	6.3%
									Jan-21	7.8%
									Jan-21	7.4%
									Aug-21	5.2%
									Jul-21	4.9%
									Jul-21	6.0%

We do not include the above information in order to provide the most recent economic data but rather to provide a benchmark for evaluating how the region compares to the state and nation. It appears that the state and region mirrors the nation with declining overall rates from 2015 to 2021. The economy from 2015-2021 was doing well prior to the Covid-19 Pandemic and so were investments in real property. Again these unemployment numbers represent trailing data prior to the Covid-19 Pandemic. That being said on March 10, 2020 the Governor of Massachusetts declared a state of emergency due to the Covid-19 Pandemic. Nationally, approximately 50 million people applied over the following months. Nationally, statewide and locally unemployment numbers are substantially higher than in 2019; yet have been steadily decreasing. Currently the State of Massachusetts numbers are above the national average. Whether this will be temporary or have a long term impact is uncertain to date. As of May 29, 2021 all statewide restrictions have been lifted and the Massachusetts economy has been declared re-opened. As of September 2021, national and locally the Delta Variant resurgence has become an issue which may or may not impact the employment numbers as we enter the fourth quarter of the year.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Price Waterhouse Cooper (PwC) is a survey many of our peers reference in their valuation and represents a cross section of major institutional equity real estate investors. The 3rd Quarter 2021 survey entitled “Underwriting Challenges Exist Across Property Types” states that most investors are adapting to the ongoing challenges that the pandemic continues to bring forth, allowing many of them to move forward with acquisition plans at a time of uncertainty.

National Highlights

Underwriting Challenges Exist Across Property Types

As the worldwide pandemic continues, property owners and tenants in the U.S. commercial real estate (CRE) industry are adapting to the ongoing challenges that the pandemic continues to bring forth, allowing many of them to move forward with acquisition plans at a time of uncertainty. “You need to be mindful of many things when completing deals now, but opportunities definitely still exist,” says an office investor. According to our Survey participants this quarter, underwriting assets has been the most challenging part of the acquisition process this year while finding properties for sale and negotiating prices have also been trying tasks.

In the office sector, the expectation that many businesses would return to their offices in the Fall has been delayed by the surge in the number of new COVID-19 cases involving the highly transmissible Delta variant. As a result, forecasting re-leasing and lease-up assumptions remains tricky. “Delta could push back the recovery here three to six months, giving us less clarity on actual office needs until well into 2022,” remarks a San Francisco office investor. Elsewhere along the West Coast, property owners have similar obstacles, especially for under-leased assets. “Be careful of the absorption assumptions used to stabilize value-added deals,” comments a Seattle office market investor. Along the East Coast, office building owners are also challenged by “how best to approach re-leasing assumptions and rent growth in order to not be too aggressive.”

Forecasting near-term leasing demand is less of a challenge for investors in the U.S. warehouse sector given low vacancy rates and the expanding e-commerce market. There are, however, some buyers who believe sellers are being too assertive with pricing. “Pricing is very rich, but demand is expected to remain strong from both investors and users,” says an investor, who believes that sellers dictate pricing in this sector. On the other hand, one participant notes that, “Some underwriters’ assumptions are significantly lagging this market because they are not aware of how quickly fundamentals are positively impacting certain locations.” Another hurdle for warehouse investors is finding properties for sale, particularly along the East Coast where most feel that fewer buying opportunities exist today than a year ago.

Even though the consensus in the U.S. apartment sector is that fewer buying opportunities exist now than a year ago, underwriting was the top challenge mentioned by apartment investors this quarter. The challenge is that record demand from both tenants and buyers has led to record pricing, making careful underwriting a must. “Investors need to be mindful that the recovery may not be a v-shaped one,” says a participant. “In the near term, we need to stay disciplined on pricing and key terms given the flood of capital chasing limited high-quality opportunities,” states another. Fortunately, the outlook for the U.S. apartment sector, as well as for the other main property types, continues to improve despite the uncertainty surrounding the impact of the pandemic. While 2023 is forecasted to be a noticeably better year for most CRE sectors, that expectation could change if the pandemic lingers and presents new investment challenges to the industry.

For 2021 the most challenging part of the acquisition process has been:

Finding properties for sale	Price negotiation	Underwriting assets
37.0%	14.0%	49.0%

Overall average investor response for all markets covered

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

That being said everyone is watching interest rates.

The key rates to consider are the prime interest rate, the Federal Funds Rate and the 30-year mortgage rate. Per the Wall Street Journal the prime rate as of 9/14/2021 is 3.25% with a rate of 3.25% as of one year ago.

Prime rate, federal funds rate, COFI			
	THIS WEEK	MONTH AGO	YEAR AGO
WSJ Prime Rate	3.25	3.25	3.25

UPDATED: 09/14/2021

Wall Street Journal Prime Rate Historic Summary

2015	
17-Dec-15	3.50%
2016	
15-Dec-16	3.75%
2017	
16-Mar-17	4.00%
15-Jun-17	4.25%
14-Dec-17	4.50%
2018	
22-Mar-18	4.75%
14-Jun-18	5.00%
27-Sep-18	5.25%
20-Dec-18	5.50%
2019	
01-Aug-19	5.25%
19-Sep-19	5.00%
31-Oct-19	4.75%
2020	
04-Mar-20	4.25%
16-Mar-20	3.25%

The prime rate has been at 3.25% from March 2020 to March 2021

The prime rate in 2015 was at 3.50% and rose to 5.50% in January 2019 and is currently 3.25%.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The federal funds rate, like the prime rate, has decreased from 2.40% in March 2019 to .08% as of 8/30/2021 (MacroTrends.net).



The 30-year mortgage rate, like the prime rate and fed rate, has decreased from 4.35% in February 2019 to 2.87% as of August 2021 (MacroTrends.net).



Of particular interest to investors is how the interest rates are affecting capitalization rates:

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

PwC 3rd Quarter 2021 Statistics

Exhibit 1
OVERALL CAPITALIZATION RATE ANALYSIS
 Third Quarter 2021

	OVERALL CAP RATES		BASIS POINT CHANGE		EXPECTED SHIFT (IN SIX MONTHS)*		
	Range	Average	Quarterly	Year Ago	Increase	Decrease	Hold Steady
National Markets							
Regional Mall	4.50% – 13.50%	7.40%	0	47	80%	0%	20%
Power Center	5.50% – 8.25%	6.68%	0	-13	40%	20%	40%
Strip Shopping Center	5.00% – 10.00%	7.29%	-6	45	80%	0%	20%
CBD Office	4.25% – 8.25%	5.80%	2	21	60%	0%	40%
Suburban Office	3.60% – 9.00%	6.07%	-15	2	0%	20%	80%
Net Lease	5.00% – 7.50%	6.23%	-5	1	25%	0%	75%
Medical Office Buildings	4.00% – 10.00%	6.41%	-12	-32	0%	20%	80%
Secondary Office	6.00% – 9.25%	7.46%	-11	-23	29%	0%	71%
Warehouse Markets							
National	3.00% – 6.50%	4.43%	-34	-41	0%	30%	70%
East Coast Region	3.25% – 5.50%	4.35%	-18	n/a	0%	40%	60%
ENC Region	3.50% – 5.50%	4.65%	-25	-40	20%	20%	60%
Pacific Region	3.00% – 4.50%	3.85%	-15	-32	0%	20%	80%
Apartment Markets							
National	3.00% – 7.00%	4.59%	-37	-63	0%	20%	80%
Mid-Atlantic Region	4.25% – 6.50%	5.03%	0	-40	20%	0%	80%
Pacific Region	3.25% – 5.00%	3.98%	-30	-82	0%	20%	80%
Southeast Region	3.50% – 5.25%	4.60%	2	-40	0%	25%	75%
Individual Office Markets							
Atlanta	4.75% – 8.25%	6.51%	-6	-21	0%	0%	100%
Austin	4.00% – 8.00%	5.89%	0	-34	0%	33%	67%
Bocton	4.35% – 9.50%	6.06%	0	2	40%	20%	40%
Charlotte	5.00% – 8.00%	6.36%	-3	7	0%	0%	100%
Chicago	4.50% – 10.00%	7.58%	-1	-28	75%	0%	25%
Dallas	4.75% – 8.50%	6.39%	-21	-24	20%	0%	80%
Denver	5.00% – 8.50%	6.58%	-7	-38	20%	40%	40%
Houston	5.50% – 10.00%	7.39%	0	-3	17%	0%	83%
Los Angeles	4.50% – 9.00%	6.25%	-2	4	50%	17%	33%
Manhattan	4.00% – 6.25%	5.00%	-20	-15	40%	0%	60%
Northern Virginia	4.50% – 7.50%	6.20%	0	-49	20%	0%	80%
Pacific Northwest	4.00% – 8.00%	5.90%	1	8	22%	11%	67%
Philadelphia	5.00% – 8.50%	7.08%	0	3	20%	0%	80%
Phoenix	5.50% – 9.00%	6.67%	-1	16	0%	20%	80%
San Diego	5.25% – 7.75%	6.21%	-15	-22	20%	0%	80%
San Francisco	4.00% – 9.00%	5.89%	12	35	25%	0%	75%
Seattle	4.00% – 8.00%	5.77%	3	-9	40%	20%	40%
Southeast Florida	4.50% – 9.50%	6.79%	0	-12	20%	0%	80%
Washington, DC	4.50% – 7.00%	5.33%	5	-20	0%	20%	80%

* Percentage of participants that foresee the following directional shift in cap rates
 Source: PwC Real Estate Investor Survey

Per PwC overall cap rates declined in 20 of 35 markets nationally, increased in 6 of 35 markets nationally and held steady in 9 of 35 markets nationally. Overall 65% of the markets are lower now than one year ago with 20 of the markets posting double digit decreases.

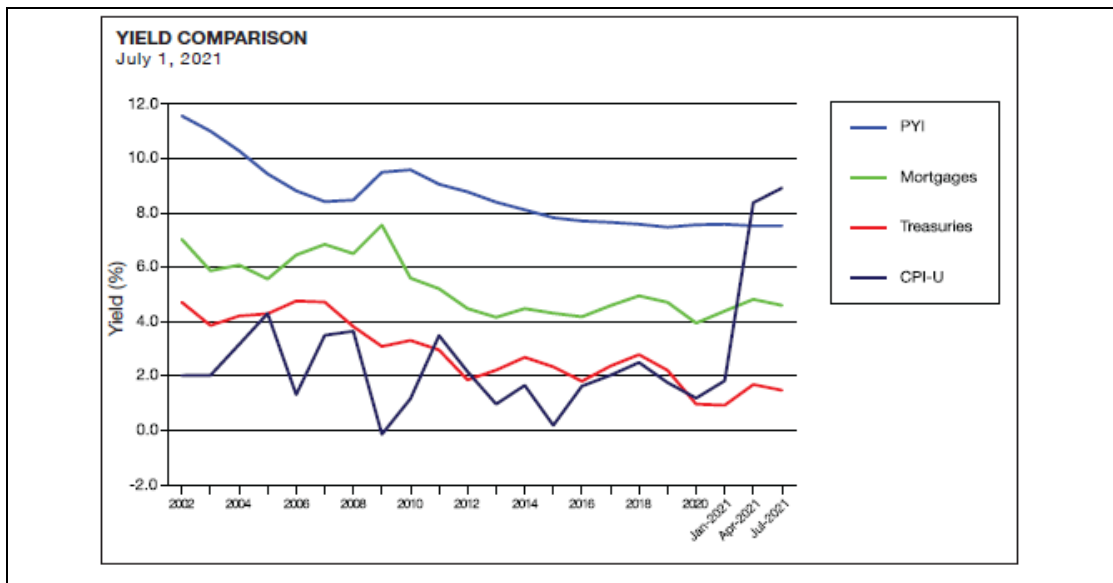
REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The economy is doing well and so are investments in real property. PwC (3rd Quarter, 2021) provides the following yield comparisons from real property (PYI) and related investments:

DIVIDEND COMPARISON
 July 1, 2021

	2016 AVERAGE	2017 AVERAGE	2018 AVERAGE	2019 AVERAGE	2020 AVERAGE	2021 JANUARY	2021 APRIL	2021 JULY
PwC Dividend Indicator (PDI) ^a	8.28%	8.21%	8.05%	8.02%	8.10%	8.11%	8.08%	5.98%
Equity REITs ^b	3.88%	4.02%	4.34%	3.98%	4.34%	3.64%	3.31%	2.91%
S&P 500 ^c	2.11%	1.97%	1.85%	1.88%	1.95%	1.55%	1.45%	1.35%
SPREAD TO PDI (Basis Points)								
Equity REITs	238	219	271	204	176	227	272	305
S&P 500	415	424	420	404	415	456	458	461

a. A composite GAR (initial rate of return in an all-cash transaction) average of all markets surveyed (excluding hotels, self storage, and student housing).
 b. Source: National Association of Real Estate Investment Traders; dividend yields are as of the starting month of quarter.
 c. Source: Standard & Poors; dividend yields are quarterly yields as of the last day of the prior quarter.



Massachusetts’ relative position in the economic cycles

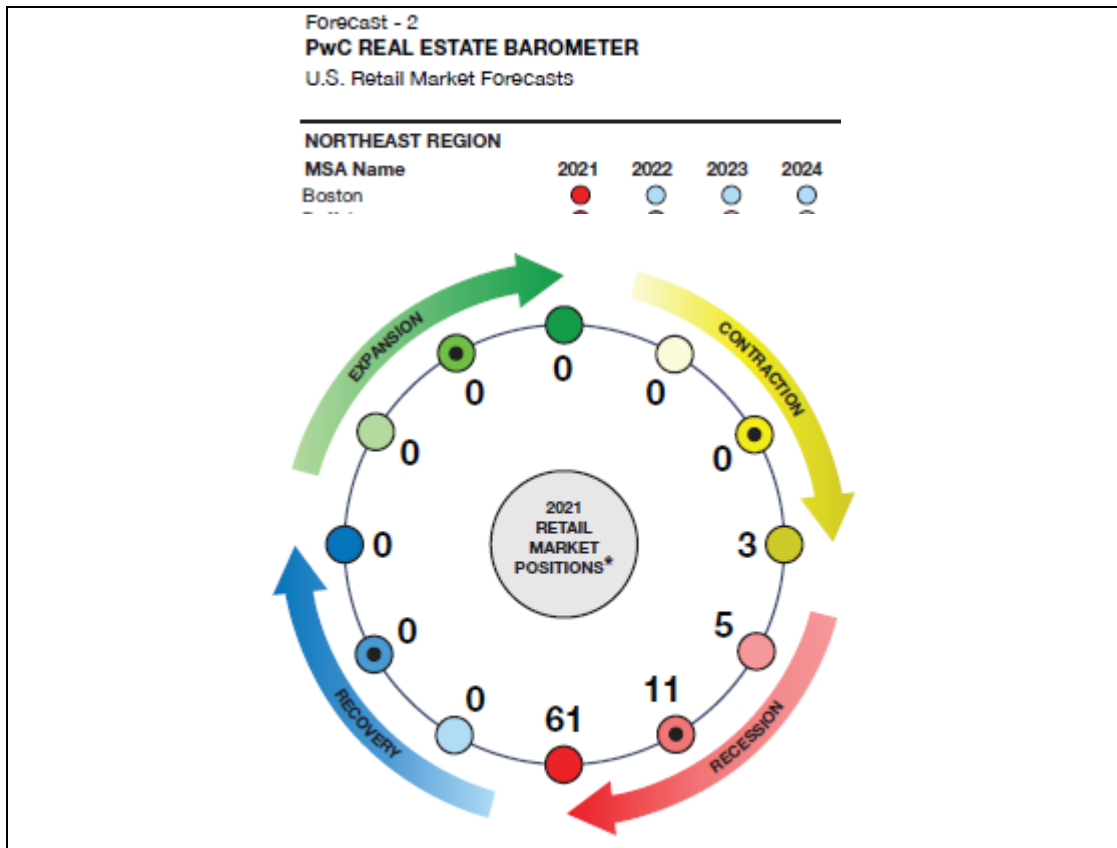
Massachusetts has a diverse economy meaning that it does not rely on a single sector of the economy to drive the majority of the demand for the major real estate sectors. Occupancy in all of the major sectors is strong with few geographical exceptions.

The PwC 3rd Quarter 2021 Real Estate Investor Survey provides the following forecasts for the four primary institutional grade commercial real estate sectors:

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The retail market:

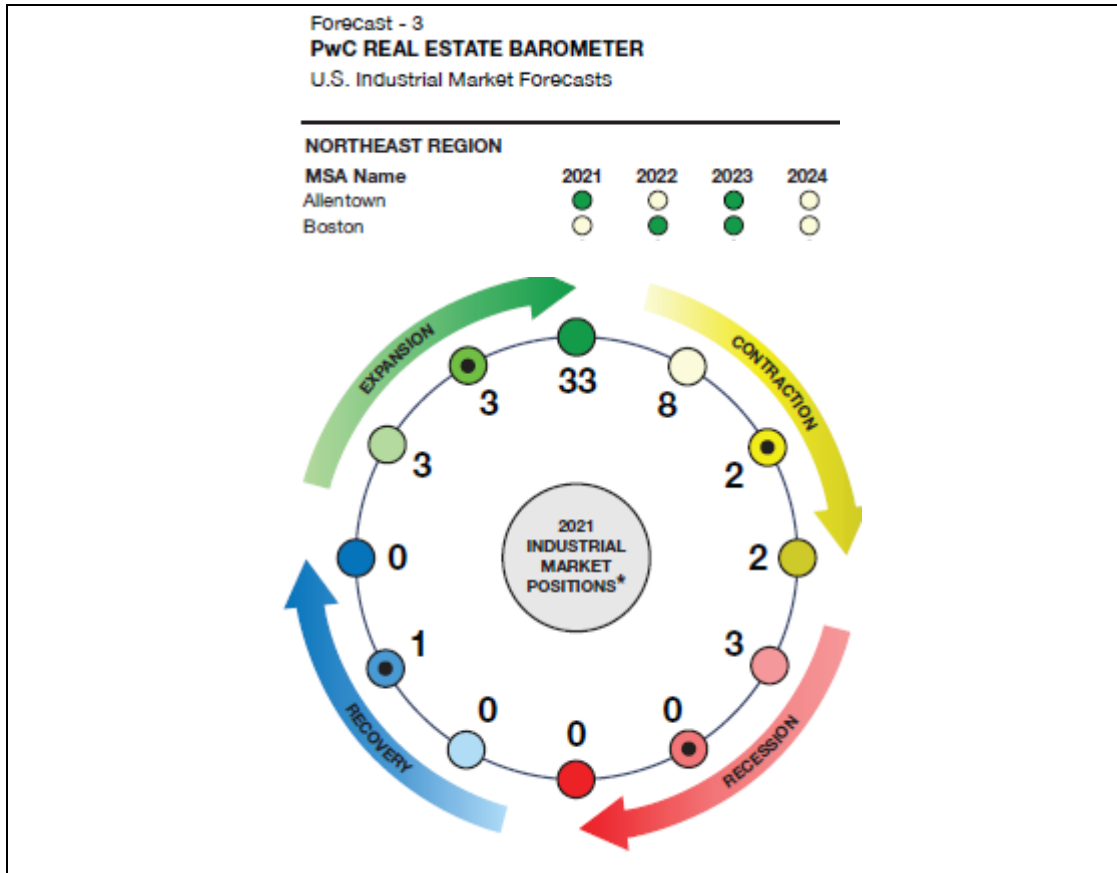
The Massachusetts retail sector is currently in recession in 2021 and forecasted to be in recovery in 2022.



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The industrial market:

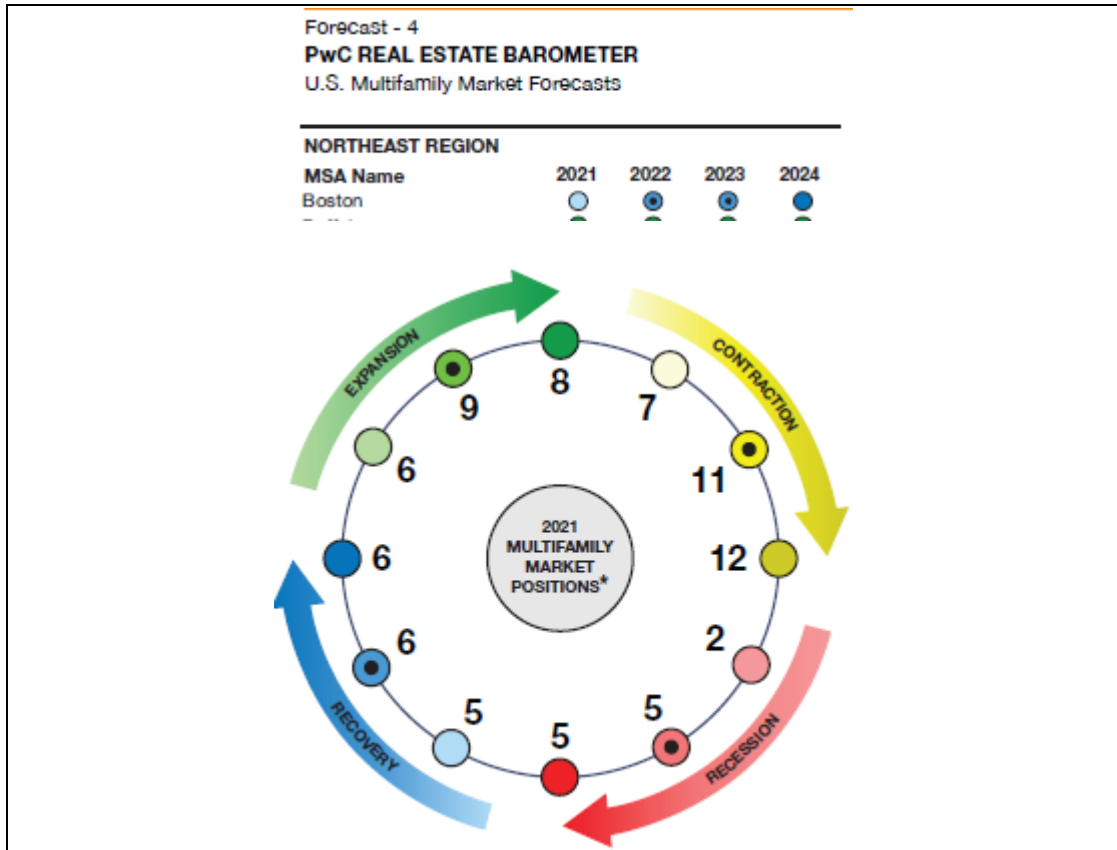
The Massachusetts industrial sector is considered to be in expansion in 2021 and forecasted to expansion in 2022.



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The multi-family sector:

The Massachusetts multi-family sector in recovery in 2021 and forecasted to be in recocvery to 2024.



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The PWC Summary & Definitions per 3rd Quarter 2021 Report Nationally

PwC Real Estate Barometer

Real estate cycles vary across markets and geographic areas, as well as within markets and geographic locations based on property type – office, retail, industrial, and multifamily. This observation means that national cycles differ for the same property type across individual markets. It also means that within a specific location, the cycle for each property type can be in a different phase at any given time.

An in-depth analysis of historical and forecast stock data provided by CBRE Economic Advisors and Reis allows us to gauge each sector's likely shifts over the near term. The results of our research are shown in Charts REB-1 through REB-4. The charts represent the cumulative number of U.S. metros analyzed for each property type and the aggregate positions in our barometer analysis. Individual barometer readings for U.S. regions, as well as various metros, are shown for each sector in Forecast-1 through Forecast-4.

Office

Despite the positive steps taken to contain the pandemic, the outlook for the U.S. office sector remains unfavorable due to the expectation that negative demand will cause vacancy rates to rise over the next few years (see Chart REB-1). To put the expected increase into perspective, 27 metros could see year-end 2021 vacancy in excess of the peak levels reached in the previous cycle. Our outlook now calls for 2023 to be the transition year in the cycle when a large block of space moves from recession to other phases.

Retail

The U.S. retail sector remains hard hit by the pandemic. Our current outlook calls for 99.0% of the square footage covered in our barometer to be in recession by year-end 2021 (see Chart REB-2). While 2022 could be a better year as over half of this square footage is projected to move into recovery, a choppy recovery is forecasted for 2023 and 2024.

Industrial

Fundamentals have been solid for the U.S. industrial sector during the pandemic, and the current outlook is that this sector will thrive as the economy rebounds. The current 2021 forecast calls for 39 of the 55 metros analyzed to be in expansion by year-end 2021. The outlook for 2022 and 2023 are equally strong. By the end of 2023, 41 metros are forecasted to be in the expansion phase of the real estate cycle (see Chart REB-3).

Apartments

The outlook for the U.S. apartment sector continues to improve despite the uncertainty surrounding the impact of the pandemic on housing. In fact, apartment fundamentals have been minimally affected in most locations, and 22 metros are expected to see vacancy rates decline by the end of 2021. Metros forecasted to see higher vacancy rates over the near term can point to residents leaving due to the pandemic or new supply as main issues (see Chart REB-4).

DEFINITIONS

Contraction: The phase following the market peak, characterized by softening market conditions and a shift in the supply/demand balance leading to increasing vacancy rates, slowing rental growth, and rising overall cap rates.

Expansion: The phase following recovery, characterized by strong demand and increasingly tight market conditions leading to low vacancy rates, robust rental growth, and decreasing overall cap rates.

Recession: The phase following contraction, characterized by very low demand and high levels of supply that were added during the previous two phases. Typically involves high vacancies, negative rental growth, and high overall cap rates.

Recovery: The phase following the market bottom, characterized by tightening market conditions and a shift in supply/demand balance leading to reduced vacancy rates, more balanced rental growth, and a stabilization of overall cap rates.

Stock: The total inventory of space, in square feet or units, in a given market.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Economic feasibility of additions (land development) to the Massachusetts commercial sectors

New institutional grade construction is generally contraindicated when the major sectors are in either the recession or contraction cycle as are all of the market sectors. This said, new development is occurring. We note that the hottest regional sector appears to be in the life sciences subsector in the greater Boston area and is inching its way toward Central Massachusetts. Well-positioned sites throughout the region are experiencing non-institutional development in all sectors.

Relative Health of the Residential Sector Regionally and Specific to the Subject Community

The trends in the market activity and value of the single-family and residential condominium sector are a good barometer of the health of all sectors of the regional and local real estate markets. Our residential analysis serves as a logical transition to the community and market area analysis.

The following grids have been reproduced from the most recent on-line statistical grids per Banker & Tradesman.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Worcester County Median (January 2020 to December 2020 YTD)

Sales Price Single Family (\$325,000) and All Properties (\$311,000)

WORCESTER County, MA - Median Sales Price - Calendar Year				
Year	Period	1-Fam	Condo	All
2021	Jan - Jul	\$365,000	\$260,000	\$350,000
2020	Jan - Dec	\$325,000	\$246,500	\$311,000
2019	Jan - Dec	\$290,000	\$221,000	\$278,900
2018	Jan - Dec	\$275,000	\$205,000	\$260,000
2017	Jan - Dec	\$260,000	\$199,900	\$246,900
2016	Jan - Dec	\$245,000	\$187,000	\$232,000
2015	Jan - Dec	\$240,000	\$188,500	\$228,000

The Worcester County median price for all properties rose from \$278,900 in 2019 to \$311,000 in 2020. Properties values have risen consistently from 2015 to 2021. The median price is \$350,000 YTD 2021

Worcester Median (January 2020 to December 2020)

Sales Price Single Family (\$285,000) and All Properties (\$290,000)

Worcester, MA - Median Sales Price - Calendar Year				
Year	Period	1-Fam	Condo	All
2021	Jan - Jul	\$330,000	\$191,000	\$335,000
2020	Jan - Dec	\$285,000	\$188,000	\$290,000
2019	Jan - Dec	\$255,000	\$180,000	\$260,000
2018	Jan - Dec	\$238,000	\$144,000	\$239,000
2017	Jan - Dec	\$224,976	\$134,950	\$222,000
2016	Jan - Dec	\$205,000	\$139,950	\$205,000
2015	Jan - Dec	\$191,750	\$129,250	\$190,000

The Worcester median price for all properties rose from \$260,000 in 2019 to \$290,000 in 2020. Properties values have risen consistently from 2015 to 2020 with the YTD 2021 median price at \$335,000.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Strength of Worcester when Compared to the Region Residentially

Again, the performance of the residential market is a good barometer of how owner-occupants and investors will respond when comparing Worcester real estate with alternative investments in competing communities.

We rate Worcester regionally as follows:

<i>Competitive position of Worcester within the region</i>			
Rating Category	Below Avg.	Avg.	Above Avg.
<i>Values</i>		X	
<i>Sales Activity Trends</i>		X	
<i>Value Trends</i>		X	

The median income in Worcester, MA for 2015-2019 is \$48,139 as compared to the median income for Worcester County from 2015-2019 at \$74,679.

All Topics	Worcester city, Massachusetts	Worcester County, Massachusetts	Massachusetts
Population estimates, July 1, 2019, (V2019)	185,428	830,622	6,892,503
PEOPLE			
Population			
Population estimates, July 1, 2019, (V2019)	185,428	830,622	6,892,503
Population estimates base, April 1, 2010, (V2019)	180,891	798,383	6,547,785
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	2.5%	4.0%	5.3%
Population, Census, April 1, 2010	181,045	798,552	6,547,629
Income & Poverty			
Median household income (in 2019 dollars), 2015-2019	\$48,139	\$74,679	\$81,215

While this regional and local economic data has been presented it should be noted that it is largely based upon trailing data.

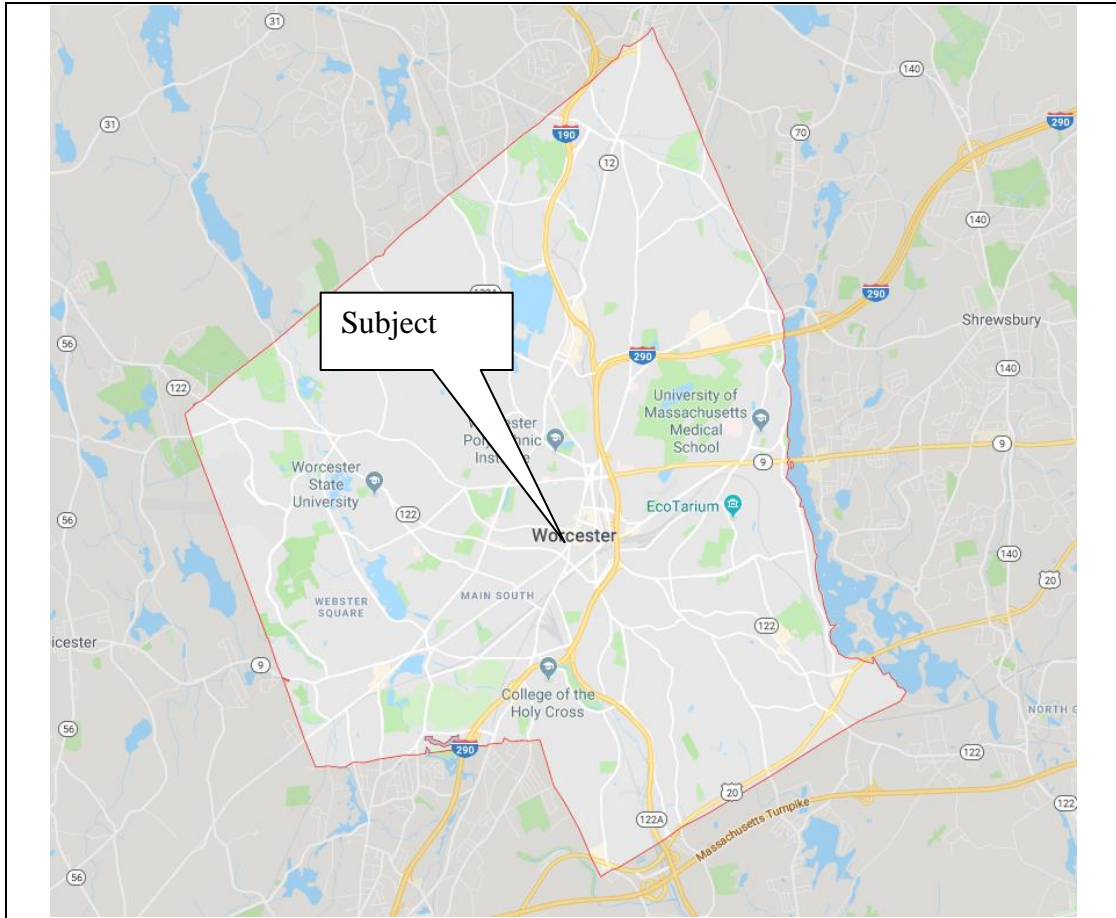
Currently, the financial climate uncertainty related to the Covid-19 Pandemic is evolving daily the client should be aware of the national and local impact of the avalanche of unemployment applicants, the ongoing fluctuations in the stock market and the recently passed government 2 Trillion bailout (Cares Act).

It is unclear if the unemployment situation is temporary in nature or will have a long term economic impact upon real estate valuations.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

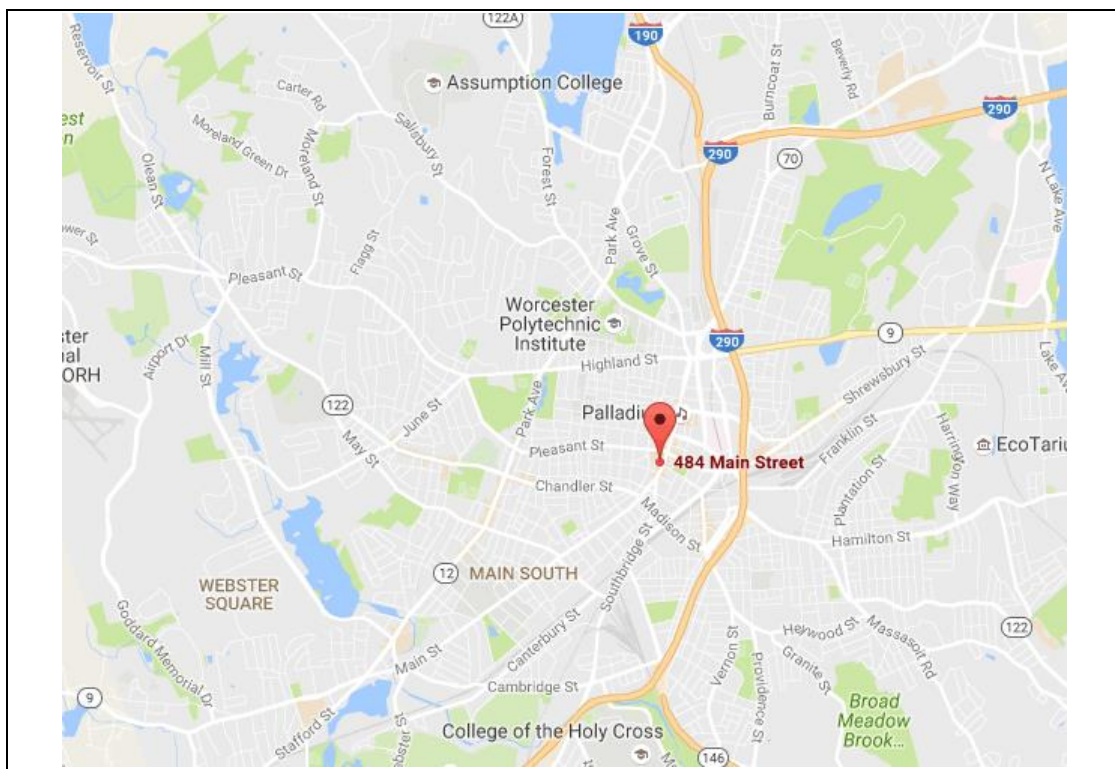
Community Description

Community Mapping



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

The City of Worcester is the geographical, political and economic center of the region previously identified as Central Massachusetts. Worcester is located approximately 13 miles west of the intersection of Interstate 495 (I-495) and Boston Turnpike Road (MA Route 9). Worcester is bordered on the east by Shrewsbury; on the south by Auburn and Millbury; on the west by Worcester and Leicester; and on the north by West Boylston and Boylston. Worcester is strategically located in Central Massachusetts. Metropolitan Worcester benefits from direct access to Interstates 290, 495 and 90 (Mass Turnpike). The city of Worcester is the heart of the central Massachusetts region described earlier in this report.



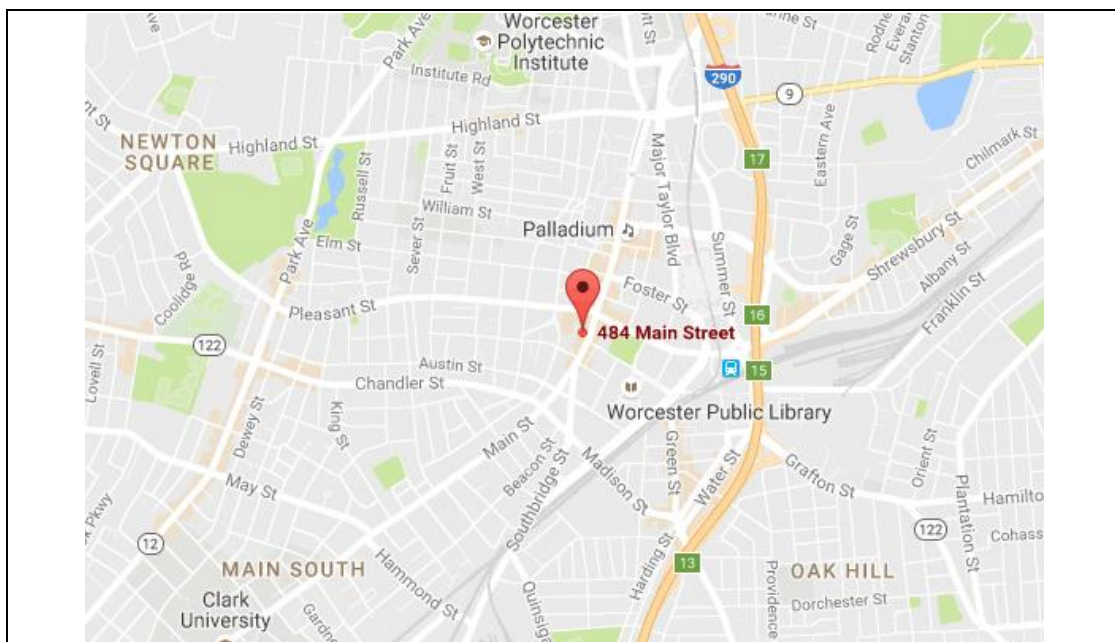
Population and Land Area:

The 2010 population is reported at 181,045 persons. The 2019 population is reported at 185,428 persons for an increase of 4,383 persons.

The land area for Worcester is 37.56 square miles with a current density of 4,937 persons per square mile.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Access and Transportation: Interstate I-190 and Interstate I-290 converge to provide swift access from the north, south and east. Interstates I-90 and I-495 are the primary Interstates serving Massachusetts. I-495 is easily accessible via I-290. Direct access to Interstate 90 (the state's primary east / west connector) via Massachusetts Route 146, on the southeast corner of Worcester was recently completed. Widening of Route 146 to a four-lane highway is currently underway. This is anticipated to generate a boon for the local economy, as current I-90 accesses in neighboring Auburn and Millbury are inconvenient for those unacquainted with the area. Massachusetts Routes 9, 20, 12, 122 and 146 also service the Worcester Metropolitan area and are among the mostly prized of commercial locations due to traffic counts.



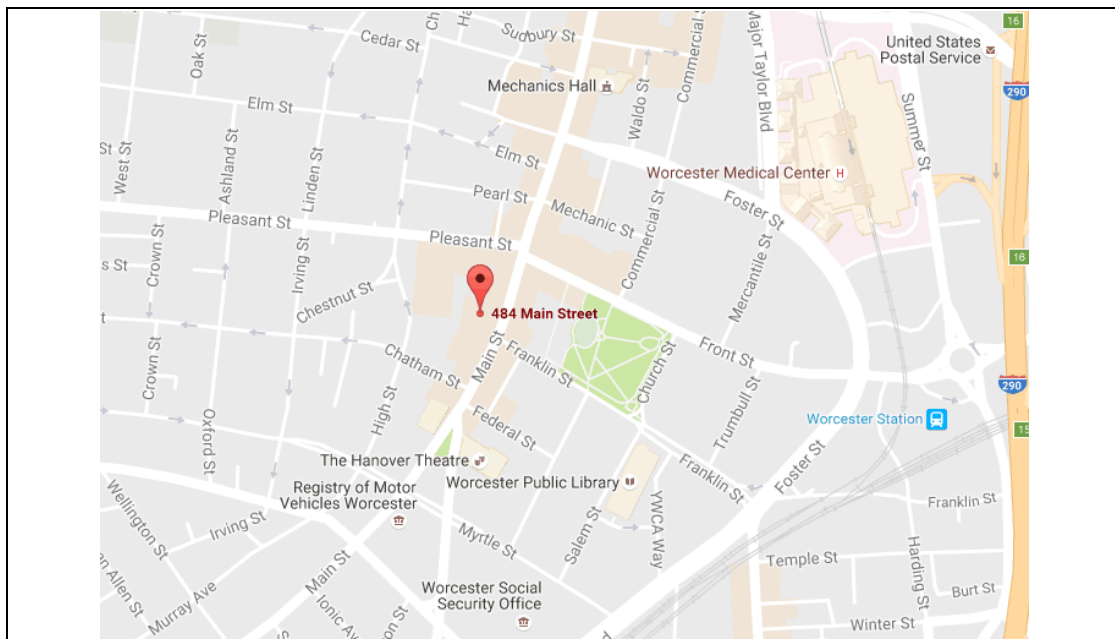
Community Services: Except that the subject does not enjoy commuter rail access, it enjoys (or has ease of access to) all of the community services desired by residential and non-residential end-users and investors, including an average school system.

Community Governmental and Financial Influence: The community, like most, periodically experiences disagreement between the municipality and taxpayers related to policies and spending. But the community's tax base is broad and its income and expenses appear stabilized. No atypical changes are expected that will influence the community's value as a residential or commercial location.

REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Non-Residential Property Supply and Demand: Our review of secondary sources (Multiple Listing Service, Loopnet.com) and our personal observation of the subject and competing commercially zoned neighborhoods, shows very few vacancies (virtually none) and few listings of properties for sale or lease. Lease terms generally increase at the rate of the consumer price index. Worcester has a bustling and diverse retail and office market.

Neighborhood description



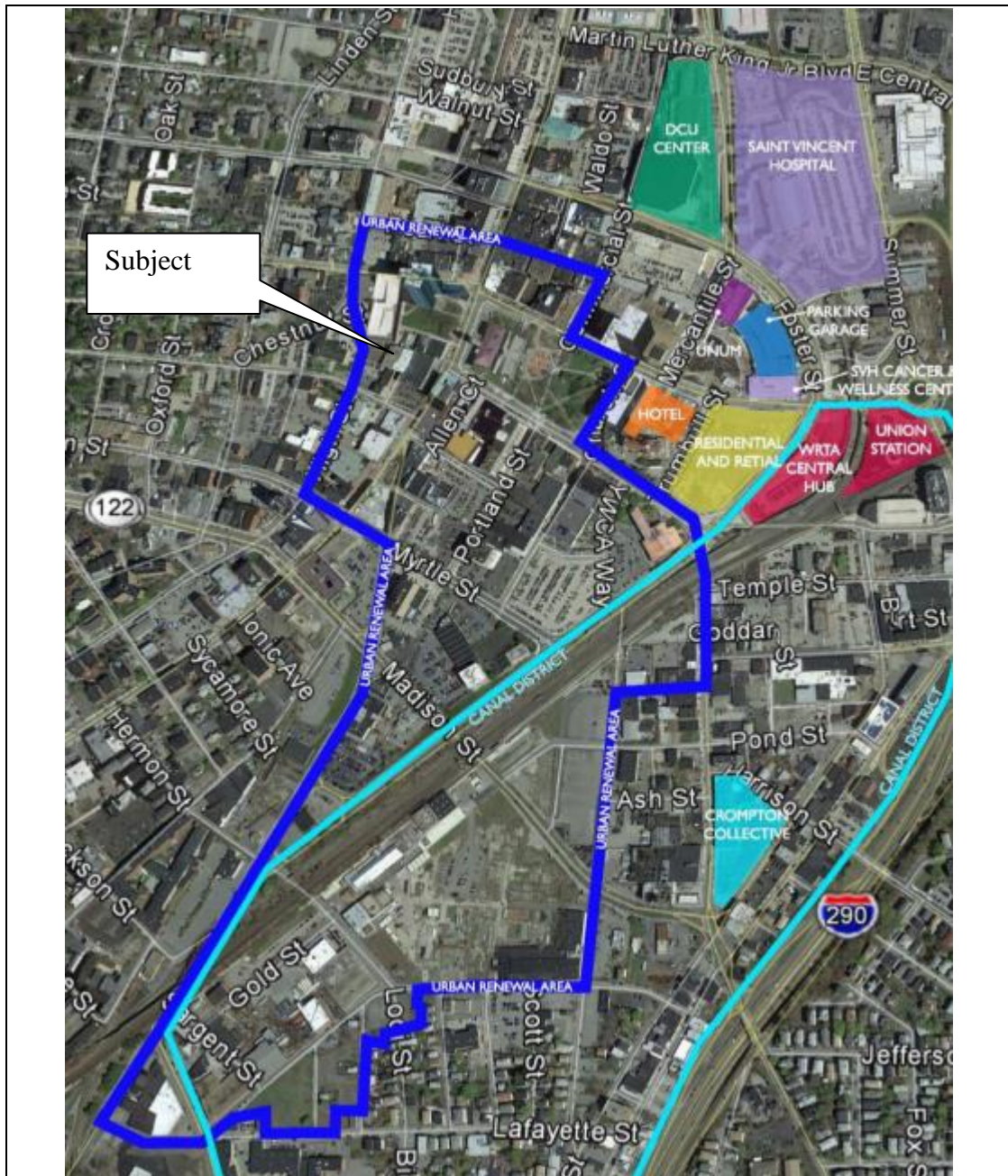
The subject property is located in the downtown central district of Worcester, MA along Main Street.

The immediate area is developed largely commercially with some residential apartments. Nearby uses include offices, retail, restaurants and banks. Within close proximity are the Worcester City Hall, the Hanover Theater, the DCU Center, Medical City, the Worcester Superior Courthouse and the Federal Court House. Of note is that the former Worcester Galleria Mall was recently redeveloped with a mix-use commercial / residential project. Lastly, a major owner occupant / developer is the Mass College of Pharmacy, which has been purchasing properties and expanding their downtown campus over the past several years.

The subject current use is redevelopment and the overall area supports the redevelopment use of the subject property. That being said the subject property is situated within the Urban Revitalization Area for the Worcester Redevelopment Authority.

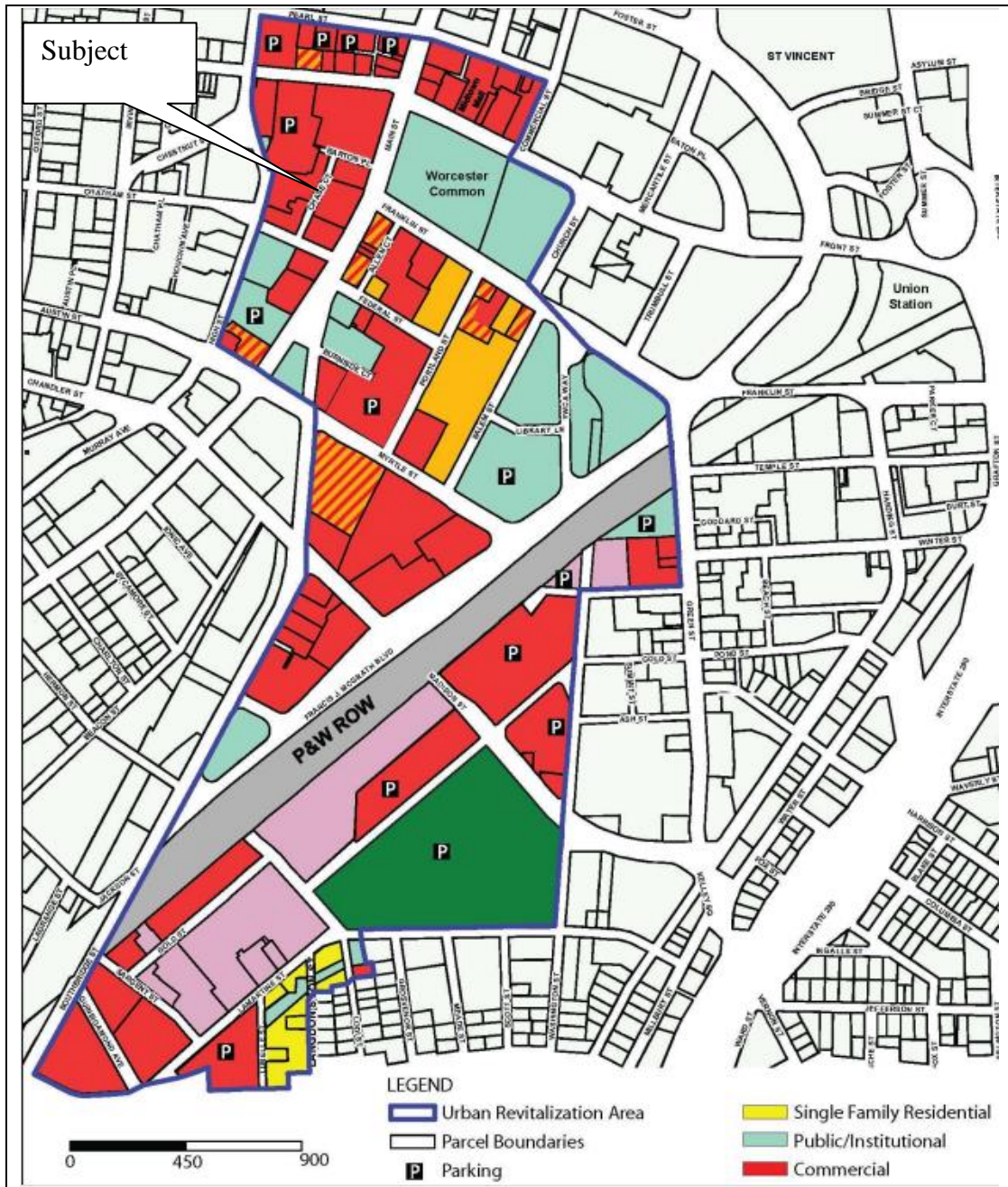
REGIONAL, ECONOMIC AND LOCATION ANALYSIS

WRA Urban Revitalization Area Downtown Mapping



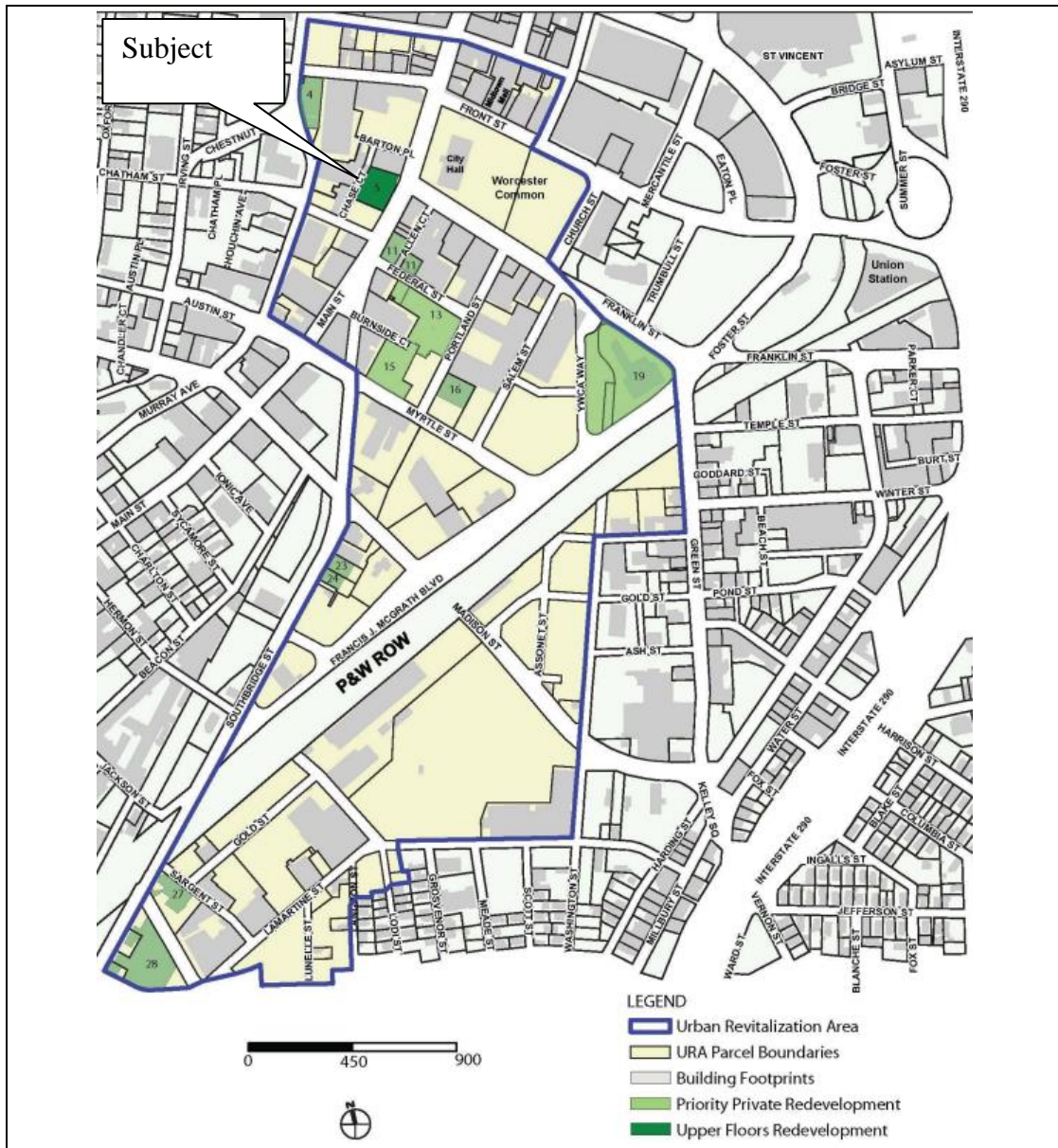
REGIONAL, ECONOMIC AND LOCATION ANALYSIS

WRA Urban Revitalization Area Downtown Mapping



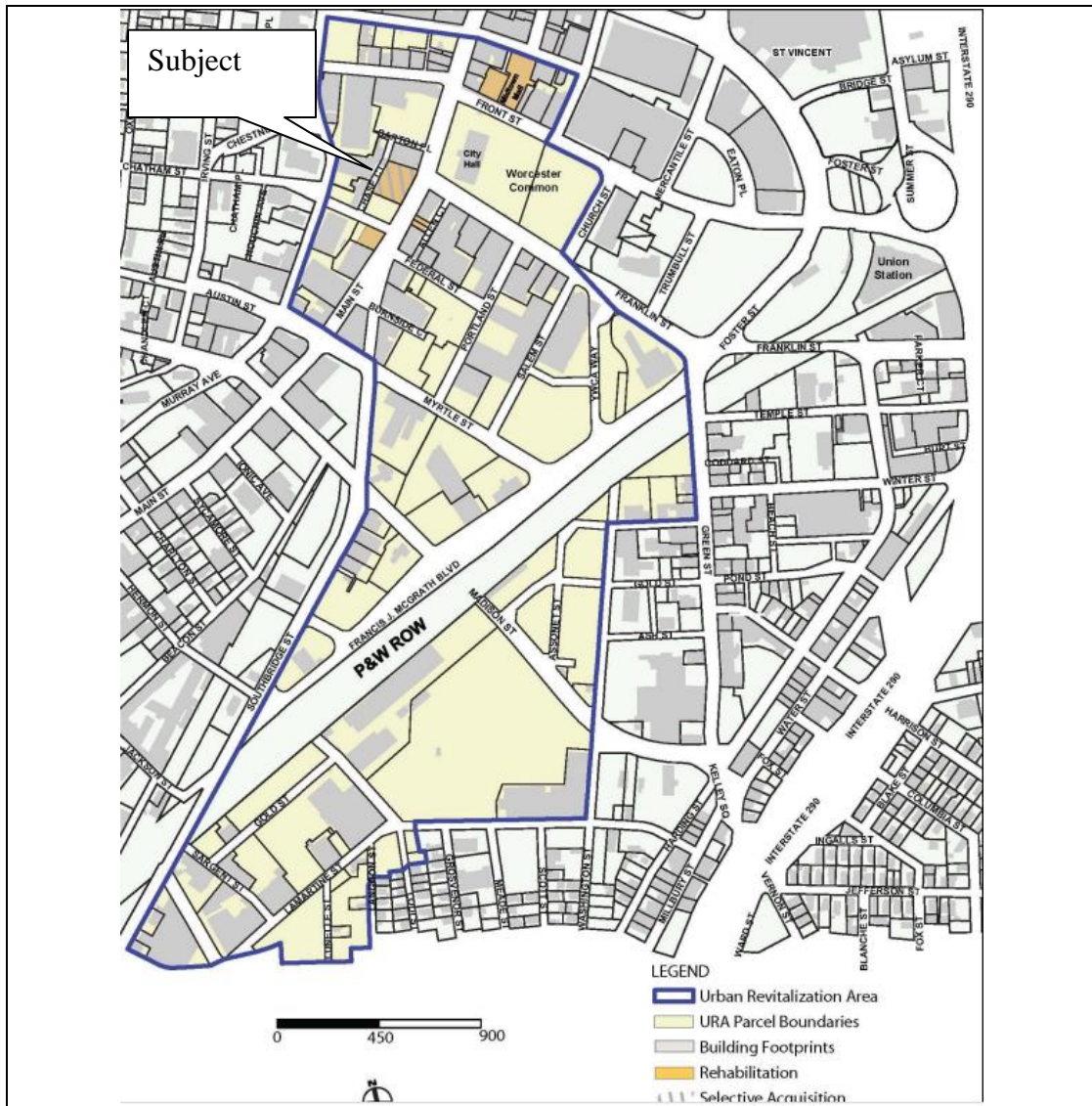
REGIONAL, ECONOMIC AND LOCATION ANALYSIS

WRA Urban Revitalization Area Downtown Mapping



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

WRA Urban Revitalization Area Downtown Mapping



REGIONAL, ECONOMIC AND LOCATION ANALYSIS

Conclusion

It appears that all of the investment grade sectors are either in contraction or recession.

Sector	Expansion	Contraction	Recession	Recovery
Office			X 2021-2022	
Retail			X 2021	X-2022
Industrial	X-2021-22			
Multifamily				X-2021-24

The subject is not an investment grade property. The analyst rates the subject’s regional and neighborhood location for its redevelopment use as follows:

<i>Competitive position of Worcester within the region</i>			
Rating Category	Below Avg.	Avg.	Above Avg.
Values		X	
Sales Activity Trends		X	
Value Trends		X	

<i>Competitive position of the neighborhood within Worcester</i>			
Rating Category	Below Average	Average	Above Average
Commuter access		X	
Community access		X	
Compatibility of proximate uses		X	
Age / Condition of proximate uses		X	
Status of supply & demand		X	
Room for additions to market		X	
Desirability of location for use		X	
<i>Overall inferred marketability of the subject asset to a potential purchaser</i>			
Rating Category	Below Average	Average	Above Average
Marketability rating		X	

We noted stabilized market area occupancy, no evidence of distressed properties, and no signs of new additions to the subject’s competition. As the investment grade sectors are neither in the recovery or expansion phases, based on our inferred analysis the subject should have average marketability for its redevelopment use at an appropriately appraised value.

SITE ANALYSIS

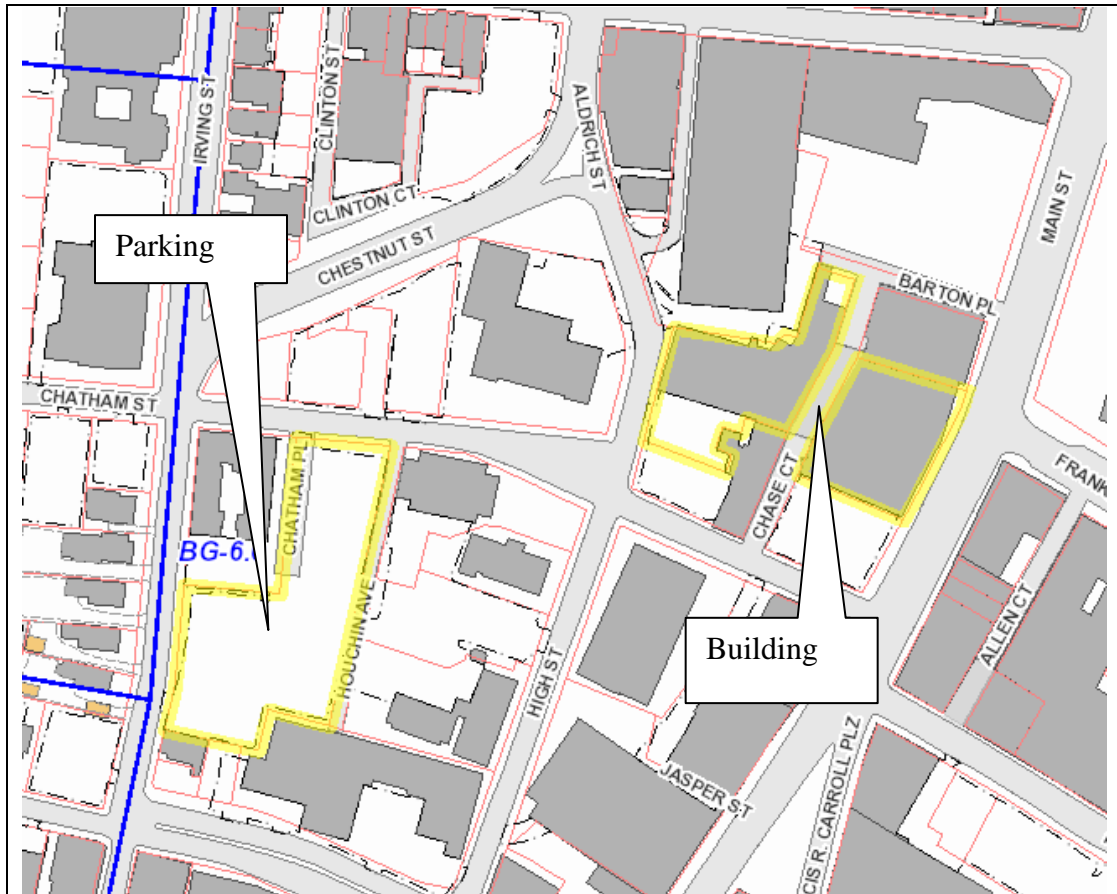
Location

The property site consists of two non-contiguous parcels of land with a total area of 110,489± square feet (combined).

The property at 484 Main Street contains 55,234± square feet and contains the six story building improvement.

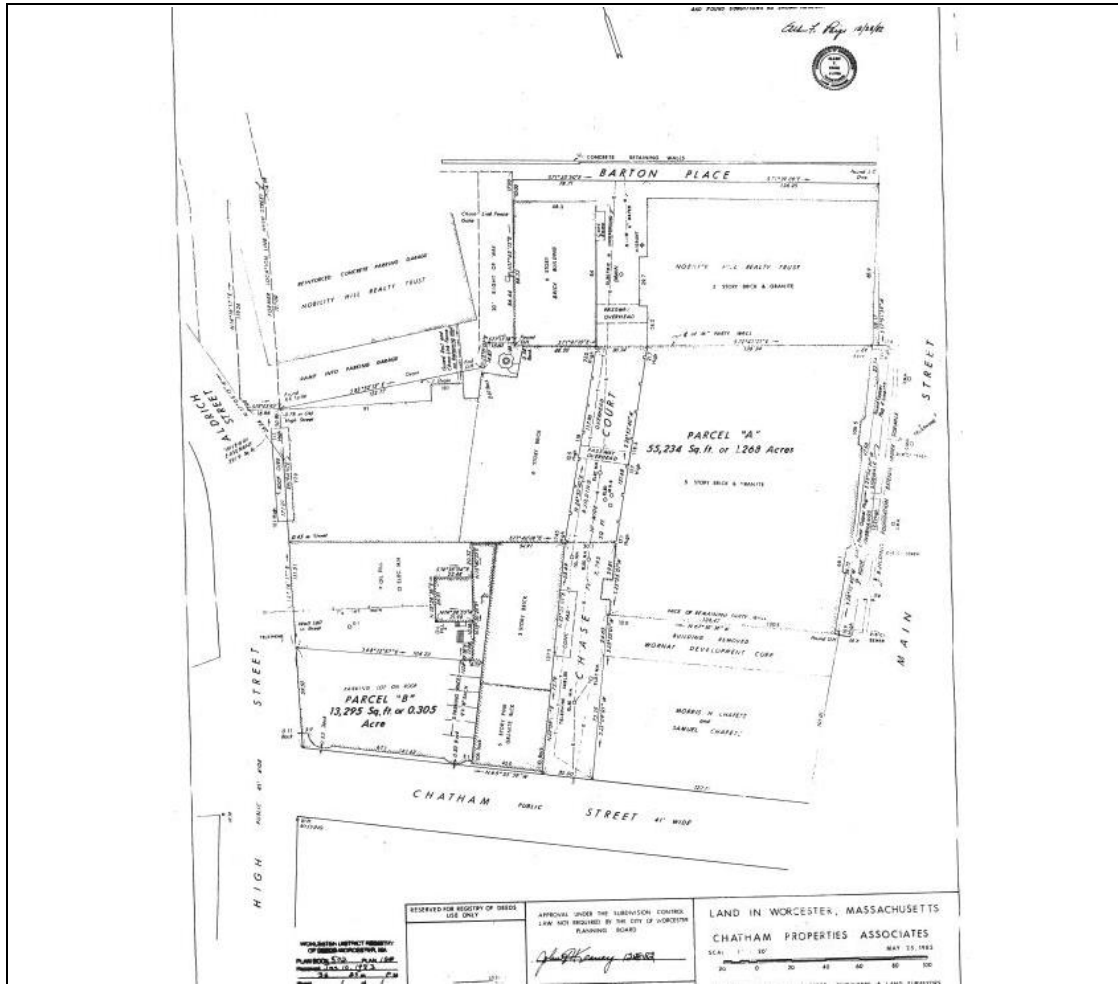
The property at Irving Street and Chatham Street contains 55,225± square feet and is utilized as a parking lot.

Assessment Map



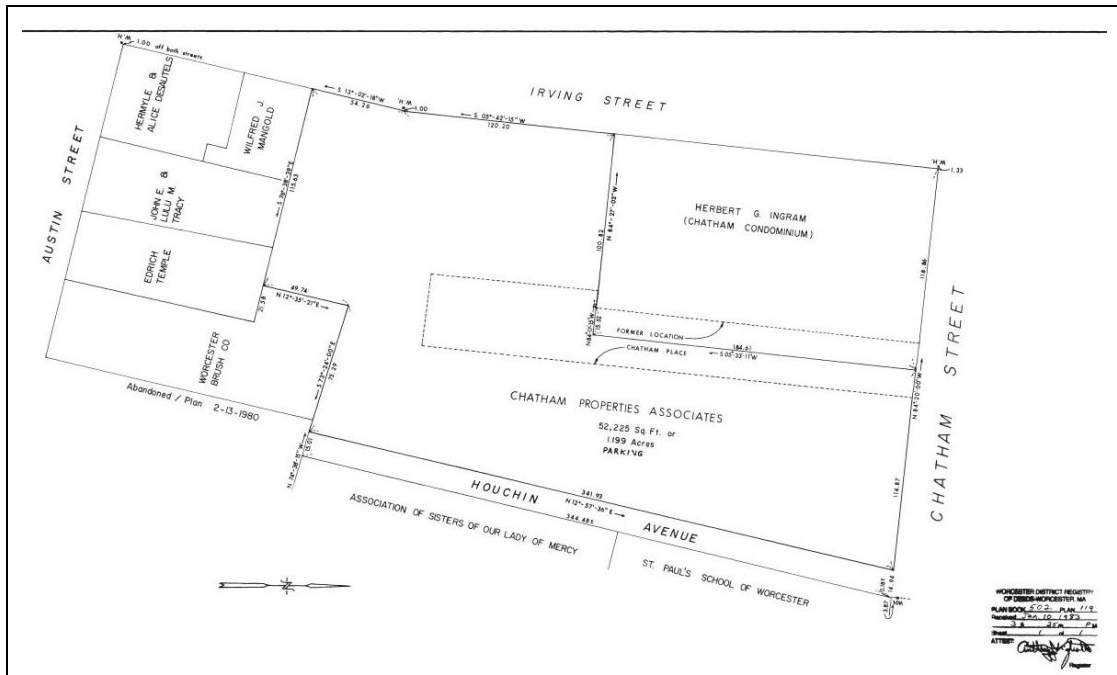
SITE ANALYSIS

WDRD Plan Book 502, Plan 120 (building site)



SITE ANALYSIS

WDRD Plan Book 502, Plan 119 (parking site)



Site Conditions and Improvements

The site is dry and level at the building entrances. However, it should be noted that the Main Street entrance is on level one and the high street entrance is on level three.

The site does not appear to be encumbered by wetlands. The subject soil appears well drained and we know of no subsurface soil conditions that would pose physical barriers to development if vacant.

The main building site has nominal parking; while the secondary side has parking for an estimated 200 vehicles.

SITE ANALYSIS

Mass. Dept. Environmental Protection Wetlands Mapping



The site does not appear to be encumbered by wetlands.

Excess or Surplus Land

Excess land is defined as land not necessary for the current schedule of use and possessing a separate highest and best use; meaning that it can be subdivided. Surplus land cannot be subdivided and may or may not add value to the current use. There appears to be neither excess nor surplus land to its existing development. As a redevelopment property no excess or surplus land has been considered as detailed in the extraordinary assumptions and hypothetical conditions.

SITE ANALYSIS

Access and Visibility

As previously detailed the subject's community access is average. Located on a high traffic road, the subject's visibility is average as compared to other properties in the area.

Hazardous Materials

The appraiser made a visual inspection of the site and the exterior of improvements. No evidence of distressed vegetation, no bare, non-vegetative areas, no oily film on standing water, no discolored soils, and no unusual odors. The appraiser does not know if a 21E environmental site assessment has been performed. The appraiser knows of no buried tanks on the subject property. However, the appraiser is not qualified to detect such substances and urges the client to retain an expert in this field if desired.

The analyst searched the Massachusetts Department of Environmental Protection website list of contaminated sites and did not find any listing for the subject property.

Easements, Encroachments and Deed Restrictions

No adverse easements or encroachments believed to affect the marketability, enjoyment, usage or value of the subject property was noted by the appraiser. Howard S. Dono & Associates, Inc. did not undertake a study of deed restrictions. Deed restrictions are a legal matter and only a title examination by an attorney or title company would normally uncover such restrictive covenants. That being said the subject is 1 of 35 units in an office condominium building.

Utilities

All utilities typical to the community are present: water, sewer, gas, electricity and telephone.

Heat, electric and water/sewer are common for the entire building.

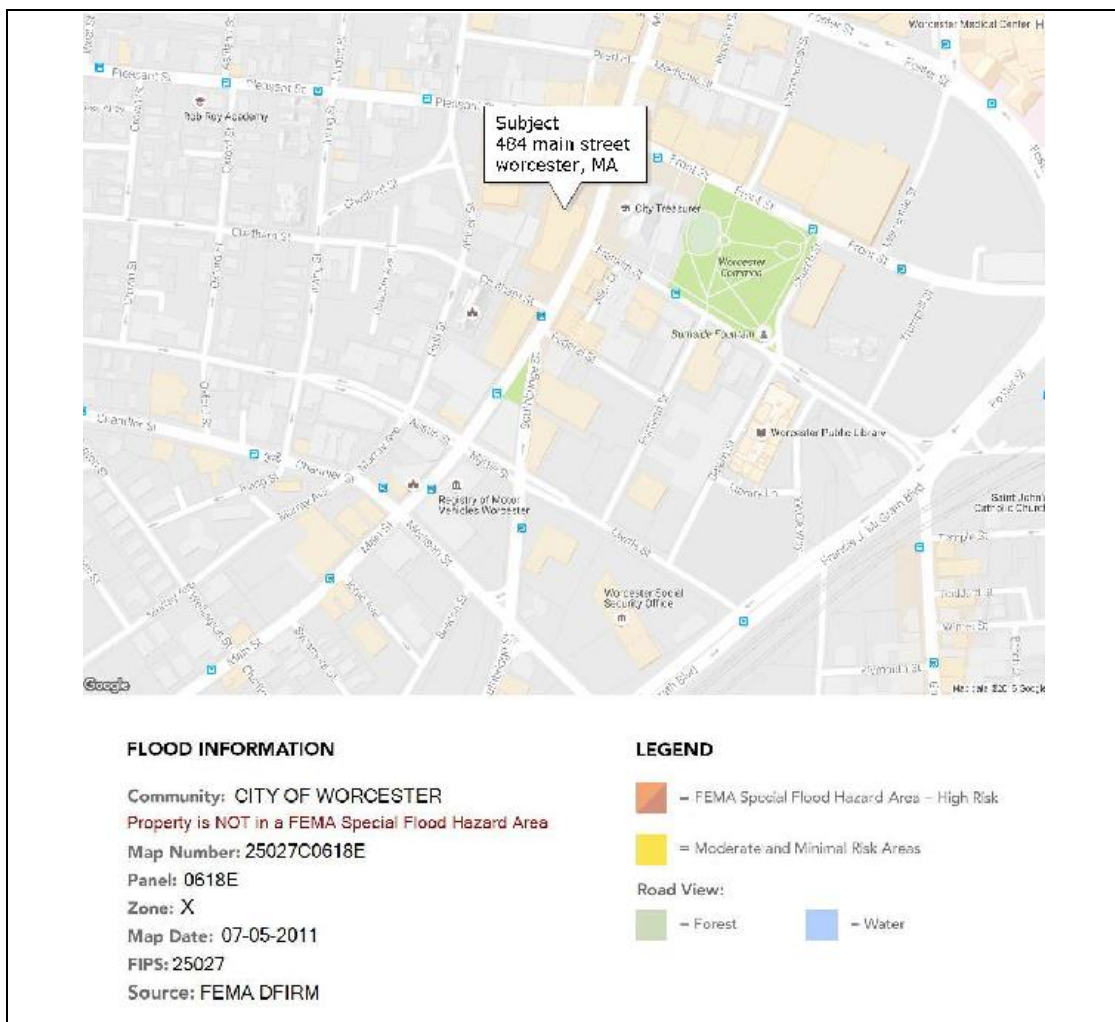
SITE ANALYSIS

Flood Hazard Data

The subject property is indicated on Flood Insurance Rate Map Community Panel Number 250270618E B, dated July 5, 2011.

As such, it appears that the subject property is located in Zone X. However, the appraiser is not qualified to detect such districts and urges the client to retain an expert in this field if desired.

Flood Map



SITE ANALYSIS

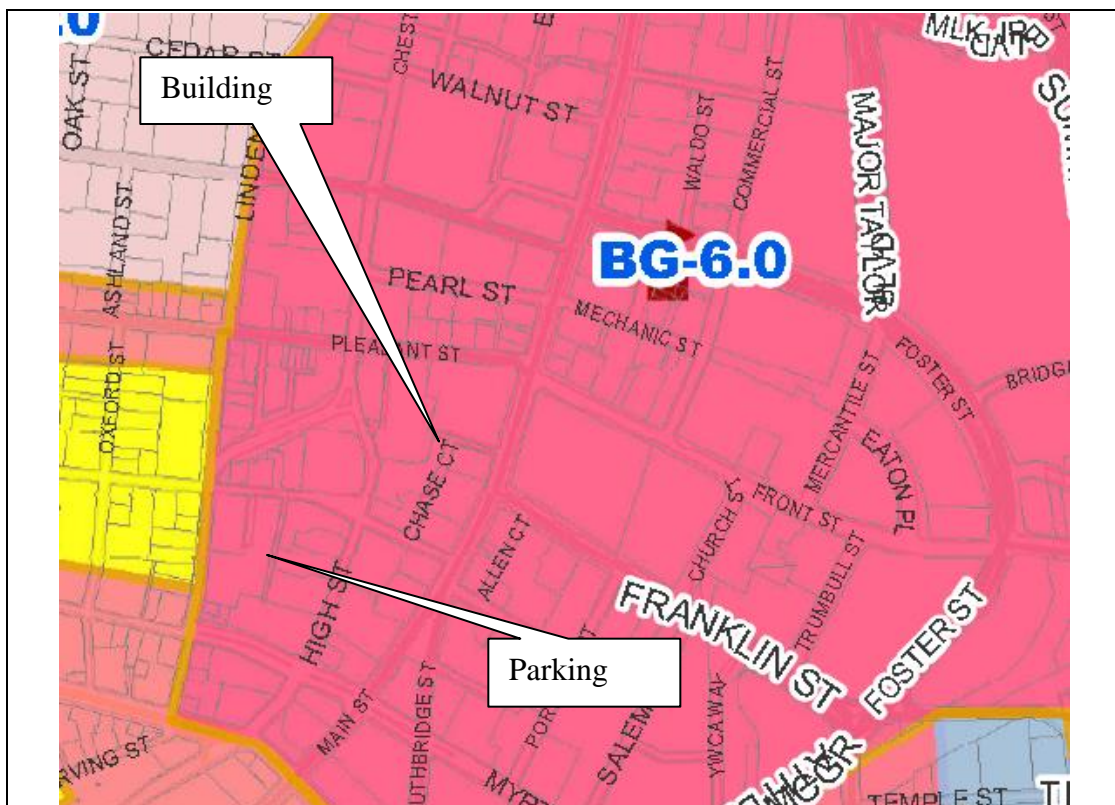
Zoning

The subject property is situated in the BG-6.0 zoning district.

There is no minimum area requirement or minimum frontage requirement. As such the subject is considered a legal, conforming parcel.

Redevelopment of the building appears to be permitted. As such the subject is considered a legal, conforming use on a legal, conforming parcel and we assume that all pertinent approvals, permits and/or variances would be granted for redevelopment.

Zoning Map



SITE ANALYSIS

Zoning Dimensions

PERMITTED DIMENSIONS BY DISTRICT									
DISTRICT	USE	LOT		YARD SETBACKS			HEIGHT		FLOOR TO AREA RATIO (Maximum)
		AREA (Minimum SF)	FRONTAGE (Minimum linear ft.)	FRONT	SIDE ¹	REAR	Maximum in stories ²	Maximum in ft.	
				Minimum depth (linear ft.)					
RG-5 Cont.	Limited Residential Hospice House	15,000	50	20	10	10	3+	50	NA
	Other residential permitted	5,000	50	15		15		45	
	Other non-residential	5,000	50						1 to 1
BO-1.0	Residential ³ - Non-residential	5,000	40 per du ⁴	15	10	10	3+	40	1 to 1
BO-2.0		NA	NA						2 to 1
BL-1.0	Residential ³ - Non-residential	5,000	40 per du ⁴	10	10	20	3+	40	1 to 1
BG-2.0	Residential ³ - Non-residential	5,000	40 per du ⁴	NA	NA	15	NA	50	2 to 1
BG-3.0						100		3 to 1	
BG-4.0						150		4 to 1	
BG-6.0						NA		6 to 1	

1 Not applicable to that portion of a semi-detached or attached single-family dwelling, where permitted, that shares a party wall or a double wall on or along a common side lot line with an adjacent unit.

2 These designations indicate a height in stories plus an attic, as herein defined. The designation 2+ indicates a maximum of 2 habitable stories with a non-habitable attic and garage underneath, if provided. The story containing the garage is not considered habitable if the garage area occupies 50% or more of the entire story.

3 In BO, BL, BG - 2 and BG - 3 Districts, for brand new residential uses, at least 10% of the lot area must be set aside for recreational purposes, excluding the required five foot buffer.

4 But not more than two hundred (200) feet.

SITE ANALYSIS

Zoning Uses per WRA Urban Revitalization Report

Use ¹	Zoning District ²				
	RG-5	BG-3	BG-4	BG-6	MG-2
Office (Professional)	SP	Y	Y	Y	Y
Bank/Credit Union (Without Drive-thru)	N	Y	Y	Y	Y
Bank/Credit Union (With Drive-thru)	N	SP	SP	SP	SP
Food Service (With and Without Consumption/Sale of Alcoholic Beverages)	N	Y	Y	Y	Y
Food Service (with Drive-thru)	N	SP	SP	SP	SP
Wholesale Businesses or Storage Conducted Entirely Within an Enclosed Structure	N	Y	Y	Y	Y
Retail Food Sales	N	Y	Y	Y	Y
Retail Sales, Including Retail with Incidental Fabrication Assembly	N	Y	Y	Y	SP
Service Shop/Personal Services	SP	Y	Y	Y	SP
Indoor Recreation, Health Club (Private)	N	Y	Y	Y	Y
Non Residential Parking Facility (Non-accessory)	N	Y	Y	Y	Y
Residential Single-family (Attached, Detached, or Semi-detached),	Y	Y	Y	N	N
Residential Two-family Detached	Y	Y	Y	Y	N
Residential Three-family Detached	Y	Y	Y	Y	N
Residential Multi-family dwelling (High Rise, Low Rise)	Y	Y	Y	Y	N
Loft, Creative Entrepreneur	N	Y	Y	Y	N

IMPROVEMENT ANALYSIS

The property site consisting of two non-contiguous parcels contains a total land area of 110,489± square feet. The property at 484 Main Street contains 55,234± square feet and contains the six story building improvement. The property at Irving Street and Chatham Street contains 55,225± square feet and is utilized as a parking lot. Land area calculations are based upon the assessment records. The site contains 110,489± square feet combined.

Per the Master Deed and Assessment records contained in the analyst work file the building contains a total of 200,000± square feet of which 151,786± square feet (75.89%) is unit space and 48,214± square feet (24.11%) is common area. There are a total of 36 units on six levels per the 2021 assessment records. Again for the purpose of this analysis we have considered the subject property as a 200,000± square foot redevelopment building with no consideration to the existing condominium usage. As such the gross building area estimate of 200,000± square feet is based upon the Master Deed. The finished area estimate of 151,786± square feet and the common area of 48,214± square feet are based upon the assessment records and Master Deed. These measurements are for valuation purposes only. The analyst recognizes that he is not a professional engineer or surveyor and assumes that said area calculations are correct. The analyst reserves the right to amend the value estimate herein should detailed engineering or architectural plans differ from those relied upon.

Per the clients request the subject property has been appraised as redevelopment property (single economic unit). Again for the purpose of this analysis we have considered the subject property as a 200,000± square foot redevelopment building with no consideration to the existing condominium usage. Furthermore no consideration has been given to any potential development of the Chatham Street parking lot as it is reasonable to assume that any developer would consider this parking lot necessary for the redevelopment of the existing building improvement. As such the two non-contiguous parcels have been considered as one economic unit within this analysis.

We have reviewed the EBI Consulting January 2020 Condominium Reserve Study and Mechanical Electrical Plumbing Life Safety Report supplied by the client.

The Mechanical Electrical Plumbing Life Safety Report indicates a total deferred maintenance cost estimate of \$607,728 pertaining to the subject the building plumbing, HVAC, electrical fire/life safety and elevators/conveying system. The Condominium Reserve Study indicates an overall building deferred maintenance cost estimate of \$1,643,725.

While the interior units are in average condition as a redevelopment property we have considered the overall condition to be dated and in “fair” condition due to deferred maintenance as a redevelopment property.

IMPROVEMENT ANALYSIS

The current unit breakdown is as follows:

# Units	Unit Number	Unit Size SF	Assessment	Unit Owner	Legal Description WDRD Book/Page	Sale Date	Consideration	Comment
1	10	10,083	\$218,200.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
2	50	7,938	\$216,500.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
3	100	4,280	\$166,000.00	PPM V Partnership	16699-228	11/10/1994	\$265,000.00	
4	105	1,743	\$90,300.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
5	110	1,144	\$44,400.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
6	120	959	\$37,200.00	Sideris Angelou	12305-341	8/30/1989	\$90,000.00	
7	150	3,530	\$128,200.00	Denholm Condo Trust	43014-236	6/25/2008	\$100.00	
8	170	1,189	\$66,400.00	SE Asian Coalition	59106-162	7/16/2018	\$100.00	
9	180	1,439	\$53,100.00	Choice 1 Realty LLC	61830-31	1/31/2020	\$45,000.00	
10	200	9,251	\$354,900.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
11	250	3,047	\$121,600.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
12	280	4,100	\$157,300.00	Worc Comm Action	16444-148	7/19/1994	\$0.00	Multiple units
13	300	10,996	\$421,800.00	United Way Central MA	7896-289	8/31/1983	\$0.00	Multiple units
14	320	3,601	\$130,800.00	Denholm Condo Trust	44296-395	5/24/1994	\$120,000.00	Multiple Units
15	330	2,754	\$124,600.00	Robert Marhefka	8939-378	9/18/1985	\$92,500.00	
16	340	1,976	\$78,800.00	Center for Living & Working	12977-123	8/31/1990	\$100,000.00	
17	345	3,682	\$146,900.00	Center for Living & Working	11050-372	12/31/1987	\$187,500.00	
18	350	2,627	\$120,600.00	Denholm Condo Trust	16309-367	5/24/1994	\$120,000.00	Multiple units
19	360	3,204	\$127,800.00	Big Brother Big Sister CM	13632-105	9/11/1991	\$60,000.00	
20	400	7,854	\$313,400.00	United Way Central MA	10115-193	12/31/1986	\$0.00	
21	420	3,044	\$118,000.00	Zechariah Cook	65974-43	9/1/2021	\$95,000.00	
22	430	11,609	\$463,200.00	Faith Fellowship Ministries	52748-126	8/29/2014	\$290,000.00	
23	450	2,612	\$104,200.00	Colleges of Worcester	40340-386	12/14/2006	\$1.00	
24	460	2,845	\$110,300.00	Center for Living & Working	51418-92	8/28/2013	\$50.00	
25	480	4,158	\$151,100.00	Center for Living & Working	51418-103	8/28/2013	\$50.00	
26	500	5,592	\$223,100.00	Colleges of Worcester	19682-244	3/6/1998	\$180,000.00	
27	510	1,580	\$61,300.00	Randy Feldman	15063-331	4/2/1993	\$65,000.00	
28	515	1,132	\$45,200.00	Colleges of Worcester	19682-249	3/6/1998	\$37,500.00	
29	520	1,627	\$63,100.00	David Cataldo	63402-174	10/1/2020	\$100.00	
30	530	2,746	\$106,500.00	David Cataldo	63402-176	10/1/2020	\$100.00	
31	535	2,740	\$106,300.00	Choice 1 Realty LLC	59582-126	10/23/2018	\$25,000.00	
32	540	2,648	\$105,600.00	Faith Fellowship Ministries	59033-259	6/29/2018	\$100.00	Multiple units
33	560	2,937	\$117,200.00	Faith Fellowship Ministries	59033-259	6/29/2018	\$100.00	Multiple units
34	570	2,090	\$81,000.00	Vangella Real Estate LLC	65901-261	8/24/2021	\$55,000.00	
35	580	2,167	\$84,000.00	Joseph Lostracco	64459-373	10/9/2020	\$30,000.00	
36	600	16,862	\$672,700.00	Easter Seal Society Mass	8490-375	12/14/1984	\$0.00	
		151,786	\$5,731,600.00					

IMPROVEMENT ANALYSIS

Constructed circa 1900 as a retail department store and was converted in 1983 to professional office condominiums, the subject property has the following overall characteristics:

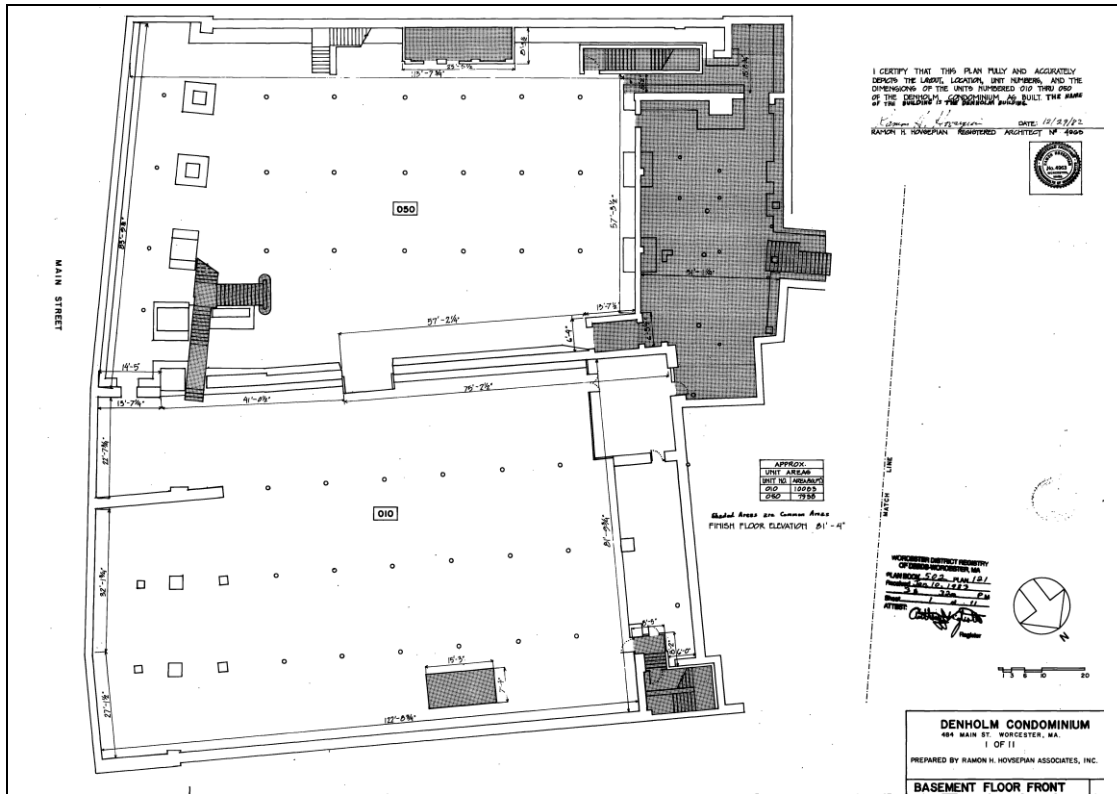
<i>Construction</i>	Masonry.
<i>Number of Stories</i>	Building is 6 levels.
<i>Exterior walls</i>	Masonry and brick (deferred maintenance).
<i>Roof</i>	Rubber (deferred maintenance EBI).
<i>Foundation</i>	Concrete (deferred maintenance EBI).
<i>Basement</i>	The building has extensive common area and basement areas.
<i>Doors and windows</i>	Metal and wood doors; metal casement windows.
<i>Loading Docks</i>	Yes; off Chase Court
<i>Overhead Doors</i>	None.
<i>Elevator</i>	The building contains elevators and escalators (deferred maintenance EBI).
<i>Mezzanine</i>	Yes, per plans.
<i>Electrical</i>	Four 3,000 amp main services; sub panels (deferred maintenance EBI). Common Electric.
<i>Heating/A.C.</i>	Steam boiler (gas) with water cooling system a/c and rooftop condenser and cooling tower. Common Heat (deferred maintenance EBI). Former boiler in basement.
<i>Sprinkler</i>	Yes (2 wet and 1 dry) / (deferred maintenance EBI).
<i>Security</i>	Yes.
<i>Plumbing</i>	Common and Private baths. Per EBI report there are 32 toilets, 13 urinals, 32 sinks (deferred maintenance EBI).
<i>Floor Covering</i>	Carpet / tile.
<i>Wall Covering</i>	Drywall.
<i>Ceiling</i>	Tile / plaster.

The Mechanical Electrical Plumbing Life Safety Report indicates a total deferred maintenance cost estimate of \$607,728 pertaining to the subject the building plumbing, HVAC, electrical fire/life safety and elevators/conveying system. The Condominium Reserve Study indicates an overall building deferred maintenance cost estimate of \$1,643,725. While the interior units are in average condition as a redevelopment property we have considered the overall condition to be dated and in “fair” condition due to deferred maintenance as a redevelopment property.

IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

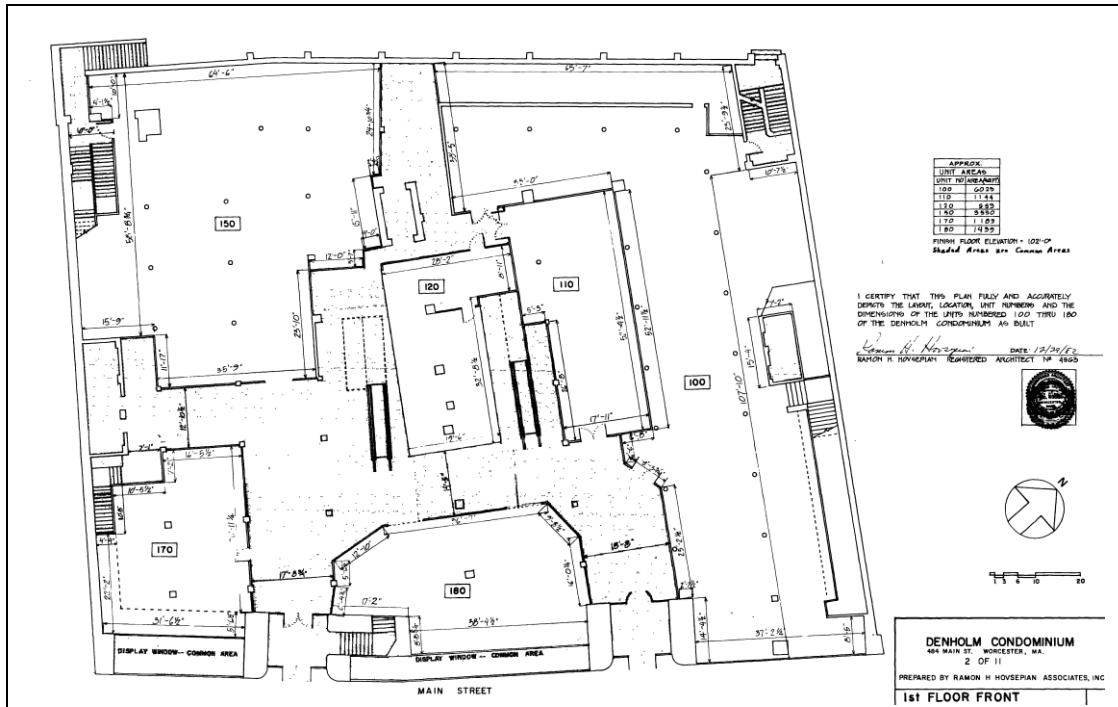
BASEMENT FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

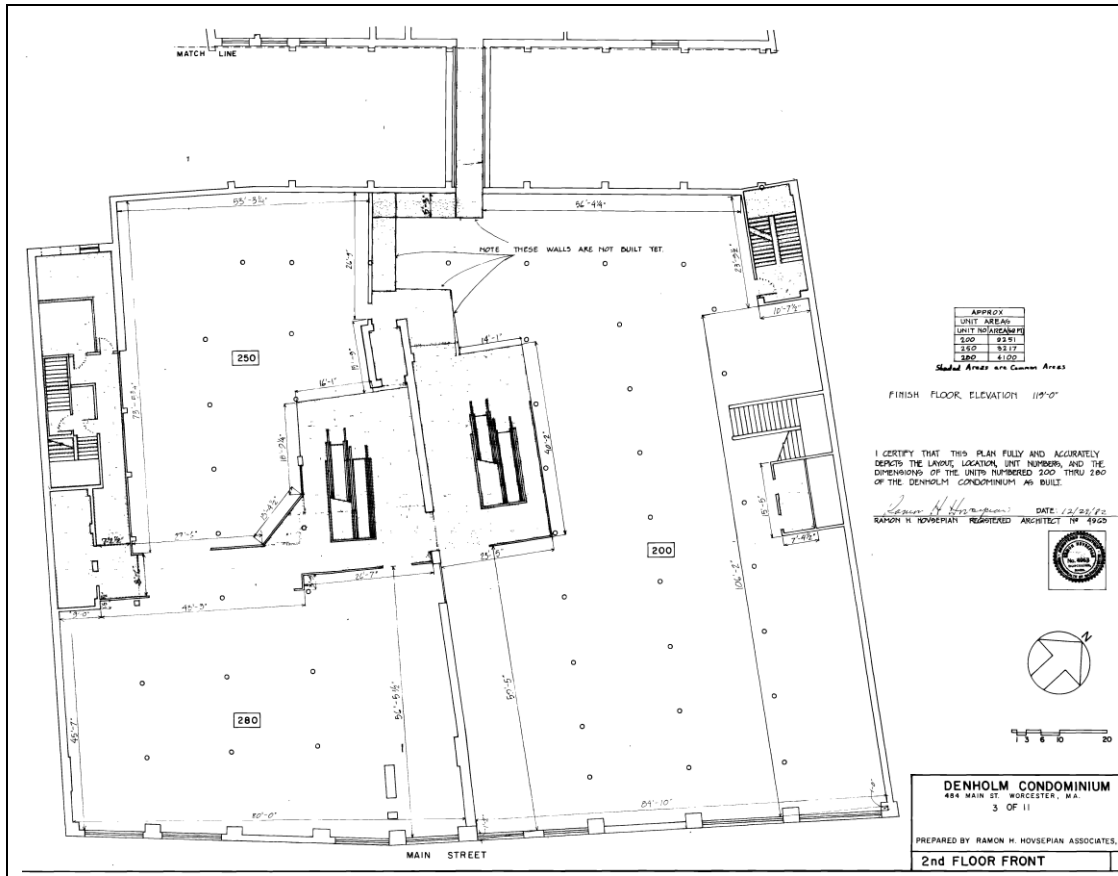
1ST FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

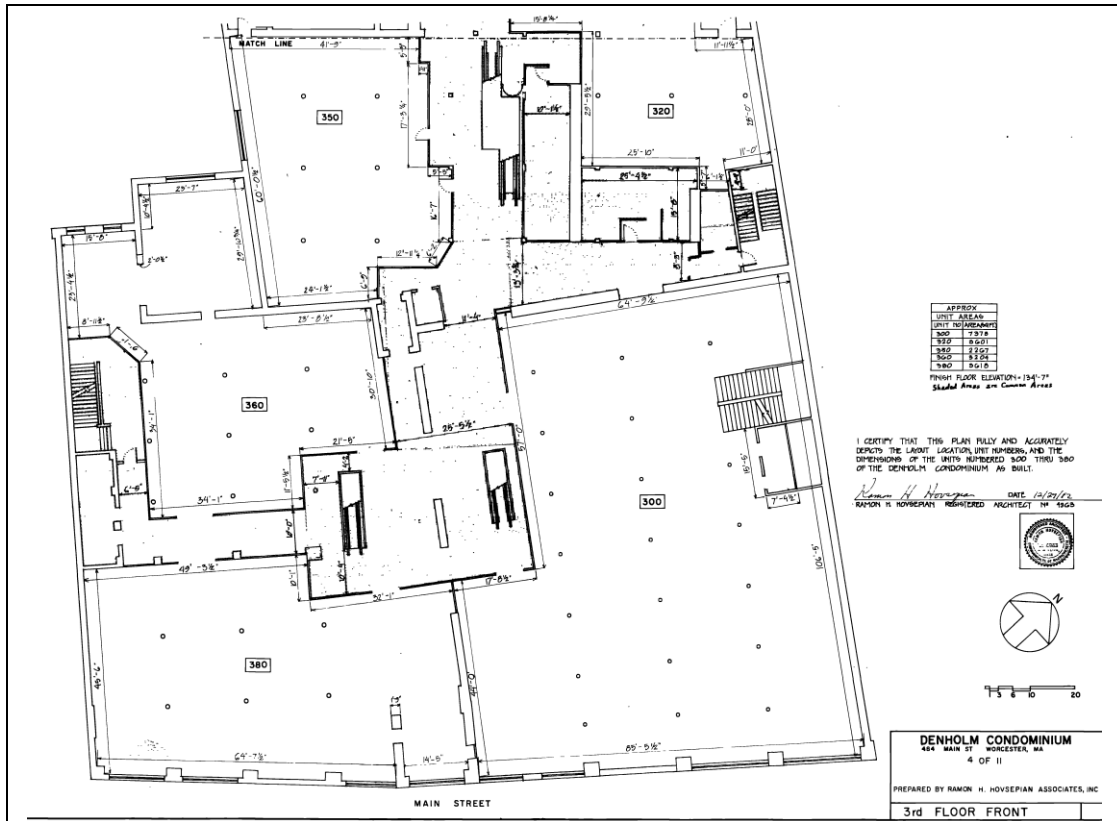
2ND FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

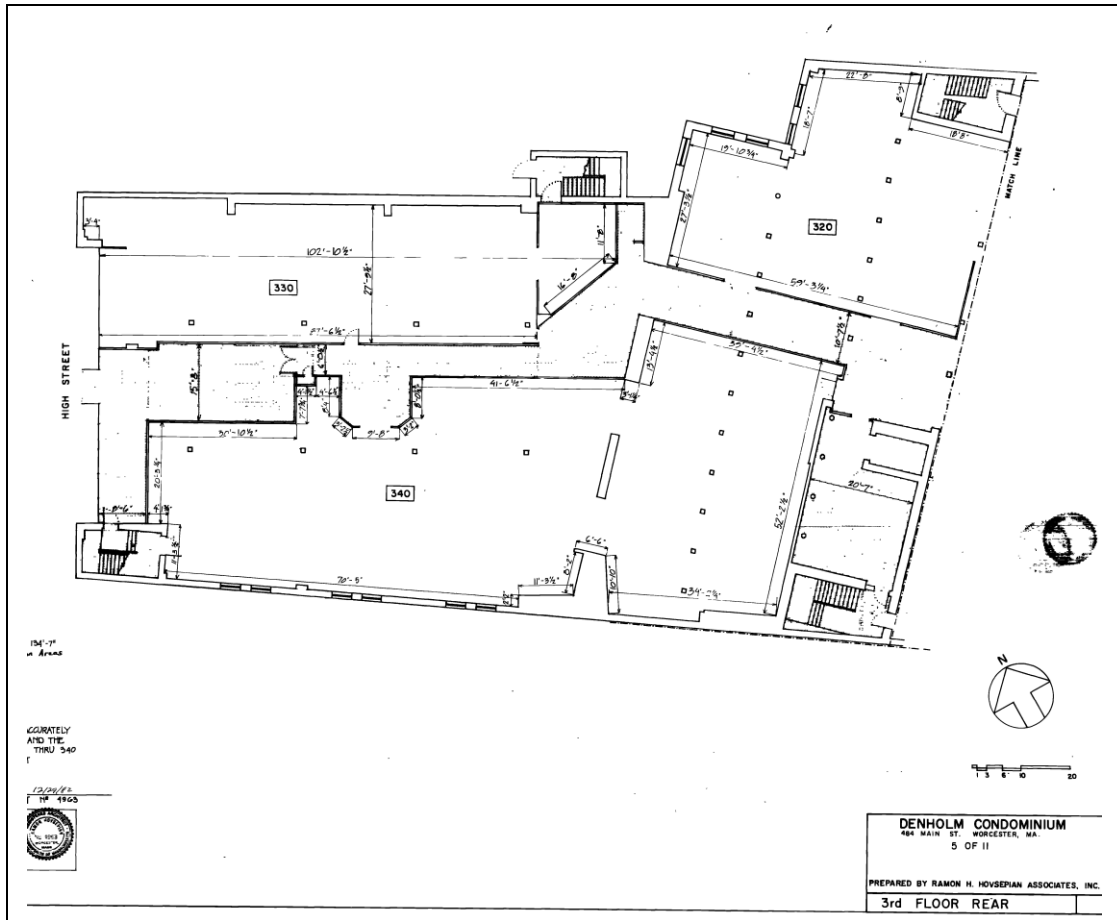
3RD FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

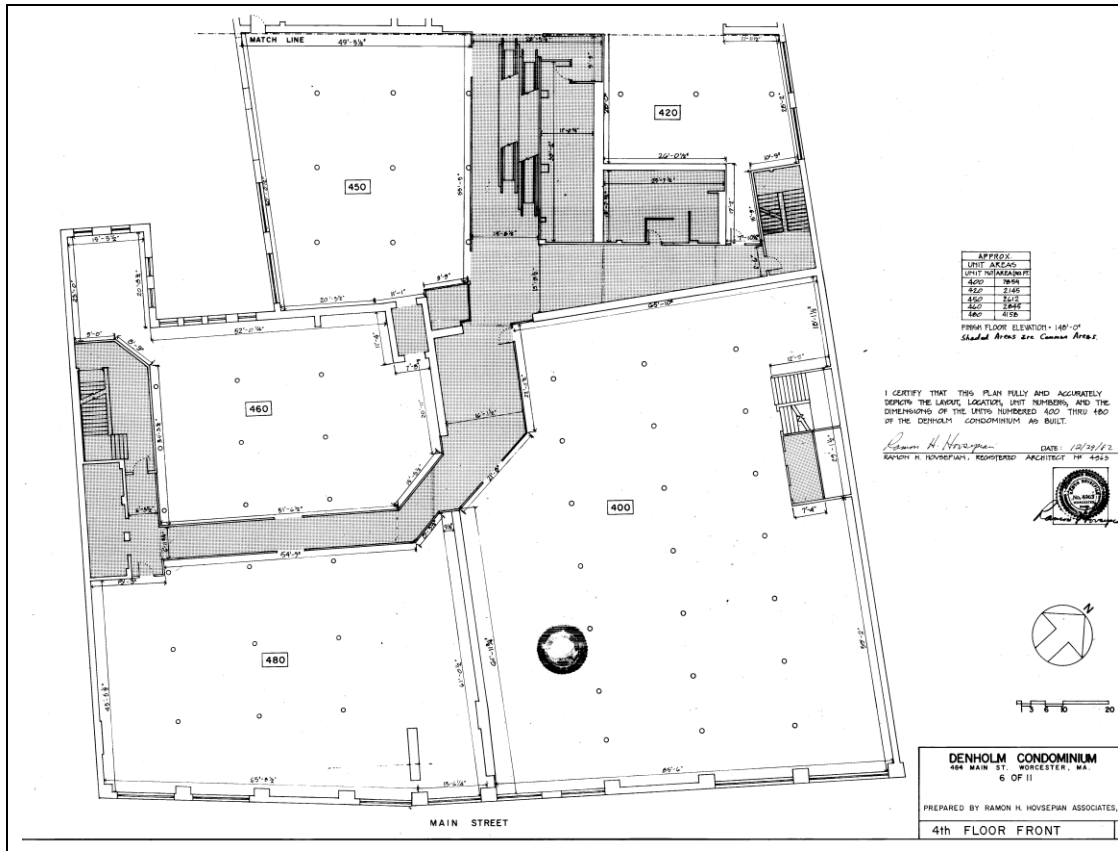
3RD FLOOR REAR



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

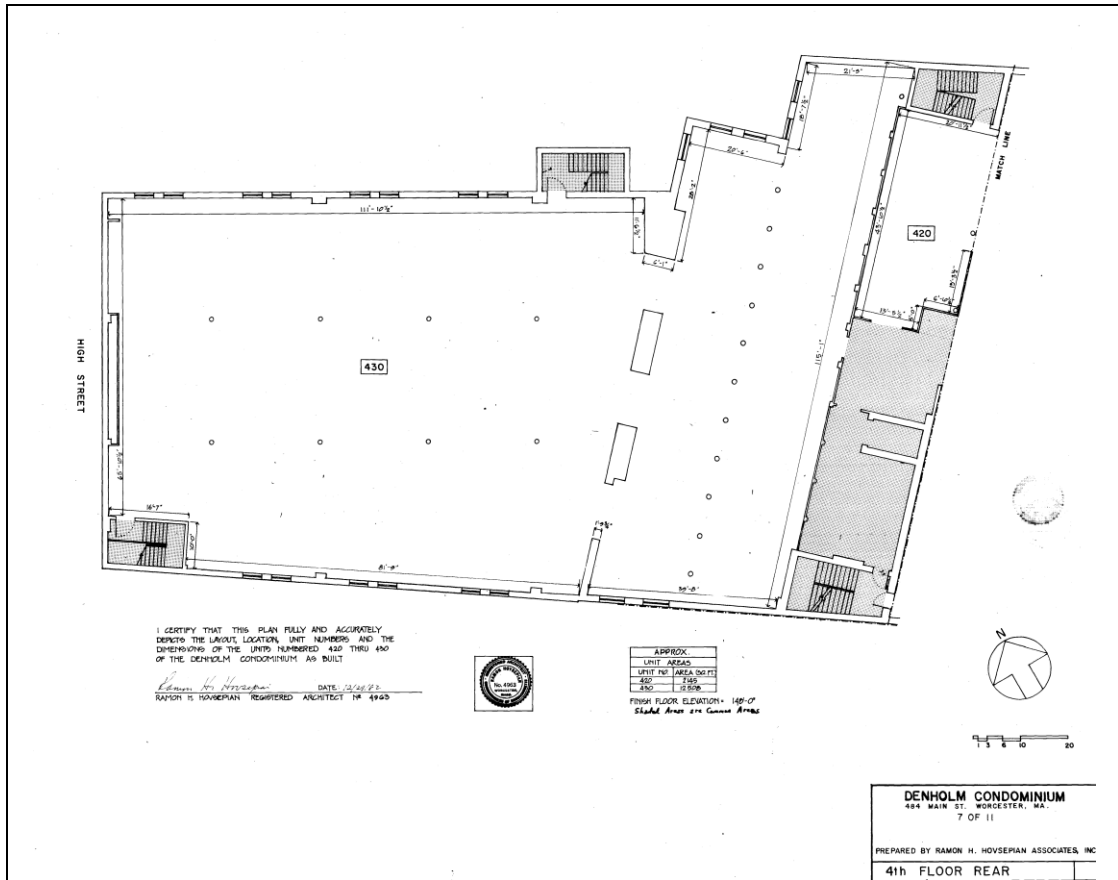
4TH FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

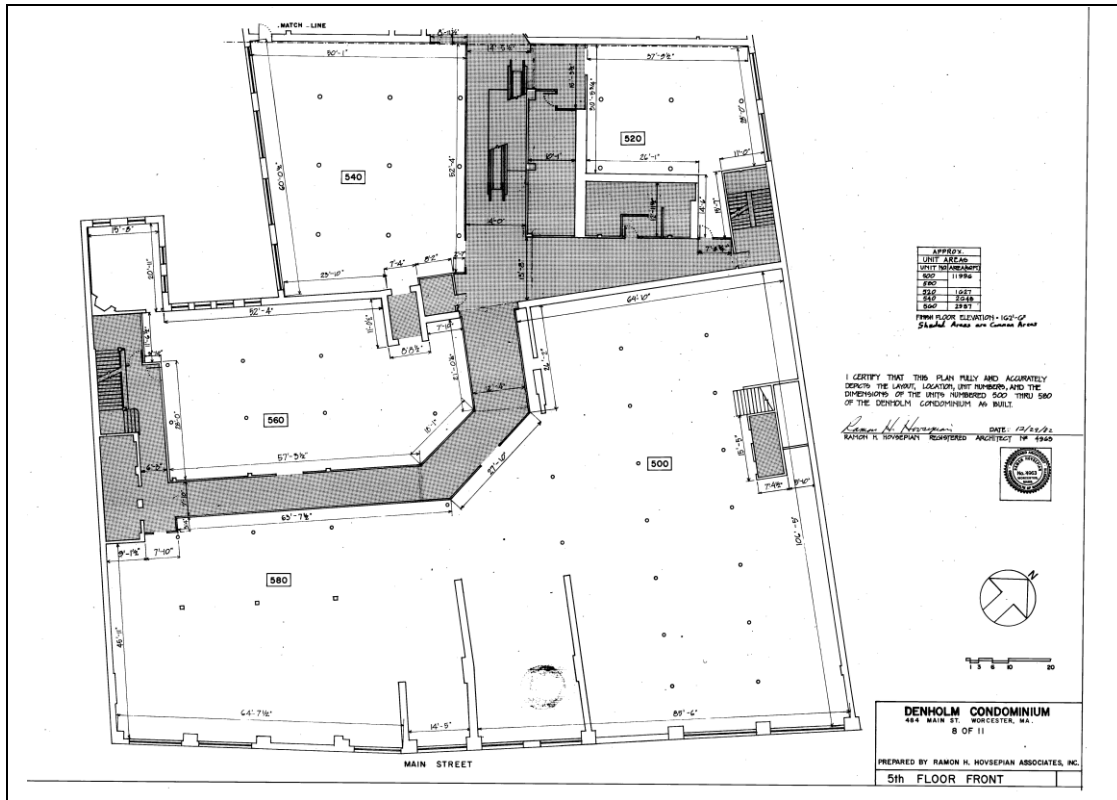
4TH FLOOR REAR



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

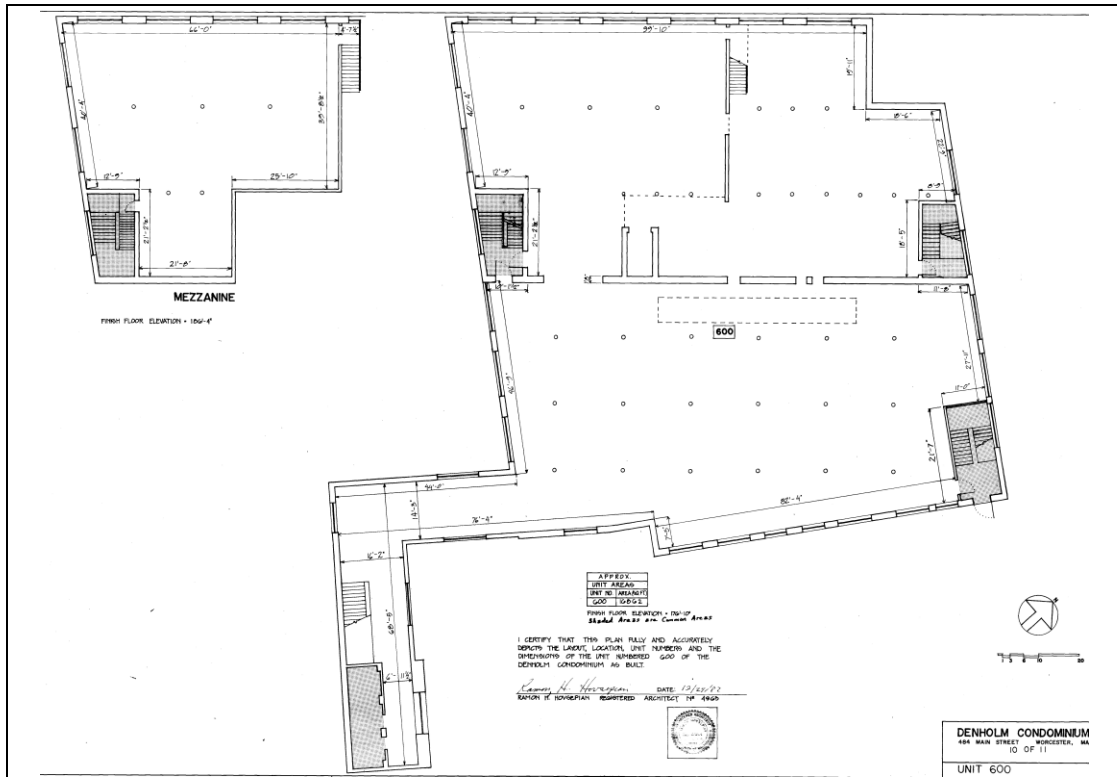
5TH FLOOR FRONT



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

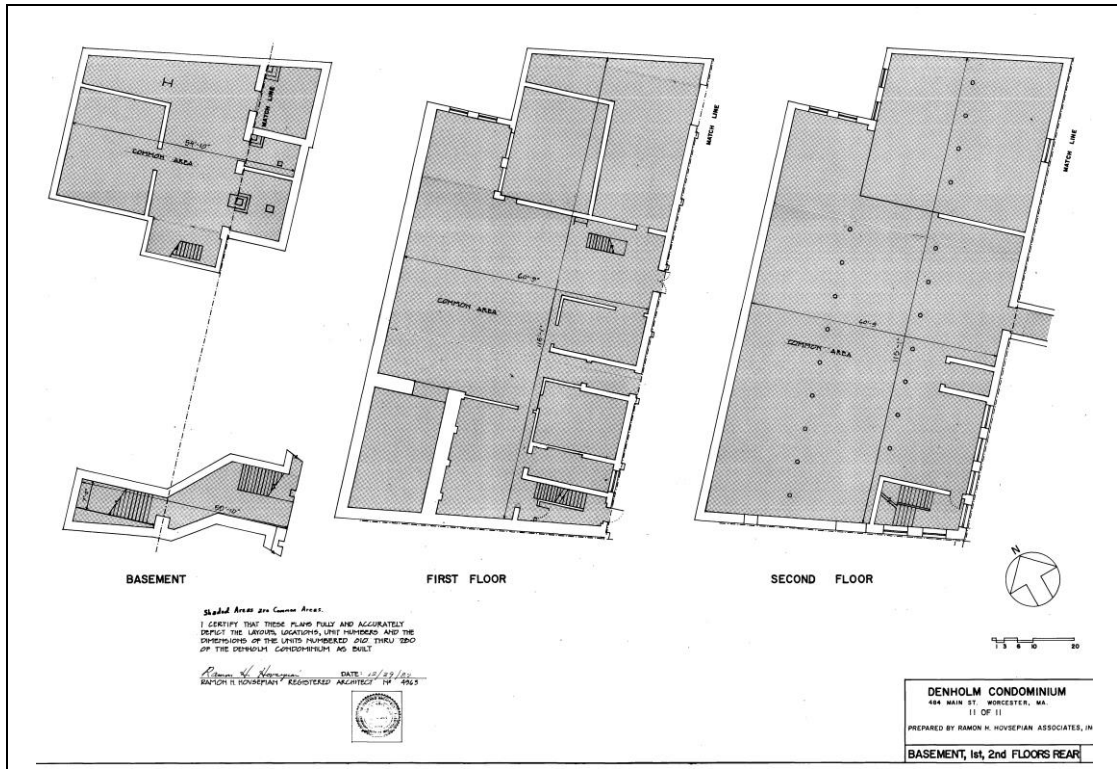
UNIT 600



IMPROVEMENT ANALYSIS

Recorded Building Plans (WDRD Plan Book 502, Plan 121)

BASEMENT 1ST AND 2ND FLOOR REARS



IMPROVEMENT ANALYSIS

Condition / Functionality of the Structure and Units

The subject's exterior and interior condition is in "fair" condition. As a redevelopment building the improvement has adequate function.

Capital Improvements Planned, In Process, Deferred Maintenance

We have reviewed the EBI Consulting January 2020 Condominium Reserve Study and Mechanical Electrical Plumbing Life Safety Report supplied by the client. The Mechanical Electrical Plumbing Life Safety Report indicates a total deferred maintenance cost estimate of \$607,728 pertaining to the subject the building plumbing, HVAC, electrical fire/life safety and elevators/conveying system. The Condominium Reserve Study indicates an overall building deferred maintenance cost estimate of \$1,643,725. While the interior units are in average condition as a redevelopment property we have considered the overall condition to be dated and in "fair" condition due to deferred maintenance as a redevelopment property.

Effective Age

A building of this type typically has an economic life of 50± years. We would estimate the effective age at 25± years with a remaining economic life of 25± years as a redevelopment building.

Functional / Economic Obsolescence

No economic obsolescence is noted. Functionally obsolescence is noted as per the Master Deed and Assessment records contained in the analyst work file the building contains a total of 200,000± square feet of which 151,786± square feet (75.89%) is unit space and 48,214± square feet (24.11%) is common area.

Handicapped Access

Based upon the analyst inspection of the subject property the subject appears to conform to the Americans with Disabilities Act (ADA) Accessibility Guidelines. However, the appraiser is not qualified to perform such an assessment and urges the client to retain an expert in this field if desired.

Conclusion

The subject is an average quality, fair condition redevelopment building. Its use is supported by neighborhood uses. Users of redevelopment buildings such as the subject are typically investors / developers.

HIGHEST AND BEST USE

Real estate is valued in terms of its highest and best use. Highest and best use may be defined as the most probable, possible and permissible use for which the property may be used and is capable of being used. The Appraisal Institute defines highest and best use as follows:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of use – that is adequately supported and results in the highest present value.²

HIGHEST AND BEST USE, AS THOUGH VACANT

In estimating highest and best use, the appraiser goes through essentially four stages of analysis, which are described as follows:

Legally Permissible: The current BG-6 zoning permits use of the subject within the guidelines of the zoning ordinance. Permitted uses under this zoning classification include a wide variety of commercial uses.

Physically Possible: As detailed in the *site analysis* section of this report, the subject's shape, dimensions and land area make development of the subject property physically possible. The subject conforms to the zoning minimum requirements for land area and frontage.

Economically Feasible: Commercial development is economically feasible in the present economic climate.

Maximum Profitability: The maximum profitability of the subject property, if vacant, would be for sale for immediate commercial development with the confines of zoning.

² Appraisal Institute, *The Appraisal of Real Estate*, 14th edition, 2013, p. 333.

HIGHEST AND BEST USE

HIGHEST AND BEST USE, AS IMPROVED.

Legally Permissible: The current BG-6 zoning permits use of the subject within the guidelines of the zoning ordinance. The subject proposed redevelopment use appears to be a legal, conforming use.

Physically Possible: As detailed in the *site analysis* section of this report, the subject's shape, dimensions and land area make development of the subject property physically possible.

Economically Feasible: Commercial development is economically feasible in the present economic climate. Augmenting the building area would most likely tend to produce a dollar for dollar return on the investment; therefore, it would be economically feasible to expand the existing improvements up to the maximum building area allowed by zoning.

Maximum Profitability: The subject improvements add more value than the site as if vacant. That being said no demolition and removal costs were supplied or made available to the appraisers. As such a change in use is contra-indicated. This is perhaps best demonstrated by the continued use of comparable sales cited in this report for redevelopment. Therefore, highest and best use is as currently proposed for redevelopment.

Highest and Best Use Conclusion:

As vacant land, the subject property would appear to be a legal, conforming parcel.

If vacant, the highest and best use would be for immediate commercial development.

As improved, its current proposed use as a redevelopment property appears to represent the highest and best use.

That being said the current use of the subject as a 36 unit condominium building is essentially a "white elephant" in the downtown business district. Due to the excessive common areas and high unit condominium fee's demand for the subject units is negligible with many units being gifted to "non-profit" organizations. Further problematic items include the extensive deferred maintenance as previously detailed.

VALUATION RATIONALE AND METHODOLOGY

The appraisal process attempts to replicate the actions and motivations of the most likely purchaser of the subject property. Therefore, in order to identify the appropriate approach to valuing the subject, it is necessary to identify its most probable purchaser.

The subject property consists of a 200,000± square foot redevelopment building on a site containing 110,489± square feet (combined).

Based on the subject's characteristics, the subject could be purchased by either an owner-occupant or an investor. However, the most probable purchase is considered an investor / developer. As previously noted the subject is situated within the Downtown Urban Revitalization Area designated by the Worcester Redevelopment Authority.

The following summarizes the applicability of the three approaches to value and states what approaches were developed in this appraisal:

Cost Approach	Inapplicable	Not Developed
Sales Comparison Approach	Applicable	Developed
Income Capitalization Approach	Inapplicable	Not Developed

The Cost Approach is inapplicable to this appraisal problem as the subject property's circa 1900 original construction carries with it accrued depreciation that is exceedingly difficult to judge. As there is little to no market data available to value such depreciation, any value derived from this method would not produce a meaningful indication of value. Neither our appraisal peers nor market participants give consideration to the cost approach in evaluating older properties.

As a redevelopment property the Income Approach is not applicable. Within this analysis we have considered the subject unencumbered by any lease agreements or condominium documents. The property suffers extensive deferred maintenance and has been considered to contain no income component as a redevelopment building. Neither our appraisal peers nor market participants give consideration to the income approach in evaluating older non-income producing redevelopment properties.

As such sole consideration has been given to the sales approach to value as a redevelopment building.

VALUATION RATIONALE AND METHODOLOGY

EXPOSURE TIME / MARKETING TIME

The subject is not now listed for sale, nor has it been marketed for sale over the last five years as a single economic unit redevelopment property, and an analysis of its actual exposure time of the subject to the market is not applicable.

Our value estimates are based on an exposure time of less than 12 months, which reflects the actual marketing time of sales and our forecast for current listings, since we do not see any trends implying that marketing times should increase over trailing data indications; this said, our value presumes that the subject would have been marketed for less than 12 months in order to garner the appraised value.

In order to estimate the marketing time of the subject property, the appraiser analyzed the marketing time of sales and listings of properties similar to the subject. Factors affecting the lengths of listings were analyzed.

Commercial properties regionally sell well within one year once the sales prices are in line with market conditions. The brokers involved indicate that interest increases when the asking price becomes equitable with value. Properties that have sold typically sell in less than nine months but we project a conservative 12-month marketing time. The appraiser notes that a realistic listing price, good location and average condition of the improvements are all significant factors in the marketability of these properties. Properties that do not meet all or most of these criteria have significant marketing periods, and often go off market before sale.

Although marketing times are variable, the appraiser concludes the subject would sell in less than one year. This estimated marketing time is contingent on reasonable pricing and aggressive marketing of the subject property.

However, we must state that our regional and local demographics, trends, unemployment numbers, financial rates, marketing times and other pertinent statistics along with our market data (comparable sales and comparable rentals) are based upon trailing data and current prevailing conditions related to COVID-19 caution real estate participants to proceed with a relative degree of “uncertainty” related to financial markets and the impact upon real estate values. We have tried to remain aware of the most recent economic data; but caution the client that “daily” the economic atmosphere is changing and may affect both exposure and marketing times.

SALES COMPARISON APPROACH

Scope of Data Research

We performed an intensive search to find comparable sales for which pertinent data was available. We concentrated on sales within the past 3 years, beginning with Worcester itself, expanding to abutting communities, and then regionally. Our first source of information was the sales reports generated by the Board of Assessors and also the online reports of Banker & Tradesman. Multiple Listing Service (MLS), Costar.com and our extensive in-house files were also used.

Quantity and Quality of Data

The commercial real estate market generally lags behind the economy so identifying recent sales is now, more than ever, critical to a credible development of this approach. Finding very recent sales that mirror both the subject's physical and geographic characteristics is difficult and proved to be the greatest challenge and weakness of any valuation. Still, we believe we located a sufficient number of verified sales to provide a credible opinion by this approach.

Comparable Sales Selection

The firm of Howard S. Dono & Associates, Inc. has appraised and is familiar with multiple redevelopment property transfers throughout the City of Worcester,

Ultimately, we selected the most recent and comparable downtown Worcester sales with which we had the greatest familiarity.

Detail sheets of these sales considered in the valuation of the subject property are as follows:

SALES COMPARISON APPROACH

Comparable Sale #1

Property Location:	18 Chestnut Street, Worcester, MA
Property Type:	Redevelopment Property
Date of Sale:	10/16/2018
Sales Price:	\$1,900,000
Sales Price per sq.ft. of building area:	\$5.96 per square foot
Land Area:	135,036 square feet
Building Area:	318,825± square feet per assessment
Building Design:	Multi story; masonry
Year Built:	Circa 1922 and 1950
Assessor's Reference:	Map 3, Block 32, Lot 1
Assessment:	\$2,508,300 (FY 2021)
Zoning:	BG-6.0
Grantor:	The Paul Revere Life Insurance Company
Grantee:	Chestnut Street Properties, LLC
Deed Reference:	WDRD Book 59554, Page 262
Financing:	2021; \$14,100,000 Hometown Bank
Sales History	No arm's length transfers five years
Data Source:	Co-Star, Assessment, Deed, Drive by Inspection, Grantee

Comments: This property, the former Unum building, was purchased for redevelopment per Barry Krock, a representative of the grantee. The building has been vacant since 2013 per a 2017 Worcester Telegram article.

Per Mr. Krock the building was vacant at the time of transfer. Currently, Mr. Krock states that the building is undergoing redevelopment. Portions of the interior are being demolished for renovations. The building contained only 10% sprinklered areas. The building contained asbestos. Overall the building condition is considered "poor" as compared to the subject as a redevelopment building with consideration to Mr. Krock's building description and the almost 8 years of vacancy.

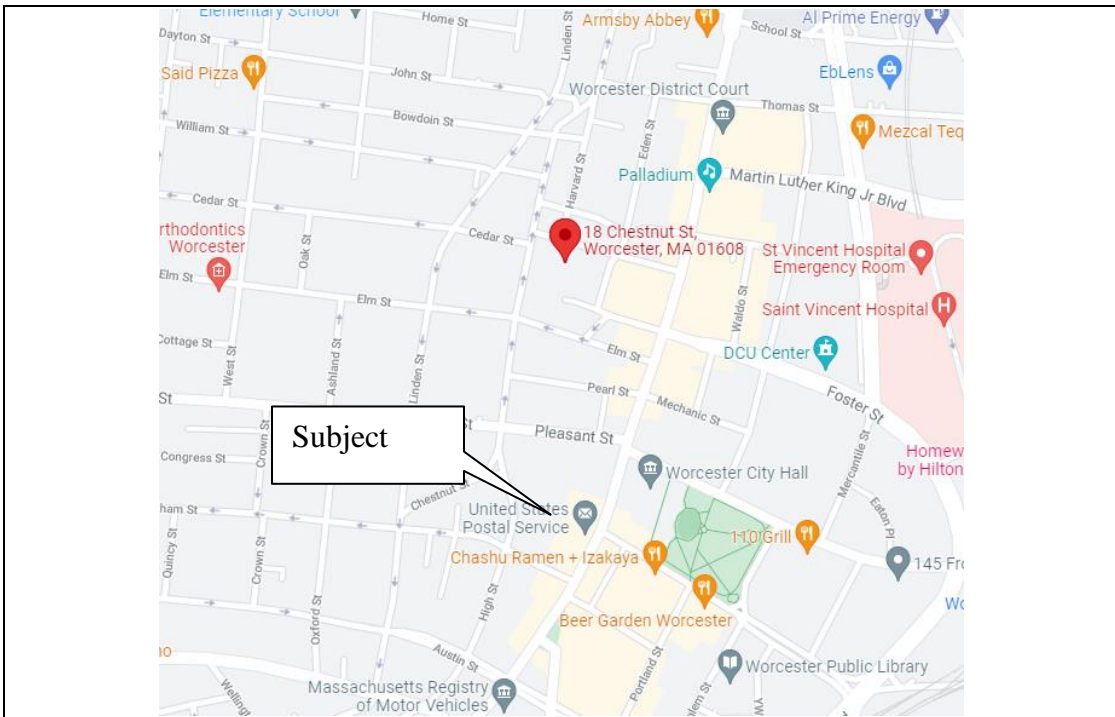
The location is considered good within the downtown Worcester business district within close proximity to the subject.

Contained within the gross building area is a 20,020 square foot parking garage area. Co-Star reports overall parking at 105 spaces.

The site is zoned BG-6 and has public water/sewer similar to the subject.

SALES COMPARISON APPROACH

Comparable Photo and Location Map



SALES COMPARISON APPROACH

Comparable Sale #2

Property Location:	10-30 Front Street, Worcester, MA
Property Type:	Redevelopment Property
Date of Sale:	5/3/2019
Sales Price:	\$4,000,000
Sales Price per sq.ft. of building area:	\$30.78 per square foot
Land Area:	34,451 square feet
Building Area:	129,939± square feet per assessment.
Building Design:	Multi story; masonry
Year Built:	Circa 1910 and 1915
Assessor's Reference:	Map 2, Block 25, Lot 7 & 8, 5 & 6
Assessment:	\$4,399,000 (FY 2021)
Zoning:	BG-6.0
Grantor:	Judith S. Marcus and Dean Marcus
Grantee:	10-30 Front Street LLC
Deed Reference:	WDRD Book 60363, Page 84
Financing:	None reported
Sales History	No arm's length transfers five years
Data Source:	Co-Star, Assessment, Deed, Drive by Inspection,

Comments: This property, known as the Midtown Mall was purchased for redevelopment. The property is situated within the WRA Urban Revitalization Area Downtown and targeted for acquisition for rehabilitation. The property is assessed as 10 Front Street and 12 Front Street. Per Co-Star the buildings contained 23 tenants. While assessed as two properties the property transferred under one deed as 10-30 Front Street. Per Co-Star the seller confirmed the details of the sale and size adding that there were no brokers involved. The sale was somewhat distressed, as the seller states he was forced to sell the property as he fell behind in external repairs and upkeep and was uncertain of proposed eminent domain takings per news articles pertaining to the property. As an occupied redevelopment building we have considered the overall condition as "fair" as compared to the subject.

Table 5: Parcels to be Acquired or Transferred

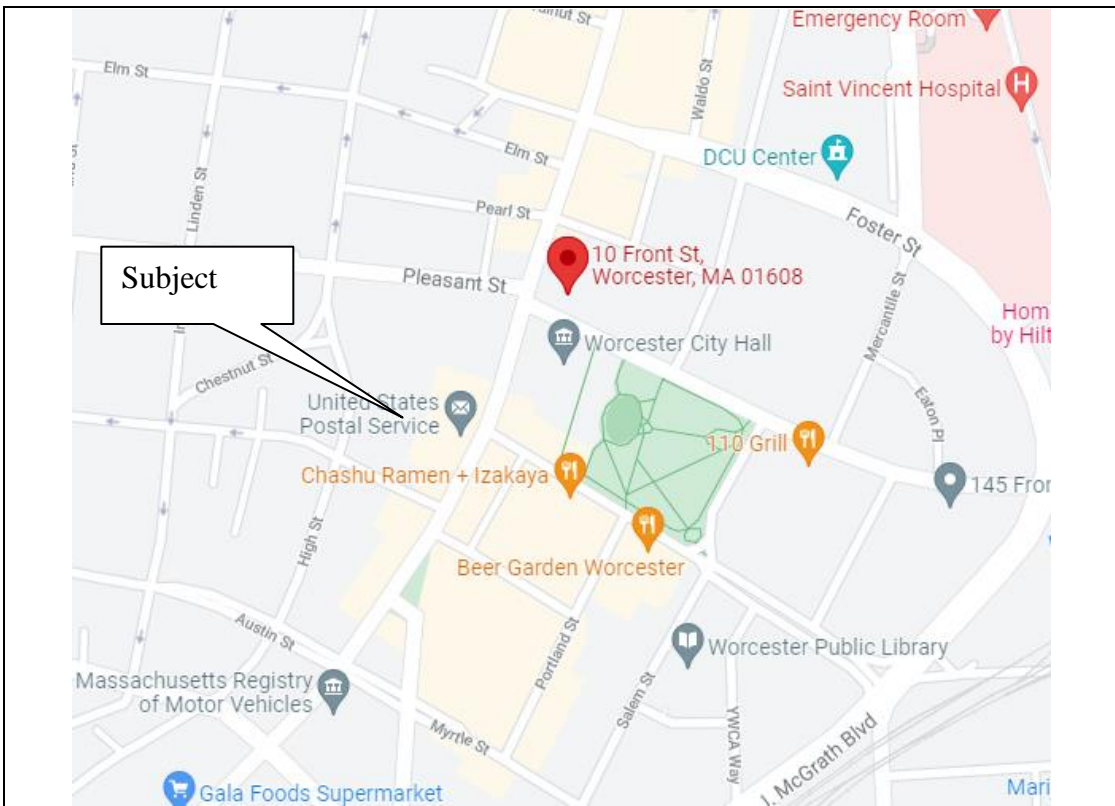
Assessors Map	Address	Lot Size (acres)	Owner	Zoning	Current Use	Proposed Use
Acquisition for Rehabilitation						
02-025-007+8	22 Front Street Midtown Mall	0.522	Marcus, Dean & Judith	BG-6.0	Retail 1 st floor, Retail and Commercial lower and upper floors.	Retail on 1 st Floor, Commercial above and below floors.

The location is considered good within the downtown Worcester business district within close proximity to the subject.

The site is zoned BG-6 and has public water/sewer similar to the subject.

SALES COMPARISON APPROACH

Comparable Photo and Location Map



SALES COMPARISON APPROACH

Comparable Sale #3

Property Location:	340 Main Street, Worcester, MA 23 Chestnut Street, Worcester, MA (parking) 7 Cedar Street, Worcester, MA (parking) 3 Harvard Street, Worcester, MA (parking)
Property Type:	Redevelopment Property
Date of Sale:	11/7/2020
Sales Price:	\$14,457,306
Sales Price per sq.ft. of building area:	\$44.59 per square foot
Land Area:	98,456 square feet (combined)
Building Area:	324,167± square feet per assessment
Building Design:	Multi story; masonry
Year Built:	Circa 1906 per assessment
Assessor's Reference:	Map 3, Block 32, Lot 21 Main Street Map 2, Block 32, Lot 7 Chestnut Street Map 3, Block 33, Lot 10 & 14 Cedar Street Map 2, Block 32, Lot 4 Harvard Street
Assessment:	\$9,889,200 (FY 2021)
Zoning:	BG-6.0
Grantor:	Commerce Associates Limited Partnership
Grantee:	5 Slater, LLC
Deed Reference:	WDRD Book 63767, Page 64 WDRD Book 64505, Page 209 Confirmatory Deed
Financing:	None reported
Sales History	No arm's length transfers five years
Data Source:	Co-Star, Assessment, Deed, Drive by Inspection, Grantor

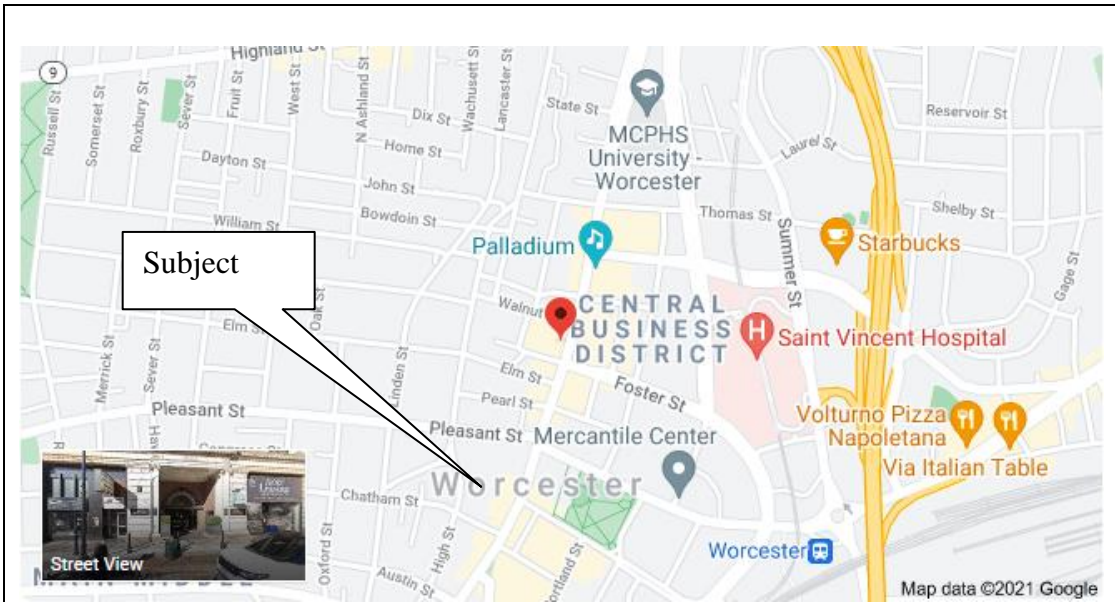
Comments: This property was purchased for redevelopment per Barry Krock, a representative of the grantor. Two of the parcels were parking lots.

Per Mr. Krock the building was vacant at the time of transfer. However an exterior inspection indicates multiple commercial units on the first floor (occupancy status unknown). The building was sprinklered 100%. Per Mr. Krock the grantee is currently redeveloping the property into 312 one-bedroom apartments. As a redevelopment building the overall condition was considered "average/fair" as compared to the subject.

The location is considered good within the downtown Worcester business district within close proximity to the subject. The site is zoned BG-6 and has public water/sewer similar to the subject.

SALES COMPARISON APPROACH

Comparable Photo and Location Map



SALES COMPARISON APPROACH

These sales are the most recent comparable sales available for which sufficient information was available to apply this approach. The sales prices, terms and motivations for the sales were studied and verified to the best of our ability. These sales are now compared to the subject property for the purpose of identifying and measuring the differences for geographic and physical characteristics.

Properties such as the subject are purchased on a price per square foot.

Adjustment Grid

	<i>Subject</i>	<i>Sale #1</i>	<i>Sale #2</i>	<i>Sale #3</i>
Street Address	484-500 Main Street	18 Chestnut Street	10-30 Front Street	340 Main Street
City/Town	Worcester	Worcester	Worcester	Worcester
Property Type	Redevelopment Building	Redevelopment Building	Redevelopment Building	Redevelopment Building
Source	Appraised	Grantee/Assessment/Deed	Assessment/Deed/Co-Star	Grantor/Assessment/Deed
Sale Price		\$1,900,000	\$4,000,000	\$14,457,306
Lump Sum Adjust.		\$0	\$0	\$0
Price/SF		\$5.96	\$30.78	\$44.60
Interest Transferred	Fee simple	Fee simple	Leased fee	Fee simple
		0%	0%	0%
Conditions of Sale	No unusual conditions	None known	None known	None known
		0%	0%	0%
Date of Sale	08-Sep-21	16-Oct-18	03-May-19	07-Nov-20
		25.00%	15.00%	5.00%
Adj. Price/SF	N/A	\$7.45	\$35.40	\$46.83
Location	Good	Good	Good	Good
		0%	0%	0%
Land area (s.f.)	110,489	135,036	34,451	98,456
		0%	0%	0%
Gross Building Area	200,000	318,825	129,939	324,167
		25%	-25%	25%
Land to Building Ratio	0.55	0.42	0.27	0.30
		0%	0%	0%
Parking	Ample	Ample	Municipal nearby	Ample
		0%	0%	0%
Age/Condition	25 "fair"	25 "fair"	25 "fair"	20/25 "average/fair"
		0%	0%	-25%
Proposed Use	Redevelopment	Redevelopment	Redevelopment	Redevelopment
		0%	0%	0%
Zoning	BG-6	BG-6	BG-6	BG-6
		0%	0%	0%
Gross Adjustment		25%	25%	50%
Net Adjustment		25%	-25%	0%
Adj. Price/SF		\$9.31	\$26.55	\$46.83

SALES COMPARISON APPROACH

Analysis of Adjustments to Sales

Data below indicates consistent overall increases in median prices from 2015 to 2020 indicating improving market conditions.

It appears that market conditions have been steadily improvement from 2015 to 2020 for Worcester County.

WORCESTER County, MA - Median Sales Price - Calendar Year				
Year	Period	1-Fam	Condo	All
2021	Jan - Jul	\$365,000	\$260,000	\$350,000
2020	Jan - Dec	\$325,000	\$246,500	\$311,000
2019	Jan - Dec	\$290,000	\$221,000	\$278,900
2018	Jan - Dec	\$275,000	\$205,000	\$260,000
2017	Jan - Dec	\$260,000	\$199,900	\$246,900
2016	Jan - Dec	\$245,000	\$187,000	\$232,000
2015	Jan - Dec	\$240,000	\$188,500	\$228,000

The overall median price increases are as follows:

2018 to 2021: 34.62% increase

2019 to 2021: 25.49% increase

2020 to 2021: 12.54% increase

Ultimately, adjustments within the sales grid to reflect improving market conditions have been made at 25% prior to 2019, 15% prior to 2020 and 5% prior to 2021.

That being said all sales were adjusted for market conditions.

SALES COMPARISON APPROACH

Qualitative adjustments were made to the individual comparable sale properties to account for geographical and physical disparities between the subject and sale properties. Paired sales analyses fall short of providing credible quantitative adjustments due to insufficient sales data.

As such, qualitative adjustments were made recognizing the disparity between the subject property and the comparable sales as follows:

Sale 1: An economy of scale adjustment was applied to account for differences in gross area as larger buildings tend to sell at a lower price per square foot.

Sale 2: An economy of scale adjustment was applied to account for differences in gross area as smaller buildings tend to sell at a higher price per square foot.

Sale 3: An economy of scale adjustment was applied to account for differences in gross area as larger buildings tend to sell at a lower price per square foot. Based upon comments supplied by the grantor the building was considered to be in superior condition to the subject and an adjustment was deemed appropriate.

Analysis of Listings

As previously noted, no truly comparable listings are available that would tend to illuminate either the demand for or value of the subject improvements.

SALES COMPARISON APPROACH

Conclusion Sales Approach

The adjusted sales prices range from \$9.31 to \$46.83 per square foot as detailed on the grid below. The sales data is relative and required considerable opinions and judgments on the part of the analyst, and no listings provide support for either the demand or value of the subject. For these reasons, it is appropriate to gravitate toward the middle of the indicated range with most weight given to sale #2 within extremely close proximity to the subject in the downtown revitalization area facing City Hall similar to the subject.

	Unadjusted Sale Price	Adjusted Sale Price
Sale #1	\$5.96	\$9.31
Sale #2	\$30.78	\$26.55
Sale #3	\$44.60	\$46.83
Average	\$27.11	\$27.56
Unadjusted Range	\$5.96 to \$44.60	
Adjusted Range	\$9.31 to \$46.83	
Final Per Square Foot Value Conclusion		
\$26.55		
Indicated Value of the Subject Property		
\$5,310,000		

After analysis, the appraiser selected \$26.550 per square foot as most indicative of market value of the subject improvements. This \$26.55 per square foot value was applied to the subject property's 200,000± square feet to provide a market value opinion of \$5,310,000.

Given the above value indications, our market value opinion of the fee simple interest in the subject property in its “as is” condition as a redevelopment property (single economic unit), as indicated by the Sales Comparison Approach, as of September 8, 2021, is:

**FIVE MILLION THREE HUNDRED TEN THOUSAND DOLLARS
 (\$5,310,000.00)**

RECONCILIATION AND FINAL OPINION OF VALUE

Reconciliation is the process of analyzing and reviewing the strengths and weakness of all three approaches to value in order to arrive at a final opinion of value.

Sales Comparison Approach:	\$5,310,000.00
Income Capitalization Approach:	Not Developed
Cost Approach:	Not Developed
Concluded Value:	\$5,310,000.00

The strengths and weaknesses of each approach to value are analyzed as follows:

Sales Comparison Approach	
Applicability	Approach reflects actions of the market.
Quantity of Data	The number of sales was adequate.
Quality of Data	Sales were confirmed.
Sensitivity to Analyst's Opinions	Analysis required considerable judgments by the appraiser, but still produces a credible value indication.
Credibility of Value Indication	Strong.
Weighting of Value Indication	Sole consideration given to the sales approach.


Ultimately, with sole consideration given to the sales approach therefore conclude a final market value opinion of value at \$5,310,000.00 for the subject property in its "as is" condition as a redevelopment property (single economic unit).

RECONCILIATION AND FINAL OPINION OF VALUE

CONCLUSION: Therefore, based upon the information gathered and the analysis thereof, our market value opinion of the fee simple interest in the subject property in its “as is” condition as a redevelopment property (single economic unit), expressed in terms of financial arrangements equivalent to cash, as of September 8, 2021, the date of inspection, is:


**FIVE MILLION THREE HUNDRED TEN THOUSAND DOLLARS
(\$5,310,000.00)**

Extraordinary Assumptions and Hypothetical Conditions: Extraordinary assumptions or hypothetical conditions were required for the completion of the appraisal assignment and we urge the client to read this section of the report.



Joseph R. Curley, Jr., MBA, MRA, ASA
Massachusetts Certified General Real Estate Appraiser #811

As review/supervising appraiser, I certify that I have reviewed the content, analysis and conclusion expressed in this report and concur with the final value estimate.



Howard S. Dono, MRA, IFAS, ASA
Supervising / Review Appraiser
Massachusetts Certified General Real Estate Appraiser #1204

ADDENDA

Qualifications of the Appraisers



HOWARD S. DONO & ASSOCIATES, INC.

Real Estate Appraisers & Consultants

217 West Boylston Street, West Boylston, MA 01583

Telephone: (508) 852-1588, Facsimile: (508) 852-1376

QUALIFICATIONS OF HOWARD S. DONO, MRA, IFAS, ASA

EDUCATION:

Bentley College Bachelor of Science, Business Management 1981

Massachusetts Board of Real Estate Appraisers:

Real Estate Appraisal I, Three Approaches to Value, 1984
Real Estate Appraisal IA, Appraising the Single Family, 1985
Real Estate Appraisal II, Capitalization Techniques, 1988
Professional Practice and Conduct I, 1989
Professional Practice and Conduct II, 1991
Real Estate Appraisal IIA, Advanced Income Property, 1992

Appraisal Institute:

Appraisal Principles, I-110, 1993
Appraisal Procedures, I-120, 1993
Standards of Professional Practice - Part A, I-410, 1993
Standards of Professional Practice - Part B, I-420, 1993
Residential Case Study, I-210, 1994
Standards of Professional Practice - Part C, II-430, 1999

Seminars:

USPAP Update Seminar, 1999, 2004, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018 & 2020
Demonstration Report, Residential Properties, 1985
Land Planning and Development, Strategies & Techniques 1988
Small Residential Income Properties Seminar, 1990
State Appraiser Certification Review Seminar, 1991
Demonstration Report, Commercial Property, 1991
Uniform Residential Appraisal Report Seminar, 1993
Appraisal Reporting of Complex Residential Properties, 1993
Valuation of Temporary and Permanent Easements, 1994
Tax Assessments and Tax Abatements, 1994, Site Contamination, 1994
Title V - Update of the New Sanitary Codes, 1995
Contamination 21E - Commercial & Residential Issues, 1995
HUD's Appraisal Regulations, 1995; Fair Lending Seminar, 1996
Understanding and Completing Forms 71A and 71B, 1996
Evaluations and Limited Restricted Reports, Commercial, 1996
Technology and the Appraiser: Making it work, 1997; Making the Most of Windows, 1997
Appraisal Communications, Writing Convincing Reports, 1997
Discounted Cash Flow Seminar, 1999; HUD Appraisal Seminar, 1999
Real Estate Law and the Registry of Deeds, 2001
Unique and Unusual Residential Properties, 2001
Land Development Seminar, 2001; Analyzing Operating Expenses, 2002
Residential Property Construction, 2002; Analyzing Distress Real Estate, 2005
Appraising from Blueprints, and Specifications, 2005
Scope of Work, Expanding Your Range of Services, 2005
Eminent Domain & Condemnation, 2005, Residential Design & Functional Utility, 2005
Overview of Real Estate Appraisal Principles, 2005
A Comprehensive Guide to Valuing Improved Subdivisions, 2006
Twelve Things Commercial Appraisers Should Know, 2008
Appraising in a Foreclosure Market, 2008
Reviewing the Reviewer: Role and Responsibilities of the Review, 2008
Small Hotel/Motel Valuation, 2008; Fannie Mae Form 1004 MC, 2009
New England Appraisers Expo, Residential Program, 2009
Appraising Easements, 2011; Distress Properties Valuation, 2011
Income Approach: An Overview, 2011; Supervising Appraisal Trainees, 2011
Residential Market Analysis, Highest and Best Use, 2013
Residential Sales Comparison and Income Approach, 2013
Financial Institutions Guide to Commercial Appraisal, 2013
Covering All Bases in Residential Reporting, 2013
Appraisal of 2 - 4 Family and Multi - Family Appraisals, 2013
Restaurant Valuation Issues, 2013; Religious Properties Valuation Issues, 2014
Mixed Use Property Valuation, 2016; Investment Analysis and Investment Properties, 2016
Non-stabilized Distressed Properties Valuation Issues 2017
Quantitative Analysis Concepts for Appraisers, 2018
Eminent Domain and Condemnation Appraisal in Massachusetts, 2018
New England Appraisers Expo, Commercial Program, 2018, 2019



ORGANIZATIONS:

Massachusetts Certified General Real Estate Appraiser, #1204
Massachusetts Board of Real Estate Appraisers, MRA, Designated Member
National Association of Independent Fee Appraisers, IFAS, Designated Member
American Society of Appraisers, ASA, Real Property, All Property Types, Designated Member
Certified by the MBREA, NAIFA and the ASA continuing education program.
Qualified to appraise all types of real estate by the MBREA, NAIFA and ASA.
Massachusetts Continuing Legal Education (MCLE)
Faculty Member, Published, Lecturer, Trying Divorce Cases
Massachusetts Board of Real Estate Appraisers (MBREA)
Co-sponsor USPAP Update Seminar, 2006, 2008, 2010, 2012, 2014, 2016, 2018 & 2020
Co-sponsor Distress Properties Seminar, 2017
Standards and Qualifications Committee
Education Committee
Member and Officer, Board of Trustees
MassDOT, Community Compliance Division, Review Appraiser
Department of Veterans Affairs, Fee Panel Appraiser
Housing and Urban Development, Fee Panel Appraiser
Employee Relocation Council, Member
Greater Worcester Board of Realtors, Member
Greater Worcester Board of Realtors, Banking Committee
Greater Worcester Board of Realtors, Appraisal Committee
Greater Boston Real Estate Board, Member
Northern Worcester County Board of Realtors, Member
Massachusetts Registered Real Estate Salesman

EXPERIENCE:

HOWARD S. DONO & ASSOCIATES, INC.
President/CEO and Real Estate Appraiser, 1984 – Present.
Duties as chief executive and operations officer include:

- o Management and direction of the region's largest staffs of licensed/certified real estate appraisers and clerical personnel offering a full range of real estate appraisal services.
- o Preparation and review of real estate appraisals for bank financing, asset evaluation, development analysis, real estate tax appeals, estate and probate matters and eminent domain land takings.
- o Provide expert witness testimony for litigation purposes.

Howard S. Dono, MRA, IFAS, ASA has thorough knowledge of the three accepted approaches to value; Direct Sales Comparison Approach, Cost Approach and Income Capitalization Approach (Discounted Cash Flow Analysis and Direct Income Capitalization).

Appraisal experience includes:

- o All types of residential property; single family homes, condominiums, undeveloped land, small income multi-family properties, apartment buildings, co-operative units, planned unit developments, employee relocation appraisals.
- o Commercial and industrial property; warehouse, manufacturing facilities, office and retail properties, residential subdivision, industrial subdivision, and special use properties.
- o Feasibility studies, lease analyses and quality control review appraisals for both residential and commercial properties.
- o Mass DOT, Community Compliance Division of the Right of Way Bureau, reviewed innumerable appraisals for eminent domain purposes throughout the Commonwealth.
- o Qualified as an expert witness for testimony in Massachusetts Superior Court, Land Court, Probate Court, Appellate Tax Board, and Federal Bankruptcy Court.

COMMONWEALTH OF MASSACHUSETTS, APPELLATE TAX BOARD

Assistant Clerk and System Administrator of the Board, 1985 – 1990.
Duties as Assistant Clerk and System Administrator included:

The ATB is the Commonwealth's judicial board that serves as its tax court having jurisdiction over all State and local tax appeals, including real estate property tax appeals. Reviewed all petitions and filing fees. Prepared trial lists of cases to be heard and notified the interested parties. Administered oaths, received and maintained records, exhibits and transcripts. Advised the public of their rights and the procedures of the appeals before the Board. Acted as a liaison between the Board and the public. Managed all data processing functions. Managed the Commonwealth's Payroll, Management and Information System. Established and implemented system controls, system operations, system security and system maintenance. Monitored and improved system performance. Designed and implemented the system hardware and software for the Board's case tracking system. Managed system operators.



QUALIFICATIONS OF APPRAISER

JOSEPH R. CURLEY JR., MBA, MRA, ASA

LICENSE

Massachusetts Certified General Real Estate Appraiser, #811
Massachusetts Licensed Real Estate Broker, #133620

ORGANIZATIONS & DESIGNATIONS

Massachusetts Board of Real Estate Appraisers
MRA - Designated Member
American Society of Appraisers
ASA -Accredited Senior Appraiser

EDUCATION:

Anna Maria College, Paxton, MA
Master Business Administration (MBA), 1987

College of the Holy Cross, Worcester, MA
BA-Economics, 1983

Massachusetts Board of Real Estate Appraisers (MBREA)

USPAP Update
8/2006, 3/2008, 2/2010, 2/2012, 1/2014, 1/2016, 1/2018, 1/2020
New England Appraisers Exposition
10/2011, 10/2012, 10/2013, 10/2018, 10/2019
Quantitative Analysis Concepts for Appraisers, 7/2018
Non-Stabilized Distressed Properties Valuation Issues, 3/2017
Investment Analysis for Income Properties, 12/2016
Mixed Use Properties Valuations, 4/2016
Valuation of Religious Facilities, 1/2014
Restaurant Valuation Issues, 11/2013
Foreclosures, 2/2013
Financial Institutions Guide to Commercial Appraisal, 1/2013
General Site Valuation & Cost Approach, 5/2011
Appraising Easements, 4/2011
Appraising Distress Properties, 4/2011
N.E. Economic & Federal Agency Conference, 4/2011
Appraising in a Foreclosure Market, 5/2008
Reviewing the Reviewer, 4/2008
12 Things Commercial Appraisers Should Know, 3/2008
Income Capitalization Approach Overview, 3/2008
2-4 Family Residential Income Property Appraisal, 3/2002
USPAP, 9/1992



American Society of Appraisers (ASA)

Appraisals of Full Service Restaurants, 1/2020

Appraisal Institute

Eminent Domain and Condemnation Appraisal Practice in
Massachusetts, 9/2018
Subdivision Analysis, 3/2006
Residential Design & Functional Utility, 3/2005
Overview of Real Estate Principles, 3/2005
General Demonstration Appraisal Report Writing Seminar, 2/2005
Eminent Domain and Condemnation, 1/2005
Cost Approach to Commercial Appraising, 12/2004
Course 400, USPAP Update, 9/2004
Analyzing Distressed Properties, 8/2004
Appraisal of Nursing Facilities, 6/2002
Analyzing of Operating Expenses, 5/2002
Valuation of Detrimental Conditions, 5/2002
Course 201, Principles of Income Property Appraising, 3/1989
Course 102, Applied Residential Property Valuation, 6/1988
Course 101, Introduction of Appraising Real Property, 12/1987

JMB Real Estate Academy

USPAP Update
7/1996, 10/1998, 4/2002, 12/2005
Investment Analysis for Real Estate Appraisers, 4/2002
Advanced Income Property Appraising, 10/1998
Appraising Income Properties, 8/1994

EXPERIENCE:

Howard S. Dono & Associates, Inc. (1996 to present)
Commercial Real Estate Appraiser

William F. Curley, Jr. & Associates: (1986-1995)
Commercial Real Estate Appraiser

Engagement Letter



21080068

8/13/21 Joe C.

HOWARD S. DONO & ASSOCIATES, INC.

Real Estate Appraisers & Consultants



Howard S. Dono, MRA, IFAS, ASA
President / CEO
Joseph R. Evangelista, RA
Senior Partner
Joseph R. Curley, Jr., MBA, MRA, ASA
Vice President

217 West Boylston Street
West Boylston, MA 01583
Telephone (508) 852-1588
Facsimile (508) 852-1376
Email: info@howardsdono.com
Website: howardsdono.com

August 5, 2021

Mr. Peter Dunn
Chief Development Officer
Executive Office of Economic Development
City of Worcester
455 Main Street
Worcester, MA 01608

VIA ELECTRONIC MAIL

Re: 484-500 Main Street
Worcester, MA 01608

Dear Mr. Dunn:

Thank you for your interest in Howard S. Dono & Associates, Inc. This letter will act as an engagement letter for Howard S. Dono & Associates, Inc. to perform an appraisal on the above referenced property and prepare the appraisal report. The report will descriptively narrate the method of the valuation process. The function of this appraisal is to estimate the market value of the fee simple estate of the subject property, subject to any leases that may be in effect in its "AS IS", As a **Single Economic Unit as a Redevelopment Property** condition.

The appraisal will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board and will conform with the code of ethics of the Massachusetts Board of Real Estate Appraisers and the American Society of Appraisers. The report will be subject to our firm's standard Limiting Conditions, together with any special limiting conditions that may arise during the preparation of the appraisal report. Should you require a copy of these Limiting Conditions prior to engaging our firm, please call. We will inform you should any special limitations occur.

The appraisal will be presented in a narrative format. The scope of the analysis should include all appropriate methods of valuation. However, the scope of work can only be determined after a physical inspection of the property. The report should be completed within 60 days of the acceptance of this agreement. We can only complete the analysis by this date if all relevant information needed and access to the property is provided in a timely manner. We reserve the right to renegotiate this fee if the property is significantly different than described after the initial inspection. This proposal is valid for 30 days.

We will forward to you, our client an electronic PDF version to the email address that you specify below. The fee for the professional services stated herein will be \$9,950.00. Full payment is due within thirty days of the delivery of the report. Additional services, such as litigation support, court testimony, and /or consultation will be billed at the firm's hourly rate.

Please return one signed copy of this engagement letter and we will proceed with the preparation of the appraisal report.

Thank you for your anticipated cooperation.

Howard S. Dono, MRA, IFAS, ASA
HOWARD S. DONO & ASSOCIATES, INC.
Real Estate Appraisers & Consultants

Accepted by: Peter Dunn Date: 8/13/2021
Peter Dunn, Chief Development Officer

Access Contact: Peter Dunn Telephone: 508/799-1400 x31419

Clients email address (to deliver report): dunap@worcesterma.gov

Individual Memberships in the Massachusetts Board of Real Estate Appraisers and the American Society of Appraisers