

**SUMMARY APPRAISAL REPORT**

**PROFESSIONAL OFFICE BUILDING  
245 LARK STREET  
CITY OF ALBANY  
ALBANY COUNTY, NEW YORK**

**SUMMARY APPRAISAL REPORT**

**PROFESSIONAL OFFICE BUILDING  
245 LARK STREET  
CITY OF ALBANY  
ALBANY COUNTY, NEW YORK**

**PREPARED FOR**

**MR. ERIK SMITH  
CAPITALIZE ALBANY CORPORATION  
21 LODGE STREET  
ALBANY, NEW YORK 12207**

**PREPARED BY**

**JACQUELINE R. CONTI, J.D., MAI  
MANAGING MEMBER  
NYS CERTIFIED GENERAL REAL ESTATE APPRAISER #46-661**

**OF**

**CONTI APPRAISAL & CONSULTING, LLC  
*REAL ESTATE APPRAISERS & CONSULTANTS*  
614 ROUTE 9W  
GLENMONT, NEW YORK 12077**

**AS OF**

**MARCH 16, 2013**



March 29, 2013

Mr. Erik Smith  
Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

RE: **Summary Appraisal Report**  
Professional Office Building  
245 Lark Street  
City of Albany, New York

Dear Mr. Smith,

In response to your authorization, I have prepared the attached summary appraisal report for the purpose of providing an opinion of market value.

The subject property consists of a two story, circa 1875, 3,468± SF GBA, Class B/C professional office building with partially finished basement located on a 0.13± acre site. As of the date of appraisal, the subject was 100% operated in an interrelated lease agreement.

Based on the analysis contained in the following report, my opinion of market value of the subject property was as follows:

OPINION OF MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As Is	LEASED FEE	MARCH 16, 2013	\$295,000

**Extraordinary Assumption:** 1. Subject is equitably assessed (assuming transfer to a non-tax exempt entity) and 2. Interrelated lease agreement in place is terminated upon transfer. *This assumption is directly related to this assignment, as of the date of this appraisal, which, if found to be false, could alter my opinions or conclusions.*

The analyses, opinions and conclusions were developed based upon field research, interviews with market participants, and publicly available data collected by the appraiser(s). This report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) including the newest revisions adopted by the Appraisal Standards Board on April 8, 2011, effective January 1, 2012-December 31, 2013, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and Title XI Regulations. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file.

Your attention is directed to the following appraisal report which, in part, forms the basis of my opinion. This report is subject to the Assumptions and Limiting Conditions which are an integral part of the stated value.

I appreciate this opportunity to be of service to you in the preparation of the following report.

Very truly yours,

**CONTI APPRAISAL & CONSULTING, LLC**

Jacqueline R. Conti, MAI, J.D.  
Managing Member  
**NYS Certified General Real Estate Appraiser #46-661**

132770 – 245 Lark Street, City of Albany, NY

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## **CERTIFICATION**

I inspected the subject property.

I personally prepared the analyses, conclusions and opinions concerning the real estate set forth in this appraisal.

The statements contained in this report upon which the opinions are based are true and correct to the best of our knowledge and belief.

All limiting conditions imposed by the terms of this assignment or by the undersigned, which affect the analyses, opinions, and conclusions in this report are contained herein.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported.

I have no personal bias with respect to the subject matter of this appraisal report or the parties involved.

I believe this report has been prepared in accordance with provisions of FIRREA (Financial Institutions Reform Recovery and Enforcement Act of 1989); and the client's external appraisal requirements.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Code of Professional Ethics and Standards of Professional Practice. This report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) including the newest revisions adopted by the Appraisal Standards Board on April 8, 2011, effective January 1, 2012- December 31, 2013.

In compliance with the Ethics Rule of USPAP, I hereby certify that I have no current or prospective interest in the subject property or parties involved, and that I have not performed any services regarding the subject property within the 3 year period immediately preceding acceptance of the assignment, as appraiser, or in any other capacity.

The final conclusions set forth in this appraisal report were deduced by the undersigned, and no one other than the undersigned provided significant assistance in the preparation of this report.

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The Appraisal Institute conducts a mandatory program of continuing professional education for its designated members. MAI members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this report, I completed the continuing education program of the Appraisal Institute.

## **CONTI APPRAISAL & CONSULTING, LLC**

Jacqueline R. Conti, MAI, J.D.  
Managing Member  
**NYS Certified General Real Estate Appraiser #46-661**

**SUBJECT PHOTOGRAPHS**



**FRONT ELEVATION**



**REAR ELEVATION**



## **SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

<b>Date of Appraisal:</b>	March 16, 2013
<b>Owner (s) of Record:</b>	Albany Local Development Corporation
<b>Property Type:</b>	Professional Office Building
<b>Property Rights Appraised:</b>	Leased fee interest
<b>Purpose of the Appraisal:</b>	Provide Opinion of Market Value
<b>Locale:</b>	City of Albany Albany County, New York
<b>Building Size:</b>	3,468± SF GBA
<b>Land Area:</b>	0.13± Acre
<b>Zoning:</b>	R2C Residential
<b>Public Utilities:</b>	All municipal utilities are available
<b>Flood Zone:</b>	3600010007C, April 15, 1980, Low Flood Risk
<b>Highest and Best Use:</b>	As if Vacant: Commercial development per zoning As Is: Continuation of existing use
<b>Marketing Period:</b>	12-18 Months

### **OPINION OF MARKET VALUE**

<b>Via Sales Comparison Approach:</b>	<b>\$295,000</b>
<b>Via Income Capitalization Approach:</b>	<b>\$275,000</b>

### **FINAL OPINION OF MARKET VALUE**

<b>OPINION OF MARKET VALUE</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value Opinion</b>
AS IS	LEASED FEE	MARCH 16, 2013	\$295,000

## **PROPERTY IDENTIFICATION**

The subject property consists of a professional office building located at 245 Lark Street, identified on the City of Albany tax maps as 76.23-3-12.

## **SALES HISTORY**

Title is currently vested in the name of Albany Local Development Corporation. Pursuant to the Deed Liber 2637 Page 480 filed in the Albany County Clerk's office, the property last transferred on August 16, 1999, from NYS Chiropractic Association to the Albany Local Development Corporation for \$187,500. To the best of my knowledge, there have been no other listing agreements, offers, or contracts for sale concerning the subject property within a reasonable time period. No other property history was available.

## **REAL PROPERTY INTEREST APPRAISED**

The property rights valued consist of a leased fee<sup>1</sup> interest in real property.

## **EXTRAORDINARY ASSUMPTIONS**

1. Subject is equitably assessed (assuming transfer to a non-tax exempt entity) and 2. Interrelated lease agreement in place is terminated upon transfer. *This assumption is directly related to this assignment, as of the date of this appraisal, which, if found to be false, could alter my opinions or conclusions.*

## **HYPOTHETICAL CONDITION**

None.

## **GLOSSARY OF TERMS**

Please see addenda for Glossary of Terms and Definitions.

## **EFFECTIVE DATE OF THE APPRAISAL**

The effective date of this appraisal is March 16, 2013 (the date of last inspection). General assumptions and limiting conditions applicable to this summary appraisal report are attached to this report.

## **INTENDED USE AND USER OF THE APPRAISAL**

The intended user of the report is Capitalize Albany Corporation. The intended use of this report is to assist Capital Albany Corporation with an opinion of market value for internal purposes. It has

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<sup>1</sup> "An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contracts terms contained within the lease." The Dictionary of Real Estate Appraisal, 5th Ed., Appraisal Institute, Chicago, 2010, Page 111.

been determined by the appraiser that a reasonably accurate opinion of value can be provided within the scope of a summary appraisal.

### **SCOPE OF WORK**

The appraiser inspected the property and surrounding area, referred to public records regarding the subject property, analyzed various sources of economic data, and researched the immediate and surrounding areas of the subject property as well as other competing and comparable sub-markets. Research included the utilization of all pertinent public records and discussions with local officials and various real estate professionals. All comparable data was confirmed with at least one involved party of the transaction, or public records. The data was analyzed to arrive at the appraiser's conclusions utilizing all appropriate appraisal techniques.

Jacqueline R. Conti, MAI inspected the subject property accompanied by Meghan McGrath, Lark Street BID Director of Operations. The client provided a copy of the lease and sublease and the income and expense statement for the building.

The appraisal process is a systematic procedure, which leads an appraiser from identifying the problem to reconciling a solution about real property value. Although each property is unique and many different types of value can be estimated for any single property, typical appraisal assignments develop an opinion of market value and the appraisal process does not vary greatly in the framework for solving an appraisal problem.

The appraisal process is accomplished by following specific steps, which depend upon the nature of the appraisal assignment and the availability of market data. In all cases, the problem is defined, the work planned, the data acquired, classified, analyzed, and reconciled into a final opinion of market value.

Traditionally, three separate approaches to value are utilized to develop an opinion of a property's value. These are the Income Approach, Sales Comparison Approach, and Cost Approach. The three approaches are interrelated and each approach involves the gathering and analysis of sales, income and cost data in relation to the property being appraised. One or more approaches may be used, depending upon the applicability to a particular appraisal problem. No matter which approach is used, all of the data is market-derived and reflects the actions of buyers and sellers in the marketplace. Ideally, each approach, properly employed, provides an accurate indication of value, but due to unique characteristics, one or more of the approaches may be inapplicable in determining an opinion of value. An overview of the three approaches is briefly summarized in the following paragraphs.

**Cost Approach.** The Cost Approach begins with an estimate of land value. The replacement cost is then estimated, from which is deducted the estimated observed depreciation and obsolescence. The depreciated cost estimate is then added to land value to determine the indicated value by the Cost Approach. The subject property was originally built in 1875 and suffers from several forms of accrued depreciation due to age. Estimating depreciation lessens the overall reliability of this approach. The Cost Approach is generally most reliable for new buildings where actual construction

costs and site acquisition can be obtained by the developer. In conclusion, this approach was not considered a reliable value indicator for the subject property.

**Sales Comparison Approach.** This approach, also known as the Market Data Approach, is based upon the principle of substitution: an informed person will not pay more for a property than the cost to acquire another property of similar desirability or utility without undue delay. Professional office buildings, such as the subject are typically purchased for investment and/or partial owner occupancy. Due to the availability of recent sale data of professional office buildings, the Sales Comparison Approach was developed and considered a reliable indicator of value for this analysis.

**Income Capitalization Approach.** The Income Capitalization Approach is reflective of the principle of anticipation, which suggests that the net income generating potential of the real estate is the present worth of anticipated future net benefits. This method begins by estimating market income less appropriate vacancy or collection loss, fixed and variable operating losses and reserves. A capitalization or discount rate then processes the resultant net income into an indicated value by the Income Capitalization Approach. Due to the income producing nature of the subject property and the availability of comparable rental data within the market, the Income Approach was developed and considered a reliable indicator of value for this analysis.

**Conclusion.** The focus of my assignment is to provide an opinion of the market value of the leased fee interest in real property. The Sales Comparison and Income Approaches were both considered for this analysis. This Report is based on Uniform Standards of Professional Appraisal Practice (USPAP) including the newest revisions adopted by the Appraisal Standards Board on April 8, 2011, effective January 1, 2012- December 31, 2013. This report is defined as an opinion of value in a summarized presentation of the information.

**Scope of the Assignment:** The preparation of this summary appraisal report consisted of:

1. inspection of the subject property on March 16, 2013;
2. research and collection of market data related to market conditions and market activity;
3. inspection of the comparable data;
4. some degree of due diligence to determine the existence of apparent adverse conditions;
5. development of the Sales and Income Capitalization Approaches;
6. ascertainment of an opinion of value; and
7. the preparation of this report.

It is important to note the summary appraisal report process did not include the following:

1. review of zoning ordinances governing the subject property;
2. in-depth market analysis
3. review of environmental or other survey reports;
4. in-depth review of recent site plans or other construction/survey plans; or
5. the development of the Cost Approach.

## **COMPETENCY RULE**

The competency rule requires recognition of and compliance with, laws and regulations that apply to the appraiser or to the assignment. The appraiser has accepted this appraisal assignment having the knowledge and experience necessary to complete the assignment competently. I have prepared numerous appraisals of professional office buildings generally similar to the subject property along with a wide variety of other commercial properties as outlined further on the attached qualifications of the appraiser in the addenda of this report.

## **MARKET VALUE DEFINED**

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. Continual refinement is essential to the growth of the appraisal profession. The current acceptable definition of market value can be stated as follows:<sup>2</sup>

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

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; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

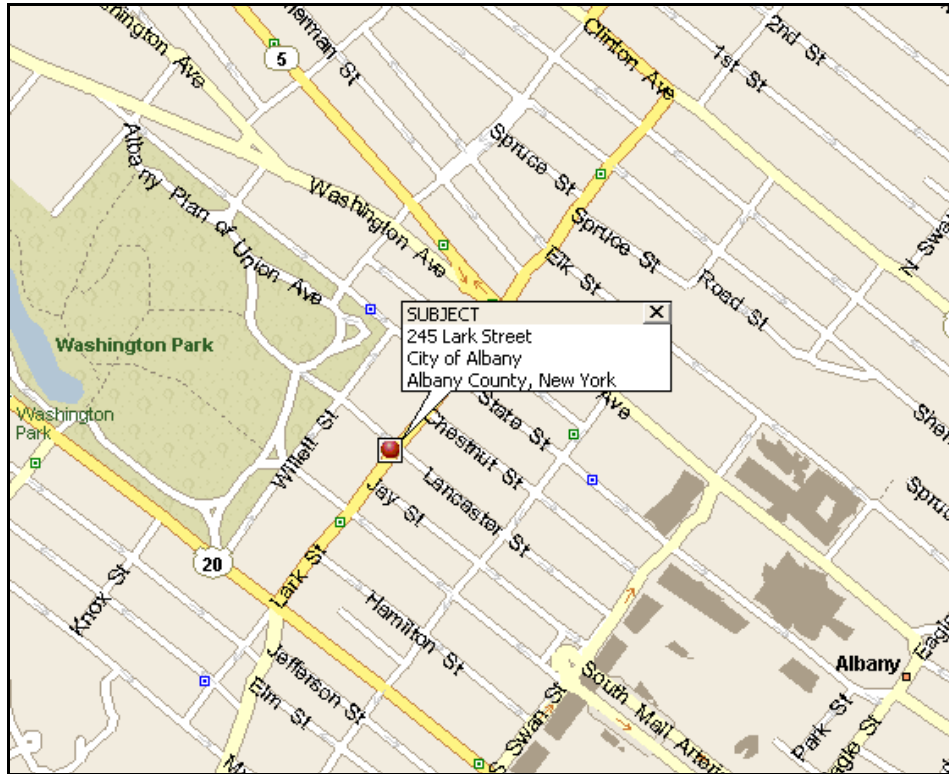
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<sup>2</sup> As defined by the Office of the Comptroller of the Currency (OCC), The Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation (FDIC) in compliance with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 2010. Rules and Regulations, Federal Register, Vol. 75, No. 237 at 77472.

## **NEIGHBORHOOD DATA**

A neighborhood is defined in The Dictionary of Real Estate Appraisal, by the Appraisal Institute, as follows:

**“A group of complementary land uses.”**



SUMMARY OF NEIGHBORHOOD INFLUENCES	
Life Cycle/General Property Values	Generally stable within the neighborhood.
Surrounding Uses	The neighborhood, “Center Square” is characterized as urban/mixed use consisting of owner-occupied and multi-family row buildings scattered with mixed use buildings containing 1 <sup>st</sup> floor office/retail (restaurant/tavern) with upper level residential and neighborhood convenience stores, restaurants and taverns. Located in close proximity to area colleges, hospitals, downtown CBD and Washington Park with good access to area amenities. The subject is highly influenced having excellent exposure with significant pedestrian and automobile traffic ( $\pm 6,001-15,000$ cars per day { <a href="http://www.stdb.com">http://www.stdb.com</a> }) with adequate residential backup. The neighborhood is a draw to the region, referred as the “Greenwich Village” of Albany.

***SUMMARY OF NEIGHBORHOOD INFLUENCES cont'd***

Supply & Demand Characteristics	<p>Research of the Capital District MLS within the subject neighborhood revealed two active listings within the immediate area of the subject building. 189 Lark Street is a mixed use building currently being marketed for \$295,000 (\$127/SF) with 21+ days on the market, according to the listing agent the building is in very good overall condition. The second is at 187 Lark Street, and is listed at \$369,000 (\$159/SF) with 68+ days on the market and is said to be in excellent condition.</p> <p>Recently within the subject neighborhood, there was the sale and redevelopment of the property at 259 Lark Street. The 8,000 SF property with on site parking for 20 vehicles, was purchased for \$342,000 cash (\$48.28/SF) and then was completely gutted and redeveloped into a mixed use building with first floor retail and (4) luxury apartments on the upper level renting for \$1,500/month.</p>
Adverse Influences	None noted.
Percent Built-Up	100%.
Conclusion and forecast	<p>The subject property is located in the City of Albany, close to primary thoroughfares and neighborhood amenities. Future forecast is stable for property values in the subject neighborhood. The subject property is in close proximity to area amenities, colleges/schools, the interstate, neighboring commercial and residential properties as well as local access via private or public transportation. The outlook for professional office building use in the neighborhood is expected to be positive. Future forecast is stable for property values.</p>

## **NEIGHBORHOOD PHOTOGRAPHS**



**Facing South on Lark Street,  
the subject is on the right**



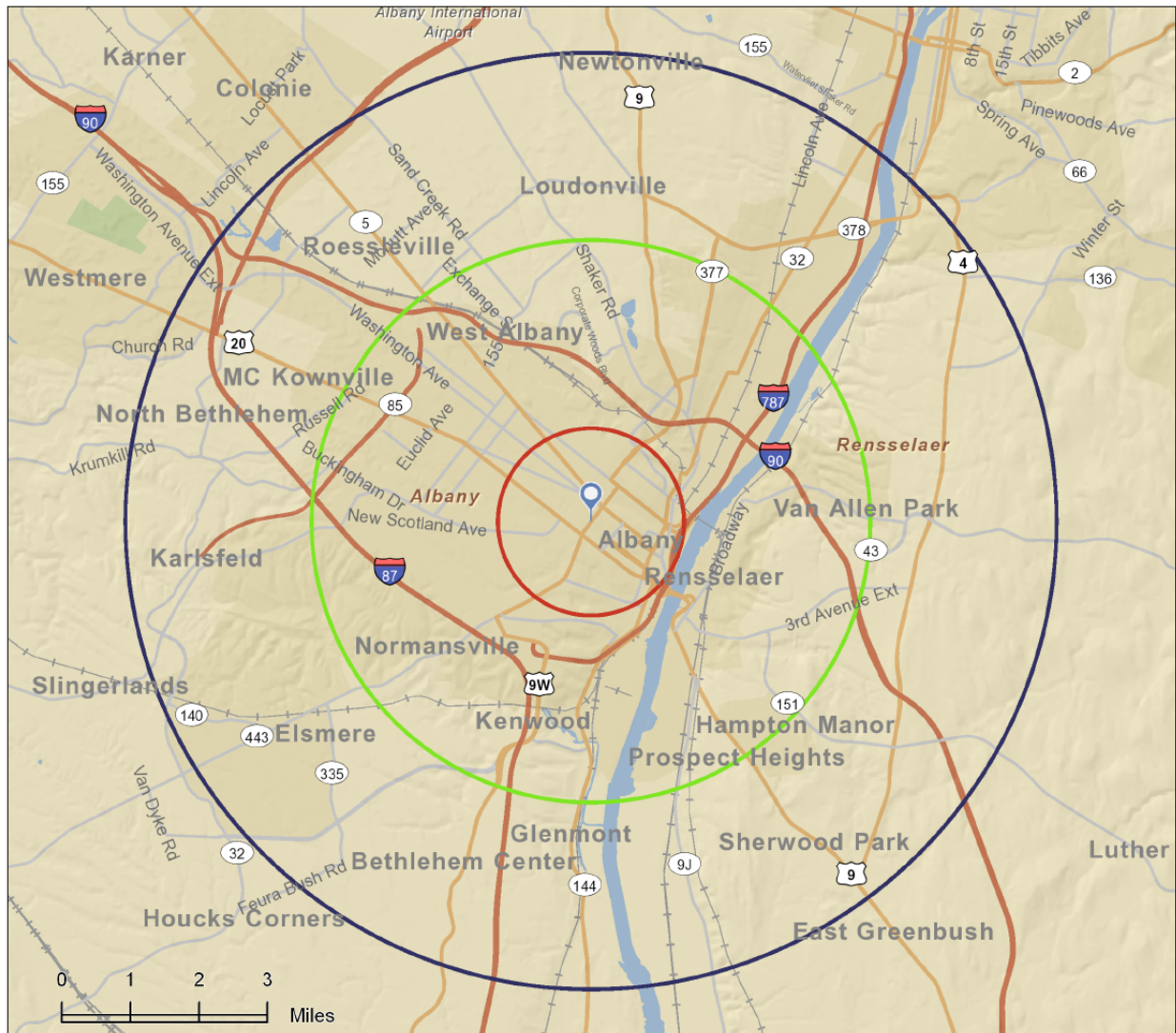
**Facing North on Lark Street,  
the subject is on the left**



**Store fronts opposite the subject  
on Lark Street**



**Neighborhood Demographics:** The following statistics recite the demographics within a 5 mile radius of the subject property.



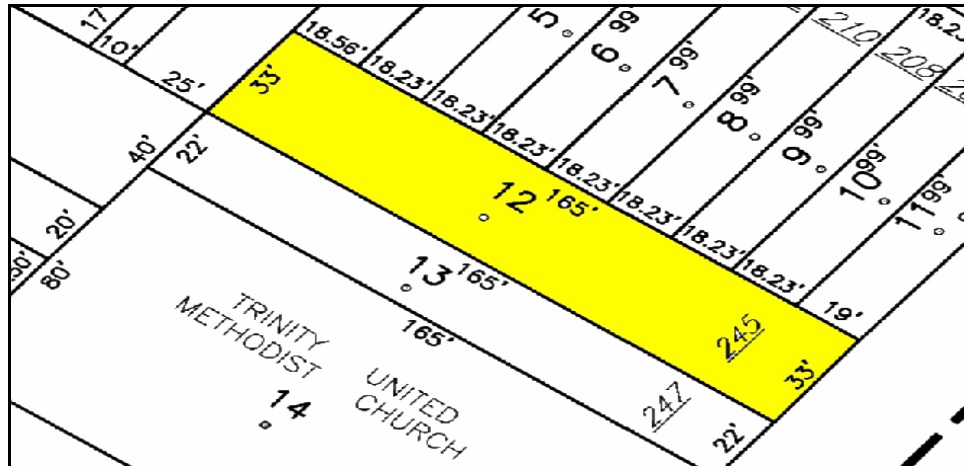
The following statistics recite the demographics within a 5 mile radius of the subject property, followed by the national rates in parentheses where applicable.

The population is 180,828 in 74,966 households, with an average household size of 2.22. The median age is 34.8 years with an average household income of \$69,508. The percentage of owner occupied households is 44.9% with 46.1% rented units, leaving 9.0% vacant housing units. *See addenda for full demographic information within a 1, 3, and 5 mile radius of the subject property.*

## SUMMARY OF SITE CHARACTERISTICS

SUMMARY OF GENERAL SITE CHARACTERISTICS	
Land Area	The subject is a 0.13± acre site, identified on the City of Albany tax maps as SBL: 76.23-3-12. See tax map on the following page and legal description in the addenda.
Physical Characteristics / On Site Improvements	<p>The subject site is rectangular in shape, generally level improved site with 33± feet of frontage located along the west line of Lark Street.</p> <p>Concrete sidewalks provide access to the front entrance to the building. Landscaping is minimal with small front lawn area. The site is illuminated by building attached exterior lighting. Street improvements include concrete curbs, sidewalks, wood utility poles and overhead lighting.</p>
Zoning/Conformity	The subject is located in the City of Albany where the subject property is zoned R2C - Residential. Current use is assumed a legal, grandfathered use. See zoning in addenda.
Utilities	All municipal utilities are available.
Easements and Encroachments	Normal utility and ingress/egress easements are in place and are assumed to have no detrimental effect on value. No encroachments are identified. There are no <u>known</u> deed restrictions which would adversely affect marketability. See deed in addenda.
Flood Zone	According to community panel 3600010007C, April 15, 1980, the subject is located in the <i>low flood</i> risk area. <i>This is NOT a flood zone determination or warranty of the location of the flood zone. This information is not to be relied upon, but to serve only as preliminary information in advance of a qualified, professional flood zone determination.</i> See Flood Map in addenda.
Nuisances/ Hazards	None known or reported.
Marketability / Conclusion	Good - the subject site is competitive in the market based on location, visibility, close proximity to neighborhood amenities, commercial and residential developments and the interstate. The marketability of the subject site is considered good. Additionally, having on-site parking is considered a superior amenity in the area.

## TAX MAP AND AERIAL PHOTOGRAPH



**AERIAL**



### **ASSESSMENT AND TAXES**

SBL #	Assessment	Equalization Rate	Ad-Valorum Value	Annual Taxes
76.23-3-12	\$343,000	102%	\$343,000	Exempt

**Assumed Assessment Increase:** Upon resale to a non tax-exempt entity, it is assumed that the property would be equitably assessed. Market comparables, similar to the subject design and size within the City of Albany were researched. Based on the following table of comparable assessments, as well as other data contained within the appraisal files, it is reasonable to anticipate an equitable assessment for the subject building of \$49.60/SF, or \$172,000. For this analysis, based on the market assessment of \$172,000, annual taxes (based on current tax rates of \$42/\$1,000) are \$2.08 per SF. This figure was utilized in the stabilized operating statement in the income approach section of this report.

Address	SF	Assessment	Assessment (SF)
456 Madison	3,300	\$149,300	\$45.24
195 Lark Street	2,600	\$140,000	\$53.85
231 Jay Street	2,860	\$132,900	\$46.47
257-259 Lark Street	7,808	\$414,700	\$53.11

## SUMMARY OF IMPROVEMENT CHARACTERISTICS

<i>SUMMARY OF IMPROVEMENT CHARACTERISTICS</i>	
Building Area:	2 story 3,468± SF, GBA, professional office building. Floor break down: First floor: 1,544 SF Second floor: 1,544 SF Basement: 380 SF finished office and 1,164 SF unfinished.
Use	Designed as a single tenant office building.
Building Description	<p>Two story, plus partially finished basement level, brick, (attached on one side) row building featuring flat roof system.</p> <p>The basement floor of the building has corridor access to the stairs to the first and second floors. There are two primary office areas in the basement and a 2 fixture restroom and access to the large storage area to the rear of the building. The rear storage area is unfinished and houses the utilities. There is also an entry door to the rear of the basement area.</p> <p>The <u>first floor</u> has (5) offices, kitchenette area and one (3) fixture lavatory. The stairwell from the basement level to the upper floor is located in the entryway and to the rear of the building there is a second stairway servicing the first and second floor levels.</p> <p>The <u>second floor</u> has (5) primary offices with one larger open office space to the rear. There are (2) 2 fixture lavatories on the second floor.</p> <p>The finishes include painted sheetrock walls and ceilings, some ceilings are tiles and carpet flooring throughout the office and hallway areas. The bath finishes are tile and some wallpaper. Original double hung windows.</p>
H.V.A.C/Electrical	The heating and electric systems are assumed in good working order and adequate for the building use. HVAC is provided by a Weil McClain Boiler and there is an outdoor compressor for the A/C service. Some pull string fixtures need updating.
Year Built/Condition	1875/average condition. Physical deterioration due to age. Exterior scraping and painting needing.
Functional Utility	Average. No elevator service.
Marketability and Appeal	Historic appeal with ornate mantels and finishes.
Conclusion	The subject property is a professional office building with average exposure and accessibility. The offices are functional in design. The appeal of the subject in the market is considered good.



## SUBJECT PHOTOGRAPHS



**Entrance from Lark Street and front stairway**



**First Floor Office Space**





**First Floor Hallway**



**Kitchenette**



**First Floor Vacant Office**



**Rear Stairway**

**Second Floor Office Space**







**Second Floor Bathroom**

**Second Floor Hallway**

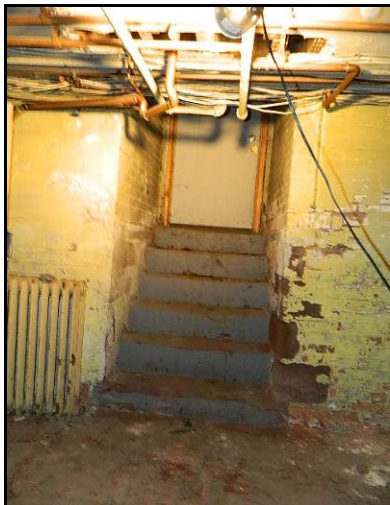
**Basement Office Space**







**Basement Lavatory**



**Unfinished Utility Area of Basement**

## **HIGHEST AND BEST USE**

The highest and best use analysis is used to indicate if the subject site is improved with the property type which would yield the highest return and, therefore, the highest value.

It is defined by The Dictionary of Real Estate Appraisal as:

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

These four criteria will be briefly described as follows:

Physically Possible: This test determines if the site can be developed and what types of improvements can be physically constructed. It considers the parcel’s size, shape and topography among other things.

Legally Permissible: The test of legal permissibility relates to governmental powers and deed restrictions, etc. The most common restriction is the zoning ordinance.

Financially Feasible: This test considers the site’s location and the surrounding land uses as to the project’s financial success.

Maximally Productive: This test looks to find the one use which would yield the highest return to the subject site.

These four tests are applied to the vacant land and to the improved site to determine the most probable or future development.

1. Physically Possible: The subject site sizes, shape, and topography would accommodate a variety of legally permissible uses allowable by the City of Albany.
2. Legally Permissible: The subject property is located in the City of Albany, and is zoned: R-2C - One and Two Family Row Housing Residential District.
3. Financially Feasible: Considering the site’s location with regard to other area commercial developments, land use patterns and good forms of highway transportation systems, the allowable uses of the zoning ordinance in the City of Albany, including office use would potentially be feasible.

4. Maximally Productive: After considering the physically possible, legally permissible and financially feasible uses listed above, as well as the site's location, market occupancy, and limited substitute properties available for sale within the immediate area, the highest and best use of the subject property, is for office or mixed use development.

After considering the foregoing, as well as, the size, topography, utilities available, proximity to other residential, area amenities, primary/secondary thoroughfares and the interstate as well as to surrounding commercial and residential uses, the highest and best use of the subject as vacant and as improved is for professional office or mixed use development, as allowed by the city zoning ordinance (assuming legal, grandfathered use).

## **IMPROVED SALES COMPARISON APPROACH**

The search area for sales data included the subject neighborhood and competing sub-market locations. Investigation revealed sales of similar sized professional office buildings. After reviewing the data, the sales, at best, are offered to support a cross section of the market for professional office building sales and after adjustments were considered adequate for comparison purpose. No changing market conditions adjustments were supported for this analysis.

For this analysis, three recent sales are identified and analyzed which indicate a range of unit value, before adjustment, of \$74.42-\$118.75 per SF. Supplemental sales 1-4 were included due to their close proximity to the subject, but were not utilized in the analysis due to being mixed use buildings or in need of redevelopment. Please refer to the following market data map, photographs, improved sales adjustment grid, and final reconciliation.

## **COMPARABLE MARKET DATA MAP**





Sale	Location	Size (±SF)	Lot Size (±Acre)	Sales Price	Sales Price/SF	Date of Sale
Subject	245 Lark Street	3,468	0.13	--	--	--
1	255 Lark Street	2,956	0.11	\$220,000	\$74.42	9/6/12
2	1529 Western Avenue	4,000	0.33	\$475,000	\$118.75	5/9/12
3	756 Madison Avenue.	5,900	0.68	\$575,000	\$97.46	03/17/11
Supplemental 1	257-259 Lark St	7,808	0.23	\$342,000	\$48.28	8/16/12
Supplemental 2	465 Madison	3,300	0.04	\$350,000	\$106.06	8/27/12
Supplemental 3	231 Jay Street	4,576	0.03	\$306,000	\$66.87	10/25/11
Supplemental 4	195 Lark Street	2,600	0.02	\$249,750	\$96.06	1/1/2011

### **IMPROVED SALES COMPARABLE PHOTOGRAPHS**



**Comparable Sale #1: 255 Lark Street**



**Comparable Sale #2: 1529 Western Ave.**



**Comparable Sale #3: 756 Madison Ave.**



**Supplemental Sale #1: 257-259 Lark Street**



**Supplemental Sale #2: 465 Madison Avenue**



**Supplemental Sale #3: 231 Jay Street**



**Supplemental Sale #4: 195 Lark Street**

## IMPROVED SALES ADJUSTMENT GRID

	SUBJECT	SALE #1	SALE #2	SALE #3
Location:	245 Lark Street City of Albany Albany County, New York	255 Lark Street City of Albany Albany County, NY	1529 Western Avenue City of Albany Albany County, NY	756 Madison Avenue City of Albany Albany County, NY
Parcel#:	76.23-3-17 & 16	76-3-15	52.04-2-6	65.69-1-75
Grantor:	Capitalize Albany Corp.	Upper Hudson Plan Parenthod	Valletta Enterprises, LLC	756 Madison Ave LLC
Grantee:	N/A	Victor Tulchinsky M.D.	1529 Western, LLC	Madison on the Park Assoc.
Book/Page:	N/A	1043/1108	2972/326	
Conditions of Sale:	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Property Rights Conveyed:	Leased Fee	Fee Simple Estate	Leased Fee Estate	Leased Fee Estate
Financing:	Market	Market	Market	Market
Building Size (SF):	3,468	2,956	4,000	5,900
Site Size (Acres):	0.13	0.11	0.33	0.68
Sales price:	\$0	\$220,000	\$475,000	\$575,000
Price per square foot:	\$0.00	\$74.42	\$118.75	\$97.46
Date of sale:	N/A	06-Sep-12	09-May-12	17-Mar-11
Market Conditions Adjustment:	N/A	0.00%	0.00%	0.00%
Market Adjusted Price per SF:	N/A	\$74.42	\$118.75	\$97.46
		Adjustment	Adjustment	Adjustment
Location/Visibility:	Urban/Good	Urban/Good	Urban/Good	Urban/Good
Condition/Year Built:	Average/1875	Average-Fair/1950	Good/1960	Average/1910
Size (SF):	3,468	2,956	4,000	5,900
Land/building Ratio (:1) :	1.63	1.62	3.59	5.02
Utilities Available:	All Municipal	All Municipal	All Municipal	All Municipal
Functional Utility:	Average	Average	Average	Average
Parking:	On Street	6 On-Site	On-Site	On Site
Occupancy:	Occupied	Vacant	Occupied	Occupied
Net percentage adjustments:		10%	-30%	-5%
Adjusted price per square foot:		\$81.87	\$83.13	\$92.58

**CONCLUDED VALUE RANGE:** After adjustments, the comparables analyzed indicate an adjusted range of \$81.87-\$92.58 per square foot. In arriving at a final opinion of value for the subject, all sales were considered with emphasis placed on sale 1 being the most recent sale and located proximate to the subject having an adjusted sales price of \$82 per square foot. Therefore, \$85 per square foot is within the range of the comparable sales and is considered a reasonable opinion of market value for the subject. Considering these sales and others, my opinion of market value of the subject property was as follows:

	Unadjusted Value Range per SF	Adjusted Value Range per SF	Subject Indicated Value Range
High:	\$118.75	High: \$92.58	High: \$321,084
Average:	\$96.88	Average: \$85.86	Average: \$297,759
Low:	\$74.42	Low: \$81.87	Low: \$283,916

### Final Opinion of Value via Sales Comparison Approach:

3,468 SF @ \$85 per SF = \$294,780

**\$295,000**



## **INCOME APPROACH**

The following analysis will discuss the subject's occupancy and leases as compared to the market. The reconstructed rent roll is illustrated in table format below based on information received from the client.

### **Subject Occupancy and Leases:**

The subject is a ±3,468 SF professional office building that is currently 100% occupied. The property is subject to one lease to the Lark Street Neighborhood District Management Association, Inc. (considered an interrelated lease agreement), and a sub-lease to In Our Own Voices, Inc. See reconstructed rent roll below.

<b>RECONSTRUCTED RENT ROLL</b>			
Size ± SF GLA	Term Yrs/ Commencement Date	Rental Rate \$/Month	Comments
3,468 SF	25 Years August 16, 1999 – August 15, 2024	Current: \$1,782.10 (\$6.17/SF)	Triple Net Lease: Tenant pays utilities, RE Taxes and Operating Expenses (including; repairs and maintenance, cleaning and insurance).
<i>Sublease</i> 2,024 SF	1 Year February 1, 2012 – February 1, 2013	\$1,950 (\$11.56/SF)	Gross Lease: Landlord is responsible for all RE taxes, operating expenses, and utilities.

### **Estimate of Market Rent**

**Market Rent** is defined by the Dictionary of Real Estate Appraisal, Appraisal Institute, 5<sup>th</sup> ed. as follows: "The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, terms, concessions, renewal and purchase options, and tenant improvements (TI's)."

The purpose of this analysis is to provide an opinion of the market value for the subject professional office building. It is therefore necessary to analyze and estimate market rent for the subject based on the market.

Research of recent lease information of comparable professional office space in the downtown area was conducted which were confirmed with on-site property managers or building representatives. Professional office rents within the market indicate that similar properties are based on a rental rate per square foot per annum, structured with varying terms. Based on the market, a base rental rate, plus utilities (or modified gross) is generally typical in the market.

Due to a lack of comparable office leases in the immediate neighborhood, the downtown central business district was researched. The following office leases were considered generally comparable to the subject and represent a cross-section of the rental market. The following comparable rents



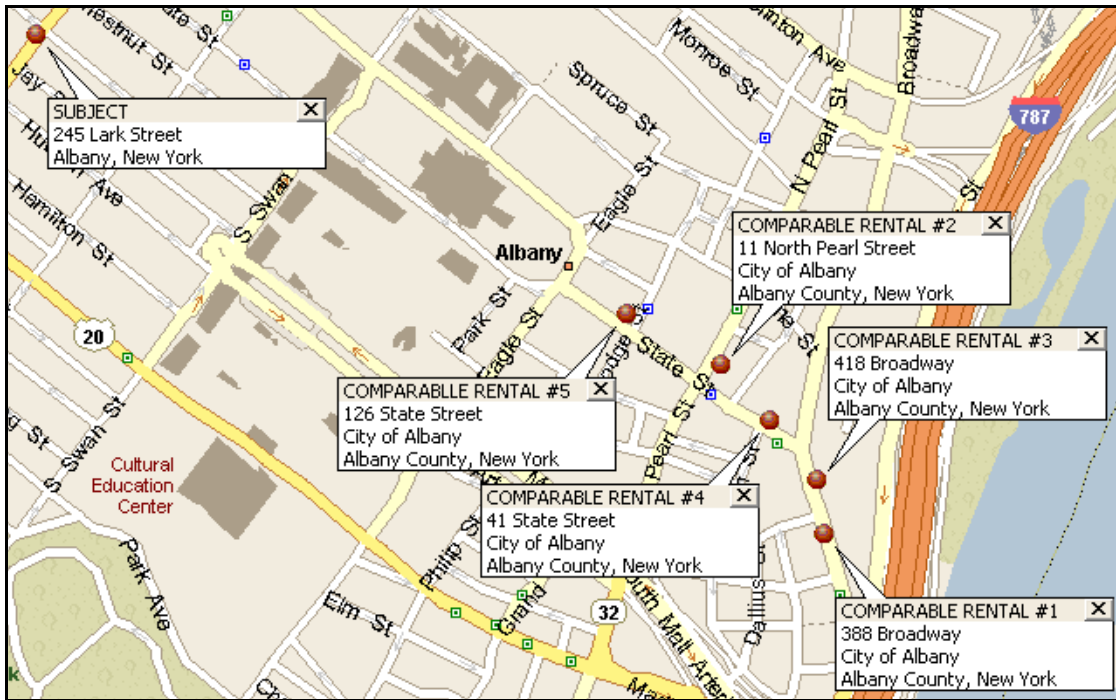
(*current rental rate is in bold font*) are outlined in chart form to illustrate a cross-section of comparable professional office buildings in the market. Please refer to the following market rent study illustrated in table format, comparable rental map and photographs of the comparables.

### **Comparable Office Rentals**

<b>Location/Tenant</b>	<b>Size ± SF</b>	<b>Typical Lease/ Term Years Commencement Date</b>	<b>Rental Rate \$/SF/yr</b>	<b>Lease Type</b>	<b>Comments, Recoveries &amp; Reimbursements</b>
1) 388 Broadway, Albany  <i>Confidential</i>	4,000	7 Years 2012	<b>\$10.74</b>	Modified Gross	Class B/C Office Building \$10.74 includes a TI of \$2.70/S. Pro-rata expense escalations. Utilities and cleaning included.
2) 11 North Pearl Street, Albany  <i>Confidential</i>	1,000 & 3,500	Reported 3 Years Late 2010 & Early 2011  Renewal options negotiated	Ranging from <b>\$12-\$13.00</b>	Modified Gross	Class B/C Office Building Tenant responsible for base rent and pro- rata share of utilities. No parking.
3) 418 Broadway, Albany  <i>ReadMedia, Inc</i>	2,800	3 Years 7/1/10-6/30/13	<b>\$12.00</b> (renewal)	Modified Gross	Class B/C Mixed Use Building Tenant responsible for utilities and no parking available.
4) 41 State Street, Albany  <i>Advocates for Human Potential Inc.</i>	5,310	5 Years, 3 Mos 10/12/10 - 9/30/2015  5 Yr Renewal Option	<b>\$11.25</b>	Modified Gross	Class B Office Building Tenant responsible for base rent, \$2.25/SF base utility recovery (to be increased as necessary) and pro-rata (2.68%) real estate taxes. 3% annual increase in base rent beginning January 1, 2012. Lease includes (10) parking space (6 garage and 4 surface).
5) 126 State Street, Albany	1,692	3 Years 10/2010  Options N/A	<b>\$11.00</b>	Modified Gross	Class B office Tenant responsible for base rent and electric Parking available

**Market Rent Conclusion:** I have analyzed the comparable retail rentals with regard to the subject and have taken into consideration such aspects as location, condition, amenities, and expense responsibility. *In conclusion*, based on the subject's *average* condition, appeal, and, \$9.50/SF NNN (\$12.25/SF modified gross) is estimated for the subject.

## Comparable Office Rental Map



## COMPARABLE OFFICE RENTAL PHOTOGRAPHS



Photograph provided by <http://www.loopnet.com>

**Comparable Rental # 1:**  
**388 Broadway, Albany**



Photograph provided by <http://11northpearl.com/>

**Comparable Rental # 2:**  
**11 North Pearl Street, Albany**



**Comparable Rental # 3:**  
**418 Broadway, Albany**



Photograph by Googlemaps

**Comparable Rental # 4:**  
**41 State Street, Albany**



**Comparable Rental #5:** 126 State Street, Albany

**Vacancy & Collection Loss:** Vacancy and credit loss factor is based on other similar type properties in the market. Based on the appraiser's market study as well as discussions with other local property owners and real estate brokers, the market is soft to declining for industrial buildings such as the subject. A 10-15% collection loss is considered reasonable for the subject based on the downtown office market, and 12% is estimated for this analysis.

### **OPERATING EXPENSES AND TAXES**

Operating expenses were either actual or market derived.

**Real Estate Taxes:** Based on comparable assessments (see Assessment and Taxes section of this report), a rate of \$2.08/SF has been utilized as the real estate tax rate for the subject.

**Management:** Based on the market, or 5% of EGI.

**Reserves/Structural:** Sinking fund established for the replacement of short term depreciated items. Based on market indicators for office buildings (see addenda), and considering the age of the subject's long lived items, \$0.50/SF of GBA was considered reasonable for this analysis.

### **STABILIZED OPERATING STATEMENT**

<b><i>Direct Capitalization Analysis</i></b>					
<b>Revenues</b>					
3,468	SF Professional Office Space	\$9.00	per s/f	\$2,601	per month
	<b>Gross Rental Income</b>				<b>\$31,212</b>
<b>Tenant Reimbursements</b>					
	Real estate taxes	\$2.08	per s/f		\$7,213
	Insurance	\$0.40	per s/f		\$1,387
	Utilities (Included Water & Sewer)	\$2.88	per s/f		\$10,000
	Repair & Maintenance/Grounds & Contracts	\$0.75	per s/f		\$2,601
		\$15.11			\$21,202
-12%	vacancy & collection loss	(\$1.08)	per s/f	(\$312)	per month
					(\$3,745)
<b>Effective gross income</b>					<b>\$48,669</b>
<b>Operating Expenses</b>					
	Real estate taxes		\$2.08 per s/f		\$7,213
	Insurance		\$0.40 per s/f		\$1,387
	Utilities (Included Water & Sewer)		\$2.88 per s/f		\$10,000
	Repair & Maintenance/Grounds & Contracts		\$0.75 per s/f		\$2,601
	Reserves		\$0.50 per s/f		\$1,734
	Management (and Administration/Misc.)		5.0% of EGI		\$2,433
	<b>Total Expenses</b>		<b>(\$7.32) per s/f</b>		<b>(\$25,369)</b>
	<b>Net Operating Income</b>		<b>\$6.72 per s/f</b>		<b>\$23,300</b>
	<b>Net Operating Income capitalized at</b>		<b>8.50%</b>	<b>is</b>	<b>\$274,113</b>
	<b>Income Approach Value (rounded)</b>			<b>\$79.30 per s/f</b>	<b>\$275,000</b>



## **DIRECT CAPITALIZATION**

The Income Capitalization Approach is a valuation process based on the recognition that income-producing real estate is typically purchased as an investment, the value of which can be determined by the asset's income stream. As discussed in **The Appraisal of Real Estate**, 13th Edition:

An investor who purchases income-producing real estate is essentially trading present dollars for the right to receive future dollars. The capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.

In applying this approach, I first determine the income stream, which a prudent investor would expect to be generated from the income-producing property, and thereafter, apply an appropriate capitalization rate, which converts the net operating income into an opinion of property value. In the application of the Income Capitalization Approach, I shall use direct capitalization, which applies a capitalization rate to an asset's projected income over a one-year period, using the Direct Capitalization – Overall Rate Method.

The Direct Capitalization – Overall Rate Method makes no allocation for the return of capital but assumes that these factors are implicit in the capitalization rate selected. This method views the property from its financial components, mortgage and equity.

Investor surveys were consulted to select an overall rate applicable to the subject property. In estimating our capitalization rate, I have considered information regarding the Office Market from the *Realtyrates.com Investor Survey Fourth Quarter 2012* and *Korpacz Fourth Quarter 2012* (latest available). See addenda for market indicators.

<b>Overall Capitalization Rate – <i>Latest Available</i></b>	
<b>Realty Rates Investor Survey – Fourth Quarter 2012</b>	
Office - All Types	5.58%-14.51% (Average 9.08%)
<b>PWC Survey – Fourth Quarter 2012</b>	
Office – All Types	4.25% – 10.00% Average: 6.70%

Real property is typically purchased with a combination of mortgage and equity funds. An investor applies a single capitalization rate that accounts for both the investor's return of capital and return on capital in selecting a rate for use in the Direct Capitalization – Overall Rate Method. The Band of Investment/Mortgage Equity Technique calculates an estimated overall capitalization rate. The overall capitalization rate must reflect the market return requirements of both debt and equity capital investment positions. A lender anticipates receiving a competitive interest rate commensurate with the perceived risk of the investment in order to make the funds available. The loan principal is typically repaid through periodic amortization payments out of the property's cash flow. The equity

investor also anticipates receiving a competitive equity cash return commensurate with the perceived risk or they will invest their funds elsewhere.

Utilizing the band of investment method to derive an overall capitalization rate, the appraiser must analyze the market for mortgage and equity components of a typical real estate transaction. Regarding the mortgage component, actual rates can be obtained from the market.

Typical mortgage financing for properties similar to the subject property (see Market Indicators in addenda) ranges 70% (average) of market value amortized for a term of 15-30 years callable at 3 - 10 years with an average interest rate of 5.85%. In estimating a mortgage (interest) rate with respect to a local non-investment grade property, factors including the prime rate as of the date of the appraisal were consulted:

Prime Rate	
March 2013	3.25%

Many institutional-grade national properties receive loans related to the LIBOR (London Inter-bank Overnight Rate) and those local properties that do not qualify, typically receive mortgages in relation to the prime rate, often by a basis point or percentage over the prime rate.

For the equity component, surveys were consulted, as these rates are difficult to extract from the marketplace locally. The surveys expressly set forth investor expectations of an equity dividend rate (the first year's anticipated stabilized cash-on-cash return) for the equity component. See Realty Rates – Investor Survey in addenda.

Equity Dividend Rate	
Office - All Types	8.22%-17.20% (AVG 13.16%)

Surveyed by RealtyRates.com

The band-of-investment technique is utilized to estimate the overall capitalization rate. This method produces a rate which reflects the combination of mortgage and equity funds required for purchase, and the proportion of total value represented by each.

The mortgage component of the overall rate provides for a return of the mortgage component of the total value. The equity component of the overall rate reflects the return on the equity investment.

Based on the preceding data, the overall capitalization rate is developed as follows:

<b>2013</b>			
<b>Mortgage Component</b>			
Interest Rate		0.0500	Market
Loan-to-Value Ratio		0.8000	
Mortgage Constant	x	0.0792	
Mortgage Component of Cap Rate			0.0634
<b>Equity Component</b>			
Equity-to-Value Ratio		0.2000	
Equity Cap Rate	x	0.1200	
Equity Component of Cap Rate			0.0240
Overall Rate			0.0874

### **Estimated Overall Rate**

Considering the strengths and weaknesses of all methods utilized in this report to derive an overall capitalization rate based on market indicators, band of investment an 8.50% OAR is estimated.

<b>Opinion of Value via Income Capitalization Approach</b>	
<b>Net Operating Income</b>	<b>\$23,300</b>
<b>OAR</b>	<b>.0850</b>
<b>Opinion via Income Approach</b>	<b>\$274,113</b>
<b>Final Opinion via Income Approach (r)</b>	<b>\$275,000</b>

**FINAL VALUE OPINION VIA INCOME APPROACH: \$275,000**

## **VALUATION REVIEW AND RECONCILIATION**

**Conclusion.** The focus of our assignment is to provide an opinion of the market value of the leased fee estate interest in real property. The property is designed for professional office use and could be purchased as an investment or for owner occupancy. As such, the Sales Comparison and the Income Capitalization Approaches were considered for this analysis as follows:

Summary of Value Conclusions	
Cost Approach	N/A
Sales Comparison Approach	\$295,000
Income Capitalization Approach	\$275,000

Based upon my investigation and analysis of the data gathered with respect to this assignment, my opinion of market value of the leased fee estate interest in the subject property, with more weight given to the Sales Comparison Approach to value, was as follows:

OPINION OF MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
245 LARK STREET	LEASED FEE ESTATE	MARCH 16, 2013	\$295,000

## **REASONABLE MARKETING PERIOD**

A reasonable marketing period for this property at the value level reported is considered to be twelve to eighteen months. This forecast is based on certain basic assumptions as follows:

1. The improvement is located in the City of Albany with average access to the area amenities.
2. The property is functional for a professional office building.
3. Interest rates are currently favorable for an investment such as the subject.

**Conclusion.** The subject represents a professional office building. This marketing time projection is contingent upon financing being made available to a qualified applicant and zoning ordinances.

## **EXPOSURE PERIOD AND MARKETING TIME**

The opinion of value contained in this report is premised upon a 12-18 month exposure time prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the property would be expected to sell within a 12-18 month marketing period.



## **UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS**

This appraisal report has been made with the following assumptions and limiting conditions:

1. It is assumed that the legal description as obtained from public records is correct. No responsibility is assumed for matters legal in nature, and title to the property is assumed to be good and marketable unless otherwise stated.
2. Unless otherwise stated, the property is appraised free and clear of any or all liens or encumbrances.
3. The information furnished by others is believed to be reliable but we assume no responsibility for its accuracy. Responsible ownership and competent property management is assumed.
4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
5. The plot plans and exhibits in this report are included only to assist the reader in visualizing the property. We have made no engineering survey of the property.
6. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by any but the client without the previous written consent of the appraiser of the client and then only with proper qualification.
7. The appraiser herein by reason of this appraisal is not required to give future consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made therefore.
8. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
9. Unless otherwise stated, personal property has not been included in this report.
10. Disclosure of the contents of this report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the author.
11. We assume no responsibility for economic or physical factors which may affect the opinions herein stated which may occur at some date after the date of value.

12. We reserve the right to make such adjustments to the valuation herein reported, as may be required by the consideration of additional data or more reliable data that may become available.
13. Where discounted cash flow analyses have been undertaken, the discount rates utilized to bring forecast future revenues back to opinions of present value, reflect both my market investigations of yield anticipations from other building purchases and my judgment as to risks and uncertainties in the subject property and the consequential rates of return required to attract an investor under such risk conditions.
14. My forecasts of future events which influence the valuation process are predicated on the continuation of historic and current trends in the market.
15. No opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials except, as is expressly stated.
16. We assume that after a visual inspection there are no hidden or unapparent conditions of the property, including the mechanical equipment, subsoil or structures which would render the property more or less valuable. I assume no responsibility for such conditions or for engineering which might be required to discover such factors.
17. No representation as to the likelihood of asbestos or existence of radon gas has been made.
18. No representation as to the condition of underground petroleum tanks has been made.
19. No representation as to the existence of hazardous material is made.
20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines.

Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance to ADA.

A brief summary of physical aspects is included in this report. It in no way suggests ADA compliance by the current owner.

Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance.

Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

**ATTACHMENTS & ADDENDA**

**GLOSSARY OF TERMS  
DEEDS/LEGAL DESCRIPTION**

**FLOOD MAP**

**ZONING**

**DEMOGRAPHIC PROFILE REPORTS**

**MARKET INDICATORS**

**QUALIFICATIONS OF THE APPRAISER**

## **GLOSSARY OF TERMS**

*The following definitions of pertinent terms are taken from The Dictionary of Real Estate Appraisal, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL.*

**AD VALOREM TAX:** A tax levied in proportion to the value of the thing(s) being taxed; generally refers only to property taxes, although technically the term is applicable to income taxes, ad valorem tariffs, special property taxes, etc. Exclusive of exemptions, use value assessment provisions, and the like, the property tax is an ad valorem tax.

**ACCRUED DEPRECIATION:** In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

**AS IS MARKET VALUE:** The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%).

**ASSESSED VALUE:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.

**BAND OF INVESTMENT:** A technique in which the capitalization rates attributes to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

**CASH EQUIVALENCY:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions of incentives is converted into a price expressed in terms of cash.

**CERTIORARI:** 1) A writ from a superior to an inferior court officer, board, or tribunal directing that a certified record of its proceedings in a designated case be reviewed. 2) A means of obtaining a judicial review, e.g., of an alleged illegal or erroneous tax assessment of real estate.

**CONTRACT RENT:** The actual rental income specified in a lease.

**EFFECTIVE RENT:** The rental rate net of financial concessions such as periods of no rent during the lease term and above-or below-market tenant improvements.

**EXCESS LAND:** Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.

**EXPOSURE TIME:** The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on analysis of past events assuming a competitive and open market.

**EXTRAORDINARY ASSUMPTION:** This assumption is directly related to this specific assignment, as of the effective date of the assignment, results which, if found to be false, could alter the appraiser's opinions or conclusions.

**FEE SIMPLE ESTATE:** 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.

**FLOOR AREA RATIO (FAR):** The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

**GOING CONCERN VALUE:** The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern*.

**GROSS LEASE:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called *full-service lease*.

**GROSS LEASABLE AREA (GLA):** Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

**GROSS BUILDING AREA (GBA):** Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

**HYPOTHETICAL CONDITION:** That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

**INSURABLE VALUE:** A type of value for insurance purposes.

**INVESTMENT VALUE:** The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.

**LEASED FEE INTEREST:** A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

**LEASEHOLD INTEREST:** The tenant's possessory interest created by a lease.

**LIQUIDATION VALUE:** The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

**MARKET RENT:** The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

**MARKET VALUE:** The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specific date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

**MARKETING TIME:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

**MORTGAGE-EQUITY ANALYSIS:** Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

**TRIPLE NET LEASE:** A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management.



**OCCUPANCY RATE:** The relationship or ratio between the income received from the rental units in a property and the income that would be received if all the units were occupied. The ratio of occupied space to total rentable space in a building.

**OPERATING EXPENSES:** The periodic expenditures necessary to maintain the real property and continue production of the effective gross income, assuming prudent and competent management.

**PROSPECTIVE OPINION OF VALUE:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

**RENT:** *See* net lease  
market rent  
contract rent  
effective rent

**RESTRICTED USE APPRAISAL REPORT:** A written report prepared under Standards Rule 2-2(c), 8-2(c), or 10-2(b) of the Uniform Standards of Professional Appraisal Practice (2010-2011 ed.).

**SANDWICH LEASE:** A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another.

**SANDWICH LEASEHOLD ESTATE:** The interest held by the original lessee when the property is subleased to another party.

**SELF-CONTAINED APPRAISAL REPORT:** A written appraisal report prepared under Standards Rule 2-2( a ) of the Uniform Standards of Professional Appraisal Practice (2010-2011 ed.). A self-contained appraisal report sets forth the data considered, the appraisal procedures followed, and the reasoning employed in the appraisal, addressing each item in depth and detail required by its significance to the appraisal and providing sufficient information so that the client and the users of the report will understand the appraisal and not be misled or confused.

**SUMMARY APPRAISAL REPORT:** A written report prepared under Standards Rule 2-2 (b) or 8-2 (b) of the Uniform Standards of Professional Appraisal Practice (2010-2011 ed.).

**SURPLUS LAND:** Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

**SUBJECT DEED**

FORM 583½ N. Y. DEED—WARRANTY with Lien Covenant Rev. 4/84

LIBER 2637 PAGE 480 00473 9903-31253

**This Indenture**, Made the 16<sup>TH</sup> day of August Nineteen Hundred and Ninety-nine

Between New York State Chiropractic Association, Inc., a New York Corporation having an office located at: 245 Lark Street, Albany, New York 12210

part Y of the first part, and Albany Local Development Corporation, a New York Corporation having an office located at: 21 Lodge Street, Albany, NY 12207

Witnesseth that the part Y of the first part, in consideration of One Hundred Eighty-Seven Thousand and Five Hundred and 00/100-----Dollars (\$187,500.00 ) lawful money of the United States, paid by the party of the second part, does hereby grant and release unto the party of the second part, its successors and assigns forever, all

That certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City and County of Albany, State of New York, and more particularly bounded and described as follows:

Beginning at a point in the northerly line of Lark Street said point being 99 feet westerly of the intersection of the northerly line of Lark Street with the westerly line of Lancaster Street; and running thence northerly with an interior angle of 90°38'00" a distance of 165 feet to a point; thence westerly with an interior angle of 89°22'00" a distance of 33½ feet to a point; thence southerly with an interior angle of 90°38'00", 165 feet to a point in the northerly line of Lark Street; thence easterly with an interior angle of 89°22' and along the northerly line of Lark Street, 33½ feet to the point or place of beginning.

Said premises are known as 245 Lark Street, City of Albany.

Subject to covenants, easements and agreements of record.

BEING the same premises conveyed to the party of the first part by Deed dated September 1, 1988 and recorded in the Office of the Albany County Clerk on September 2, 1988 in Liber 2371 of Deeds at Page 1045

The transfer herein does not constitute a transfer of all or substantially all of the assets of the corporation and is being made in the regular course of business of the corporation,

RECEIVED \$... 750... REAL ESTATE AUG 18 1999 TRANSFER TAX ALBANY COUNTY

AUG 18 9 13 AM '99

Together with the appurtenances and all the estate and rights of the part y of the first part in and to said premises,  
To have and to hold the premises herein granted unto the party of the second part, its successors and assigns forever.

LIBER 2637 PAGE 481

And said party of the first part

covenants as follows:

First, That the part y of the second part shall quietly enjoy the said premises;

Second, That said party of the first part

will forever Warrant the title to said premises.

Third, That, in Compliance with Sec. 13 of the Lien Law, the grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

In Witness Whereof, the party of the first part has hereunto set its hand and seal the day and year first above written.

New York State Chiropractic Association, Inc.

In Presence of

Arthur Kojas, D.C.  
Its President

State of New York }  
County of Queens } ss. On this 11<sup>th</sup> day of August  
before me, the subscriber, personally appeared Arthur Kojas, D.C., to me known, who, being by me duly sworn did depose and say that he resides in Queens, N.Y., that he is the President of New York State Chiropractic Association, Inc., the to me personally known and known to me to be the same person described in and who executed the within instrument and he duly acknowledged to me that he executed the same, Corporation described in and which executed the foregoing instrument; and that the above-named person signed thereto by order of the Board of Directors of said Corporation.

Notary Public

STATE OF NEW YORK )  
COUNTY OF ALBANY )

Recorded in DEEDS  
As Shown Hereon and  
Examined

THOMAS G. CLEGGAN  
ALBANY COUNTY CLERK

Notary Public  
No. 401885  
Qualified in Queens County  
Expiring August 31, 1999



New York State Chiropractic  
Association, Inc.

TO

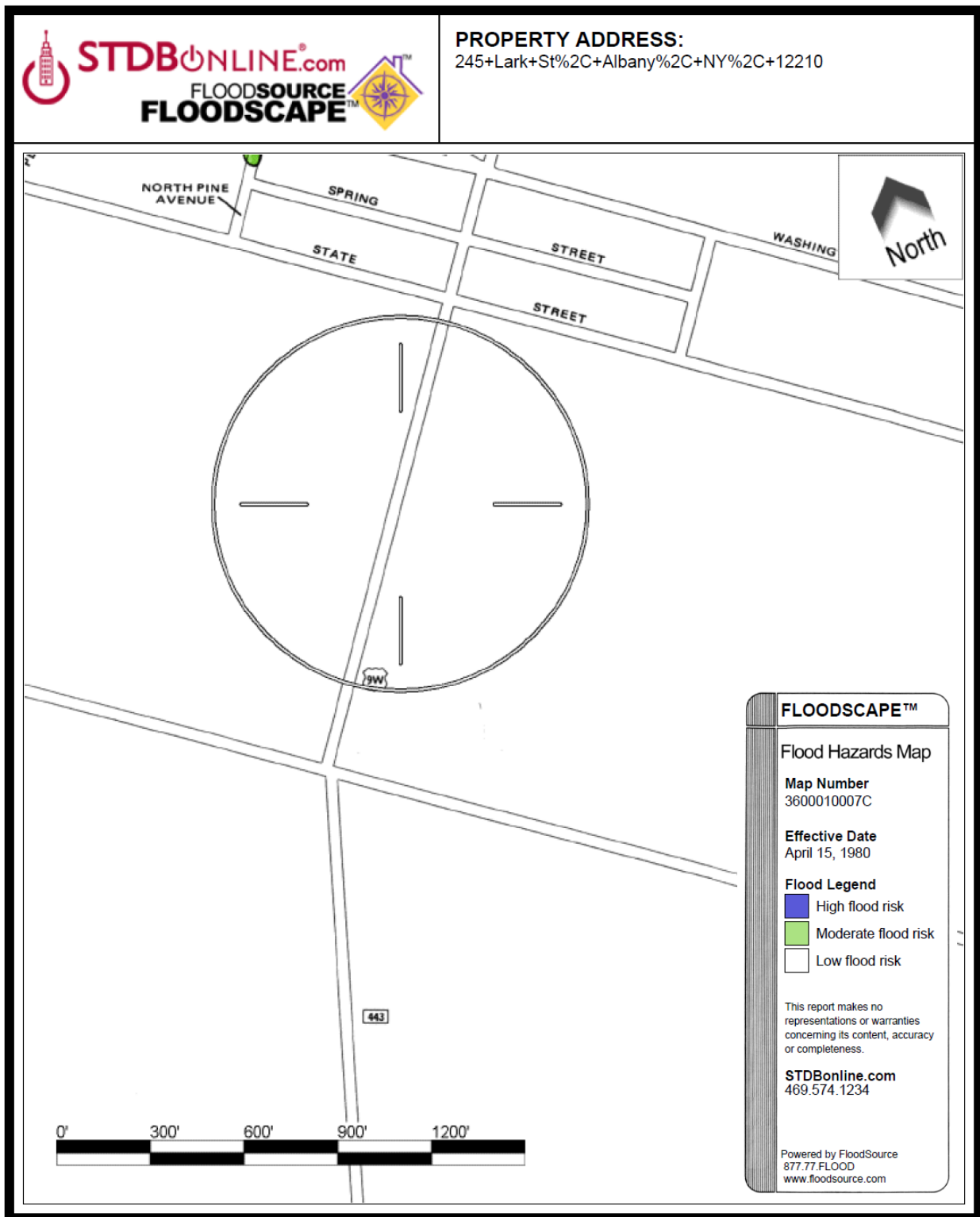
Albany Land Development Corporation

Dated, August 16, 19 99

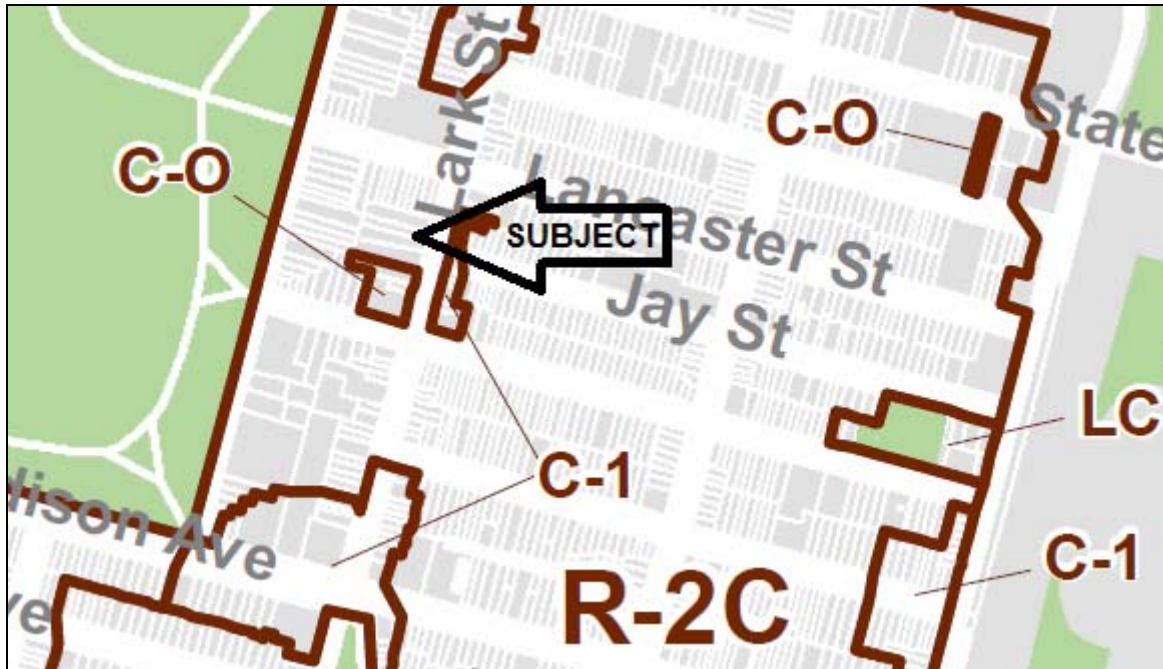
412 Polly Rutledge, Egg  
21 Lodge Street  
Albany, NY 12207

HARPER SECRET & EMERY  
ASSOCIATES-AT-LAW  
1100 Madison Avenue  
SOCIETIES-NEW YORK

## FLOOD MAP



## ZONING



### Zoning Code

<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-1 : Neighborhood Commercial	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-O : Residential Office
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-2 : Highway Commercial	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-1A : Single-Family Low-Density Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-3 : Central Business District	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-1B : Single-Family Medium-Density Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-M : Light Industrial	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-1LL : Single Family Large Lot Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-O : Commercial Office	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-2A : One- and Two-Family Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> C-PB : Commercial Pine Bush	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-2B : One- and Two-Family Medium-Density Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> LC : Land Conservation District	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-2C : One- and Two-Family Row House Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> M-1 : General Industrial	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-3A : Multifamily Low-Density Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> WF-1 : Waterfront Residential/Commercial District	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-3B : Multifamily Medium-Density Residential District
<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; border: 1px solid black;"></span> WF-2 : Waterfront Recreational District	<span style="display: inline-block; width: 10px; height: 10px; background-color: #FFCC99; border: 1px solid black;"></span> R-4 : Multifamily High-Rise Residential District



## DEMOGRAPHICS



### Demographic and Income Profile - Appraisal Version

245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Ring: 1 mile radius

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

Summary	Census 2010		2012		2017		
Population	37,555		37,524		37,320		
Households	16,565		16,519		16,582		
Families	6,142		6,060		5,993		
Average Household Size	2.11		2.11		2.09		
Owner Occupied Housing Units	2,919		2,788		2,960		
Renter Occupied Housing Units	13,645		13,731		13,622		
Median Age	28.0		28.1		28.5		
Trends: 2012 - 2017 Annual Rate	Area		State		National		
Population	-0.11%		0.35%		0.68%		
Households	0.08%		0.44%		0.74%		
Families	-0.22%		0.30%		0.72%		
Owner HHs	1.20%		0.80%		0.91%		
Median Household Income	2.67%		3.18%		2.55%		
Households by Income			2012		2017		
			Number	Percent	Number	Percent	
	<\$15,000		4,738	28.7%	4,711	28.4%	
	\$15,000 - \$24,999		2,748	16.6%	2,224	13.4%	
	\$25,000 - \$34,999		2,171	13.1%	1,836	11.1%	
	\$35,000 - \$49,999		2,357	14.3%	2,190	13.2%	
	\$50,000 - \$74,999		1,668	10.1%	1,642	9.9%	
	\$75,000 - \$99,999		1,139	6.9%	1,691	10.2%	
	\$100,000 - \$149,999		1,119	6.8%	1,506	9.1%	
	\$150,000 - \$199,999		351	2.1%	503	3.0%	
\$200,000+		227	1.4%	278	1.7%		
Median Household Income		\$27,893		\$31,823			
Average Household Income		\$44,204		\$51,873			
Per Capita Income		\$21,626		\$25,299			
Population by Age	Census 2010		2012		2017		
	Number	Percent	Number	Percent	Number	Percent	
	0 - 4	2,312	6.2%	2,297	6.1%	2,295	6.1%
	5 - 9	2,195	5.8%	2,186	5.8%	2,197	5.9%
	10 - 14	1,984	5.3%	1,955	5.2%	1,980	5.3%
	15 - 19	2,977	7.9%	2,869	7.6%	2,779	7.4%
	20 - 24	6,690	17.8%	6,748	18.0%	6,294	16.9%
	25 - 34	7,251	19.3%	7,336	19.5%	7,435	19.9%
	35 - 44	4,294	11.4%	4,171	11.1%	4,109	11.0%
	45 - 54	4,174	11.1%	4,050	10.8%	3,778	10.1%
	55 - 64	3,125	8.3%	3,258	8.7%	3,426	9.2%
	65 - 74	1,482	3.9%	1,574	4.2%	1,892	5.1%
	75 - 84	761	2.0%	766	2.0%	804	2.2%
	85+	309	0.8%	316	0.8%	330	0.9%

**Data Note:** Income is expressed in current dollars.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

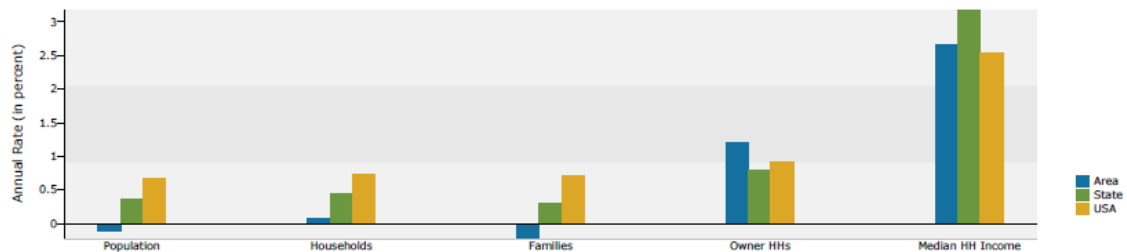


## Demographic and Income Profile - Appraisal Version

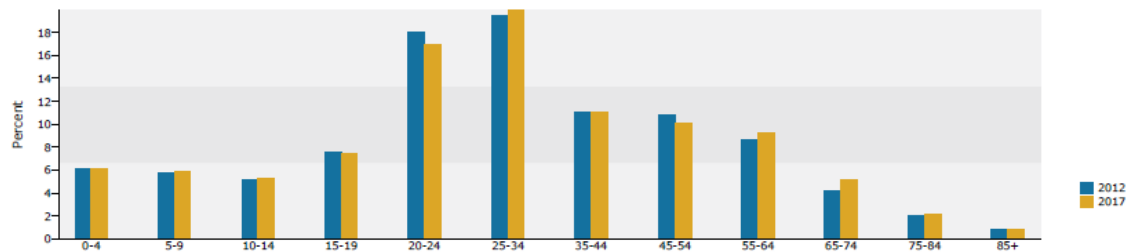
245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Ring: 1 mile radius

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

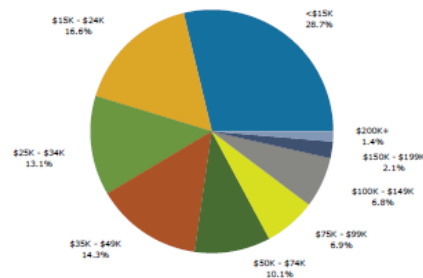
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



## Demographic and Income Profile - Appraisal Version

245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Ring: 3 mile radius

Prepared by Jacqueline ContiCAG

Latitude: 42.654419454

Longitude: -73.76571109

Summary	Census 2010		2012		2017	
Population	107,503		107,416		106,933	
Households	47,633		47,435		47,596	
Families	21,810		21,531		21,362	
Average Household Size	2.16		2.17		2.15	
Owner Occupied Housing Units	18,383		17,889		18,660	
Renter Occupied Housing Units	29,250		29,546		28,936	
Median Age	32.8		32.9		33.5	
Trends: 2012 - 2017 Annual Rate	Area		State		National	
Population	-0.09%		0.35%		0.68%	
Households	0.07%		0.44%		0.74%	
Families	-0.16%		0.30%		0.72%	
Owner HHs	0.85%		0.80%		0.91%	
Median Household Income	3.90%		3.18%		2.55%	
Households by Income	2012				2017	
			Number	Percent	Number	Percent
	<\$15,000		8,666	18.3%	8,417	17.7%
	\$15,000 - \$24,999		5,944	12.5%	4,617	9.7%
	\$25,000 - \$34,999		5,600	11.8%	4,376	9.2%
	\$35,000 - \$49,999		7,411	15.6%	6,561	13.8%
	\$50,000 - \$74,999		7,202	15.2%	7,250	15.2%
	\$75,000 - \$99,999		5,135	10.8%	7,286	15.3%
	\$100,000 - \$149,999		4,589	9.7%	5,557	11.7%
	\$150,000 - \$199,999		1,669	3.5%	2,174	4.6%
	\$200,000+		1,219	2.6%	1,358	2.9%
Median Household Income			\$40,861		\$49,472	
Average Household Income			\$59,108		\$68,180	
Per Capita Income			\$27,255		\$31,516	
Population by Age	Census 2010		2012		2017	
			Number	Percent	Number	Percent
	0 - 4		6,384	5.9%	6,339	5.9%
	5 - 9		5,731	5.3%	5,682	5.3%
	10 - 14		5,483	5.1%	5,380	5.0%
	15 - 19		7,226	6.7%	6,935	6.5%
	20 - 24		13,614	12.7%	13,766	12.8%
	25 - 34		18,820	17.5%	19,029	17.7%
	35 - 44		12,855	12.0%	12,455	11.6%
	45 - 54		13,789	12.8%	13,342	12.4%
	55 - 64		11,548	10.7%	12,013	11.2%
	65 - 74		6,068	5.6%	6,441	6.0%
	75 - 84		4,021	3.7%	3,993	3.7%
	85+		1,963	1.8%	2,042	1.9%

**Data Note:** Income is expressed in current dollars.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

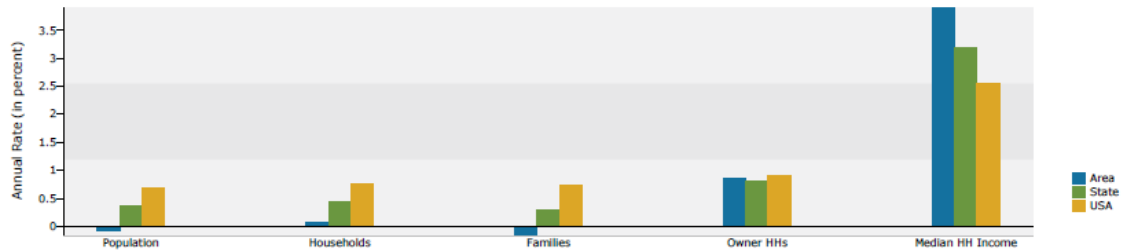


## Demographic and Income Profile - Appraisal Version

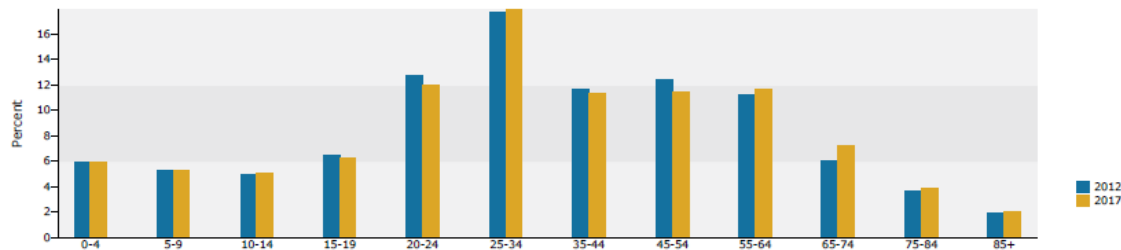
245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Ring: 3 mile radius

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

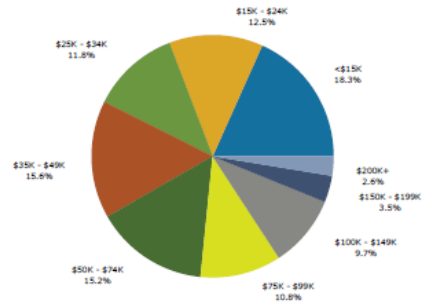
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



## Demographic and Income Profile - Appraisal Version

245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Ring: 5 mile radius

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

Summary	Census 2010		2012		2017		
Population	180,468		180,828		180,824		
Households	75,093		74,966		75,508		
Families	38,517		38,197		38,156		
Average Household Size	2.21		2.22		2.20		
Owner Occupied Housing Units	37,612		36,964		38,443		
Renter Occupied Housing Units	37,481		38,003		37,065		
Median Age	34.6		34.8		35.4		
Trends: 2012 - 2017 Annual Rate	Area		State		National		
Population	0.00%		0.35%		0.68%		
Households	0.14%		0.44%		0.74%		
Families	-0.02%		0.30%		0.72%		
Owner HHs	0.79%		0.80%		0.91%		
Median Household Income	3.72%		3.18%		2.55%		
Households by Income			2012		2017		
			Number	Percent	Number	Percent	
	<\$15,000		10,203	13.6%	9,807	13.0%	
	\$15,000 - \$24,999		7,794	10.4%	5,933	7.9%	
	\$25,000 - \$34,999		8,032	10.7%	6,028	8.0%	
	\$35,000 - \$49,999		11,076	14.8%	9,621	12.7%	
	\$50,000 - \$74,999		12,358	16.5%	12,313	16.3%	
	\$75,000 - \$99,999		9,372	12.5%	12,986	17.2%	
	\$100,000 - \$149,999		9,971	13.3%	11,524	15.3%	
	\$150,000 - \$199,999		3,469	4.6%	4,360	5.8%	
\$200,000+		2,691	3.6%	2,935	3.9%		
Median Household Income			\$50,517		\$60,646		
Average Household Income			\$69,508		\$79,491		
Per Capita Income			\$31,274		\$35,739		
Population by Age	Census 2010		2012		2017		
			Number	Percent	Number	Percent	
	0 - 4	9,353	5.2%	9,313	5.2%	9,300	5.1%
	5 - 9	9,181	5.1%	9,127	5.0%	9,100	5.0%
	10 - 14	9,458	5.2%	9,305	5.1%	9,388	5.2%
	15 - 19	15,607	8.6%	15,156	8.4%	14,729	8.1%
	20 - 24	21,506	11.9%	21,737	12.0%	20,488	11.3%
	25 - 34	26,014	14.4%	26,345	14.6%	26,518	14.7%
	35 - 44	20,890	11.6%	20,325	11.2%	19,854	11.0%
	45 - 54	24,388	13.5%	23,665	13.1%	21,893	12.1%
	55 - 64	20,971	11.6%	21,895	12.1%	22,836	12.6%
	65 - 74	11,147	6.2%	11,889	6.6%	14,191	7.8%
	75 - 84	8,039	4.5%	7,985	4.4%	8,269	4.6%
	85+	3,914	2.2%	4,085	2.3%	4,259	2.4%

**Data Note:** Income is expressed in current dollars.  
**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



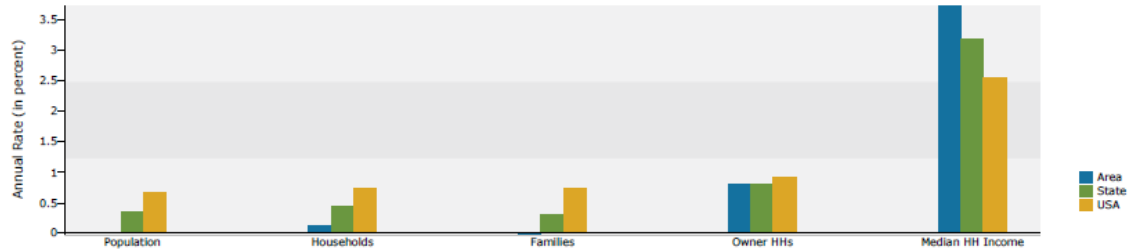


## Demographic and Income Profile - Appraisal Version

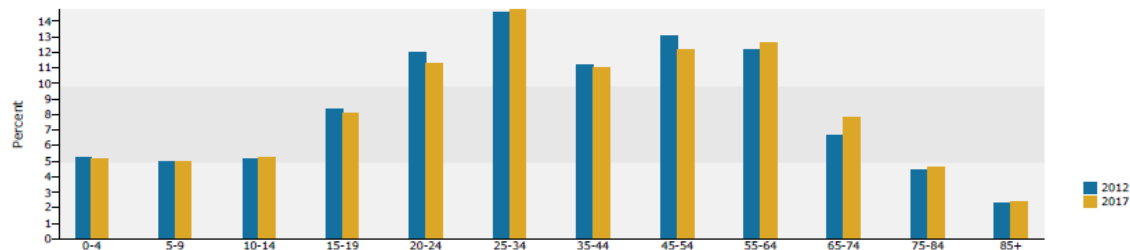
245 Lark Street, Albany, NY 12210  
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Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
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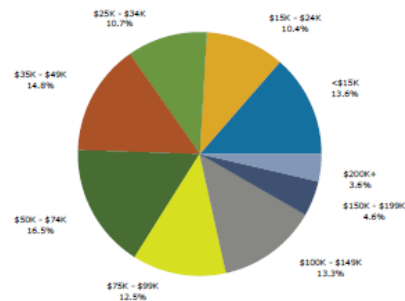
Trends 2012-2017



Population by Age



2012 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



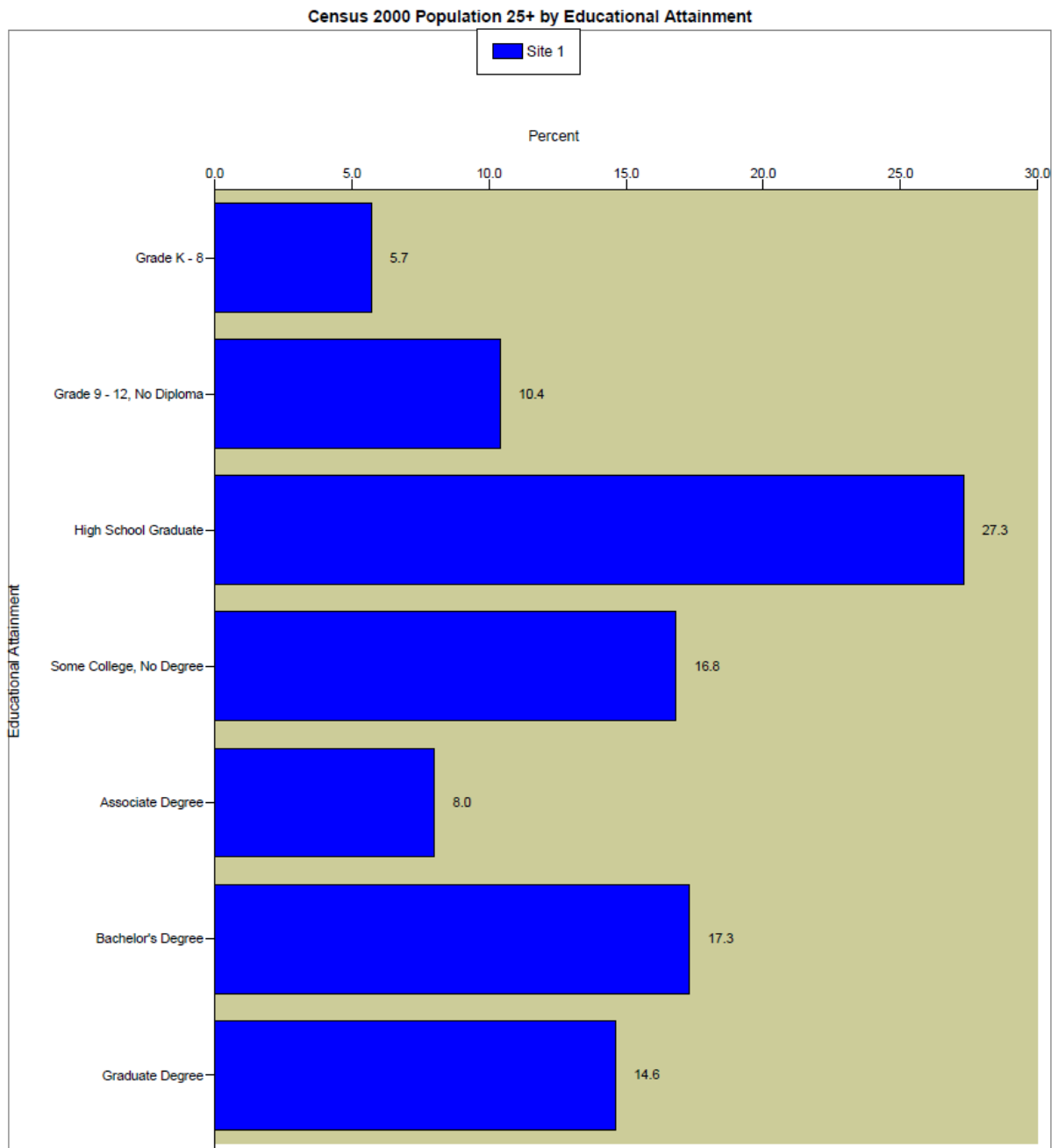
245 Lark Street, Albany, NY ...  
245 Lark St, Albany, NY, 12210  
Ring: 1, 3, 5 Miles

## Population 25+ by Educational Attainment Chart

Prepared by Jacqueline ContiCAG

Latitude: 42.654419  
Longitude: -73.765711

1 mile radius



Data Note: Graduate Degree includes those who have earned a Master's Professional, or Doctorate Degree.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



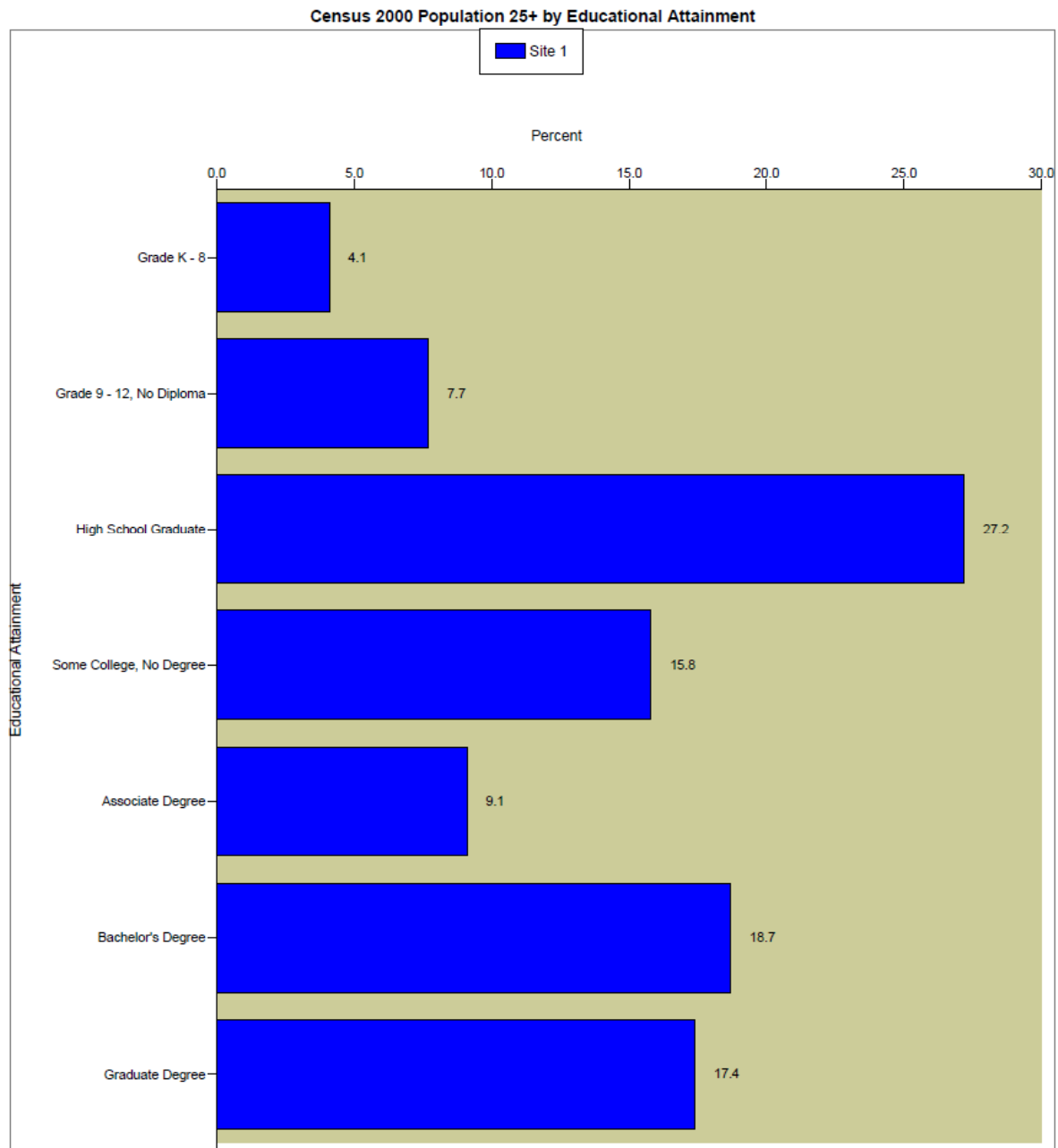
245 Lark Street, Albany, NY ...  
245 Lark St, Albany, NY, 12210  
Ring: 1, 3, 5 Miles

## Population 25+ by Educational Attainment Chart

Prepared by Jacqueline ContiCAG

Latitude: 42.654419  
Longitude: -73.765711

3 miles radius



Data Note: Graduate Degree includes those who have earned a Master's Professional, or Doctorate Degree.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



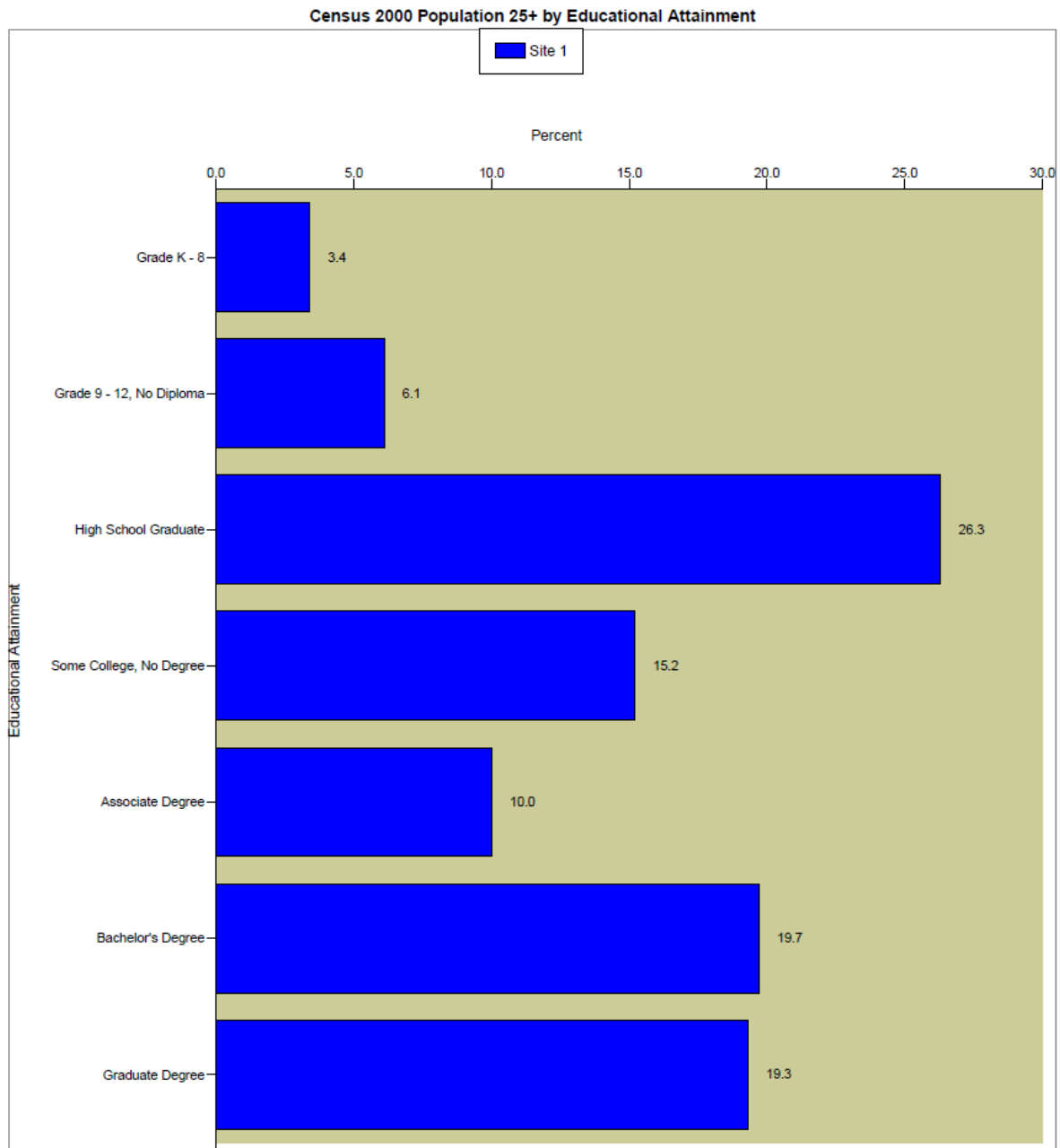
245 Lark Street, Albany, NY ...  
245 Lark St, Albany, NY, 12210  
Ring: 1, 3, 5 Miles

## Population 25+ by Educational Attainment Chart

Prepared by Jacqueline ContiCAG

Latitude: 42.654419  
Longitude: -73.765711

5 miles radius



Data Note: Graduate Degree includes those who have earned a Master's Professional, or Doctorate Degree.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



## Executive Summary

245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Rings: 1, 3, 5 mile radii

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	36,038	104,466	172,428
2010 Population	37,555	107,503	180,468
2012 Population	37,524	107,416	180,828
2017 Population	37,320	106,933	180,824
2000-2010 Annual Rate	0.41%	0.29%	0.46%
2010-2012 Annual Rate	-0.04%	-0.04%	0.09%
2012-2017 Annual Rate	-0.11%	-0.09%	0.00%
2012 Male Population	50.6%	48.8%	48.3%
2012 Female Population	49.4%	51.2%	51.7%
2012 Median Age	28.1	32.9	34.8

In the identified area, the current year population is 180,828. In 2010, the Census count in the area was 180,468. The rate of change since 2010 was 0.09% annually. The five-year projection for the population in the area is 180,824 representing a change of 0.00% annually from 2012 to 2017. Currently, the population is 48.3% male and 51.7% female.

### Median Age

The median age in this area is 34.8, compared to U.S. median age of 37.3.

### Race and Ethnicity

2012 White Alone	43.0%	59.1%	70.2%
2012 Black Alone	42.8%	28.3%	19.0%
2012 American Indian/Alaska Native Alone	0.4%	0.3%	0.3%
2012 Asian Alone	5.2%	5.4%	5.1%
2012 Pacific Islander Alone	0.1%	0.1%	0.0%
2012 Other Race	4.1%	3.0%	2.3%
2012 Two or More Races	4.4%	3.8%	3.1%
2012 Hispanic Origin (Any Race)	10.7%	8.4%	6.8%

Persons of Hispanic origin represent 6.8% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 53.6 in the identified area, compared to 61.4 for the U.S. as a whole.

### Households

2000 Households	16,595	46,676	72,058
2010 Households	16,565	47,633	75,093
2012 Total Households	16,519	47,435	74,966
2017 Total Households	16,582	47,596	75,508
2000-2010 Annual Rate	-0.02%	0.20%	0.41%
2010-2012 Annual Rate	-0.12%	-0.18%	-0.07%
2012-2017 Annual Rate	0.08%	0.07%	0.14%
2012 Average Household Size	2.11	2.17	2.22

The household count in this area has changed from 75,093 in 2010 to 74,966 in the current year, a change of -0.07% annually. The five-year projection of households is 75,508, a change of 0.14% annually from the current year total. Average household size is currently 2.22, compared to 2.21 in the year 2010. The number of families in the current year is 38,197 in the specified area.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.





## Executive Summary

245 Lark Street, Albany, NY 12210  
245 Lark St, Albany, NY, 12210,  
Rings: 1, 3, 5 mile radii

Prepared by Jacqueline ContiCAG  
Latitude: 42.654419454  
Longitude: -73.76571109

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2012 Median Household Income	\$27,893	\$40,861	\$50,517
2017 Median Household Income	\$31,823	\$49,472	\$60,646
2012-2017 Annual Rate	2.67%	3.90%	3.72%
<b>Average Household Income</b>			
2012 Average Household Income	\$44,204	\$59,108	\$69,508
2017 Average Household Income	\$51,873	\$68,180	\$79,491
2012-2017 Annual Rate	3.25%	2.90%	2.72%
<b>Per Capita Income</b>			
2012 Per Capita Income	\$21,626	\$27,255	\$31,274
2017 Per Capita Income	\$25,299	\$31,516	\$35,739
2012-2017 Annual Rate	3.19%	2.95%	2.71%

### Households by Income

Current median household income is \$50,517 in the area, compared to \$50,157 for all U.S. households. Median household income is projected to be \$60,646 in five years, compared to \$56,895 for all U.S. households

Current average household income is \$69,508 in this area, compared to \$68,162 for all U.S. households. Average household income is projected to be \$79,491 in five years, compared to \$77,137 for all U.S. households

Current per capita income is \$31,274 in the area, compared to the U.S. per capita income of \$26,409. The per capita income is projected to be \$35,739 in five years, compared to \$29,882 for all U.S. households

### Housing

2000 Total Housing Units	19,618	51,757	78,114
2000 Owner Occupied Housing Units	3,125	18,522	36,321
2000 Owner Occupied Housing Units	13,470	28,154	35,737
2000 Vacant Housing Units	3,023	5,081	6,056
2010 Total Housing Units	19,670	53,253	82,168
2010 Owner Occupied Housing Units	2,919	18,383	37,612
2010 Renter Occupied Housing Units	13,645	29,250	37,481
2010 Vacant Housing Units	3,105	5,620	7,075
2012 Total Housing Units	19,553	53,209	82,370
2012 Owner Occupied Housing Units	2,788	17,889	36,964
2012 Renter Occupied Housing Units	13,731	29,546	38,003
2012 Vacant Housing Units	3,034	5,774	7,404
2017 Total Housing Units	19,532	53,461	83,150
2017 Owner Occupied Housing Units	2,960	18,660	38,443
2017 Renter Occupied Housing Units	13,622	28,936	37,065
2017 Vacant Housing Units	2,950	5,865	7,642

Currently, 44.9% of the 82,370 housing units in the area are owner occupied; 46.1%, renter occupied; and 9.0% are vacant. Currently, in the U.S., 56.5% of the housing units in the area are owner occupied; 32.1% are renter occupied; and 11.4% are vacant. In 2010, there were 82,168 housing units in the area - 45.8% owner occupied, 45.6% renter occupied, and 8.6% vacant. The annual rate of change in housing units since 2010 is 0.11%. Median home value in the area is \$193,102, compared to a median home value of \$167,749 for the U.S. In five years, median value is projected to change by 1.13% annually to \$204,269.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

## **OPERATING EXPENSES**

### **Building Assessment Income and Expense**

Revenue	2010 Actual	2011 Actual	2012 Budget
Rental Income	\$24,700.00	\$22,840.00	\$26,900.00
Total	\$24,700.00	\$22,840.00	\$26,900.00

Property Management Expenses	2010 Actual	2011 Actual	2012 Budget
Lease Payment	\$18,014.68	\$20,495.20	\$21,385.20
General Contract Labor	\$11,276.00	\$2,995.40	\$3,950.56
Maintenance and Repairs		\$1,378.21	\$3,155.63
Supplies	\$862.00	\$1,862.62	\$512.08
Supplies Rental		\$140.13	\$368.98
Utilities	\$9,394.36	\$10,753.06	\$10,000.00
Misc			
Total	\$39,547.04	\$37,624.62	\$39,372.45

Profit	-\$14,847.04	-\$14,784.62	-\$12,472.45
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## MARKET INDICATORS

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2012*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
<b>Spread Over Base**</b>											
Minimum	0.70%	1.44%	1.55%	1.08%	1.20%	0.99%	1.07%	2.03%	1.02%	1.17%	1.92%
Maximum	6.78%	11.50%	8.15%	6.78%	11.26%	8.15%	6.78%	11.52%	7.47%	6.78%	12.42%
Average	2.82%	5.85%	3.34%	3.03%	3.84%	3.89%	3.43%	4.68%	3.11%	5.21%	4.74%
<b>Interest Rate</b>											
Minimum	2.42%	3.16%	3.27%	2.80%	2.92%	2.71%	2.79%	3.75%	2.74%	2.74%	3.64%
Maximum	8.50%	13.22%	9.87%	8.50%	12.98%	9.87%	8.50%	13.24%	9.19%	9.19%	14.14%
Average	4.54%	7.57%	5.06%	4.75%	5.56%	5.61%	5.15%	6.40%	4.83%	4.83%	6.46%
<b>Debt Coverage Ratio</b>											
Minimum	1.10	1.20	1.12	1.15	1.00	1.15	1.15	1.15	1.05	1.15	1.15
Maximum	1.96	2.40	2.30	2.15	3.00	2.05	2.25	2.40	2.25	2.75	2.10
Average	1.43	1.66	1.56	1.50	1.64	1.42	1.70	1.71	1.43	1.67	1.70
<b>Loan-to-Value Ratio</b>											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	80%	50%
Maximum	90%	80%	90%	85%	80%	80%	80%	75%	80%	50%	80%
Average	73%	63%	70%	69%	65%	70%	68%	62%	70%	68%	62%
<b>Amortization (Yrs.)</b>											
Minimum	15	15	15	15	15	15	15	15	15	30	15
Maximum	40	30	40	30	30	30	30	30	30	15	30
Average	27	20	24	24	22	25	25	20	24	27	20
<b>Term (Yrs.)</b>											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
<b>** 10-Year Treasury</b>											

\*3rd Quarter 2012 Data

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RealtyRates.com INVESTOR SURVEY - 4th Quarter 2012*									
AVERAGE RESERVE REQUIREMENTS									
Property Type	Per SF			Per Unit			% of EGI		
	Min.	Max.	Typical	Min.	Max.	Typical	Min.	Max.	Typical
Apartments				\$150	\$380	\$350			
Golf				\$1,225	\$7,000	\$3,250	2.0%	4.0%	3.0%
Health Care/Senior Housing				\$250	\$675	\$375			
Industrial	\$0.22	\$0.60	\$0.40						
Lodging							4.0%	8.0%	4.5%
Mobile Home/RV Park				\$26	\$275	\$150	2.0%	5.0%	4.0%
Office	\$0.26	\$0.70	\$0.50						
Restaurants							2.0%	5.0%	3.0%
Retail	\$0.26	\$0.82	\$0.50						
Self-Storage	\$0.22	\$0.50	\$0.45	\$26	\$180	\$112			
Special Purpose	\$0.23	\$0.75	\$0.50						

\*3rd Quarter 2012 Data

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RealtyRates.com INVESTOR SURVEY - 4th Quarter 2012*			
EQUITY DIVIDEND RATES			
Property Type	Min.	Max.	Avg.
Apartments	6.95%	16.69%	12.31%
Garden/Suburban TH	6.95%	15.49%	10.79%
Hi-Rise/Urban TH	6.95%	16.69%	11.33%
Student Housing	6.95%	16.09%	11.06%
Golf	9.79%	22.66%	16.87%
Public Daily Fee Courses	9.79%	22.06%	15.31%
Semi-Private Clubs	9.79%	22.66%	15.58%
Private Clubs	9.79%	21.46%	15.04%
Health Care/Senior Housing	7.98%	18.09%	13.54%
Acute Care Facilities	8.18%	18.09%	12.64%
Out-Patient Care Facilities	7.98%	16.89%	11.99%
Congregate Care Facilities	8.08%	17.49%	12.32%
Assisted Living Facilities	8.03%	17.19%	12.15%
Industrial	7.73%	17.15%	12.91%
Warehouse/Distribution	7.73%	15.95%	11.43%
R&D/Flex	7.93%	17.15%	12.08%
Climate Controlled/Manufacturing	7.83%	16.55%	11.76%
Lodging	8.86%	21.51%	15.82%
Full Service Facilities	8.86%	20.31%	14.01%
Limited Service Facilities	9.06%	21.51%	14.66%
Golf/Gaming/Resort	8.96%	20.91%	14.34%
Mobile Home/RV Park/Camping	8.33%	19.30%	14.36%
Mobile Home Parks	8.33%	18.10%	12.73%
Manufactured Housing	8.43%	18.70%	13.05%
RV Parks/Campgrounds	8.53%	19.30%	13.38%
Office	8.22%	17.20%	13.16%
Suburban	8.22%	16.00%	11.72%
CBD	8.42%	17.20%	12.37%
Medical	8.32%	16.60%	12.04%
Restaurants	10.81%	20.66%	16.23%
Full Service	11.01%	20.66%	15.35%
Fast Food	10.81%	19.46%	14.70%
Retail	8.26%	18.40%	13.84%
Anchored	8.26%	17.20%	12.28%
Un-Anchored	8.46%	18.40%	12.93%
Convenience/Gas	8.36%	17.80%	12.61%
Free Standing	8.21%	17.65%	12.46%
Self-Storage	8.56%	16.49%	12.92%
Climate Controlled	8.76%	16.49%	12.32%
Mini Storage	8.56%	15.29%	11.59%
Special Purpose	9.73%	20.84%	15.84%
Schools/Day Care Centers	9.73%	19.64%	14.19%
Churches/Temples/Synagogues	9.93%	20.84%	14.84%
All Properties	6.95%	22.66%	13.32%

\*3rd Quarter 2012 Data

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RealtyRates.com INVESTOR SURVEY - 4th Quarter 2012*						
OFFICE - ALL TYPES						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	1.07%	<b>DCR Technique</b>	1.15	0.049244	0.80	<b>4.53</b>
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>				
Interest Rate	2.79%	Mortgage	80%	0.049244	0.039395	
Amortization	30	Equity	20%	0.082210	0.016442	
Mortgage Constant	0.049244	OAR				<b>5.58</b>
Loan-to-Value Ratio	80%	<b>Surveyed Rates</b>				<b>5.30</b>
Equity Dividend Rate	8.22%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	6.78%	<b>DCR Technique</b>	2.25	0.118169	0.50	<b>13.29</b>
Debt Coverage Ratio	2.25	<b>Band of Investment Technique</b>				
Interest Rate	8.50%	Mortgage	50%	0.118169	0.059084	
Amortization	15	Equity	50%	0.171955	0.085977	
Mortgage Constant	0.118169	OAR				<b>14.51</b>
Loan-to-Value Ratio	50%	<b>Surveyed Rates</b>				<b>13.78</b>
Equity Dividend Rate	17.20%					
<b>Average</b>						
Spread Over 10-Year Treasury	3.43%	<b>DCR Technique</b>	1.70	0.071168	0.68	<b>8.17</b>
Debt Coverage Ratio	1.70	<b>Band of Investment Technique</b>				
Interest Rate	5.15%	Mortgage	68%	0.071168	0.048039	
Amortization	25	Equity	33%	0.131570	0.042760	
Mortgage Constant	0.071168	OAR				<b>9.08</b>
Loan-to-Value Ratio	67.5%	<b>Surveyed Rates</b>				<b>10.22</b>
Equity Dividend Rate	13.16%					

\*3rd Quarter 2012 Data

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**Table 4**  
**NATIONAL CBD OFFICE MARKET**  
Fourth Quarter 2012

	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	5.25% – 12.00%	5.25% – 12.00%	5.00% – 11.00%	6.00% – 11.00%	6.25% – 12.00%
Average	8.41%	8.50%	8.38%	8.65%	8.52%
Change (Basis Points)		- 9	+ 3	- 24	- 11
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	4.25% – 10.00%	4.25% – 10.00%	4.50% – 10.00%	5.50% – 10.50%	4.50% – 10.00%
Average	6.70%	6.85%	6.84%	7.53%	7.14%
Change (Basis Points)		- 15	- 14	- 83	- 44
<b>RESIDUAL CAP RATE</b>					
Range	5.25% – 11.00%	5.25% – 11.00%	5.00% – 10.50%	5.50% – 10.50%	6.25% – 10.00%
Average	7.48%	7.48%	7.21%	7.59%	7.80%
Change (Basis Points)		0	+ 27	- 11	- 32
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	0.00% – 8.00%	(1.50%) – 10.00%	(4.00%) – 10.00%	(4.00%) – 4.00%	(6.00%) – 8.00%
Average	2.56%	2.59%	2.07%	0.60%	2.15%
Change (Basis Points)		- 3	+ 49	+ 196	+ 41
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	2.00% – 3.00%	2.00% – 3.00%	2.00% – 4.00%	2.00% – 4.00%	1.50% – 3.00%
Average	2.69%	2.69%	2.79%	2.80%	2.88%
Change (Basis Points)		0	- 10	- 11	- 19
<b>MARKETING TIME<sup>c</sup></b>					
Range	2 – 18	2 – 18	2 – 12	3 – 12	2 – 12
Average	7.6	7.8	7.2	7.9	6.8
Change (▼, ▲, =)		▼	▲	▼	▲
a. Rate on unleveraged, all-cash transactions      b. Initial rate of change      c. in months					



## **QUALIFICATIONS OF THE APPRAISER**

**Jacqueline R. Conti, MAI**

**Conti Appraisal & Consulting, LLC**

**614 Route 9W**

**Glenmont, New York 12077**

**Tel.: 518-434-4440**

**E-fax: 866-218-5370**

**[www.contiappraisal.com](http://www.contiappraisal.com)**

**[Jackie@contiappraisal.com](mailto:Jackie@contiappraisal.com)**

## **EDUCATION**

**Juris Doctor:** Albany Law School (2001).

**Bachelor of Science Degree:** State University of New York (1987).

## **PROFESSIONAL DESIGNATIONS, LICENSES AND MEMBERSHIPS**

<b>MAI:</b>	Member Appraisal Institute, #10,168.
<b>Appraiser:</b>	NY Certified General Real Estate Appraiser #46-661. VT Certified General Real Estate Appraiser #80-236. FHA Qualified Residential Real Estate Appraiser.
<b>Attorney:</b>	Admitted in New York State and Florida.
<b>Bar Associations:</b>	New York State and Florida.
<b>Licensed RE Broker:</b>	National Association of Realtors.
<b>Realtor Member:</b>	Greater Capital Association of Realtors. Commercial Industrial Real Estate Brokers.
<b>Approved Consultant:</b>	New York State Department of Transportation.
<b>Past Chairwoman:</b>	Albany Branch of the Upstate Chapter of the Appraisal Institute.
<b>Past Director:</b>	Upstate New York Chapter of the Appraisal Institute.
<b>Past Regional Rep.:</b>	Appraisal Institute.
<b>Chamber Member:</b>	Town of Bethlehem.
<b>Board Member:</b>	Town of Bethlehem Board of Assessment Review.
<b>MWBE:</b>	Certified Minority Woman Owned Business Enterprise. <sup>5</sup>

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<sup>5</sup> New York State Department of Economic Development ([www.empire.state.ny.us](http://www.empire.state.ny.us)).

## **PAST EMPLOYMENT**

<b>Conti Appraisal &amp; Consulting, LLC</b> <i>Managing Member</i>	<b>Jan. 2003 – Present</b>
<b>Hiscock &amp; Barclay, LLP</b> <i>Of Counsel</i>	<b>Jan. 2003 – May 2003</b>
<b>Hiscock &amp; Barclay, LLP</b> <i>Associate Attorney specializing in tax certiorari matters</i>	<b>Nov. 2001 – Jan. 2003</b>
<b>Columbia County District Attorneys Office</b> <i>Assistant District Attorney – Hudson City Court</i>	<b>Aug. 2001 – Nov. 2001</b>
<b>Columbia County Attorneys Office</b> <i>Assistant County Attorney</i>	<b>June 2001 – Aug. 2001</b>
<b>Conti &amp; Peatfield Appraisal, LLC</b> <i>Majority Owner – real estate appraiser</i>	<b>January 1994 – June 2001</b>
<b>Jacqueline Conti Appraisal</b> <i>Founding Member</i>	<b>1988-1994</b>
<b>Gary Brown, MAI &amp; Associates, Houston TX</b> <i>Staff Appraiser</i>	<b>1987-1988</b>

## **ACTIVITIES**

Ms. Conti has actively been involved in appraising commercial real estate since 1987. She is a Capital District property owner and investor and has completed appraisals of various types of real property, including: proposed and completed: office buildings, medical office condominium projects, apartment complexes, restaurants, retail shopping centers, parking garages, parking lots, industrial property, vacant land, subdivisions, warehouses, truck stops, condominiums, attached and detached townhouses, single/multi-family residences, hotels, motels, assisted living centers, specialized property and property for condemnation. Property interests appraised include fee simple, leased fee, leasehold and sandwich leasehold estates.

She has appraised commercial real estate in New York State, Vermont, Massachusetts, New Hampshire and Texas.

Clients served include banks, law firms, governmental agencies, corporate firms, individuals and numerous financial institutions.

The Appraisal Institute conducts a mandatory program of continuing education for its designated members. MAI's who meet minimum standards of this program are awarded periodic educational certification. Ms. Conti is currently certified under the continuing education program of the Appraisal Institute.