

APPRAISAL OF  
1600 ST. MICHAELS DRIVE  
MIDTOWN STUDIOS (PERE)  
SANTA FE, NM 87505

DATE OF THE REPORT  
MARCH 4, 2024

EFFECTIVE DATE OF VALUATION  
NOVEMBER 15, 2023

PREPARED FOR  
RICHARD BROWN  
200 LINCOLN AVENUE  
SANTA FE, NEW MEXICO 87504

---

**HIPPAUF DRY  CONNELLY**  
REAL ESTATE APPRAISERS AND CONSULTANTS

# HIPPAUF DRY & CONNELLY

REAL ESTATE APPRAISERS AND CONSULTANTS

Peter H. Hippauf, Emeritus  
Michael Dry, MAI  
Tim Connelly, MAI

404 Brunn School Rd., Bldg. B  
Santa Fe, New Mexico 87505  
(505) 988-8059  
FAX: (505) 988-5743  
[www.hippauf.com](http://www.hippauf.com)

March 4, 2024

Richard Brown  
c/o Lee Logston  
200 Lincoln Avenue  
Santa Fe, New Mexico 87504

<b>RE:</b>	Appraisal of 1600 St. Michaels Drive, Santa Fe, NM 87505
------------	---

Dear Mr. Logston;

Pursuant to your request, I have completed the appraisal of the above referenced property. The depth of discussion and supporting documentation contained in this report are specific, expressed requirements of the client. This appraisal was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) 2024 and is subject to the assumptions and limiting conditions described in the report.

Based on the data and analyses contained in this report, it is my opinion the most probable fee simple market value (subject to extraordinary assumptions, easements and restrictions of record) in the subject property 'as is' as of November 15, 2023 is:

## FINAL VALUE

<b>Subject: Midtown Studios Pere</b>		
<b>Market Value</b>	<b>Fee Simple</b>	<b>Eleven Million Four Hundred Thousand Dollars</b> <b>\$11,400,000</b>

**Extraordinary Assumptions**

The property is subject to at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), which result in the proposed, and now assumed, rezoning from a R-5 Residential Zone to a C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value could be impacted.

The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.

The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.

According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.

Note: If these assumptions should prove inaccurate, the subject's value could be impacted.

The attached appraisal report contains 107 pages plus addenda. If I can be of any further service with this appraisal or another matter, please do not hesitate to contact me.

Respectfully submitted,



Tim Connelly, MAI  
N. M. General Certificate #3225G

**Table of Contents**

**SUMMARY OF SALIENT FACTS, DATA AND CONCLUSIONS ..... 1**

**CERTIFICATION..... 4**

**ASSUMPTIONS AND LIMITING CONDITIONS ..... 5**

**INTRODUCTION..... 7**

**DESCRIPTION OF REAL ESTATE APPRAISED ..... 16**

    Location Description – City..... 16

**Location Description – Neighborhood.....19**

**Legal Use of the Property .....20**

**Property Description.....25**

        Site ..... 25

        Environmental Site Assessment..... 27

        Excess Land Calculation ..... 28

        Improvements..... 30

**HIGHEST AND BEST USE..... 42**

**Highest and Best Use As Vacant .....42**

**Highest and Best Use as Improved.....44**

**VALUATION ..... 46**

    Benildus - Sales Comparison Approach ..... 48

    Benildus - Income Approach ..... 61

    Benildus - Reconciliation of Preliminary Values ..... 77

    Final Value Benildus ..... 79

    Garson Studios – Case Study – Sales Comparison Approach ..... 80

    Garson Studios - Income Approach ..... 81

    Garson Studios - Reconciliation and Preliminary Value Conclusion ..... 88

    Final Value Garson Studios..... 90

    Driscoll – Income Approach ..... 91

    Excess Land - Sales Comparison Approach..... 95

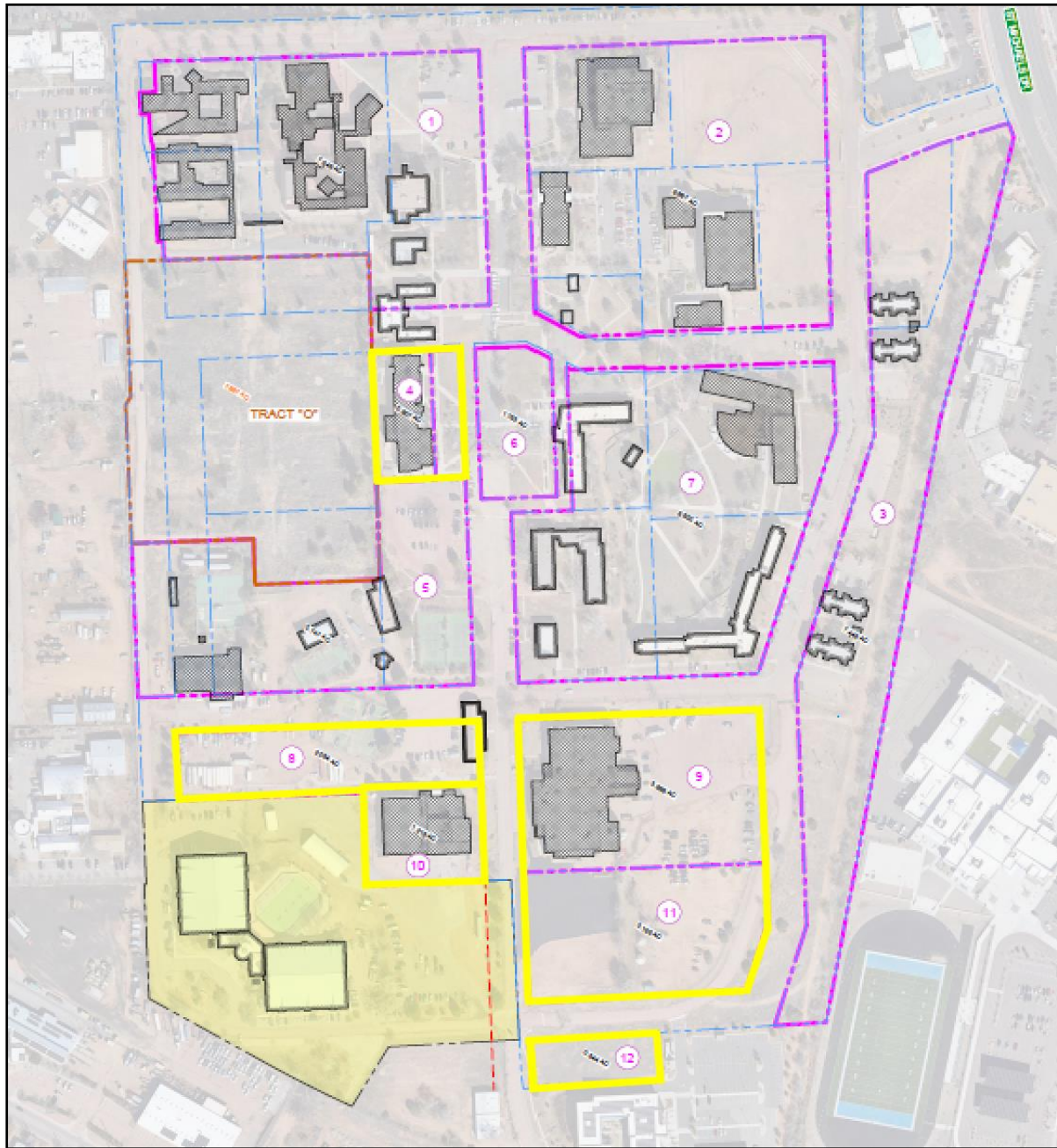
    Final Value..... 107

**Addenda**

**SUMMARY OF SALIENT FACTS, DATA AND CONCLUSIONS**

<b>Summary</b>		
Property Location	1600 St. Michaels Drive, Santa Fe, NM 87505	
Client	Richard Brown	
Current Use	Commercial – Mixed Use	
Owner of Record	City of Santa Fe	
Highest and Best Use	'As Is': Commercial – with all structures related to film and media production.	
Dates	Effective Date of Valuation	November 15, 2023
	Date of Report	March 4, 2024
Purpose of the Appraisal	Market value estimate for potential lease/sale	
Intended Use of the Appraisal	Asset valuation for negotiation of potential lease/sale	
Intended User of the Appraisal	City of Santa Fe, Office of Economic Development	
Land Area	533,153 square feet or 12.24 acres ± Source: Request for Fee Proposal: Land Valuation for Development and Appraisal of City-Owned Real Estate	
Gross Building Area	<b>Unit</b>	<b>Size (Square feet)</b>
	Garson Studios	49,200
	Driscoll	22,200
	Benildus Hall	27,757
Legal Use	Zoning: C-2 (General Commercial District) & Midtown Local Innovation Corridor (Midtown LINC) Overlay District	

1600 St. Michaels Drive, Midtown Studios Pere



The subject is approximated on the aerial photograph by representatives from the City of Santa Fe

**VALUE INDICATIONS**

<b>Component</b>	<b>Value</b>
Benildus Hall - Office	\$2,590,000
Garson Studios – Soundstage/Office	\$6,100,000
Driscoll – (future) Soundstage/Office	\$950,000
Excess land	\$1,760,000
<b>Final Value</b>	<b>\$11,400,000</b>

**Extraordinary Assumptions**

The property is subject to at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), which result in the proposed, and now assumed, rezoning from a R-5 Residential Zone to a C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value could be impacted.

The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.

The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.

According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.

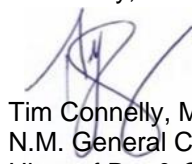
Note: If these assumptions should prove inaccurate, the subject's value could be impacted.

**CERTIFICATION**

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

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. I completed real estate consulting work on a neighboring property of the subject. This work was completed for parties that are the potential purchaser of the subject of this report.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*
- I have made a personal inspection of the property that is the subject of this report
- I have personal knowledge of all comparable properties referenced within this report
- The use of this appraisal report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
- Suzanna Denison provided significant real property appraisal assistance to the person signing this certification. Suzanna assisted with the property inspection, introduction and description sections and overall formatting of the report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
- As of the date of this report, Tim Connelly has completed the continuing education program for Designated Members of the Appraisal Institute
- As of the date of this report, Tim Connelly has completed the requirements for the continuing education program of the State of New Mexico Real Estate Appraisers Board for General Certification.
- Tim Connelly has the education, knowledge, experience, resources, and geographic competency to appraise a property of this type in this location
- My certification and any professional designations are currently valid, in good standing and not subject to any restrictions or pending actions/sanctions
- The appraisal has been completed in accordance with the Clients Engagement Requirements

Certified by,



Tim Connelly, MAI  
 N.M. General Certificate #03225G  
 Hippauf Dry & Connelly  
 404 Brunn School Road, Building B  
 Santa Fe, NM 87505  
 EIN #82-3614121

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been prepared with the following specific assumptions:

1. It is assumed that the supporting documentation provided for the appraisal is correct.
2. I have relied on information prepared by licensed professionals in making certain decisions in the process of this appraisal. I have accepted this information as accurate, based on the fact that they represent matters beyond my expertise as an appraiser along with the fact that they were prepared by recognized professionals.

This report has been made with the following general assumptions:

3. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
4. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
5. Responsible ownership and competent property management are assumed.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined, and considered in the report. Please refer to the discussion of zoning found within the report.
11. It is assumed that all required licenses, permits, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
13. Unless otherwise stated in this report, the existence of hazardous substances, including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to my attention nor did I become aware of such during the inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, I am not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

The report has been prepared with the following limiting conditions:

15. The conclusions expressed in this appraisal report apply only as of the stated date of the appraisal and I assume no responsibility for economic or physical factors occurring at some

- later date which may affect the opinions stated herein.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization.
  17. By reason of the assignment, I am not required to give consultation, testimony, or be in attendance in court or any other hearing with reference to the property unless written contractual arrangements have been previously made relative to such additional services.
  18. Disclosure of the contents of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
  19. Neither all, nor any part of this report, or copy thereof shall be used for any purposes by anyone other than the client to which the report is addressed without the prior written consent of the appraiser, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, or any other means of communication (including without limitation prospectus, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the appraiser.

Extraordinary Assumptions
The property is subject to at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), which result in the proposed, and now assumed, rezoning from a R-5 Residential Zone to a C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value could be impacted.
The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.
The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.
According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.
Note: If these assumptions should prove inaccurate, the subject's value could be impacted.

## INTRODUCTION

**Appraisal Report:** This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice 2024. The report and the level of information in the report are based on the needs of the client.

**Property Identification:** The subject of the appraisal is comprised of commercial – mixed use of offices, film studios, and a former gymnasium/fitness center located on multiple tracks located at 1600 St. Michaels Drive, Santa Fe, NM 87505. This is a portion of the property formerly known as the Santa Fe University of Art & Design.

### Property Ownership and History:

Property	Current Owner
1600 St. Michaels Drive	City of Santa Fe
Comments	
The subject property is currently vested in the name of City of Santa Fe, who acquired title to the property in September 2009.	

The subject property has a longstanding history in the City of Santa Fe. Originally founded as St. Michael's College in 1859 by four brothers of the De La Salle Christian order as a Catholic facility, it grew to include secondary and higher education. In 1947, the property expanded when an adjacent portion of the abandoned Bruns Army Hospital, including army barracks used during World War II, was purchased by the College of Christian Brothers of New Mexico. In 1966, the subject was renamed the College of Santa Fe and in 1985, the Santa Fe Art Institute opened on the campus.

In September of 2009, the City of Santa Fe purchased the college from the Christian Brothers for \$19,500,000 and signed a 26-year lease with the for-profit educational company Laureate Education, who relaunched the school as Santa Fe University of Art and Design. During the summer of 2018, the Santa Fe University of Art and Design gave notice that they would be vacating the facility due to financial difficulties.

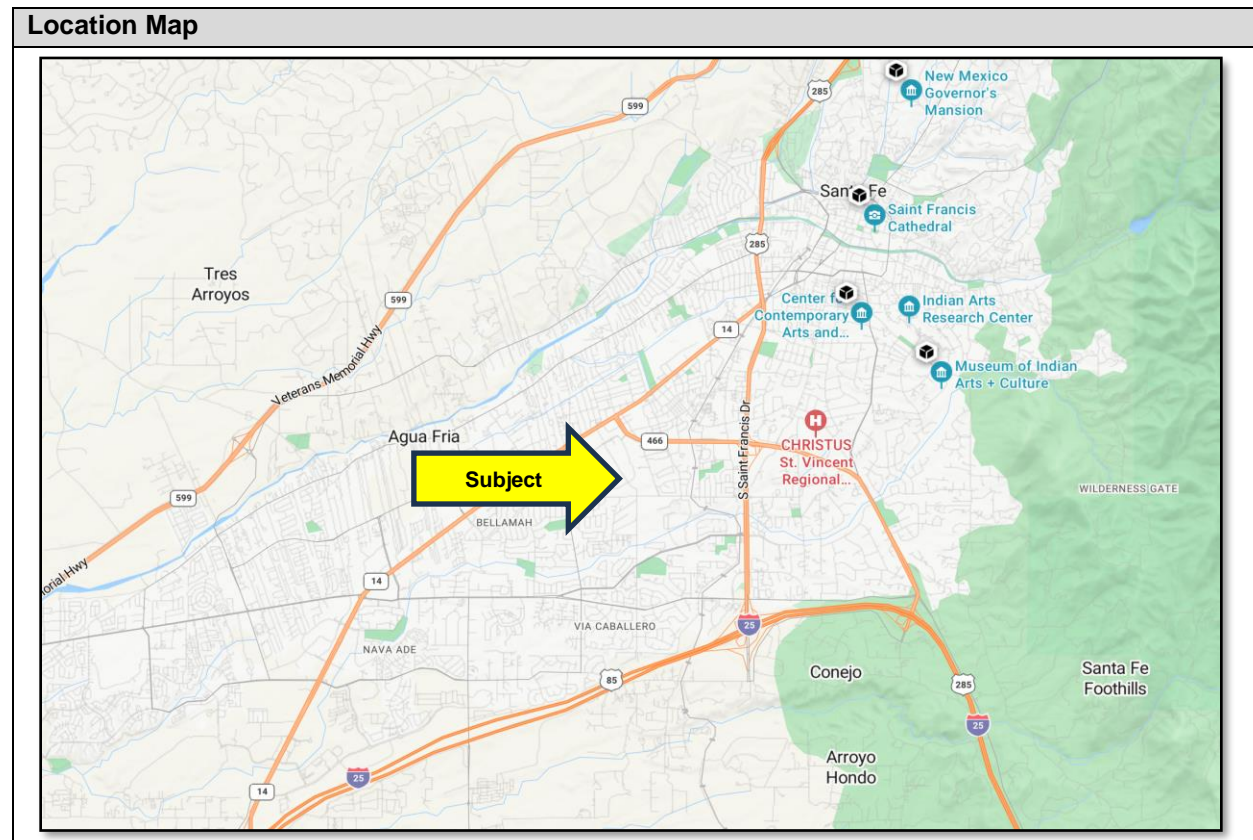
Since 2020, the City of Santa Fe has initiated large-scale redevelopment plans for the subject property and film studio production began in earnest with most useable buildings leased with annual terms for film productions. In March of 2022, the adjacent

8.6-acre Shellaberger Tennis Center was purchased for \$6.7 million by PE Real Estate Holdings and converted into sound stages and film production warehouses.

In February of 2023, a community development plan to address affordable housing, arts, film, and library with educational programming was approved after a series of public meetings. In March of 2023, the Midtown Studios Film Productions/PE Real Estate Holdings, the current tenants, submitted a proposal for redevelopment and expansion of the subject property as a “Studio Village” through a Request for Proposals initiated from the City of Santa Fe. It is the understanding of this appraiser that the sole bidder in this project is now in negotiations with the City to purchase the property that is the subject of this report. A copy of the Purchase Agreement was not provided to the appraiser.

**Location Of The Property:** 1600 St. Michaels Drive, Santa Fe, NM 87505 –

The subject property is located on south side of St. Michaels Drive and on the north side of Siringo Road, having access from these streets. The subject is on the west side of Llano Street, on the east side of Camino Carlos Ray and on the southeast side of Cerrillos Road but does not have access from these streets. The subject is located on the former campus of the private Santa Fe University of Art and Design and surrounded by public property including elementary, mid-school and high schools and City and State public buildings within Santa Fe, NM.



**Type and Definition of Value:** The purpose of the appraisal is to provide the appraiser's best estimate of the market value of the subject property as of the effective date. The market value definition is defined by FIRREA:

<b>Market Value Definition</b>
The most probable price which a property should bring in a competitive and open market under 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:
<ol style="list-style-type: none"> <li>1. Buyer and seller are typically motivated;</li> <li>2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;</li> <li>3. A reasonable time is allowed for exposure in the open market;</li> <li>4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and</li> <li>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.<sup>1</sup></li> </ol>

**Intended Use of the Appraisal:** The intended use of the appraisal is to assist the client with asset valuation for negotiation of potential lease/sale.

**Intended User of the Report:** The report is intended for use by the client, City of Santa Fe, Office of Economic Development. Any other party who chooses to rely on this report is advised the appraiser is not obligated to any party other than the original intended user, nor does reliance on the report by a party other than the original intended user result in such party becoming an intended user of the report.

**Interest Valued:** The subject is comprised of commercial – mixed use of offices, film studios, and a former gymnasium/fitness center that are available to be leased. Over the past several years the leases have short terms because the owner is attempting to sell the property subject to a development plan. As such, this appraisal will produce a final value, subject to fee simple ownership.

<b>Definition: Fee Simple Interest</b>
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. <sup>2</sup>

**Effective Date of Value:** The effective date of the fee simple market value of the subject property 'as is' is November 15, 2023, which is the date the property was inspected.

<sup>1</sup> Department of Treasury, 12 CFR 34

<sup>2</sup> The Appraisal Institute, The Dictionary of real Estate Appraisal, 7<sup>th</sup> ed., (Chicago: Appraisal Institute, 2022), p. 73

**Date of the Report:** March 4, 2024

**Legal Description:** A survey on the subject has not been completed. The subject is a portion of the former College of Santa Fe, Located within Section 34, T17N, R9E within the City and County of Santa Fe, New Mexico

**Property Taxes:** The subject property is owned by the City of Santa Fe and is not subject to property taxation. If the property is conveyed to private ownership, it will be subject to property taxes.

**Scope Of The Appraisal:** This appraisal was prepared in accordance with the *Uniform Standards of Professional Appraisal Practice 2024* and instructions accompanying the definition of market value promulgated by the FDIC. The written reporting format for this assignment is defined by U.S.P.A.P. as an appraisal report. Preparation of the appraisal involved the following:

<b>Subject Property</b>	
Midtown Studios (Pere) located at 1600 St. Michaels Drive	
The subject property is comprised of several structures over 12+ acres of land.	
<b>Scope of Work</b>	
1. Inspected the site and the improvements	
2. Gathered and confirmed information on comparable improved commercial sales, rents, operating expenses and capitalization rates. Additionally, collected comparable estimates for demolition. <b>Note: Sales were viewed by the appraisers in this firm and confirmed with a party knowledgeable regarding the transactions.</b>	
<ul style="list-style-type: none"> <li>○ Valuation – based on the highest and best use. Confirmed and analyzed the data and applied the following approaches:</li> <li>○ Sales Comparison Approach (buildings and excess land)</li> <li>○ Income Approach: Direct Capitalization</li> <li>● Cost Approach: <u>not</u> developed due to age of improvements/speculative depreciation</li> <li>○ Reconciled these approaches to a final estimate of market value</li> </ul>	
<b>Extraordinary Assumptions and Hypothetical Conditions</b>	
Extraordinary assumptions	Yes - used in this report
Hypothetical conditions	Not used in this report

**Definition: Extraordinary Assumption**

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. (USPAP, 2020-2023 ed.)<sup>3</sup>

Currently, the City of Santa Fe GIS Zoning Map shows that the subject is zoned as an R-5 Residential Zone. However, there are at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), in which direct the City Zoning to rezone the subject to a C-2 General Commercial District.

**Extraordinary Assumption**

The property is subject to at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), which result in the proposed, and now assumed, rezoning from a R-5 Residential Zone to a C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value could be impacted.

The subject has had two Phase 1 Environmental Site Assessment Reports, where several Recognized Environmental Conditions were concluded and then addressed by a Phase 2 Environmental Site Assessment Report. The results of those Phase 2 procedures were negative of any environmental impact.

**Extraordinary Assumption**

The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.

Currently, there is no known survey of the subject property. As such, the appraiser has used lot coverage ratios to calculate the excess land amount.

**Extraordinary Assumption**

The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.

---

<sup>3</sup> Ibid., p. 68

No items of personal property are included in this appraisal. Aside from a casual inspection of the property, the appraisal included no assessment of potential environmental hazards.

The appraisal is prepared based on this assumption.

**To the Best of my Knowledge, this Report Complies with:**

- The Office of the Comptroller of the Currency Regulation 12 CFR Part 34 minimum standards.
- The Appraisal Guidelines of Richard Brown
- The New Mexico Real Estate Appraiser Laws
- Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation 2020-2023
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute

The final determination as to the level and degree of compliance of this report with regard to the foregoing policies and guidelines is the responsibility of any person relying on this report. The appraisal is performed according to Title XI of the Federal Financial Institution Reform Recovery and Enforcement Act (FIRREA). The appraisal is also subject to the appraiser's Certification and Statement of Assumptions and Limiting Conditions which accompany this report.

## Marketing Time and Exposure Time:

The marketing/exposure time discussion follows.

<b>Marketing Time Definition</b>
An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) <sup>4</sup>
<b>Exposure Time Definition</b>
<ol style="list-style-type: none"> <li>1. The time a property remains on the market.</li> <li>2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2023 ed.)<sup>5</sup></li> </ol>

In a stable market the marketing time and the exposure time should be the same. The Santa Fe market had been in a state of varying levels of decline for several years after the recession, with some of the market exhibiting tepid performance and some of the market exhibiting significant shifts. Those shifts could cause a difference in the marketing time and exposure time. However, based on economic data over the past few years, the market appears to have stabilized with less evidence of shifts in the market that could cause a difference in the marketing or exposure time. Therefore, they have been assumed to be the same in this analysis.

Marketing time will be affected by the supply and demand factors within the marketplace. Typically, support for a marketing time is sought from the known marketing time of similar properties.

<b>Subject Property: 1600 St. Michaels Drive</b>
The subject property is comprised of commercial – mixed use of offices, film studios, and a former gymnasium/fitness center.

<sup>4</sup> Ibid., p. 116

<sup>5</sup> Ibid., p. 68

Due to the limited number of sales of this property type, the search was extended to all commercial sales in Santa Fe. The MLS commercial improved sales in Santa Fe since 2016 and the current MLS listings are detailed in the following table.

**COMMERCIAL SALES/LISTING TABLE**

Sales							
Year	Sales	Median			Average		
		SP	DOM	SP/LP	SP	DOM	SP/LP
2023: (thru 11/23/23)	29	\$825,000	345	95%	\$842,552	123	94%
2022	49	\$907,000	90	93%	\$1,355,150	241	95%
2021	51	\$603,000	110	97%	\$892,640	158	95%
2020	40	\$460,000	91	95%	\$825,531	194	93%
2019	40	\$461,750	131	96%	\$876,824	189	89%
2018	34	\$510,000	107	91%	\$829,485	185	90%
2017	39	\$468,592	327	94%	\$688,567	350	86%
2016	38	\$570,000	237	99%	\$787,965	311	88%
Listings							
Year	Listings	Median			Average		
		LP	DOM	SP/LP	LP	DOM	SP/LP
Active	50*	\$955,000	1138	n/a	\$1,577,874	227	n/a
*Pending:6 current listings							
Source: Santa Fe Area Multiple Listing Service							

The data shows absorption of commercial real estate has been relatively stable from 2016 through 2020 with an increase in 2021 and 2022. There is a 12.2 months' supply based on the 2022 sales and current listings. The median and average market exposure among the sales in the last five years ranged from three to eight months.

**Conclusion:** Due to the subject's location in the fast-growing southwest sector of the city, the subject property is marketable; however, there are several structures and a larger than normal amount of land. If the subject property was actively marketed at or near the appraised value, the marketing time/exposure time is estimated to be three months to two years.

Marketing & Exposure Times	
1600 St. Michaels Drive	Estimated to be three months to two years if actively marketed at or near the current market value. The most likely buyer is a national investor.

**DESCRIPTION OF REAL ESTATE APPRAISED****Location Description – City**

Santa Fe is a small city located in the Sangre de Cristo Mountains of northern New Mexico. It is the oldest state capital in the U.S., having been established in 1610, and it is known for its historic, cultural and artistic heritage. In general, the population continues to increase. Below is data from the last three census from the U.S. Census Bureau:

**Population Growth: City and County of Santa Fe**

Area	2000	2010	Change/ Census Year	2020	Change/ Census Year
City of Santa Fe	62,203	67,947	9.23%	87,505*	28.78%*
Santa Fe County	129,292	144,170	11.5%	154,823	7.39%

\*Includes city's annexation of 13,000+ residents effective January 1, 2014

Economic indicators such as gross receipts tax, lodger's tax, and real estate sales all grew into the mid-2000's. Gross receipts posted their first decline in fiscal year 2008/2009, with onset of the recession, but they have increased each year since 2010/2011, and in fiscal year 2017/2018 they topped the pre-recession high of 2007/2008. Gross receipts for the fiscal year of 2019 increased approximately 15% from 2018 and decreased approximately 8.1% in 2020 from 2019. For the fiscal year of 2021, gross receipts increased 12.2% from 2020 and in fiscal year 2022, gross receipts decreased 21.4% from 2021. The lodger's tax for the city's hotel/motel rooms has followed the same general pattern; it was up 11% for the 2016/2017 fiscal year compared to the prior fiscal year. It increased 15.2% in 2018 and 14.0% in 2019 and then decreased 68.9% in 2020. In fiscal year 2021, lodger's tax increased 163.9% from 2020. Occupancy increased 2.2% in 2018, compared to 2017 and it decreased slightly by .6% in 2019 from 2018. The occupancy rate decreased from 69.9% in 2019 to 35.9% in 2020 and then increased to 58.8% in 2021 and to 66.8% in 2022. The average daily rate decreased from \$146.87 in 2019 to \$111.66 in 2020 and then increased to \$169.79 in 2021 and to \$198.72 in 2022. The decreases in 2020 are likely the result of the Covid-19 health crisis.

The Santa Fe economy is based primarily on tourism and government employment. While neither government nor tourism produces high incomes, the

government sector had been fairly stable until 2020 due to the Covid-19 health crisis. With the tourism declines experienced during the 2008 recession, Santa Fe remained one of the premier tourist destinations in the country according to national surveys. In 2022, the annual average employment for state government within the public sector was up 500 jobs or 0.9% and federal government employment was unchanged from the previous year's employment level. Employment in local government was up 2,800 jobs or 2.9% for 2022 (annual average).

Since 1850, the population in Santa Fe County has continued to increase. The median household income was \$64,423 in 2021, higher than the median of \$54,020 for New Mexico. With a median home price in 2021 of \$315,100, the cost of a home is higher than the median for the state of \$184,800. Slightly over 12% of the population lives below the poverty line, compared to 18.4% overall in New Mexico (2021 figures most recent available). The annual unemployment rates not seasonally adjusted for Santa Fe County and New Mexico since 2013 are listed in the following table.

**UNEMPLOYMENT RATE TABLE**

Area	Annual Unemployment Rate (Not Seasonally Adjusted)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
New Mexico	4.0%	6.8%	8.4%	5.0%	4.9%	6.1%	6.7%	6.6%	6.6%	6.9%
Santa Fe County	3.6%	6.2%	8.3%	4.2%	4.1%	5.0%	5.3%	5.4%	5.4%	5.6%

Source: New Mexico Workforce Connection

The unadjusted unemployment rate for the City/County of Santa Fe was 3.4% for September 2023 (the latest data available), which is down 0.6% from the previous month, August 2023, and 0.5% lower than the previous year, September 2022. The city/county rate is lower than the state average of 3.5% and lower than the national average of 3.6% for September 2023. The rates for the city/county, state and national average all decreased slightly from August 2023.

Residential real estate sales volume (single family, condo, duplex, townhouse, x-plex) in the Santa Fe area (MLS Areas 001, 002, 003, 003N, 003S, 004N, 004S, 013) topped out in 2005, and the number of sales in 2018 was the highest since 2006, having increased each year since 2009 until 2014 and fluctuated thereafter; 2018 sales volume increased approximately 8.8% from 2017. The 2019 sales volume declined 3.4% from 2018, the 2020 sales volume declined 1.7% from 2019, the 2021 sales volume increased 15.4% from 2020 and the 2022 sales volume declined 51% from 2021.

Median sale price peaked in 2007 and for 2019 it was the same as the top of the market. It increased 1.7% for 2019, 15% for 2020, 9.3% for 2021 and 14.94% for 2022. Both median and average residential sale prices have remained relatively stable from 2011 through 2015 and subsequently increased each year. The median and average sale prices from 2016 through 2022 are shown in the following table.

**Median and Average Residential Sales Prices**

Year	2022	2021	2020	2019	2018	2017	2016
<b>Median Sale Price</b>	\$500,000	\$435,000	\$398,000	\$345,900	\$340,000	\$300,000	\$290,000
<b>Average Sale Price</b>	\$688,637	\$608,316	\$533,850	\$472,703	\$456,428	\$418,063	\$393,008
<b>Note:</b> MLS Areas 001, 002, 003, 003N, 003S, 004N, 004S & 013; Single Family, Condo, Duplex, Townhouse & X-plex							

The total number of building permits in Santa Fe for single unit homes and multi-unit homes are shown in the following chart.

**Building Permits for Single Unit/Multi-Unit Privately Owned Housing Units**

Year	Single Unit Homes	Multi-Unit Homes	Total
2019	344	245	589
2020	279	298	577
2021	228	612	840
2022*	178	300	478
*Preliminary			
Source: US Census Bureau			

The most current data available for commercial building permits is 2015. In 2015 there was 192,000 square feet of new commercial development (the ten-year annual average is approximately 100,000 square feet), compared to the prior two years new construction of 141,000 square feet (2014) and 144,000 square feet (2013).

**Conclusion:** The economic outlook for Santa Fe and the surrounding metro area is moderate as of the effective appraisal date. Commercial properties are oversupplied, while there is an undersupply among residential properties. Most of the residential markets are appreciating. Absorption of commercial real estate has been relatively stable from 2015 through 2020, then increased in 2021 and decreased slightly in 2022. All the data indicates a generally level economy in the area, and there is no reason to believe the foreseeable future will change greatly.

## Location Description – Neighborhood

### Subject Neighborhood

The subject's immediate neighborhood may be described as the commercial corridor extending along St. Michaels Drive from its intersection with Cerrillos Road to the St. Francis Drive overpass.

The subject is located within the Midtown development near the physical center of Santa Fe, southwest of St. Michaels Drive in a secondary location surrounded by property owned by the City of Santa Fe, the State of New Mexico and private ownership on the south and on the west side by Santa Fe Public Schools. The Midtown Campus is currently undergoing planning for redevelopment. The subject lies within the transition from the commercial/institutional use along St. Michael's Drive to the Bellamah tract home neighborhood south of Siringo Road.. St. Michaels Drive is a primary commercial arterial within southern Santa Fe, connecting the eastern portion of the city and western portion of the city. The area along St. Michaels Drive in the subject's neighborhood consists primarily of commercial development and institutional development backed by mixed commercial/industrial and residential to the south. The commercial retail development is primarily concentrated on St. Francis Drive and Cerrillos Road.

Immediately surrounding the subject, the land use is almost entirely institutional, including the former Santa Fe University of Art and Design, a public library and middle school farther to the southeast, three New Mexico state office/warehouse facilities to the southwest and an elementary school to the southwest and a park farther to the west/southwest. The largest public high school also lies directly southeast of the subject, at the southeast corner of Siringo Road and Yucca Street. Retail uses along St. Michael's Drive include several small to large sized strip retail centers, car dealerships, banks, restaurants, various local retail businesses and offices. The St. Michael's commercial corridor has been targeted by the City for redevelopment with higher density commercial and possibly multi-family development through planning and zoning.

**Conclusion:** The defined neighborhood encompasses an active retail commercial area in Santa Fe. This is a very viable area economically, and the outlook for the future is good.

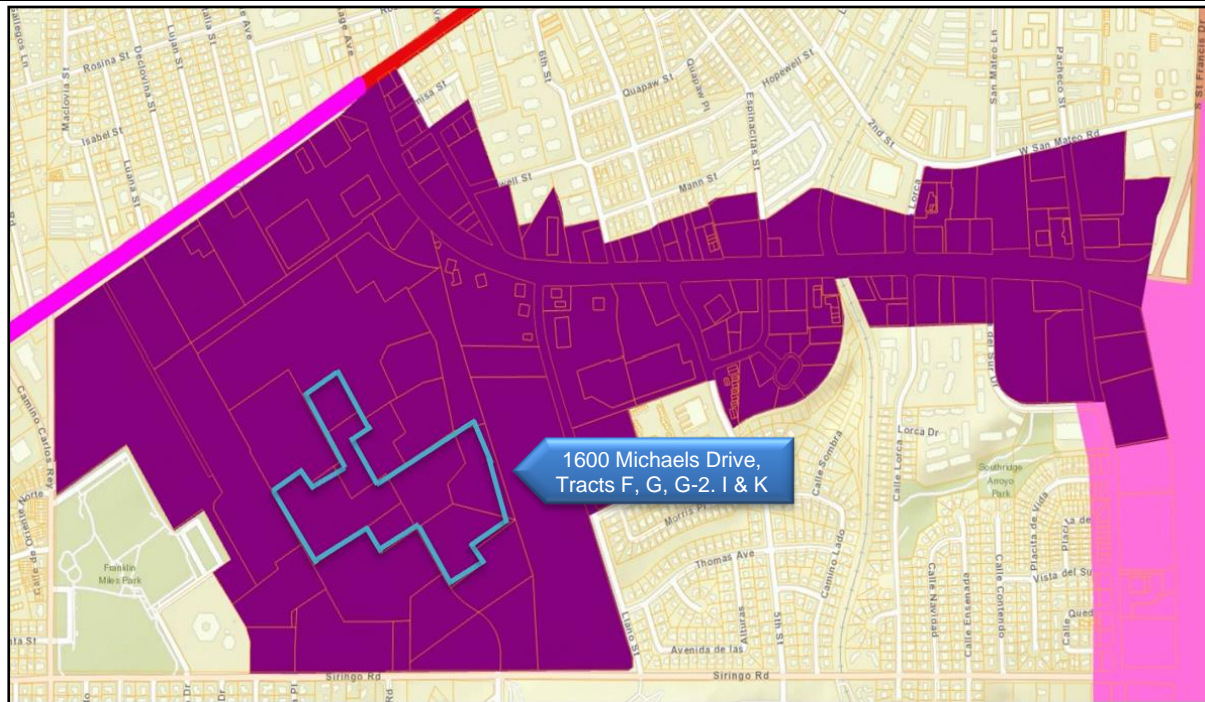
## Legal Use of the Property

Although the subject property has operated as an educational and film production property, it has been zoned R-5 Residential. More recently, through a City of Santa Fe Resolution 2018-54 and 2022-12, the property is in the formal process of being rezoned to C-2, which will be the base zoning considered in this report. In addition to this base zoning the subject is located within the Midtown Local Innovation Corridor (Midtown LINC) Overlay District and the Opportunity Zone: Census Tract 11:03 Midtown Campus Area. Each of these distinct regulations are exhibited below and in the following pages.

<b>Subject Zoning</b>	
C-2 (General Commercial District)	
<b>Purpose: General Commercial Districts</b>	
The C-2 General Commercial District includes areas along <i>streets</i> carrying large volumes of traffic where commercial uses are appropriate. Regulations are designed to guide future additions or changes so as to discourage extension of existing and formation of future strip <i>commercial development</i> , to preserve the carrying capacity of the <i>streets</i> and to provide for <i>off-street parking</i> and loading.	
Source: Santa Fe Land Development Code (14-4.3 Definitions)	
<b>Zoning Detail: C-2 (General Commercial District) (Note 1)</b>	
Minimum District and Lot Size	None; open space requirements see Section 14-7.5(D)(8)(c)
Maximum Height of Structures	45 feet
Minimum Setback Requirements (See Note 1 below for additional setback regulations)	Front: 15 feet Side: 0 feet Rear: 10 feet (See Note 2 for setback abutting residential district)
Maximum Lot Coverage (%) See Note 8 for non-residential open space requirements	60%
Notes [From Section 14-7.3-1]	
<p>1. Additional regulations, see also:  Section 14-5 Overlay Districts and official zoning map. Provisions of overlay districts, including historic, escarpment or neighborhood districts may override standards in this table;  Section 14-8.4(J)(3), fifteen-foot buffer required nonresidential uses adjacent to residential uses;  Section 14-8.4(I)(2)(d), five-foot planting strip where parking lot abuts street required yard;  Section 14-8.2(D)(4)(e)(i), setback from shoulder of arroyo, stream of watercourse; and  Section 14-7.1(D), required yards.</p> <p>2. Additional regulations: Rear yard ten feet, except on the rear of a lot abutting a residential district, in which case there shall be a required rear yard of not less than twenty-five feet or twenty percent of the depth of the lot, whichever is the least. See also Section 14-8.4(J)(3) Landscape Buffer for Nonresidential Uses, fifteen-foot buffer required for nonresidential uses adjacent to residential uses.</p> <p>8. See Section 14-7.5(D) for amount of open space required for non-residential uses.  From Section 14-7.5(D)(8)(c)  (8) Open Space Requirements  (c) C-2 District - <i>Open space</i> is required for each ground-floor <i>dwelling unit</i> at a minimum of two hundred fifty (250) square feet. <i>Dwelling units</i> located above the ground floor are not required to provide <i>open space</i>.</p>	
Source: Santa Fe Land Development Code (14-7.3 Definitions)	

## Extraordinary Assumption

The property is subject to two City of Santa Fe Resolutions (2018-54 and 2022-12), which resulted in the proposed, and now assumed, rezoning to C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value and/or marketability could be impacted.

**Midtown Local Innovation Corridor (Midtown LINC) Overlay District****Purpose: Midtown Local Innovation Corridor (Midtown LINC) Overlay District**

The purpose and intent of the Midtown Local Innovation Corridor (LINC) Overlay District is to:

- (a) Strengthen and animate the built environment and the business and population links within the demographic and geographic center of the city between the existing employment centers of the Santa Fe University of Art and Design and surrounding uses to the west and the Christus St. Vincent Regional Medical Center and related medical uses to the east;
- (b) Incentivize multi-family residential development, complementary non-residential uses, and an enlivened, street-oriented pedestrian environment by freeing development capacity of existing under-developed land and buildings for these targeted uses, while allowing existing uses to continue as redevelopment occurs;
- (c) Allow for innovative development and redevelopment of the district while providing buffering between the district and existing residential development outside of the district by the application of amended land development regulations and fees and by establishing conditions precedent for future infrastructure enhancements and the application of other redevelopment and financing tools;
- (d) Promote a more healthy, safe, and enjoyable environment within the city's midtown area through the enhancement of pedestrian and bicycle accessibility and safety, landscaping and other street-related amenities and the eventual reduction of traffic speeds and provision of on-street parking, bicycle lanes, and improved crosswalks; and
- (e) Provide flexibility in sign design and location so as to maintain effective communication, business identification and wayfinding for existing buildings whose visibility may be reduced by new development.

Source: City of Santa Fe Ordinance No. 2019-19

The LINC establishes standards for “qualifying projects” that meet the City’s objectives for redevelopment of the corridor. The LINC allows for a greatly expanded range of uses and qualifying projects are subject to relaxed standards for setbacks, height restrictions, landscaping and parking standards and also qualify for certain fee

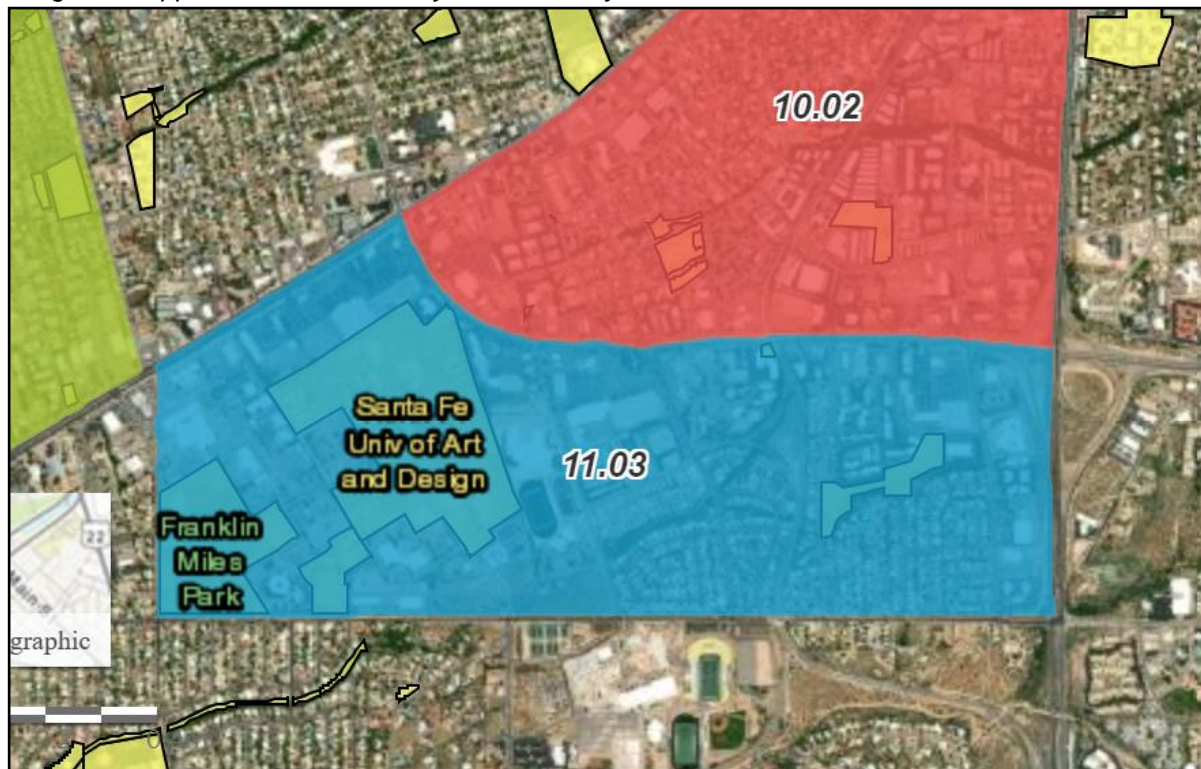
waivers and/or reductions (construction permit fees, impact fees, water UECs, etc.). Importantly, qualifying projects of a certain size can be approved through administrative review, rather than going through a more traditional review and hearing at the Planning Commission.

**Opportunity Zone: Census Tract 11:03 Midtown Campus Area**

**Additional:** Opportunity Zone-Census Tract 11.03: Midtown Campus Area

*Federal Opportunity Zones (QOZ's) are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The QOZ program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds (QOF's) that are dedicated to investing into QOZ's designated by the chief executives of every U.S. state and territory.*

*Governor Martinez approved the subject census tract for designation to the US Treasury. Finally, designation approval was received by U.S. Treasury in June 2018.*



Source: <https://www.santafenm.gov/opportunity-zones-in-santa-fe>

**Resolution No. 2022-12**

This Resolution was passed February 23, 2022 and set in-motion the steps the City of Santa Fe would take towards the reuse and redevelopment of the former College of Santa Fe, which is now referred to as the “Midtown Property”. This resolution was the direct ascendant of Resolution No. 2018-54, which established to City’s public policy

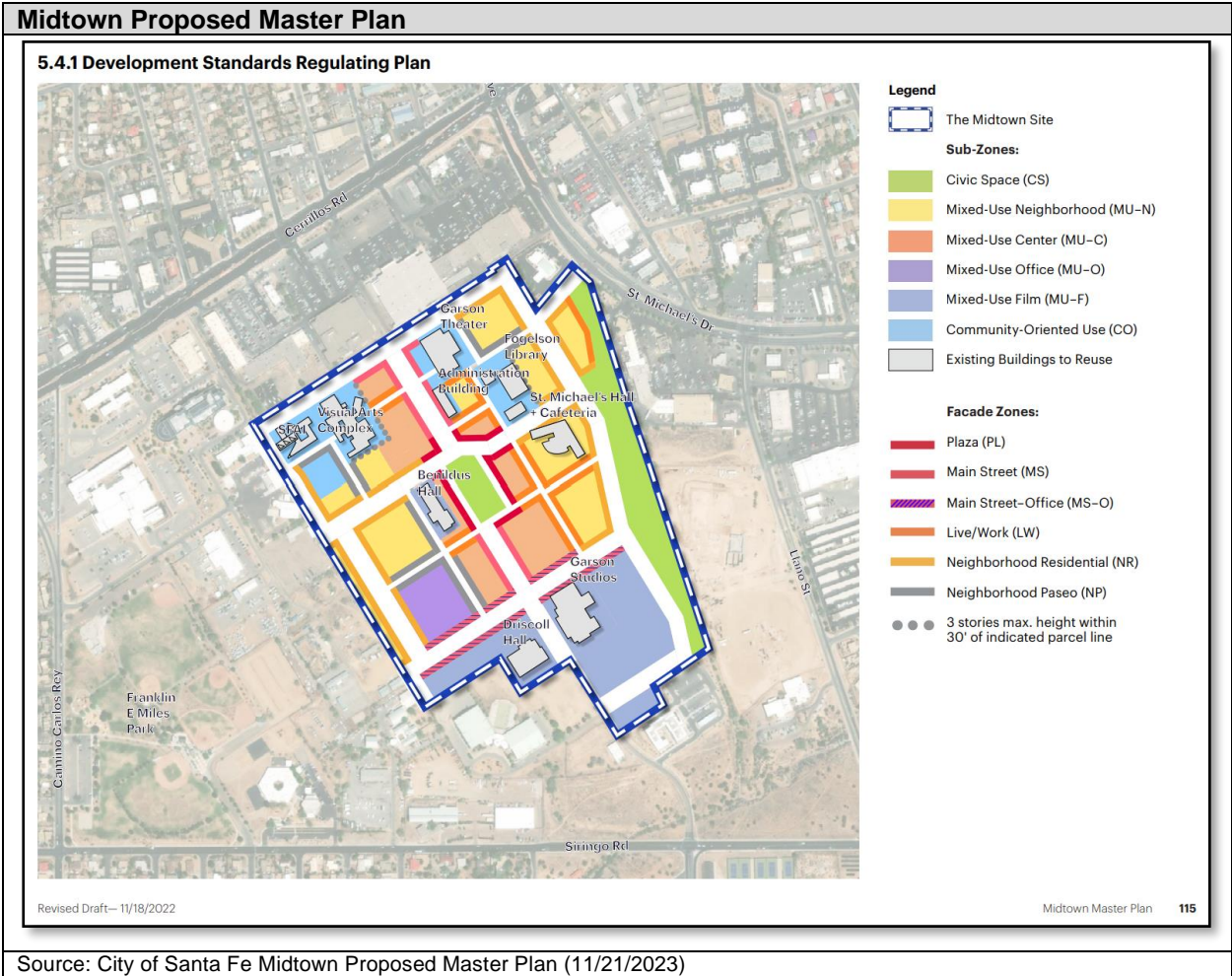
goals for the City owned property. As No. 2022-12 pertains to the subject property, the following actions were stated:

- Rezone the entire campus to C-2 commercial.
- Issue an RFP for the redevelopment, expansion, and operation of the Garson Studios for the purpose of creating a full-service studio for film or multimedia.

### **Midtown Proposed Master Plan**

The City of Santa Fe's proposed Midtown Master Plan (the Midtown Land Development Plan), dated November 21, 2022, provided new development standards for the subject property in Chapter 5. The development standards are comprised of sub-zone (controls use) and façade (controls building massing and design) standards. The sub-zones support the objectives of the Census Tract 11:03 Midtown Campus Area Opportunity Zone and Midtown LINC Overlay District, as well as Resolution No. 2022-12, which rezones the subject to a C-2 General Commercial District to allow for commercial, retail and residential uses. The subject is covered within two sub-zones, namely the mixed-use film (for film production activities focused in the Garson Studios) and mixed-used office (for service commercial uses between film production and residential uses). These two sub-zones require that the subject's use will be for film and media purposes.

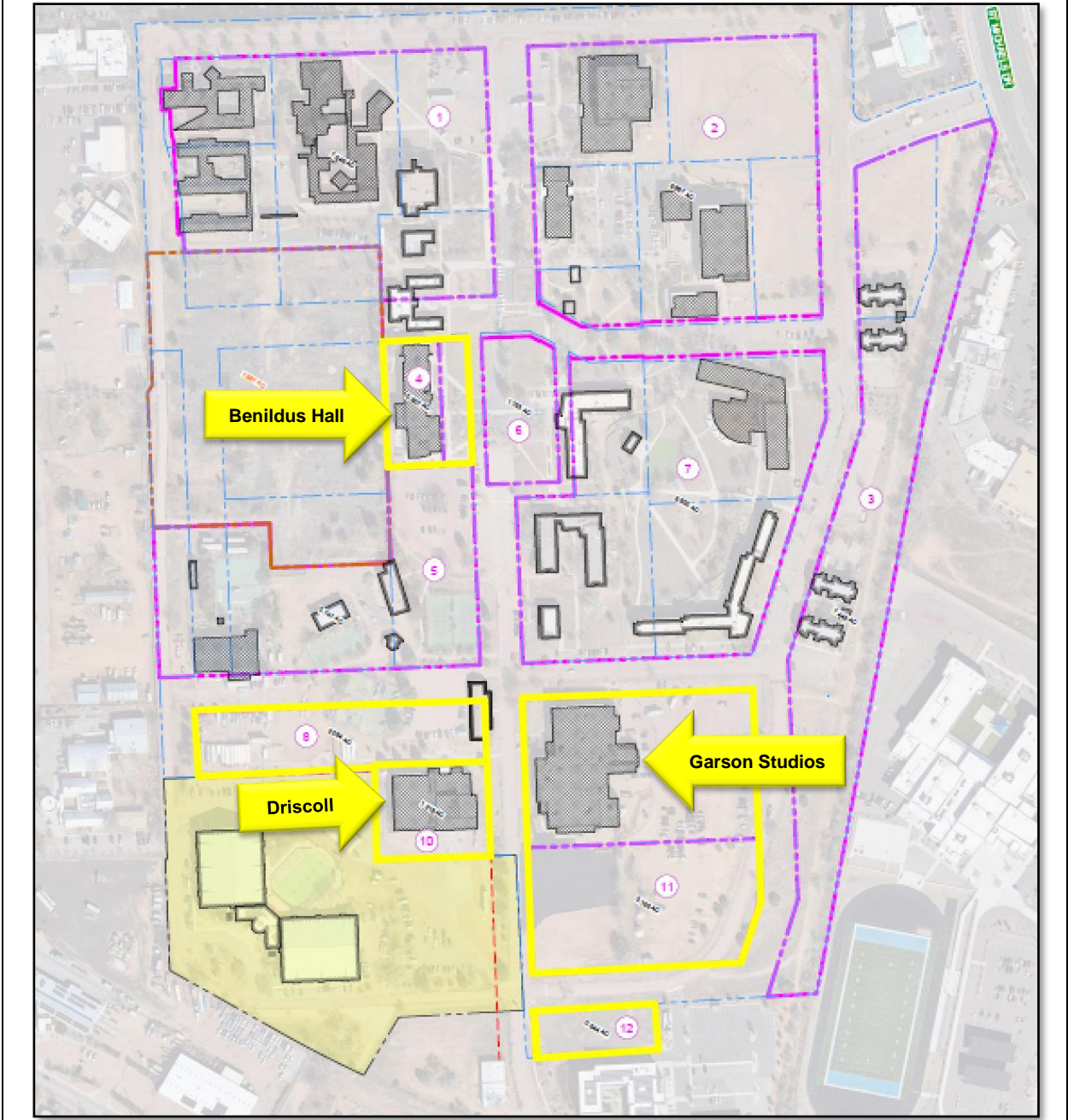
See the Development Standards Regulating Plan below for an illustration of the subject’s film and office mixed-use sub-zones designations.



**Property Description  
Site**

**Site: 1600 St. Michaels Drive**

The subject site consists of 12.24 acres ±.



The subject is approximated on the aerial photograph by representatives from the City of Santa Fe

**Site Details: Midtown Studios Pere**

Size	Total Site Size: 533,153 square feet or 12.24 acres ± Source: Client
Shape/Topography	Irregular/At street grade
Frontage	Alumni Drive on the east, south and west site boundaries
Access	Alumni Drive, a paved 2-lane street which lacks curbs, gutters, or sidewalks

Easements/ Encroachments	Plat or title work not provided
Legal Use	Zoning: C-2 (General Commercial District) & Midtown Local Innovation Corridor (Midtown LINC) Overlay District
Flood	Flood Zone X: Site is located in an area of minimal flood hazard. Flood Insurance Rate Maps 35049C0411E dated 12/4/2012 and 35049C0413E dated 12/4/2012.
Utilities	All/public (water, sewer, electricity, natural gas, telephone, internet)
Soil	A soil survey was not provided, and it is not known if one has been prepared. Construction on neighboring properties and on the subject appears to be stable. For the appraisal, it is assumed that soils are adequate to support construction. However, no warranties are made or implied by the appraiser.
Comments	No external obsolescence was noted

### **Environmental Site Assessment**

The subject property has had two Phase 1 Environmental Site Assessment (ESA) Reports completed in the last several years. In April of 2021 the City of Santa Fe completed the first Phase I report. This report, done by Souder, Miller & Associates, covered the entire 64.22 acres campus property. The second Phase I report was done by Western Technologies in September of 2023. This report covered the 12.24 acres ± that is the subject of this report.

Central to both reports was the Recognized Environmental Conditions (REC) exhibited within the findings. These REC included:

- Adjacent property chlorinated solvent groundwater contamination.
- Vehicle maintenance stains visible, requiring Phase 2 soil samplings.
- Existing Aboveground Storage Tanks (AST) in use with no apparent spills/stains.
- Former Underground Storage Tanks (UST) removed with no apparent spills/stains.
- Backfill with demolition debris, requiring a Phase 2 ESA, which identified Asbestos-Containing Materials (ACM)

According to Tim Farrell, a Property Development Manager for the City of Santa Fe, these RECs were addressed by Western Technologies who completed a Phase 2 ESA Report where soil samples (borings) and analysis were conducted. The results of those procedures were negative of any environmental impact.

<b>Extraordinary Assumption</b>
The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.

## Excess Land Calculation

### Excess Land – Definition

Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately.<sup>6</sup>

No planning or engineering has been provided to produce an exact amount of excess land on the subject. The subject site has a number of existing structures that have immediate use/utility, as well as a number of buildings that should be razed and removed. All commercial structures have requirements/needs for parking, landscaping/open space and emergency needs. Based on the nature of the filming industry a larger than normal amount of ancillary lands are needed; however, the subject's cumulative land size allows for parking "spill-over" situations.

Benildus Hall (former education use – currently rented as professional office) is a structure that is are common in Santa Fe and there is considerable data to produce an estimate for needed ancillary lands. Because of the project design, Benildus does not have adequate parking. In order to provide the needed parking, the owner and the prospective buyer have agreed to a proposed land lease in the area immediately south of the structure. As such, the land calculated for Benildus Hall is comprised of a small lot under the structure and a small lot immediate to the east of the structure, which total 53,078 square feet.

The lot coverage ratios for the Garson Studios and Driscoll buildings are uncommon because they have soundstages, which require parking for large trucks and temporary trailers, as well as professional office space. Excess parking for the Garson Studios is evident due to the additional parking lease, even though the amount of parking area is not specified in the lease. Based on interviews with subject representatives and tenants, the lot ratio at Garson Studios appears to be 25%. Because the Driscoll Building is considered a "smaller" version of Garson Studios, the same lot coverage is applied.

<sup>6</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 7<sup>th</sup> ed., (Chicago: Appraisal Institute, 2022), p. 66

The calculation for the lands needed for each of the useable structures on the subject is exhibited below with the final estimate of the subject's excess land. It is noted that the amount of land connected to Benildus (53,078 sf) is subtracted from the total site size.

<b>Component</b>	<b>Bldg. size</b>	<b>Land Size needed</b>	<b>480,075 sf Site</b>
Garcon Studios	49,200 sf	196,800 sf	(196,800)
Driscoll	22,200	88,800 sf	(88,800)
<b>Excess Land Total</b>			<b>195,275 square feet</b>

The subject's excess land is estimated to be 195,275 square feet in size.

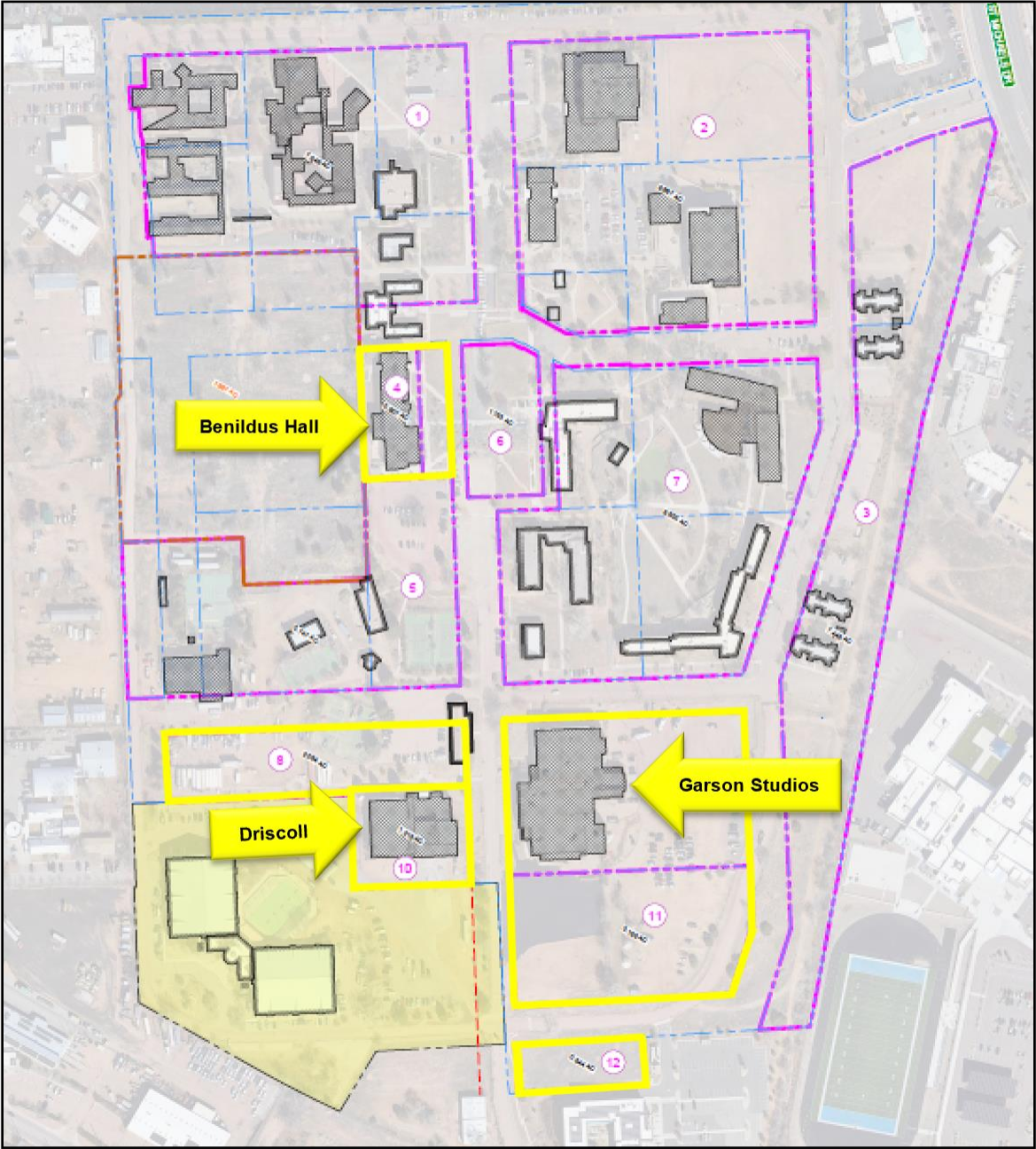
#### **Extraordinary Assumption**

The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.

**Improvements**

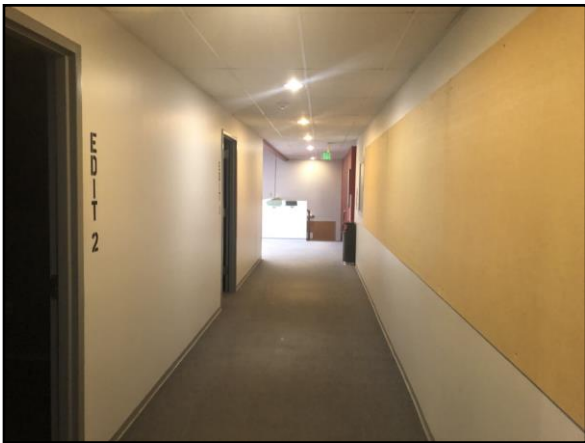
**Subject: Midtown Studios Pere**

The subject improvements are comprised of three buildings.



<b>Garson Studios: Building Details</b>	
Current Use	Three sound stages/professional offices/theater
Building Type	Steel constructed with wood framing
Building Areas	Gross: 49,200 square feet Three sound stages (A: 14,000 sf; B: 7,500 sf; and C: 2,100 sf) The Screen Theater: 2,000 sf Professional offices: 23,600 sf
Number of Stories	Two
Basic Structure	Steel/concrete/wood-framed building on a slab
Foundation	Masonry
Exterior Wall Cover	Stucco
Roof	Built-up composition
Interior Wall Cover	Drywall and acoustical panels with sound proofing in the sound stages
Flooring	Carpet and wood over concrete slab
Ceiling	Suspended acoustical tile and exposed
HVAC	Roof mounted HVAC system
Restrooms/Plumbing	Multiple with male and female locker rooms
Lighting	Fluorescent and recessed
Utilities	Full/public (water, sewer, electricity, natural gas, telephone)
Age	Constructed in 1991 <i>Estimated effective age: 22 years (based on observation/level of maintenance)</i> <i>Remaining economic life: 28 years</i>
Quality/Condition	Average <i>Property has been maintained on a regular basis since its construction</i>
Parking	Adequate for current use
Comments	Property was constructed for film production. Sound stages have upgraded electric and structural reinforcement from ceilings. Ready to rent
Deferred Maintenance	A Facility Assessment Report was completed by Wilson Company on January 4, 2023, to ascertain the cost to address the building's deferred maintenance. According to the report the cost is \$2,696,459.

**Garson Studios: Photos**







<b>Driscoll: Building Details</b>	
Historic/Current Use	Former athletic complex with large gymnasium/vacant
Building Type	Steel
Building Areas	Gross: 22,200 square feet
Number of Stories	One
Basic Structure	Steel and wood-framed building on a slab
Foundation	Masonry
Exterior Wall Cover	Stucco
Roof	Built-up composition
Interior Wall Cover	Drywall and wood panels
Flooring	Carpet and wood over concrete slab
Ceiling	Suspended acoustical tile and exposed
HVAC	Roof mounted HVAC system
Restrooms/Plumbing	Multiple with male and female locker rooms
Lighting	Fluorescent and recessed
Utilities	Full/public (water, sewer, electricity, natural gas, telephone)
Age	Constructed in 1993 <i>Estimated effective age: 22 years (based on observation/level of maintenance)</i> <i>Remaining economic life: 28 years</i>
Quality/Condition	Average <i>Property has been maintained on a regular basis since its construction</i>
Parking	Adequate for current use
Comments	Large gymnasium that has the beginning of a renovation to become a sound stage. Large (exercise rooms) located on the eastern portion of the building can be converted into offices.
Deferred maintenance	A Facility Assessment Report was completed by Wilson Company on January 11, 2023, to ascertain the cost to address the building's deferred maintenance. According to the report the cost is \$1,284,847.

A draft report completed by Robert Wichmann (High Desert Structural Engineering, LLC. phone - 505-473-7373) was completed for the prospective buyer of the subject. According to this draft report, the roof over the gymnasium portion of this structure “does not appear to meet design criteria”. Upon interviewing Mr. Wichmann, the appraiser learned that he had not had an opportunity to inspect the building plans (not provided) and as such, did not sign or stamp his report. **Without further (engineering) study**, this structure is inappropriate for sound stage development because of the need for suspended apparatus found in soundstages.

<b>Extraordinary Assumption</b>
According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.

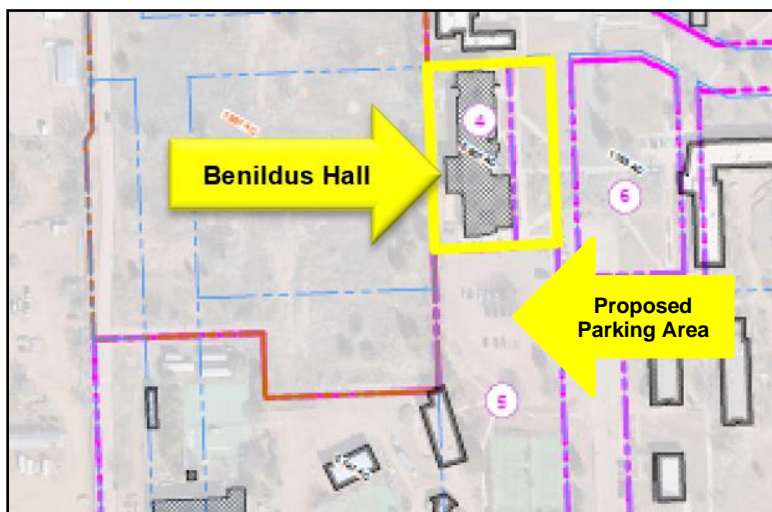
**Driscoll: Photos**



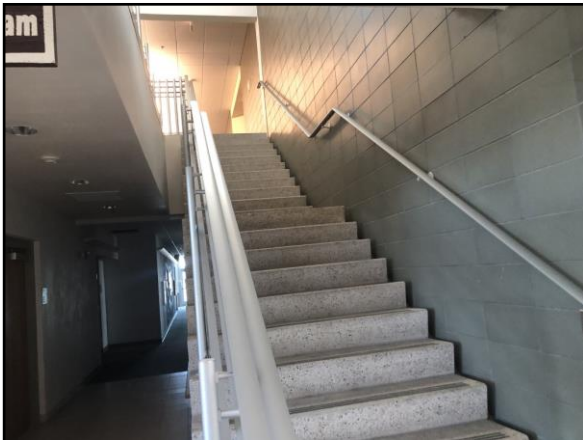


<b>Benildus Hall: Building Details</b>	
Current Use	Professional offices related to film production – formerly used as academic/classroom facility
Building Type	Steel with Masonry
Building Areas	Gross: 27,757 square feet
Number of Stories	Two
Basic Structure	Reinforced concrete perimeter/column pad footing
Foundation	Masonry
Exterior Wall Cover	Stucco, stone and brick
Roof	Built-up composition
Interior Wall Cover	Drywall and suspended
Flooring	Carpet and terrazzo
Ceiling	Suspended acoustical tile and suspended
HVAC	Roof mounted HVAC system
Restrooms/Plumbing	Multiple with male and female locker rooms
Lighting	Fluorescent and recessed
Utilities	Full/public (water, sewer, electricity, natural gas, telephone)
Age	Constructed in 1963 and addition constructed in 2005 <i>Estimated effective age: 18 years (based on observation/level of maintenance)</i> <i>Remaining economic life: 32 years</i>
Quality/Condition	Average plus <i>Property has been maintained on a regular basis since its construction</i>
Parking	Not adequate for current use
Deferred maintenance	A Facility Assessment Report was completed by Wilson Company on January 11, 2023, to ascertain the cost to address the building's deferred maintenance. According to the report the cost is \$1,759,269.

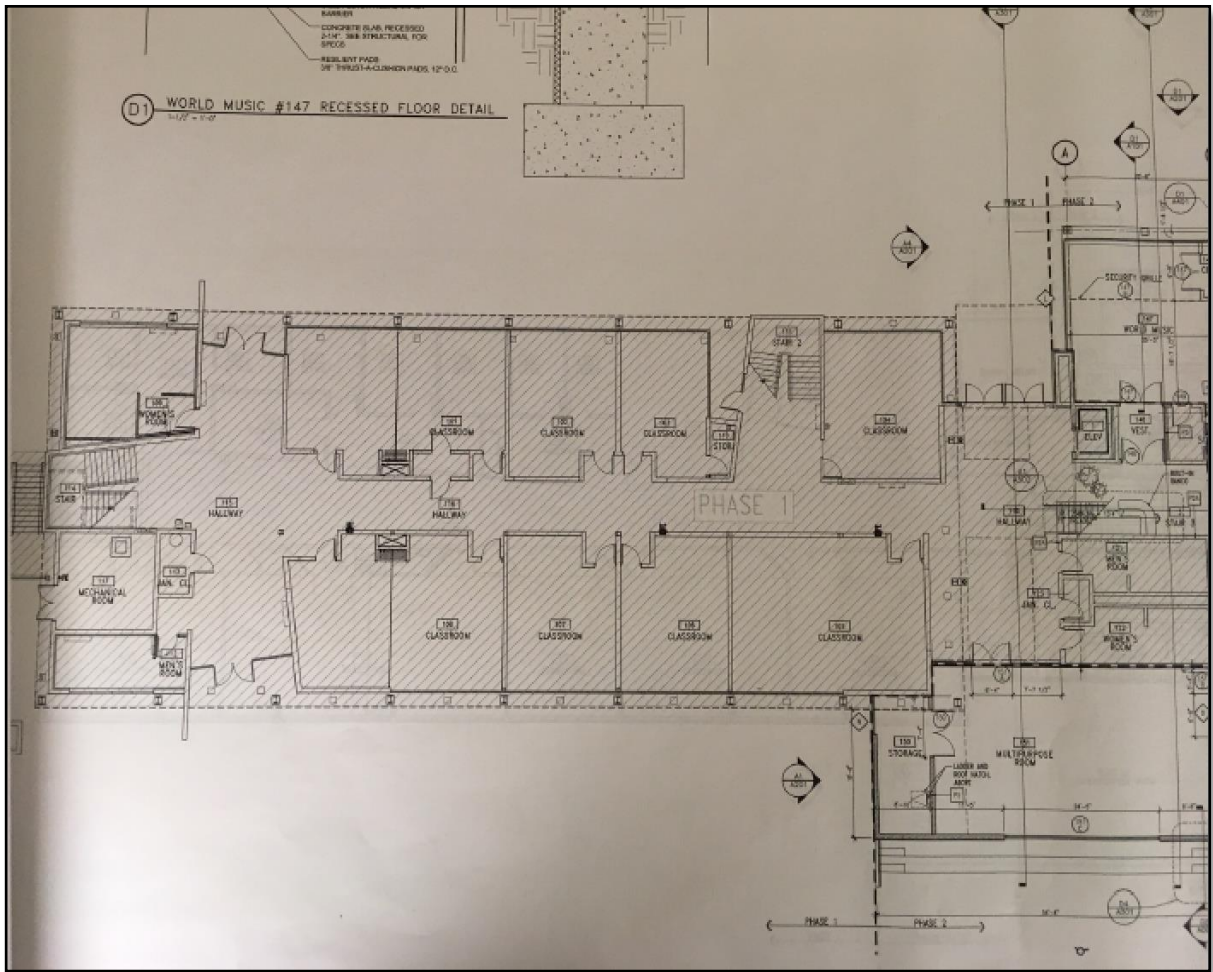
For purposes of project design, this property does not have enough adequate property for parking. As such, the Property owner has entered into a “proposed” lease agreement for parking (+/- 60 spaces) located to the immediate south of the building.



**Benildus Hall: Photos**



**Benildus: Floor Plan, 1<sup>st</sup> Floor**





## HIGHEST AND BEST USE

<b>Highest and Best Use is Defined as:</b>
<ol style="list-style-type: none"> <li>1. The reasonably probable use of the property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.</li> <li>2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).</li> <li>3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)</li> <li>4. [For Fair value determination] The use of a nonfinancial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used. (FASB Glossary) The highest and best use of nonfinancial asset takes into account the use that is physically possible, legally permissible, and financially feasible. (FASB 820-10-35-10B). The highest and best use of a nonfinancial asset establishes the valuation premise used to measure the fair value of the asset, as follows: <ol style="list-style-type: none"> <li>(a) The highest and best use of a nonfinancial asset might provide maximum value to market participants through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (for example, a business).</li> <li>(b) The highest and best use of the asset might provide maximum value to market participants on a standalone basis. (FASB 820-10-35-10E)<sup>7</sup></li> </ol> </li> </ol>
<b>Highest and Best Use Criteria</b>
<ol style="list-style-type: none"> <li>A) Is the use physically possible?</li> <li>B) Is the use legally permissible?</li> <li>C) Is the use financially feasible?</li> <li>D) Is the use maximally productive?</li> </ol>

In addition to the four tests, appropriate use is included. It is not a specific test for highest and best use, but a test that is a function of the four tests. The highest and best use of a property is typically determined both as if vacant and as improved.

### Highest and Best Use As Vacant

<b>Highest and Best Use of Land as Though Vacant is:</b>
Highest and best use of land as though vacant is based on the assumption the parcel of land is vacant or can be made vacant by demolishing any improvements.

<sup>7</sup> Ibid., p. 88

**Legally Permissible:** As shown in the “legal Use” section of this report, a C-2 (General Commercial District) is assumed as the subject’s base zoning. This zoning allows various commercial uses - retail, service, institutional, office, hotel/motel, restaurant, and some limited light industrial uses. Residential use is primarily only allowed as an ancillary use for the owner/occupant of the commercial use. The current uses on the subject are considered legal.

In addition to the base zoning, the subject has two overlay districts. The first overlay district is the Midtown Local Innovation Corridor (LINC). The LINC establishes standards for “qualifying projects” that meet the City’s objectives for redevelopment of the corridor. The LINC allows for a greatly expanded range of uses and qualifying projects are subject to relaxed standards for setbacks, height restrictions, landscaping and parking standards and also qualify for certain fee waivers and/or reductions (construction permit fees, impact fees, water UECs, etc.). Importantly, qualifying projects of a certain size can be approved through administrative review, rather than going through a more traditional review and hearing at the Planning Commission. Overall, this will make any expansions within the subject property larger, easier to be approved and cheaper to develop.

The second overlay is the Opportunity Zone, Midtown Campus Area. This Federal Opportunity Zones (QOZ’s) are a new community development program established by (US) Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The QOZ program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds (QOF’s) that are dedicated to investing into QOZ’s designated by the chief executives of every U.S. state and territory. Governor Martinez approved the subject census tract for designation to the US Treasury. Finally, designation approval was received by U.S. Treasury in June 2018. Ultimately, this will allow for future owners of the property to receive tax incentives to upgrade existing structures.

Lastly, The City of Santa Fe’s proposed Midtown Master Plan (the Midtown Land Development Plan), dated November 21, 2022, provided new development standards for the subject property in Chapter 5. The development standards are comprised of sub-zone (controls use) and façade (controls building massing and design) standards. The

sub-zones support the objectives of the aforementioned Census Tract 11:03 Midtown Campus Area Opportunity Zone and Midtown LINC Overlay District, as well as Resolution No. 2022-12, which rezones the subject to a C-2 General Commercial District to allow for commercial, retail and residential uses. The subject is contained within two sub-zones, namely the mixed-use film (for film production activities focused in the Garson Studios) and mixed-used office (for service commercial uses between film production and residential uses). These two sub-zones require that the subject's use will be for film and media purposes.

Based on the legal restraints (zoning plus overlays), the subject's land use will be commercial as it accompanies film and media production. As such, this is the only land use option considered.

<b>Highest and Best Use of Land as Though Vacant is:</b>
--

Commercial – with all structures related to film and media production.
--

### Highest and Best Use as Improved

<b>Definition: Highest and Best Use of Property As Improved</b>
---

The use that should be made of a property as it exists
--

This analysis considers the property with its existing structures. The property has an old history and many of the structures are beyond their economic life. Because we know the land use will be film production, one must consider whether the existing building has any current/future use as it relates to film production. Further, there are times when existing building can be renovated to create better utility. The following building are considered useable and income producing:

- Bendilus
- Garson Studios
- Driscoll

Except for the Benildus Hall, all of these structures have land for parking, landscaping and emergency needs. The buyer and sellers of the project have entered into a land lease agreement to account for parking at Benildus Hall. As such, the needed lands take up much of the subject's land; however, there is excess land. This is where the landowner can construct new buildings where there are existing/future utility needs, for example, housing, additional soundstages, or storage buildings (as they relate to film

production).

<b>Highest and Best Use of Land as Improved is:</b>
---

Commercial – with all structures related to film and media production. Benildus, Garson Studios, and Driscoll with excess land.
---

## VALUATION

The valuation process is the procedure by which an estimate of value is determined for the subject. The property is appraised as its highest and best use: commercial film production property with (future) income producing residential. Because this property is unique to Santa Fe, sales of similar properties are not present. To produce a value for the subject, the (contributory) components of the subject property are valued separately and combined to produce a final value.

In general, the structures will be analyzed for needed lands for each structure and parking. Ideally, each of the structures will have a sales comparison and income approach performed and reconciled to produce a contributory value for each of the four structures. A sales comparison approach for the Garson Studios or Driscoll building is not performed. Per the discussion in the Site Description section of this report (page 27), the subject has excess land. The excess land portion of the subject will be valued “as if vacant” by using a sales comparison approach.

Each of the structures on the subject was constructed years ago and as such, reports have been produced that address the deferred maintenance of the buildings. Except for newly built or fully renovated buildings – all commercial properties have deferred maintenance. There are three methods appraisers can use to account for deferred maintenance. The first, and most ideal method, is to commission a single company (like the company commissioned to perform the deferred maintenance analysis on the subject’s structures) to perform deferred maintenance analysis on the subject and all the comparables used. This provides an equal and most consistent analysis; however, this is not cost effective or appropriate when comparables are not in proximity or will not provide access for an inspection.

A second method of incorporating deferred maintenance reports into an appraisal is to understand that deferred maintenance is “baked-in” to all the comparable data. As a building ages, its parts get older and maintenance expenses increase until renovation occurs. Renovations will “reset” the effective age of a building. This is why appraisers will give a 100-year-old structure an effective age of 20 years. It’s likely this same building has been renovated several times over its 100-year life. In this method the

appraiser seeks to find comparable buildings (in both the sales comparison and income approaches) that have similar effective ages as the subject. Adjustments are made within the separate valuations (sales and income) to accommodate for differences between the effective ages – this is the primary accounting for deferred maintenance (often characterized as a condition adjustment). It is inappropriate to incorporate a deferred maintenance amount (for example as provided by Wilson Company) using this method. By doing this the appraiser is accounting for the subject’s deferred maintenance twice in the same analysis.

The third method of incorporating deferred maintenance reports into an appraisal is to initially value the subject “as if” the property is totally renovated and secondly, apply the deferred maintenance amount (supplied by a profession company – in this case, the Wilson Company) to the produce the “as is” value.

In the case of this appraisal, the third method was employed for the valuation of Benildus and Garson Studios. Both the client and the proposed buyer made this appraiser aware of the deferred maintenance reports completed on the subject properties and asked to have the deferred maintenance estimates incorporated into the report. Issues (building structure) have arisen that are in potential conflict with this appraiser’s original understanding of the Driscoll structure (discussed on page 33). As such, the appraiser has decided to use this the second method described above until the structure can be properly studied and assessed by a certified engineer.

<b>Building</b>	<b>Methodology</b>	<b>Page</b>
Benildus	Sales Comparison Approach	46
	Income Approach	59
	“as if” Reconciliation	74
Garson Studios	Study - Sales Comparison	80
	Income Approach	81
	“as if” Reconciliation	88
Driscoll	Income Approach	91
Excess Land		95
Final Value Conclusion		107

## Benildus - Sales Comparison Approach

### Definition: Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.<sup>8</sup>

The sales comparison approach is based on the premise that a well-informed buyer would pay no more for an existing property than it would cost to buy a similar substitute property. While there are seldom exact duplicate properties available to a buyer, the prices paid for similar properties are indicative of value. In this approach to value, a common denominator is used in comparing sales to the subject. In this case, the price per square foot of the improvements is used. This figure was found by dividing the sale price by the size of the improvements. The subject is appraised to its highest and best use: commercial professional office tenancy as it relates to the film production industry.

**It should be noted that this analysis is performed “as if” all the deferred maintenance on the subject is repaired – the subject is completely renovated.**

The sales comparables are summarized in the following chart and described individually on the pages following the chart.

### COMMERCIAL SALES CHART

No.	Location	Date of Sale	Sales Price	SF	\$/SF
1	1474 Rodeo Road	11/2018	\$13,025,000	79,679	\$163.47
2	1 Plaza La Prensa	11/2018	\$5,775,000	52,253	\$110.52
3	2945 Rodeo Park Drive East	12/2018	\$2,100,000	23,285	\$90.19
4	2044 & 2048 Galisteo	03/2019	\$1,952,000	18,444	\$105.83
5	2056 Galisteo	08/2019	\$2,550,000	14,500	\$175.86
6	525 Camino de Los Marquez	07/2021	\$7,915,000	38,259	\$206.88
7	2504 Camino Entrada	12/2021	\$3,786,720	30,922	\$122.46

#### Additional Sales

In addition to the comparables, two large office buildings (single tenant) sold recently.

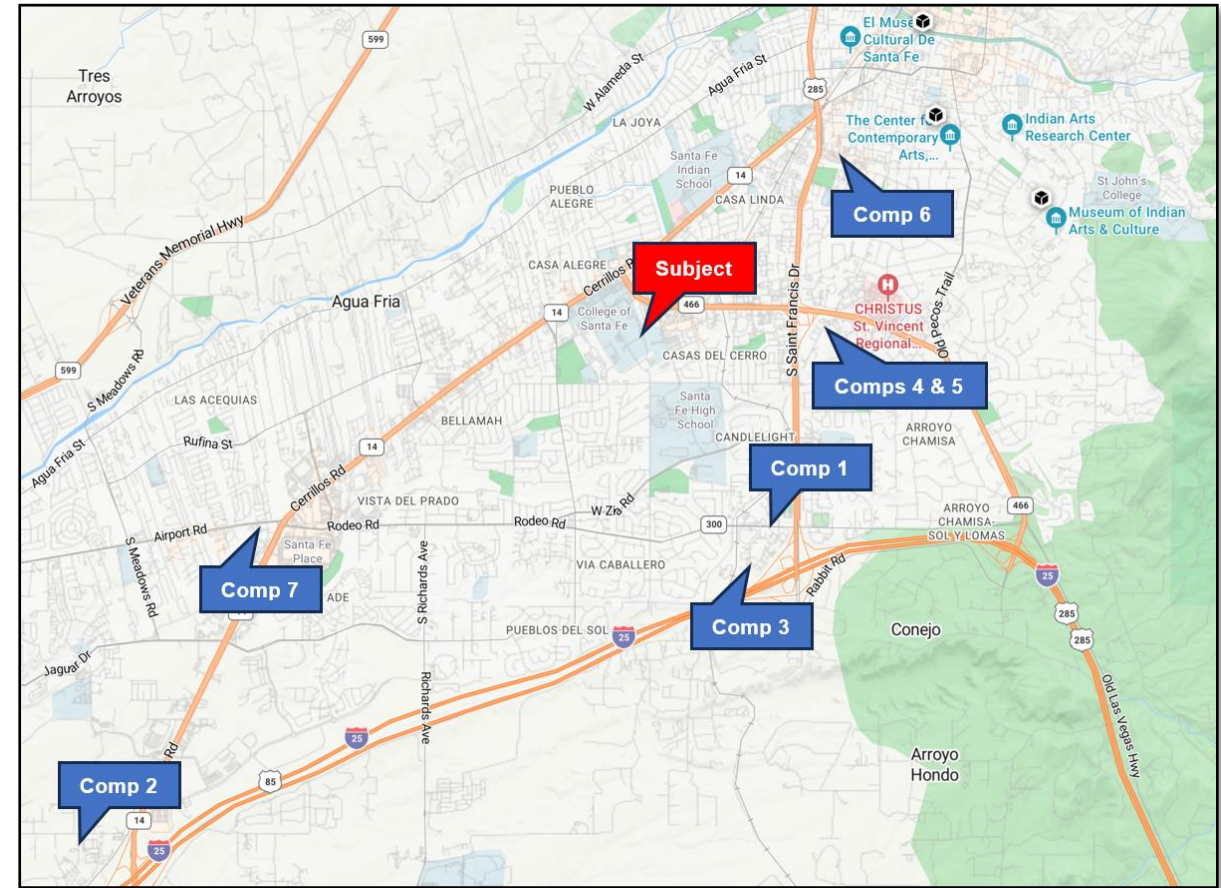
- 2009 S. Pacheco: 39,110 square feet
- 2025 S. Pacheco: 38,976 square feet

These buildings were most recently occupied by governmental entities. However, they are located in the Midtown Linc overlay and Opportunity Zone (Census tract 11.03: Midtown Campus Area) and were purchased for redevelopment (likely apartments/residential). They are older and are considered in fair to average condition.



<sup>8</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., (Chicago: Appraisal Institute, 2022), p. 170

Due to the purchase for redevelopment to another use, age/condition and location in the Midtown Linc overlay, they are not included in this analysis.  
Note: based on changes in the market, these properties were maintained as office buildings and not subsequently redeveloped.

**Sales Comparables Map**



## Sales Comparables - Details

1		<ul style="list-style-type: none"> <li>▪ <b>Location: 1474 Rodeo Road</b></li> <li>▪ Grantor: 1474 Rodeo Investors LLC</li> <li>▪ Grantee: Boyd State Santa Fe, LLC</li> <li>▪ Date of Sale: 11/2018</li> <li>▪ Sales Price: \$13,025,000</li> <li>▪ Terms: cash/cash equivalent</li> <li>▪ Land area: 193,007 square feet</li> <li>▪ Gross building area: 79,679 square feet (3 story)</li> <li>▪ Net Operating Income (NOI): \$1,121,000 <ul style="list-style-type: none"> <li>○ Capitalization Rate: 8.6%</li> </ul> </li> <li>▪ Price per SF: \$163.47</li> <li>▪ Age: 22 years (Effective age equivalent)</li> <li>▪ Comments: average quality professional office building – tenancy primarily GSA. ~96% occupancy</li> </ul>
2		<ul style="list-style-type: none"> <li>▪ <b>Location: 1 Plaza La Prensa</b></li> <li>▪ Grantor: Santa Fe Natural Tobacco Company, Inc</li> <li>▪ Grantee: NM Portfolio LLC</li> <li>▪ Date of Sale: 11/2018</li> <li>▪ Sales Price: \$5,775,000</li> <li>▪ Terms: cash/cash equivalent</li> <li>▪ Land area: 254,390 square feet</li> <li>▪ Gross building area: 52,253 square feet</li> <li>▪ Net Operating Income (NOI): n/a - vacant</li> <li>▪ Price per SF: \$110.52</li> <li>▪ Age: 14 years</li> <li>▪ Effective age: 12 years</li> <li>▪ Comments: average quality professional office building previously occupied by the owner. Property has been vacant for multiple years. The buyer has proposed updating building for a tentative GSA lease. The update budget is \$1,719,298.</li> </ul>

## Sales Comparables - Details

3



- **Location: 2945 Rodeo Park Drive East**
- Grantor: 86<sup>th</sup> Street Associates LLC
- Grantee: Manifest West LLC
- Date of Sale: 12/2018
- Sales Price: \$2,100,000
- Terms: cash/cash equivalent
- Land area: 65,537 square feet
- Gross building area: 25,109 square feet
  - Net Rentable: 23,285 square feet (used in the analysis)
- Net Operating Income (NOI): \$226,115
  - Capitalization rate: 10.8%
- Price per SF: \$90.19
- Age: 14 years
- Effective age: 14 years
- Comments: average quality professional office building that is subject to leases. New Lease signed immediately prior to sale. Net income and resulting capitalization rate are estimated based on new lease. A portion of the property has been vacant for multiple years.
- ~94% occupancy (includes new lease)

4



- **Location: 2044 & 2048 Galisteo**
- Grantor: Francesca
- Grantee: Galisteo Drive, LLC
- Date of Sale: 03/2019
- Sales Price: \$1,952,000
- Terms: cash/cash equivalent
- Land area: 62,378 square feet
- Gross building area: 18,444 square feet
- Net Operating Income (NOI): \$200,275
  - Capitalization Rate: 10.3%
- Price per SF: \$105.83
- Age: built in 1995 – estimated effective age of 20 years
- Comments: average quality professional office building – tenancy primarily GSA.
- ~84% occupancy

## Sales Comparables - Details

5



- **Location: 2056 Galisteo**
- Grantor: Sophia Santa Fe
- Grantee: Santa Fe Drive LLC
- Date of Sale: 08/2019
- Sales Price: \$2,550,000
- Terms: cash/cash equivalent
- Land area: 50,074 square feet
- Gross building area: 14,500 square feet
- Net Operating Income (NOI): \$263,925
  - Capitalization Rate: 10.4%
- Price per SF: \$175.86
- Age: built in 2002 – estimated effective age of 15 years
- Comments: average quality professional office building/special use – tenancy primarily GSA/magistrate court.  
100% occupancy

6



- **Location: 525 Camino de Los Marquez**
- Grantor: YMC New Mexico Properties, LLC
- Grantee: BJ North County Dental Center LLC
- Date of Sale: 07/2021
- Sales Price: \$7,915,000
- Terms: cash/cash equivalent
- Land area: 107,100 square feet
- Gross building area: 38,259 square feet
- Net Operating Income (NOI): \$607,638
  - Capitalization Rate: 7.7%
- Price per SF: \$206.88
- Age: built in 1965 and renovated in 1980, 2013 and 2020 – estimated effective age of 15 years
- Comments: average to good quality professional office building – tenancy GSA (NM Environment Department).  
Note: purchaser was an out of state investor  
100% occupancy

7



- **Location: 2504 Camino Entrada**
- Grantor: Yellow Brick Properties LLC
- Grantee: Vicki Yeomans, Betty Beachum and others
- Date of Sale: 11/30/2021
- Sales Price: \$3,786,720
- Terms: cash/cash equivalent
- Land area: 99,143 square feet
- Gross building area: 2 buildings, 22,996 sf and 7,926 sf
- Price per SF: \$122.46
- Age: built in 1988 – estimated effective age of 25 years
- Comments: average quality professional office buildings.

## Analysis and Conclusion

Note
Seven comparable sales are presented in the Commercial Sales Chart. Due to the limited sales volume in the subject's neighborhood, the comparables were selected from competing areas in Santa Fe. The comparables represent the range of commercial sales sharing similarity/consistency with the subject. The comparable sales produced a value range from \$90.19 per square foot to \$206.88 per square foot before adjustment.

Several elements of comparison can affect the value of commercial structures. The elements of comparison and their resulting adjustments fall into two categories: transactional adjustments and property adjustments.

### CHART OF ADJUSTMENTS

Category	Adjustment
Transactional	Real property rights conveyed Financing terms Conditions of sale Expenditures made immediately after purchase Market conditions
Property	Physical characteristics Location Economic characteristics Use/zoning Non-realty components value

These elements are analyzed to determine if an adjustment is required. They are discussed below and the findings summarized and reconciled on a comparison grid at the end of the valuation section. The transactional adjustments are applied in sequence. The property adjustments do not need to be applied in a specific sequence. The adjustments are summarized on a chart at the end of this section. Only those items requiring discussion/adjustment are discussed.

### Transactional Adjustments

**Real Property Rights Conveyed:** The subject is leased. The lease is a short term lease. Comparable 2 was vacant at the time of sale. Comparables 1, 3, 4, 5, 6 and 7 were subject to leases.

Sales Comparables
Comp 1: avg rent based on NOI and leased SF: \$14.66 psf per year on net basis
Comp 3: avg rent based on NOI and leased SF: \$10.33 psf per year on net basis
Comp 4: avg rent based on NOI and leased SF: \$12.93 psf per year on net basis
Comp 5: avg rent based on NOI and leased SF: \$18.20 psf per year on net basis
Comp 6: avg rent based on NOI and leased SF: \$15.88 psf per year on net basis
Comp 7; lease information not available
Subject
leased

With consideration of tenant/lease and the condition/quality of the buildings, an adjustment for real property rights conveyed was not developed, but is considered in the reconciliation.

**Financing Terms:** None of the sales were known to involve terms of sale other than cash to the seller. No adjustment is made for financing terms.

**Conditions of Sale:** Conditions of sale relates to any undue pressure on either the buyer or the seller. Comparable 2 was built for an owner/occupier-single tenant, former offices for Santa Fe Natural Tobacco (52k square feet). The original owner was purchased and subsequently relocated. The property remained vacant for several years. The vacancies and marketing occurred during the economic downturn, which likely increased marketing time. For Comparable 2, the owner was not located in New Mexico and had no desire to continue to hold the building. Comparable 3 was constructed for multiple tenants with the primary tenants comprised of governmental entities (FBI and IRS). When the FBI vacated at the end of its lease, this space remained vacant. The owner tried to market the building at a higher listing price, but had no success. It was reported that the seller substantially decreased the sales price to facilitate a quicker sale. These comparables may have been subject to atypical motivation, but were exposed to the market. Comparable 4 was subject to a 16% vacancy and the contract rent for the occupied space was on the low end of the range – established during the economic downturn. Due to the longer nature of the lease, the owner was subject to likely below market rent for a sustained period. Due to the unique attributes of the comparables and the existence/level of any undue pressure, a conditions of sale adjustment is not developed for these comparables, but considered in the final reconciliation.

Conditions of Sale
Comparables 3 and 4 represent the bottom of the range produced by the comparables. These comparables also may have had atypical motivation

**Expenditures After Sale:** This adjustment is included in the transactional adjustments because it reflects those items that a buyer would have considered part of the price at the time of sale. The subject is comprised of professional offices which may function as single or multi-tenant. Comparable 2 incurred conversion costs subsequent to the sale. Comparable 2 was the former offices for Santa Fe Natural Tobacco. The property was

comprised primarily of open concept areas and warehouse containing minimal delineation. The buyer of the property was in the process of securing a lease with a GSA entity requiring further buildout of the property for the tenant. The estimated cost of the buildout to offices was \$1,719,298.

<b>Expenditures After Sale adjustment</b>
Comparable 2: \$1,719,298 for buildout to offices

**Market Conditions:** The next element of comparison which was considered was market conditions (time of sale). The earliest sale on the chart is November 2018 which is 59 months before the effective date of the appraisal. Analysis of a sale and resale of the same property is the most accurate method of determining a time of sale adjustment. The market has experienced a certain amount of fluctuation since the economic downturn. However, overall economic indicators have begun to improve over the past 5 years. Furthermore, the impact of these changes in economic indicators in the real estate market is not yet fully realized, but may put downward pressure on the depreciation in the market. Within improved commercial properties, based on lease rates and vacancies, the leveling-off appears to have begun in 2015. Based on this discussion and the comparables, neither an appreciation rate nor depreciation rate is applied to the comparables.

### **Property Adjustments**

**Physical characteristics:** Physical factors which were considered for adjustment included size, location, quality, age and functional utility.

**Size:** Size was the first category examined. Typically, there is an inverse relationship between size and price per square foot, as the size increases the price per square foot decreases. The subject contains a total of 27,757 square feet in a two-story building. The comparable sales range from 14,500 square feet to 79,679 square feet.

Examination of the comparables revealed no clear trend in value as a function of size for these comparables. Therefore, the search was extended to other commercial sales. Two sales of warehouse properties that occurred in the same building and at the same time were analyzed.

Size Comparison			
Property	7510 Mallard Way, Unit C	7510 Mallard Way, Unit D	Difference
Price per sf	\$128.70	\$127.30	-\$1.40
Size	2,331 square feet	2,553 square feet	222 square feet
Size adjustment			\$0.006/sf of change

This adjustment was based on a size difference of 9.5%. The search is extended outward to other commercial markets in Santa Fe. The sale of 2960 Rodeo Park Dr. W is compared to a previous sale in the same area located at 2056 Galisteo.

Size Comparison			
Property	2960 Rodeo Park Dr. W	2056 Galisteo	Difference
Price per sf*	\$225.06	\$185.45	\$39.61
Size	14,609 square feet	20,948 square feet	6,339 square feet
Size adjustment			\$0.006/sf of change

\*Adjusted for time

This comparison produced a size adjustment of \$0.006 per square foot based on a difference of 6,339 square feet. Three sales of office condos that occurred in the same development are analyzed. The sales were adjusted for time. For the size adjustment, the largest sale was compared to the two smaller sales. These sales occurred within 13 months of each other during a time when the market was appreciating.

#### SIZE COMPARISON

Property	Date of sale	Size	Price	TOS Adjustment	Change: Size	Change: price	Adjustment \$ per sf
2019 Galisteo, N-10	01/2005	3,738	\$201.61	13 months			
				\$209.47			
2019 Galisteo, N-9A	11/2005	2,286	\$222.85	3 months	1,452	\$15.39	\$0.011
				\$224.86			
2019 Galisteo, D-2	02/2006	1,475	\$223.73	0 months	2,263	\$14.26	\$0.006
				\$223.73			

This comparison produced size adjustments of \$0.011 per square foot based on a difference of 1,452 square feet and \$0.006 per square foot based on a difference of 2,263 square feet. These adjustments may have been overstated based on the appreciation in the market at that time. Based on this analysis with specific consideration of the utility/use and size of the subject (large gross) and comparables, a size adjustment of \$0.0006 per square foot is extrapolated and applied to the comparables based on the size of the subject.

Age/condition: Age and condition are examined. The age and condition adjustment is combined. The condition, quality and estimated effective age of the comparables is in the following chart. As mentioned earlier in this Valuation section, this analysis is performed “as if” all the deferred maintenance was addressed. As such, the effective age of the subject is estimated to be 10 years.

**COMPARABLE EFFECTIVE AGE**

No.	Condition	Quality	Estimated Effective Age (EA)
1	Average	Average	22
2	Average to good	Average	12
3	Average	Average	14
4	Average	Average	20
5	Average	Average	15
6	Average	Average to good	15
7	Average	Average	25
Subject	Average	Average	10

Lacking sales in the subject’s immediate area the search is extended outward to include all commercial sales in Santa Fe. Four comparisons are made of the adjusted prices of older buildings to newer ones to derive an age adjustment. All the comparisons were adjusted for conditions of sale and time of sale. They are summarized in the following charts.

<b>Age Comparison</b>			
<b>Comparison 1</b>			
Property	2019 Galisteo, Unit N-9 A	1651 Galisteo Units 8,9,10	Difference
Price per sf	\$230.53	\$196.72	17.2%
Age	1 years	20 years	19 years
Age adjustment			0.90% per year
<b>Comparison 2</b>			
Property	1640 Old Pecos Trail	2019 Galisteo, Unit N-9 A	Difference
Price per sf	\$201.25	\$230.53	14.5%
Age	15 years	1 years	14 years
Age adjustment			1.04% per year
<b>Comparison 3</b>			
Property	404 Brunn School Rd. C	2590 Camino Entrada	Difference
Price per sf	\$218.92	\$204.55	7.0%
Age	4 years	12 years	8 years
Age adjustment			0.88% per year
<b>Comparison 4</b>			
Property	1630 Hospital Dr.	2056 Galisteo	Difference
Price per sf	\$195.07	\$228.82	17.3%
Age	21 years	3 years	18 years
Age adjustment			0.96% per year

Based on these extractions, an age adjustment of 1% per year is applied to the comparables based on their effective age.

**Location:** Location is one of the most important value determining factors for commercial property. The subject is located in middle of the St. Michaels Drive office node in a commercial node centered between St. Francis Drive and Cerrillos Road. The comparables were selected based on utility/use and are from the subject's neighborhood and competing neighborhoods. Comparable 6 is located on the peripheral of downtown. Comparable 1 and 3 are in the southeast office/commercial node with 3 within the Rodeo Business Park and Comparables 4 and 5 are located in the central office/commercial node, which is centered on Christus St. Vincent Hospital. Comparables 2 and 7 are located at the southern end of the southwest quadrant of the City of Santa Fe in the southwest office/commercial node. Comparison of the comparables' locations did not produce the basis for a location adjustment. Based on the utility/use of the comparables, a location adjustment is not applied to the comparables and the specific location differences are considered in the reconciliation.

**Conclusion:** The adjustments discussed above are summarized in the following chart. Only those items requiring adjustment have been included.

#### SALES COMPARISON ADJUSTMENT CHART

Comparable	Subject	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Comp 6	Comp 7
<b>Sale Price</b>		<b>\$13,025,000</b>	<b>\$5,775,000</b>	<b>\$2,100,000</b>	<b>\$1,952,000</b>	<b>\$2,550,000</b>	<b>\$7,915,000</b>	<b>\$3,786,720</b>
Conditions of Sale		None	None	Possible Motivation	Possible Motivation	None	None	None
Adjustment		\$0	\$0	+	+	\$0	\$0	\$0
Expenditures		None	Buildout	None	None	None	None	None
Adjustment		\$0	\$1,719,298	\$0	\$0	\$0	\$0	\$0
Market conditions/		11/2018	11/2018	12/2018	03/2019	08/2019	07/2021	11/2021
Adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Preliminary adj. \$</b>		<b>\$13,025,000</b>	<b>\$7,494,298</b>	<b>\$2,100,000+</b>	<b>\$1,952,000+</b>	<b>\$2,550,000</b>	<b>\$7,915,000</b>	<b>\$3,786,720</b>
Comparison unit size (sf)	27,757	79,679	52,253	23,285	18,444	14,500	38,259	30,922
- adjusted \$		\$163.47	\$143.42	\$90.19	\$105.83	\$175.86	\$206.88	\$122.46
Size Adjustment		\$31.15	\$14.70	-\$2.68	-\$5.59	-\$7.95	\$6.30	\$1.90
Age/Cond (EA)	10	22	12	14	20	15	15	25
Adjustment		+12%	+2%	+4%	+10%	+5%	+5%	+15%
Location	St. Michaels	SE	SW-	SE	Central	Central	Central	SW
<b>Final adj. \$ per sf</b>		<b>\$217.98</b>	<b>\$161.28</b>	<b>\$91.01+</b>	<b>\$110.27+</b>	<b>\$176.30</b>	<b>\$223.84</b>	<b>\$143.01</b>

**Reconciliation:** After considering all factors, the adjusted price per square foot of the comparables is in the following table.

Comparables	Range: Adjusted \$/SF	Average: Adjusted \$/SF
All: 1-7	\$91.01+ to \$223.84	\$160.53
Comparables 2, and 5-7	\$143.01 to \$223.84	\$176.11
<b>Note</b>		
Based on the attributes of the sales, Comparables 2, 3, 4 included excess vacancy and/or may have been subject to atypical motivation. However, the proposed tenant was identified for Comparable 2 prior to the sale.		

All the comparables were professional offices at the time of sale and share the same/similar utility/use. Comparables 2, 3, and 4 were subject to above market vacancy at the time of sale and likely include similar motivation. However, for Comparable 2, the tenant had been identified for this comparable, which was adjusted for expenditures after sale (finish out). Comparables 3 and 4 produced the lowest adjusted values. The subject's location is centralized and benefits from ready access to any of the other commercial nodes. The primary driver of differences in value is the tenancy/vacancy. The properties with limited vacancy and lower risk tenancy, produced values at the top of the range and the properties with high vacancy produced values at the bottom of the range. These properties are primarily comprised of large units and with a limited market of large tenants, risk increases putting downward pressure on values. The subject has been consistently leased since September of 2020 (through COVID shutdowns and the Writers' Strike). The current owner does not allow long-term leases.

**Conclusion:** based on this discussion and the attributes of the subject, including current market, age/condition ("as if "totally renovated, tenancy/income and location, emphasis was given to the higher end of the modified range.

#### ESTIMATED PRICE PER SQUARE FOOT

Estimated Price per Square Foot
\$175 per square foot

#### Final Value per the Sales Comparison Approach

For the final value, the estimated price per square foot is applied to the subject's square footage.

Value Per The Sales Comparison Approach – As If	
\$175 per square foot X 27,757 sf =	\$4,857,475
Rounded	\$4,850,000

## Benildus - Income Approach

The subject is currently leased as shown in the summary below.

Lease Summary-	
Tenant	Name
Landlord	City of Santa Fe/Garson Studios
Term	One year Term: renewable current term 8/25/23 through 8/26/24 Option Terms: one year
Rent	Commencement: 8/25/23 Total Rent at \$21.75 per square foot
Lease Basis	<ul style="list-style-type: none"> <li>• Tenant pays maintenance, janitorial</li> <li>• Landlord pays all utilities, taxes (waved), major maintenance and insurance</li> </ul> <p>Based on the operating expense division between the landlord and tenant, it is considered closely related to full service lease</p>
Permitted Use	Professional office as related to film production

### Direct Capitalization

Definition: Direct Capitalization
A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified. <sup>9</sup>

The Income Approach is based on the income producing capabilities of the property. For the Direct Capitalization method, a Potential Gross Income (PGI) is estimated from which vacancy loss is deducted to arrive at an Effective Gross Income (EGI). Expenses are then estimated and deducted from the EGI to obtain a Net Operating Income (NOI). The NOI is then capitalized into an indication of value by the application of an overall rate which has been developed through market extraction, development of the Modified Band of Investment and published sources.

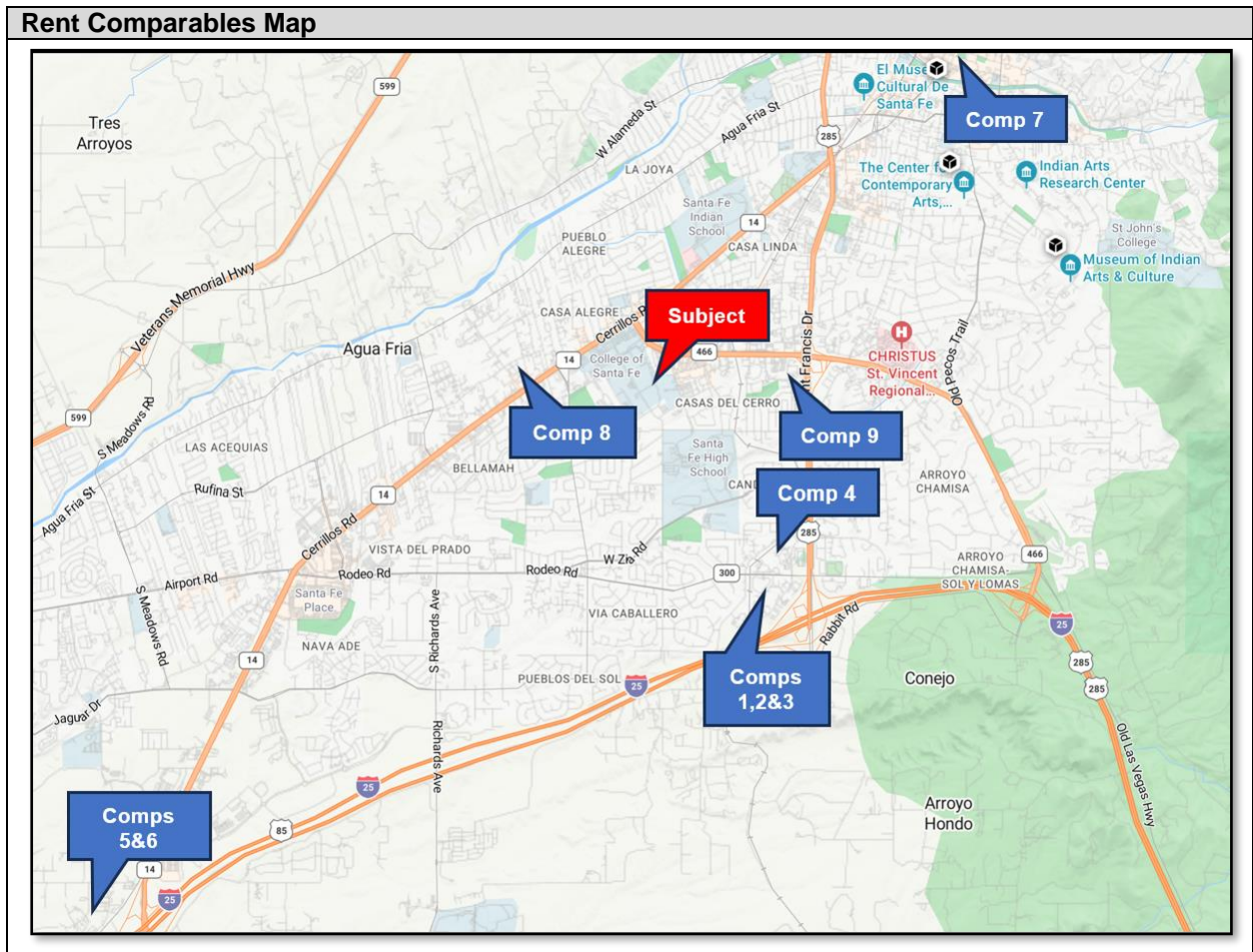
**It should be noted that this analysis is performed “as if” all the deferred maintenance on the subject is repaired – the subject is completely renovated.**




<sup>9</sup> Ibid., p. 53




**Market Rent:** Rents were researched for buildings with commercial and similar construction with similar/related utility/use in the general area. Based on availability of rent comparables, the search was extended into competing commercial areas in the Santa Fe market. The rent comparables were selected that are generally of the same or similar quality/utility. All the rents are identified based on rent per square foot per year. The comparables are summarized in the following chart and described in more detail on the pages following.

**RENT COMPARABLES CHART**




No	Location	Leasable area (sf)	Rent sf/year	Lease type
<b>Leases: GSA/Institutional</b>				
1	2905 Rodeo Park Dr. East, Bldg. 1	15,819	\$23.94	Full service
2	2905 Rodeo Park Dr. East, Bldg. 4 (portion)	4,687	\$25.50	Full service
3	2905 Rodeo Park Dr. East, Bldg. 5	20,000	\$30.13	Full service
4	1474 Rodeo Road	37,478	\$19.61	Full service
5	1 Plaza La Prensa	46,976	\$25.58	Full service
6	39 Plaza La Prensa	38,007	\$29.30	Full service
7	142 W Palace	18,099	\$16.50	Full service
<b>Additional GSA/Institutional (primary)</b>				
8	1301 Siler Road, A, B/C, E, F	Occupied: 59,079	Average: \$22.43	Full service
9	2055 S Pacheco	Occupied: 25,957	Average: \$22.20	Full service



<b>Rent Comparables - Details</b>	
<b>Leases: GSA/Institutional</b>	
1	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <ul style="list-style-type: none"> <li>▪ <b>Location: 2905 Rodeo Park Dr. East, Bldg 1</b></li> <li>▪ Rental rate: \$23.94                             <ul style="list-style-type: none"> <li>○ Tenant: NM Environment Department</li> <li>○ Term: 6/2001-5/2021 – amended/renewed 2012/2013</li> </ul> </li> <li>▪ Building Size: 15,819 square feet</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Located in Rodeo Business Park.</li> <li>▪ Leased to a governmental entity. Professional offices.</li> </ul> </div> </div>
2	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <ul style="list-style-type: none"> <li>▪ <b>Location: 2905 Rodeo Park Dr East, Bldg 4 (portion of building)</b></li> <li>▪ Rental rate: \$25.50                             <ul style="list-style-type: none"> <li>○ Tenant: NM Commission for the Blind</li> <li>○ Term: 9/2003-8/2023</li> </ul> </li> <li>▪ Building Size: 4,687 square feet</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Located in Rodeo Business Park.</li> <li>▪ Leased to a governmental entity. Professional offices</li> </ul> </div> </div>
3	<div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <ul style="list-style-type: none"> <li>▪ <b>Location: 2905 Rodeo Park Dr. East, Bldg 5</b></li> <li>▪ Rental rate: \$30.13                             <ul style="list-style-type: none"> <li>○ Tenant: NM Judicial Information Division</li> <li>○ Term: 7/2012-5/2022 – amended/renewed 2012/2013</li> </ul> </li> <li>▪ Building Size: 20,000 square feet</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Located in Rodeo Business Park.</li> <li>▪ Leased to a governmental entity. Professional offices</li> </ul> </div> </div>

Rent Comparables - Details		
4		<ul style="list-style-type: none"> <li>▪ <b>Location: 1474 Rodeo Road</b></li> <li>▪ Rental rate: \$19.61 per square foot per year               <ul style="list-style-type: none"> <li>○ Tenant: NM Human Service Department</li> <li>○ Term: 09/2013-09/2022</li> </ul> </li> <li>▪ Building Size: 37,478 square feet (portion of building)</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased to a governmental entity. Professional office. Building is in fair condition. The owner stated that they are going to include \$17 per square foot of tenant improvements and an additional \$10 per square foot of building improvements.</li> </ul>
5		<ul style="list-style-type: none"> <li>▪ <b>Location: 1 Plaza La Prensa</b></li> <li>▪ Rental rate: \$25.58 per square foot per year               <ul style="list-style-type: none"> <li>○ Tenant: NM Human Service Department</li> <li>○ Term: 05/2019-04/2029</li> </ul> </li> <li>▪ Building Size: 46,976 square feet (portion of building)</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased to a governmental entity. Professional office. Building is in average to good condition.</li> </ul>
6		<ul style="list-style-type: none"> <li>▪ <b>Location: 39 Plaza La Prensa</b></li> <li>▪ Rental rate: \$29.30 per square foot per year               <ul style="list-style-type: none"> <li>○ Tenant: NM Human Service Department</li> <li>○ Term: 10/2008-09/2023</li> </ul> </li> <li>▪ Building Size: 38,007 square feet</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased to a governmental entity. Professional office. Building is in average condition.</li> </ul>

## Rent Comparables - Details

7		<ul style="list-style-type: none"> <li>▪ <b>Location: 142 W Palace</b></li> <li>▪ Rental rate: \$16.50 per square foot per year <ul style="list-style-type: none"> <li>○ Tenant: Santa Fe County</li> <li>○ Term: 12/2013-03/2021</li> </ul> </li> <li>▪ Building Size: 18,099 square feet</li> <li>▪ Vacancy: 0%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased to a governmental entity. Professional office. Building is older and in fair condition. It is located in the downtown (BCD zoned), but its utility is limited to commercial/institutional office use, which is atypical for the location. The property is reaching the end of its economic life</li> </ul>
<b>Additional</b>		
8		<ul style="list-style-type: none"> <li>▪ <b>Location: 1301 Siler Road, Bldgs A, B/C, E, F</b></li> <li>▪ Rental rate: \$22.43 per square foot per year <ul style="list-style-type: none"> <li>○ Tenants: NM Department of Health Pharmacy, NM Human Services Department, NM Department of Health</li> <li>○ Term: varies</li> </ul> </li> <li>▪ Building Size: occupied 59,079 square feet (61,506 square feet total)</li> <li>▪ Vacancy: 3.9%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased to governmental entities. Professional office. Buildings are in average to good condition. Portion of building B/C is vacant unfinished: 2,427 sf</li> </ul>
9		<ul style="list-style-type: none"> <li>▪ <b>Location: 2055 S Pacheco</b></li> <li>▪ Rental rate: \$22.20 per square foot per year <ul style="list-style-type: none"> <li>○ Tenants: NM State Treasure, Christus, NM Medical Board, High Country Macula, etc.</li> <li>○ Term: varies</li> </ul> </li> <li>▪ Building Size: occupied 25,957 square feet (31,597 square feet total)</li> <li>▪ Vacancy: 17.8%</li> <li>▪ Lease type: Full service</li> <li>▪ Comments: Leased primarily to governmental entities. Professional office. Buildings are in average condition. The vacant space is comprised of two areas. One was recently vacated and the owner states that there have been multiple interested parties</li> </ul>

**Analysis and Conclusion**

**Market Rents:** In order to estimate market rent, the comparable rents were compared and adjusted. Estimation of market rent involved consideration of the following factors: lease type and attributes, physical attributes, and location. These elements are analyzed to determine if an adjustment is required. The elements are discussed below and the findings summarized and reconciled on a comparison grid.

**Lease type:** The subject’s lease is most closely related to a full service lease. The comparables are leased on a full service basis.

<b>Direct Capitalization Analysis: Lease Type</b>
A full service lease is assumed for the analysis

Rents are primarily dependent on the type of lease. The three common types of leases are net, modified gross and full service.

**LEASE TYPE DESCRIPTION**

Lease Type	Expenses
Net	Tenant responsible for expenses <ul style="list-style-type: none"> <li>• Tenant (lessee): All expenses</li> <li>• Landlord (lessor): No expenses (may pay management)</li> </ul>
Modified gross (typical)	Expenses are split between tenant and landlord <ul style="list-style-type: none"> <li>• Tenant (lessee): Janitorial and utilities</li> <li>• Landlord (lessor): Insurance, property taxes, maintenance and management</li> </ul>
Full service	Landlord responsible for expenses <ul style="list-style-type: none"> <li>• Tenant (lessee): No expenses</li> <li>• Landlord (lessor): All expenses</li> </ul>

<b>Note</b>
The comparables are based on full service leases and did not require an adjustment for lease type.

**Size:** Size may also be a factor. A trend could not be extracted from the rent comparables. However, smaller spaces generally rent for more per square foot than larger spaces. Based on the size of the subject building and the comparables, no adjustment for size is applied, but is considered in the market rent reconciliation.

**Age/Condition:** The comparables have similar utility to the subject; however, the age/condition of the comparables varied. The estimated effective age of the rent comparables is in the following table.

**COMPARABLE EFFECTIVE AGE**

No.	Estimated Effective Age
1	12 years
2	12 years
3	12 years
4	15 years
5	10 years
6	10 years
7	30 years
<b>Additional</b>	
8	10 years
9	15 years
Subject	18 years

The age/condition adjustment developed in the sales comparison approach is applied to the comparables based on the subject's estimated effective age.

**Location:** The search for rent comparables included the subject's office node and was extended to competing nodes within Santa Fe. They share the same utility. Based on the utility of the comparables, a location adjustment is not applied, but considered in the reconciliation.

**Conclusion:** The rents after adjustment are in the following table.

**ADJUSTED RENT CHART**

No.	Location	Unadjusted Rent/SF/year	Adjusted Rent/SF/year
<b>Leases: GSA/Institutional</b>			
1	2905 Rodeo Park Dr. East, Bldg. 1	\$23.94	\$22.50
2	2905 Rodeo Park Dr. East, Bldg. 4 (portion)	\$25.50	\$23.97
3	2905 Rodeo Park Dr. East, Bldg. 5	\$30.13	\$28.32
4	1474 Rodeo Road	\$19.61	\$19.02
5	1 Plaza La Prensa	\$25.58	\$23.53
6	39 Plaza La Prensa	\$29.30	\$26.96
7	142 W Palace	\$16.50	\$18.48
<b>Additional GSA/Institutional (primary)</b>			
8	1301 Siler Road Bldgs A, B/C, E, F	Average: \$22.43	\$20.64
9	2055 S Pacheco	Average: \$22.20	\$21.53
Leases		Average	\$22.77
On a full service basis		Minimum	\$18.48
		Max	\$28.32

Comparables 4 and 7 are at the bottom of the range and are the oldest properties having received varying levels of renovation. Comparable 3 and 6 are at the upper end of the range and are comprised primarily of seasoned leases. Comparables 5 and 6 are located at the southern end of the Southwest Office/Commercial Node.

**Note**

The upper half of the range is typically comprised of older/seasoned leases and the lower half of the range is typically comprised of newer leases and/or older properties. The subject's landlord does not allow for sublease terms greater than one year.

The subject's rent is not a "true" full-service lease. The tenants pay for maintenance and janitorial. If this estimated expense were added to the existing lease, it would add another \$4 per sf and equal \$25.75 per sf, which is still within the range of the comparables. The appraiser considers the short terms of the historical leases, as well as the "transitional period", when the City intends to sell the subject property as the primary reasons for the lease rates. As such, most weight is given to the subject's actual rent rate and the comparables are considered good supportive data.

**Market Rent (as is)**

\$25.75 per square foot per year

**Potential Gross Income (PGI):** Multiplying the market rent times the square footage of the subject yields the potential gross income (PGI) for the subject.

**POTENTIAL GROSS INCOME CHART**

<b>PGI Analysis</b>	
27,757 square feet x \$25.75 per sf per year	\$714,743

The total potential gross income is based on the total potential income produced by the subject @ market without consideration of vacancy or expenses.

**Vacancy/Collection Loss:** Vacancy/Collection Loss must be deducted from the potential gross income to determine the effective gross income (EGI). The subject's office node is the St. Michaels Drive Office Node. Vacancy can be estimated based on the typical lease parameters and turn-over. Estimating a two-to-five-month vacancy with a typical three-year lease yields an annualized vacancy rate of 5.6% percent to 13%. However, this does not take into account a reasonable renewal probability. The vacancy and collection loss in the analysis is primarily a function of expectations based on the characteristics of the subject, which is related to film production. Because production groups have shorter leases, it is expected that vacancy will be much higher compared to typical professional office leases.

The property type is considered to have shorter leases, but longer marketing times when vacant. Based on this discussion and the subject's attributes, a vacancy of 15% is selected and applied to the potential gross income which results in a vacancy deduction.

<b>Vacancy/Collection loss</b>
15%

**Effective Gross Income (PGI):** Deducting vacancy from the PGI results in an effective gross income (EGI).

<b>EGI Analysis</b>		
PGI		\$714,743
Vacancy	15%	(\$107,211)
<b>Total:</b>		<b>\$607,531</b>

**Expenses:** The income approach is being calculated based on full service leases. Rents are heavily dependent on the type of lease. As previously discussed, the three usual types of leases are net, modified gross and full service. The rent comparables are comprised of full service leases. The expenses are categorized as fixed expenses, variable expense and replacement reserves.

<b>Expense Classification</b>	
Fixed	Operating expenses such as property taxes and insurance that generally do not vary with occupancy and that prudent management will pay for whether the property is occupied or vacant. <sup>10</sup>
Variable	Operating expenses that generally vary with the level of occupancy or the extent of services provided. <sup>11</sup>
Reserves	An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life; sometimes referred to as <i>reserves</i> or <i>reserves for replacement</i> . <sup>12</sup> Such as roof covering, carpet, specific structural items and equipment with limited economic life expectancies

**Subject Expenses:** The subject is leased; however, the subject's historical expenses would not be representative and were not provided for the appraisal.

<sup>10</sup> Ibid., p. 93  
<sup>11</sup> Ibid., p. 245  
<sup>12</sup> Ibid., p. 197

**Comparable Expenses:** Marc Bertram, a principle of ownership of comparables 1-3, 8 and 9, previously stated that the annual expenses ranged from \$7.25 per square foot per year to \$7.50 per square foot per year. These are reflective of full service GSA leases. In addition, the historical expenses associated with a GSA lease at 2056 Galisteo were \$7.67 in 2013, \$7.78 in 2014 and \$7.51 in 2015.

**Market Expenses:** In the market, the cost of the utility expense and janitorial expense usually ranges from \$2.00 to \$4.00 per square foot depending on how many times per week the building is cleaned and the level of the building’s energy efficiency. The cost of property taxes, insurance, and maintenance generally range from \$2.00 to \$4.00 per square foot depending on the age and amount of maintenance to the building. Management, as previously mentioned is frequently a negotiable item, typically calculated based on 4 % to 6% of effective gross income. The management expense in the Santa Fe market is generally carried by the landlord. Two additional historical expense comparables are included in the following table. These comparables each did not include some aspect of a full service lease.

**EXPENSE COMPARABLES**

Location	1630 Hospital		2025 Pacheco	
Size (sf)		10,249		39,110
Expenses	Annual	<i>per sf</i>	Annual	<i>per sf</i>
Prop Tax	\$13,647	\$1.33	\$28,903	\$0.74
Insurance	\$3,130	\$0.31	\$2,998	\$0.08
Maint./Repairs	\$11,174	\$1.09	\$135,978	\$3.48
Janitorial	Tenant	<i>n/a</i>	\$31,828	\$0.81
Utilities	Tenant	<i>n/a</i>	\$120,325	\$3.08
Management	\$8,683	\$0.85	<i>n/a</i>	<i>n/a</i>
<b>Total</b>	<b>\$36,634</b>	<b>\$3.57</b>	<b>\$320,032</b>	<b>\$8.18</b>

The first expense comparable is an older medical office building in good condition. The second expense comparable is an older building and is also leased to a governmental entity. Several of the expenses for the second expense comparable, 2025 Pacheco Street, appear to be outside of the range produced by the other expense comparable. The maintenance expenses, and utilities expense are significantly higher than these expenses for the other property. The insurance expense was based on an underpayment for the year. The actual insurance expense is \$10,089 or \$0.26 per square foot. The maintenance expense and the utilities expense are significantly above

the range produced by the other expense comparable. The detail showed that several charges for capital improvements were included in the maintenance expense which isn't typical for the market. When these expenses are removed, the maintenance expense drops to \$60,423 or \$1.54 per square foot. Finally, the owner of the property, Robert Berkelo, stated that the utilities are high based on the HVAC system which is old and inefficient and there are plans to replace the HVAC system which should lead to significant savings.

**Expense Conclusion:** Based on the subject's attributes, an expense of \$9.50 per square foot is selected. Additionally, a 3% management fee is added.

**RECONCILED EXPENSES - SUBJECT**

Subject Size x Expense per SF	Total Expense
27,757 @ \$9.50 per sf per year + 3% of EGI =	\$281,917

**Net Operating Income:** Deducting the lessor's expenses from the effective gross income (EGI) results in a net operating income (NOI). The NOI needs to be capitalized into an indication of value. The Net Operating Income is capitalized into an indication of value by dividing the NOI by an appropriate capitalization rate.

NOI Analysis	
EGI	\$607,531
Less: Expenses	(\$281,917)
NOI	\$325,614

**Capitalization Rate:** The capitalization rate is the relationship between the sales price and the net income of the property. Inherent in this rate are all the influences of current market conditions, i.e. financing conditions, current interest rates, tax considerations, potential appreciation/depreciation possibilities, the personal needs and requirements of a purchaser and other factors. Two methods were used to derive a capitalization rate to be used in the analysis. The first was to extract capitalization rates from actual sales. The second method was the Modified Band of Investment. This method assigns a weighted percentage to the equity return and the mortgage rate. These are then added to give an overall capitalization rate. Sales of commercial properties in Santa Fe have generally shown overall rates in the range of 6.00% to 10.0%. The market extracted rates have tended to rise over the past few years with signs of leveling off over the past year. Five of the sales comparables produced a capitalization rate.

**CAPITALIZATION RATES – SALES COMPARABLES**

Sales Comparable	Capitalization Rate
1	8.6%
3	10.8%
4	10.3%
5	10.4%
6	7.7%

At the time of sale, Sales Comparables 1 (older building) and 5 are subject to governmental leases and Sales Comparables 3 and 4 are subject to governmental and non-governmental leases. Sales Comparable 4 also had atypical vacancy. Comparable 5's lease was seasoned and based on the remaining term and higher rent was considered higher risk. In addition, these are primarily comprised of larger single spaces and lack the versatility to meet market demand when it changes.

Note
Based on this, these capitalization rates are considered in the upper half of the range.

The search was extended to all commercial sales within Santa Fe. The comparables with similar utility to the subject receive most consideration. Based on the limited amount of data, the search was expanded to include 2008. Sales of commercial properties in Santa Fe have generally shown overall rates in the range of 6% to 10%. With the lower end of the market made up mostly of properties in the downtown and investor grade properties. These capitalization rates are derived by extraction from the market and are listed in the following chart.

**CAPITALIZATION RATES (MARKET DERIVED)**

Sale	Date of sale	Capitalization rate	Use
1672 Hospital Drive	07/08	7.0%	Office – medical
2590 Camino Entrada	09/08	7.9%	Office - medical
1474-1480 St. Francis	05/09	9.2%	Office
422 W. San Francisco	08/09	8.0%	Office/Retail - downtown
1215 Paseo de Peralta	09/09	8.3%	Office – downtown
1442-C St. Francis Drive	10/09	6.5%	Office
1925 Aspen Dr., Unit 801 A&B	05/10	7.2%	Office
221 Canyon Road	12/10	5.4%	Retail – downtown
421 St. Michaels Drive	01/11	6.5%	Office
404 Kiva Court Unit E	03/11	8.8%	Office
1421 Luisa Street Unit I	04/11	8.6%	Office
237 East Palace Avenue	08/11	7.0%	Retail - downtown
490-A West Zia Road	12/12	7.7%	Office - medical
2014 Cerrillos Road	03/13	8.5%	Restaurant
1221 Luisa	02/2015	6.4%	Office
1409 Luisa	04/2015	8.3%	Office
3242 Cerrillos Road	11/2015	7.4%	Retail
530-532 Canyon Road	04/2016	5.5%	Retail – downtown/Canyon

3777 Cerrillos	07/2016	8.2%	Retail - center
3232 Cerrillos	09/2017	7.0%	Retail
126-128 W Water Street	02/2018	7.5%	Retail - downtown
1474 Rodeo Road	11/2018	8.6%	Office
2945 Rodeo Park Dr E	12/2018	10.8%	Office
320-328 Guadalupe Station	05/2019	6.5%	Retail/Restaurant - downtown
3261 Cerrillos	06/2019	6.5%	Restaurant
3023 Cielo Ct Units A,B,C,D	04/2021	8.6%	Office/Services
<b>Note</b>			
Sales volume in the market has been limited since 2008			

<b>Subject – Capitalization Rate</b>
Based on the table and the subject's attributes, primarily age/condition, utility/use and vacancy, there is downward pressure on the capitalization rate. A market derived capitalization rate of 7.0% to 8.5% is deemed appropriate.

The modified band of Investment requires utilization of an equity capitalization rate which is a rate expressing the relationship between one year's pre-tax cash flow (NOI less the annual debt service) and the equity investment. Equity capitalization rates may be estimated from current so-called "safe rates" such as CDs, bonds, and T-bills, or they may be market extracted. Since equity capitalization rates (equity dividend rates) tend to change with the economy, only the most recent sales are applicable.

It is also possible to build an equity capitalization rate using a known "safe" rate and adding percentage points for loss of liquidity and risk. "Safe rates" are derived from such sources as insured certificates of deposit and AAA bonds. At this time, they lie generally in the range of 3.0% to 6.0%. Risk for the subject was viewed as moderate. Therefore, two points were added for risk. An additional 2% was needed to compensate for loss of liquidity. This resulted in a range of 7.0% to 10% for an equity capitalization rate when derived in this manner. Analysis of the sale of 1401 Maclovía produced an equity capitalization rate of 8.2% which is within the estimated range. Based on the attributes of the subject and relative investor grade, the lower end of the range was weighted and 8% is selected for the equity capitalization rate.

The modified band of investment assigns a weighted percentage to the two factors that make up the total capitalization rate. The weighted percentage was derived from the loan-to-value ratio. Therefore, the mortgage factor was assigned a percentage of 70% and the equity factor is 30% (100%-70%). The annual mortgage constant for 5% interest based on a five-year fixed term based on a 20-year amortization is 0.079 or 7.9%. The calculation of the capitalization rate per the modified band of investments is

in the following table. The Modified Band of Investment produced a capitalization rate of 7.9%.

<b>Modified Band Of Investments</b>		
<u>8% Return to Equity</u>		
Annual Constant	$0.0792 \times .70 =$	0.0554
Equity Requirement	$0.0800 \times .30 =$	0.0240
	Total	0.0794

Derivation of the capitalization rate to be utilized in the income approach requires reconciliation of the market-derived capitalization rate and the Modified Band of Investment. The market extracted rates indicate a range for the subject of 8.0% to 9.0% with the most likely being the lower half of the range. The Modified Band of Investment produced a capitalization rate of 7.94%. Further support was sought from the PwC Real Estate Investor Survey (formerly Korpacz).

#### **PWC – 3<sup>rd</sup> QUARTER 2023 – CAP RATES**

<b>Category</b>	<b>Capitalization Rates</b>
National Secondary Office Market	6.00%-10.25% Average: 8.16%
National Suburban Office Building Market	5.00%-8.00% Average: 6.54%

With this support and with most emphasis on the market extracted rates, with specific emphasis on the tenancy and physical attributes (**all deferred maintenance has been addressed**) of the subject, a capitalization rate of 7.25% is concluded and is applied to the subject.

**Income Approach Summary:** Capitalizing the NOI results in a value indication. The income approach summary follows.

<b>Income Approach Summary</b>	
<b>PGI</b>	\$714,743
Less: Vacancy @ 15%	(\$107,211)
<b>EGI (PGI – Vacancy)</b>	\$607,531
Less: Expenses	(\$281,917)
<b>NOI (EGI – Expenses)</b>	\$325,614

#### **Final Value per the Income Approach**

The Net Operating Income (NOI) must be capitalized in order to achieve a final value per the income approach.

<b>Value Per the Income Approach: Direct Capitalization</b>	
Final Value: NOI / Cap Rate $\$325,614 / 7.25\% =$	\$4,491,226
Rounded	\$4,500,000

### Benildus - Reconciliation of Preliminary Values

Subject	
Benildus Hall	
Preliminary Value Indications	
Sales Comparison Approach	\$4,850,000
Income Approach: Direct Capitalization	\$4,500,000

For the appraisal, the sales comparison approach and the income approach (direct capitalization) are developed for the appropriate/respective preliminary values. Each of the approaches to value has validity and applicability to the appraisal problem. Ideally speaking, if each was done exactly correctly (implying uniform data), they would result in identical value estimates. However, the real estate market is not an exact arena. No two sales are exactly the same and rarely, if ever, are two commercial properties exact duplicates. Therefore, it is the responsibility of the appraiser to apply logic and experience to the data provided.

#### Contributory Value

**Cost Approach:** The cost approach is appropriate for new or nearly new construction. Based on the age of the improvements (excess of five years), the cost approach was not developed.

**Sales Comparison:** The sales comparison approach is a method of estimating value which involves direct comparison of the subject to other sales. The reliability of the sales comparison approach is dependent upon the degree of similarity of the comparables. The search for improved sales comparables was extended to November 2018. The comparables available for the sales comparison approach are considered ample. The adjustments were market derived and quantitative in nature. The value derived from this approach should be considered reliable.

**Income Approach:** The income approach is developed using the direct capitalization method.

**Direct Capitalization:** the gross rental income of the subject is estimated by determining the market rent from a survey of competing properties. The vacancy/collection loss and expenses are applied to the gross income in order to develop the net operating income. A capitalization rate was estimated by two methods, market extraction and modified band of investment, and supported by the PwC Cap Rate Survey. The net operating

income was divided by the capitalization rate to yield a value by the income approach. The rent comparables for the income approach are commercial properties in the subject's neighborhood and competing neighborhoods. They are considered adequate. The supporting data for the income approach is sufficient, and the value resulting from this approach should also be considered reliable.

**Reconciliation:** Reconciliation to a final value estimate involved consideration given to all approaches to value depending on their reliability. Investor buyers of income-producing properties typically place most weight on the income approach; however, the sales comparison approach offered three good comparables. As such the sales comparison is given supportive weight.

**Conclusion:** Based on the data presented in the report, it is my opinion that the most probable contributory value of the Benildus Hall (subject to easements and restrictions of record) 'as is' as of November 15, 2023 is:

**PRELIMINARY FINAL VALUE**

<b>Subject: Benildus Hall</b>		
Contributory Value – 'As If'	Fee simple	<b>Four Million Six Hundred Thousand Dollars \$4,600,000</b>

**It should be noted that this analysis is performed "as if" all the deferred maintenance on the subject is repaired – the subject is completely renovated.**

### Final Value Benildus

The initial value produced for the Benildus structure was completed “as if” the deferred maintenance was addressed, and all repairs were completed. A Facility Assessment Report was completed by Wilson Company on January 11, 2023, to ascertain the cost to address the building’s deferred maintenance. According to the report the cost is \$1,759,269. This cost to applied to the preliminary value to produce a final value for the subject below.

Additionally, this building lacks sufficient parking. The buyer and sellers of the subject have agreed to a parking lease, until such time as land can be purchased. This drafted agreement was provided to the appraiser: however, the terms were provided orally from the seller representative. The lease term is 20 years with the ability to be renewed and the lease price is \$15,000 per year. The appraiser produced a net present value through a discounted cash flow analysis. A 5% discount was used. The analysis produced a value of \$251,445.34, which is rounded to \$250,000.

Component	Value
Preliminary value for Benildus	\$4,600,000
Cost to address deferred maintenance	\$1,759,269
Less the discount for lack of parking	\$250,000
Final Value	\$2,840,731
<b>Rounded</b>	<b>\$2,590,000</b>

### **Garson Studios – Case Study – Sales Comparison Approach**

The Garson Studios Structure combines three soundstages, professional office space and a small theater. This property type is not uncommon in New Mexico; however, there is little sales data available. As such, an expanded sales comparison approach is not performed.

Next to the subject property, the former tennis facility known as Shellaberger sold in March of 2022 for \$6,700,000. Shortly after the sale, the buyers were approached by the film industry for consideration of a transition from the historic (tennis) use to soundstage/professional office. After negotiations, the transition began, and the new facility has adapted and is being rented as a soundstage/office use. According to the new owners the facility required \$1,500,000 for the soundstages to be retrofitted and soundproofed. An additional \$1,000,000 is needed for electrical upgrades. Therefore, the cost of the structure with land is \$9,200,000. There was a substantial amount of land included in the sale of the facility and after subtracting the “excess land” the true cost of the soundstage/office was \$7,800,000 or \$128.35 per square foot.

When comparing the Shellaberger facility to the Garson Studios one must consider the make-up of the two structures. Shellaberger has a greater amount of soundstage as a portion of the structure compared to Garson. Because the rent produced by the soundstage is greater than the office, and Shellaberger has more soundstage and is newer, it is considered superior.

## Garson Studios - Income Approach

The subject is currently leased as shown in the summary below.

<b>Lease Summary-</b>	
Tenant	Aspect
Landlord	City of Santa Fe/Garson Studios
Term	One year Term: renewable current term 8/25/23 through 8/26/24 Option Terms: one year
Rent	Commencement: 8/25/23 Studios, A, B and C and parking – rent varies per month
Lease Basis	<ul style="list-style-type: none"> <li>• Full service</li> </ul>
Permitted Use	film production

## Direct Capitalization

<b>Definition: Direct Capitalization</b>
A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified. <sup>13</sup>

The Income Approach is based on the income producing capabilities of the property. For the Direct Capitalization method, a Potential Gross Income (PGI) is estimated from which vacancy loss is deducted to arrive at an Effective Gross Income (EGI). Expenses are then estimated and deducted from the EGI to obtain a Net Operating Income (NOI). The NOI is then capitalized into an indication of value by the application of an overall rate which has been developed through market extraction, development of the Modified Band of Investment and published sources.

**It should be noted that this analysis is performed “as if” all the deferred maintenance on the subject is repaired – the subject is completely renovated.**

---

<sup>13</sup> Ibid., p. 53

**Market Rent:** Rents were researched for similar buildings. The management of the Shellabarger facility were contacted. They stated that full-service lease for the soundstage portion of the facility will rent for between \$2.50 and \$3.00 per square foot per month.

A rent analysis completed by a local appraiser, Art Neudek, MAI. Within his report rent comparables in Los Angeles found were between \$25 and \$50 per square foot on a triple net basis. He stated that the soundstage rent (at Garson Studios) which included parking behind the building, should be \$25 per square foot per year on a triple net basis. This does not include the office/storage/theater space in the structure.

The office portion of the building is important and useable because production requires more than a soundstage, for example, photography, make-up, conference rooms, and administration. If this space wasn't available on-site, the production would go off-site and into Santa Fe's professional office market top rent space. Based on the analysis provided in the Benildus sections of this report, market rent is \$25.75 per square foot per full-service basis; however, the balance of the space in the building has storage areas and a small theater, with limited uses.

In the months between February of 2023 and July of 2023 the subject had an average contract rent of \$137,412 per month. It should be noted that 2023 was a poor year for the demand of film production space due to a writers strike. As such, \$137,000 per month is represented as a potential income and the subject's historic income.

### **Potential Gross Income (PGI):**

#### **POTENTIAL GROSS INCOME CHART**

<b>PGI Analysis</b>	
\$137,000 X 12 months	\$1,644,000

The total potential gross income is based on the total potential income produced by the subject @ market without consideration of vacancy or expenses.

**Vacancy:** Vacancy/Collection Loss must be deducted from the potential gross income to determine the effective gross income (EGI). The subject structure is directly used for film/multimedia production and has a history of being leased. Over the past several years, the film industry has been challenged with COVID and a writer's strike. Additionally, productions rent terms are commonly between 6 months and 10 months. It would be unfair to use occupancy data from (unusual) times as representative; however, occupancy rates are lower than typical professional office or light industrial markets. The property type is considered to have shorter leases, but much longer marketing times when vacant. Based on this discussion and the subject's attributes, a vacancy of 20% is selected and applied to the potential gross income which results in a vacancy deduction.

<b>Vacancy</b>
20%

**Effective Gross Income (PGI):** Deducting vacancy from the PGI results in an effective gross income (EGI).

<b>EGI Analysis</b>		
PGI		\$1,644,000
Vacancy	20%	(\$328,800)
Total:		\$1,315,200

**Expenses:** This income approach is being calculated based on full-service leases. Rents are heavily dependent on the type of lease. As previously discussed, the three usual types of leases are net, modified gross and full service. The expenses are categorized as fixed expenses, variable expense and replacement reserves.

Expense Classification	
Fixed	Operating expenses such as property taxes and insurance that generally do not vary with occupancy and that prudent management will pay for whether the property is occupied or vacant.
Variable	Operating expenses that generally vary with the level of occupancy or the extent of services provided.
Reserves	An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life; sometimes referred to as <i>reserves</i> or <i>reserves for replacement</i> . Such as roof covering, carpet, specific structural items, and equipment with limited economic life expectancies

**Subject Expenses:** The subject is currently leased; however, the subject's historical expenses would not be representative and were not provided for the appraisal.

Expense	Costs
Maintenance @ \$10.00* per sf	\$492,000
Tax based on \$4,500,000	\$48,235
Management @ 3% of EGI	\$39,456
Insurance @\$0.30 per sf	\$14,760
Total	\$610,530

\*Reflects maintenance after all deferred maintenance has been addressed

**Net Operating Income:** Deducting the lessor's expenses from the effective gross income (EGI) results in a net operating income (NOI). The NOI needs to be capitalized into an indication of value. The Net Operating Income is capitalized into an indication of value by dividing the NOI by an appropriate capitalization rate.

NOI Analysis	
EGI	\$1,315,200
Less: Expenses	(\$610,530)
NOI	\$704,670

**Capitalization Rate:** The capitalization rate is the relationship between the sales price and the net income of the property. Inherent in this rate are all the influences of current market conditions i.e., financing conditions, current interest rates, tax considerations, potential appreciation/depreciation possibilities, the personal needs and requirements of a purchaser and other factors. Two methods were used to derive a capitalization rate to be used in the analysis. The first was to extract capitalization rates from actual sales. The second method was the Modified Band of Investment. This method assigns a weighted percentage to the equity return and the mortgage rate. These are then added to give an overall capitalization rate. Sales of commercial properties in Santa Fe have generally shown overall rates in the range of 6.00% to 10.0%. The market extracted rates have tended to rise over the past few years with signs of leveling off over the past year.

The search was extended to all commercial sales within Santa Fe. The comparables with similar utility to the subject receive most consideration. Based on the limited amount of data, the search was expanded to include 2008. Sales of commercial properties in Santa Fe have generally shown overall rates in the range of 6% to 10%. With the lower end of the market made up mostly of properties in the downtown and investor grade properties. These capitalization rates are derived by extraction from the market and are listed in the following chart.

**CAPITALIZATION RATES (MARKET DERIVED)**

Sale	Date of sale	Capitalization rate	Use
1672 Hospital Drive	07/08	7.0%	Office – medical
2590 Camino Entrada	09/08	7.9%	Office - medical
1474-1480 St. Francis	05/09	9.2%	Office
422 W. San Francisco	08/09	8.0%	Office/Retail - downtown
1215 Paseo de Peralta	09/09	8.3%	Office – downtown
1442-C St. Francis Drive	10/09	6.5%	Office
1925 Aspen Dr., Unit 801 A&B	05/10	7.2%	Office
221 Canyon Road	12/10	5.4%	Retail – downtown
421 St. Michaels Drive	01/11	6.5%	Office
404 Kiva Court Unit E	03/11	8.8%	Office
1421 Luisa Street Unit I	04/11	8.6%	Office
237 East Palace Avenue	08/11	7.0%	Retail - downtown
490-A West Zia Road	12/12	7.7%	Office - medical
2014 Cerrillos Road	03/13	8.5%	Restaurant
1221 Luisa	02/2015	6.4%	Office
1409 Luisa	04/2015	8.3%	Office
3242 Cerrillos Road	11/2015	7.4%	Retail
530-532 Canyon Road	04/2016	5.5%	Retail – downtown/Canyon

3777 Cerrillos	07/2016	8.2%	Retail - center
3232 Cerrillos	09/2017	7.0%	Retail
126-128 W Water Street	02/2018	7.5%	Retail - downtown
1474 Rodeo Road	11/2018	8.6%	Office
2945 Rodeo Park Dr E	12/2018	10.8%	Office
320-328 Guadalupe Station	05/2019	6.5%	Retail/Restaurant - downtown
3261 Cerrillos	06/2019	6.5%	Restaurant
3023 Cielo Ct Units A,B,C,D	04/2021	8.6%	Office/Services
<b>Note</b>			
Sales volume in the market has been limited since 2008			

#### **Subject – Capitalization Rate**

Based on the table and the subject's attributes, primarily age/condition, utility/use and vacancy, there is upward pressure on the capitalization rate. A market derived capitalization rate of 7.5% to 9.0% is deemed appropriate.

The modified band of Investment requires utilization of an equity capitalization rate which is a rate expressing the relationship between one year's pre-tax cash flow (NOI less the annual debt service) and the equity investment. Equity capitalization rates may be estimated from current so-called "safe rates" such as CDs, bonds, and T-bills, or they may be market extracted. Since equity capitalization rates (equity dividend rates) tend to change with the economy, only the most recent sales are applicable.

It is also possible to build an equity capitalization rate using a known "safe" rate and adding percentage points for loss of liquidity and risk. "Safe rates" are derived from such sources as insured certificates of deposit and AAA bonds. At this time, they lie generally in the range of 3.0% to 6.0%. Risk for the subject was viewed as moderate. Therefore, two points were added for risk. An additional 2% was needed to compensate for loss of liquidity. This resulted in a range of 7.0% to 10% for an equity capitalization rate when derived in this manner. Analysis of the sale of 1401 Maclovina produced an equity capitalization rate of 8.2% which is within the estimated range. Based on the attributes of the subject and relative investor grade, the lower end of the range was weighted and 8% is selected for the equity capitalization rate.

The modified band of investment assigns a weighted percentage to the two factors that make up the total capitalization rate. The weighted percentage was derived from the loan-to-value ratio. Therefore, the mortgage factor was assigned a percentage of 70% and the equity factor is 30% (100%-70%). The annual mortgage constant for 5% interest based on a five-year fixed term based on a 20-year amortization is 0.079 or 7.9%. The calculation of the capitalization rate per the modified band of investments is

in the following table. The Modified Band of Investment produced a capitalization rate of 7.9%.

<b>Modified Band Of Investments</b>		
<u>8% Return to Equity</u>		
Annual Constant	$0.0792 \times .70 =$	0.0554
Equity Requirement	$0.0800 \times .30 =$	0.0240
	Total	0.0794

Derivation of the capitalization rate to be utilized in the income approach requires reconciliation of the market-derived capitalization rate and the Modified Band of Investment. The market extracted rates indicate a range for the subject of 8.5% to 10.0% with the most likely being the lower half of the range. The Modified Band of Investment produced a capitalization rate of 7.94%.

Further support was sought from the PwC Real Estate Investor Survey (formerly Korpacz). Based on the First Quarter publication, capitalization rates in most property sectors are on the rise.

With this support and with most emphasis on the market extracted rates, with specific emphasis on the tenancy and physical attributes (**“as if” all deferred maintenance has been addressed**) of the subject, a capitalization rate of 8% is concluded and is applied to the subject.

**Income Approach Summary:** Capitalizing the NOI results in a value indication. The income approach summary follows.

<b>Income Approach Summary</b>	
<b>PGI</b>	\$1,644,000
Less: Vacancy @ 20%	(\$328,800)
<b>EGI (PGI – Vacancy)</b>	\$1,315,200
Less: Expenses	(\$610,530)
<b>NOI (EGI – Expenses)</b>	\$704,670

### **Final Value per the Income Approach**

The Net Operating Income (NOI) must be capitalized in order to achieve a final value per income approach.

<b>Value Per the Income Approach: Direct Capitalization</b>	
Final Value: NOI / Cap Rate $\$704,670 / 8.0\% =$	\$8,808,375
<b>Rounded</b>	<b>\$8,800,000</b>

**Garson Studios - Reconciliation and Preliminary Value Conclusion**

<b>Subject</b>	
Garson Studios	
<b>Value Indications</b>	
Study	Less than \$128 per sf
Income Approach: Direct Capitalization	\$8,800,000

For the appraisal, a sales comparison approach could not be completed because there were not enough adequate comparable sales. In lieu of this approach, a neighboring property was examined as supportive data. This structure was formerly a tennis facility and now has been transitioned into a soundstage/office structure. Because this has a greater ratio of soundstage to office, has more rentable soundstage and is in better condition, it is considered far more superior than the subject. Only supportive weight is given to this analysis.

**Cost Approach:** The cost approach is appropriate for new or nearly new construction. Based on the age of the improvements (excess of five years), the cost approach is not developed.

**Income Approach:** The income approach is developed using the direct capitalization method.

Direct Capitalization: the gross rental income of the subject is estimated by determining the market rent from a survey of competing properties. The vacancy/collection loss and expenses are applied to the gross income in order to develop the net operating income. A capitalization rate was estimated by two methods, market extraction and modified band of investment, and supported by the PwC Cap Rate Survey. The net operating income was divided by the capitalization rate to yield a value by the income approach. The rent comparables for the income approach are commercial properties in the subject's neighborhood and competing neighborhoods. They are considered adequate. The supporting data for the income approach is sufficient, and the value resulting from this approach should also be considered reliable.

**Reconciliation:** Reconciliation to a final value estimate involved consideration given to all approaches to value depending on their reliability. Investor buyers of income-producing properties typically place most weight on the income approach. Only a small amount of weight is attributed to the neighboring sale property analysis.

**Conclusion:** Based on the data presented in the report, it is my opinion that the most probable contributory value (subject to easements and restrictions of record) in the Garson Studios 'as is' as of November 15, 2023 is:

**PRELIMINARY FINAL VALUE**

<b>Subject: Garson Studios</b>		
Contributory Value – 'As If'	Fee simple	<b>Eight Million Eight Hundred Thousand Dollars \$8,800,000</b>

### Final Value Garson Studios

The initial value produced for the Garson Studios structure was completed “as if” the deferred maintenance was addressed, and all repairs were completed. A Facility Assessment Report was completed by Wilson Company on January 4, 2023, to ascertain the cost to address the building’s deferred maintenance. According to the report the cost is \$2,696,459. This cost to applied to the preliminary value to produce a final value for the subject below.

<b>Component</b>	<b>Value</b>
Preliminary value for Benildus	\$8,800,000
Cost to address deferred maintenance	\$2,696,459
Final Value	\$6,103,541
<b>Rounded</b>	<b>\$6,100,000</b>

## Driscoll – Income Approach

The Driscoll building was formerly an athletic facility. Approximately one half of the structure was a gymnasium, and the other half was comprised of exercise rooms, locker rooms, racquetball courts and an entry. Upon this appraiser’s initial inspection, the building was described as “in the process of being converted into a soundstage, where the gymnasium will be the soundstage and the remaining rooms will be converted into offices”. This made sense because the basketball court flooring had been converted into flooring that is typical for soundstages.

It has come to the attention of the appraiser that soundstage development is inappropriate due to structural issues with the building. As such, the building will be appraised based as a “utility structure” as is needed and demand exists. It should be noted that the structure rents for approximately \$30,000 per month in its current state.

### Extraordinary Assumption

According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.

**It should be noted that this valuation does consider the incorporation of the deferred maintenance report. The structure can/does produce income in its current condition. As such, this valuation analysis is performed in a “as is” condition of the structure.**

**Potential Gross Income (PGI):** Multiplying the market rent times the square footage of the subject yields the potential gross income (PGI) for the subject.

**POTENTIAL GROSS INCOME CHART**

PGI Analysis	
\$30,000 X 12 months	\$360,000

The total potential gross income is based on the total potential income produced by the subject @ market without consideration of vacancy or expenses.

**Vacancy:** Vacancy/Collection Loss must be deducted from the potential gross income to determine the effective gross income (EGI). The subject structure is directly used for film/multimedia production and has a history of being leased. Over the past several years, the film industry has been challenged with COVID and a writer's strike. Additionally, productions rent terms are commonly between 6 months and 10 months. It would be unfair to use occupancy data from (unusual) times as representative; however, occupancy rates are lower than typical professional office or light industrial markets. The property type is considered to have shorter leases, but much longer marketing times when vacant. Based on this discussion and the subject's attributes, a vacancy of 20% is selected and applied to the potential gross income which results in a vacancy deduction.

Vacancy
20%

**Effective Gross Income (PGI):** Deducting vacancy from the PGI results in an effective gross income (EGI).

EGI Analysis		
PGI		\$360,000
Vacancy	20%	(\$72,000)
Total:		\$288,000

**Expenses:** This income approach is being calculated based on full service leases. Rents are heavily dependent on the type of lease. As previously discussed, the three usual types of leases are net, modified gross and full service. The expenses are categorized as fixed expenses, variable expense and replacement reserves.

Expense Classification	
Fixed	Operating expenses such as property taxes and insurance that generally do not vary with occupancy and that prudent management will pay for whether the property is occupied or vacant.
Variable	Operating expenses that generally vary with the level of occupancy or the extent of services provided.
Reserves	An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life; sometimes referred to as <i>reserves</i> or <i>reserves for replacement</i> . Such as roof covering, carpet, specific structural items and equipment with limited economic life expectancies

**Subject Expenses:** The subject is currently leased; however, the subject's historical expenses would not be representative and were not provided for the appraisal.

Expense	Costs
Maintenance @ \$7.00 per sf	\$177,600
Tax based on \$850,000	\$9,111
Management @ 3% of EGI	\$8,640
Insurance @\$0.30 per sf	\$6,660
Total	\$202,011

**Net Operating Income:** Deducting the lessor's expenses from the effective gross income (EGI) results in a net operating income (NOI). The NOI needs to be capitalized into an indication of value. The Net Operating Income is capitalized into an indication of value by dividing the NOI by an appropriate capitalization rate.

NOI Analysis	
EGI	\$288,000
Less: Expenses	(\$202,011)
NOI	\$85,989

**Capitalization Rate:** The capitalization rate is the relationship between the sales price and the net income of the property. Inherent in this rate are all the influences of current market conditions i.e., financing conditions, current interest rates, tax considerations, potential appreciation/depreciation possibilities, the personal needs and requirements of a purchaser and other factors.

With this support and with most emphasis on the market extracted rates, with specific emphasis on the tenancy and physical attributes (“as is”) of the subject, a capitalization rate of 9.0% is concluded and is applied to the subject.

**Income Approach Summary:** Capitalizing the NOI results in a value indication. The income approach summary follows.

<b>Income Approach Summary</b>	
<b>PGI</b>	\$360,000
Less: Vacancy @ 20%	(\$72,000)
<b>EGI (PGI – Vacancy)</b>	<u>\$288,000</u>
Less: Expenses	(\$202,011)
<b>NOI (EGI – Expenses)</b>	<u>\$85,989</u>

### **Preliminary Value per the Income Approach**

The Net Operating Income (NOI) must be capitalized in order to achieve a preliminary value per the income approach.

<b>Final Value Per the Income Approach: Direct Capitalization</b>	
Value: NOI / Cap Rate \$85,989 / 9.0% =	\$955,433
	<u>\$950,000</u>

### **Extraordinary Assumption**

According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.

## Excess Land - Sales Comparison Approach

The subject's excess land is 136,525 square feet in size. The valuation is comprised of the sales comparison approach, which is typically the only approach appropriate to the appraisal of vacant land and there is adequate data and support for the adjustments.

### Definition: Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.<sup>14</sup>

While there are seldom exact duplicate properties available to a buyer, the prices paid for similar properties are indicative of value. In this approach to value a common denominator is used in comparing sales to the subject's land. In this particular case, the price per square foot was used. The initial search for sales was limited to land with similar utility/use-shared Highest and Best Use. Based on the limited number of sales in general, the search was extended to include commercial sales sharing attributes and competing neighborhoods in Santa Fe. The comparables are summarized in the following chart and described individually on the pages following the chart.

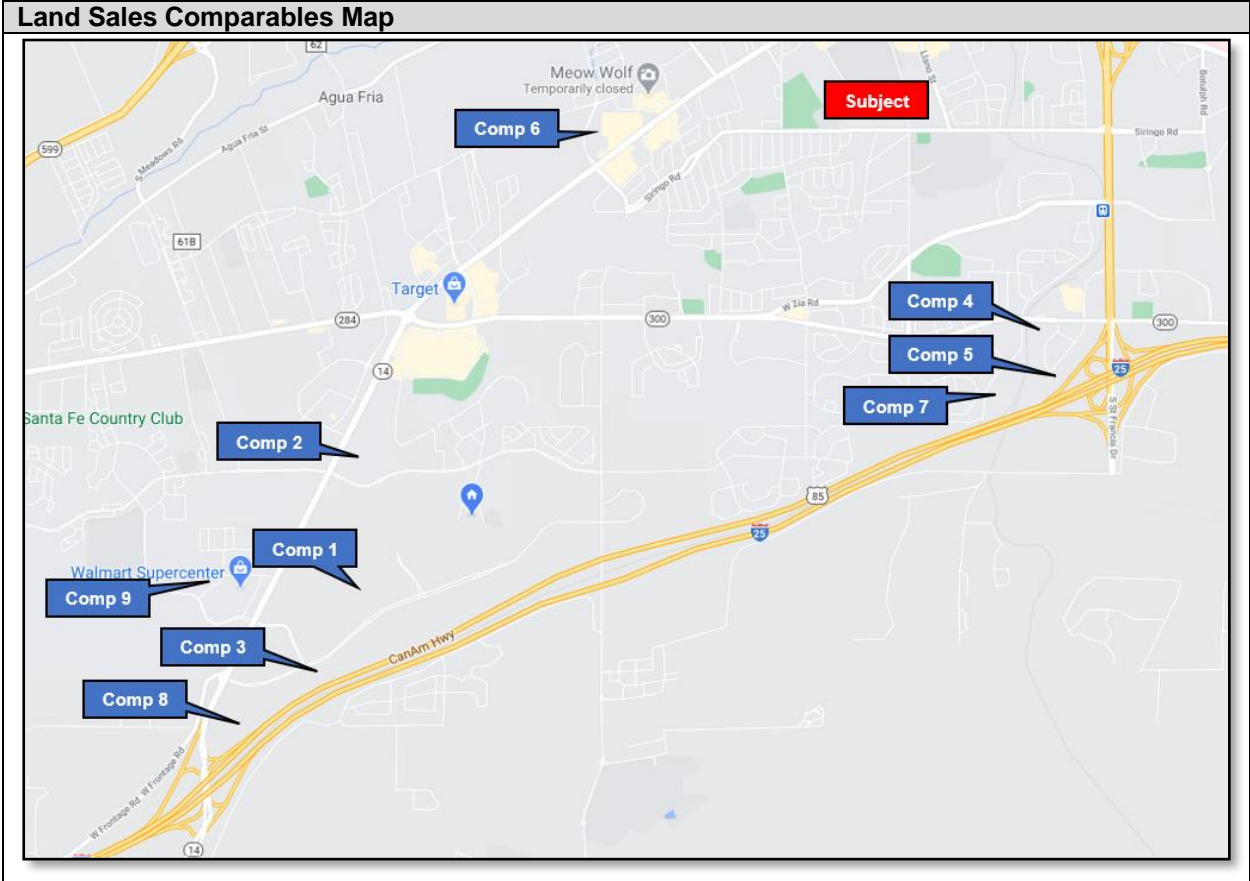
### COMMERCIAL VACANT LAND COMPARABLES

No.	Location	Date of Sale	Sales Price	Size (sf)	Price Per sf
1	5011 Las Soleras Drive	08/2016	\$1,583,842	349,787	\$4.53
2	6820 Cerrillos Road	10/2016	\$1,350,000	217,364	\$6.21
3	5376 Beckner Road	10/2017	\$1,200,000	291,765	\$4.11
4	2952 Rodeo Park Dr West	10/2017	\$1,800,000	344,560	\$5.22
5	2977 Rodeo Park Dr East	12/2017	\$1,188,317	148,583	\$8.00
6	Lot 2-Richards Avenue (north of Cerrillos)	03/2018	\$1,875,000	317,552	\$5.90
7	2981 Galisteo Road	01/2020	\$1,100,000	275,517	\$3.99
8	5200 Beckner Road (Lot 2B)	01/2020	\$3,544,655	495,756	\$7.15
9	Lot 4-A1 - 4900 Hernandez Rd	06/2020	\$2,172,576	324,261	\$6.70

#### Note

Comparables 1, 4, 6, 8 and 9 were purchased for multi-family development. Comparables 2, 3, 5 and 7 are commercial tracts that share utility/potential with the multi-family comparables, but also include some commercial development potential



<sup>14</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., (Chicago: Appraisal Institute, 2022), p. 170



**Land Sales Comparables - Details**

<p>1</p>		<ul style="list-style-type: none"> <li>• <b>Location: 5011 Las Soleras Drive (Lot 10)</b></li> <li>• Grantor: Las Soleras Center, LLC</li> <li>• Grantee: Spectrum Acquisitions Santa Fe</li> <li>• Date of Sale: 08/2016</li> <li>• Sales Price: \$1,583,842</li> <li>• Terms: cash/cash equivalent</li> <li>• Land area: 8.03 acres or 349,787 square feet</li> <li>• Price per SF: \$4.53</li> <li>• Comments: Located in Las Soleras proximity to I-25. Purchased for development of assisted living facility.</li> </ul>
<p>2</p>		<ul style="list-style-type: none"> <li>• Address: 6820 Cerrillos Road</li> <li>• Date of sale: 10/2016</li> <li>• Grantor: Cloverdale LLC</li> <li>• Grantee: Carmax</li> <li>• Price: \$1,350,000</li> <li>• Terms: Cash to seller</li> <li>• Land area: 4.99 acres or 217,364 SF</li> <li>• Price per SF: \$6.21</li> <li>• Zoning: C-2</li> <li>• Comments: Purchased with adjacent property at 6800 Cerrillos: assemblage. Property is improved with a dilapidated hotel/service station with aged/limited infrastructure. Improvements to be demolished: estimate \$160,000. Rear of tract has slopes and a portion of flood plain. Flood plain can be used for open space (open space requirement without water harvesting: 25%). The area in the flood plain represents an area less than 25% of the entire site. Based on this, the gross size of the site is used in the price per square foot calculation. However, based on the slopes, the rear of the site not in the flood plain likely has less utility. Green: Flood plain</li> </ul>
<p>3</p>		<ul style="list-style-type: none"> <li>• <b>Location: 5376 Beckner Road (Lot 28-F1)</b></li> <li>• Grantor: Beckner Road Equities</li> <li>• Grantee: Presbyterian</li> <li>• Date of Sale: 10/2017</li> <li>• Sales Price: \$1,200,000</li> <li>• Terms: cash/cash equivalent</li> <li>• Land area: 6.698 acres or 291,765 square feet</li> <li>• Price per SF: \$4.11</li> <li>• Comments: Located in Las Soleras adjacent to I-25. Purchased for use for support services for Presbyterian Hospital.</li> </ul>

## Land Sales Comparables - Details

4		<ul style="list-style-type: none"> <li>• <b>Location: 2952 Rodeo Park Dr West</b></li> <li>• Grantor: Jeb Rob</li> <li>• Grantee: Titan</li> <li>• Date of Sale: 10/2017</li> <li>• Sales Price: \$1,800,000</li> <li>• Terms: cash/cash equivalent</li> <li>• Land area: 344,560 square feet</li> <li>• Price per SF: \$5.22</li> <li>• Comments: Located in Rodeo Business Park. It has frontage on Rodeo Park Dr West and Rodeo Road. Purchased for development of apartments.</li> </ul>
5		<ul style="list-style-type: none"> <li>▪ <b>Location: 2977 Rodeo Park Dr East</b></li> <li>▪ Grantor: SFMC Investments II</li> <li>▪ Grantee: Titan</li> <li>▪ Date of Sale: 12/2017</li> <li>▪ Sales Price: \$1,188,317</li> <li>▪ Terms: cash/cash equivalent</li> <li>▪ Land area: 148,583 square feet</li> <li>▪ Price per SF: \$8.00</li> <li>• Comments: Located in Rodeo Business Park. Purchased for development of self-storage</li> </ul>

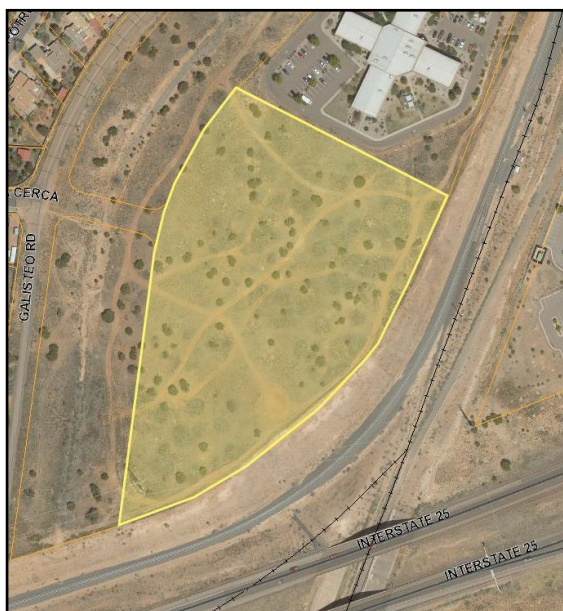
## Land Sales Comparables - Details

6




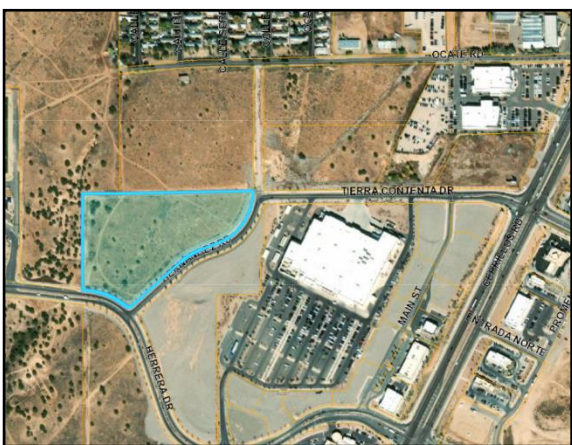
- **Location: Lot 2 Richards (north of Cerrillos)**
- Grantor: Hyder
- Grantee: KLG 26 (Kassam)
- Date of Sale: 03/2018
- Sales Price: \$1,875,000
- Terms: Real Estate Contract – interest rate is below market, but due to the relatively short period, the impact is considered minimal
- Land area: 317,552 square feet or 7.29 acres
- Price per SF: \$5.90
- Zoning: C-2
- Comments: Located in commercial node between big box retailers in a secondary location to Cerrillos Road. Purchased for multi-family development.

7



- **Location: 2981 Galisteo Road**
- Grantor: B&E LP
- Grantee: Anchorum
- Date of Sale: 01/2020
- Sales Price: \$1,100,000
- Terms: cash/cash equivalent
- Land area: 275,517 square feet or 6.325 acres
- Price per SF: \$3.99
- Zoning: BIP
- Comments: Located in Rodeo Business Park, but isn't accessed from within the park. Access is through the residential neighborhood to the west. Purchased for low intensity office or similar/related use after further subdivision.

## Land Sales Comparables - Details

8		<ul style="list-style-type: none"> <li>• <b>Location: 5200 Beckner Road</b></li> <li>• Grantor: The Tanager Company LLC</li> <li>• Grantee: TA Las Soleras, LLC</li> <li>• Date of Sale: 01/2020</li> <li>• Sale Price: \$3,544,655</li> <li>• Sale Terms: Cash equivalent</li> <li>• Land Area: 495,756 square feet</li> <li>• Price per SF: \$7.15</li> <li>• Zoning: C2</li> <li>• Comments: Las Soleras Development (residential, institutional and commercial development-local, regional and national) in a high profile/visibility location. Property purchased for development of apartments.</li> </ul>
9		<ul style="list-style-type: none"> <li>• <b>Location: 4900 Hernandez Road Lot 4-A1</b></li> <li>• Grantor: Henry Oliver III Family Limited Partnership</li> <li>• Grantee: Next Generation Contracting LLC</li> <li>• Date of Sale: 06/2020</li> <li>• Sale Price: \$2,172,576</li> <li>• Sale Terms: Cash/Cash equivalent</li> <li>• Land Area: 324,261 square feet</li> <li>• Price per SF: \$6.70</li> <li>• Zoning: I1</li> <li>• Comments: Entrada Contenta – developed lot at the back of the development. Property purchased for apartments.</li> </ul>

## Analysis and Value Conclusion

The comparables represent the most recent sales of vacant land parcels that share the same general attributes of the subject. Several elements of comparison can affect the value of vacant land. The elements of comparison and their resulting adjustments fall into two categories: transactional adjustments and property adjustments.

### CHART OF ADJUSTMENTS

Category	Adjustment
<b>Transactional</b>	Real property rights conveyed Financing terms Conditions of sale Expenditures made immediately after purchase Market conditions
<b>Property</b>	Physical characteristics Location Economic characteristics Use/zoning Non-realty components value

These elements are analyzed to determine if an adjustment is required. They are discussed below and the findings summarized and reconciled on a comparison grid at the end of the land valuation section. Only those items requiring adjustment are discussed. The transactional adjustments are applied in sequence. The property adjustments do not need to be applied in a specific sequence.

### Transactional Adjustments

**Real property rights conveyed:** All of the sales were fee simple.

**Financing terms:** Comparables 1-5 and 7-9 are believed to be cash or cash equivalent. Comparable 6 was purchased with a real estate contract (REC). It was reported to be below market, but due to the short term of the REC, the impact of the below market rate had limited materiality. No adjustment was made to the comparables for financing/terms of sale.

**Conditions of sale:** Conditions of sale relates to any undue pressure on either the buyer or the seller. None of the comparables required an adjustment for Conditions of Sale.

**Expenditures after sale:** Comparable 2 was improved at the time of sale. The buyer intends to demolish the improvements and redevelop the site. The estimated demolition expense for this comparable is in the following table.

Comparable	Demolition Estimate
2	\$160,000

None of the other comparables required any expenditure-after-sale.

**Market conditions:**

Comparables: Date of Sale
The sales span a time period of 86 months from the first sale to the date of valuation, November 15, 2023.

Based on the current market and improvement/appreciation in some of the submarkets, it is reasonable to expect values might have changed over that time period. The most accurate measure of change in value is the comparison of a sale and resale of the same property. The subject is comprised of vacant land (primarily) with a highest and best use of multi-family/high density development. The comparables include tracts purchased for multi-family development and in city commercial lots that share locational attributes and potential. Over the past three years, the market has produced varying levels of appreciation. Lacking the volume of large land sales, the search was extended to smaller lots.

Sales of lots on Thomas Road/Court were analyzed. These sales occurred during the beginning of the recovery.

Time of Sale Comparison		
<b>Comparison 1</b>		
Property	Date	\$/SF
3812 Thomas Road – Lot 14	02/2016	\$3.81
3816 Thomas Court – Lot 13	07/2017	\$4.65
Difference	17 months	22.05%
Adjustment-per month		1.30%
<b>Comparison 2</b>		
Property	Date	\$/SF
3808 Thomas Road – Lot 15	02/2016	\$3.28
3816 Thomas Court – Lot 13	07/2017	\$4.65
Difference	17 months	41.77%
Adjustment-per month		2.46%

The listing broker for these properties was consulted. He stated that the original sales in 2016 had been held for a long time. Once they sold and the market was

showing additional signs of recovery, the increased demand and lack of inventory in this property class (light industrial/business park) drove the price increase. He felt the overall market was showing varying degrees of appreciation, but this portion of the market showed an extreme price appreciation, probably due to the significant price depreciation that occurred during the downturn.

The residential market has been particularly dynamic since 2018 with a range of appreciation from 0% to 1% per month. Based on the range, the median residential lot value in Santa Fe is used as the basis of comparison. The annual residential lot sales in the City of Santa Fe from the MLS are in the following table.

Year	Residential Lot Median Sales Price
2018	\$185,000
2019	\$150,000
2020	\$176,000
2021	\$245,000
2022	\$240,250

Based on this table, the average residential lot sale has shown an appreciation rate of 0.5% per month  $[(\$240,250/\$185,000)-1 \text{ divided by } 60 \text{ months}]$ . It should be noted that the subject is a mixed-use development and the residential component of the property may be comprised of multiple residential uses: single family to multi family. In addition, larger properties didn't consistently show the same level of appreciation and appears to have started later.

Based on this discussion and the subject's attributes, including large size, mixed-use and range of use, an appreciation rate of 0.4% per month (+0.4% per month), which is consistent with the historical appreciation rates in the Santa Fe, is extrapolated for the comparables beginning in January of 2019, through December of 2022.

Note
Application of the market conditions adjustments are applied to the comparables based on the time between recordation of the sale and the effective date of the appraisal – the month of the date of recordation and the month of the effective date of value are not included.

### Property Adjustments

**Physical characteristics:** Physically, the comparable lots are all commercial lots (multi-family, other) within the city and surrounding area and share similar attributes. The sizes of the comparables range from 148,583 square feet to 495,756 square feet. Normally, as the size of a site increases the price per square foot will decrease. The

comparables did not form the basis of a comparison. Therefore, the search is extended to competing commercial markets in Santa Fe. Two sales of commercial properties within Santa Fe are compared. The comparison is based on the price per square foot after adjustment for market conditions.

**SIZE COMPARISON**

Property	Market condition adjusted \$ per sf*	Size	Adjustment
2947 Rodeo Park East	\$9.12	24,829	
Tract C-12-A - Rodeo Park Dr. East	\$7.83	72,750	
Difference	-\$1.29	-47,921	\$0.027 per 1,000 sf

\*Market condition adjusted

A size adjustment was found by comparison of the sale of two commercial properties on Cerrillos Road located in the subject's neighborhood. The first sale is adjusted for time based on the time-of-sale adjustment previously estimated.

**SIZE COMPARISON**

Property	\$ per sf	Size	Adjustment
3561 Cerrillos Rd	\$14.16*	45,477	
2600 Cerrillos Rd	\$12.92	129,373	
Difference	-\$1.24	83,896	\$0.015 per 1,000 sf

\*Market condition adjusted

This comparison produced an adjustment of \$0.015 per 1,000 square feet. However, size trends within the comparable data are conflicting. The subject is significantly larger in aggregate than the range produced by the comparables. Based on this, with consideration of the subject's size in aggregate, the sales comparables and these comparisons, a size adjustment of \$0.002 per 1,000 square feet is extrapolated.

**Location:** Location is one of the most important value determining factors for commercial property due to high traffic exposure. The comparables and subject are located within the same general neighborhood and competing neighborhoods. The locations of the comparables and subject are located in the following table.

#### COMPARABLE LOCATION

No.	Location
1	Las Soleras, with visibility from internal to development and from I-25
2	Location on Cerrillos Road on a major entry point to Santa Fe
3	Las Soleras, with visibility from internal to development and from I-25/adjacent to I-25
4	Rodeo Business Park – on Rodeo Road
5	Rodeo Business Park, visibility from internal to development and from I-25/adjacent to I-25
6	Location secondary to Cerrillos Road in an area of commercial development
7	Rodeo Business Park, limited to no visibility from development; visibility from I-25/adjacent to I-25
8	Las Soleras, with visibility from internal to development and from I-25
9	Entrada Contenta – anchored by Walmart, in a secondary location
Subject	Siringo Road and Alumni Drive at the entry to the Midtown development. Subject lots are located in a centralized location with ready access to all the quadrants in the city.

The locations of the comparables are throughout the City of Santa Fe and relative consistency with the subject. However, it should be noted that the subject is located in a centralized location in Santa Fe and is the farthest north in the city. Comparables 1, 3 and 8 are located within Las Soleras (area of growth/new housing); Comparables 4, 5 and 7 are located within Rodeo Business Park (south of the subject on the north side of I-25/identified as the southeast quadrant); and Comparable 9 is located within Entrada Contenta (west of Las Soleras). The subject based on utility and location should compete well with these developments once complete. Based on the locational attributes and relative similar utility, a location adjustment is not applied to the comparables, and specific location attributes are considered in the reconciliation.

**Conclusion:** The adjustments are summarized in the following adjustment chart. Only those items requiring adjustment are included.

**LAND SALES ADJUSTMENT CHART:**

Comparable	Subject	1	2	3	4	5	6	7	8	9
<b>Sale Price (\$)</b>		<b>\$1,583,842</b>	<b>\$1,350,000</b>	<b>\$1,200,000</b>	<b>\$1,800,000</b>	<b>\$1,188,317</b>	<b>\$1,875,000</b>	<b>\$1,100,000</b>	<b>\$3,544,655</b>	<b>\$2,172,576</b>
Expenditures		\$0	\$160,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Market conditions/Adjustment	11/2023	08/2016	10/2016	10/2017	10/2017	12/2017	03/2018	01/2020	01/2020	06/2020
		\$304,098	\$228,480	\$230,400	\$345,600	\$228,156	\$360,000	\$154,000	\$496,252	\$260,709
<b>Preliminary adjusted \$</b>		<b>\$1,837,940</b>	<b>\$1,418,480</b>	<b>\$1,430,400</b>	<b>\$2,145,600</b>	<b>\$1,416,473</b>	<b>\$2,235,000</b>	<b>\$1,254,000</b>	<b>\$4,040,907</b>	<b>\$2,433,285</b>
Comparison unit size (sf)	243,187 sf	349,787	217,364	291,765	344,560	148,583	317,552	275,517	495,756	324,261
- adjusted \$		\$5.40	\$6.53	\$4.90	\$6.22	\$9.53	\$7.03	\$4.55	\$8.15	\$7.50
Size Adjustment		\$0.21	-\$0.05	\$0.10	\$0.20	-\$0.19	\$0.15	\$0.06	\$0.51	\$0.16
<b>Final adjusted Sale \$ per sf</b>		<b>\$5.61</b>	<b>\$6.48</b>	<b>\$5.00</b>	<b>\$6.42</b>	<b>\$9.34</b>	<b>\$7.18</b>	<b>\$4.61</b>	<b>\$8.66</b>	<b>\$7.66</b>

**Reconciliation**

Comparables	Range: Adjusted \$/SF	Average: Adjusted \$/SF
All: 1-9	\$4.61 to \$9.34	\$6.77

Comparables 1, 3 and 8 are within the Las Soleras (mixed-use development); Comparable 2 is located on Cerrillos Road and Comparable 6 is located on Rufina in a secondary location to Cerrillos Road; Comparable 9 is located in the Entrada Contenta (anchored by Walmart – mixed-use development); and Comparables 4, 5 and 7 are in Rodeo Business Park. Comparable 6 is a commercial tract purchased for the development of apartments. The subject includes attributes similar to all the comparables: primary and secondary/tertiary locations, high to moderate visibility as well as commercial residential utility (multi-family). Comparables 1-5, 7-8 and 9 are located near I-25 at major entry points to Santa Fe. Comparable 6 is located further north in a more traditional commercial area. However, it is located in a secondary location to Cerrillos Road. The subject is well located/centralized in the city and is subject to the Midtown LINC and benefitted by the master planning of the Midtown development. With consideration of this discussion and the subjects' attributes, the upper end of the range is weighted and \$9.00 per square foot is selected.

<b>Final Value – Excess land</b>	
\$9 per square foot X 195,275 sf =	\$1,757,475
Rounded	\$1,760,000

## Final Value

To produce a final value for the subject the various contributory values of the structures (with inherent lands) are considered. Based on a lot coverage analysis, the appraiser determined that there was excess land. Lastly, because there are structures that have no more economic life, an estimate of value to demolish and remove these structures is discounted from an overall value. A summary of the final value is shown below.

Component	Value
Benildus Hall - Office	\$2,590,000
Garson Studios – Soundstage/Office	\$6,100,000
Driscoll – (future) Soundstage/Office	\$950,000
Excess land	\$1,760,000
<b>Final Value</b>	<b>\$11,400,000</b>

Extraordinary Assumptions
The property is subject to at least two City of Santa Fe Resolutions (No. 2018-54 and 2022-12), which result in the proposed, and now assumed, rezoning from a R-5 Residential Zone to a C-2 General Commercial District. If this assumption should prove to be inaccurate, the subject's value could be impacted.
The property has had two Phase 1 and one Phase 2 Environmental Site Assessment Reports completed and it is assumed any and all environmental concerns were addressed. If this assumption should prove to be inaccurate, the subject's value could be impacted.
The subject has excess land. No survey or engineering report has been provided to the appraiser to calculate the excess land. The appraiser has utilized lot coverage ratios in order to produce an amount of excess land. If this assumption should prove to be inaccurate, the subject's value could be impacted.
According to the appraiser the Driscoll structure should be converted into a soundstage with the remaining space used as supportive office. There have been some structural issues identified that could make the conversion of the building inappropriate. If the structure is found to be structurally adequate or financially feasible to be renovated to be adequate, the results of this appraisal are subject to change.
Note: If these assumptions should prove inaccurate, the subject's value could be impacted.

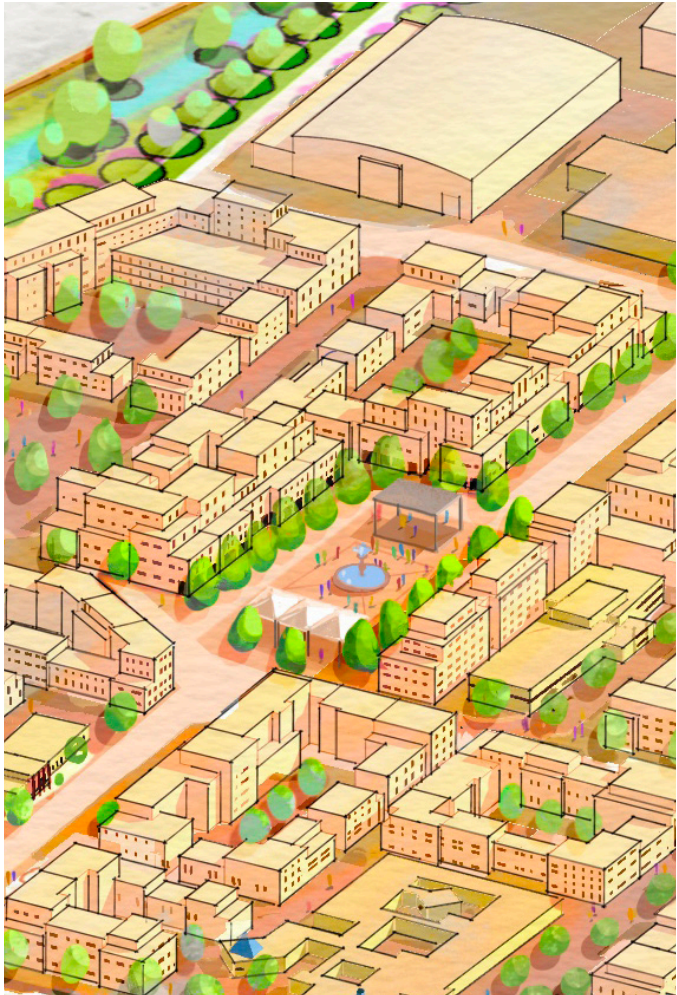
**ADDENDA**

**MIDTOWN MASTER PLAN 'AT A GLANCE'**

# MIDTOWN

SANTA FE

## PROPOSED MASTER PLAN AT-A-GLANCE



To create a dynamic new center for Santa Fe this Plan takes into account necessary physical elements and intangible cultural and social considerations that are critical to support a vibrant community at the Midtown Site. Plans include two key components:

## Midtown Community Development Plan

Defines social, cultural, and programming goals and articulates implementation policies for development at the Midtown Site, including established affordable housing goals.

## Master Plan

Sets the physical legal requirements and the physical framework for development. It includes regulations for what will get built on the Midtown Site, and policy guidance for how new development and improvements around the Site can be complementary.

It can be thought of as providing the physical “container” for the programming and policy concepts described in the Community Development Plan.

# The Midtown Master Plan

## Sets a long-term vision for a new kind of Santa Fe neighborhood.

The Plan lays the foundation for a sustainable, walkable new center for Santa Fe that embodies local culture, climate and ambition for the future.

## Is flexible without compromising community values.

Since the Midtown Site may develop over many years, the Plan provides flexibility to respond to changing conditions while establishing clear requirements for plan elements that are critical for achieving the community's vision.

## Acknowledges Santa Fe's history but is forward looking.

Santa Fe has a rich history that informs its present and inspires its future. Similarly, the Midtown's Site history will catalyze its future through the reuse of existing buildings and expansion of film studio and public uses.

## Holds future development to a high standard.

The Plan includes specific standards that future developments on the Midtown Site must follow. These standards will support a development that is accessible, beautiful, and inviting to all.

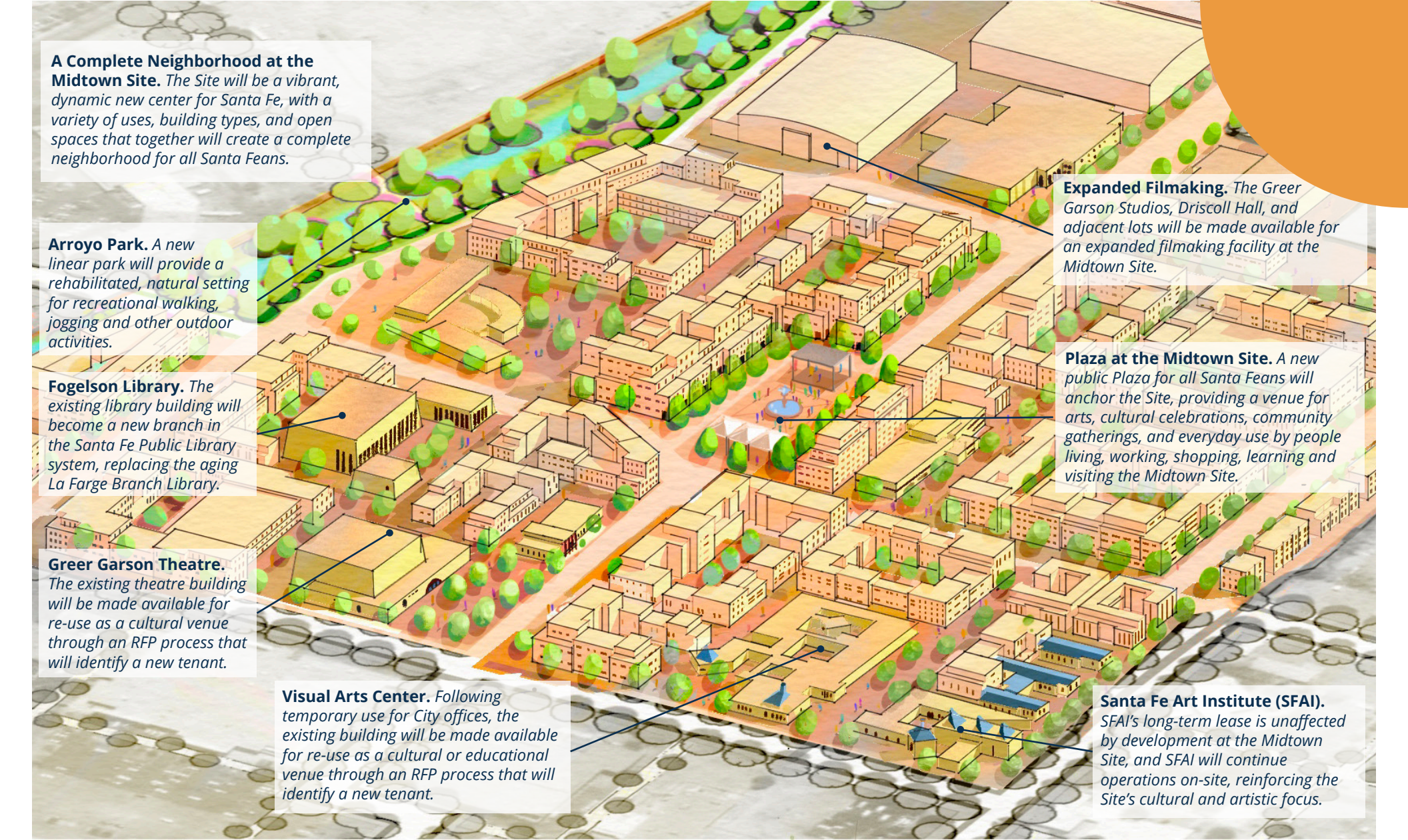
## Supports and connects existing neighborhoods.

The Plan prioritizes safe and convenient connections between the Midtown Site and nearby neighborhoods, providing current residents access to new amenities and community uses at the Midtown Site.

## Is a plan for everybody!

The Midtown Site will become a new center for Santa Fe, with open spaces, community uses, and new amenities that will serve all Santa Feans. Better connectivity and mobility will make the Site easier, safer and more convenient to reach across the City.





**A Complete Neighborhood at the Midtown Site.** The Site will be a vibrant, dynamic new center for Santa Fe, with a variety of uses, building types, and open spaces that together will create a complete neighborhood for all Santa Feans.

**Arroyo Park.** A new linear park will provide a rehabilitated, natural setting for recreational walking, jogging and other outdoor activities.

**Fogelson Library.** The existing library building will become a new branch in the Santa Fe Public Library system, replacing the aging La Farge Branch Library.

**Greer Garson Theatre.** The existing theatre building will be made available for re-use as a cultural venue through an RFP process that will identify a new tenant.

**Visual Arts Center.** Following temporary use for City offices, the existing building will be made available for re-use as a cultural or educational venue through an RFP process that will identify a new tenant.

**Expanded Filmmaking.** The Greer Garson Studios, Driscoll Hall, and adjacent lots will be made available for an expanded filmmaking facility at the Midtown Site.

**Plaza at the Midtown Site.** A new public Plaza for all Santa Feans will anchor the Site, providing a venue for arts, cultural celebrations, community gatherings, and everyday use by people living, working, shopping, learning and visiting the Midtown Site.

**Santa Fe Art Institute (SFAI).** SFAI's long-term lease is unaffected by development at the Midtown Site, and SFAI will continue operations on-site, reinforcing the Site's cultural and artistic focus.

# A NEW CENTER FOR SANTA FE

The Midtown Site will be a center for arts, culture, celebrations and everyday life, anchored by a new Plaza and community-serving uses in historic buildings.

# connecting communities



## MOBILITY AND ACCESS

New streets and paseos, and improvements to existing streets, will make the Midtown Site more accessible and provide better connections to nearby neighborhoods and destinations.



**People Walking and Rolling.** All streets on the Midtown Site will include shaded sidewalks and crosswalks at intersections. Pedestrian paseos will provide easy access between destinations and help to reduce walking distances at the Site. The Plan provides guidance for how these networks can extend across greater the Midtown Site.



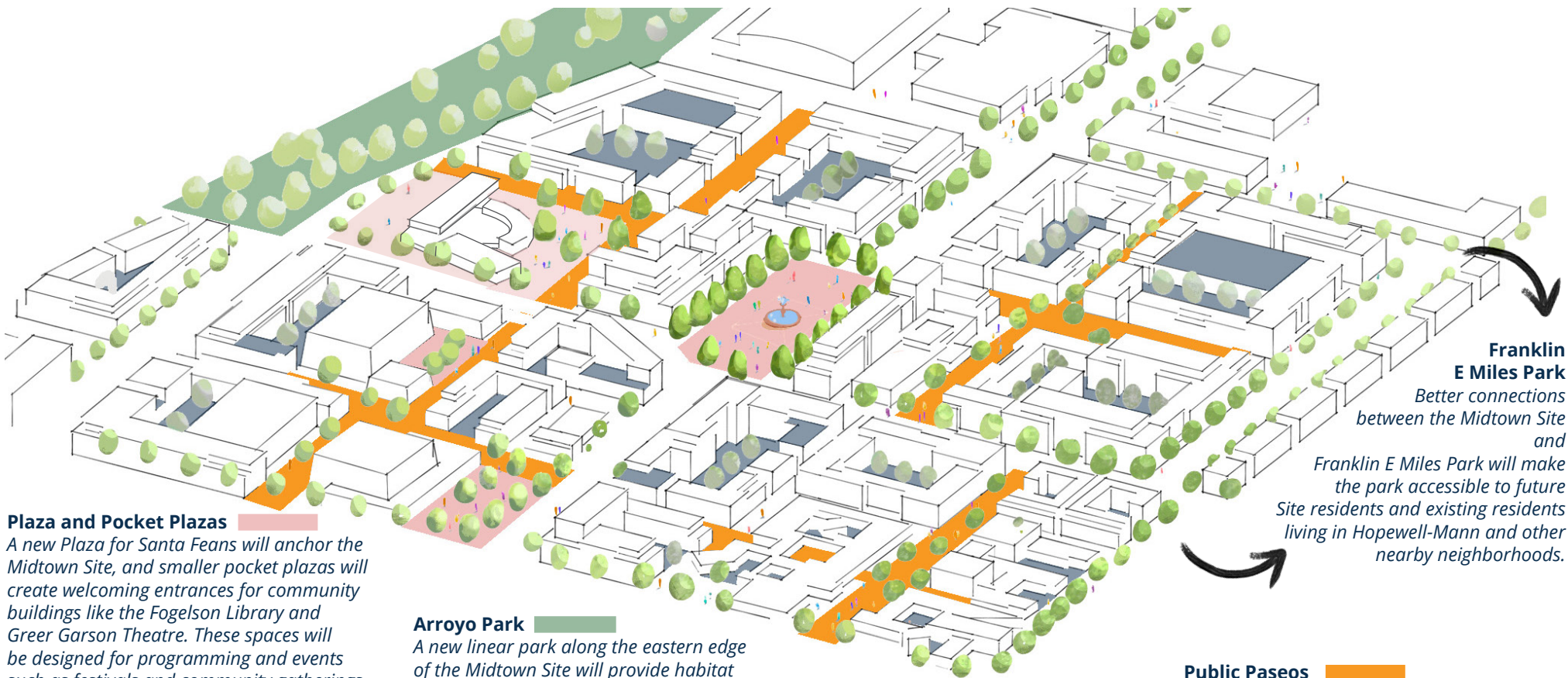
**People Riding Bikes.** All streets on the Midtown Site will be comfortable for people with varying levels of bike riding confidence. Marked bicycle lanes and multi-use paths will provide dedicated routes for people riding bikes within and across the Site.



**People Taking Transit.** New external pedestrian connections to transit stops along Cerrillos Road, St. Michael's Dr and Siringo Rd will make taking transit to and from the Site easier and more convenient.



**People Driving Cars.** While other modes of travel will be prioritized at the Midtown Site, studies for traffic and parking have shown that planned facilities will be able to accommodate future vehicle traffic generated by activities at the Site.



**Plaza and Pocket Plazas**

A new Plaza for Santa Feans will anchor the Midtown Site, and smaller pocket plazas will create welcoming entrances for community buildings like the Fogelson Library and Greer Garson Theatre. These spaces will be designed for programming and events such as festivals and community gatherings, and will help to promote a lively, dynamic environment at the Midtown Site that reinforces the neighborhoods role as a new center for Santa Fe.

**CIVIC AND OPEN SPACE**

The Midtown Site will have over 29 acres of open spaces designed to host a variety of activities in diverse outdoor settings designed to respond to the climate and culture of Santa Fe. These public spaces will be designed for hosting a broad range of community festivals and events, such as powwows, and arts, film and music festivals.

**Arroyo Park**

A new linear park along the eastern edge of the Midtown Site will provide habitat for native species and form an important north-south connection for people walking, rolling, and riding bikes. Green infrastructure will be integrated into open space design to incorporate sustainable stormwater management strategies.

**Open Spaces on Development Parcels**

New development at the Midtown Site must include outdoor space in the form of courtyards and roof terraces. These spaces will help to provide additional outdoor access for residents and workers at the Site.

**Public Paseos**

These walkways will connect open spaces and community use buildings around the Midtown Site. In addition to their role as connectors, these spaces can also be used for passive recreation, strolling, and catching up with neighbors on shaded benches.

**Franklin E Miles Park**

Better connections between the Midtown Site and Franklin E Miles Park will make the park accessible to future Site residents and existing residents living in Hopewell-Mann and other nearby neighborhoods.



gathering + recreation

# authentic + appropriate

## SENSE OF PLACE



Standards in the Plan require new buildings to reflect the climate, culture and urban form of Santa Fe so the Midtown Site will have an undeniably local sense of place.



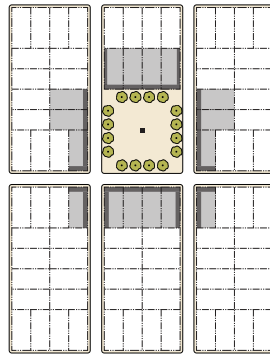
### Emphasis on the Public Realm

The Master Plan prioritizes a high-quality public realm — the streets, sidewalks, and open spaces that will characterize the experience of being in the Midtown Site.



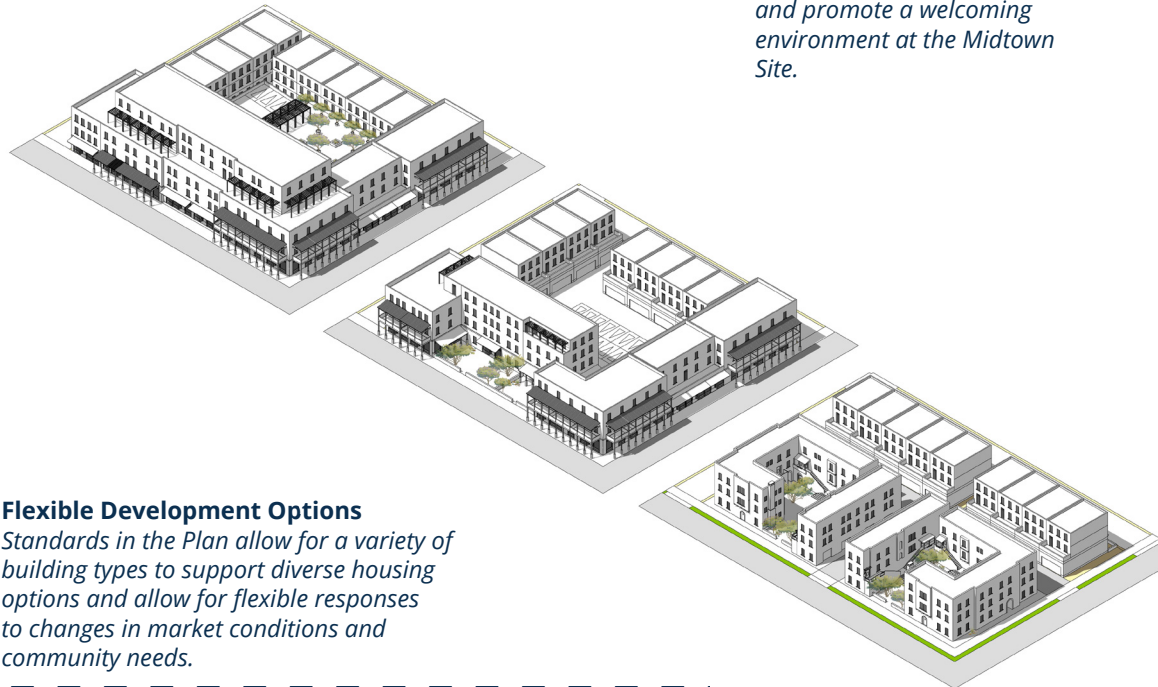
**Sizing Buildings for Santa Fe**

*Development standards require height setbacks and establish maximum building dimensions to promote a scale of development that is consistent with Santa Fe's existing urban form while providing substantial opportunities for the construction of new housing and employment spaces at the Site.*



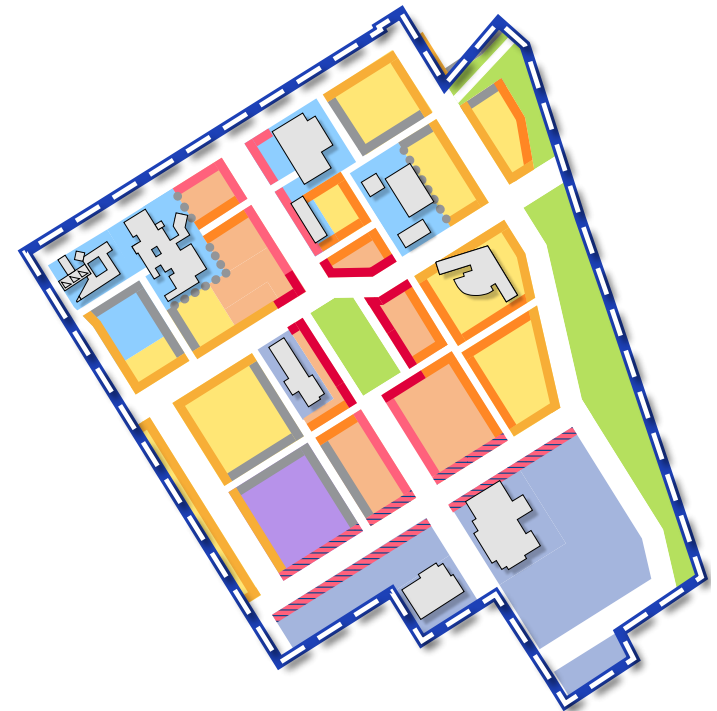
**Prioritize Open Spaces**

*Development standards will require buildings adjacent to open spaces to engage with the space through frontage designs that will help to activate the space and promote a welcoming environment at the Midtown Site.*



**Flexible Development Options**

*Standards in the Plan allow for a variety of building types to support diverse housing options and allow for flexible responses to changes in market conditions and community needs.*



**Not "One-Size Fits All"**

*Vibrant neighborhoods are unique places, with a variety of buildings, uses, and spaces. Standards in the Plan will support a diverse neighborhood at the Midtown Site.*



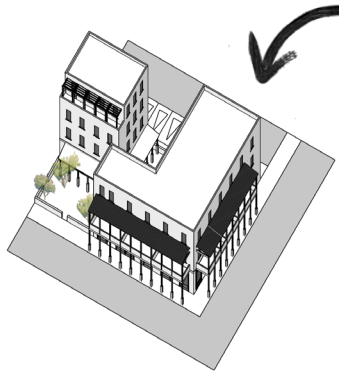
# desirable living options



## AFFORDABLE HOUSING STRATEGY FOR THE MIDTOWN SITE

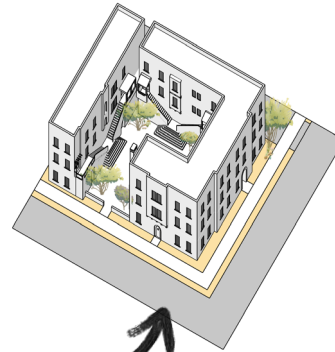
### Housing Choices and Affordability

People who call the Midtown Site home will reside in a variety of affordable and market-rate units, in diverse building types that provide options for different unit sizes, prices, and lifestyles.



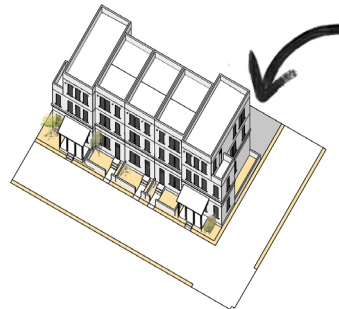
#### **Mixed-Use Buildings**

*Residences are located above active uses on the ground level such as shops, cafes and community spaces.*



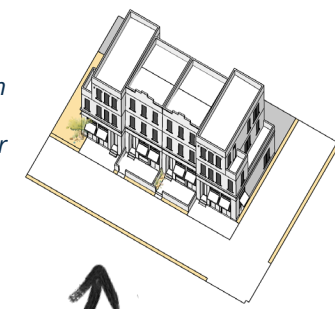
#### **Courtyard Buildings**

*Residences are oriented around a shared courtyard for use by residents of the buildings.*



#### **Rowhouse Buildings**

*Residential units are located side-by-side with small front dooryards and sideyards for corner units.*



#### **Live/Work Buildings**

*Flex spaces for small businesses and artist studios are located below a residential unit where the business owner/artist lives.*

At least 30% of homes developed at the Midtown Site will be priced for affordability for low and moderate-income households. The City will work to ensure that community objectives around affordable housing can be realized and that affordable housing can be sustainable and long-term.

Efforts to ensure affordable housing at the Midtown Site will include:

- Housing projects developed at the Midtown Site will provide affordable housing through the City's Housing Inclusionary Zoning requirements, including the Santa Fe Homes (SFCC 26-1) and Low-Priced Dwelling Unit Programs (26-2).
- In addition the City intends to work with developers at the Midtown Site to create additional opportunities for mixed-use, mixed-income development through:
  - requirements for inclusionary homeownership units with affordability controls or deed restrictions that provide long-term affordability;
  - requirements for affordable rental units, also with deed restrictions or covenants that provide long-term affordability;
  - options for developers to provide cash contributions in lieu of affordable housing units that will generate affordable housing construction within the Midtown Site/ LINC Overlay zoning area - the Midtown District; and
  - incentives to generate diverse tenure models on certain parcels, including shared equity models like community land trusts and co-housing.

Housing at the Midtown Site is expected to include a broad variety of housing types and sizes that help to meet the diverse housing needs of Santa Feans.



Administration Building\*



Benildus Hall



Fogelson Library Complex\*



Greer Garson Studio Complex\*



Greer Garson Theater Center\*



Visual Arts Center

\* Denotes building designed by local architect Philippe Register, a practitioner of "southwest regional modernism" that is unique to Santa Fe.



## REUSE OF EXISTING BUILDINGS

The buildings indicated on the map will be adaptively reused to honor the history of the Midtown Site while providing venues for cultural uses and amenities.



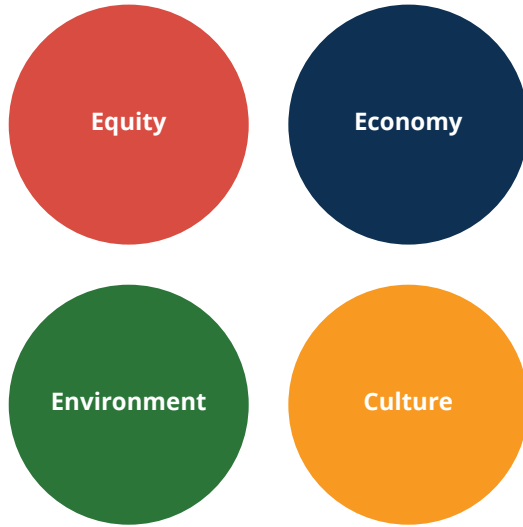
# leveraging our legacy

# FROM VISION TO REALITY

The Midtown Master Plan provides a development framework to support future redevelopment activity at the Site. It is the first step in creating a new center for Santa Fe at the Midtown Site.

## Elements of Sustainable Development

More than 2,800 people shared their ideas for the Midtown Site as part of the initial outreach process, which concluded in 2018. Based on the input received, four elements were identified to guide development.



## Sustainable Development

The Plan lays the groundwork for a neighborhood that is environmentally, economically, socially and culturally sustainable, reinforcing green design, affordable housing, access to amenities and services, and spaces for cultural activities.

## Walkable

The Midtown Site will be a place where a person can walk, roll or bike to fulfill daily needs. Transit use will be supported, and while vehicular travel will be accommodated, alternative modes of active transportation will be prioritized.

## History and Culture

To support cultural uses and historic remembrance, some existing buildings will be reused and civic spaces for cultural uses and gatherings will be provided. Santa Fe's history will be celebrated through place-based design that is responsive to local climate and culture.

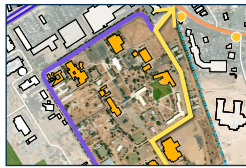
## Housing Choice

The variety of building types enabled by the Plan lays the groundwork for more housing choices for Santa Feans, and provides the opportunity for both affordable and market rate housing at the Midtown Site.

## A LOOK AT THE MASTER PLAN DOCUMENT



**Chapter 1  
Mission +  
Statement** *Provides an overview of the Midtown Master Plan and its relationship to the City's planning framework.*



**Chapter 2  
Background +  
Setting** *Summarizes existing conditions and identifies key characteristics of the Midtown Site and surrounding areas.*



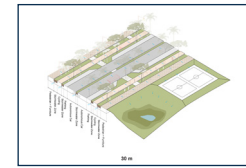
**Chapter 3  
Vision** *Gives an overview of the development vision and phasing, and articulates goals for sustainability, mobility, stormwater, open space and built form.*



**Chapter 4  
Connectivity +  
Mobility** *Defines and provides the design direction for the future street network, modal prioritization, and parking policies.*



**Chapter 5  
Development  
Standards** *Establishes form-based development standards that regulate the future built character on the Midtown Site.*



**Chapter 6  
Infrastructure +  
Public Facilities** *Describes green infrastructure and addresses necessary improvements for infrastructure and utilities.*



**Chapter 7  
Appendices** *Includes supplementary documents developed throughout the Master Plan process.*

## Zoning

The Midtown Site is currently zoned as single-family residential (R5). Only five homes per acre can be built in an R5 zone. To foster variety, the Plan proposes changing the zoning to C-2 (General Commercial District) which allows commercial and retail uses to be mixed with residential units and will enable many more homes to be provided at the Midtown Site.

Areas adjacent to the Site are currently zoned C-2. On their own, standards are designed to guide future additions or changes to existing strip commercial developments in the area.

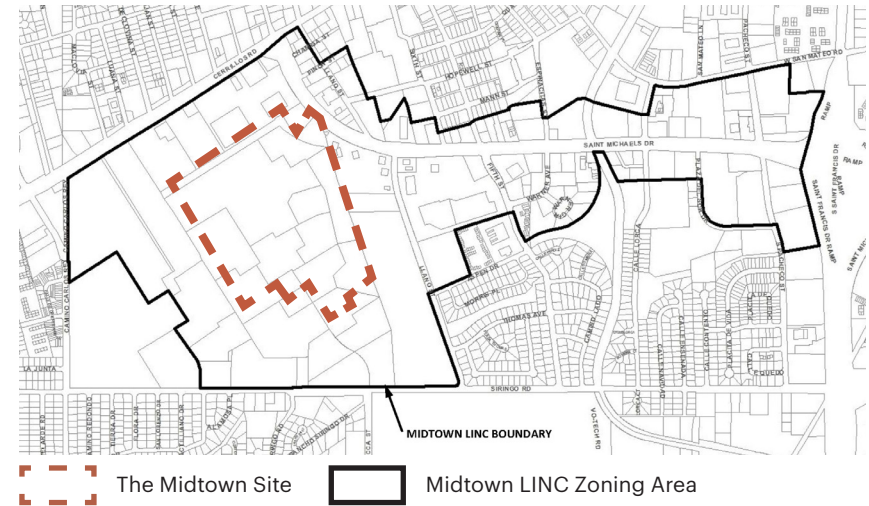
Together with new development standards included in the Plan, this update will ensure that the buildings, streets and public spaces that get built at the Midtown Site are consistent with the community's vision.

## Midtown LINC Zoning Area

The Midtown Local Innovation Corridor Overlay District (Midtown LINC Zoning Area) aims to create a vibrant, mixed-use neighborhood within the demographic and geographic center of the city.

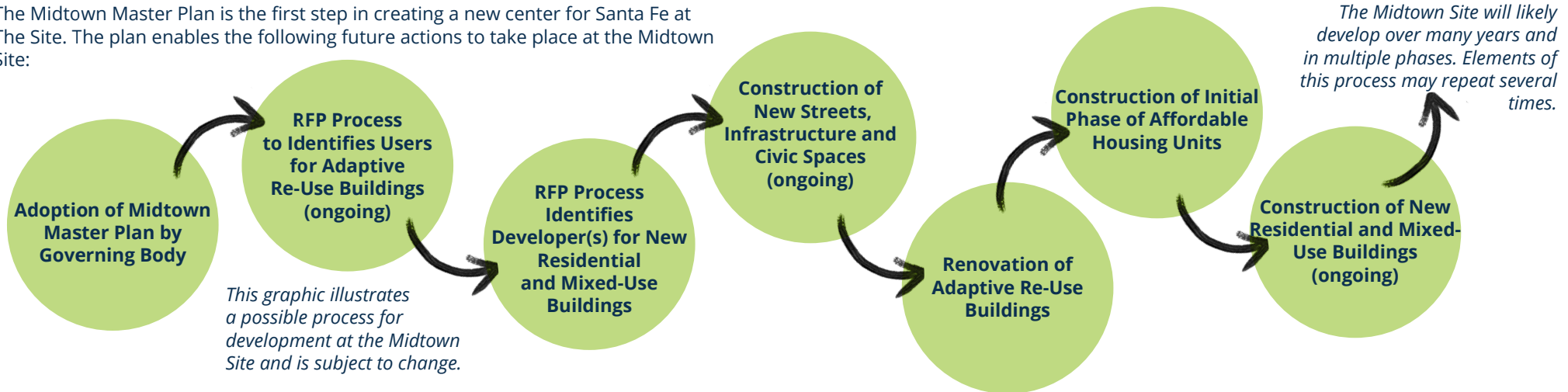
Adopted in 2016, it incentivizes multi-family residential development, complementary nonresidential uses, and an enlivened, street-oriented pedestrian environment by freeing development capacity of existing under-developed land and buildings, while allowing existing uses to continue as redevelopment occurs.

The Plan provides guidance for how nearby properties in the LINC can evolve to be complementary with new development on the Midtown Site.



## PROCESS

The Midtown Master Plan is the first step in creating a new center for Santa Fe at The Site. The plan enables the following future actions to take place at the Midtown Site:





PREPARED BY:  
SANTA FE OFFICE OF COMMUNITY  
AND ECONOMIC DEVELOPMENT

[planning@santafem.gov](mailto:planning@santafem.gov)

Learn more and stay up to date by visiting:

[MidtownDistrictSantaFe.org](http://MidtownDistrictSantaFe.org)

**QUALIFICATIONS OF THE APPRAISER**

## **APPRAISER'S QUALIFICATIONS- TIM CONNELLY, MAI**

### **Professional Memberships**

- Member of the Appraisal Institute – Designated as an MAI
- The New Mexico Real Estate Appraisers' Board (General Certification #03225-G)

### **Professional Education**

- BS, College of Education, The University of Maryland (1988)
- Masters of Social Work, West Virginia University (1993)

### **Appraisal Courses and Seminars**

<ul style="list-style-type: none"><li>• Real Estate Appraisal (1998)</li><li>• Applications of Real Estate Appraising (1998)</li><li>• National USPAP update (2001, 2006, 2011, 2013, 2015, 2017, 2018, 2020, 2022, 2023)</li><li>• Standards and Ethics (1998)</li><li>• Introduction to Income and Cost Approach (1998)</li><li>• FHA Appraising (1999)</li><li>• Appraising Small Commercial Properties (1999)</li><li>• Appraising Commercial and Industrial Properties (1999)</li><li>• The Narrative Report (1999)</li><li>• The Cost Approach (2007)</li><li>• Private Appraisal Assignments (2007)</li><li>• Appraisal Trends (2007)</li><li>• Construction Details and Trends (2007)</li><li>• Appraising Factory Built Housing (2007)</li><li>• Developing and Growing an Appraisal Practice (2007)</li><li>• Understanding Factory Built Housing (2007)</li><li>• Information Technology for Real Estate (2007)</li><li>• Appraising for the Secondary Market (2007)</li><li>• Income Capitalization (2007)</li><li>• Fair Housing (2007)</li><li>• Disclosures and Disclaimers (2011)</li><li>• Legal Descriptions (2011)</li><li>• Green Buildings (2011)</li><li>• Minimize your Liability (2011)</li><li>• Greening the Appraisal and Real Estate Industry (2011)</li><li>• Mortgage Fraud (2011)</li></ul>	<ul style="list-style-type: none"><li>• Sales Verification (2011)</li><li>• Land and Site Valuation (2011)</li><li>• REO and Foreclosures (2011)</li><li>• Environmental Issues for Appraisers (2011)</li><li>• Environmental Contamination of Income Properties (2011)</li><li>• General Appraiser Site Valuation &amp; Cost Approach (2011)</li><li>• General Appraiser Sales Comparison Approach (2011)</li><li>• Statistics and Modeling (2011)</li><li>• General Appraiser Income Approach (2011)</li><li>• Expert Witness (2011)</li><li>• General Appraiser Market Analysis (2011)</li><li>• Advanced Market Analysis (2012)</li><li>• Advanced Income Capitalization (2012)</li><li>• Advanced Concepts and Case Studies (2012)</li><li>• Quantitative Analysis (2012)</li><li>• Business Practice and Ethics (2012)</li><li>• General Appraiser Report Writing (2013)</li><li>• Condemnation Appraising: Principles &amp; Applications (2016)</li><li>• Valuation of Conservation Easements (2017)</li><li>• Regional Economic Forecast (2019)</li><li>• Residential Construction (2023)</li><li>• Fundamentals of Appraising Luxury Homes (2023)</li></ul>
--	--

### **Professional Experience**

01/18 – Present: Hippauf Dry & Connelly: CMO  
05/11 – 12/17: Hippauf and Associates, Inc., Appraiser  
02/08- 02/11: Westholm and Associates, Assistant Appraiser  
03/05- Present Self- employed, Conservation Consulting  
03/00- 02/05 The Conservation Fund, Maryland Representative  
01/98- 02/01 Mid-Shore Appraisal Service, Associate Appraiser

### **Clients**

Clients include local and national lenders, attorneys, institutions, including state and local governmental entities, Non-government organizations and individuals.

### **Classes of Properties Appraised**

Commercial, existing and proposed, such as offices, retail light industrial, self-storage, subdivisions, vacant land, special use properties, farm and ranch. Conservation easements.

