

REAL PROPERTY APPRAISAL

APPRAISAL REPORT

Fee Simple Interest

Three (3) Unit Multifamily Property
43 Lincoln Street
Needham
Norfolk County
Massachusetts, 02492

As of:
January 26, 2018 (Current)

Report Date:
February 12, 2018

Prepared For

Atty. David Tobin
Tobin & Grunebaum
60 Dedham Avenue
Needham, Massachusetts 02492

Shepherd Associates, LLC
Newton, Massachusetts

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Shepherd Associates, LLC

Real Estate Appraisal & Consulting Services

February 12, 2018

Atty. David Tobin
Tobin & Grunebaum
60 Dedham Avenue
Needham, Massachusetts 02492

Subject 43 Lincoln Street
Property: Needham, Massachusetts, 02492

Three (3) Unit Multifamily Property
Land Area: 11,250 sq. ft.

Dear Mr. Tobin:

In accordance with your request, the appraisal of the referenced property has been completed and the report follows. The appraisal process undertaken represents a scope of work sufficient to produce credible assignment results based on the intended use.

A Real Estate Appraisal Report has been prepared in compliance with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Discussions of the data, reasoning and analyses used in the appraisal process to develop an opinion of value are provided. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the stated intended use and is intended to meet the supplemental standards of the Appraisal Institute.

Page 22 of this report contains pertinent information regarding the scope of work determination in this assignment. Please refer to the Limiting Conditions and Assumptions section of this report on page 20. Acceptance of this report constitutes agreement with these conditions and assumptions.

Unless otherwise stated, the property is appraised as if it meets or exceeds all Massachusetts and federal environmental considerations.

The appraiser has no present or prospective interest in the property that is the subject of this report.

The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Valuation conclusions follow.

Transmittal – Page B -- February 12, 2018 - Mr. Tobin - Tobin & Grunebaum
43 Lincoln Street, Needham, Massachusetts

Current Value Opinion, As-Is. The market value of the Fee Simple interest in the subject real property, based on market conditions prevailing as of January 26, 2018, subject to the Limiting Conditions and Assumptions of the appraisal, and to any applicable extraordinary assumption and hypothetical conditions stated in the report, with an exposure time of within 6 - 12 months, is:

One Million Three Hundred Thousand Dollars
(\$1,300,000)

Extraordinary Assumptions/Hypothetical Conditions. There are no Extraordinary Assumptions for this appraisal.

The reported value(s) are subject to the following market value definition, general, specific and extraordinary assumptions and limiting conditions, and my certification.

This letter is not an appraisal report. This letter is invalid as an opinion of value if detached from the report, which contains the relevant supportive content. This appraisal has been prepared for the client, Tobin & Grunebaum. This appraisal may not be used or relied upon by anyone other than the client and others identified specifically in this report, for any purpose whatsoever, without the appraiser's express written permission. Acceptance of this appraisal indicates that user acknowledges and accepts all conditions provided herein.

Thank you for the opportunity to carry out this assignment. Please contact us if there are questions or comments.

Respectfully submitted,

FOR: SHEPHERD ASSOCIATES LLC



William J. Pastuszek, Jr., MAI, SRA, MRA
Massachusetts Certified General
Real Estate Appraiser License #10

WJP/b
Encls.

CERTIFICATION

I certify and agree that:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The appraiser's compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
8. William J. Pastuszek, Jr. has made a personal inspection of the property that is the subject of this report.
9. The appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Ethics and Professional Standards of the Appraisal Institute.
10. No one provided significant professional assistance to the person(s) signing this report.
11. The use of this report is subject to the requirements of the Appraisal Institute and other appraisal organizations with which the appraiser is affiliated relating to review by its duly authorized representatives.
12. The appraiser has not performed any prior services regarding the subject within three years of the engagement for this assignment.



William J. Pastuszek, Jr., MAI, SRA, MRA
Massachusetts Certified General
Real Estate Appraiser
License #10

As of the date of this report, William J. Pastuszek, Jr. has completed the continuing education program for Designated Members of the Appraisal Institute. Mr. Pastuszek also has met the requirements of the continuing education and recertification programs of the Massachusetts Board of Real Estate Appraisers and the American Society of Appraisers.

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<i>General</i>	
<i>Subject Address</i>	43 Lincoln Street Needham, Massachusetts 02492
<i>County</i>	Norfolk
<i>MSA</i>	Boston-Cambridge-Quincy MSA
<i>Census Tract</i>	04033
<i>Owner</i>	Sally A. & Michael J. Fontecchio
<i>Title Reference</i>	Norfolk Registry of Deeds: 29756/280
<i>Report Option</i>	Real Estate Appraisal Report
<i>Report Date</i>	February 12, 2018
<i>Effective Date</i>	January 26, 2018
<i>Inspection Date</i>	January 26, 2018
<i>Interest Appraised</i>	Fee Simple
<i>Purpose</i>	To develop an as-is market value opinion for possible acquisition.
<i>Intended Use</i>	The intended use is for decision-making purposes for potential acquisition by the Town of Needham
<i>Client/Intended User(s)</i>	Atty. David Tobin, Tobin & Grunebaum, the client. Other users are not intended.
<i>Zoning</i>	GR

Real Estate Assessment and Taxes						
Tax ID	Land	Improvements	Other	Total	Tax Rate	Taxes
47-46	\$319,500	\$237,500	\$0	\$557,000	\$11.89	\$6,623
Totals	\$319,500	\$237,500	\$0	\$557,000		\$6,623

Property

Locus

Location The subject is located on the west side of Lincoln Street, in Needham Center, the downtown area of the town.

Site

Land Area 11,250 sq. ft. (0.26 acres)

Flood Zone Flood Map Information: Community Panel #25021C0038E. Flood Zone: X. Date: July 17, 2012. The property is not located in an area of significant flood hazard.

Improvements

Building Type Detached three family wood frame dwelling located in Needham Center.

Year Built 1890, per assessing records

Number of Units 3

Number of Stories 2.5

Gross Building Area (GBA) 2,300 sq. ft.

Land-Building Ratio 4.89 to 1

Highest and Best Use - Site Residential Development.

Highest and Best Use - as Improved Current use.

Value Indications

Date	Current
Premise	As-Is
Cost Approach	Not applicable
Sales Comparison Approach	\$1,300,000
Income Capitalization Approach	\$1,200,000 (developed as support for the sales comparison result)

Reasonable Exposure Time within 6 - 12 months

Marketing Time within 6 - 12 months

Value Indications

Value Conclusion \$1,300,000

Effective Date January 26, 2018

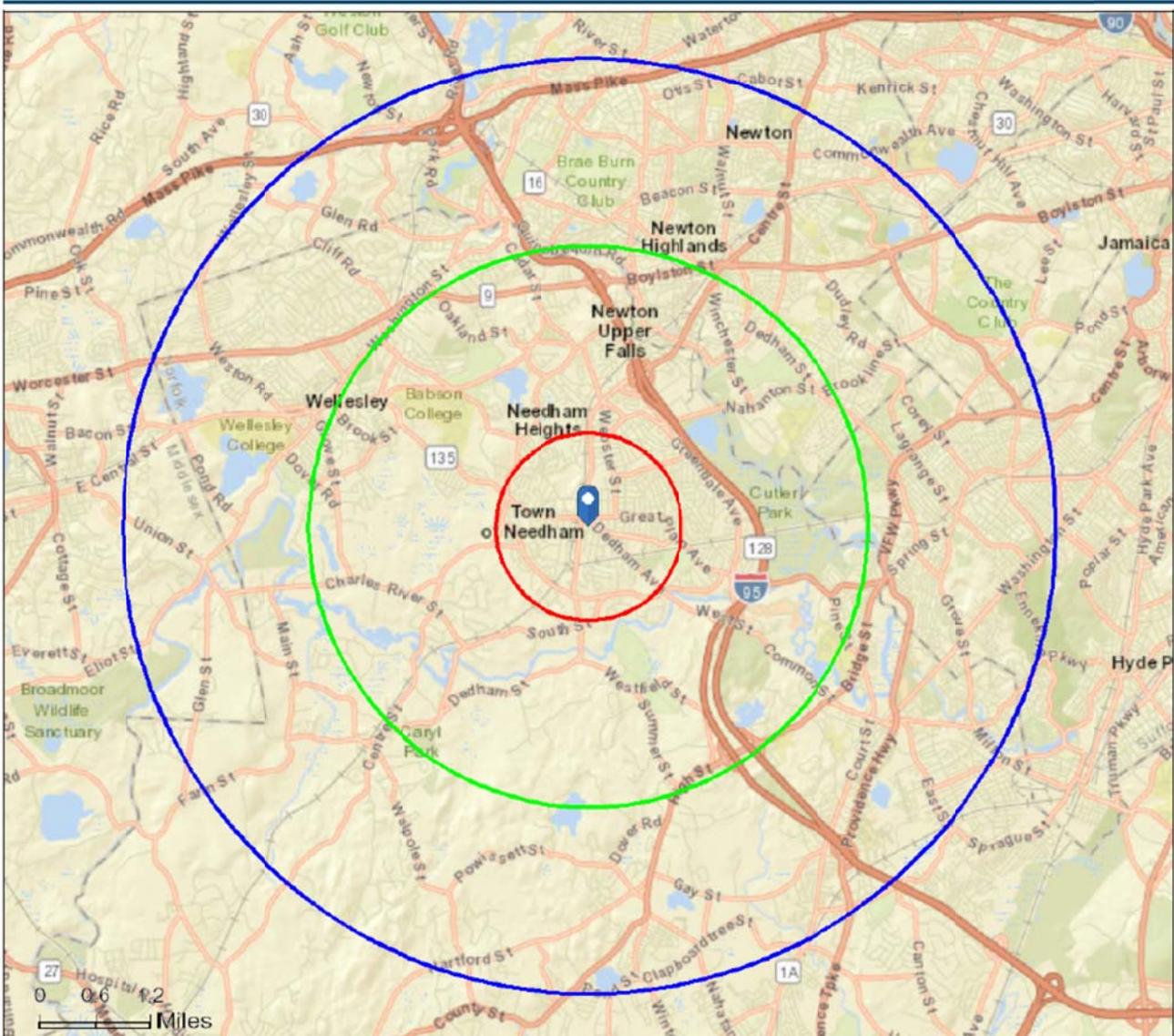
Property Rights Fee Simple

Extraordinary Assumptions/Hypothetical Conditions. There are no Extraordinary Assumptions for this appraisal.

Subject Location Map

43 Lincoln St, Needham, Massachusetts, 02492 2
43 Lincoln St, Needham, Massachusetts, 02492
Rings: 1, 3, 5 mile radii

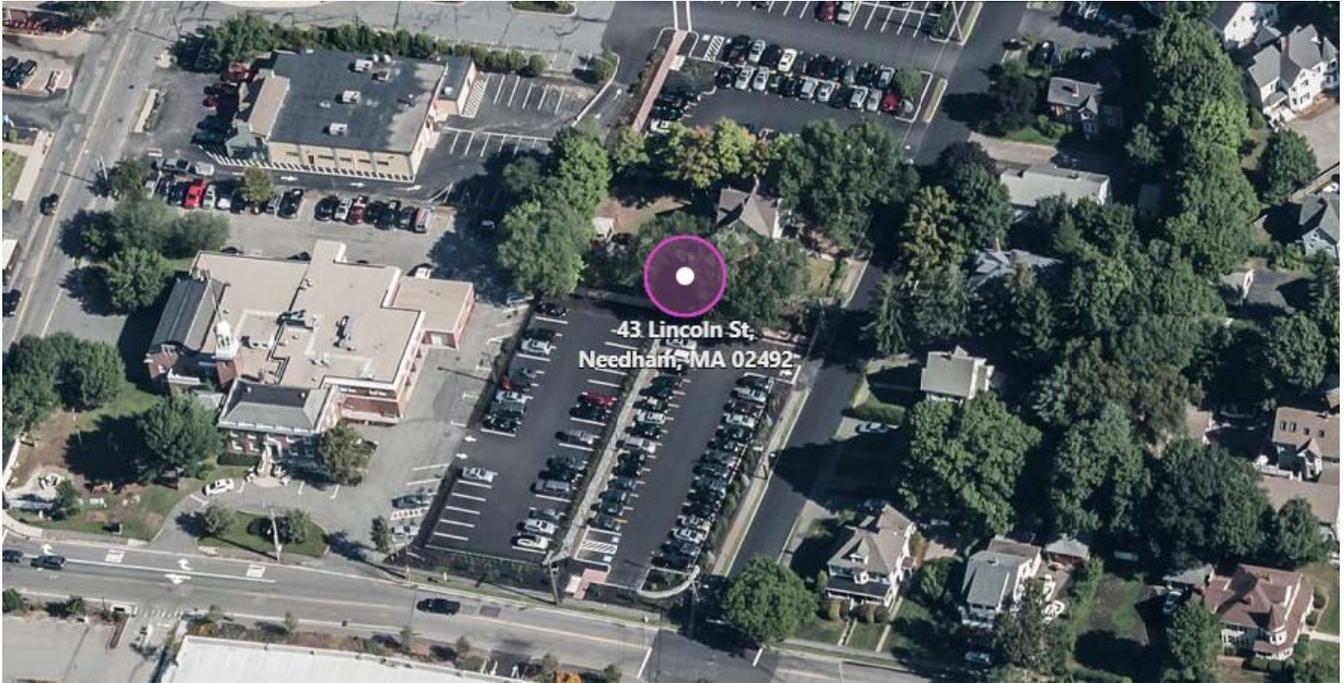
Site Details Map
Latitude: 42.27863
Longitude: -71.23560



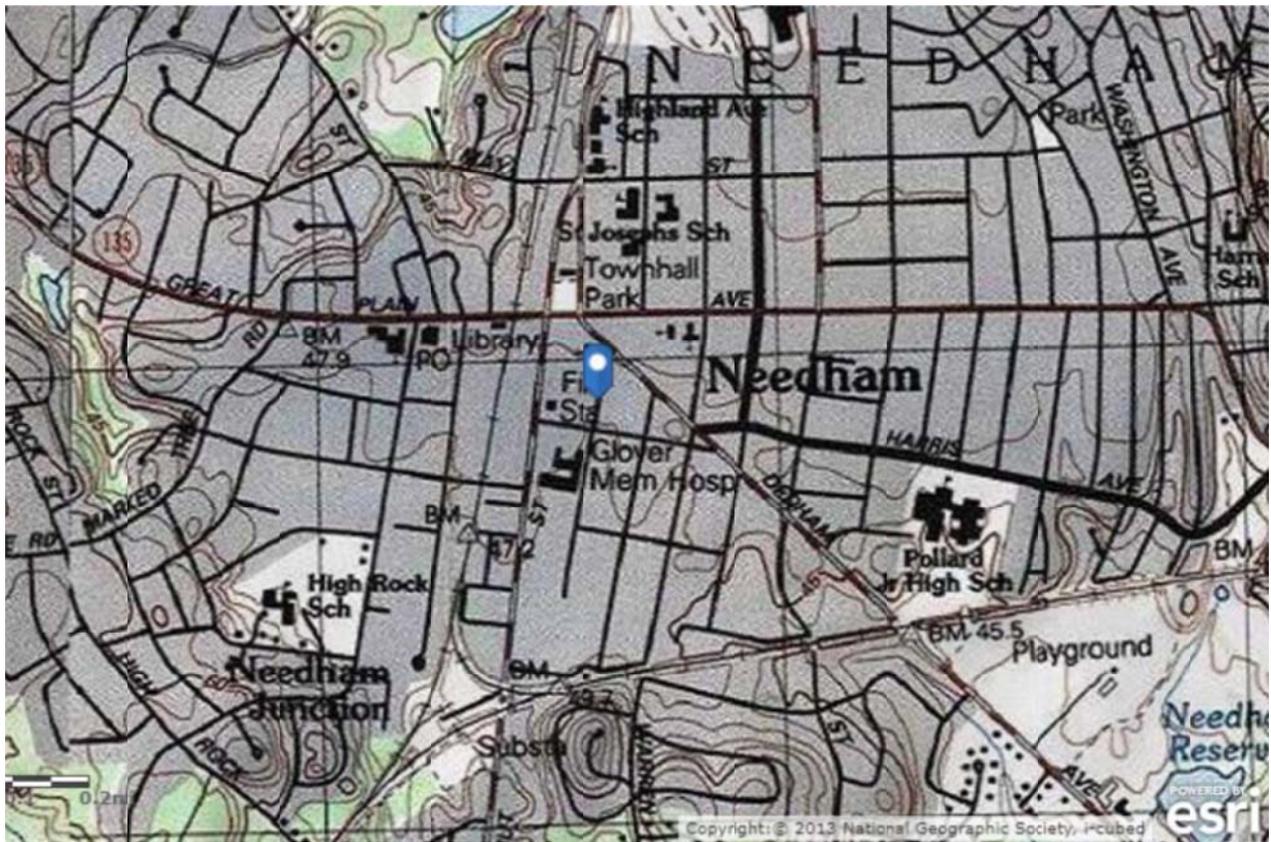
This site is located in:

City: Needham
County: Norfolk County
State: Massachusetts
ZIP Code: 02492
Census Tract: 25021403300
Census Block Group: 250214033001
CBSA: Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area

Subject Overhead Map



Subject Topographical Map



SUBJECT PHOTOGRAPHS

Taken: January 26, 2018



Subject Front



Subject Rear

SUBJECT PHOTOGRAPHS



Street View 1



Street View 2

SUBJECT PHOTOGRAPHS



Detached Garage



Typical Bedroom

SUBJECT PHOTOGRAPHS



Bath 1



Bath 2

SUBJECT PHOTOGRAPHS



Kitchen 1



Kitchen 2

SUBJECT PHOTOGRAPHS



Kitchen 3



Living Room 1

SUBJECT PHOTOGRAPHS



Living Room 2



Basement Mechanicals

MARKET VALUE DEFINITION

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

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

As-is Value is defined as “the estimate of the market value of real property in its current physical condition, use, and zoning, as of the appraisal’s effective date.”²

INTEREST APPRAISED

The Fee Simple interest is appraised.

The **Fee Simple** estate is defined³ as: 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.

The **Leased Fee** estate is defined⁴ as: An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Also, it is defined as follows: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship, (i.e., a lease).

Lease is defined as, “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”⁵

The **Leasehold Estate** is a property interest defined⁶ as: The right to use and occupy real estate for a stated term and under certain conditions conveyed by a lease. Typically the lessee’s interest. Also, it is defined as follows: The tenant’s possessory interest created by a lease.

¹ As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation (FDIC) in compliance with Title XI of FIRREA.

² Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471. Also, The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010

³ Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th Edition (Chicago: Appraisal Institute, 2010)

⁴ *Ibid*

⁵ *Ibid*

⁶ *Ibid*

LIMITING CONDITIONS AND ASSUMPTIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions which can only be modified in writing executed by both parties.

1. A Real Estate Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a) has been prepared. A concise presentation of the analyses, descriptions, and conclusions has been prepared consistent with the intended use of this assignment.

Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the stated intended use.

2. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

3. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property.

4. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore. If the appraiser is subpoenaed pursuant to a court order, the client agrees to pay Shepherd Associates, LLC's per diem rate plus expenses.

5. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by the appraiser.

7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraiser is affiliated.

8. This appraisal is to be used only for the purpose stated herein. While the distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

This appraisal report has been prepared for the exclusive benefit of the client specified or other intended users. It may not be used or relied upon by any other party. Any parties using or relying upon any information in this report do so at their own risk.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the properly written qualification and only in its entirety.

Receipt of this report for disclosure purposes does not make the recipient an intended user.

Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report without the previous written consent of the Appraiser, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without consent and approval of the appraiser.

9. In this appraisal assignment, potentially hazardous materials used in the construction or maintenance of the building, and/or the existence of toxic waste, which may or may not be present on the property, were not observed by the appraiser; nor does the appraiser have any knowledge of the existence of such materials on or in the property. The appraiser, moreover, is not qualified to detect such substances. The existence of potentially hazardous materials may have an effect on the value of the property. The client is urged to retain an expert in this field if desired. The appraiser reserves the right to alter, amend, revise, or rescind any value opinions based upon subsequent environmental studies, investigation, or research. Compliance with the provisions of MGL Chapter 21E has not been determined.

10. Unless otherwise stated in the body of the report, a separate value has not been made for personal property, fixtures, or intangibles.

11. Unless noted, no warranties or representations are given or implied for structural or mechanical components. No tests were performed or the results of such tests provided to the appraiser.

12. Any income and expense estimates developed in the appraisal are forecasts and not predictions. No guarantees of financial performance are implied or indicated.

13. This appraisal is based upon the condition of the regional and national economies, on the purchasing power of the U.S. dollar, and on prevailing financing rates as of the effective date of the appraisal.

14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of this act. If so, this fact could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible noncompliance with the requirements of ADA in developing a value opinion for the subject property.

15. All files, work papers and documents developed in connection with this assignment are the property of Shepherd Associates, LLC. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

16. Appraisals are based on the data available at the time the assignment is completed. Arrangements to make amendments or modifications to appraisals based on new information made available after completion of the appraisal may be subject to an additional fee.

17. Unless otherwise noted, no value is given to mineral or subsurface rights.

SCOPE OF WORK

To produce credible results, the appraisal assignment develops and reports a scope of work appropriate for the solution of the appraisal problem and the intended use. Consideration of the following factors is undertaken, but is not limited to:

- the client and intended users;
- the appraisal problem to be solved;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- expectations of typical intended users; and
- typical appraisal work by peers for similar assignments.

Scope of Work – Summary

<i>Client</i>	This appraisal is prepared for Atty. David Tobin, Tobin & Grunebaum, 60 Dedham Avenue, Needham, Massachusetts.
<i>Appraisal Problem to be Solved</i>	To develop an as-is market value opinion for possible acquisition.
<i>Effective Date of Assignment Results</i>	Current: January 26, 2018
<i>Intended Use</i>	The intended use is for decision-making purposes for potential acquisition by the Town of Needham
<i>Intended User(s)</i>	Atty. David Tobin, Tobin & Grunebaum, the client. Other users are not intended. Receipt of this report for disclosure purposes does not make the recipient an intended user.
<i>Interest Appraised</i>	Fee Simple.
<i>Report Type</i>	<p>A Real Estate Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a) has been prepared. A concise presentation of the analyses, descriptions, and conclusions has been prepared consistent with the intended use of this assignment.</p> <p>The Appraisal Report option is selected is considered to appropriate for the needs of the intended user consistent with the requirements of USPAP 2016-2017 which identifies two written report options: Appraisal Report and Restricted Appraisal Report. The level of detail provided is consistent with the minimum requirements of the USPAP 2012-2103 Summary Appraisal Report.</p>
<i>Report Date</i>	The date of the report is February 12, 2018.
<i>Property Identification</i>	The subject is identified by the results of the appraiser's inspection, the legal description and title reference, the assessors' parcel number, and other characteristics as further identified.

<i>Property View</i>	An interior and exterior view of the subject property has been made. The appraiser was accompanied by a representative of ownership, Sally Fontecchio.
<i>Date of Inspection</i>	The property was inspected on January 26, 2018.
<i>Property Information</i>	<p>The property is described based on the extent of the property inspection as set forth in the appraisal, on information contained in assessment and other municipal records, available property deeds and plans, and other information provided, including that by the client or site contact, and noted in the appraisal report.</p> <p>Ownership and the client provided relevant property information. Ms. Fontecchio provided rents, expenses, and recent capital improvements information verbally at the inspection.</p>
<i>Market Analysis</i>	Supply and demand factors relevant to the subject property and market have been considered.
<i>Highest and Best Use Analysis</i>	<p>Highest and best use analyses of the site as if vacant and the property as improved were undertaken to the extent necessary to achieve credible assignment results. Legally permissible, physically appropriate and financially feasible uses were considered and an opinion of the maximally productive use under each scenario was developed. The depth of the highest and best use is consistent with the intended use of the appraisal.</p> <p>Highest and best use opinions are summarized as follows, consistent with the assignment's intended use.</p> <ul style="list-style-type: none"> • Highest and Best Use As if Vacant: Residential Development. • Highest and best use as improved: Current use.
<i>Valuation Analyses</i>	
<i>Cost Approach</i>	The cost approach was considered and was not developed. Typical buyers and sellers would not consider the techniques of this approach applicable in arriving at buy-sell decisions for this type of property.
<i>Sales Comparison Approach</i>	The sales comparison approach was considered and was developed. The techniques of this approach reflect the attitudes of buyers and sellers within this market. There is adequate market data with which to develop this approach.
<i>Income Capitalization Approach</i>	The income capitalization approach was considered and was developed. In this instance, the gross rent multiplier technique is utilized. The approach is not given much weight and is developed primarily as a test of the reasonableness of the sales comparison approach.
<i>Reconciliation</i>	Values are reconciled within each valuation section and a final reconciliation is provided. Values derived from the approaches are weighted based on their respective strengths and weaknesses to arrive at final opinion(s) of value.

Hypothetical Conditions According to USPAP, a hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions USPAP notes that an extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

There are no Extraordinary Assumptions for this appraisal.

Information Not Available: No significant information was unavailable.

Additional disclosures of the scope of work may be found in the report.

Additional Notes. The terminology and analyses used in this report are intended for interpretation by knowledgeable reviewers and other individuals. Definitions may be found throughout the report. Not all terms are defined.

Nominal dollar and square foot amounts are used. Numbers are typically rounded, even when rounding is not specifically identified.

Comparable rental and sales data, including capitalization rates, and lease data are provided by parties deemed to be knowledgeable by the appraiser and the appraiser has relied upon these sources and the information provided by them. Capitalization rates from sales are not always reported consistently and the appraiser may undertake additional analysis to develop or extract meaningful capitalization rates.

In confirming data, both public and private sources are relied upon. Those directly involved in real estate transactions are not always willing to discuss pertinent facts with outside parties and, when they do, may not always provide complete and/or totally accurate information.

References: The following sources are referenced as general information sources. Any specific citations appear in the text of the report. This list does not include all possible sources consulted in the course of the assignment.

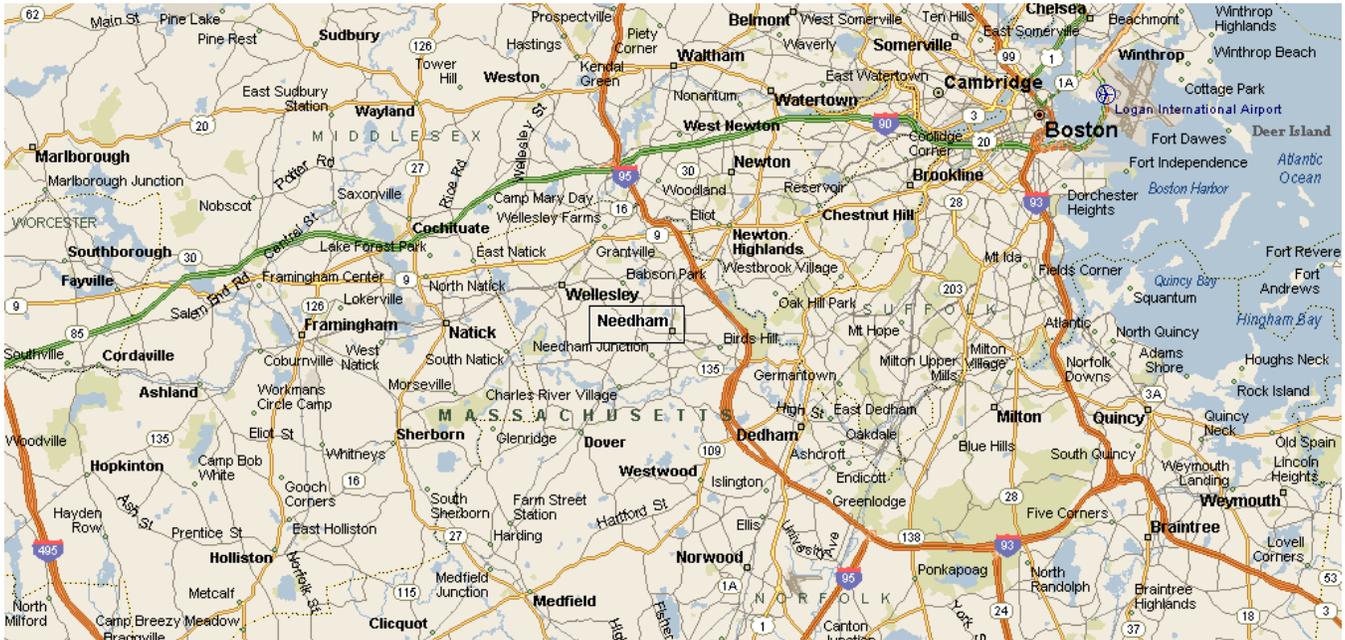
Appraisal Institute. The Dictionary of Real Estate Appraisal. Chicago: Appraisal Institute, Current Edition.

Appraisal Institute. The Appraisal of Real Estate. Chicago: Appraisal Institute, Current Edition.

The Appraisal Foundation. Uniform Standards of Professional Appraisal Practice. Washington, D.C.: The Appraisal Foundation. Current Edition.

MARKET AREA ANALYSIS

Area Map



General. The subject is located in Needham, a community located in Norfolk County within the Boston-Cambridge-Quincy MSA which is part of the Boston Metropolitan area. The Boston Metro Area functions as the region's primary economic engine. Activities and resources within the core area have a considerable effect on outlying regions. The core area consists of Boston, the region's major city, its inner suburbs and Route 128, with the perimeter generally defined by I-495, the outer circumferential highway. More than 50% of Massachusetts' personal income is generated by the residents of Suffolk, Norfolk and Middlesex Counties and half of the Commonwealth's diverse and well-educated workforce and well-paying jobs are located there.

Boston's educational institutions, health care centers, major corporations, high-technology and bio-tech companies, substantial artistic communities, and a vast array of cultural, recreational, and entertainment offerings, give its residents great advantages and opportunities. Workers, students, visitors, and investors are attracted to the area from all over the world.

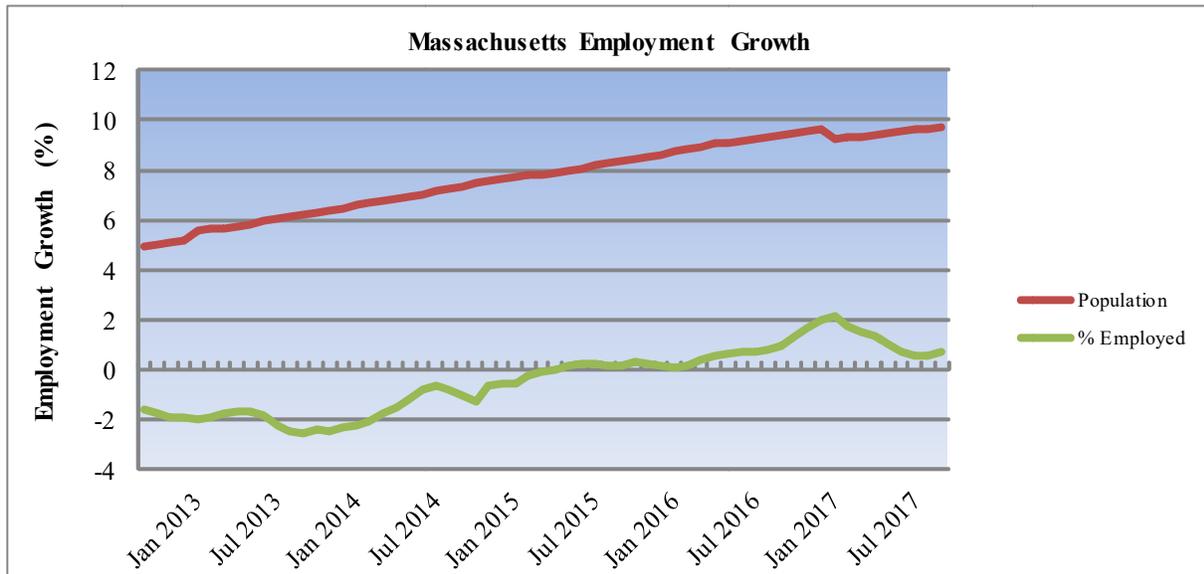
Pertinent Characteristics of Needham & Norfolk County

<i>MSA</i>	Boston-Cambridge-Quincy MSA.
<i>County</i>	Norfolk.
<i>County Population & Density</i>	Norfolk County has an area of 399.5 square miles with a population of 687,721. The population density is 1,679 persons per square mile.
<i>Community</i>	Needham is a town located in Norfolk county in eastern Massachusetts. The community is bounded by Newton to the northeast, Wellesley to the northwest, Natick to the west, Dover to the southwest, and Dedham and Westwood to the southeast. Needham is 19.5 miles from Boston and 209 miles from New York City.
<i>Land Area</i>	12.60 sq. miles.
<i>Density</i>	2,292 persons per sq. mile.
<i>Form of Government</i>	Representative Town Meeting.
<i>Year Incorporated</i>	1711.
<i>Transportation and Access</i>	The subject has access to the excellent rail, air, and highway facilities of the Greater Boston area. State Routes 128 and Interstate Route 495 divide the region into inner and outer zones, which are connected by numerous highway 'spokes' radiating from the central city, providing direct access to the airport, port, and inter-modal facilities of the area. Access to public transportation is adequate.
<i>Community Routes</i>	Principal highways include Interstate Route 95, following north-south in the eastern portion of the town. MA 135 (Great Plain Avenue), follows southeast to northwest through the town.
<i>Utilities</i>	Electric: Eversource. Gas: Eversource. Water and Sewer: Needham Department of Public Works.

Largest Employers in Massachusetts. Boston.com's 2016 listing of the 5 largest private employers includes: Partners Healthcare (67,600 total); University of Massachusetts (23,392); Stop and Shop Supermarket (21,711); Harvard University (18,065), and Steward Heath Care System (17,325).

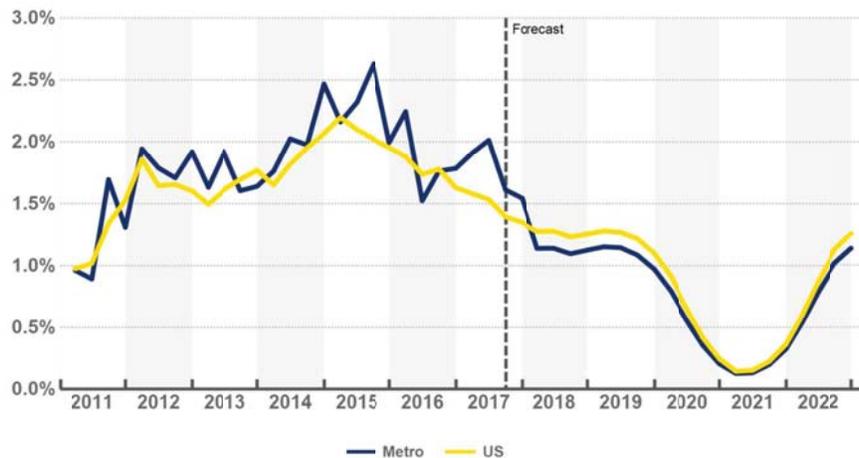
The most recent listing of the largest private employers in Massachusetts, according the Commonwealth's Labor and Workforce Development includes strong concentrations in medical, educational, financial services, high-technology and retail areas.

Job Growth. Job growth is a key indicator of changes in an area’s economy. Since the recession’s end, Massachusetts job growth has shown an upward trend. The following chart shows the percent of the population employed versus the working age population.

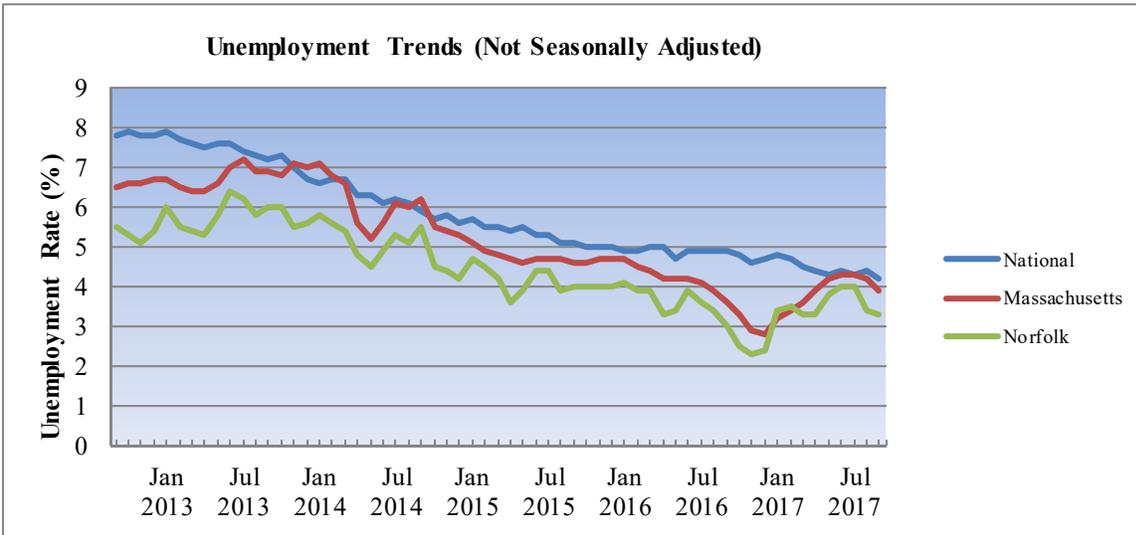


Data Source: Massachusetts Executive Office of Labor & Workforce Development (EOLWD).

The following chart notes historical comparisons and projections.



Unemployment Trends. The following chart compares unemployment rates in the nation, the Commonwealth, and Norfolk County over the recent past. More recent trends are noted following.



Data Source: Massachusetts Executive Office of Labor & Workforce Development (EOLWD), seasonally adjusted.

Unemployment. The following summarizes current unemployment.

Unemployment Rates (October 2017 Not Seasonally Adjusted)	
National	4.1%
Massachusetts	3.2%
Norfolk County	3.1%
Needham	2.6%

Unemployment has trended downward in the nation and region over the recent past. Metro Boston shows very low unemployment indicating an economy at full employment. Unemployment in the subject market area is competitive with that in similar communities.

The following is noted from *MassBenchmarks* Bulletin (October 2017).

Labor markets appear to be nearly back to full employment levels," noted Alan Clayton-Matthews, MassBenchmarks Senior Contributing Editor and Associate Professor of Economics and Public Policy at Northeastern University, who compiles and analyzes the Current and Leading Indexes. The unemployment rate in Massachusetts in September was 3.9 percent as compared to 4.2 percent nationally. The broader U-6 measure of unemployment was 7.6 percent in Massachusetts versus 8.3 percent for the U.S.

"Despite these low unemployment rates and anecdotes about a shortage of workers, employment growth continues unabated without clear signs of wage rate pressures. It may be that the rapid growth in wage and salary income in Massachusetts is signaling the beginning of an acceleration in wage rates, but it's too early to tell. Tax revenues can fluctuate from quarter to quarter for a variety of reasons that do not reflect an underlying trend," Clayton-Matthews added.

*Economic Overview. MassBenchmarks*⁷ noted the following in the October 2017, *Mass Benchmarks Bulletin*.

Mass economy expands rapidly in Q3, UMass journal reports

Growth is being driven by very strong employment and rapid wage and salary income growth

Massachusetts real gross domestic product grew 5.9 percent in the third quarter of 2017 according to the MassBenchmarks Current Economic Index, released today by MassBenchmarks, the journal of the Massachusetts economy published by the UMass Donahue Institute in collaboration with the Federal Reserve Bank of Boston. Nationally, real gross domestic product grew at a 3.0 percent annualized rate during the same period according to the U.S. Bureau of Economic Analysis (BEA).

Based on the latest available data, MassBenchmarks now estimates that the state economy grew at a 4.9 percent pace, versus 3.1 percent nationally during the second quarter of 2017. In the first quarter the BEA estimates that Massachusetts grew at a 1.1 percent rate as compared to 1.2 percent for the U.S.

The Commonwealth exhibited very strong employment and earnings growth during the third quarter, while U.S. employment and earnings growth was restrained by the impact of Hurricane Harvey and Hurricane Irma, both of which significantly disrupted economic activity in Texas, Florida and, to a lesser extent, nationwide. Payroll employment grew at a 2.1 percent annual rate in Massachusetts in the third quarter as compared to 1.2 percent nationally. Wage and salary income in Massachusetts, as estimated from state withholding tax revenues, grew at a very robust 10.5 percent annual rate, while MassBenchmarks projects a 3.8 percent growth for wage and salary income for the nation during the same period.

Year over year, the state and the nation's job growth were roughly on par, with employment growing 1.5 percent in Massachusetts between the third quarter of 2016 and the third quarter of 2017 as compared to 1.4 percent growth nationally during the same period. Wage and salary income grew 5.8 percent year over year in the Bay State, significantly stronger than the estimated 2.7 percent growth for the nation.

Spending. According to MassBenchmarks,

As measured by regular sales tax receipts and motor vehicle sales taxes, spending in the state has been surprisingly weak given strong income growth and the surging stock market. Spending on taxable items declined in the third quarter by 3.3 percent, although that decline was the result of what could simply be a short-run decline or temporary pause in automobile sales. Year over year, this spending grew by a relatively paltry 1.7 percent between the third quarter of 2016 and the third quarter of 2017.

MassBenchmarks Leading Economic Index.

The MassBenchmarks Leading Economic Index shows that the state's economy is expected to continue to grow at a moderately robust pace. The leading index is a forecast of the growth in the current index over the next six months, expressed at an annual rate. Thus, it indicates that the economy is expected to grow at an annualized rate of 3.3 percent in the fourth quarter of 2017 and 3.0 percent in the first quarter of 2018.

Consumer Confidence. According to a November 2017 press release, The Conference Board **Consumer Confidence Index**[®], which had improved in October, increased further in November. The Index now stands at

⁷ MassBenchmarks is published by the University of Massachusetts Donahue Institute in cooperation with the Federal Reserve Bank of Boston. The Donahue Institute is the public service, outreach, and economic development unit of the University of Massachusetts Office of the President. The Current and Leading Indexes are compiled and analyzed by Dr. Clayton-Matthews, Associate Professor of Economics and Public Policy at Northeastern University and released quarterly by *MassBenchmarks*.

129.5 (1985=100), up from 126.2 in October. The Present Situation Index increased from 152.0 to 153.9, while the Expectations Index rose from 109.0 last month to 113.3. The Index remains at a 17-year high.

According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer confidence increased for a fifth consecutive month and remains at a 17-year high (Nov. 2000, 132.6)." "Consumers' assessment of current conditions improved moderately, while their expectations regarding the short-term outlook improved more so, driven primarily by optimism of further improvements in the labor market. Consumers are entering the holiday season in very high spirits and foresee the economy expanding at a healthy pace into the early months of 2018."

The press released noted that consumers' assessment of current conditions improved moderately in November. Consumers' optimism about the short-term outlook and about the job market were also more favorable in November.

Business Climate. According to an October 2017 press release, ***The Conference Board Leading Economic Index® (LEI)*** for the U.S. declined in September. This is the first decline in a year, partly due to the impact of the hurricanes.

"The US LEI declined slightly in September for the first time in the last twelve months, partly a result of the temporary impact of the recent hurricanes," said Ataman Ozyildirim, Director of Business Cycles and Growth Research at The Conference Board. "The source of weakness was concentrated in labor markets and residential construction, while the majority of the LEI components continued to contribute positively. Despite September's decline, the trend in the US LEI remains consistent with continuing solid growth in the US economy for the second half of the year."

Beige Book - Boston. The following is from the September 2017 Federal Reserve Beige Book for the First District - Boston. The report noted that nationally, "Economic activity expanded at a modest to moderate pace across all twelve Federal Reserve Districts in July and August."

Summary of Economic Activity. Business contacts indicated that economic activity in the First District expanded modestly to moderately through mid-summer, with both retailers and manufacturers mostly reporting increases in revenues compared with a year earlier. Most staffing firms, by contrast, cited revenue declines attributed to tight labor supply. Commercial real estate markets were mixed across the region, with little change in leasing fundamentals and some loosening of commercial sales markets. Residential real estate markets in the region continued to experience increases in prices and declines in sales. Most responding firms cited a positive outlook.

More specific commentary follows.

Employment and Wages. Despite labor supply falling short of demand in many cases, wage pressures continued to be modest. Retailers' hiring plans were said to be in line with planned store expansions and they cited "not much" wage pressure. All nine manufacturing contacts this round indicated that employment was flat or increasing. All but one of the manufacturers who commented on the ability to recruit said that they were not having any trouble hiring and replacing workers. Two manufacturing respondents said they were forgoing cost-of-living increases this year. Among staffing firms, all contacts reported high demand for labor and tight labor supply. Demand for skilled labor has been strong, but contacts said many job applicants fall short on requested training; some suggested that clients needed to moderate their expectations. Likewise, low-skill labor supply has not met demand, with two firms citing public assistance as a challenge to recruitment, given the low wages in these positions. All responding staffing firms reported rising pay rates.

Prices. Prices were generally reported to be stable. Retailers reported that prices on most items remained steady. Restauranters said that while there were some small price increases on food, some menu prices have gone up more, in the 2.5 percent range. Manufacturing contacts mostly reported stable prices, and a manufacturer of dairy products said that pricing had been "exceptionally stable" in the last two years; a commercial aviation contact said they continue to feel strong downward price pressure from big customers despite record aircraft sales

Retail and Tourism. Prices were generally reported to be stable. Retailers reported that prices on most items remained steady. Restauranters said that while there were some small price increases on food, some menu prices have gone up more, in the 2.5 percent range. Manufacturing contacts mostly reported stable prices, and a manufacturer of dairy products said that pricing had been "exceptionally stable" in the last two years; a commercial aviation contact said they continue to feel strong downward price pressure from big customers despite record aircraft sales.

Manufacturing and Related Services. Of the nine manufacturing firms contacted, all reported sales in line with their expectations. Sales were up for seven respondents, while two reported changes near zero. Strong areas included commercial aviation and semiconductors. One semiconductor contact reported a year-on-year increase in sales in the second quarter in excess of 30 percent but cautioned that semiconductors are notoriously cyclical. A manufacturer of electrical equipment described the last two years as an "industrial recession" and said that we are now in a recovery.

Only one contact reported a major revision to capital spending plans. The dairy firm said that capital spending was up more than 40 percent last year as they expanded alternatives to traditional dairy products such as almond milk. A manufacturer of electrical equipment said that political pressure had led them to reduce off-shoring to Mexico and China and to increase spending on factory automation.

All respondents said the outlook was positive. A manufacturer of test equipment said that uncertainty about the federal budget and shutdowns was a cause for concern.

Demographic Data. The following summarizes population and income characteristics for Needham as compared to Norfolk County and Massachusetts (Census.gov.) Income characteristics are 5 year averages from the American Community Survey.

	<i>Population Trends</i>						
	<i>Needham</i>		<i>Norfolk County</i>		<i>Massachusetts</i>		
	<i>Year</i>	<i>Population</i>	<i>% Change</i>	<i>Population</i>	<i>% Change</i>	<i>Population</i>	<i>% Change</i>
	<i>1980</i>	27,901		606,587		5,737,037	
	<i>1990</i>	27,557	-1.23%	616,087	1.57%	6,016,425	4.87%
	<i>2000</i>	28,911	3.62%	650,308	7.21%	6,349,097	10.67%
	<i>2010</i>	28,886	-0.09%	670,850	3.16%	6,547,629	8.83%
	<i>2016</i>	30,167	4.43%	691,218	3.04%	6,794,422	7.01%
	<i>Income Characteristics*</i>						
	<i>Needham</i>		<i>Norfolk County</i>		<i>Massachusetts</i>		
	<i>Median Household Income</i>	\$139,477		\$90,226		\$68,563	
	<i>Median Family Income</i>	\$166,931		\$114,285		\$87,085	
<i>Per Capita Income</i>	\$67,059		\$47,306		\$36,895		

*Income figures in 2009 inflation adjusted dollars.

Financial Environment. The following summarizes pertinent financial rates.

Consumer Money Rates

September-17							
Interest Rate	yield/rate %		52-week			change in pct. pts	
	last	wk ago	hi	lo	52-wk	3-yr	
Federal-funds rate target	1.00-1.25	1.00-1.25	1.00-1.25	0.25-0.50	0.75		1
Prime rate*	4.25	4.25		4.25	3.5	0.75	1
Money market, annual yield	0.27	0.27		0.36	0.24	-0.01	-0.13
Five-year CD, annual yield	1.45	1.45		1.47	1.17	0.28	0.05
30-year mortgage, fixed	3.73	3.8		4.33	3.44	0.19	-0.54
15-year mortgage, fixed	2.99	3.04		3.5	2.7	0.17	-0.37
Jumbo mortgages, \$417,000-plus	4.24	4.29		4.88	4.22	-0.25	-0.43
Five-year adj mortgage (ARM)	3.22	3.26		4.03	3.13	-0.03	-0.43
New-car loan, 48-month	3.06	3.01		3.36	2.85	-0.18	-0.16

The Federal Reserve Board has raised the discount rate several times since December 2015. These increases have been in quarter point increments. As of June 2017, the Fed has plans to reduce the multi-trillion dollar portfolio of bonds purchased during the several period of quantitative easing. While the economy is at or near full employment in most areas, the central bank believes inflation is below target levels.

Influences. The following summarizes pertinent influences and factors within the subject market area.

Factors Influencing Subject Market (Needham)			
<i>Influence</i>	<i>Strong</i>	<i>Moderate</i>	<i>Marginal</i>
<i>Population Growth</i>		X	
<i>Job Growth</i>	X		
<i>Employment Access</i>	X		
<i>Government Services</i>	X		
<i>Transportation Access</i>	X		
<i>Public Transportation</i>	X		
<i>Utilities/Services</i>	X		

Summary. The community and market area possess adequate access to all basic services. There are well-developed transportation systems, diverse and skilled labor pools, attractive employment opportunities, adequate housing, and a well-developed commercial/industrial building stock.

Barriers to entry exist in the form of expensive housing and regulation which contributes to high business costs. However, these negatives are offset by the area's diverse opportunities for both startups and mature companies and workers of many skill levels. Educational opportunities are outstanding.

Housing prices and rents are steep and demand for housing is strong. Commercial land costs are high and easily developable land is scarce. While the region has many advantages, high labor, housing, and business costs puts the area at a disadvantage for basic industries. For knowledge industries, however, the Boston area has few peers.

The area’s economic base is seasoned and diversified. Industries such as education, medical, high-tech and financial services require high employee skill levels. These industries provide a wealth of competitive opportunities for workers with the requisite skills.

The U.S. economy is experiencing modest growth. Eastern Massachusetts is experiencing better growth the rest of the state. Forecasts are generally positive but there are concerns that expansion would negatively affected by global instability and financial market volatility.

The economy has been in a low interest rate environment for an extended period. The Fed’s quantitative easing aided in stimulating economic activity. An interest rate increase at the end of 2015 did not have a significant effect on economic activity. The Fed recently noted that further interest rate increases would be unlikely.

REAL ESTATE MARKET OVERVIEW AND ANALYSIS

The following provides information and analysis on relevant aspects of the subject’s market area. Not all property segments are addressed, only those directly relating to the subject’s market.

The market area consists of Needham and nearby competitive communities. A typical buyer would be an developer.

Residential Market Conditions. In 2017, Boston markets have continued to show strong demand in the face of limited supply. Qualified buyers into the market compete strongly for limited opportunities. Inventories continue to be constrained, which affects the balance of the purchase market. Sellers continue to enjoy the advantage of the small supply of product. Higher interest rates have diminished refinancing activity but purchase activity has not been affected. Most indicators point to similar market conditions in 2018.

The following is from the Massachusetts Association of Realtor as of January 2018.

Massachusetts Pending Home Sales Up and Market Confidence High in December to Close out the Year and Throughout 2017 by Eric Berman - eberman@marealtor.com - 781-839-5507 | Jan 10, 2018 Realtors® select ‘Record-low inventory’ for the second straight time as real estate story of the year

WALTHAM, Mass. – January 10, 2018 – The Massachusetts Association of Realtors® (MAR) reported today that buyers continued to come out and make accepted offers on single-family homes and condominiums in the final month of the year as the number of homes put under agreement and prices increased in December. As a whole, 2017 saw both homes put under agreement and average median prices increase compared to 2016. Realtors’® confidence in the market and prices was positive again in December. This month’s “Hot Topic” question asked Realtors® to select the headline that best describes the year, and “record-low inventory” came out on top.

December Pending Sales:

Single-Family	December 2017	December 2016	% Change
Sales	3,162	2,834	11.6%
Median Price	\$382,500	\$358,750	6.6%

- Pending sales have been up 11 of the last 12 months

Condominium	December 2017	December 2016	% Change
Sales	1,164	1,068	9.0%

Median Price	\$352,500	\$342,500	2.9%
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- Pending sales have been up 10 of the last 12 months

Year-End Pending Sales:

Single-Family	2017	2016	%Change
Sales	57,308	56,605	+1.2%
Avg. Median Price	\$376,292	\$353,644	+6.4%

Condominium	2017	2016	%Change
Sales	22,634	21,896	+3.4%
Avg. Median Price	\$349,163	\$331,929	+5.2%

“It seems the concept of an ‘off-season’ is going to be another topic we’ll be reading about in the real estate history books with buyer demand being so high throughout the past several years,” said 2018 MAR President Rita Coffey, general manager of CENTURY 21 Tullish & Clancy in Weymouth. “Despite the snow and freezing cold, people continue to want to live in Massachusetts, but we need more homes to meet the demand.”

Realtor® Market and Price Confidence Indexes:

Confidence Index	December 2017	December 2016	%Change
Market	74.62	66.95	11.5%
Price	71.55	69.70	2.7%

- The Realtor® Market Confidence Index was up for the 10th straight month
- Measured on a 100-point scale, a score of 50 is the midpoint between a “strong” (100 points) and a “weak” (0 points) market condition

Year-End Realtor® Market and Price Confidence Indexes:

Confidence Index	2017	2016	%Change
Market	77.16	73.79	4.4%
Price	71.92	72.18	-0.4%

“Strong buyer demand in 2017 kept Realtor® confidence in the market high this year,” said Coffey. “However, record high prices cast a shadow over the momentum as Realtors® found some of their buyers priced out by the competition.”

Beige Book. The recent Federal Reserve Beige Book notes the following with respect to residential markets.

Residential Real Estate. Residential real estate markets in the First District continued recent trends of supply shortages and price increases. For single-family homes, all areas but New Hampshire and Vermont reported moderate decreases in closed sales (New Hampshire data refer to changes from June 2016 to June 2017; the other areas reported July-to-July changes). Pending sales generally increased. For condos, closed sales were down in Boston, Connecticut and Vermont. Persistent upward pressure on prices was observed across the region, with median sales prices increasing in all states except Vermont for both single-family homes and condos.

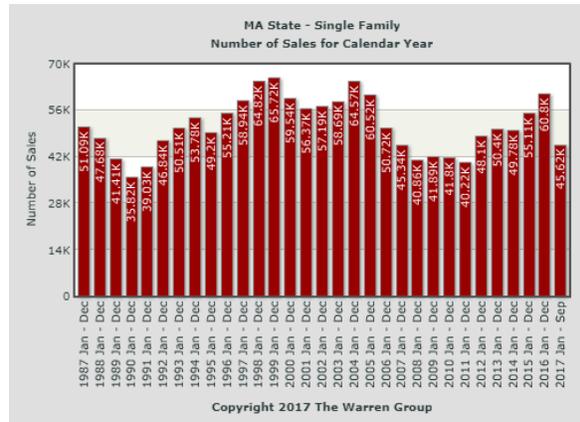
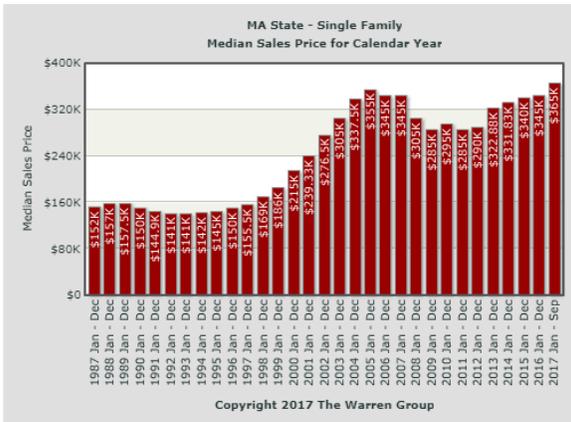
Low inventory prevails. On a year-over-year basis, all reporting areas experienced a sharp decrease in inventory for both single-family homes and condos. A contact pointed out that varying rules across cities and towns created regulatory difficulties for home builders.

Contacts expressed concern about the decline in sales, noting that as prices increase, potential sellers become wary about finding new listings elsewhere and may be less likely to list their homes. Nonetheless, some contacts expect the market to become more active with the prospect of rising interest rates.

Housing Trends. The following shows long term housing trends for Massachusetts and Norfolk County according to Warren Group records.

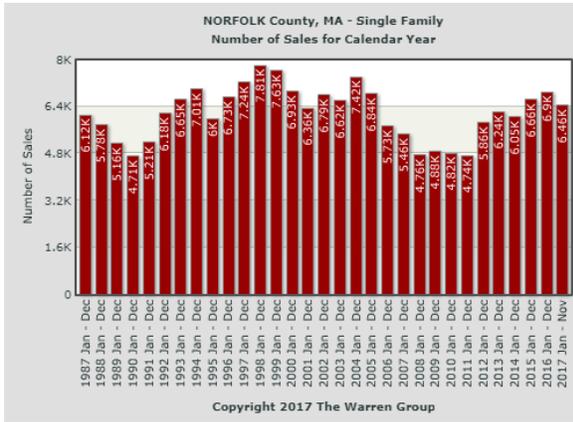
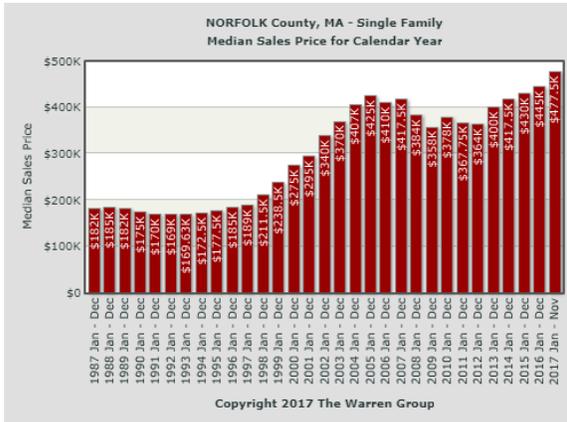
Median sale prices in the Commonwealth have shown a positive trend over the past several years. Limited inventory during this period has constrained volume and put upward pressure on prices. There is no shortage of buyers and financing availability is plentiful. The 2017 market is expected to continue a generally positive trend, tempered by political uncertainties, the possibility of additional interest rate hikes and the vagaries of a real estate market at mature state of its cycle.

Massachusetts – Housing Trends



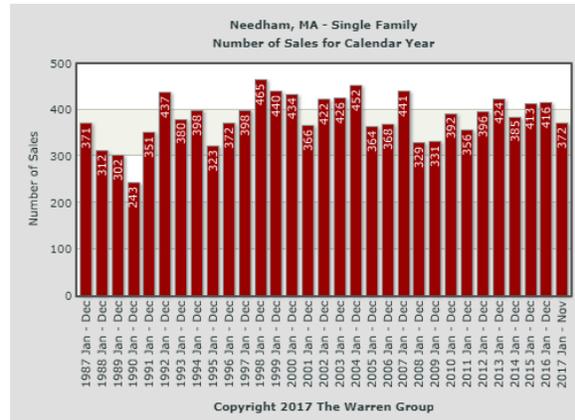
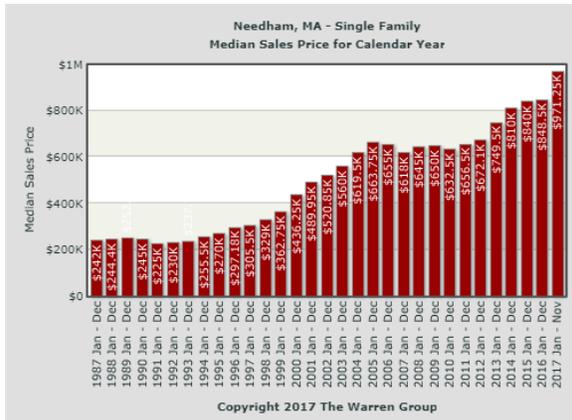
County-wide data follows. Sales and volume characteristics in Norfolk County have shown general positive characteristics.

Norfolk County – Housing Trends



Subject community trends are as follows. The community shows a trend similar to that of the county.

Needham – Housing Trends



Given a continuation of current economic conditions, housing markets are expected to be stable and positive over the near future. Needham is forecasted to experience similar long-term housing trends.

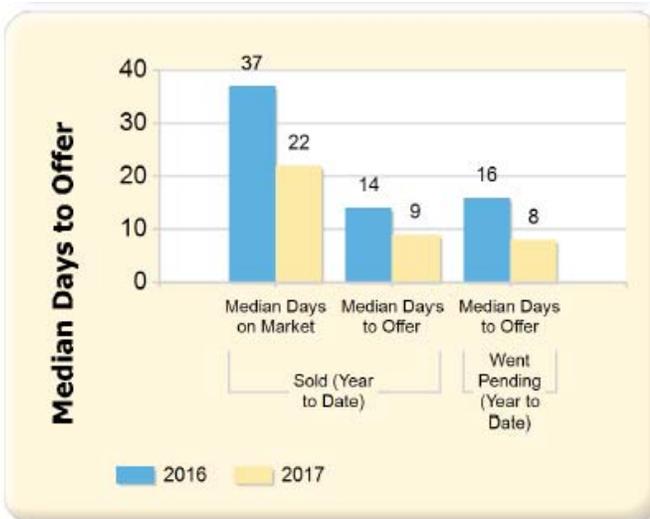
MLSPIN Trend Data. The following shows more specific trends within the subject community.

Single Family

Listing Inventory on December 10	2016	2017	Var.	Var. %	Trend
Listing Units	36	28	-8	-22.22%	↓
Median Days on Market	94	85	-9	-9.57%	↓
Median List Price	\$1,467,000.00	\$1,774,000.00	\$307,000.00	20.93%	↑
Median List \$ / SqFt	\$363.64	\$366.39	\$2.75	0.76%	↑
Approximate Absorption Rate	60.65%	75.30%	14.65%	24.15%	↑
Approximate Months Supply of Inventory	1.65	1.33	-0.32	-19.39%	↓
Listed (Year to Date)	2016	2017	Var.	Var. %	Trend
Listing Units (Taken)	337	309	-28	-8.31%	↓
Median Original List Price	\$1,145,000.00	\$1,165,000.00	\$20,000.00	1.75%	↑
Median Original List \$ / SqFt	\$367.65	\$378.76	\$11.11	3.02%	↑
Went Pending (Year to Date)	2016	2017	Var.	Var. %	Trend
Listing Units (Went Pending)	257	258	1	0.39%	↑
Median List Price	\$949,000.00	\$982,000.00	\$33,000.00	3.48%	↑
Median List \$ / SqFt	\$356.91	\$377.56	\$20.65	5.79%	↑
Median Days to Offer	16	8	-8	-50%	↓
Listed & Price Changed (Year to Date)	2016	2017	Var.	Var. %	Trend
Listing Units (Price Changed)	117	82	-35	-29.91%	↓
Median Original List Price	\$1,325,000.00	\$1,279,000.00	-\$46,000.00	-3.47%	↓
Median Original List \$ / SqFt	\$356.69	\$362.02	\$5.33	1.49%	↑

Sold (Year to Date)	2016	2017	Var.	Var. %	Trend
Closed Units (Sold)	247	243	-4	-1.62%	↓
Median Days on Market	37	22	-15	-40.54%	↓
Median Days to Offer	14	9	-5	-35.71%	↓
Median Sale Price	\$915,000.00	\$1,020,000.00	\$105,000.00	11.48%	↑
Median Sale \$ / SqFt	\$362.34	\$370.31	\$7.97	2.20%	↑
Median List Price	\$939,000.00	\$999,999.00	\$60,999.00	6.50%	↑
Median List \$ / SqFt	\$362.84	\$367.84	\$5.00	1.38%	↑
Median Original List Price	\$945,000.00	\$1,049,000.00	\$104,000.00	11.01%	↑
Median Original List \$ / SqFt	\$367.28	\$373.32	\$6.04	1.64%	↑
Median Sale Price as % of List Price	98.66%	99.42%	0.76%	0.77%	↑
Median Sale Price as % of Original List Price	98.11%	99.17%	1.06%	1.08%	↑
Median Sale Price as % of Assessed Price	N/A	N/A	N/A	N/A	↔
Sold Units - Short Sale	1	0	-1	-100%	↓
Sold Units - Lender-Owned	1	0	-1	-100%	↓
12-Month Activity as of December 10	2016	2017	Var.	Var. %	Trend
Units Listed	345	312	-33	-9.57%	↓
Units Price Changed	120	82	-38	-31.67%	↓
Units Went Pending	267	264	-3	-1.12%	↓
Units Sold	262	253	-9	-3.44%	↓

Single Family



Multi-Family. The multi-family sector continues to attract investors. Multi-families are perceived as low risk with stable prospects going forward. Despite an unprecedented building boom, the Boston market remains a desirable market due to a lack of affordable inventory, strong tenant demand and low vacancy, and historically solid rent growth.

Both investors and lenders see multi-family projects as possessing reliable cash flow and occupancy characteristics. Lenders, including many community banks, are eager to lend on these properties. Lending appetite for multi-family has decreased over the recent past. Some observers have expressed concerns about over building, particularly in downtown Boston.

Investor Markets - Commercial Real Estate (CRE) Sectors. Commercial Real Estate (CRE) markets continue to be robust, with prices matching and exceeding pre-bust levels. Ongoing strong investor demand, tight inventory in most sectors and markets, and downward capitalization rate pressure in many sectors remain as continuing themes.

Overall, commercial real estate investments have outperformed many other available alternative investments. Optimism is likely to continue but there is caution in many markets as many analysts and observers are sensing that the best part of this current cycle may be in the past.

While first tier investment market activity does not directly affect smaller local market behavior, there is a downstream effect that should be considered. Many smaller investors look to larger scale activity as a general guide, in any case.

Multi-Family. Costar notes the following for the Boston Market.

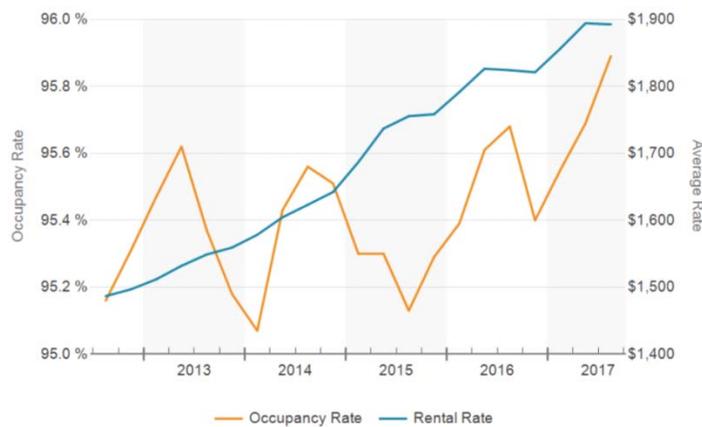
Leasing Units	Survey	5-Year Avg
Vacant Units	13,736	14,543
Vacancy Rate	4.1%	4.6%
12 Mo. Absorption Units	7,653	6,642

Rents	Survey	5-Year Avg
Studio Asking Rent	\$1,697	\$1,458
1 Bed Asking Rent	\$1,730	\$1,543
2 Bed Asking Rent	\$2,008	\$1,781
3+ Bed Asking Rent	\$2,367	\$2,117
Concessions	1.2%	0.9%

Inventory in Units	Survey	5-Year Avg
Existing Units	341,014	317,774
12 Mo. Const. Starts	9,642	9,303
Under Construction	18,129	13,309
12 Mo. Deliveries	7,305	6,673

Sales	Past Year	5-Year Avg
Sale Price Per Unit	\$262,677	\$215,868
Asking Price Per Unit	\$183,970	\$121,575
Sales Volume (Mil.)	\$3,074	\$2,418
Cap Rate	6.6%	7.1%

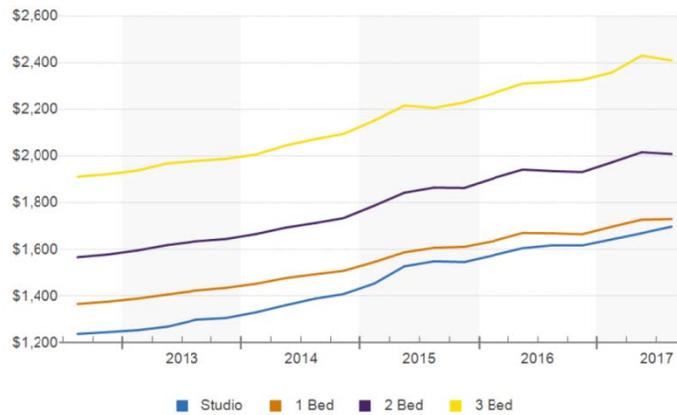
Occupancy and Rental Rates. Both metrics show positive characteristics.



Absorption, Deliveries, and Vacancy.



Asking Rents Per Unit. The trend shows some flattening of rents in 2017. This is after a long period of nearly uninterrupted increases.



Conclusion - Subject Property. The subject, a multi-family property, is favorably influenced by its in-town location with proximity to transportation and employment. Apartment demand is positive with low vacancy, consistent with the area analysis provided. No negative trends are noted.

Demographics. The following shows relevant demographic data. The first is population and median age. Slow population growth is forecasted.

	1 mile	3 miles	5 miles
Population			
2000 Population	12,396	51,055	177,960
2010 Population	12,242	53,079	186,302
2017 Population	12,697	55,718	195,515
2022 Population	13,029	57,494	202,197
2000-2010 Annual Rate	-0.12%	0.39%	0.46%
2010-2017 Annual Rate	0.50%	0.67%	0.67%
2017-2022 Annual Rate	0.52%	0.63%	0.67%
2017 Male Population	48.3%	48.0%	47.0%
2017 Female Population	51.7%	52.0%	53.0%
2017 Median Age	45.4	43.1	43.0

In the identified area, the current year population is 195,515. In 2010, the Census count in the area was 186,302. The rate of change since 2010 was 0.67% annually. The five-year projection for the population in the area is 202,197 representing a change of 0.67% annually from 2017 to 2022. Currently, the population is 47.0% male and 53.0% female.

Median Age

The median age in this area is 45.4, compared to U.S. median age of 38.2.

The following indicates slow household growth, due mostly to a mostly built up environment.

Households			
2000 Households	4,537	18,080	65,647
2010 Households	4,460	18,348	68,101
2017 Total Households	4,558	19,078	70,798
2022 Total Households	4,659	19,667	73,151
2000-2010 Annual Rate	-0.17%	0.15%	0.37%
2010-2017 Annual Rate	0.30%	0.54%	0.54%
2017-2022 Annual Rate	0.44%	0.61%	0.66%
2017 Average Household Size	2.73	2.71	2.60

The household count in this area has changed from 68,101 in 2010 to 70,798 in the current year, a change of 0.54% annually. The five-year projection of households is 73,151, a change of 0.66% annually from the current year total. Average household size is currently 2.60, compared to 2.57 in the year 2010. The number of families in the current year is 48,831 in the specified area.

Household and per capita incomes exceed the national indicators and also exceed state indicators.

	1 mile	3 miles	5 miles
Median Household Income			
2017 Median Household Income	\$146,859	\$141,272	\$123,981
2022 Median Household Income	\$153,304	\$151,397	\$134,117
2017-2022 Annual Rate	0.86%	1.39%	1.58%
Average Household Income			
2017 Average Household Income	\$199,426	\$199,256	\$182,309
2022 Average Household Income	\$216,679	\$217,223	\$199,813
2017-2022 Annual Rate	1.67%	1.74%	1.85%
Per Capita Income			
2017 Per Capita Income	\$72,136	\$70,250	\$67,519
2022 Per Capita Income	\$78,028	\$76,339	\$73,773
2017-2022 Annual Rate	1.58%	1.68%	1.79%
Households by Income			

Current median household income is \$123,981 in the area, compared to \$56,124 for all U.S. households. Median household income is projected to be \$134,117 in five years, compared to \$62,316 for all U.S. households

Current average household income is \$182,309 in this area, compared to \$80,675 for all U.S. households. Average household income is projected to be \$199,813 in five years, compared to \$91,585 for all U.S. households

Current per capita income is \$67,519 in the area, compared to the U.S. per capita income of \$30,820. The per capita income is projected to be \$73,773 in five years, compared to \$34,828 for all U.S. households

The following indicates strong housing values.

Housing			
2000 Total Housing Units	4,626	18,612	67,464
2000 Owner Occupied Housing Units	3,651	14,537	49,856
2000 Renter Occupied Housing Units	886	3,544	15,791
2000 Vacant Housing Units	89	531	1,817
2010 Total Housing Units	4,641	19,680	71,886
2010 Owner Occupied Housing Units	3,624	14,541	50,340
2010 Renter Occupied Housing Units	836	3,807	17,761
2010 Vacant Housing Units	181	1,332	3,785
2017 Total Housing Units	4,754	20,372	74,528
2017 Owner Occupied Housing Units	3,663	14,806	51,019
2017 Renter Occupied Housing Units	895	4,272	19,779
2017 Vacant Housing Units	196	1,294	3,730
2022 Total Housing Units	4,875	20,950	76,872
2022 Owner Occupied Housing Units	3,754	15,258	52,686
2022 Renter Occupied Housing Units	905	4,409	20,465
2022 Vacant Housing Units	216	1,283	3,721

Currently, 68.5% of the 74,528 housing units in the area are owner occupied; 26.5%, renter occupied; and 5.0% are vacant. Currently, in the U.S., 55.6% of the housing units in the area are owner occupied; 33.1% are renter occupied; and 11.3% are vacant. In 2010, there were 71,886 housing units in the area - 70.0% owner occupied, 24.7% renter occupied, and 5.3% vacant. The annual rate of change in housing units since 2010 is 1.62%. Median home value in the area is \$743,714, compared to a median home value of \$207,344 for the U.S. In five years, median value is projected to change by 2.44% annually to \$839,179.

Market Conditions. Relevant market conditions for the Needham market have been examined. Conclusions are as follows:

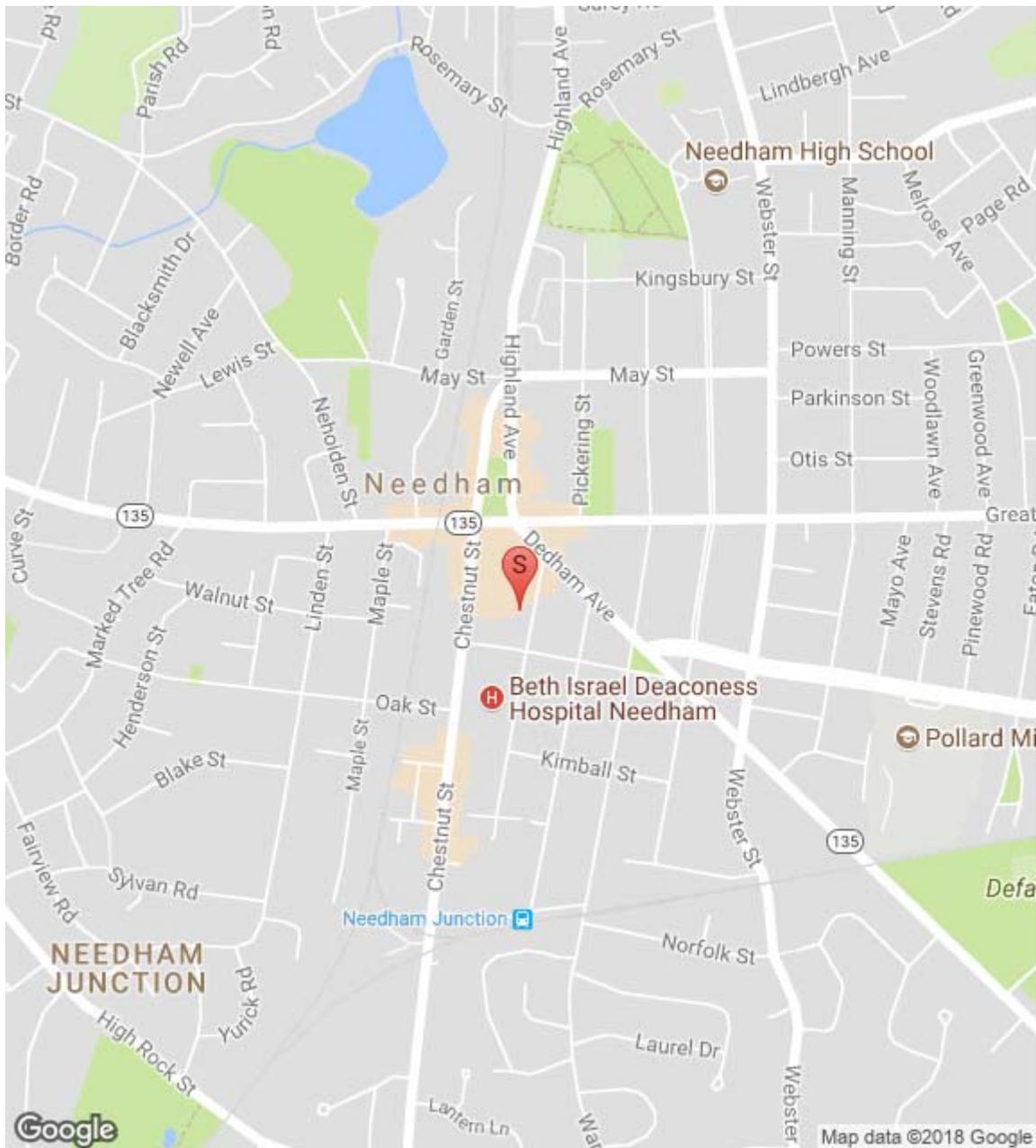
- The Needham market continues to be one where there is strong commercial and residential demand and limited supply.
- Development continues and there is strong demand for commercial and residential space.
- This sub market is strongly impacted by its highway location and proximity to Boston.
- The N2 innovation district (<http://www.n2innovationdistrict.com/>). “The N² Innovation District is a strategic location for innovative companies looking for access to the best talent in the country. This area produces more patents per capita than almost anywhere else in the nation. With easy access on major highways as well as by T, the N-Squared Innovation District provides easy access to the region’s educated and talented workforce.”
- The immediate area in Needham Center is positively impacted by the presence of commuter rails, numerous small businesses, the Town Hall, and the presence of medical uses. The latter drives employment and housing demand.
- There have been no negative trends in rental rates, sales price, or rates of capitalization for competitive properties that would influence a current valuation of the subject.
- Sales, rental and cap rate activity. The trend in the market continues to be stable with positive characteristics.
- The residential rental and sales markets continue to be characterized by upward pressure on rents and prices. Low inventories and brisk competition for offerings continue to be the norm.
- Economic conditions continue to be favorable. Area unemployment is low and there is demand for workers at all levels of the marketplace.

Conclusion. The subject market area has good access to the highway network, an adequately skilled workforce, and adequate housing. Linkages are adequate with no negative factors noted.

The market has shown stability over the recent past. It should continue to show stability over the foreseeable future, barring any unexpected, destabilizing events.

No adverse conditions were noted that would negatively affect the subject's market. Potentially negative factors would include dramatically higher interest rates and greater political and economic instability.

Neighborhood Map



Neighborhood. The subject neighborhood lies within the town center section of Needham. Predominant neighborhood land uses consist of a heterogeneous and generally harmonious mix of uses. Uses in the immediate area of the subject consist of parking lots, commercial, residential, and medically-related uses. The Town Hall and commuter rail access are nearby.

Access to basic services such as schools, shopping, employment, transportation linkages and amenities is adequate, via a well-developed road network. No adverse conditions were evident that would affect property marketability in this neighborhood.

Neighborhood Boundaries. The subject's neighborhood is generally bounded as follows:

- North by Great Plain Avenue;
- South by South Street & the Charles River;
- East by Great Plain Avenue; and,
- West by Central Avenue.

Neighborhood Factors. Pertinent neighborhood factors are summarized as follows.

<i>Neighborhood Factors</i>	
<i>Population Trend</i>	Stability.
<i>Employment Conditions</i>	Average.
<i>Density</i>	Typical.
<i>Neighborhood Life Cycle Trend</i>	Stable/Revitalization.
<i>Range in Improvement Ages</i>	New± to 145± years.
<i>Adverse Influences</i>	None major noted.
<i>Neighborhood Access</i>	Adequate.
<i>Services</i>	Typical.
<i>Development Trend</i>	Adequate.
<i>Price Trend</i>	Stable/positive.
<i>Range in Residential Prices</i>	\$615,000± to \$1,475,000± (Predominant: \$995,000±)
<i>General Build-up/Character</i>	Typical for the area.
<i>Maintenance Levels / Condition of Properties</i>	Adequate / Typical variations.
<i>Building Stock Characteristics</i>	The neighborhood has a mixed building stock. Housing consists of a typical age range and mixture of styles.
<i>Property Compatibility</i>	Average, no incompatible uses.
<i>Appeal / Appearance</i>	Average / Average.
<i>Owner / Tenant Mix</i>	Typical owner/tenant mix.
<i>Market Conditions / Supply & Demand</i>	Market conditions within this neighborhood are considered to favor sellers. Demand for residential properties outstrips the limited inventory. Commercial markets show a positive trend. Distressed property activity does not affect market behavior.

Rents / Vacancy

Rental rates are stable, with a positive trend. No excessive vacancy is evident.

Concessions/Availability of Financing

Availability of financing is adequate. Lenders are maintaining adequate underwriting standards. Pricing or financing concessions are not pervasive.

Summary. Conditions in the subject neighborhood are competitive with those found in similar neighborhoods. Services and real estate taxes are reasonable. Neighborhood access, zoning, transportation linkages, hazards, market conditions, access to employment and other physical, economic & social factors are competitive with other areas. No conditions exist that adversely affect the subject neighborhood.

Assessor Tax Map Excerpt



Real Estate Assessment and Taxes

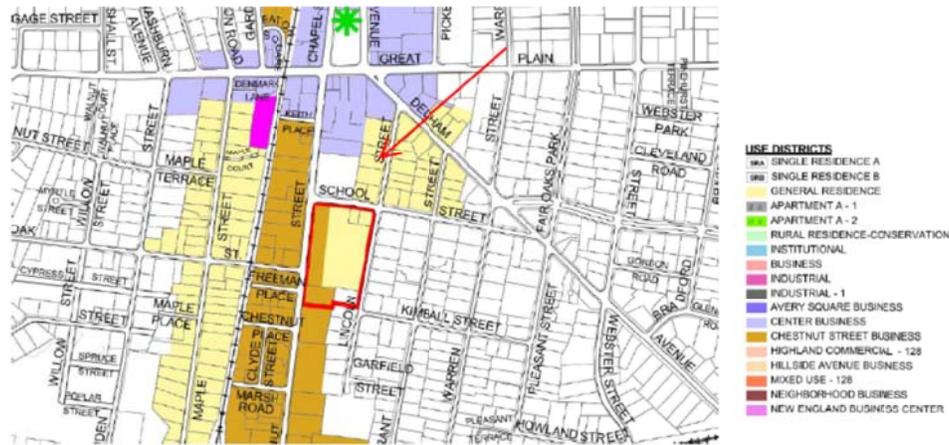
<i>Taxing Authority</i>	Town of Needham
<i>Assessment Year</i>	2017
<i>Tax Identification Number</i>	47-46
<i>Owner, Per Tax Records</i>	Sally A. & Michaels J. Fontecchio
<i>Land Assessed Value</i>	\$319,500
<i>Building Assessed Value</i>	\$237,500
<i>Other Assessed Value</i>	\$0
<i>Total Assessed Value</i>	\$557,000
<i>Tax Rate (per \$1,000 of Assessed Value)</i>	\$11.89
<i>Total Tax Amount</i>	\$6,623
<i>CPA and Other Assessments</i>	Yes: 2%
<i>Land Area, Per Assessor</i>	.259 acres

Comments. The tax burden is reasonable. Communities assess properties based on market activity as of a retrospective date. The assessment and the data used to arrive at the assessment are not reflective of current market conditions.

Community Preservation Act (CPA): The Community Preservation Act (CPA) allows communities to create a local Community Preservation Fund for open space protection, historic preservation, affordable housing and outdoor recreation. It is a smart growth tool by expanding housing opportunities and construction jobs for the Commonwealth's workforce, and by supporting tourism through preservation of the Commonwealth's historic and natural resources. CPA Community preservation monies are raised locally through the imposition of a surcharge of not more than 3% of the tax levy against real property, and municipalities must adopt CPA by ballot referendum. To date, 160 municipalities in the state have adopted CPA.

ZONING AND LAND USE CONTROLS

Zoning Map Excerpt



Land Use Controls

<i>Zoning District</i>	GR
<i>Zoning Authority</i>	Town of Needham
<i>Zoning Description</i>	Primarily residential uses. Single family and two-family uses are permitted by right. Some agricultural and municipal uses are allowed. No retail, business, or manufacturing.
<i>Current Use Legally Conforming</i>	The subject is a pre-existing non-conforming use assumed to be legal when created.
<i>Summary of Requirements</i>	
<i>Lot Area</i>	10,000 SF
<i>Street Frontage</i>	80'
<i>Front & Rear Set Back Distance</i>	Front: 20' Rear: 10'
<i>Side Yard Set Back Distance</i>	12.5'
<i>Maximum FAR</i>	None

Zoning Comments. The property's zoning is based on research into available public information and consultation with Town officials. The appraiser did not consider every aspect of zoning nor were subject setbacks and other property characteristics verified against in depth zoning requirements. The appraiser is not providing definitive zoning opinions. Based on state law, the property can be rebuilt if destroyed or substantially damaged, subject to applicable, specific local requirements.

The appraiser is not a zoning expert. If interested parties need more definitive information and opinions, an expert in this field should be consulted.

Research was conducted at the Town's Building Department and the department head was consulted. The appraiser was shown documentation indicating that the current occupancy was established as legal. The use of this property appears to date back into the 1908's based on documents viewed. The appraiser has relied on this information and discussions with the Building Department official.

SALE / TRANSFER AND LISTING HISTORY

The subject’s recent sale/transfer activity is summarized as follows.

<i>Date of Sale/Transfer</i>	March 15, 2012
<i>Reference</i>	Norfolk Registry of Deeds: 29756/280
<i>Grantor</i>	Sally A. Fontecchio
<i>Grantee</i>	Sally A. & Michael J. Fontecchio
<i>Consideration</i>	'Less than \$100'
<i>Source</i>	Deed, local records, B&T
<i>Current Status</i>	The subject is not known to be currently listed for sale, or under option, or under contract for sale.

A copy of relevant documents, including the deed, is found in the Supplementary Data Section. The appraised value is subject to all easements and restrictions of record. A title search was not conducted.

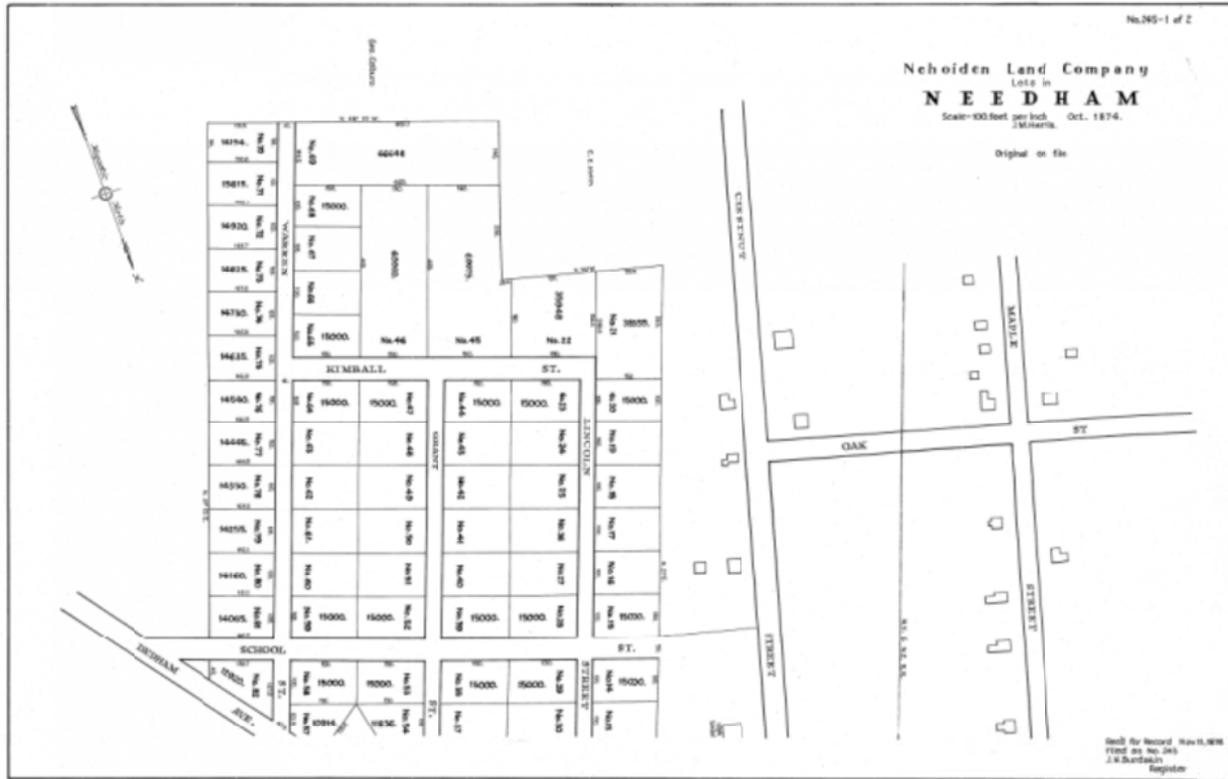
LEASE AND OCCUPANCY INFORMATION

The property is tenant-occupied. Lease and expense information was provided verbally by the site contact, one of the owners.

SITE AND IMPROVEMENTS

The property is described based on the extent of the property inspection as set forth in the appraisal, on information contained in assessment and other municipal records, available property deeds and plans, and other information provided, including that by the client or site contact, and noted in the appraisal report.

Site Plan



PLAN BOOK 6, PLAN 245 (1874)

Site

<i>Location</i>	The subject is located on the west side of Lincoln Street, in Needham Center, the downtown area of the town.
<i>Proximate Property Uses</i>	Nearby property uses include a typical mix of uses. No detrimental uses were noted. The area has a commercial/residential mix, typical of that found in small town center.
<i>Site Size</i>	11,250 sq. ft. or (0.26 acres). Source of Land Area: Deed. Assessors' records state '.259 acres'. The discrepancy is insignificant.
<i>Shape</i>	Roughly rectangular.
<i>Corner Lot</i>	No.

Frontage 75 ft. on Lincoln Street. The average depth is 150 ft.

Access/ Visibility Adequate/Average.

Topography The subject has level topography at grade.

Parking Type: Paved open surface parking + garage
 Number of Spaces: 7+-
 Condition: Average
 Parking Ratio: 3.29 spaces per 1,000 square feet.
 Parking Adequacy: Average

On Site Utilities Adequate. Electric: Eversource; Gas: Eversource; Water and Sewer: Needham Department of Public Works

Off Site Improvements Street Lights: Typical for the neighborhood. Sidewalk: Typical paving.
 Curb/Gutter: Paved.

On Site Improvements Site improvements consist of typical areas of vegetated and paved areas. The site improvements are typical of competing properties and consistent with that of the immediate area.

Flood Zone FEMA Flood Zone: X
 FEMA Map Number: 25021C0038E
 FEMA Map Date: July 17, 2012



MAP DATA

Panel Date	July 17, 2012	FIPS Code	25021
Map Number	25021C0038E	Census Tract	4033.00
Geocoding Accuracy	S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)		



The subject is not in an area of significant flood hazard. The appraiser has obtained this information from a map service and makes no representations as to its accuracy. Appropriate expertise should be obtained if a definitive determination is

	sought.
<i>Wetlands</i>	No major wetlands resources are known or were apparent during the site inspection. The appraiser is not a wetlands expert and appropriate expertise should be sought if this issue is a concern.
<i>Soil Conditions</i>	<p>No unusual soil conditions were apparent or observed on the site.</p> <p>No soil studies were provided. The ability of the soils to support improvements is assumed to be adequate. Further, it is assumed that there are no conditions of the soils or sub soils or geologic factors that would render the subject unable to support current or similar future development.</p> <p>Additional expertise should be sought if there are concerns. The appraiser does not have the requisite expertise in these matters to render any opinions.</p> <p>Unless otherwise noted, no value is given to mineral, historical, or archaeological rights on the site.</p>
<i>Environmental Issues</i>	None apparent or disclosed. Unless otherwise stated, the property is appraised as if it meets or exceeds all Massachusetts and federal environmental considerations. An environmental inspection is recommended: the appraiser has not conducted such an inspection and has no expertise in these matters. See report and limiting conditions.
<i>Encumbrance/Easements</i>	There are no known apparent encumbrances or easements other than those disclosed. The appraiser has not conducted a title examination to search for such factors. Please reference Limiting Conditions and Assumptions.
<i>Adverse or Incompatible Uses or Influences</i>	No adverse or incompatible uses were noted.
<i>Site Comments</i>	The site is typical of competing sites in terms of physical, legal, and economic characteristics. No adverse conditions are noted.

Improvements Description

<i>Building Description</i>	Detached wood frame three family dwelling in a town center location. Each unit contains two bedrooms and one bath. There is a full unfinished basement.
<i>Construction</i>	Wood frame.
<i>Construction Quality</i>	Average.
<i>Year Built</i>	1890, per assessing records.
<i>Renovations</i>	As needed.
<i>Condition</i>	Average.
<i>Appeal/Appearance</i>	Average.
<i>Building Area</i>	2,300 sq. ft., per assessing records.
<i>Applicable Definitions</i>	<p>Gross Living Area (GLA). Total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basement and attic areas are not generally included in total gross living area. Local practices, however, may differ.)</p> <p>NOTE ON APPRAISER'S BUILDING MEASUREMENTS / BUILDING AREA CALCULATIONS. The appraiser has relied upon town assessing measurements in calculating living area. These calculations should not be construed to have the accuracy and credibility of those of an architect or engineer and others with specific skills in the measurement of buildings. If greater precision is required, the services of those with the requisite expertise should be engaged.</p>
<i>Land to Building Ratio</i>	4.89 to 1
<i>FAR</i>	0.20

Foundation, Frame & Exterior

<i>Foundation</i>	Stone/Masonry
<i>Exterior</i>	Typical siding (newer, per owner).
<i>Roof/Cover</i>	Peaked / Composition shingles (ownership states that the roof is reasonably new).
<i>Windows</i>	Replacement double hung sash.
<i>Basement</i>	+ -850 square feet.
<i>Basement Use</i>	Storage/mechanicals

Interior

<i>Interior Layout</i>	All three units have single level flat style layouts with two bedrooms and one bath. There is a kitchen and living room. The layout is typical of older multi-families. The second floor unit has a connecting room over the first floor hallway. The attic unit is smaller.
<i>Floor Cover</i>	Wood, resilient tile, mostly.
<i>Walls</i>	Plaster, mostly.
<i>Ceilings</i>	Acoustic surfaces.
<i>Lighting</i>	A mix of fluorescent and incandescent lighting.
<i>Kitchens/Restrooms</i>	Semi-modern kitchens with typical appliances. Each unit has a bathroom.
<i>Other</i>	Typical decks porches. The third floor unit has access from a rear wood deck. There is an interior stairway that leads to the first floor immediately at the entrance to the unit. The appraisal assumes the egress meets all requirements.

Mechanical Systems

<i>Heating/Hot Water</i>	Oil-fired boiler, first floor. Separately metered electric baseboard heat on the upper floors. There are three hot water tanks. No central air conditioning.
<i>Electrical</i>	Typical circuit breaker services.
<i>Safety Systems</i>	Safety and life systems are assumed to meet applicable requirements.
<i>Security</i>	Typical locks.
<i>Comments</i>	The building meets meet market standards. It represents a functional improvement in this market. Building department records and consultation with the Building Department head, indicate its status as a three-family dwelling.

Property Conclusions

<i>Design & Functional Utility</i>	Typical older multi-family dwelling.
<i>Deferred Maintenance</i>	None major. The units are well-maintained with no obvious or disclosed deficiencies.
<i>Depreciation</i>	The property is affected by typical physical, short-lived and long-lived, depreciation. There is no significant functional obsolescence and no measurable external or economic obsolescence.

<i>Effective Age</i>	+25 years.
<i>Remaining Useful Life</i>	+40 years.
<i>Americans with Disabilities Act (ADA)</i>	Please refer to the Limiting Conditions and Assumptions on page 20.
<i>Hazardous Substances</i>	Please refer to the Limiting Conditions and Assumptions on page 20.
<i>Real Property</i>	The real property is appraised. No value is given to personal or business property unless noted.
<i>Mechanical/Structural Systems Studies</i>	Without the benefit of a structural engineer's report or a property conditions report, the opinions provided are based on non-invasive, observed conditions. No warranty or guarantee is given or implied for mechanical or structural systems. No engineering or environmental studies were provided.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use (HBU), according to The Dictionary of Real Estate Appraisal (Appraisal Institute), is defined as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probably use of the land or improved property – specific with respect to the user and timing of the user – that is adequately supported and results in the highest present value.⁸

The highest and best use of the site as if vacant and the highest and best use of the total property are considered to the extent necessary for the intended use.

Tests of Highest and Best Use. The following summarizes the tests of highest and best use.

Legally Permissible. Highest and best use is affected by legal constraints. This analysis includes consideration of uses permitted - and not permitted - by applicable zoning and land use regulations and the effect of any known special covenants, restrictions, moratoriums, etc.

Physically Possible. This analysis includes examination of which uses are possible and physically appropriate in light of property and site characteristics, including but not limited to topography, ingress/egress, availability of utilities, etc.

Financially Feasible. Uses, both physically possible and legally permitted, are evaluated to ascertain which will produce the greatest economic return in light of market conditions as of the effective date.

Maximally Profitable. Among financially feasible uses, this opinion reflects the most profitable utilization of the property and results in the highest property value. This use - which could include more than one - represents the highest and best use.

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor capital, and coordination represents the highest and best of the property as if vacant. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.⁹

Highest and Best Use as Vacant

The highest and best use as vacant is: Residential Development. Factors influencing this type of development include:

- The property has a site area of 11,250 sq. ft. or (0.26 acres).
- The site has adequate visibility and exposure.
- The subject has level topography at grade.
- The subject is not in an area of significant flood hazard.
- The property's zoning is GR. Allowed uses under zoning include mostly residential and municipal use. No retail, business, or manufacturing.
- No major wetlands resources are known or were apparent during the site inspection.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th Edition (Chicago: Appraisal Institute, 2010)

⁹ *Ibid*

As vacant, residential development under current zoning, in line with market trends, is indicated.

Highest and Best Use of the Property as Improved

The highest and best use as improved is that use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.¹⁰

A positive net income or an acceptable rate of return, and/or value over and above capital outlay would tend to indicate that the current use contributes value above and beyond land value as if vacant.

Four tests/filters are ordinarily considered in determining financial feasibility: a/ no change in the current use is indicated based on a positive net income or an acceptable rate of return; b/ modification of the current use may be in order if net income does not meet a minimum standard; c/ a change in use to some other use may be indicated by market activity or low demand for the current use; d/ demolition in preparation for another use may be indicated by development trends in the subject's area.

The subject consists of a Three (3) Unit Multifamily Property with a building area of 2,300 sq. ft. on a site consisting of 11,250 sq. ft. The land-building ratio is 4.89 to 1. The property was built in 1890.

The improvements represent space that typical buyers would consider functional. It is unlikely that buyers would radically redesign the space, except to meet specific tastes.

The property's zoning is GR. The current use is as a three-family dwelling. The subject is a pre-existing non-conforming use assumed to be legal when created. Current zoning is not averse to the utilization of the property.

The improvements are in conformity with their surroundings. Based on market activity (see the following valuation) there is demand for this type of property. Prices and rents show the current use is profitable in line with market tastes.

Based on the four tests of highest and best use, the use is legally permissible, physically possible, economically feasible and maximally productive. This opinion is consistent with the thought process and actions of a typical buyer in this market for this type of property.

No other use meeting the criteria of highest and best use represents a more profitable use. This is true until such time as the viability of the improved property declines or another alternative is available.

Market conditions and demand indicate that it is feasible to maintain the property and cure depreciation. This opinion is based on demand in the market place and characteristics of competitive properties.

Thus, the Current use is the highest and best use as improved. The current use is considered an interim use, pending eventual redevelopment as the improvements are nearing the end of their useful life.

A typical buyer would be an developer.

¹⁰ *Ibid.*

Conclusion

Residential Development represents the highest and best use as if vacant as the effective date. This opinion assumes legal development to the extent allowed under zoning and within the physical limitations of the site.

The existing improvements contribute value over and above the value of the underlying site. The current improvements are viewed as an interim use.

These conclusions are utilized as the premise for analysis of comparable data in the valuation section of this report.

VALUATION METHODOLOGY

The three approaches used to value real property are:

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

Sales Comparison Approach. Typical buyers rely upon this approach in arriving at prices for this type of property. When sufficient market data are available, this approach is a reliable indicator of property value.

The principle of substitution is the basis for the approach. This principle states that a well-informed buyer would not pay more for a property than it would cost to acquire a comparable substitute property. Alternatively, the price for which an item will most likely sell is closely related to the prices for which similar items in the same market are selling.

The principle of contribution is the basis for making adjustments to comparable sales to reflect differences between the subject property and the sale properties. The principles of supply and demand, balance, substitution, increasing and decreasing returns and externalities also apply.

The approach analyzes pertinent market data in order to make comparisons to the subject. Property characteristics which typical purchasers for the property type would find significant are identified.

Comparable data may consist of consummated sales, properties under contract for sale, listings, and offers. Analysis of the comparables is based on the elements of comparison. These include interest conveyed, motivation, financing or sales concessions, date of sale, location, physical characteristics. In markets where little data exists and when properties are not typically purchased on the basis of market comparison, this approach may be less applicable.

In active markets, this approach simulates the process by which informed buyers and sellers proceed in deciding upon a price. When reasonable, market-supported adjustments for differences between the subject and comparables are appropriately applied and when historical comparable data is interpreted in the context of the current market, a credible result is obtained using the techniques of this approach.

Income Capitalization Approach. The income capitalization approach converts the anticipated flow of future benefits (income) to a present value indication. The approach relies on the principle of anticipation. This principle is based on the premise that an investor would base a purchase decision for a property on the present value of income benefits expected to be derived from the ownership of the property.

Appraisers typically consider two types of capitalization methodologies in the income capitalization approach. One method may be more applicable than the other in specific cases.

- *Direct Capitalization* converts one year's income using a rate or factor. This approach is widely applicable but is most useful where income characteristics are forecasted to be relatively stable or predictable. Techniques with which to develop rates are as follows.
 - *Market Extraction*. When reliable income and expense information is available, rates can be derived directly from sales. Credible information of this type is not always available, however.
 - *Band of Investment*. This technique uses a weighted average cost of capital to arrive at an overall rate with which to capitalize net operating income. Typically, the component parts consist of annualized cash-on-cash return (equity dividend) and the mortgage constant.
 - *Debt Coverage Ratio*. This technique is related to the Band of Investment but relies on typical mortgage terms includes a typical debt coverage ratio.
 - *Gross Income Multiplier*. This method is based on the following relationship found in comparable sales properties: $\text{Sales Price} \div \text{Gross Rent} = \text{Gross Income Multiplier (GIM)}$. The multiplier can be derived from Potential Gross Income or Effective Gross Income. The subject's gross income is multiplied to derive a value indication. This technique, often associated with the sales comparison approach, is an expression of a property's income productivity.
- *Yield Capitalization* – Yield capitalization considers a property's potential income over a specific holding period. This method may capitalize one year's stabilized or average income through a mortgage-equity technique or consider multiple years' income through via discounted cash flow analysis.
 - *Mortgage-Equity* capitalizes a single year's income using a rate developed based on the average weighted cost of capital. It also quantifies the effect of forecasted equity yield, amortization, and capital growth or decline in developing an overall capitalization rate.
 - *Discounted Cash Flow (DCF) Analysis* is utilized for non-stabilized properties or when the income stream is irregular. This technique forecasts annual cash flows and a reversion (if applicable) for the property at the end of the holding period. When used for development properties, it is referred to as the *Cost of Development Technique*.

Cost Approach. The steps in the cost approach are as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

The cost approach is a summation approach where separate values of the vacant site, site improvements, and the improvements are developed. The value of the improvements and site improvements are developed by arriving at an opinion of cost new – including both direct and indirect costs - and then deducting accrued depreciation, which is the loss in value from physical, functional, and external factors.

The cost approach often is not considered applicable when typical market participants do not rely on the approach in arriving at value indications, even for relatively new properties. However, it is possible for even relatively new properties to suffer from some form of obsolescence.

Final Reconciliation and Value Opinion(s). The appraisal process concludes with final reconciliation where the values derived from the approaches based on their respective strengths and weaknesses logically result in one or more final opinions of value. Different properties and assignment types require different means of analysis and lend themselves to one approach over the others.

APPROACHES DEVELOPED AND EXCLUDED & DISCUSSION OF APPLICABILITY

<i>Approach Applicability</i>	
<i>Cost Approach</i>	The cost approach was considered but was not developed. Typical buyers and sellers would not consider the techniques of this approach applicable in arriving at buy-sell decisions for this type of property. The approach is typically only applicable in the appraisal of newer properties.
<i>Sales Comparison Approach</i>	<p>The techniques of the sales comparison approach were considered and the approach was developed. The techniques of this approach reflect the attitudes of buyers and sellers within this market. There is adequate market data with which to develop this approach.</p> <p>Analysis of competitive sales activity represents buyer and seller activity in this market. Comparable sales data possessing competitive characteristics with the subject are available to develop this approach.</p>
<i>Income Capitalization Approach</i>	The income capitalization approach was considered and was developed. The approach is a secondary indicator. As an interim use, income capitalization techniques are less relevant to buyers and sellers in the market for this property type than sales comparison in arriving at buy-sell decisions.

SALES COMPARISON APPROACH

The following outlines the steps in the sales comparison approach.

- The competitive market is researched. Possible comparable data, which could include sales, contracts for sale and current offerings, are investigated.
- From among a larger group of sales, the most pertinent data are further analyzed and verified.
- The appropriate unit of comparison is determined and applied to the comparable data.
- Comparable sales are analyzed and, when necessary to account for meaningful differences, adjusted to be equivalent to the subject property.
- The value indications of the comparable sales are considered, reviewed, and reconciled into a value indication via the Sales Comparison Approach.

Discussion of Comparable Sales Data. Comparable sales data are selected from a larger survey of sales within the subject's market area. Not all sales considered are comparables. The primary source was MLSPIN.

The comparable sales selected represent reasonable alternatives for buyers within the subject's market area. Since comparable properties are not exact substitutes for the subject, analysis must be undertaken to account for differences between the subject and the comparables.

Adjustments. The following factors were considered in making adjustments to reflect differences between the subject and the comparable sales and are further explained.

- *Sales Concessions/Financing.*
- *Motivation.*
- *Interests Conveyed.*
- *Market Conditions.*
- *Physical/Legal/Economic/Location Characteristics.*

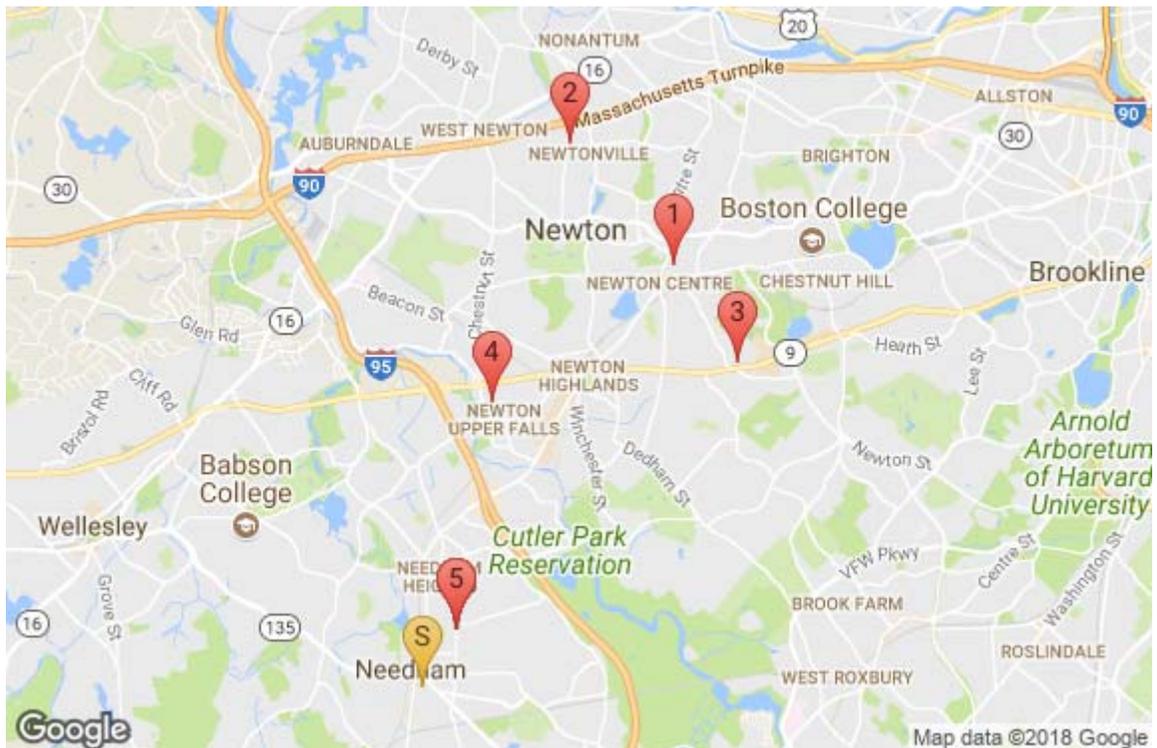
Type of Analysis. A modified quantitative approach is developed. This means that an appropriate value indicator from within the range established by the comparables has been developed based on the overall similarity of the comparable data to the subject and on the appraiser's judgment and knowledge of the general market and specific sales. Specific quantitative adjustments were applied as necessary for analysis purposes.

Unit of Comparison. Discussion of the sales follows. The applicable unit of comparison is Overall Price, which is considered a common indicator in this market.

Comparable Summary Table

Comp	Address City	Price Date	Land to Building		Year Built Construction	Notes
			Price Per SF GBA	Ratio Land SF		
Subject	43 Lincoln Street Needham	Current	2,300	4.89 to 1 11,250	1890 Wood frame	Multi-family property located in Needham Center.
1	30-32 Willow Street Newton	\$1,500,000 7/31/2017	\$404.53 3,708	1.52 5,623	1895 Wood frame	Updated three family in Newton Centre. On site parking.
2	270 Lowell Avenue Newton	\$1,295,000 10/4/2016	\$430.09 3,011	2.84 8,543	1910 Wood frame	Three family dwelling. Newtonville location. On site parking.
3	26 John Street Newton	\$1,100,000 8/25/2016	\$266.47 4,128	1.07 4,400	1910 Wood frame	Newton Center/Thompsonville. Three family dwelling.
4	80-82 High Street Newton	\$1,360,000 5/22/2015	\$0.00 2,914	1.26 3,670	1900 Wood frame	Wood frame multi-family property in Newton Upper Falls.
5	634 Webster Street Needham	\$795,000 9/21/2017	\$354.91 2,240	5.04 11,282	1923 Wood frame	Two family near Needham HS. Needed major work when sold.

Comparable Location Map



Comparable Analysis Grid

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	43 Lincoln Street	30-32 Willow Street	270 Lowell Avenue	26 John Street	80-82 High Street	634 Webster Street
City	Needham	Newton	Newton	Newton	Newton	Needham
State	Massachusetts	Massachusetts	Massachusetts	Massachusetts	Massachusetts	Massachusetts
Date	1/26/2018	7/31/2017	10/4/2016	8/25/2016	5/22/2015	9/21/2017
Price		\$1,500,000	\$1,295,000	\$1,100,000	\$1,360,000	\$795,000
No. of Units	3	3	3	3	3	2
Price per Unit		\$500,000	\$431,667	\$366,667	\$453,333	\$397,500
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing	Conventional	Typical 0.0%	Typical 0.0%	Typical 0.0%	Typical 0.0%	Typical 0.0%
Conditions of Sale	Cash	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Adjusted Price per Unit		\$1,500,000	\$1,295,000	\$1,100,000	\$1,360,000	\$795,000
Market Trends Through	1/26/2018	0.0%	0.0%	0.0%	2.5%	5.0%
Adjusted Price per Unit		\$1,500,000	\$1,295,000	\$1,127,500	\$1,428,000	\$795,000
Location	Needham Center	Newton Ctr - Sup	Newton - Sup	Newton - Sup	Newton - Sup	Needham
% Adjustment		-6.50%	-5.00%	-5.00%	-5.00%	0.00%
Land SF	11,250	5,623	8,543	4,400	3,670	11,282
Land to Building Ratio	4.89 to 1	1.52	2.84	1.07	1.26	5.04
% Adjustment		2.50%	2.50%	2.50%	2.50%	0.00%
GBA	2,300	3,708	3,011	4,128	2,914	2,240
% Adjustment		-3.00%	-1.50%	-5.00%	-1.50%	0.00%
Year Built	1890	1895	1910	1910	1900	1923
% Adjustment		0.00%	0.00%	0.00%	0.00%	0.00%
Condition	Average	Average/good	Above average	Average	Above average	Fair at time of
% Adjustment		-2.50%	-2.50%	0.00%	-2.50%	15.00%
Parking Spaces (+-)	7	10	9	8	2	2
Parking Ratio	3.04	2.70	2.99	1.94	0.69	0.89
% Adjustment		0.00%	0.00%	0.00%	0.00%	0.00%
No. of Units	3	3	3	3	3	2
% Adjustment		0.00%	0.00%	0.00%	0.00%	50.00%
Adjusted Price per Unit		\$1,357,500	\$1,210,825	\$1,042,938	\$1,335,180	\$1,311,750

Comparable Adjustments. When necessary, adjustments are applied to the sales to reflect differences between the subject and the comparables. Quantitative adjustments are based on market-derived reactions to significant differences between the subject and the comparable, and, are, to a certain extent, based on judgment and the appraiser's interpretation of the market for the subject property. Not all differences are significant; not all differences are adjusted.

Property Rights. The comparables convey interests that are similar to that of the subject. Different interests do not necessarily require adjustment unless the market would perceive the need for one.

No adjustment is necessary.

Financing. The comparables sold with terms equivalent to cash. Favorable financing terms would be adjusted downward if necessary. No unusual concessions were noted or expected for the subject's property type.

No adjustment is necessary.

Conditions of Sale. The comparables represent arm's length sales which meet the requirement of reasonable exposure to the market or are adjusted appropriately.

No adjustment is necessary.

Market Conditions/Economic Trends. Adjustments may be made if indicated to bring older sales in line with current market conditions. Older sales require an upward adjustment for the general improvement in the subject property's market over the recent past.

Location. Location adjustments are based on factors that buyers and sellers would consider significant in comparing two properties. Factors taken into consideration in arriving at location adjustment may include, but not limited to, significant differences in property values, rents, vacancy, buildup, access, services and the perceptions of market participants.

Necessary adjustments are made and are noted in the grid and are further explained.

Land Area. Lot size differences are based on size and utility. Lot size differences may not be reflected through adjustments, if market reactions indicate they are not significant. The land to building ratio is often a good indicator of land area differences since it takes into account the size of the building and its land area.

Building Area. Adjustments are as noted in the grid to reflect differences in building areas.

Year Built. No adjustment is indicated.

Condition. Condition adjustments are made as necessary to reflect market-based differences between the subject and the comparables based on their known physical condition.

Units. The Needham sale is adjusted for the lack of a third unit.

Parking. While not explicitly adjusted, the subject has a garage and adequate on-site parking for multiple vehicles per unit. This is considered an advantage in this market.

Analysis of Sales

Sale #1 (30-32 Willow Street, Newton) sold on July, 2017 for \$1,500,000. This sale is not adjusted for market conditions due to the relative stability of the market between its sale date and the effective date of the report.

The sale represents the transfer of an interest equivalent to that the Fee Simple interest.

A -6.5% adjustment applied to account for location differences. The Newton location is superior.

Adjustments for physical differences are as noted in the grid.

After adjustments are applied, the indicated price is \$1,357,500. Based on significant differences, this sale is superior to the subject. Thus, downward adjustment is indicated.

Sale #2 (270 Lowell Avenue, Newton) sold on October, 2016 for \$1,295,000. No adjustment for market conditions is made. Given current market conditions, adjustment is not indicated.

The sale represents the transfer of an interest equivalent to that of the Fee Simple interest.

A -5% adjustment applied to account for location differences. The Newton location is superior but less so than the location of Sale #1.

Physical attributes are adjusted as noted in the grid.

This sale is considered superior to the subject. Based on the analysis, downward adjustments are applied.

Sale #3 (26 John Street, Newton) sold on August, 2016 for \$1,100,000. A 2.5% adjustment applied to account for market conditions from the sale date of the comparable to the effective date of the appraisal. The sale resulted in the transfer of an interest equivalent to that of the Fee Simple interest.

A -5% adjustment applied to account for location differences. The location is superior.

Adjustments for physical differences are as noted in the grid. Condition is significantly inferior.

After adjustments are applied, the indicated price is \$1,042,938. This sale is superior to the subject. Therefore, downward adjustment is required.

Sale #4 (80-82 High Street, Newton) sold on May, 2015 for \$1,360,000. A 5% adjustment applied to account for market conditions from the sale date of the comparable to the effective date of the report.

The sale represents the transfer of an interest equivalent to that of the Fee Simple interest.

A -5% adjustment applied to account for location differences. The location is superior.

Adjustments for physical differences are as noted in the grid.

After adjustments are applied, the indicated price is \$1,335,180. This comparable is considered superior to the subject; downward adjustment is indicated.

Sale #5 (634 Webster Street, Needham) sold on September, 2017 for \$795,000. This sale is not adjusted for market conditions. Market conditions do not indicate an adjustment. The transfer is that of an interest equivalent to that of Fee Simple interest.

The location is similar. No adjustment is made.

Differences in physical characteristics are adjusted for in the grid.

This sale is a two family. A substantial adjustment is made to account for the absence of third unit. The sale is utilized due to its Needham location and the lack of small multi-family sales in the Town.

Once adjustments are applied, the indicated price is \$1,311,750. This comparable sale is inferior to the subject and upward adjustment results.

Additional Supportive Data. A three-family property at 379-381 Hunnewell was listed for \$1,499,000 on MLSPIN. The listing was cancelled. One duplex unit was renovated and the third apartment consists of a detached unit.

Analysis, Discussion, & Reconciliation

The comparables are derived from a larger data set of sales. The selection of these comparables considered most competitive with the subject is based on their similarities in use and overall physical and location characteristics.

Market conditions were taken into consideration. Dates of sale range from May 2015 to September 2017. Building sizes range from 2,240 sq. ft. to 4,128 sq. ft. Site sizes range from 3,670 sq. ft. to 11,282 sq. ft. The subject’s land-to-value ratio of 4.89 to 1 is reasonable based on the comparables’ characteristics.

The subject falls generally within the range of characteristics established by the comparable data.

The unadjusted and adjusted sales prices of the comparables are as shown below.

Greatest weight is given to the indicators of the Sales Comparison Approach.

Conclusion. The preceding analysis has considered relevant data and factors. The comparables’ indicators are given weight based on their similarity to the subject. The following results:

Sales Comparison Approach - Indications and Conclusions			
Number of Comps:	5	Unadjusted	Adjusted
	Low:	\$366,667	\$1,042,938
	High:	\$500,000	\$1,357,500
Sales Comparison Approach - Indicated Value			\$1,300,000
Indicated Value, Rounded:			\$1,300,000

Price Per Square Foot Indicator. The sales show a range from \$266.47 (#3) to \$430.09 (#3). Sales #1, 2 & 4 sold for over \$400 PSF.

Comparable 1



Summary

Address	30-32 Willow Street	ID	3822
City	Newton	Transaction Type	Closed
State	Massachusetts	Zip	02459
Price per SF-Building	\$404.53	Price	\$1,500,000
Grantor	Theodore 30 Willow Street	Date	7/31/2017
Grantee	Glenshane II LLC	Property Rights	Fee Simple
Deed Book & Page	69697/174	Transaction Type	Closed
Market	Metrowest	County	Middlesex
Assessor ID	61-31-3	Conditions of Sale	Normal
Land SF	5,623	Acres	0.13
Price per SF-Land Area	\$266.76	Land to Building Ratio	1.52
Zoning	MR1	Parking Spaces (+-)	10
Physical Qualities	Average/good	Year Built	1895
GBA	3,708	Cap Rate	189 (GMRM)
Prior Sale	None recent	Days on Market	1
No. of Units	3		

Comments

Newton Centre location. Three family dwelling with 10 offstreet parking spaces per broker. Rents: 1 BR, 1 BA unit reportedly rents for \$1,750. 4 BR, 2 BA unit has a market rent of \$3,200. Three BR, 2 BA unit has a market rent of \$3,000. Financing: \$1,174,000: Rockland Trust Company.

Comparable 2



Summary

Address	270 Lowell Avenue	ID	3821
City	Newton	Transaction Type	Closed
State	Massachusetts	Zip	02460
Price per SF-Building	\$430.09	Price	\$1,295,000
Grantor	Estate, Adrienne S. Wilson	Date	10/4/2016
Grantee	Sappok, Durlinger	Property Rights	Fee Simple
Deed Book & Page	68147/21	Transaction Type	Closed
Market	Metrowest	County	Middlesex
Assessor ID	24-11-25	Conditions of Sale	Normal
Land SF	8,543	Acres	0.20
Price per SF-Land Area	\$151.59	Land to Building Ratio	2.84
Zoning	SR2	Parking Spaces (+-)	9
Physical Qualities	Above average	Year Built	1910
GBA	3,011	Cap Rate	232 (GMRM)
Prior Sale	None recent	Days on Market	34
No. of Units	3		

Comments

Located in Newtonville. Three family dwelling with unfinished bsement and partially finished attic (365 SF). Parking: 3 garage spaces and 6 off street. 3 BR, 2 BA reportedly rents for \$2,750. Large 1 BR rents for \$1,380. 2 BR, 2 BA rents for \$1,450. Financing: \$845,000: Bank of America N.A.

Comparable 3



Summary

Address	26 John Street	ID	3820
City	Newton	Transaction Type	Closed
State	Massachusetts	Zip	02459
Price per SF-Building	\$266.47	Price	\$1,100,000
Grantor	Colborne LJS LLC	Date	8/25/2016
Grantee	A&B Realty Trust	Property Rights	Fee Simple
Deed Book & Page	67886/75	Transaction Type	Closed
Market	Metrowest	County	Middlesex
Assessor ID	65-10-12	Conditions of Sale	Normal
Land SF	4,400	Acres	0.10
Price per SF-Land Area	\$250.00	Land to Building Ratio	1.07
Zoning	MR1	Parking Spaces (+-)	8
Physical Qualities	Average	Year Built	1910
GBA	4,128	Cap Rate	140 (GMRM)
Prior Sale	None recent	Days on Market	35
No. of Units	3		

Comments

Located in Newton Centre/Thompsonville. John Street is a residential street with access to Route 9/Boylston Street. There are 3 units: 4 BR, 1.1 / 2 BA units reportedly rent for \$2,625/mo. Owners purchased 41 John Street (single family residence) at the same time. Financing: \$825,000: (11/17/2016), Washington Trust.

Comparable 4



Summary

Address	80-82 High Street	ID	3819
City	Newton	Transaction Type	Closed
State	Massachusetts	Zip	02464
Price per SF-Building	\$466.71	Price	\$1,360,000
Grantor	High Street Newton Real	Date	5/22/2015
Grantee	Alla & Sergey Gribov	Property Rights	Fee Simple
Deed Book & Page	65411/503	Transaction Type	Closed
Market	Metrowest	County	Middlesex
Assessor ID	51-5-1	Conditions of Sale	Normal
Land SF	3,670	Acres	0.08
Price per SF-Land Area	\$370.57	Land to Building Ratio	1.26
Zoning	MR1	Parking Spaces (+-)	2
Physical Qualities	Above average	Year Built	1900
GBA	2,914	Cap Rate	151 (GMRM)
Prior Sale	N/A	Days on Market	13
No. of Units	3		

Comments

Newton Upper Falls. Property is in above average condition with gas heat, central air, deck. MLS data show 3 units (Assessors' data notes 2 units). Reported rents: Apartment 5-3-2: \$2,700. Apartment 4-2-1: \$2,400. Apartment 6-4-2: \$3,900. Subsequent non arm's length transfer from Alla & Sergey Gribov to Sergey Gribov for \$1.00 on 4/11/2017. Financing: N/A with this sale.

Comparable 5



Summary

Address	634 Webster Street	ID	3825
City	Needham	Transaction Type	Closed
State	Massachusetts	Zip	02492
Price per SF-Building	\$354.91	Price	\$795,000
Grantor	Mann	Date	9/21/2017
Grantee	Hillcrest Development, Inc.	Property Rights	Fee Simple
Deed Book & Page	35460/260	Transaction Type	Closed
Market	Metrowest	County	Norfolk
Assessor ID	54-65	Conditions of Sale	Normal
Land SF	11,282	Acres	0.26
Price per SF-Land Area	\$70.47	Land to Building Ratio	5.04
Zoning	SRB	Parking Spaces (+-)	2
Physical Qualities	Fair	Year Built	1923
GBA	2,240	Cap Rate	N/A
Prior Sale	None recent	Days on Market	22
No. of Units	2		

Comments

Located near Needham High School. Two family home that was in fair condition at the time of sale, reported to require major renovation. 2 garage parking spaces and 4 off street spaces. 2 units: 5-2-1 each. The property has undergone major renovation since purchase. Financing: \$1,444,000: Hillcrest Development, Inc.

INCOME CAPITALIZATION APPROACH

The income capitalization approach relies upon the principle of anticipation. The basic premise of this principle is that value is created by the anticipation of future benefits, which to a typical investor accrue as income.

The most appropriate technique in this instance is the Gross Monthly Rent Multiplier Technique (GMRM), which is defined as follows:

Gross Monthly Rent Multiplier (GMRM). The relationship or ratio between the sale price or value of a residential property and its gross monthly rental income.

The steps in this method are as follows:

- Developing a market rent indication for the subject.
- Arriving at a Potential Gross Income (PGI) for the subject based on market rents.
- Selecting appropriate comparable sales.
- Forecasting market rents from the comparable sales.
- Developing a GMRM from the sales by dividing the sales price by the forecasted gross income.
- Arriving at a subject value indication by multiplying the subject's PGI by the GMRM.

Definitions. Other relevant definitions following and are taken from the Dictionary of Real Estate Appraisal.

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

Modified Gross Lease. A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since the assignment of expense varies among gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*.

This is a typical arrangement for residential units where tenants pay all utilities except water and sewer.

Gross Lease. A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses.

Capitalization Rate. Any rate used to convert income into value, including an income multiplier.

This approach is developed as a test of the reasonableness of the results of the sales comparison approach.

Development of market rent follows.

Market Rent Development. The following recent rentals of Needham apartments are relevant.

TWO BEDROOM RENTALS - NEEDHAM (SOURCE: MLSPIN)											
Address	Town	Status	Listed	Rented	Rent Date	DOM	BRS	BAS	SQFT	AGE	REMARKS
1 115 Hillside Ave	Needham	RNT	\$2,050	\$2,050	Aug-17	38	2	1	1,100	144	Town house, 2nd floor. Needham Center location. Appliance kitchen, balcony access, 2 PS.
2 254 Hillside	Needham	RNT	\$1,900	\$1,900	Dec-17	101	2	1	700	0	2 BRs + den/guest room, HW floors, 2nd floor. Needham Heights. 2 PS.
3 646 Webster Street	Needham	RNT	\$1,975	\$1,975	Dec-17	74	2	1	1,000	118	Five rooms, newly painted with updating. Brick fireplace, 3 season porch. 2nd floor, two family, 2 PS.
4 210 Hillside Avenue	Needham	RNT	\$1,750	\$1,750	Oct-17	28	2	1	744	50	Newly renovated unit, new paint, new windows, HW floors, new maple kitchen.
5 123 Pickering Street	Needham	UAG	\$1,675			83	2	1	1,136	134	Two BR unit in Needham Center, renovated.
6 52 Lincoln Street	Needham	ACT	\$1,700			39	2	1	900	93	Updated 2 BR unit: 2nd floor of 2-family in Needham Center. Updated kitchen & bath. Off street parking.
		Low		\$1,750							
		High		\$2,050							

The properties are located with the subject’s immediate market area. The subject’s proximity to the downtown area, medical uses, and commuter rail are positives influencing the rents obtainable.

Expenses. It is typical for units to have separate systems and for the tenants to pay all utilities, except for water and sewer. Ownership provided expenses. The subject and the comparables have similar utility arrangements.

Verbally provided expenses for the subject fall within market norms. The major expenses are real estate taxes, insurance, repairs, management, and reserves.

Subject Rents. Current rents for the subject are below market. Ownership stated the first floor rent as \$1,700; second floor, \$1,900; third floor, \$1,450.

Market Rents. Indicated market rents for the subject are:

- \$2,050 per month with tenants paying utilities for floors 1 & 2. Rentals #1, 2 & 3 are given most weight in developing this market rent.
- \$1,875 per month with tenants paying utilities for floor 3. Rentals #4, 5 & 6 are given most weight in developing this indication of market rent.

Total Subject Monthly Rent: \$5,975

Gross Monthly Rent Multiplier (GMRM). The comparable sales show the following extracted multipliers. The rents are based on broker data.

<i>Multipliers – Comparable Sales</i>		
Address	Monthly Rent	Indicated GMRM
80 High	\$9,000	151
26 John	\$7,875	140
270 Lowell	\$5,580	232
30 Willow	\$7,950	189

A GMRM of 200 results. This factor falls at the upper end of the midpoint of the range established by the comparable GMRMS.

Value Conclusion – GMRM Method.

A value results as follows.

Market Rent
\$5,975 / month

X

200 (GMRM)

= \$1,195,000

\$1,200,000 (rounded)

OPINION OF EXPOSURE TIME

Exposure time is the “estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” (USAP 2018-19). When market value is developed, USPAP requires an opinion of exposure time.

USPAP further states in A0-35 that “exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.”

Reasonable exposure for the subject is within 6 - 12 months. The opinion is based on prevailing conditions in this market. Factors taken into consideration include marketing times of comparable properties, opinions of knowledgeable individuals, any surveys noted and the appraisers’ judgment. Additional information is found in the workfile of the appraisal.

Marketing time is the amount of time it might take to sell a property interest at the estimated market value level during the period immediately after the effective date of an appraisal. USPAP does not require an opinion of marketing time.

Marketing time is forecasted to be within 6 - 12 months.

FINAL RECONCILIATION

Final reconciliation is the penultimate step in the appraisal process; it takes place prior to developing final value opinions. At this point in the process, appraisers weigh the strengths and weakness of each approach developed to arrive at a final value conclusion.

The nature of the problem to be solved and the intended use of the assignment were taken into consideration in the appraisal process undertaken. Factors influencing the appraisal’s development are outlined in the scope of work section and as noted throughout the report.

Relevant market and property-specific data and opinions were developed. These include, but are not limited to, market conditions, financing availability, subject property characteristics, applicable land use controls and real estate taxes, highest and best use factors, and selection and analysis of methods and data to develop pertinent valuation approaches.

Market Conditions. Conditions in the subject market area that affect the subject were considered. Relevant market analysis was undertaken. Stable/positive market conditions are indicated for the subject property’s market.

Community and neighborhood analysis indicates that market area conditions are comparable to competitive areas. No significant adverse influences are noted.

Property Specific Factors. Information with respect to subject zoning, real estate tax assessments, and the subject property’s sale history was collected. This information was taken into consideration in the valuation analysis.

Analysis of the subject site and improvements was undertaken. Pertinent factors were taken into account in highest and best use and in the valuation analysis.

Highest and Best Use. Highest and best use analyses of the site as if vacant and of the property as improved were developed. The highest and best of the property is a three family. If vacant, residential development would be allowed under zoning.

Applicability of the Approaches. The applicability of the three valuation approaches was considered. The approaches have been developed relevant to the appraisal problem to be solved.

Sales Comparison Approach. The sales comparison approach was developed. The analysis utilized five comparables. This approach was relevant in reflecting market behavior for the subject property's market.

A value of \$1,300,000 was developed. A typical buyer – an developer. – would consider this approach pertinent in reaching buy-sell decisions for the subject.

Adequate, reliable comparable data were available from which to make comparisons. The conclusions drawn from the sales data are considered credible.

There was a lack of sales data in Needham. Contiguous communities were researched. Sales were noted but a large number of three family sales were not found in those communities either.

Income Capitalization Approach. The income capitalization approach was not considered applicable as primary approach. Typical market participants would not consider the results of this approach as relevant in arriving at investment decisions for a property like the subject.

The GMRM method was developed and is considered generally supportive of the results of the sales comparison approach.

Cost Approach. The cost approach was not applicable and was not developed. Typical buyers and sellers would not give the techniques of this approach weight. This approach was not considered a relevant indicator in developing a value for the subject.

Value Indications. The approaches developed resulted in the following value indications:

Value Indications	
Date	Current
Premise	As-Is
Cost Approach	Not applicable
Sales Comparison Approach	\$1,300,000
Income Capitalization Approach	\$1,200,000
	Developed as a test of reasonableness.

Weight Given to Approaches. Greatest weight is given to the results of the sales comparison approach. The resulting final value indication best reflects the motivations of a typical market participant – a developer. - and the subject property’s characteristics.

Final Value Opinion.

Current Value Opinion, As-Is. The market value of the Fee Simple interest in the subject real property, based on market conditions prevailing as of January 26, 2018, subject to the Limiting Conditions and Assumptions of the appraisal, and to any applicable extraordinary assumption and hypothetical conditions stated in the report, with an exposure time of within 6 - 12 months, is:

One Million Three Hundred Thousand Dollars
(\$1,300,000)

Extraordinary Assumptions. There are no Extraordinary Assumptions for this appraisal.

SUPPLEMENTARY DATA SECTION

Bk 29756 Pg 280 #29063
03-15-2012 @ 10:12a

QUITCLAIM DEED

RECEIVED AND RECORDED
NORFOLK COUNTY
REGISTRY OF DEEDS
DEDHAM, MA

I, Sally A. Fontecchio of Shrewsbury, MA

CERTIFY

Allen P. O'Connell
ALLEN P. O'CONNELL, REGISTER

for consideration of less than One Hundred and 00/100 (\$100.00) Dollars

grants to Sally A. Fontecchio and Michael J. Fontecchio, husband and wife, tenants by the entirety of 71 Ireta Road, Shrewsbury, MA

with QUITCLAIM covenants

PROPERTY ADDRESS: 43 Lincoln Street, ^{Needham} ~~Shrewsbury~~, MA

The land together with the buildings thereon in Needham, Norfolk County, Massachusetts, being designated and shown as the Southerly portion of Lot 12 on a plan entitled "Nehoiden Land Company, Lots in Needham, October, 1874, J.M. Harris" said plan being recorded with the Norfolk County Registry of Deeds in Plan Book 6 Plan 245.

The aforesaid portion of Lot 12 is more particularly bounded and described according to said plan as follows:

EASTERLY by Lincoln Street, seventy-five (75) feet;

SOUTHERLY by Lot 13 as shown on said plan, one hundred fifty (150) feet;

WESTERLY by land marked on said plan "High School" and an unmarked tract of land, seventy-five (75) feet; and

NORTHERLY by the remaining portion of Lot 12 as shown on said plan, one hundred fifty (150) feet; said line being twenty-five (25) feet southerly from and parallel to the southerly boundary of Lot 11, as shown on said plan.

CONTAINING 11,250 square feet of land, according to said plan.

Being the same premises as conveyed to the Grantor by deed of Michael Fontecchio et ux dated May 7, 1986 recorded with the Norfolk District Registry of Deeds in Book 7045, Page 45.

Executed as a sealed instrument this 14th day of March, 2012

Milfott & Platten, LLP
71 Pleasant Street
Worcester, MA 01609

Sally A. Fontecchio
Sally A. Fontecchio

43 Lincoln Street, ~~Shrewsbury~~, MA
Needham

The Commonwealth of Massachusetts

Worcester, ss

March 14, 2012

On this 14th day of March, 2012, before me, the undersigned notary public, personally appeared Sally A. Fontecchio, who proved to me through satisfactory evidence of identification, which was her MA driver's license, to be the person whose name is signed on the preceding document and acknowledged to me that she signed it voluntarily for its stated purpose.



Notary Public: Steven T. Platten
My Commission Expires: 07/08/16



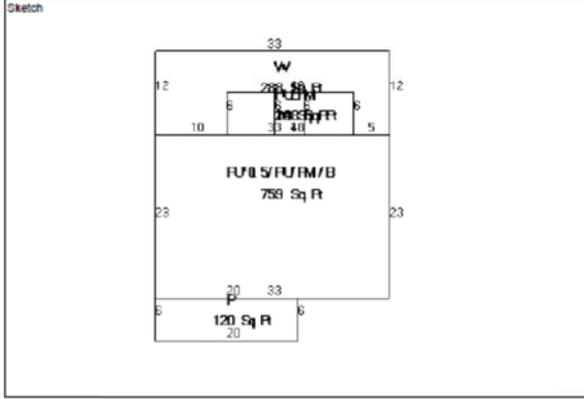
Assessor Record

Residential Property Record Card

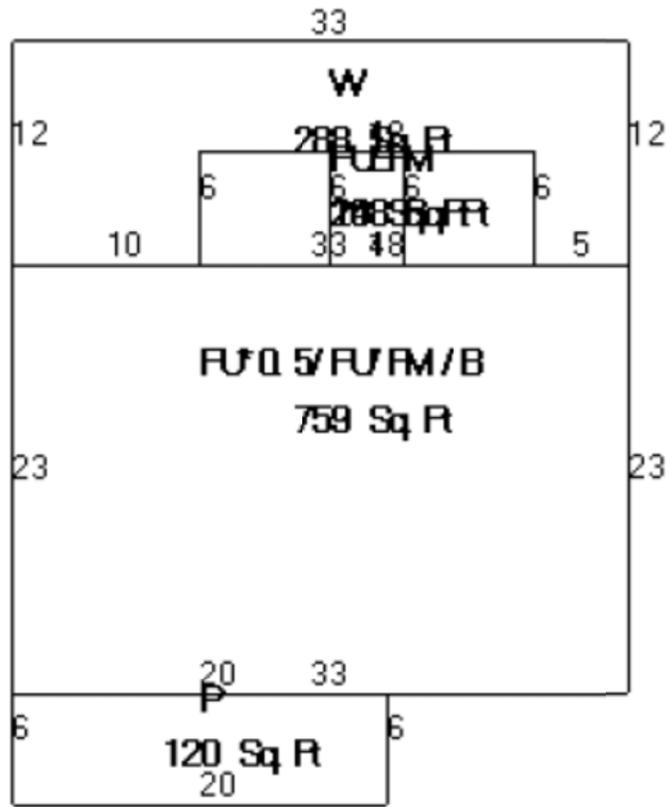
Parcel ID: 199/047.5-0046-0000.0 MAP: 047.5 BLOCK: 0046 LOT: 0000.0 Parcel Address: 43 LINCOLN ST FY: 2011

PARCEL INFORMATION	Use-Code: 106	Sale Price: 100	Book: 29758	Road Type: T	Inspect Date: 10/28/1991
Owner: FONTECCHIO, SALLY A. &	Tax Class: T	Sale Date: 09/16/2012	Page: 280	Rd Condition: P	Meas Date: 10/28/1991
Address: 71 IRETA RD SHREWSBURY MA 01545	Tot Fin Area: 2113	Sale Type: P	Cert/Doc:	Traffic: H	Entrance: X
	Tot Land Area: 0.269	Sale Valid: F		Water: PS	Collect Id: CS
	Sewer:	Grantor: FONTECCHIO		Sewer: SW	Inspect Reas: R
	Exempt-B/L%:	Resid-B/L%: 100/100	Comm-B/L%: 0/0	Indust-B/L%: 0/0	Open Sp-B/L%: 0/0

RESIDENCE INFORMATION				LAND INFORMATION			
Style: DK	Tot Rooms: 12	Main Fn Area: 887	Attic: N	NBHD CODE: 306	NBHD CLASS:	ZONE: OR	
Story Height: 2.00	Bedrooms: 6	Up Fn Area: 1248	Bsmt Area: 759	Seq	Type	Code	Method
Roof: O	Full Baths: 3	Add Fn Area:	Fn Bsmt Area:	1	P	105	G
Ext Wall: FB	Half Baths: 0	Unfn Area:	Bsmt Grade:	2	R	105	A
Masonry Trim:	Ext Bath Fix: 4	Tot Fin Area: 2113	Foundation: ST	Sq-Ft	Acres	Influ-Y/N	Value
Bath Qual: T	RCNLD: 231376	Kitch Qual: T	Est Yr Built: 1997	10000	0.230	N	317,720
Mlt Adj:	Heat Type: HW	Ext Kitch:	Year Built: 1991	1250	0.029	N	1,757
Sound Value:	Fuel Type: O	Grade: A	Cost Bldg: 251,400	DETACHED STRUCTURE INFORMATION			
Fireplace: 1	Bsmt Gar Cap:	Condition: A	Alt Str Val1:	Str	Unit	Msr-1	Msr-2
Central AC: N	Bsmt Gar SF:	Pct Complete: 100	Alt Str Val2:	G1	S	215	
Alt Gar SF:	%Good P/F/E/R:	100		E-YR-BR	Grade	Cond	%Good P/F/E/R
Porch Type:	Porch Area:	Porch Grade Factor:		1900	F	F	65/65
E	24			VALUATION INFORMATION			
P	120			Current Total:	667,000	Bldg:	237,604
				Prior Total:	626,800	Bldg:	204,304
						Land:	319,600
						Land:	319,600
						M/Lnd:	319,600
						M/Lnd:	319,600



Assessor's Sketch



Flood Map



MAP DATA

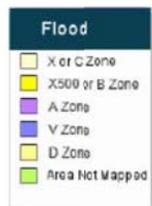
Panel Date July 17, 2012

FIPS Code 25021

Map Number 25021C0038E

Census Tract 4033.00

Geocoding Accuracy S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)



Zoning By-Law Excerpts

4.2.1 Table of Regulations

No building or structure shall be constructed, altered, or relocated on any lot except in conformance with these regulations:

District	Min. Lot Area (sf)	Min. Frontage (ft)	Front Setback (ft)	Side Setback (ft)	Rear Setback (ft)	Max. Floor Area Ratio (F.A.R.)	Max. % Lot Coverage	Max. Stories	Max. Height (ft)
Rural Residence Conservation	43,560	150	50	25	25	NR (e)	15%	2-1/2 (l)	35
Single Residence A	43,560	150	30 (a)	25 (g)	15 (d)(g)	NR (e)	NR (f)	2-1/2 (l)	35
Single Residence B	10,000	80	20 (b)	12.5 (c)(g)(i)	10 (d)(g)(j)	NR (e)	NR (f)(k)	2-1/2 (l)	35
General Residence	10,000	80	20 (b)	12.5 (c)(g)(i)	10 (d)(g)(j)	NR (e)	NR (f)(k)	2-1/2 (l)	35
Institutional	43,560	150	30	25 (g)	15 (g)	NR	NR	2-1/2 (h)	35 (h)

As used in the Table of Regulations, the symbol "NR" means no requirements.

QUALIFICATIONS OF THE APPRAISER
William J. Pastuszek, Jr., MAI, SRA, MRA
189 Wells Avenue, Newton, Massachusetts 02459
(617) 928-1778 (ph) (617) 663-6208 (e fax) email: billp@shepherdnet.com

Professional Associations

- MAI Member Appraisal Institute
- SRA Senior Residential Appraiser, Appraisal Institute
- AI-GRS General Review Specialist, Appraisal Institute
- MRA Designated Member, Massachusetts Board of Real Estate Appraisers
- ASA Senior Member, Urban Property, American Society of Appraisers

Appraisal Certification

- State Certified General Real Estate Appraiser, Commonwealth of Massachusetts, License #10, expires May 10, 2018.
- State Certified General Real Estate Appraiser, State of New Hampshire, License #NHCG-566, expires May 31, 2018.
- Appraiser Qualifications Board AQB Approved Uniform Standards of Professional Appraisal Practice (USPAP) Instructor #10489.

Appointments

- Chairman, 1998- 2005, Commonwealth of Massachusetts, Board of Registration, Real Estate Appraisers. Board Member, Commonwealth of Massachusetts, Board of Registration, Real Estate Appraisers, 1996 - 2005.
- Vice Chairman, Commonwealth of Massachusetts, Board of Registration, Real Estate Appraisers, 1997 - 1998.
- Member, Educational Council of the Appraisal Foundation Sponsors (ECAFS), 2003 -2005.
- Member, Appraisal Standards Board, The Appraisal Foundation, Washington, DC. 2006-2007.

PROFESSIONAL EXPERIENCE

Real Estate Valuation Consultant: Shepherd Associates LLC and Shepherd Valuation Services, 1994- Present: Specializing in complex and unique valuation assignments with emphasis in current and retrospective market values, litigation support, and appraisal review for a wide variety of private, corporate, institutional and government clients.

Senior Staff Appraiser: Steven C. Byrnes Associates, Inc., 1991 - 1994: Specializing in the appraisal and evaluation of all types of income-producing and special purpose properties.

Vice President and Senior Appraiser: Boston Federal Savings Bank, 1980 - 1990: Residential and income property appraisal and review; appraisal administration and management, including supervision of regulatory compliance and development of bank appraisal policies.

EDUCATION

B.A., Oberlin College, Oberlin, Ohio.

#

Types of Properties Appraised

- Commercial, industrial, retail, non-profit, institutional and special purpose properties, motels & hotels, automobile-related properties, medical properties, multi-family, residential properties, development properties and all types of land.

Types of Assignments Performed

- Market value opinions of fee simple, leased fee, and leasehold interests for residential and commercial properties of all types, including investment and owner-occupied properties, special purpose properties, and land of all types.
- Specialized problem solving include highest and best use and feasibility analysis, rental values, contamination issues, marketability problems, corporate property disposition and site decision making, real estate tax issues, estates and other legal work, court testimony and litigation support, buy-sell decisions, limited scope appraisals, appraisal review, zoning analyses and telecommunications tower impact studies.

Clients Served

- Financial institutions, banks, attorneys, corporations, insurance companies, accountants, financial planners, individuals, trust departments, municipalities, state and federal agencies, and companies.

Expert Witness Testimony: Qualified in Middlesex Superior Court, Norfolk Probate Court, Middlesex, Norfolk and Suffolk Probate Courts, Bristol District Court, Barnstable District Court, Worcester District Court, and Federal Bankruptcy Courts in Boston, Worcester and New York City. Also qualified at the Appellate Tax Board. Numerous ZBA hearings as a real estate expert.

Articles and Publications

- New England Real Estate Journal Monthly Columnist
- Development Reviewer: Fisher and Martin, Income Property Valuation (Dearborn Financial Publishing, Chicago)
- Development Reviewer, Fisher and Tosh, Questions and Answers to Help You Pass the Real Estate Appraisal Examinations (Dearborn Financial Publishing, Chicago)
- Contributor - Newsletter, Massachusetts Board of Real Estate Appraisers; Newsletter, Greater Boston Chapter of the Appraisal Institute, Banker and Tradesman: articles

Education Offerings Written/Developed

- Mixed Use Properties
- Review Appraising
- Golf and Religious Properties
- Easements
- Restaurant Valuation
- Appraising for Banks
- Income Property Appraising Topics
- Effectively Using the HP 12-C Calculator & Excel
- Technology and the Appraiser, Residential Appraisal Trends

Continuing Education: Mr. Pastuszek is in compliance with the continuing education or recertification programs of the Appraisal Institute, American Society of Appraisers, and the Massachusetts Board of Real Estate Appraisers.

Teaching/Educational Affiliations

Current

-*Massachusetts Board of Real Estate Appraisers* - Residential and income courses (1, 1A, 2, 2A), commercial review course, seminars.

Previous

-*Bentley College, Waltham, Massachusetts* - School of Continuing and Professional Studies, Senior Instructor: Residential and income property appraisal courses, 1986-1998.

-*Stonehill College, Easton, Massachusetts* - Instructor, Continuing Education, Residential & Income Property Appraisal, Massachusetts Board of Real Estate Appraisers, 1984-85 & 1998-99.

-*Realtors Institute, Massachusetts Association of Realtors* - Instructor, GRI III, 1989-1991.

-*Appraisal Institute* - Instructor: Course 101, Basic Valuation Procedures (120), Basic Income Capitalization Techniques (310), seminars.

-*Instructor, Panelist, and Seminar Leader*: Organizations include assessors' organizations, New England League of Savings Institutions, Risk Management Association, Massachusetts Mortgage Bankers, Massachusetts Board of R.E. Appraisers "Breakfast with Experts," New England Real Estate Journal, Financial Managers Society, Massachusetts Association of Assessors, IAAO, and various Realtors organizations.

Course/Curriculum Development

MBREA Uniform Standards of Professional Appraisal Practice (USPAP) Manual, MBREA Courses 2 & 2A, MBREA Residential Trends and Limited Appraisals Seminar, Update Seminar, Residential and Commercial Review seminars, Unique and Unusual Properties Seminar, Effective Communication Seminar, Limited Appraisals and Evaluations Seminar.

PROFESSIONAL AFFILIATIONS

Appraisal Institute, Greater Boston Chapter

- Board of Directors, 1993-1995.
- Co-Chair, Legislative Affairs Committee, 1993; Seminars Chairperson, 1994.
- Young Advisory Council, 1992-93.
- Current Regional Representative Alternate, Mass & RI Chapter of the Appraisal Institute.

Appraisal Institute, Eastern Massachusetts Chapter

- Board of Directors, Education Committee Chair, 1991; Chairperson, Research Committee, 1989

Massachusetts Board of Real Estate Appraisers

- Past President, Board of Trustees
- Former Chair, Education Committee, Board of Examiners, Seminars Committee.
- Alternate Representative to Advisory Council, The Appraisal Foundation, 1993-1996.

