

APPRAISAL REPORT

**Galles on Central Automobile Dealership
1601 Central Avenue NE
Albuquerque, New Mexico**

Appraisal Project 24644

EFFECTIVE DATE

July 23, 1991

PREPARED FOR

**Mr. Kim Murphy
Director of Real Estate
University of New Mexico
Scholes Hall, Room 233
Albuquerque, New Mexico 87131**

Prepared by
BROOKS, LOMAX & FLETCHER, INC.

August 13, 1991

Mr. Kim Murphy
Director of Real Estate
University of New Mexico
Scholes Hall, Room 233
Albuquerque, New Mexico 87131

Reference: Galles on Central Property
1601 Central Avenue NE
Albuquerque, New Mexico

We have completed an appraisal of the above referenced property and we are pleased to submit the accompanying report of our findings and conclusions.

The property was developed in the mid 1950s as an automobile dealership, however our study indicates that the location is no longer suitable for new car sales, and that the buildings have no measurable economic utility for alternative commercial uses. Our study further concludes that the University of New Mexico is the most probable buyer of the property, since it is located at the boundary of UNM's main campus at a strategic point for future expansion of school activities. The impact of UNM's presence in the market is substantial, both as an influence on the demand for commercial services in the neighborhood, and as a direct participant in real estate transactions.

The conclusion that UNM is the most probable buyer leads to the unusual problem of basing the market value estimate on the anticipated behavior of a single buyer (rather than on the outcome of competition among any number of potential buyers). UNM's pricing strategy in acquiring other commercial property near campus boundaries was observed to be based on land value plus normally depreciated building cost. This evidence leads to a higher market value conclusion than general market data would support in locations outside the immediate campus area. The implication is that, if UNM's pricing strategy were to change in the near term, the subject's market value could be significantly lower than concluded in this appraisal. The lower limit of market value, irrespective of UNM's role as a direct market participant, is the underlying land value based on the conclusion of highest and best use supported in the body of the accompanying report.

The objective of this appraisal was to estimate the market value of the fee simple interest in the referenced property, subject to assumptions and limiting conditions stated in the report. Our analysis indicates the following market value:

Effective Date	July 23, 1991
Estimated Market Value, Land and Buildings	\$1,600,000
Estimated Market Value, Land Only	\$1,300,000

The main body of our report provides you with our method of study as well as the limitations placed on the work product by the undersigned. Please read these limitations carefully so you may understand our conclusions clearly. In preparing this study, our conduct has been governed by the Code of Ethics of the various professional organizations of which we are members.

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This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

BROOKS, LOMAX & FLETCHER, INC.


Joshua Cannon, MAI