

JOSHUA CANNON & ASSOCIATES, INC.

APPRAISAL & ADVISORY SERVICES FOR NEW MEXICO REAL ESTATE

SUMMARY APPRAISAL REPORT

OFFICE BUILDING

1401A University Boulevard NE
ALBUQUERQUE, NEW MEXICO

Appraisal Project 27177

EFFECTIVE DATE

April 5, 2011

PREPARED FOR

Thomas M. Neale
Associate Director, Real Estate Department
The University of New Mexico
2811 Campus Boulevard NE
1 University of New Mexico
MSC06 3593
Albuquerque, New Mexico 87131

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April 11, 2011

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Associate Director, Real Estate Department
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Albuquerque, New Mexico 87131

Reference: Appraisal Report
Office Building
1401A University Boulevard NE
Albuquerque, New Mexico

We have completed an appraisal of the above referenced property and we are pleased to submit the accompanying summary report of our findings and conclusions. The objective of the appraisal was to estimate the market value of the fee simple interest in the property, subject to assumptions and limiting conditions stated in the report. Our analysis indicates the following value of the property.

Effective Date	April 5, 2011
Estimated Market Value	\$350,000

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.

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.

JOSHUA CANNON & ASSOCIATES, INC.



Joshua Cannon, MAI

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Executive Summary

Project:	Office Building
Location:	1401A University Boulevard NE Albuquerque, New Mexico
Client:	Thomas M. Neale Associate Director, Real Estate Department The University of New Mexico 2811 Campus Boulevard NE 1 University of New Mexico MSC06 3593 Albuquerque, New Mexico 87131
Building Area:	3,146 square feet
Land Area:	9,605 square feet
Zoning:	C-3, Heavy Commercial
Project Summary:	The subject is an office building constructed in approximately 1970 and owner-occupied by Carr Imaging. The interior of the building was renovated in 2007. The site is recessed approximately 200 feet west of University Boulevard and is accessed by a 25-foot-wide paved easement. The floor area ratio (FAR = building area divided by land area) is 32.8%, which is typical for this property type.
Property Rights Appraised:	Fee simple estate
Highest and Best Use	
Land as Though Vacant:	Office development
As Improved:	Office building
Estimates of Value	
Cost Approach:	\$343,000
Sales Comparison Approach:	\$350,000
Income Approach:	Not Applied
Final Estimate of Market Value:	\$350,000
Effective Date of Appraisal:	April 5, 2011
Estimated Exposure/Marketing Time:	Less than six months

Overview of the Subject Property

The subject of this appraisal is an office building at 1401A University Boulevard NE in Albuquerque, New Mexico. It is a steel building constructed in approximately 1970 and contains a total estimated area of 3,146 square feet. It was originally used for the sale, fitting and fabrication of prosthetic and orthotic devices, and then remodeled into 100% office space in 2007. The property is located in the central portion of Albuquerque near the University of New Mexico and the UNM Health Sciences Center.

The subject land area is 9,605 square feet and is it recessed approximately 200 feet west of University Boulevard. It is accessed by a 25-foot-wide paved easement that is aligned with a curb cut on University Boulevard. The floor area ratio (FAR = building area divided by land area) is 32.8%, which is typical for this property type.

Exhibits that show the location and configuration of the subject property are included in the *Appendix* of this report.

Legal Identification

The subject property consists of two platted lots described as follows.

Tract A of the plat of Tracts A and B, Wilson, Ahern & Montgomery Subdivision, as the same is shown and designated on the plat filed in the office of the County Clerk of Bernalillo County, New Mexico, August 3, 1967, Map Book C6, Page 180.

Tract B-2 of the replat of Tract B, Wilson, Ahern & Montgomery Subdivision, as the same is shown and designated on the plat filed in the office of the County Clerk of Bernalillo County, New Mexico, September 16, 1993, Map Book 93C, Page 269.

History of Ownership

The most recently recorded warranty deed indicates the owner of the subject property is TrollsBreath Studios LLC. They purchased the property on May 6, 2007 for a reported price of \$185,000. The owner of TrollsBreath Studios is Patrick and Barbara Carr and they operate Carr Imaging, which performs fine art photography and printing. The Carr's report they fully renovated the subject building after the 2007 purchase at an approximate cost of \$130,000. The Regents of the University of New Mexico entered into a Purchase and Sale Agreement with TrollsBreath Studios on March 30, 2011 to purchase the subject property for \$350,000, subject to the typical contingencies. Other than the information presented above, the appraiser has no knowledge of any pending listings, offers or options affecting the subject property.

Purpose and Intended Use of the Appraisal

The purpose of the appraisal is to estimate the market value of the fee simple interest in the subject property. The report is intended to be used by the Regents of the University of New Mexico in evaluating a potential acquisition of the property.

Market Value Defined

Market value means 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 both 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.

Source: Department of the Treasury, Office of the Comptroller of the Currency, 12 CFR Part 34 [Docket No. 90-16], Real Estate Appraisals, published in the Federal Register, Vol. 55 No. 165, August 24, 1990: Final Rule.

Effective Date of Appraisal and Date of Report

The effective date of this appraisal is April 5, 2011, which is the date of the most recent site inspection. The date of the report is shown on the transmittal letter.

Scope of the Assignment

The assignment is to estimate market value of the identified real property and prepare a narrative report of our findings and conclusions. The scope of study encompassed property inspection, research of deed records, analysis of supply and demand, and analysis of market trends. This appraisal is intended to be in compliance with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Standards of Professional Practice.

I have investigated the general economy of the Albuquerque area, as well as the subject market sector. The sources of data used in this report include:

- Interviews with knowledgeable brokers and developers.
- A thorough search of in-house data held by Joshua Cannon & Associates, Inc.
- A search of the county clerk's records for recent property sales.
- A search of the available multiple listing services, including SWMLS, CARNM and LoopNet.

The Income Approach has not been applied in this appraisal. The subject property is designed for occupancy by a single entity and the most probable buyer is an owner-occupant. This type of buyer does not make pricing decisions based upon investment rental income and eliminating the Income Approach does not reduce the reliability of the value estimate.

There is adequate market data to support a reliable indication of value for the subject property. Joshua Cannon, or associates with this firm, have personally verified the comparable sales data relied upon in the Valuation Section. Joshua Cannon personally inspected the subject property and the comparables.

This appraisal is transmitted in a Summary Report format. No departure will be made from the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, or the Appraisal Institute's Standards of Professional Practice.

Property Rights Defined

The property rights appraised are the fee simple estate in the referenced real estate. The fee simple estate is an absolute ownership unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation.

General Underlying Assumptions

1. The legal description used in this report is assumed to be correct.
2. No survey of the property has been made by the appraiser; no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, such as subsoil structures or asbestos containing building materials, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
7. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
8. It is assumed that all applicable federal, state and local environmental regulations and laws have been complied with unless otherwise stated, defined and considered in the appraisal report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.
10. It is assumed the utilization of the land and improvements are within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted within the report.
11. 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. If so, this could have a negative effect on the value of the property. Since the appraiser has no direct evidence relating to this issue, the possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

General Limiting Conditions

1. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, or with reference to the property in question, unless arrangements have been previously made.

2. 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 proper written qualification and only in its entirety.
3. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and becomes invalid if so used.
4. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or another media without written consent and approval of the appraiser, nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified in public media without written consent of the appraiser.
5. The appraiser is not aware of any cross easements or any covenants, conditions, or restrictions impacting the subject property. It is assumed the property has adequate ingress and egress, and a sale of the property would not be inhibited by any covenants, conditions, or restrictions.

Albuquerque Profile

This section of the report summarizes the city's economic base, its demographic and land-use trends, and the current development climate for real estate. The appraised property is located at 1401A University Boulevard NE in the "University" market area of Albuquerque, New Mexico.

Geographic Area

The Albuquerque metropolitan area is located near the geographic center of New Mexico, situated on a high plateau along the Rio Grande just west of the Sandia and Manzano Mountains. The city covers 188 square miles and serves as the state's commercial, industrial, and transportation center. According to the U.S. Census Bureau, the state's July 2009 population was 2,009,671, and the Albuquerque metropolitan area population was 857,903. The Albuquerque Metropolitan Statistical Area includes Bernalillo County, the city of Albuquerque, the city of Rio Rancho as well as Sandoval, Valencia and Torrance Counties. Santa Fe, the state capital, is 65 miles to the north. The state capital, with a 2009 metropolitan-area population of 147,532, is a much smaller city than is Albuquerque.

Albuquerque is relatively isolated, with no significant sub-regional commerce centers between itself and Phoenix, 450 miles to the west; Denver, 420 miles to the north; Dallas, 650 miles to the east; and El Paso, 300 miles to the south. Albuquerque is well served by interstate highways and major airlines.

Historic Development Pattern

The Albuquerque metropolitan area is geographically divided into three distinct areas: the East Mesa, the Valley, and the West Mesa. Initial European settlement occurred in the valley area, where Spanish colonists settled the flood plain of the Rio Grande in the vicinity of "Old Town" in the 1600s. This agrarian society spread north and south along the river in a pattern of farms and small villages. Due to this settlement pattern, the most traditional segments of regional development are found in the valley areas.

Downtown Albuquerque originated in the late 1800s, when the railroad placed its tracks about one and one-half miles east of the Old Town Plaza. The Railroad Subdivision was platted near the tracks, and businesses developed in response to the convenience of moving goods and people by rail. For approximately 70 years, from the arrival of the railroad to the development of the first suburban shopping mall in 1961, Downtown Albuquerque was the center of government and commerce for the growing area. In subsequent years, Downtown workers and residents followed the national trend of out-migration to the suburbs (1960s and 1970s).

The decline of the Central Business District in the 1970s prompted government support of Downtown redevelopment through tax incentives and municipal bond financing of private projects. By the late 1980s and early 1990s, the Central Business District was the location of some of the heaviest public and private capital investment in the metropolitan area.

Residential and institutional growth took place largely on the East Mesa during the period 1930 to 1960. The direction of growth extended east from Downtown along old US Route 66, which was the east-west intra-city and interstate roadway until the freeways were developed in the 1960s. The establishment of the University of New Mexico, the state fair grounds, Albuquerque International Airport, Kirtland Air Force Base, Sandia National Laboratories (scientific and weapons research), and four regional hospitals on the East Side propelled this growth and created the economic base of modern Albuquerque as well. This early growth area is generally identified as the Southeast Heights and University area, and contains several high-demand residential neighborhoods.

Beginning in the early 1960s, development continued on the East Mesa, but shifted north of I-40 and east of I-25 to what is now known as the Northeast Heights. The boom in population growth and housing over the last quarter century made the "Heights" the largest and most prosperous regional development area. This area was laid out on a grid system with primary arterials placed along the section lines in accordance with the government-survey system. Until more recent planning and development, strip commercial and

multifamily land uses were placed along the major arterials, forming a buffer for the single-family residential neighborhoods within the square-mile sections. Since the 1980s, curved streets and clustered non-residential uses are the typical style of development. The easternmost area of the Northeast Heights has a preferred location at the base of the Sandia Mountains and should remain in high demand for residential buyers for the foreseeable future. The foothills area contains much of the region's most expensive housing.

The city's second major urban center, called "Uptown," was created near I-40 and Louisiana Boulevard at the approximate center of East Side development. Initiated in the 1960s when two regional shopping centers were developed within a quarter mile of each other, Uptown was Albuquerque's fastest-growing commercial and financial center during the 1970s and 1980s.

The supply of land on the East Mesa is nearly absorbed and development emphasis is now on the West Mesa, which includes the submarkets of Southwest Mesa, Northwest Mesa and Rio Rancho. Initially, the West Mesa competed primarily on the basis of less expensive land and suffered due to poor transportation linkages and inferior services. These impediments have been overcome; however, the major employment centers are primarily east of the Rio Grande and commuter traffic congestion is a material problem. The 12,612-acre Mesa del Sol master plan located on I-25 at the south end of Albuquerque is now developing and the first homes are expected to come on-line in 2009. This project has already attracted some major employers and it will eventually capture a significant percentage of new housing permits.

Population Trends

The 2008 population for Albuquerque was estimated at 521,999, according to the U.S. Census. The city's population grew at 7.59% per year during the 1950s, and the growth rate has typically averaged near two percent per year from the 1960s through the present.

Population growth over the 59-year period from 1950 to 2009 in the city of Albuquerque and Bernalillo County is shown in the following chart.

US Bureau of the Census Population Figures: 1950 – 2009

Year	City of Albuquerque		Bernalillo County	
	Total Persons	Growth Rate*	Total Persons	Growth Rate*
1950	96,815	---	145,637	---
1960	201,189	7.59%	262,199	6.05%
1970	244,501	1.97%	315,774	1.88%
1980	332,336	3.12%	420,262	2.90%
1990	386,988	1.53%	480,577	1.35%
2000	448,607	1.49%	556,678	1.48%
2009	529,219	1.85%	642,527	1.61%

*Annual compound rate of growth.

Note: Bernalillo County data encompasses the same land area from year to year. The City of Albuquerque's land area has undergone changes due to annexation.

Source: US Bureau of the Census

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Population growth is attributable to a high quality of life, a favorable business environment, a strong and productive labor force, and aggressive economic development efforts that have been funded by both the state and local municipalities. In recent years, national publications have rated Albuquerque as one of the top places to live and work in the United States. These reports typically cite low labor costs and taxes as well as rising median household income.

The University of New Mexico Bureau of Business and Economic Research (UNM BBER) is regarded as the leading research and forecasting entity in New Mexico for population and economic data, and they published a revised population estimate in August 2008. That estimate for the four counties making up the Albuquerque Metropolitan Area (Bernalillo, Sandoval, Torrance and Valencia Counties) is shown below.

Albuquerque MSA Projected Population – Revised Estimate from August 2008

Year	Projected Population					Annual Growth Rate per 5 yr. Period
	Bernalillo County	Sandoval County	Valencia County	Torrance County	Total (Alb. MSA)	
2005	614,508	107,104	71,459	18,282	811,353	-
2010	713,020	125,675	79,894	20,052	938,641	2.96%
2015	811,861	144,087	89,045	22,184	1,067,177	2.60%
2020	905,393	163,315	98,459	24,584	1,191,751	2.23%
2025	993,650	182,592	107,294	26,990	1,310,526	1.92%
2030	1,080,297	200,822	115,416	29,132	1,425,667	1.70%
2030	1,166,590	217,806	123,212	31,007	1,538,615	1.54%

Source: UNM BBER

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The preceding forecast estimates growth approaching three percent per year through 2015 and spread among all four counties. The growth projections appear to be aggressive given the more recent economic forecasts for the metro area, but this is to be determined.

Another population forecast is made by the Mid-Region Council of Governments, which is a governmental agency that provides planning and other services in support of community and regional development, including employment growth, infrastructure planning and development, and resource management. Every four years MRCOG publishes a comprehensive socioeconomic forecast for the four-county area of Bernalillo, Sandoval, Torrance and Valencia, as well as southern Santa Fe County. MRCOG divides the plan area into Data Analysis Subzones (DASZ), which are small units of geography that are compatible with MRCOG's transportation model. The datasets are created by MRCOG to project future travel demand in the region, as well as land use planning, economic development and so on. DASZs are generally bounded by major roads and other physical features, and subdivisions of Census Tracts.

MRCOG published the *2030 Metropolitan Transportation Plan for the Albuquerque Metropolitan Planning Area* on April 26, 2007. This plan projects growth in population, employment, housing units and school enrollment for the plan area, as well as at the county and DASZ level. The forecast is from 2004 to the year 2030. According to MRCOG, resource data for the forecast includes the Bureau of Business and Economic Research, the US Census Bureau, the NM Department of Workforce Solutions, aerial photography, building permits, approved and pending real estate developments, interviews with major developers, land inventory and infrastructure availability.

The MRCOG population forecast for the Albuquerque Metropolitan Area is shown below.

Albuquerque MSA Projected Population – 2007 Estimate

Year	Projected Population				
	Bernalillo County	Sandoval County	Valencia County	Torrance County	Total (Alb. MSA)
2004	602,413	102,462	69,754	17,695	792,324
2030	<u>759,000</u>	<u>197,182</u>	<u>128,922</u>	<u>27,479</u>	<u>1,112,583</u>
Total Growth	156,587	94,720	59,168	9,784	320,259
Annual Growth Rate	0.89%	2.55%	2.39%	1.71%	1.31%

Source: MRCOG

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The population forecast by MRCOG is more conservative than the UNM-BBER estimate in terms of the pace of growth, and it also predicts more of the growth will occur outside of Bernalillo County.

Employment

Albuquerque's economic base is nearly three-fourths trade, services, and government. Federal spending is a significant factor in the local economy, given the influence of Kirtland Air Force Base and Sandia National Laboratories, a major federal contractor in research and development of energy, weapons, and space exploration.

In recent years the average annual job growth has fluctuated from -1.36% to over 4% in the metropolitan area. The New Mexico Department of Workforce Solutions reports the Albuquerque metro area gained approximately 2,000 jobs in 2008. Increases were mainly in transportation, warehousing & utilities, retail trade, information, education & health services, government, and leisure & hospitality. Manufacturing experienced a decline due to the layoffs at Intel, and construction also slipped.

The following table shows growth in the number of persons employed in the Albuquerque Metropolitan Statistical Area (MSA), the state of New Mexico, and the United States since 1994. The Albuquerque MSA includes Bernalillo, Sandoval, Valencia and Tarrant Counties. (Note that starting in 2004 annual averages for labor force and number employed reflect a new DOL methodology in which workers are counted in the county of residence instead of job location. This may have overstated the growth in employed persons in the MSA for 2004.)

Historical Employment Information (Civilian Labor Force)

	ABQ Metro Area			New Mexico			United States		
	Number Employed (000's)	Percent Change	Unemployment Rate	Number Employed (000's)	Percent Change	Unemployment Rate	Number Employed (000's)	Percent Change	Unemployment Rate
1994	319.8	5.68%	4.4%	729.3	4.51%	6.3%	123,060	2.33%	6.1%
1995	328.9	2.85%	4.1%	741.4	1.66%	6.3%	124,900	1.50%	5.6%
1996	326.7	-0.67%	5.4%	733.6	-1.05%	8.1%	126,708	1.45%	5.4%
1997	339.4	3.88%	4.3%	763.3	4.04%	6.2%	129,558	2.25%	4.9%
1998	344.7	1.57%	4.5%	779.7	2.15%	6.2%	129,558	0.00%	4.5%
1999	339.4	-1.54%	3.9%	764.2	-1.99%	5.6%	131,463	1.47%	4.2%
2000	364.1	7.27%	3.3%	811.8	6.23%	5.0%	136,891	4.13%	4.0%
2001	365.8	0.48%	3.3%	818.5	0.83%	5.4%	136,933	0.03%	4.7%
2002	365.7	-0.04%	4.7%	829.8	1.38%	5.4%	136,485	-0.33%	5.8%
2003	368.9	0.88%	5.5%	839.7	1.19%	6.4%	137,736	0.92%	6.0%
2004	374.2	1.44%	5.2%	860.0	2.42%	5.7%	139,252	1.10%	5.5%
2005	380.4	1.66%	4.9%	886.7	3.10%	5.3%	141,730	1.78%	5.1%
2006	392.8	3.26%	4.0%	912.1	2.86%	4.3%	144,427	1.90%	4.6%
2007	392.9	0.04%	3.5%	910.0	-0.23%	3.5%	146,047	1.12%	4.6%
2008	394.9	0.50%	4.3%	919.4	1.04%	4.2%	145,362	-0.47%	5.8%
2009	379.8	-3.82%	7.4%	887.4	-3.48%	7.2%	139,877	-3.77%	9.3%

Source: New Mexico Department of Workforce Solutions and BBER
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Total non-agricultural employment by category is summarized below for the Albuquerque MSA.

Employment According to Categories: Albuquerque MSA (Nonagricultural)

	<i>Ann. Avg. 1990</i>	<i>Ann. Avg. 2000</i>	<i>%Δ 1990-00</i>	<i>Ann. Avg. 2008</i>	<i>Ann. Avg. 2009</i>	<i>%Δ 2008-09</i>
Total Employment	271,400	357,400	31.7%	394,900	379,100	-4.0%
Total Private	216,300	288,400	33.3%	313,600	296,500	-5.5%
Goods Producing	37,600	51,100	35.9%	50,400	42,300	-16.1%
Services Providing	178,700	237,300	32.8%	263,200	254,200	-3.4%
Mining Logging & Const.	14,800	23,600	59.5%	28,300	24,100	-14.8%
Manufacturing	22,800	27,600	21.1%	22,000	18,200	-17.3%
Wholesale Trade	13,200	14,200	7.6%	13,100	11,900	-9.2%
Retail Trade	32,600	41,400	27.0%	44,500	41,700	-6.3%
Transportation, Warehousing & Utilities	8,000	10,700	33.8%	10,700	9,700	-9.3%
Information	6,700	11,100	65.7%	9,400	9,000	-4.3%
Financial Activities	16,800	19,400	15.5%	18,700	18,100	-3.2%
Professional and Business Services	42,400	58,700	38.4%	64,300	60,600	-5.8%
Educational and Health Services	24,200	37,300	54.1%	51,200	53,800	5.1%
Leisure and Hospitality	26,000	33,600	29.2%	38,900	37,600	-3.3%
Other Services	8,900	10,900	22.5%	12,500	11,900	-4.8%
Government	55,100	69,000	25.2%	81,300	82,600	1.6%

Source: New Mexico Department of Workforce Solutions

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The Albuquerque MSA is much more of a service economy than a manufacturing economy. Roughly 86% of the economy is attributable to the service sector. Government of all types, at 20%, constitutes the single largest category of jobs.

As described above, the University of New Mexico Bureau of Business and Economic Research (UNM BBER) is regarded as the leading research and forecasting entity in New Mexico for population and economic data, and they published a quarterly forecast of economic statistics, including employment. The most recent forecast from Winter 2010 is shown on the following page.

**UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS AND ECONOMIC RESEARCH**

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Prepared for

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ALBUQUERQUE MSA	2008	2009	2010	2011	2012	2013	2014	2015
Total Nonagricultural Emp.	394.858	379.083	373.812	376.897	382.847	388.953	395.565	401.773
% Change Year Ago	-0.2	-4.0	-1.4	0.8	1.6	1.6	1.7	1.6
Logging, Mining and Construction Employment	28.333	24.108	21.928	21.611	22.039	22.628	23.409	24.060
% Change Year Ago	-7.0	-14.9	-9.0	-1.4	2.0	2.7	3.5	2.8
Manufacturing Employment	22.042	18.192	17.461	17.800	18.331	18.935	19.301	19.582
% Change Year Ago	-6.9	-17.5	-4.0	1.9	3.0	3.3	1.9	1.5
Wholesale Trade Employment	13.050	11.917	12.142	12.180	12.356	12.537	12.733	12.917
% Change Year Ago	-2.2	-8.7	1.9	0.3	1.4	1.5	1.6	1.4
Retail Trade Employment	44.542	41.725	40.731	40.701	41.306	42.026	42.591	43.099
% Change Year Ago	-0.2	-6.3	-2.4	-0.1	1.5	1.7	1.3	1.2
Transportation, Warehousing and Utilities Employment	10.692	9.658	9.304	9.465	9.734	9.977	10.141	10.304
% Change Year Ago	-1.9	-9.7	-3.7	1.7	2.9	2.5	1.7	1.6
Information Employment	9.350	8.975	8.693	8.728	9.067	9.337	9.514	9.743
% Change Year Ago	1.8	-4.0	-3.1	0.4	3.9	3.0	1.9	2.4
Financial Activities Employment	18.708	18.050	17.778	17.918	18.107	18.177	18.317	18.387
% Change Year Ago	-2.5	-3.5	-1.5	0.8	1.1	0.4	0.8	0.4
Professional and Business Services Employment	64.342	60.642	58.189	59.626	61.044	62.479	64.285	65.994
% Change Year Ago	0.1	-5.8	-4.0	2.5	2.4	2.4	2.9	2.7
Educational Services, Health Care and Social Assistance Employment	51.200	53.750	54.951	56.135	57.417	58.559	59.875	61.187
% Change Year Ago	4.4	5.0	2.2	2.2	2.3	2.0	2.2	2.2
Leisure and Hospitality Employment	38.900	37.608	37.419	37.927	38.730	39.160	39.468	39.724
% Change Year Ago	-1.4	-3.3	-0.5	1.4	2.1	1.1	0.8	0.6
Other Services Employment	12.450	11.900	11.844	11.944	11.935	11.925	11.940	11.914
% Change Year Ago	2.1	-4.4	-0.5	0.8	-0.1	-0.1	0.1	-0.2
Total Govt. Employment	81.250	82.558	83.418	82.871	82.791	83.223	84.001	84.872
% Change Year Ago	2.2	1.6	1.0	-0.7	-0.1	0.5	0.9	1.0
City of Albuquerque Total Housing Units	1.008	0.919	0.936	1.087	1.397	1.808	2.468	2.713
% Change Year Ago	-64.2	-8.8	1.9	16.1	28.5	29.5	36.5	9.9
City of Albuquerque Single-Family Units	0.659	0.654	0.761	0.958	1.212	1.515	1.895	1.951
% Change Year Ago	-68.4	-0.8	16.4	25.9	26.5	25.0	25.1	2.9
City of Albuquerque Multi-Family Units	0.349	0.265	0.175	0.129	0.185	0.294	0.573	0.762
% Change Year Ago	-52.2	-24.1	-34.0	-26.5	43.9	58.5	95.0	33.1

ALL FIGURES IN THOUSANDS

Source: UNM BBER

As shown above, the Albuquerque MSA had negative employment growth in 2008–2010, and UNM BBER forecasts a return to positive levels in 2011–2015. As with the United States economy, the pace of recovery is forecast to be moderate.

Following are some bullet points from the most recent Winter 2010 UNM BBER forecast.

- The path to recovery got a little rockier for the Albuquerque MSA during the third quarter of 2010. Nonfarm employment growth, which had been consistently improving since the fourth quarter of 2009, fell to -1.5 percent from -1.3 percent in the second quarter. Personal income growth also slowed during

the third quarter, to an estimated 2.6 percent, from 4.3 percent in the preceding quarter. Consistent with the growth rates above, the unemployment rate, non-seasonally adjusted, rose to 8.9 percent, up four-tenths of a percent from the prior quarter. The Albuquerque MSA economy lost 5,600 jobs (net) during the third quarter, compared to a year earlier. Only four of the twelve employment sectors showed a net increase, and only two of those were significant. Educational services and health care, as usual, posted the greatest employment gain (1,333 jobs, 2.5 percent). Next in line was the government sector, which added 1,133 jobs, a 1.4 percent increase. Local government employment dropped 0.7 percent, while state government employment was up 0.4 percent, most likely in education. The federal sector showed an increase of 1,167 jobs (7.7 percent). Hundreds of these were with the U. S. Forest Service.

- Among the sectors losing jobs, the professional and business services sector posted the largest drop, down 2,600 from a year ago (-5.9 percent). The losses included a host of temp jobs and a large layoff at the Lockheed Martin call center in Albuquerque. The construction sector remained weak, shedding another 2,133 jobs. Housing in the City of Albuquerque posted a 14.6 percent drop during the third quarter, with single-family permits down 26.9 percent and multi-family permits up 32.7 percent. In Rio Rancho housing permits were down 23.1 percent in the third quarter. The total dollar value of construction contracts awarded during the third quarter was 58.5 percent below a year ago. Residential contracts were down 8.3 percent, non-residential contracts were off 69.2 percent, and non-building contracts dropped 35.0 percent. Retail trade was the third and final sector suffering triple-digit job loss. Employment was down 1,033, or 2.5 percent. Each of the remaining sectors lost 500 or fewer jobs.
- The outlook for the Albuquerque MSA economy is moderate. The recession will continue through the end of the year, with recovery beginning in 2011 and reaching full stride during the second half of 2012. Nonfarm employment growth will post a drop of 1.4 percent this year, followed by gains of 0.8 percent next year and 1.6 percent in 2012, and hold approximately at that level through 2015. Personal income growth will reach 2.5 percent in 2011, and will show a pattern of increasing growth through 2015, climbing to just over 5.0 percent in 2014 and 2015.
- The unemployment rate will enjoy a gentle slide from a peak of 8.7 percent in 2010 to 7.1 percent in 2015. In summary, a somewhat slow recovery transitioning to a moderate longer-term trend.
- Strength during the forecast period will come from various sources, but the government sector is not one of them. Growth in government employment will be negative in 2011 and 2012, and only slightly positive after that, as the effects of tight budgets now reverberate through the years. The educational services and health care sector will continue to be a consistent source of new jobs, but not at the level of recent years. A shrinking state budget and cutbacks in Medicare and Medicaid spending will result in employment growth in the 2.0–2.5 percent range through 2015. Even so, hundreds of jobs will come at a new hospital in Rio Rancho operated by Presbyterian Healthcare Systems, another one operated by UNM Hospital, and a third in Valencia County.
- Professional and business services will provide a substantial boost, with employment gains in the 2.0–3.0 percent range every year through 2015. New jobs will come from continued hiring at Fidelity Investments and at the Hewlett-Packard call center in Rio Rancho. More jobs are also expected at Sandia National Lab. In addition, the temp workforce will begin to swell as the recovery unfolds.
- The construction sector will return to growth mode in 2012. Beginning then, construction employment will average upwards of 2.5 percent annually through 2015. Housing is expected to begin a comeback in 2011, and enjoy moderate growth thereafter. The long dormant manufacturing sector will again enjoy an expanding workforce in 2011, as employment growth reaches 1.9 percent. Growth will increase to 3.0 percent in 2012 and 2013 before scaling back a bit. New jobs will be appearing at Intel, General Mills, Applied Technology Associates, and Solar Distinction.

Real Estate Markets

The following table summarizes vacancy by market sector from year-end 1986 to 2010. Commercial real estate in Albuquerque is experiencing sharp increases in vacancy in all sectors. This is due to the recession, including a very slow housing market and a decline in retail spending. The rise in retail vacancy is primarily due to large store closings, and the industrial vacancy is also heavily impacted by retailers, as well as building materials. Most market participants expect vacancies to continue to rise somewhat.

Real Estate Market Sector Vacancy: Year-end 1986–2010

<i>Year</i>	<i>Retail Market</i>	<i>Office Market</i>	<i>Industrial Market</i>	<i>Apartment Market</i>
1986	7.8%	20.9%	8.3%	13.2%
1987	10.4%	19.5%	8.4%	12.4%
1988	11.1%	19.3%	8.4%	11.0%
1989	14.1%	21.1%	8.0%	7.5%
1990	15.5%	22.4%	6.7%	7.2%
1991	15.1%	19.9%	5.5%	3.8%
1992	12.1%	17.6%	4.6%	3.3%
1993	10.1%	13.5%	5.2%	3.0%
1994	6.3%	10.9%	4.3%	3.1%
1995	5.4%	11.4%	4.0%	7.5%
1996	7.5%	10.7%	4.3%	8.5%
1997	8.1%	11.8%	3.8%	9.9%
1998	6.1%	13.3%	3.3%	11.6%
1999	6.4%	14.0%	3.1%	9.8%
2000	6.7%	12.7%	4.3%	7.5%
2001	10.5%	13.3%	3.2%	6.95%
2002	10.4%	14.2%	6.1%	10.0%
2003	10.3%	17.3%	8.1%	10.0%
2004	9.1%	13.4%	6.5%	5.8%
2005	8.8%	12.4%	10.5%	5.7%
2006	8.4%	13.4%	6.5%	7.1%
2007	8.0%	10.8%	5.9%	4.8%
2008	9.4%	13.1%	7.5%	7.3%
2009	10.8%	16.0%	9.3%	6.1%
2010	9.2%	18.0%	10.3%	4.2%

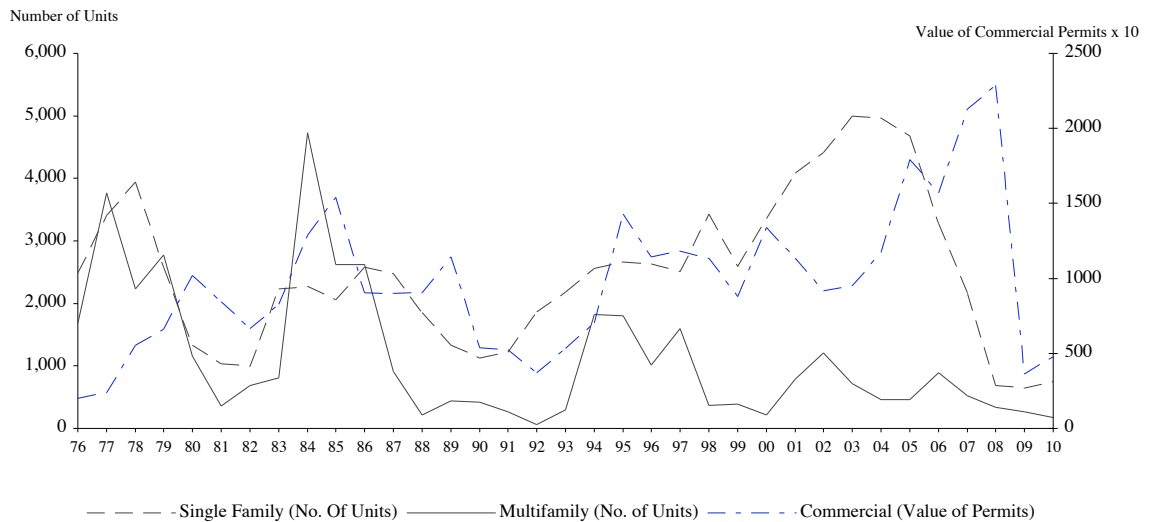
Sources: CB Commercial and Grubb & Ellis New Mexico: Retail, Office and Industrial
Apartment Association of New Mexico

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The behavior of Albuquerque's real estate markets over the long term is shown in the following graph, which covers the period from 1976 to 2010.

City of Albuquerque Construction Permits: 1976–2010

	Single Family		Multi Family		Commercial	
	No. of Units	Value*	No. of Units	Value*	No. of Pmts.	Value*
1976	2,490	\$95.90	1,680	\$19.32	173	\$19.99
1977	3,406	\$128.46	3,768	\$50.86	171	\$23.79
1978	3,941	\$155.53	2,231	\$35.91	200	\$55.25
1979	2,579	\$120.34	2,771	\$50.24	239	\$65.97
1980	1,328	\$72.90	1,158	\$22.75	151	\$101.78
1981	1,033	\$58.93	362	\$7.83	141	\$84.43
1982	989	\$57.12	682	\$11.57	122	\$66.67
1983	2,231	\$136.71	811	\$17.56	179	\$82.76
1984	2,275	\$177.94	4,729	\$107.26	211	\$128.68
1985	2,054	\$136.26	2,623	\$61.62	394	\$153.87
1986	2,583	\$183.94	2,617	\$50.34	228	\$90.30
1987	2,475	\$180.40	912	\$27.26	176	\$90.11
1988	1,853	\$141.91	214	\$4.79	142	\$90.56
1989	1,327	\$109.90	443	\$15.39	108	\$114.16
1990	1,122	\$98.56	421	\$17.80	80	\$53.82
1991	1,217	\$114.86	265	\$12.13	71	\$52.62
1992	1,868	\$176.62	66	\$2.64	52	\$37.27
1993	2,176	\$205.55	294	\$9.11	82	\$53.34
1994	2,557	\$249.93	1,823	\$81.18	106	\$70.57
1995	2,667	\$247.17	1,801	\$78.55	119	\$142.95
1996	2,629	\$256.01	1,013	\$43.60	132	\$114.34
1997	2,510	\$243.34	1,601	\$43.53	118	\$118.16
1998	3,434	\$215.39	367	\$12.98	129	\$113.53
1999	2,593	\$340.44	390	\$18.14	102	\$88.00
2000	3,363	\$318.34	210	\$10.51	122	\$133.83
2001	4,087	\$385.60	792	\$36.50	119	\$113.62
2002	4,413	\$449.49	1,212	\$50.57	102	\$91.74
2003	4,996	\$553.32	720	\$46.05	112	\$95.00
2004	4,964	\$628.72	465	\$24.64	115	\$117.47
2005	4,676	\$740.48	465	\$24.83	145	\$179.15
2006	3,334	\$586.13	893	\$83.43	119	\$156.95
2007	2,158	\$363.37	522	\$42.60	130	\$212.95
2008	682	\$110.72	334	\$26.14	80	\$228.79
2009	645	\$100.61	262	\$25.12	46	\$36.42
2010	747	\$117.52	177	\$27.16	39	\$47.73



The single-family housing market's new construction for the metropolitan area peaked in 2005 after an unprecedented, sustained building cycle that began in 1991. Single-family building permits in the metro area (Bernalillo, Sandoval & Valencia Counties) totaled 8,818 in 2005. New single-family permits for the metro area declined to 1,440 in 2010.

For apartment construction, the city's previous cycle peaked in 1994 and 1995 with approximately 1,800 apartment units permitted in each of those years. Most of that new construction was upper-end projects and was split almost evenly between the Far Northeast Heights and the West Side. Since 1996, much of the new multifamily development has been either condominiums or affordable apartments financed with Low Income Housing Tax Credits.

Conclusions regarding the real estate markets are that: 1) single-family residential construction was exceptionally strong from 2001 through 2005, then declined into 2010 by significant amounts; 2) apartment construction has had an erratic building pattern for several years and no significant upturn is predicted through 2011; 3) commercial construction was strong in 2005–2008, and then plummeted in 2009–2010.

Summary

The Albuquerque metro area has averaged employment growth of approximately two percent per year since the 1960s and the long-term projection is slightly below that level. Among the distinguishing characteristics of the metro area's overall economy are: 1) its role as a statewide center for trade, transportation, and services; 2) an increasing local diversification in manufacturing and distribution; 3) in-migration of regional and national business interests; 4) a significant economic component from federal government employment and contracting; and 5) a high quality of life. Like the national economy, the metro area is currently within a recession and job growth was negative in 2008–2010. Metro area job growth in 2011 is forecast to be slightly positive, and then return to over 1.5% growth in 2012.

With the limited supply of remaining developable land in the historically popular northeast quadrant, the primary growth areas of the metro area have been to the west. In the future, growth will also move south with the opening of Mesa del Sol and the continued development in Los Lunas. The northeast quadrant is expected to remain a desirable residential and commercial area of the city due to the quality of existing infrastructure and improvements, as well as its proximity to employment centers and the Sandia Mountains.

Neighborhood Description

The subject neighborhood is about one mile in length and encompasses land along a north-south corridor formed by University Boulevard. This corridor is roughly bound by (1) Interstate 40 on the north, which marks a general change in land use that is dominated by hospitality properties, (2) the University of New Mexico north golf course and single-family residential land uses to the east, (3) the main campus of UNM, mixed-use commercial, and single-family housing to the south of Lomas Boulevard, and (4) outlying areas of downtown Albuquerque to the west, beyond Interstate 25 (I-25). The subject property lies in the central portion of the described neighborhood. It is located about 200 feet west of University Boulevard and 200 feet south of Indian School Road.

The primary north-south arterial through the general neighborhood (excluding I-25) is University Boulevard. South of Lomas, University Boulevard provides direct access to the internal streets of the UNM campus and frontage uses are mostly UNM buildings. North of Lomas up to I-40, University supports a variety of uses including office buildings, limited retail, hospital and medical support facilities, television stations, a mortuary, student parking and child-care facilities owned and operated by the university, and two gasoline stations. The majority of these improvements are either occupied by UNM related extensions, or by businesses serving the students and employees of UNM. The influence of UNM on University Boulevard frontage land uses effectively ends at Interstate 40.

The University of New Mexico and the UNM Health Sciences Center are in a growth phase that will materially benefit the subject area. The UNM Health Sciences Center has completed construction on the new \$58 million 163,000-square-foot Cancer Research Treatment Center slightly southwest of the subject and to the west of University Boulevard. Also recently constructed in this area is the Tri-Services

Laboratory, a five-story 190,000-square-foot structure with an estimated building cost of \$72 million. Access to these new properties is from Camino de Salud, which has a signalized intersection with University Boulevard about 900 feet south of the subject. UNM also has other longer term development plans in the neighborhood, including a 750,000-square-foot expansion of the hospital, and the redevelopment of their lands along Lomas Boulevard with a mixture of commercial, residential and university buildings.

Indian School Road crosses the neighborhood east-west near its center and roughly divides it into north and south segments. The subject is located in the south segment, or south of Indian School Road and north of Lomas Boulevard. A summary of average daily traffic flows for the neighborhood's arterials follows. The most recent traffic study was performed in 2009.

Average Daily Weekday Traffic Volumes

<i>Location</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2005</i>	<i>2009</i>
University Boulevard, between Indian School Rd. and Lomas Blvd.	23,300	25,300	23,100	23,300	23,200
Indian School Road, east of University Blvd.	10,700	8,400	10,200	11,600	9,200
Lomas Boulevard west of University Blvd.	43,200	45,900	34,400	30,500	24,400

Source: Mid Region Council of Governments

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Based upon the most recent study, average weekday traffic flow to the east of the subject is 23,200 vehicles. Principal arterials in Albuquerque typically carry about 35,000 to 50,000 vehicles per day. The indicated trend in traffic volumes in the neighborhood has been stable, although the data should be viewed as approximate. The traffic counting procedures by the MRCOG are imprecise and often involve inferring counts at one location based upon actual counts at another. Traffic count at the subject frontage will increase once the Cancer Research Treatment Center and the Tri-Services Laboratory are operating at full capacity.

In summary, the subject neighborhood is a commercial corridor within Albuquerque that is approximately 90% built up with a variety of commercial and institutional uses. The University of New Mexico owns the majority of the real estate in the neighborhood, including both newer construction and older office and special use buildings converted to university uses. The neighborhood has been relatively stable for the past ten years with minimal new development; however, approximately 350,000 square feet of new building is recently completed or under construction immediately southwest of the subject. This will have an impact on the immediate neighborhood in both traffic count, demand for services and demand for real estate.

Site Description

Size:	The subject land area is 9,605 square feet, or 0.2205 acre.
Shape:	The subject site has a rectangular shape with dimensions of 60 feet deep by 160 feet wide.
Access:	It fronts on a 25-foot-wide paved access easement that connects to University Boulevard about 200 feet east of the subject. There is a median break on University Boulevard to allow bidirectional access.
Topography:	The land is at grade with University Boulevard and has a moderate downward slope to the west.

Utilities:	All typical utilities are available, including water, sewer, natural gas, electricity, and telephone.
Drainage:	Drainage is routed into offsite infrastructure. According to the FEMA flood insurance rate map for the city of Albuquerque (community-panel number 35001C0332 G, effective September 26, 2008), the subject site is located in Zone X, an area determined to be outside of the 500-year flood plain.
Soil Conditions:	No soil or engineering reports are available and adequate conditions are assumed.
Environmental:	The site is assumed to be free of contamination from hazardous substances.
Easements:	A 5-foot utility easement is located along rear boundary. There are no known detrimental easements.

Zoning

The subject property is zoned C-3, Heavy Commercial Zone, as defined in Albuquerque's *Comprehensive City Zoning Code*. This zone permits virtually all commercial uses, including wholesale commercial and some light industrial, which cause no vibration discernible beyond the premises. Examples of approved uses include offices, shopping centers, auto sales and repair, restaurants (including drive-in service), liquor sales, gas stations, hotels and motels. Residential uses are a conditional use in this zone, and apartment development is governed by the R-3, Residential Zone, regulations. Permissive uses under R-3 zoning allow apartment projects up to 30 dwelling units per acre. Overall, the C-3 zoning does not materially restrict potential uses.

The subject land is not located within the boundaries of one of the city's neighborhood sector plans, which are designed to guide development activity within the sector.

Property Tax Information

Real estate taxes in New Mexico are based on taxable values of 33.3 percent of assessed values for both non-residential and residential properties. The state operates on a base year concept that advances every two years. The mill levy, established in September at the state capital, is released in early November of each year. Property taxes are paid in two installments due in December and the following May.

The subject's Uniform Property Code numbers are 1-015-058-358-370-1-01-13 and 1-015-058-349-370-1-01-20. The current assessment is \$60,000 for the land and \$131,200 for the improvements, for a total of \$191,200. The annual taxes for 2010 were \$2,971.76.

Description of Building Improvements

The subject building was measured by the appraiser and contains a total estimated area of 3,146 square feet. It is a steel building and the estimated original construction date is approximately 1970. It was designed and used for the sale, fitting and fabrication of prosthetic and orthotic devices until purchased by the current owner in 2007. The new owner performed a major interior renovation and it is now 100% office with a mix of partitioned and open office areas. A floor plan sketch and photographs are in the *Appendix* of this appraisal.

The following description is based upon my property inspection on April 5, 2011.

Foundation/Structure:	Concrete foundation and slab.
Exterior Walls:	Metal panels over a steel frame.
Wall Height:	Approximately 10 feet at the eaves and 12 feet at the peak. A 14± foot high metal panel façade (parapet wall) is located at the south and east building elevations. The finished ceiling height in the interior is 8 feet.
Roof:	Pitched metal roof on steel framing. The roof is in good condition and received a renovation in 2007.

Interior Finishes:	Photographs of the subject interior are included in the <i>Appendix</i> . Ceilings throughout the building are suspended 2' x 4' acoustical panels at 8 feet high. Lighting is inset 2' x 4' fluorescent panels. Walls are painted drywall. Floors are laminate, carpet, vinyl tile or stained concrete. The flooring was newly installed in 2007 and the balance of the finishes are in good condition.
Doors and Windows:	Front entry door is glass in aluminum framing. The two side entrance doors are hollow-core steel. Interior doors are hollow-core wood. Most of the doors are in good condition. Windows are single pane glass in aluminum framing.
Plumbing:	Two restrooms with two fixtures each. One restroom appears to be ADA compliant.
Heating and Cooling:	The HVAC system consists of one residential style natural gas furnace and two roof-mounted package units. These units were replaced in 2007. The building is fully ducted with roof-mount vents.
Electrical:	The electrical system is assumed to be adequate. The main panel indicates a 350-amp service. The property owner reports the electrical system was renovated in 2007.
Fire & Security:	No fire sprinklers or alarm system.
Site Improvements:	The site surrounding the building is fully covered in asphalt paving, plus a limited amount of concrete walkways. The paving is in poor condition and the striping for the parking is worn away.

Quality, Condition and Design

The overall quality of the building is rated average and the interior condition is rated good. The exterior of the building appears to be in average condition and was not renovated in 2007. The parking lot needs to be re-sealed and striped.

Highest and Best Use

Highest and best use is the most probable and profitable use to which a property might be adapted, based on consideration of alternative legal uses for which the property is physically suited and for which there is a market. The four criteria of highest and best use are 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive. For improved properties, the highest and best use analysis is a two-step process where the land as though vacant and the improved property are analyzed separately.

Highest and Best Use As Vacant

The subject is 9,605 square feet in size and located north of Lomas Boulevard in an office and commercial market oriented toward UNM and Downtown. Zoning is a liberal commercial zone that allows a wide range of uses, including offices, retail and some heavy commercial. The site has a recessed location and a shallow depth of 60 feet. The location provides limited visibility, but good proximity to the freeway system and other parts of the city. It is unlikely the site is marketable to retail users given the lack of visibility. The site could physically support a small heavy commercial/light industrial use, but it is doubtful this would maximize the land value. Given the subject's location, zoning, visibility and access, highest and best use as if vacant is estimated to be a small office development.

Highest and Best Use as Improved

The parcel is improved with an average quality office building in average to good condition. This type and size of property is readily marketable to a wide variety of small business owners. Based upon the available data, the highest and best of the subject property "as improved" is for office use.

Problem Analysis and Data Interpretation

The appraisal problem involves the valuation of an office building containing 3,146 square feet. Total land area is 9,605 square feet and the FAR is 32.8%. The property is owner occupied and could be marketed to either an investor or owner-occupant. Property rights appraised are the fee simple interest.

The valuation includes the application of two valuation methods: Cost Approach and Sales Comparison Approach. The Income Approach has not been applied in this appraisal. The subject property is designed for occupancy by a single entity and the most probable buyer is an owner-occupant. This type of buyer does not make pricing decisions based upon investment rental income and eliminating the Income Approach does not reduce the reliability of the value estimate.

Cost Approach

The Cost Approach is intended to measure the opportunity of creating a substitute property through land acquisition and construction of a building of like utility. Major steps in the cost approach are estimation of land value as though vacant, and estimation of depreciated replacement cost of the improvements.

Land Value Estimate

Market value of the subject land is estimated based on a sales comparison approach. This method measures the actions of typically informed buyers and sellers through observation of prices paid in the market for properties that are reasonably similar in terms of probable use and development potential. Factors affecting value—including location, size, offsite development costs, time of sale, and financing terms—are considered. The unit of comparison is price per square foot.

The market data includes six land sales that are considered relevant to this analysis. The data is analyzed and compared to the subject property in the following narrative.

Adjustments to the Land Sales

Adjustments to the market data are applied to account for significant differences between the subject and the sale properties. The appropriate order of adjusting sales to the subject property is as follows:

1. Property Rights Conveyed
2. Financing Terms of Sale
3. Conditions of Sale
4. Date of Sale (Time)
5. Location
6. Physical Characteristics

Property Rights, Financing Terms and Conditions of Sale

All of the sales involve the transfer of fee simple title for cash, or terms considered materially equal to cash. None of the sales are known to have involved distressed or unusually motivated buyers or sellers. On this basis, no adjustment to the data is required for property rights conveyed, financing terms or conditions of sale.

Date of Sale (Time)

The transactions occurred between November 2006 and December 2010. There has been a decline in commercial land values after the recession, but the impact is less for built-up locations like the subject where the supply of available vacant land is very limited. A time adjustment is not applied, but the impact of time is considered in the valuation.

Location

The range in sale prices per square foot of the included data is in part due to differences in location. While location influences sale price per square foot, a specific adjustment is not applied to the data. The impact of location is considered in the final value estimate.

Physical Characteristics

The sales differ from the subject property in tract size, terrain, shape and visibility. The sales have a tract size range of 0.15–2.00 acres, and five of the six sales are less than one acre. This is a typical size for smaller suburban commercial projects and no size adjustment is necessary. No significant adjustments are required for physical characteristics.

The land sales are summarized on the following chart. Individual data sheets for the sales and a location map are in the *Appendix*.

Land Sales Summary Chart

Sale No.	Sale 1	Sale 2	Sale 3
Location	Locust & I-25, south of Coal SE	SWC Jefferson & Coal SE	SWC Lead & I-25 SE
Sale Price	\$75,500	\$220,000	\$250,000
Sale Date	6/23/10	5/15/09	12/11/07
Land Area in Acres	0.1500	0.4304	0.4559
Zoning	M-1	C-2	SU-2/NCR
Terrain	Sloped	Level	Partial slope
Configuration	Typical	Typical	Typical
Planned Use	Investment	Investment	Investment
Sale Price/SF	\$11.55	\$11.73	\$12.59
Visibility vs. Subject	Superior	Similar	Superior
Access vs. Subject	Inferior	Similar	Inferior
Terrain vs. Subject	Inferior	Similar	Inferior
Location vs. Subject	Inferior	Inferior	Inferior
Indicated Subject Value per SF	Higher	Higher	Higher
Sale No.	Sale 4	Sale 5	Sale 6
Location	Bartlett NE, west of Jefferson	Rosemont NE, west of Broadway	Rosemont SE, btwn. 4th & 5th
Sale Price	\$1,263,240	\$150,000	\$845,000
Sale Date	2/17/09	12/15/10	11/8/06
Land Area in Acres	2.0000	0.1912	0.9780
Zoning	IP	SU-2/HM	C-2/S-R
Terrain	Level	Level	Level
Configuration	Typical	Typical	Typical
Planned Use	Office	Outside storage	Office
Sale Price/SF	\$14.50	\$18.01	\$19.83
Visibility vs. Subject	Similar	Similar	Superior
Access vs. Subject	Similar	Similar	Superior
Terrain vs. Subject	Similar	Similar	Similar
Location vs. Subject	Inferior	Similar	Similar
Indicated Subject Value per SF	Higher	Similar	Lower

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The six sales have an adjusted price range of \$11.55–\$19.83 per square foot. The focus of the sale search was sites near the UNM and Downtown area, or other good quality recessed locations. The subject has a very good strategic location near UNM, Downtown and major new medical buildings. This location would be marketable to medical office, general office and the government sector.

Sales 1, 2 and 3 are located near Downtown or the Central Avenue corridor and have a range of \$11.55–\$12.59 per square foot. Each of the sales is clearly inferior to the subject in location in terms of

their marketability to office users. Sale 4 has a recessed location in the North I-25 Corridor in an area that is developed with office and industrial uses. The subject location is more marketable to higher intensity users and its value is indicated to be higher. Sale 5 is recessed site that is similar to the subject in visibility, size and proximity to the Downtown – UNM area. It is the best indicator of value. Sale 6 has a location closer to Downtown, plus the sale occurred prior to the recession in 2006.

Based upon the foregoing data and analysis, the market value of the subject land is estimated to be \$18.00 per square foot.

Subject Land Area in Square Feet	9,605
Estimated Value Per Square Foot	\$18.00
Total Estimated Value	\$172,890
Rounded	\$173,000

Improvements Cost Estimate

The cost information source used in this analysis is the *Marshall Valuation Service*, a national cost service published by Marshall and Swift, Los Angeles. These cost estimates include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes, insurance, and interest on interim construction financing. The subject property contains one building with a total area of 3,146 square feet. It is steel construction, which the Marshall cost manual designates as an Average to Good Cost Class S Office.

Marshall Valuation Service Cost Estimate

Base Cost per Square Foot, Average to Good Cost Class S; 3,146 SF x \$102.88/SF	\$323,660
Story Height Multiplier	0.977
Current Cost Multiplier	1.020
Local Cost Multiplier – Albuquerque	<u>0.920</u>
Total Base Building Cost	\$296,737
Other Improvements	
Asphalt paving & concrete; 6,459 SF x \$4.50/SF	29,065
Miscellaneous	<u>10,000</u>
Subtotal	\$39,065
Total Estimated Cost of Improvements	\$335,802
Per Square Foot	\$106.74

Entrepreneurial Profit

Entrepreneurial or developer's profit is typically associated with the risk a developer takes in bringing a speculative or build-to-suit property to market, in addition to compensation for negotiating leases and guiding the project from inception to stabilized occupancy. Developer fees typically total 5% to 15% of the project cost and an entrepreneurial profit of 10.0% of total improvements cost is added.

Depreciation

Accrued depreciation is a loss in value to the improvements from any cause. The sources of accrued depreciation are physical deterioration, functional obsolescence, and external obsolescence.

The estimated life of the subject construction type is approximately 50 years. A building's physical life can be extended almost indefinitely with periodic renovations. The subject was constructed in approximately 1970, thus its actual physical age is ± 41 . It received a major renovation in 2007 and the estimate effective age is about 50%–60% of actual, or a range of 25–30 years. An effective age of 27 years is applied and this results in a physical incurable depreciation amount of 54% ($27 \div 50 = 54\%$). Note that this depreciation amount includes the near term need to reseal and restripe the parking lot. This cost is approximately \$0.50 per square foot of the 6,000-square-foot parking lot, or a total amount of \$3,000.

Functional and External obsolescence are not estimated to impact the subject property.

Cost Approach Summary

The estimates developed in the preceding subsections combine to provide an indication of value for the appraised property based on the Cost Approach.

Cost Approach Summary

Improvement Replacement Cost	\$335,802	
Entrepreneurial Profit @ 10%	<u>\$33,580</u>	
Total Replacement Cost New		\$369,382
Accrued Depreciation		
Physical Deterioration @ 54%	(\$199,466)	
Functional Obsolescence	\$0	
External Obsolescence	<u>\$0</u>	
Total Accrued Depreciation		(\$199,466)
Depreciated Replacement Cost		\$169,916
Add: Land Value		<u>\$173,000</u>
Indicated Value by Cost Approach		\$342,916
Rounded		\$343,000
Indicated Value by Cost Approach/Sq. Ft.		\$109.03

Sales Comparison Approach

The subject property is an average quality office building near UNM and Downtown. The estimate of value is based upon analysis of prices paid in recent transactions of similar properties. The reliability of this approach is dependent upon the availability of the sales data and the degree of comparability in age, design, condition and location. My research disclosed seven sales of improved properties that are relevant to this analysis. The primary focus of the data search was to find recent sales of older office buildings that are similar to the subject in size and location.

All of the sales were for cash, or terms considered equivalent to cash, and no adjustment is required for property rights conveyed, financing terms or conditions of sale. The transactions occurred over a time span of June 2009 to a current contract and no adjustment to time is warranted.

The range in sale prices per square foot of the included data is influenced by differences in location, age/condition, quality, and percent of office vs. warehouse space. Specific adjustments are not made for these factors, but each sale is individually compared to the subject on the summary chart.

The sale information and comparative grid is summarized on a following chart. Data sheets and location maps are in the *Appendix*. The sales are ranked on the chart by the sale price per square foot.

Improved Sales Summary Chart

Sale No.	Subject	1	2	3
Address	1401A University NE	3748 Eubank NE	900 Park SW	172 Montano NE
Market Area	UNM	NE Heights	West Downtown	North Valley
Property Type	Office	Office/Warehouse	Office	Office
Sale Price	\$350,000	\$310,000	\$390,000	\$228,000
Sale Date	Contract	Contract	6/18/09	7/20/09
Land Area in Acres	0.2205	0.3848	0.163	0.2423
Bldg. Area in SF	3,146	3,000	3,500	2,000
Construction Type	Steel	Frame/stucco	Masonry	Masonry
Year Built	1970	1980s	1930s	1960s
% Office	100%	50%	100%	100%
% Whse.	0%	50%	0%	0%
Floor Area Ratio	32.8%	17.9%	49.3%	18.9%
Sale Price/SF	\$111.25	\$103.33	\$111.43	\$114.00
Age/Condition vs. Subject		Superior	Similar	Similar
Quality vs. Subject		Similar	Similar	Similar
Percent Office vs. Subject		Inferior	Similar	Similar
Size vs. Subject		Similar	Similar	Smaller
Location vs. Subject		Inferior	Similar	Inferior
Indicated Subject Value/SF		Higher	Similar	Similar
Sale No.	4	5	6	7
Address	115 Elm NE	127 Bryn Mawr NE	2612 Texas NE	118 Wellesley SE
Market Area	East Downtown	Nob Hill	NE Heights	Nob Hill
Property Type	Office	Office	Office	Office
Sale Price	\$249,000	\$610,000	\$387,000	\$455,000
Sale Date	10/14/10	1/27/10	9/2/09	6/1/10
Land Area in Acres	0.163	0.163	0.2521	0.163
Bldg. Area in SF	2,065	5,000	2,870	2,365
Construction Type	Masonry	Masonry	Masonry	Frame/stucco
Year Built	1906	1940s	1960s	1950
% Office	100%	100%	100%	100%
% Whse.	0%	0%	0%	0%
Floor Area Ratio	29.1%	70.4%	26.1%	33.3%
Sale Price/SF	\$120.58	\$122.00	\$134.84	\$192.39
Age/Condition vs. Subject	Superior	Superior	Superior	Superior
Quality vs. Subject	Superior	Superior	Similar	Superior
Percent Office vs. Subject	Similar	Similar	Similar	Similar
Size vs. Subject	Smaller	Larger	Similar	Smaller
Location vs. Subject	Inferior	Similar	Inferior	Similar
Indicated Subject Value/SF	Lower	Lower	Lower	Much Lower

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The first item on the chart details the current contract for the subject property at \$111.25 per square foot. The remaining sales are ranked by price and have a range of \$103.33–\$192.39 per square foot. Not all of these sales are directly comparable to the subject, but they show how variables such as condition, FAR and location impact price per square foot.

Sale 1 at \$103.33 per square foot is a pending contract and is the only building that includes warehouse space. This sale is included in the data set because it is the replacement property for the current occupant of the subject (Carr Imaging). This building has full HVAC and they plan to renovate the warehouse space into a photography studio and additional open office area. The property is similar to the subject in size,

recessed location and quality. Like the subject, it also needs to have the parking lot resealed/restriped. The subject value is indicated to be higher because it has 100% office finish.

Sales 2 and 3 at \$111.43 and \$114.00 per square foot are older office buildings that are rated similar to the subject after all superior and inferior characteristics are considered. These sales directly support the contract price for the subject property.

Sale 4 at \$120.58 per square foot is a single-family residence that has been remodeled into an office building and the current condition and quality are rated superior. The subject is a more functional office building with a better location, but overall its value is lower.

Sale 5 is superior to the subject in quality and condition, and its location is similar. This is a larger building at 5,000 square feet and it is currently rented to multiple tenants. Its size and type of occupancy have a downward impact on value versus the subject, but overall its value is higher. Also negatively impacting the value of this property is a high FAR of 70.4%, i.e., it has a minimal amount of on-site parking.

Sale 6 is similar to the subject in quality and inferior in location, but it is fully renovated and clearly superior in condition. The subject value is lower.

Sale 7 is rated superior or similar in all categories and the subject value is significantly lower.

Sales Comparison Approach Conclusion

The subject property is under contract for \$111.25 per square foot and this price is directly supported by the market data. On that basis, the conclusion of value by the Sales Comparison Approach is as follows.

Subject Building Area in Square Feet	3,146
Estimate of Market Value per Square Foot	<u>\$111.25</u>
Estimated Value by Sales Comparison Approach	\$349,993
Rounded	\$350,000

Reconciliation

Market value of the fee simple interest indicated by the two approaches is:

Cost Approach	\$343,000
Sales Comparison Approach	\$350,000

The value indications by both approaches are close, which is meaningful in that each are primary methods generally implemented to price real estate.

In the Cost Approach, land value was estimated using sales of sites with locations similar to the subject in terms of probable use, with careful consideration given to the impact on per square foot value from the subject's location. Reproduction cost of the improvements was estimated using the Marshall Valuation Service. Depreciation was analyzed on an age/life method. In my opinion, the value indication by the Cost Approach is pertinent to this analysis in terms of its support to the Sales Comparison Approach.

Data in the Sales Comparison Approach consist of seven recent improved office and office/warehouse sales. The properties have varying degrees of similarity to the subject in terms of quality, design and occupancy, and the overall data set provides a logical value range that is used to represent the subject's specific characteristics.

For the final value estimate, the Sales Comparison Approach is given the strongest weighting. It is my opinion that the market value estimate of the fee simple interest in the subject property is best represented at \$350,000. The effective date of this value estimate is April 5, 2011.

Marketing/Exposure Time

The majority of the building sales in this appraisal have marketing periods of significantly less than one year. A sale within six months is a reasonable expectation for this property, assuming competent marketing at a price consistent with the appraised value.

Certification

This certifies that the estimated market value of the fee simple interest in the subject of this report is \$350,000. The effective date of this estimate is April 5, 2011.

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
- Joshua Cannon is a General Certified Real Estate Appraiser, State of New Mexico, Certificate No. 000021-G.

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.

JOSHUA CANNON & ASSOCIATES, INC.



Joshua Cannon, MAI

4-11-2011

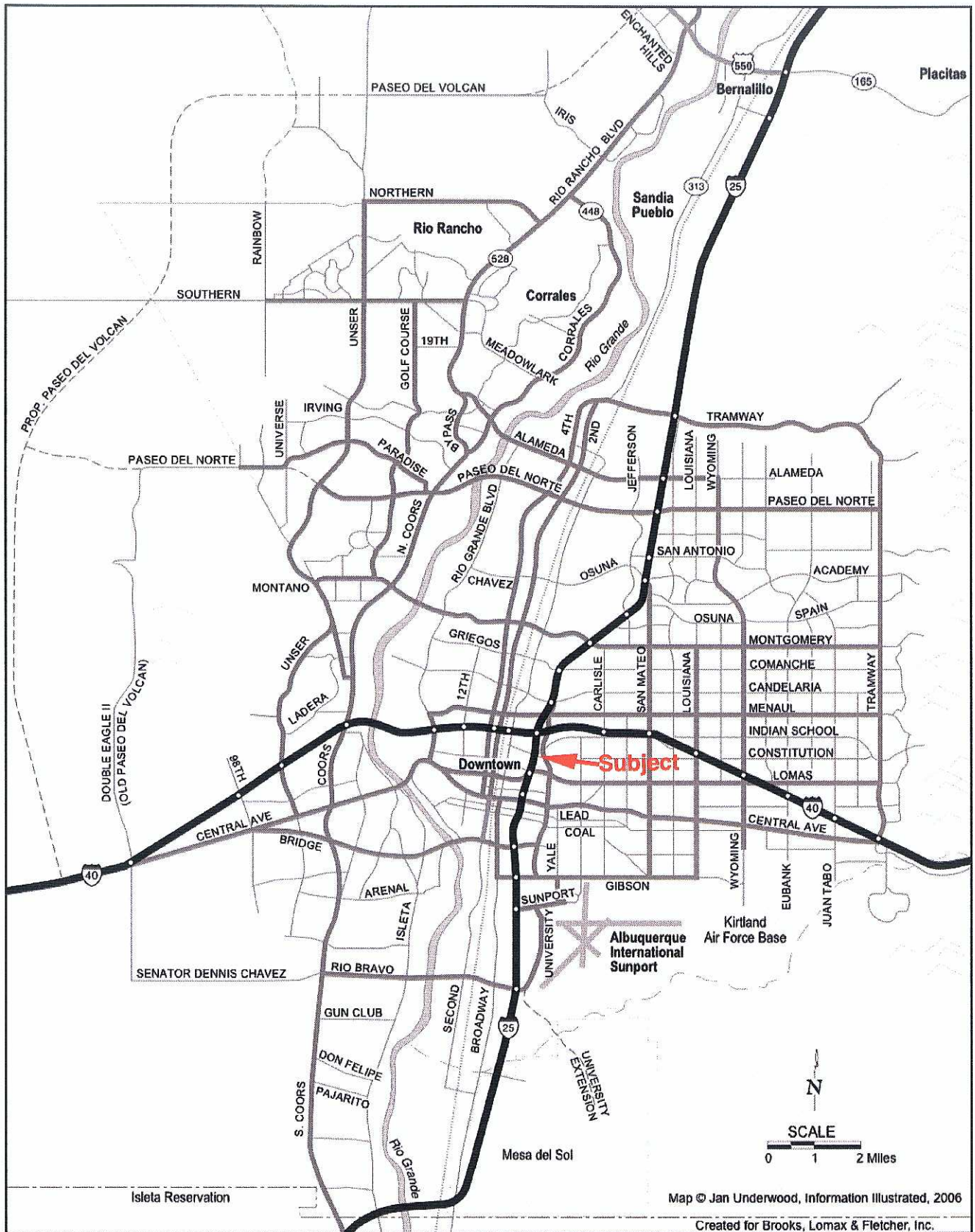
Date

Appendix

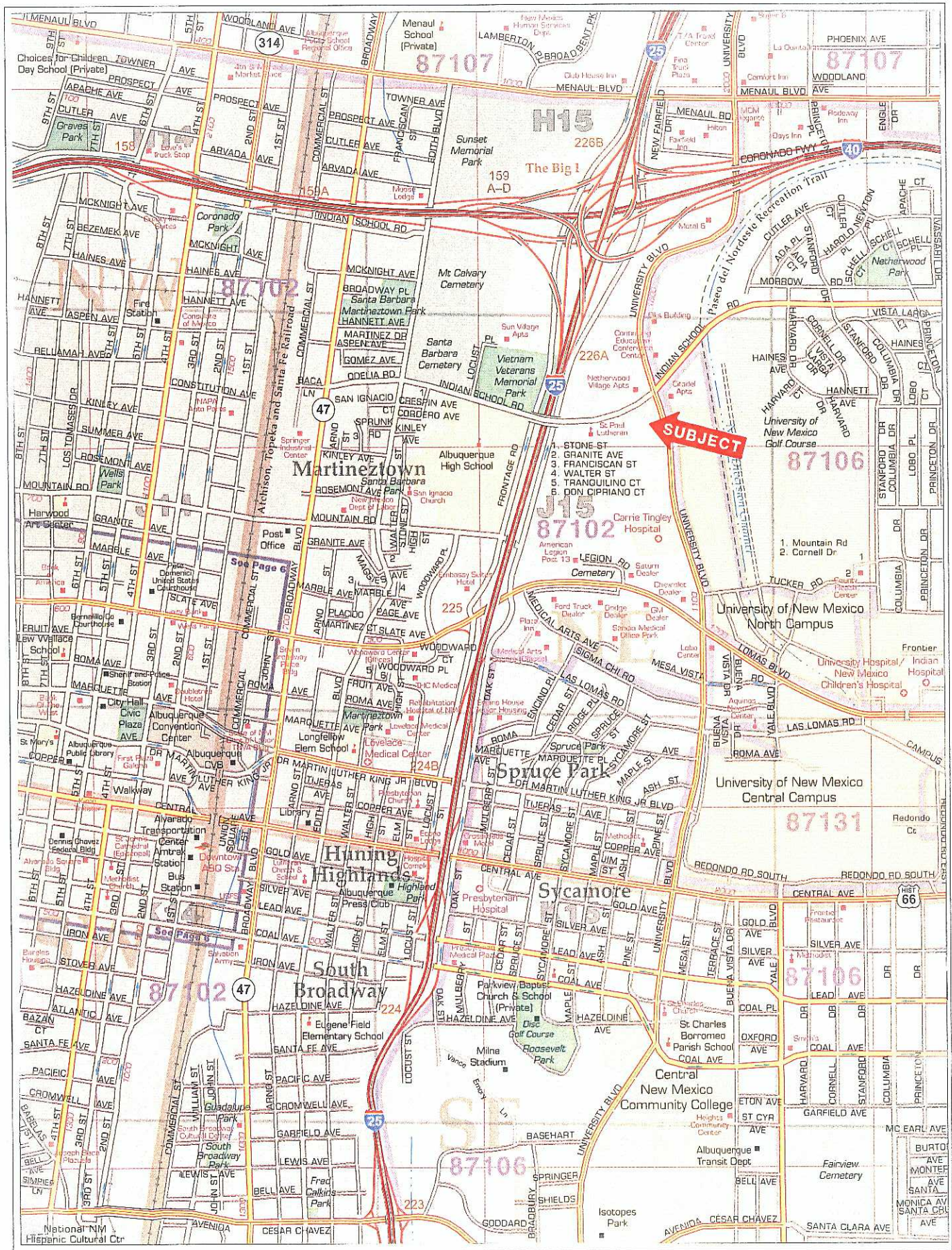
Appendix A



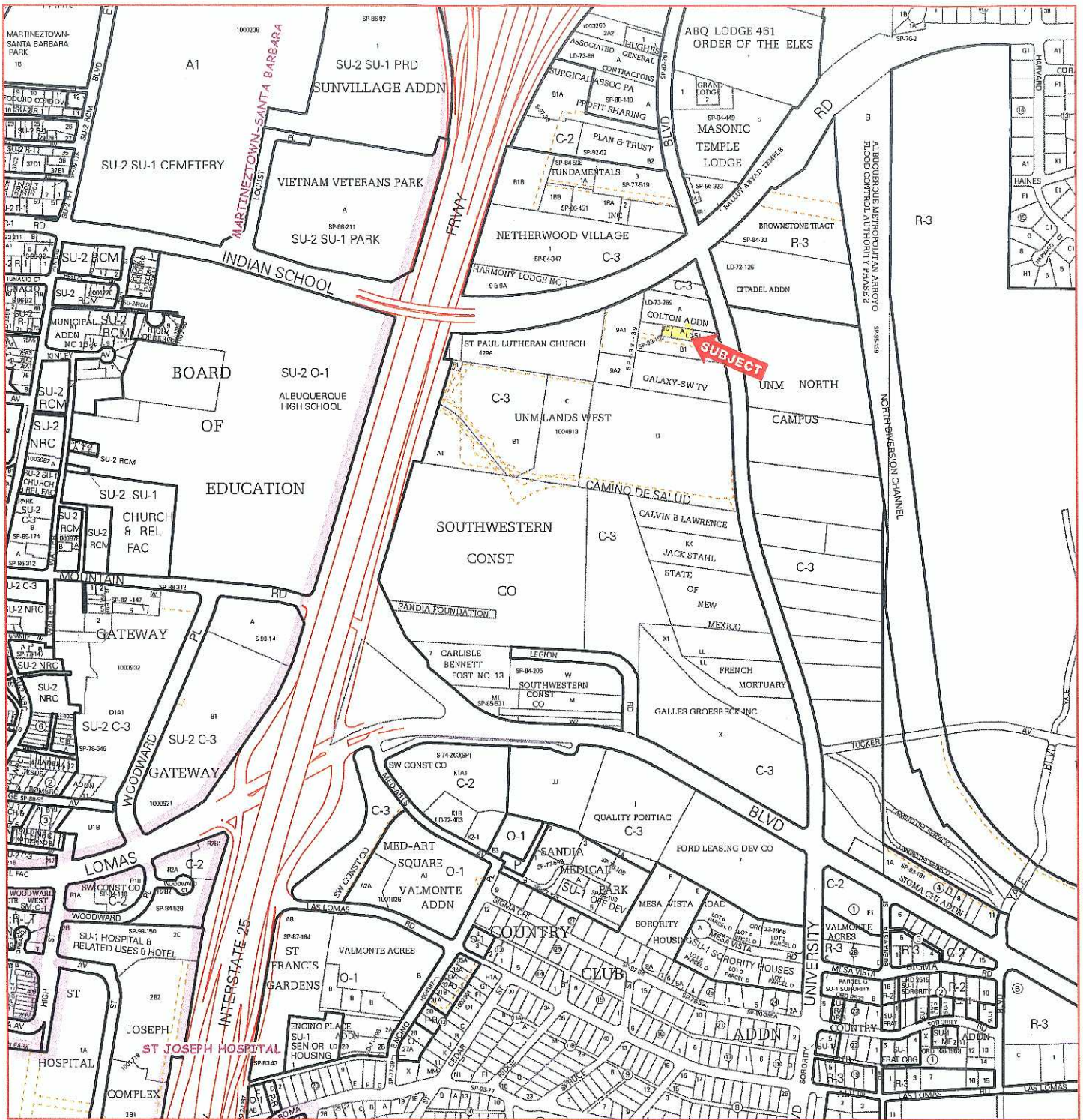
Regional Map



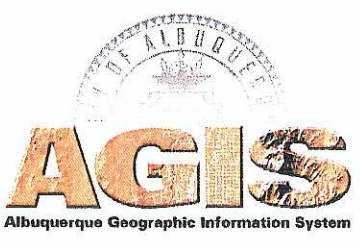
Albuquerque Area



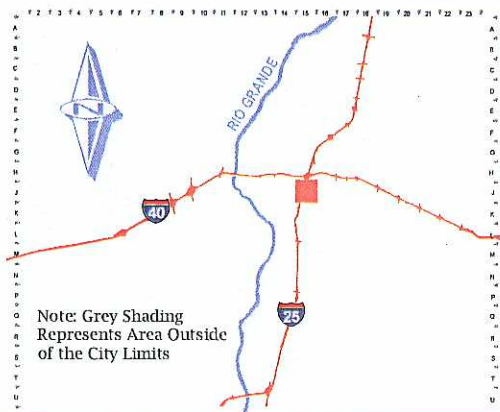
Neighborhood Map



For more current information and more details visit: <http://www.cabq.gov/gis>



Map amended through: 2/4/2010

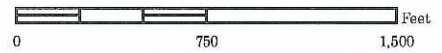


Note: Grey Shading Represents Area Outside of the City Limits

Zone Atlas Page:
J-15-Z

Selected Symbols

- SECTOR PLANS
- Design Overlay Zones
- City Historic Zones
- H-1 Buffer Zone
- Petroglyph Mon.
- Escarpment
- 2 Mile Airport Zone
- Airport Noise Contours
- Wall Overlay Zone



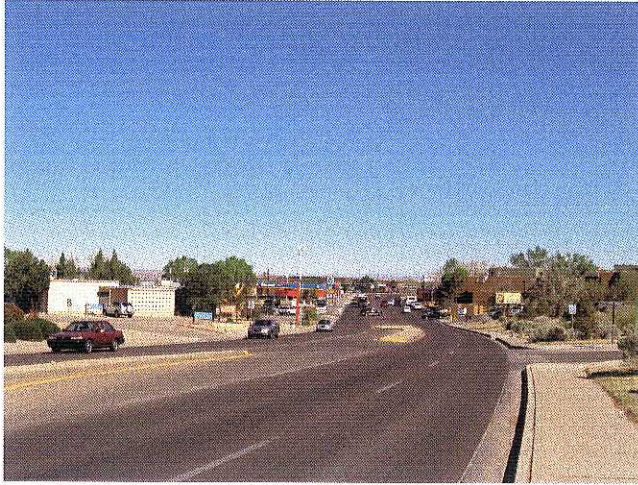
Appendix B



©2010 Google
Google

Imagery Date: Nov 24, 2009 35°05'50.92" N 106°37'38.56" W elev 5082 ft Eye alt 5513 ft

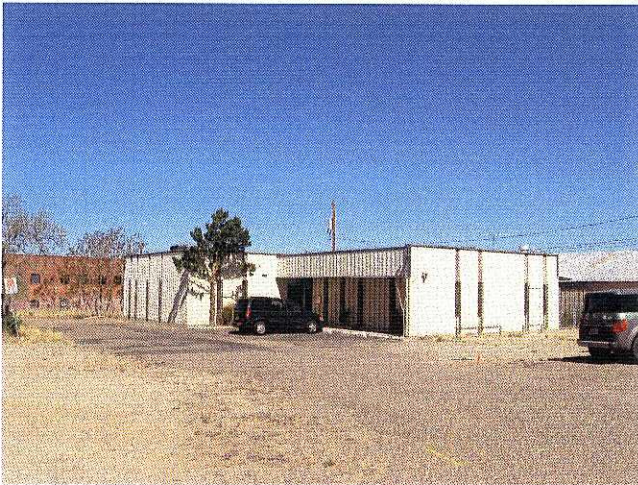
Property Photographs
Office Building
1401A University Boulevard NE
Albuquerque, New Mexico



Viewing north on University Boulevard. The entrance drive to the subject property is on the left.



View west across University Boulevard. The subject property is recessed in the center of the photo.



Viewing northwest toward the subject property.



Entrance to the subject property.

**Property Photographs
Office Building
1401A University Boulevard NE
Albuquerque, New Mexico**



Viewing northeast toward the subject property.



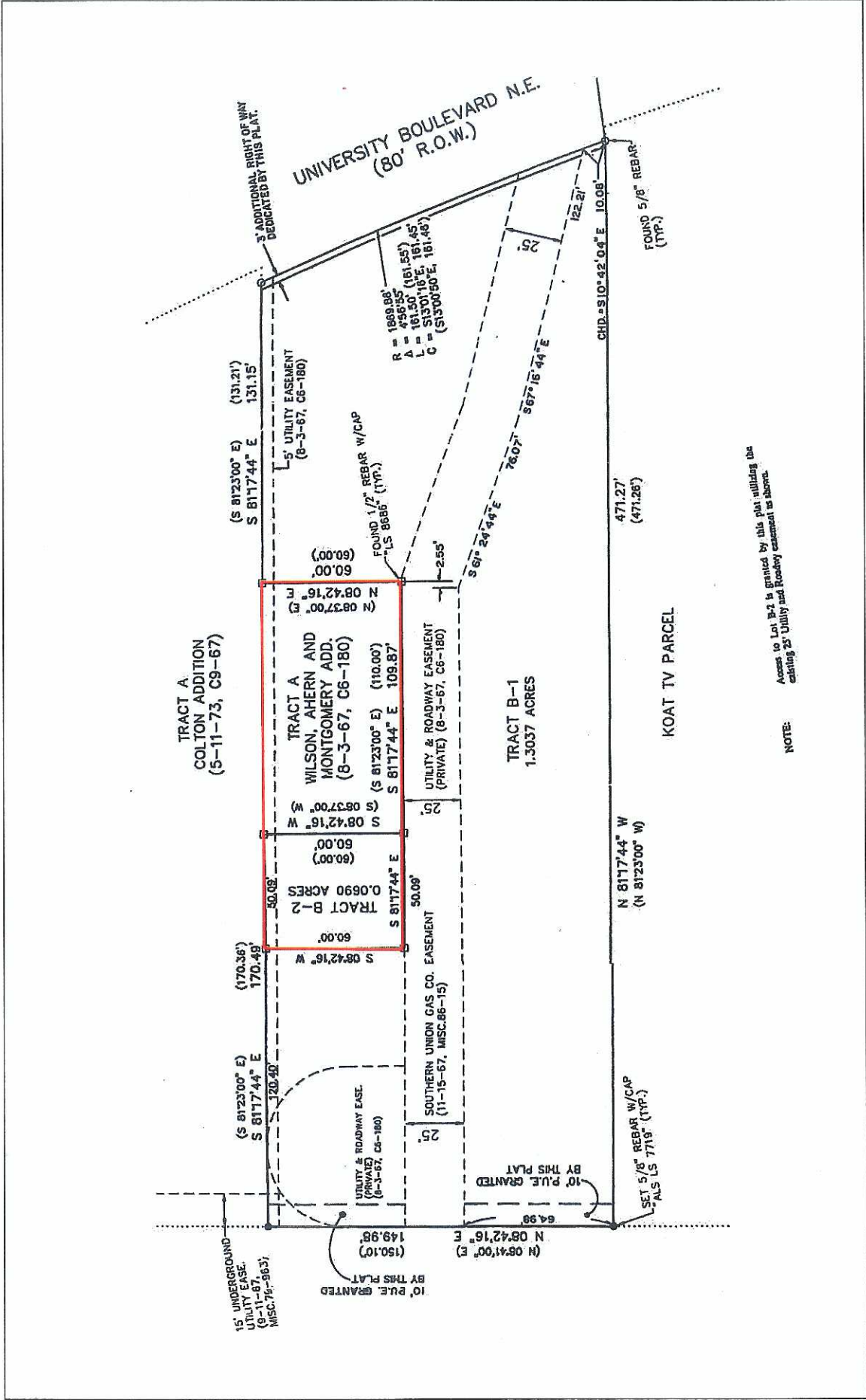
Office.



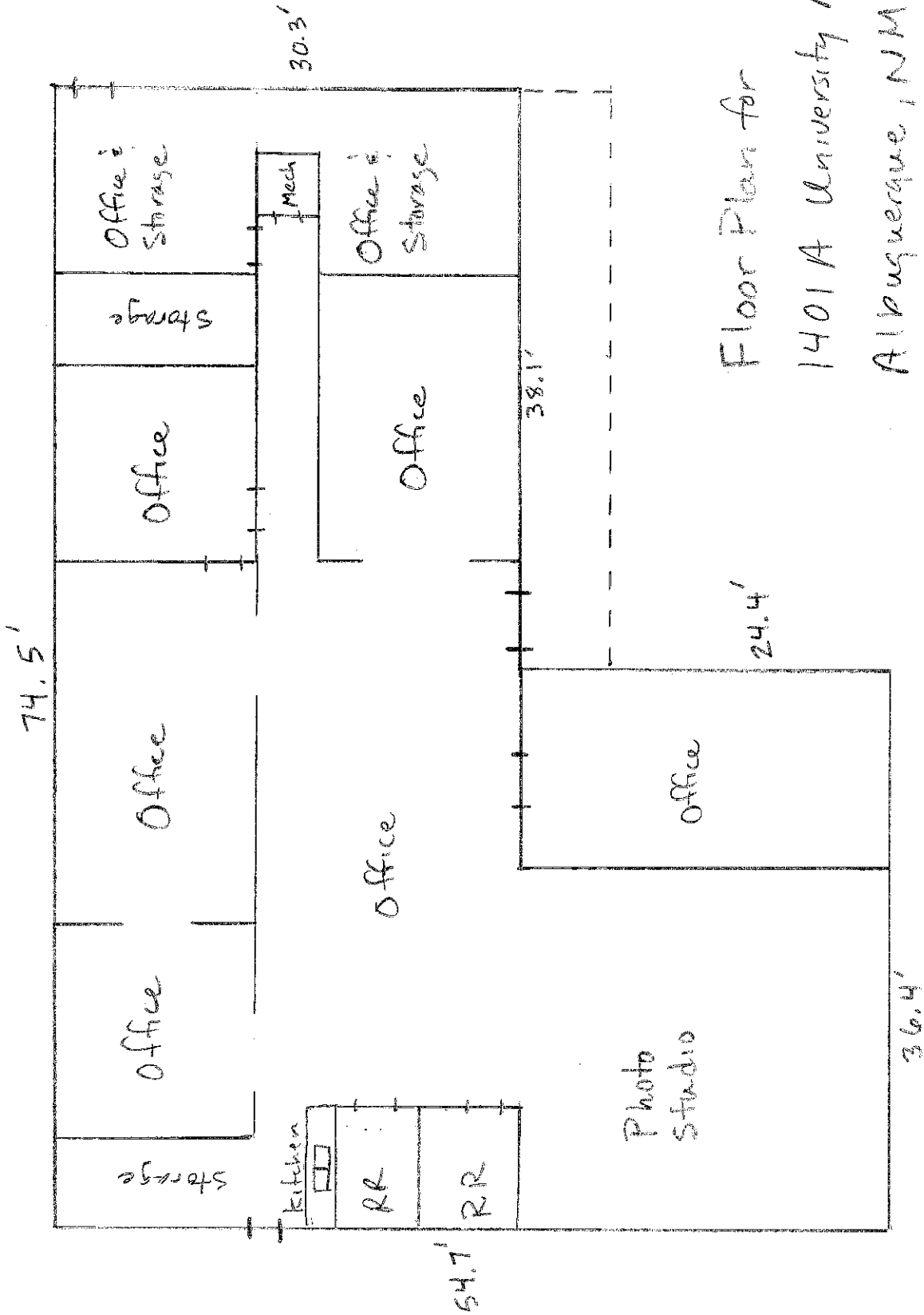
Central office and work area.



Photography Studio.



Subject Plat



Floor Plan for

1401 A University NE

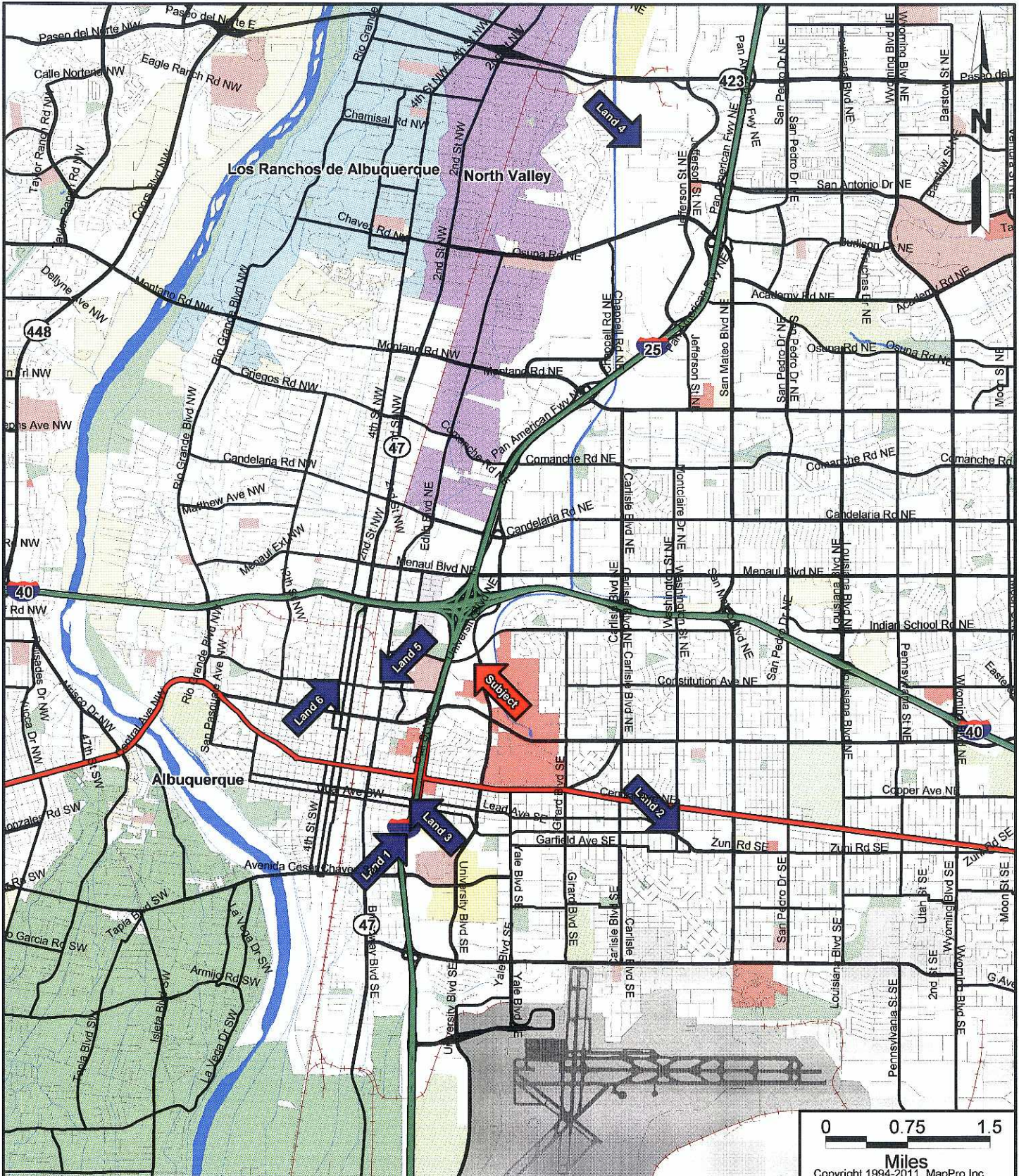
Albuquerque, NM

LOCATION MAP

Description: LAND SALES MAP

Subject Address: 1401 University Blvd Ne, Albuquerque, NM 87102

Prepared by: Joshua Cannon & Associates, Inc., PO Box 20088, , Albuquerque, NM 87154



CAUTION:

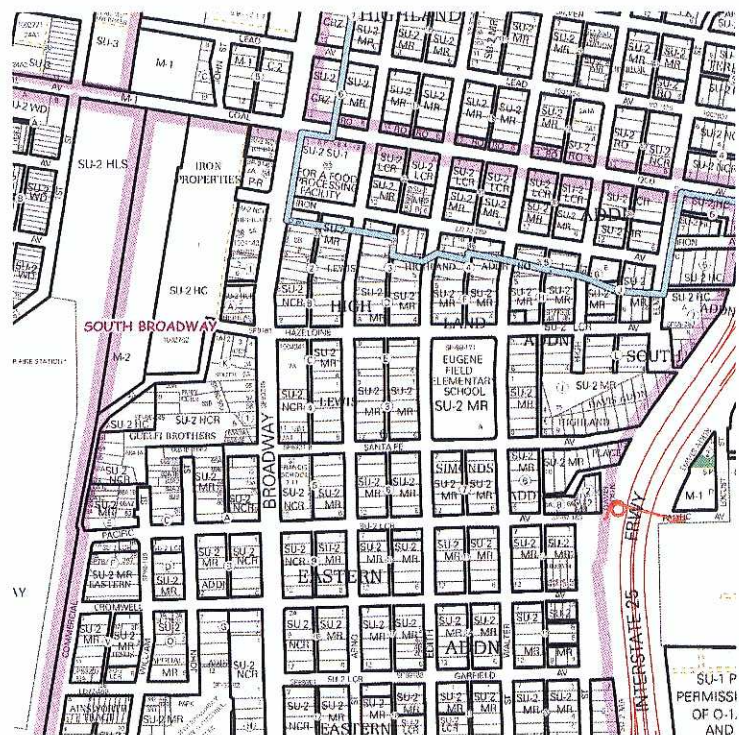
The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

Land Comparable 1

Comp # 12101

Industrial
Land Sale**Project Name** land w/ house**Sale Price** \$75,500**Location** W/s Locust St. SE E/s I-25 S/o Coal N/o Cesar Chavez**Date of Sale** 23 Jun 2010**Acres** 0.1500**Street Address** 809 Locust St. NE**Net Acres****City, County, State** Albuquerque Bernalillo New Mexico**Price/Acre (Net)** \$503,333**Legal Description** Davis, Block 2, Lot 6**Square Feet** 6,534**Net SF****Price /SF (Net)** \$11.55**Number Lots/DUs****Sale Price/DU****Market Area** Airport Area**Map Page** K-14/ K-15**Zoning** M-1**Arterial Location** Local**Grantor** Romero, Helen E**Grantee** Fox Investments of New Mexico**Terms** Sale price of \$75,500 equals \$68,500 actual cash price plus \$7,000 to demolish existing house.**Document Number** 10-057962**Document Type** Warranty Deed**Plat** C2-56**Utilities** All available**Tax ID Number** 1-015-057-027-080-3-02-06**Development Timing** Future**Topography** Sloping**Intended Use** Investment**Off-site Infrastructure** Typical**Comments**

This is a sloping site with good freeway visibility and somewhat circuitous access from Coal Avenue. Locust Street terminates at the APS yards to the south. The land is improved with a 1,450-square-foot home that has been condemned by the City of Albuquerque and which the buyer will eventually demolish.



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Land Comparable 2

Comp # 11756

Commercial
Land Sale

Project Name Vacant Land
Location SW/c Jefferson St. & Coal Ave. SE just N/o Zuni E/o Washington
Street Address 4518 Coal Avenue SE
City, County, State Albuquerque Bernalillo New Mexico
Legal Description Valley View, Block 11, Lots 1 - 6

Sale Price \$220,000
Date of Sale 15 May 2009
Acres 0.4304
Net Acres
Price/Acre (Net) \$511,105
Square Feet 18,750
Net SF
Price /SF (Net) \$11.73
Number Lots/DUs
Sale Price/DU
Zoning C-2

Market Area Airport Area **Map Page** K-17
Arterial Location Minor/Collector

Grantor Sanchez and Wade Enterprises L L C (Joseph P Sanchez/ Katherine B Wade)
Grantee Reed, Frederick W III
Terms \$25,000 cash, real estate contact at 7.0% for 5 years

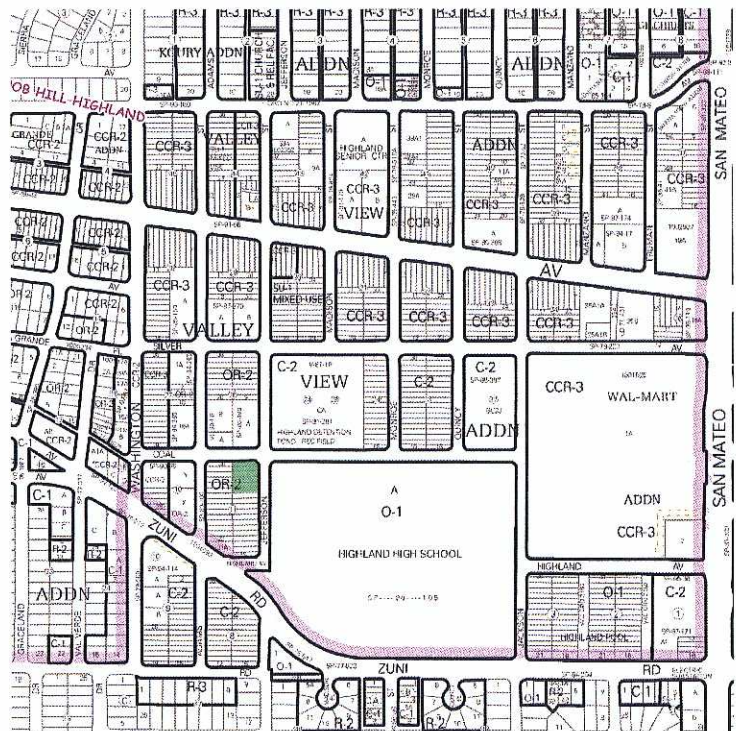
Document Number 09-054622 **Document Type** Real Estate Contract

Plat D1-32
Tax ID Number 1-017-057-321-096-4-09-02*
Development Timing Future
Intended Use Investment
Off-site Infrastructure Typical

Utilities All available
Topography Level

Comments

Level site with a recessed location that is across from Highland High School. Surrounding uses include apartments, office and service commercial.



Land Comparable 3

Comp # 11695

Commercial
Land Sale

Project Name Vacant Land
Location SW/c Lead Ave. & Locust St. SE just W/o I-25
Street Address 401 Locust Street SE
City, County, State Albuquerque Bernalillo New Mexico
Legal Description Terrace, Block 4, Lot 1-A (.4559 ac. gross, .4317 ac. net)

Sale Price \$250,000
Date of Sale 11 Dec 2007
Acres 0.4559
Net Acres
Price/Acre (Net) \$548,366
Square Feet 19,859
Net SF
Price /SF (Net) \$12.59
Number Lots/DUs
Sale Price/DU
Zoning SU-2
NCR

Market Area Downtown **Map Page** K-15
Arterial Location Major

Grantor Gallinger, Edward L
Grantee Hall, Brad H and Andrea P (Idaho Falls, ID)
Terms Cash to seller

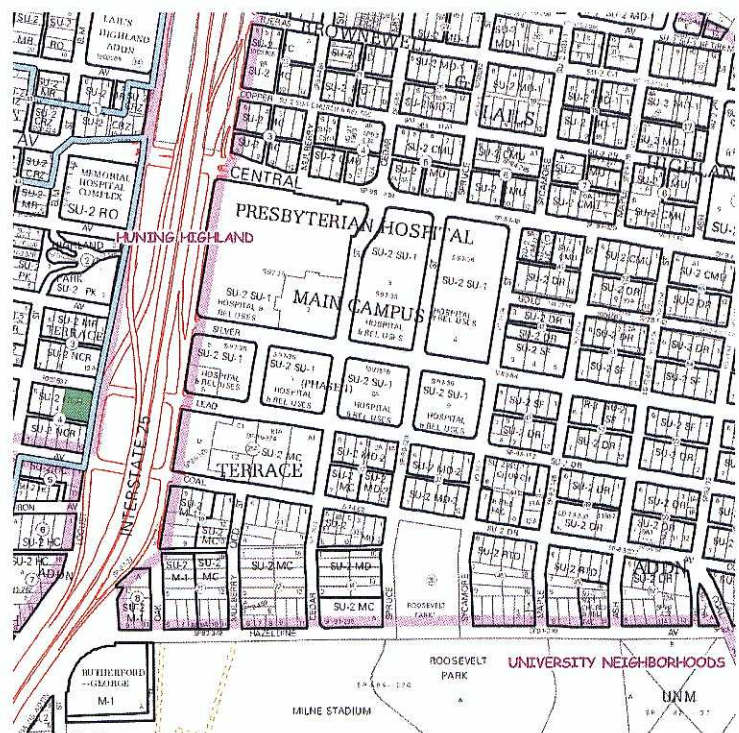
Document Number 07-167278 **Document Type** Warranty Deed

Plat 2003C-263
Tax ID Number 1-015-057-036-231-3-12-03
Development Timing Future
Intended Use Investment
Off-site Infrastructure Typical

Utilities All available
Topography Mostly level with some slope

Comments

This is a visible site at a signalized intersection of 2 one-way roads. Approximately one-quarter of the land has moderate slope. The site was re-listed for sale in 2009 for \$16.37 per square foot and the broker advertises the site as suitable for medical office.



Land Comparable 4

Comp # 11954

Industrial
Land Sale

Project Name

Location W/s Bartlett St. NE just N/o Rutledge W/o Jefferson N/o Osuna S/o Paseo

Street Address

NE

City, County, State Albuquerque Bernalillo New Mexico

Legal Description Journal Center, Phase 2, Unit 2, Lots 8, 9

Sale Price \$1,263,240
Date of Sale 17 Feb 2009
Acres 2.0000
Net Acres
Price/Acre (Net) \$631,620
Square Feet 87,120
Net SF
Price /SF (Net) \$14.50
Number Lots/DUs
Sale Price/DU
Zoning IP

Market Area North I-25 **Map Page** D-17
Arterial Location Local

Grantor 2551 Coors L L C (Richard E Ransom)
Grantee Lopez, Carlos M and Patricia A (Ribera, NM)
Terms Cash to seller

Document Number 09-017463 **Document Type** Special Warranty Deed

Plat 2003C-98
Tax ID Number 1-017-063-081-213-3-01-22*
Development Timing Immediate
Intended Use Government office build-to-suit
Off-site Infrastructure None required

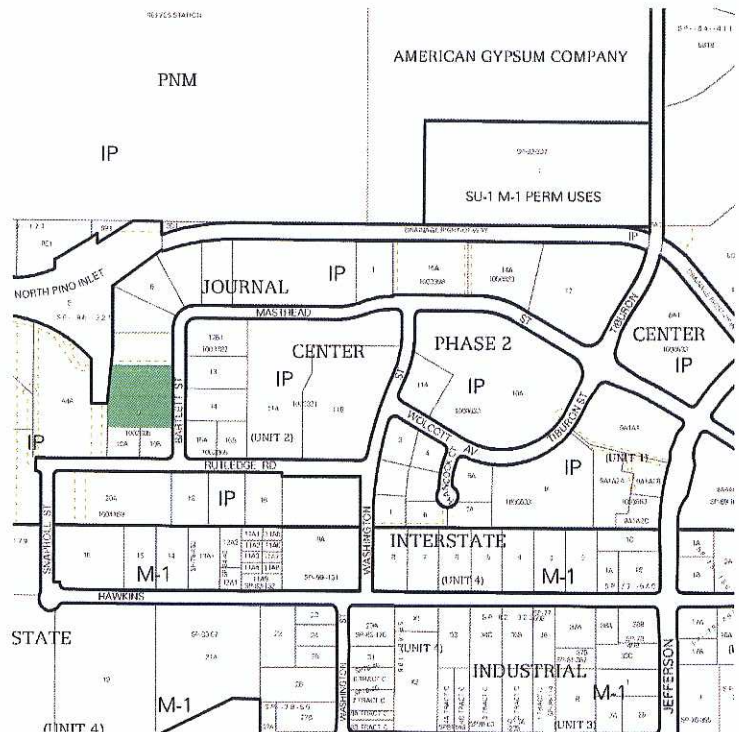
Utilities Typical
Topography Level

Comments

Rectangular-shaped lots in Journal Center Business Park, Phase 2, Unit 2. The property has approximately 289 feet of frontage along Bartlett Street and an average depth of approximately 300 feet. The development has extensive covenants and architectural controls.

The buyer has a signed GSA lease and will construct a build-to-suit office building.

The land previously sold on February 26, 2004 for \$435,500, or \$5.00 per square foot. The appreciation rate is 23.8% per year.



Land Comparable 5

Comp # 12102

Industrial
Land Sale

Project Name Vacant Land
Location S/s Rosemont Ave NE just W/o Broadway just N/o Mountain
Street Address 200 Rosemont Ave NE
City, County, State Albuquerque Bernalillo New Mexico
Legal Description County, Block A, Lots 10, 11, Sly 82.67' of the Wly 8' of Lot 9

Sale Price \$150,000
Date of Sale 15 Dec 2010
Acres 0.1912
Net Acres
Price/Acre (Net) \$784,490
Square Feet 8,329
Net SF
Price /SF (Net) \$18.01
Number Lots/DUs
Sale Price/DU
Zoning SU-2
HM

Market Area Downtown **Map Page** J-14
Arterial Location Local

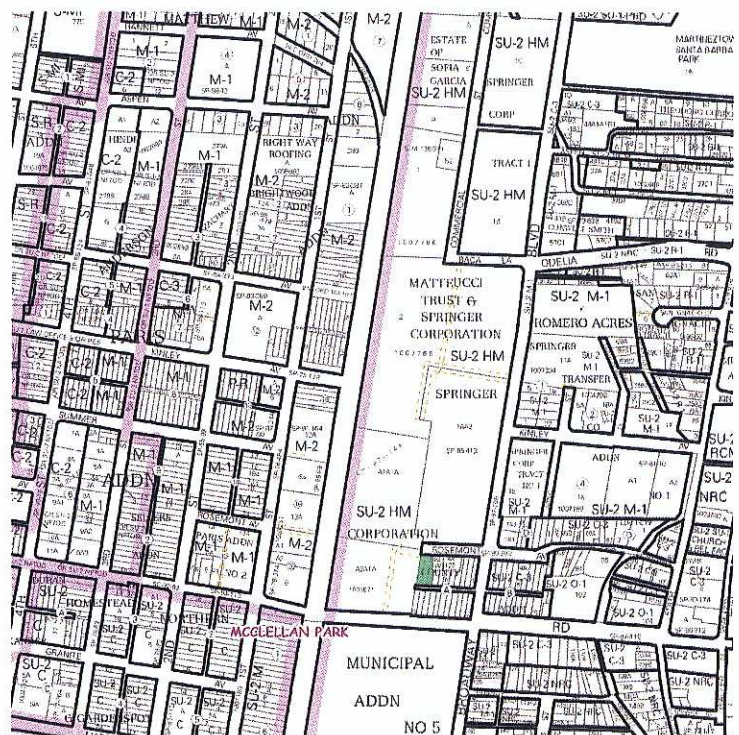
Grantor Tessier, Andrew
Grantee Atkins, Amy L/ Araujo, Mary S
Terms \$150,000 cash and real estate contract for balance at 4.6% with payments of \$768.97/month for 30 years
Document Number 10-128865 **Document Type** Real Estate Contract

Plat C-149
Tax ID Number 1-014-058-415-281-1-16-12
Development Timing
Intended Use Outdoor storage
Off-site Infrastructure Typical

Utilities All available
Topography Level

Comments

This site is recessed west of Broadway and Rosemont terminates at the adjoining trucking facility. The buyers purchased an office/warehouse property at 1215 Broadway Boulevard from this same seller in November 2010 for cash. This adjoining land was purchased for outside storage. The seller reports the land price was negotiated independent of the building purchase and is considered to be market land value.



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Land Comparable 6

Comp # 11388

Commercial
Land Sale

Project Name Former Disabled American Veterans/ Future Office
Location S/s Rosemont Ave. NW between 4th & 5th just N/o Mountain
Street Address 1121 4th Street NW
City, County, State Albuquerque Bernalillo New Mexico
Legal Description Romero, Block 6, Lots 13 - 24

Sale Price \$845,000
Date of Sale 8 Nov 2006
Acres 0.9780
Net Acres
Price/Acre (Net) \$864,043
Square Feet 42,600
Net SF
Price /SF (Net) \$19.84
Number Lots/DUs
Sale Price/DU
Zoning C-2
S-R

Market Area Downtown **Map Page** J-14
Arterial Location

Grantor D A V Albuquerque Cutting Chapter #3 (Edward A Holbrook/ Thomas L King II/ Carl F Schauer, trustees)
Grantee Interstate Development L L C (Terry Corlis/ John Klee)
Terms \$805,000 cash to seller and ±\$40,000 to demolish existing improvements

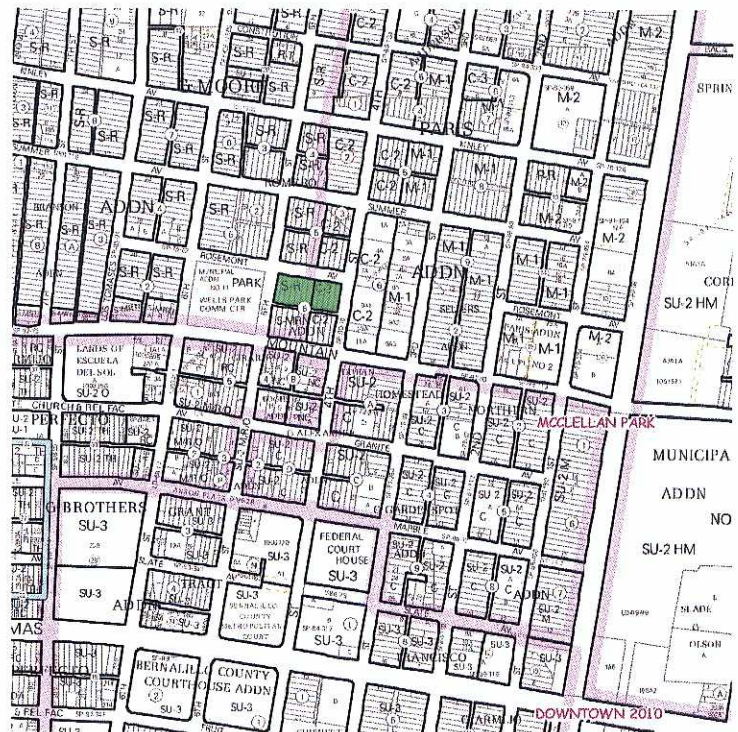
Document Number 06-171233 **Document Type** Warranty Deed

Plat C-125
Tax ID Number 1-014-058-213-307-2-08-09
Development Timing
Intended Use Office condominiums
Off-site Infrastructure Typical

Utilities All available
Topography Level

Comments

This site is located at the northern fringe of the downtown market and is three blocks north of the federal courthouse. It was purchased to construct a multi-story office condominium project.



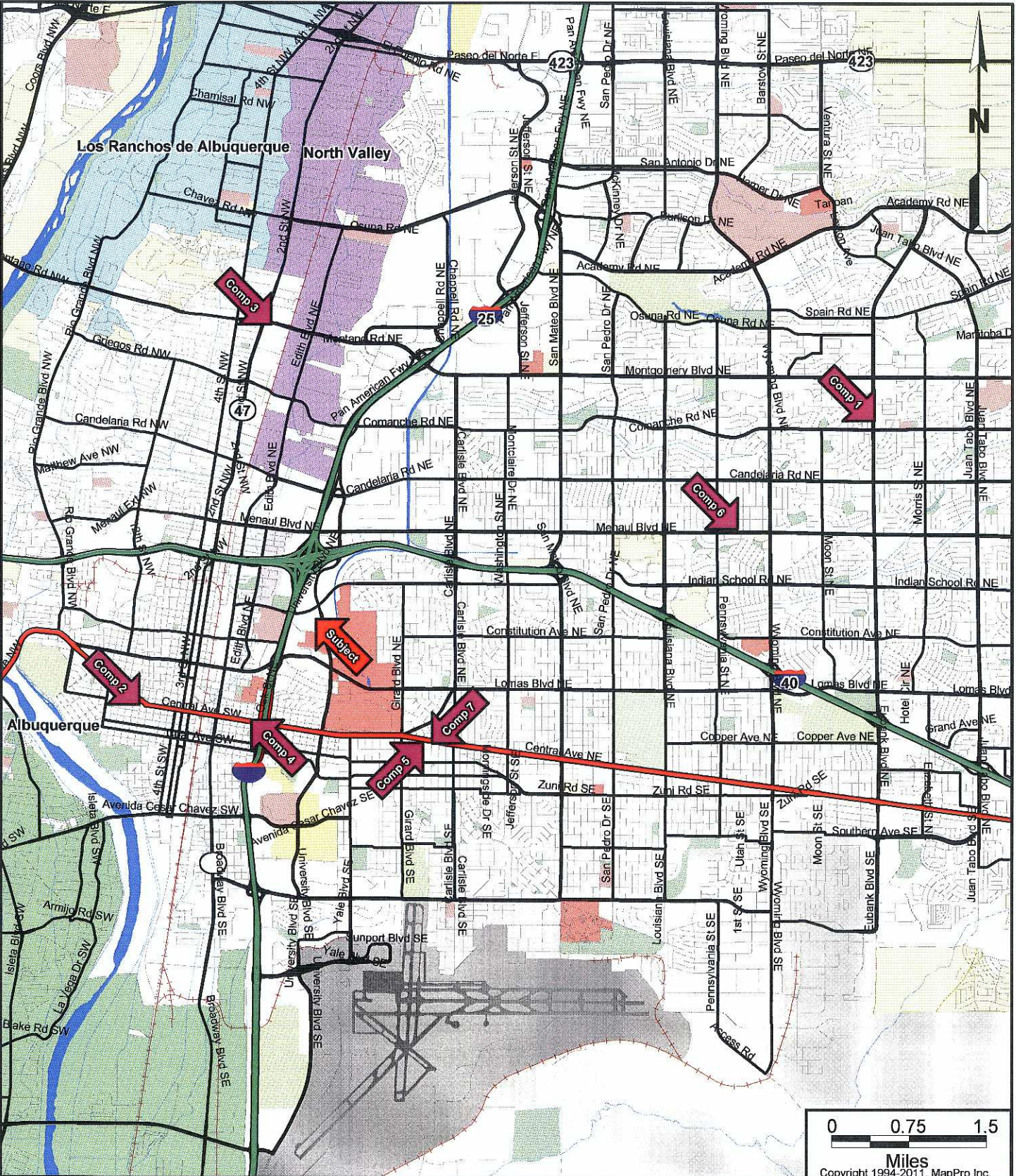
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LOCATION MAP

Description: IMPROVED SALES MAP

Subject Address: 1401 A University Blvd Ne, Albuquerque, NM 87102

Prepared by: Joshua Cannon & Associates, Inc., PO Box 20088, Albuquerque, NM 87154



CAUTION:

The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

Improved Contract 1

Industrial
Office/Warehouse

Entry Date 4- 6-2011

Comp # 20829

Project Name	Office/Warehouse	Sale Price	\$310,000
Location	Recessed northeast quadrant of Eubank Boulevard and Comanche Road NE	Date of Sale	
Street Address	3748 Eubank Bouelvard NE	Gross Building Area	3,000
City, County, State	Albuquerque Bernalillo New Mexico	Rentable Area	
Legal Description	Tract F1, San Marcos Plaza	\$/SF Gross/Rentable	\$103.33 /
		Land Area (Ac/SF)	0.3848 /16,762
		Effective Gross Expenses	
		Net Income	
Plat	C30-171 Tax ID	EGIM	
Market Area	Near NE Heights Map Page G-21	Overall Rate	
Arterial Location	Local	FAR	17.9%
Zoning	O-1	Year Built	1980s

Grantor	Thomas Meade
Grantee	Trollsbreath Studios
Terms	Cash to seller
Document Number	Type Contract

Property Description

Average quality frame/stucco building with 50% office and 50% warehouse with one overhead door. The office area has one partitioned private office, two restrooms and the balance is open area. Full HVAC throughout.

Parking Ratio Above average
Vacancy
Rental Information

Marketing Time

Comments

This building is under contract to an owner-user. It is recessed ±210 feet east of Eubank and recessed behind a commercial building that fronts Eubank and has minimal visibility. Access is from an easement from Eubank. The usable land area is reduced by on-site easement roadways.

The list price of this building is \$325,000 and the buyer negotiated to \$310,000. The parking surface is in fair condition and the buyer plans a re-seal/re-stripe. It also needs repairs to the parapets.



Improved Sale 2

Office
Multi-Tenant

Entry Date 4-6-2011

Comp # 20828

Project Name	El Hispano/Health City Sun Newspapers Building	Sale Price	\$390,000
Location	SW/c Park Ave & 9th St SW just S/o Central	Date of Sale	18 Jun 2009
Street Address	900 Park Ave SW	Gross Building Area	3,500
City, County, State	Albuquerque Bernalillo	Rentable Area	
Legal Description	Original Townsite, Block 49, Lots 1, 2	\$/SF Gross/Rentable	\$111.43 /
Plat	D-69/ D-140 Tax ID 1-013-057-512-449-1-40-07	Land Area (Ac/SF)	0.1630 /7,100
Market Area	Downtown Map Page K-13	Effective Gross Expenses	
Arterial Location	Local	Net Income	
Zoning	SU-3	EGIM	
		Overall Rate	
		FAR	49.3%
		Year Built	1930s

Grantor Collado, A B and Esther J

Grantee Lim, John T and Joy C

Terms Cash to seller

Document Number 09-069160

Type Warranty Deed

Property Description

Average quality masonry two-story office building in average to fair condition. Purchased for partial owner occupancy. No elevator.

Parking Ratio 16 spaces on-site

Vacancy

Marketing Time 269 days

Rental Information

Comments

This building is located west of Downtown in an a mixed-use area of mostly average- to lower-cost improvements.



Improved Sale 3

Office

Entry Date 3- 9-2010

Comp # 20796

Project Name	Albuquerque Health Services	Sale Price	\$228,000
Location	S/s Montano Rd. NW E/o 2nd St.	Date of Sale	20 Jul 2009
Street Address	172 Montano Road NW	Gross Building Area	2,000
City, County, State	Albuquerque Bernalillo	Rentable Area	
Legal Description	Felix S Sanchez, Tract 3-A	\$/SF Gross/Rentable	\$114.00 /
Plat	C31-171	Land Area (Ac/SF)	0.2423 / 10,554
Market Area	North Valley	Effective Gross	
Arterial Location	Major	Expenses	
Zoning	M-1	Net Income	
		EGIM	
		Overall Rate	
		FAR	19%
		Year Built	1960s

Grantor	Johnson, Buckley
Grantee	Wilson, Mintra and Rick/ Wilson, Sivan (Harbor City, CA)
Terms	\$30,000 cash (13%), seller real estate contract at 6.5% with full balance due on November 2, 2002.
Document Number	09-081956
Type	Real Estate Contract

Property Description

Lower quality masonry office building in fair to average condition. The seller had recently installed new stucco, A/C and windows. The property needed flooring, interior wall repairs and doors. It has five offices, conference, lobby and restrooms. Small paved area in front and gravel parking in rear.

Parking Ratio Adequate**Vacancy****Marketing Time****Rental Information****Comments**

The building was purchased for owner occupancy by Albuquerque Health Services.



Improved Sale 4

Entry Date 4- 6-2011

Office
Mixed Use

Comp # 20827

Project Name	The Resource Center for the Pure Spanish Horse		Sale Price	\$249,000
Location	W/s Elm St NE just N/o Central just W/o I-25		Date of Sale	14 Oct 2010
Street Address	115 Elm St	NE	Gross Building Area	2,065
City, County, State	Albuquerque	Bernalillo	Rentable Area	
Legal Description	Huning's Highland, Block 44, Lot 3		\$/SF Gross/Rentable	\$120.58 /
Plat	D1-14	Tax ID 1-015-057-024-376-2-14-06	Land Area (Ac/SF)	0.1630 /7,100
Market Area	Downtown	Map Page K-15	Effective Gross Expenses	
Arterial Location	Major		Net Income	
Zoning	SU-2 RO		EGIM	
			Overall Rate	
			FAR	29.1%
			Year Built	1906

Grantor	Adams, Kathleen A and Smith, Jerry D	
Grantee	The Foundation for the Pure Spanish Horse (Barbara Clark)	
Terms	Cash to seller	
Document Number	10-103872	Type Warranty Deed

Property Description

This is a former two-story single-family home that has been converted for office use. It is an average quality office and the most recent renovations occurred in the late 2000s. Brick construction.

Parking Ratio Average

Vacancy

Marketing Time

Rental Information

Comments

This property is located just off Central Avenue behind Milton's Restaurant and in the East Downtown area. It was purchased for owner occupancy.



Improved Sale 5

Office
Multi-Tenant

Entry Date 4- 6-2011

Comp # 20825

Project Name	Office Building	Sale Price	\$610,000
Location	W/s Bryn Mawr Dr SE just S/o Central E/o Girard	Date of Sale	27 Jan 2010
Street Address	127 Bryn Mawr Dr SE	Gross Building Area	5,000
City, County, State	Albuquerque Bernalillo	Rentable Area	
Legal Description	University Heights, Block 40, Lot 9	\$/SF Gross/Rentable	\$122.00 /
Plat	D-27	Land Area (Ac/SF)	0.1630 /7,100
Market Area	Airport Area	Effective Gross Expenses	
Arterial Location		Net Income	
Zoning	CCR-1	EGIM	
	Tax ID 1-016-057-357-243-4-31-04	Overall Rate	
	Map Page K-16	FAR	70.4%
		Year Built	Unknown

Grantor	Reed, Frederick W III		
Grantee	E & L Inc (Emil Ashe)		
Terms	Real estate contract with \$200,000 cash, \$4,760.45 per month at 7% balance due in 84 months		
Document Number	10-008233	Type	Real Estate Contract

Property Description

Average quality office building designed for single or multiple tenants with common area hallway and restrooms. Estimated construction date in 1940s with renovation in 1990s.

Parking Ratio Poor

Vacancy

Marketing Time

Rental Information

Comments

This building is located south of Central Avenue in the Nob Hill district near UNM. It has limited on-site parking.



Improved Sale 6

Entry Date 3- 9-2010

Office
Single Tenant

Comp # 20797

Project Name	Office Building	Sale Price	\$387,000
Location	E/s Texas St. NE just N/o Menaul W/o Wyoming	Date of Sale	2 Sep 2009
Street Address	2612-A, -B Texas Street	Gross Building Area	2,870
City, County, State	Albuquerque Bernalillo	Rentable Area	
Legal Description	Sombra del Monte, Block 4, Lot 6, Sly 20' of Lot 7	\$/SF Gross/Rentable	\$134.84 /
Plat	C-105	Land Area (Ac/SF)	0.2521 /10,981
Market Area	Near NE Heights	Effective Gross Expenses	
Arterial Location	Local	Net Income	
Zoning	C-2	EGIM	
Tax ID	1-019-059-378-292-1-04-12	Overall Rate	
Map Page	H-19	FAR	26%
		Year Built	1960s

Grantor	Rio Grande Realty & Investments L L C (Todd Kruger)		
Grantee	Zia Trust Inc, as custodian for Terry M Freeze IRA etc. (80%)/ Carroll Ventures Inc (20%)		
Terms	Cash to seller		
Document Number	09-101100	Type	Warranty Deed

Property Description

Average quality masonry office building that had been upgraded prior to sale and was in good condition. It had a new HVAC, paint and many interior finishes. Good parking area.

Parking Ratio

Vacancy

Marketing Time

Rental Information

Comments

The building was purchased for owner occupancy as Southwest Family Guidance Center. It is a recessed low visibility location, but good proximity to arterials and a fully developed middle-income neighborhood.



Improved Sale 7

Office
Multi-Tenant

Entry Date 4- 6-2011

Comp # 20826

Project Name	Law Offices	Sale Price	\$455,000
Location	E/s Wellesley Dr SE just S/o Central E/o Girard W/o Carlisle	Date of Sale	1 Jun 2010
Street Address	118 Wellesley Dr SE	Gross Building Area	2,365
City, County, State	Albuquerque Bernalillo	Rentable Area	
Legal Description	University Heights, Block 48, Lot 5	\$/SF Gross/Rentable	\$192.39 /
Plat	D-27	Land Area (Ac/SF)	0.1630 /7,100
Market Area	Airport Area	Effective Gross Expenses	
Arterial Location	Local	Net Income	
Zoning	CCR-1	EGIM	
	Tax ID 1-016-057-413-247-4-33-12	Overall Rate	
	Map Page K-16	FAR	33.3%
		Year Built	1950

Grantor	Ellis, James C/ Lechuga, Elida A, trustees		
Grantee	118 Wellesley L L C (Dathan Weems/ Veronica Dorato/ Derek Weems)		
Terms	Real estate contract at market terms per broker		
Document Number	10-049464	Type	Memorandum of Real Estate Contract

Property Description

This is a single family residence that was converted to an office building in 1997. It is good quality and in good condition. It can be used for single or multiple tenant occupancy and has one ADA restroom.

Parking Ratio Average

Vacancy

Marketing Time

Rental Information

Comments

This building is located south of Central Avenue in the Nob Hill district near UNM.



Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

MAI, Member of the Appraisal Institute, Certificate No. 8661
Certified Real Estate Appraiser, State of New Mexico, General Certificate No. 21-G
Past Member of the Board of Directors, Rio Grande Chapter of the Appraisal Institute

Education

Bachelor of Science, New Mexico State University, Las Cruces, New Mexico, 1983

Appraisal Courses and Seminars

Principles in Real Estate Appraisal, New Mexico State University
Real Estate Appraisal Principles, Course 1A-1, AIREA
Real Estate Valuation Procedures, Course 1A-2, AIREA
Capitalization Theory and Techniques, Part A, Course 1B-A, AIREA
Capitalization Theory and Techniques, Part B, Course 1B-B, AIREA
Case Studies in Real Estate Valuation, Course 2-1, AIREA
Report Writing and Valuation Analysis, Course 2-2, AIREA
Standards of Professional Practice, Parts A and B, AIREA and Appraisal Institute
Standards of Professional Practice, Part C, Appraisal Institute
Subdivision Analysis Seminar, Appraisal Institute
Rates, Ratios and Reasonableness Seminar, Appraisal Institute
Current Issues and Misconceptions in the Appraisal Process Seminar, Appraisal Institute
Understanding Limited Appraisals and Reporting Options Seminar, Appraisal Institute
Highest & Best Use and Market Analysis, Course 520, Appraisal Institute
Water Rights and Issues Seminar, Appraisal Institute
The Internet and Appraising Seminar, Appraisal Institute
Eminent Domain & Condemnation Appraising Seminar, Appraisal Institute
Internet Search Strategies for Real Estate Appraising Seminar, Appraisal Institute
Valuation of Detrimental Conditions in Real Estate Seminar, Appraisal Institute
Appraising from Blueprints and Specifications Seminar, Appraisal Institute
Flood Zone Issues Seminar, Appraisal Institute
Real Estate Fraud: The Appraiser's Responsibilities and Liabilities Seminar, Appraisal Institute
Conservation Easements Seminar, Appraisal Institute and ASFMRA
Appraisal Consulting: A Solutions Approach for Professionals Seminar, Appraisal Institute
Natural Resource Appraisal Seminar, Appraisal Institute
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book Seminar)

Experience

Joshua Cannon & Associates, Inc. from July 2007 to present.

Associated with Brooks, Lomax & Fletcher, Inc., October 1983 to June 2007. Appraisal assignments have involved a wide variety of property types, including multifamily, retail, office, industrial, subdivisions, special purpose, eminent domain and rural. Other assignments include market studies, feasibility analyses and consultation on a variety of property types.

Expert Witness

District Court – New Mexico
District Court – Utah

Sample Clients

Bank of America, Bank of Albuquerque, Bank of the West, Wells Fargo Bank, KeyBank, Comerica Bank, New Mexico Bank & Trust, First State Bank, First Federal Bank, Los Alamos National Bank, Imperial Thrift and Loan, Fremont Investment & Loan, Realty Mortgage Investment Company, Charter Bank, University of New Mexico, Sandia Foundation, Transamerica Realty Services, Trust for Public Land, Albuquerque Publishing Company, Ford Motor Company, Chrysler Corporation, and many government entities, insurance companies, private developers, attorneys and individuals.