



STATE OF NEW MEXICO  
**Taxation and Revenue Department**

An Equal Opportunity Employer

**Property Tax Division**

PO Box 25126

Santa Fe, NM 87504-5126

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**DIVISIONS**

Office of the Secretary  
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Audit and Compliance  
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Motor Vehicle  
(505) 827-2296  
Property Tax  
(505) 827-0870  
Revenue Processing  
(505) 827-0800  
Tax Fraud Investigations  
(505) 841-6544

Susana Martínez  
*Governor*  
Demesia Padilla, CPA  
*Cabinet Secretary*

September 26, 2012

Julie Brasil  
Real Estate Associate  
UNM Institutional Support Services  
Real Estate Department  
MSC06 3595  
1 University of New Mexico  
Albuquerque, NM 87131

RECEIVED  
SEP 27 2012  
UNIVERSITY OF NEW MEXICO  
REAL ESTATE OFFICE

**RE: TECHNICAL APPRAISAL REVIEW:** Vacant office building located at 2130 Eubank Boulevard NE in Albuquerque, New Mexico.

Dear Ms. Brasil:

Your request for a review of the above referenced report was assigned to Joe Behnke, Senior Appraiser with our Appraisal Bureau. Enclosed is a copy of his memorandum stating his findings and conclusions.

If you have any questions regarding this appraisal review please contact the Appraisal Bureau or me at (505) 827-0871.

Sincerely,

Cesario S. Quintana, Director  
Property Tax Division

CSQ/jb



Susana Martinez  
Governor  
Demesia Padilla, CPA  
Cabinet Secretary

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**MEMORANDUM**

**DATE:** September 26, 2012

**TO:** Cesario S. Quintana, Director  
Property Tax Division

**FROM:** Joe Behnke, Senior Appraiser  
Appraisal Bureau

**RE:** **TECHNICAL APPRAISAL REVIEW:** Vacant office building located at 2130 Eubank Boulevard NE in Albuquerque, New Mexico.

**CLIENT, INTENDED USERS AND INTENDED USE OF THE REVIEW:** At your request, I have reviewed the above captioned Self Contained Appraisal Report in narrative report format. This appraisal review is intended for use only by the University of New Mexico, the New Mexico Higher Education Department and the New Mexico State Board of Finance.

This report is intended only for use in confirming an appropriate and reasonable conclusion of the estimate of market value in fee simple interest of the subject property as represented by the appraisal performed by Joshua Cannon of Joshua Cannon & Associates. This report is not intended for any other use than stated, nor is this review report to be construed as an appraisal report separate from the report under review.

**PURPOSE OF REVIEW:** To comply with statute and supporting regulation as defined by Section 7-35-10 and 13-6-2.1 NMSA 1978; and to evaluate the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the International Association of Assessing Officers (IAAO); and for compliance with 1.5.23 NMAC 2001.

**APPRAISAL SUMMARY:** The property under review consists of 2.5+- acres with a 22,815+- square foot vacant bank building. The property is located at 2130 Eubank Boulevard NE, in Albuquerque and is further described as, Lot 1-A, Block 129, Snow Heights Addition to the City of Albuquerque, Bernalillo County, New Mexico. The property is zoned C-2, Community Commercial.

The following items (#2-#14) are taken directly from the appraisal under review:

- 1) Review Effective Date: ..... September 6, 2012
- 2) Size of Subject Site: ..... ± 2.5 acres
- 3) Improvements: ..... +-22,815 square foot vacant bank building
- 4) Highest & Best Use Vacant .. [h]old for future commercial development
- 5) Highest & Best Use  
Improved:.....[o]ffice building or conversion to alternate use
- 6) Purpose of Report ..... [e]stimate the market value of the fee simple interest  
in the subject property.
- 7) Extraordinary Assumption....None
- 8) Hypothetical Condition:..... None
- 9) Owners of Record: ..... Charter Southwest Commercial, Inc.
- 10) Property Rights Appraised:... Fee simple interest
- 11) Report Date: ..... June 25, 2012
- 12) Report Effective Date: ..... June 7, 2012
- 13) Appraiser:..... Joshua Cannon, MAI
- 14) Final Estimate of Value: ..... \$1,670,000

**SCOPE OF REVIEW:** This technical review report is prepared in accordance with the guidelines as set forth in Standard 3 and related advisory opinions of the Uniform Standards of Professional Appraisal Practice.

The subject property of this review consists of a 22,815+- square foot vacant bank/office building on 2.5+- acres located at 2130 Eubank Boulevard NE in Albuquerque, New Mexico. The subject and the comparable land sales, improved sales and comparable rentals were viewed on September 6, 2012. This review was based on the data contained in the above-mentioned report, discussions with the University of New Mexico, the listing real estate broker and my personal knowledge of the local real estate market. Photos of the subject property are on pages 6, 7 and 8 of this report. Photographs of the comparable sales and comparable leases are in the reviewers work file.

The content of the report was objectively evaluated for its technical applications and mathematical calculations were verified. The data was analyzed to determine its relevancy to the concluded estimate of market value and the reviewer developed an opinion as to the adequacy and appropriateness of the appraisal under review. No assumptions, extraordinary assumptions, hypothetical conditions, or limiting conditions for the review were employed outside of those mentioned in the appraisal report.

#### **REVIEW SUMMARY OF A FEE SIMPLE APPRAISAL**

- 1) Standard 3-3(a) requires the reviewer to develop an opinion as to whether the analyses are appropriate within the context of the requirements applicable to that work and develop an opinion as to whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and develop the reasons for any disagreement.

- a) **Highest and Best Use** – The conclusion of highest and best use as though vacant, “to hold for future commercial development once economic conditions improve” this conclusion is considered credible as the office vacancy in Albuquerque is at 18.4% and the forecast is for slow growth. The conclusion of highest and best use as though improved, “likely to be an office building. The subject is also a candidate to be converted to an alternate use” is credible as demolishing the existing structure and redeveloping the site is cost prohibitive.
- b) **Site Valuation** – The site contains 2.5+ acres, 108,900 square feet, with 237.56 feet fronting Eubank Boulevard. Four vacant land sales were identified by the appraiser as most similar to the subject and a sales comparison analysis was conducted. The sales were closed sales from May 2009 to October 2011 and range in value from \$8.00 to \$9.29 per square foot. The four sales had a narrow range in value. The two sales considered most similar to the subject are at the higher range of value. The analysis employed in determining the site value is considered to be credible.
- c) **Approaches to Value** – The three traditional approaches to value are sales comparison, cost and income. The appraiser used the sales comparison approach to estimate the market value of the land. The appraiser developed a cost approach to value utilizing *Marshall and Swift* valuation service to estimate the subject’s improvement value. The cost estimates include labor, materials, supervision, contractor’s profit, architects costs, taxes, insurance and interim construction financing. The banking improvements were not included in the cost estimate. Depreciation was determined to arrive at a depreciated replacement cost then added to the land value for an indicated value by the cost approach. The sales comparison approach to value was developed. Nine improved comparable sales were used to analyze the value of the subject as improved. All of the sales were arms length transactions. Adjustments were made to the comparable sales for cash equivalency, time, location and physical characteristics. The adjusted sales prices had a range of \$57.02 to \$104.21 per square foot. The median value is \$71.27 and the mean value is \$71.70. The appraiser determined no one sale merits greater emphasis, and the median/mean indicators were considered to provide the best support of the most probable selling price. The income approach was developed using lease information from four leased properties considered similar to the subject. The rentals provided a range of \$8.50 to \$12.00 per square foot. The market vacancy rate was determined, as well as, the market expenses. After determining the net operating income a study of direct capitalization rates in the Albuquerque metropolitan area was conducted. The net operating income was divided by the capitalization rate resulting in an estimated value at stabilized occupancy. Landlord tenant improvements, leasing commissions and a six month lease up loss were deducted from the estimated value at stabilized occupancy to obtain the estimated value by the income approach. The use of all three approaches to obtain an opinion of value of the subject is considered appropriate, supportive and credible.
- d) **Reconciliation (Analysis and Conclusion)** – The reconciliation was straight forward. All three approaches to value were established; however, due to age and condition of the subject the cost approach was given no weight in the final estimate of value. The lowest value indication was from the income approach. The recession

has caused a decrease in rents and low interest rates have made owning more beneficial than renting. The sales comparison approach to value contains current sales of buildings that are similar to the subject property which makes this approach the best supported. All the weight is given to the sales comparison approach to value. These analyses and conclusions are determined to be credible.

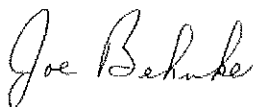
- e) **Final Market Value Conclusion** – The final value estimate conclusion utilized the sales comparison approach to value. The income and cost approaches were developed to support the final estimate of market value. The use of these approaches to value is considered to be credible and supportive of the final estimate of value.
- 2) Standard 3-3(b) requires the reviewer to develop an opinion as to whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and develop the reasons for any disagreement.

The report under review was found to be credible and found to be in compliance with applicable stated requirements and standards. The content of the report was consistent throughout, sufficient and relevant photographs, and supporting documentation was provided in the addenda. Sections within the report were consistent and adequate descriptions are included. The appropriate valuation analyses were conducted and the utilized techniques were relevant to the specific assignment. It is concluded that the report as written is appropriate and not misleading.

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review on Thursday, September 6, 2012.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.



Joe Behnke, Senior Appraiser  
Appraisal Bureau, Property Tax Division  
NM License: 271-L

Date: September 26, 2012





**FRONT OF SUBJECT PROPERTY, 2130 EUBANK BLVD NE, VIEW TO THE EAST**



**SUBJECT PROPERTY, SOUTH SIDE OF BUILDING, VIEW TO THE NORTHWEST**



**SUBJECT PROPERTY, REAR VIEW, LOOKING NORTH**

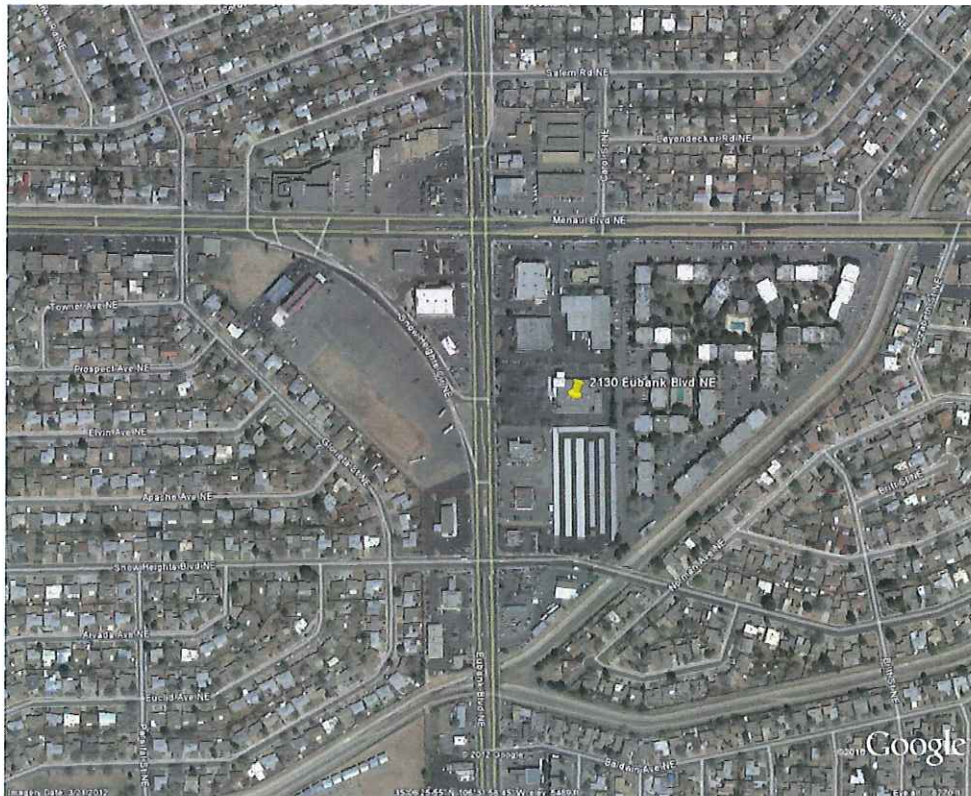


**NORTHWEST CORNER VIEW OF SUBJECT, DRIVE IN WINDOW, VIEW TO THE SOUTHEAST**





**STREET SCENE, EUBANK BLVD, VIEW TO THE NORTH**



**ARIAL VIEW SUBJECT, 2130 EUBANK BLVD NE**