

APPRAISAL REPORT

ON

PROPERTY LOCATED AT

495 HOFFMAN LANE
HAUPPAUGE
TOWN OF ISLIP
SUFFOLK COUNTY, NEW YORK



REPUTED OWNER:

Hauppauge School District

DATE OF VALUATION:

October 19, 2016

PREPARED FOR:

Hauppauge Public Schools
495 Hoffman Lane
PO box 6006
Hauppauge, NY 11788

Prepared by

ROGERS & TAYLOR APPRAISERS, INC.

ROGERS & TAYLOR APPRAISERS, INC.

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Hauppauge, New York 11788



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Gary P. Taylor, MAI, SRA, Consultant

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December 14, 2016

Hauppauge Public Schools
495 Hoffman Lane
PO box 6009
Hauppauge, NY 11788

Attention: James Stucchio

Re: **Property Located at**
495 Hoffman Lane
Hauppauge, Town of Islip
Suffolk County, New York 11779
Our File #: 32334-16

Dear Mr. Stucchio:

In accordance with your request, attached please find our appraisal of the Market Value of the Fee Simple Interest of the above referenced property. The date of the last complete physical inspection of the property was October 19, 2016.

The subject property is located on the east side of Hoffman Lane approximately 968± linear feet south of Town Line Road, in the community of Hauppauge, Town of Islip, Suffolk County, New York. The subject is designated on the Suffolk County Tax Maps as follows: Dist: 0500, Section: 5, Block: 2, Lot: 10. The parcel is generally rectangular in shape, and level at road grade with positive, gradual slope up from the road. It has 757± linear feet of frontage along Hoffman Lane and extends to an average depth of 736.5 feet. The site contains a total land area of 557,568±Sq.Ft or 12.8 ±acres according to Islip Town Tax Maps. The subject site is zoned "*AAA Residential*" according to the Town of Islip Building Department.

At the time of the inspection, the site was improved with a one story school building, constructed of brick over masonry block. The building was originally built in 1963 over a 2/3 basement, 1/3 slab. It is built of good quality material and is approximately 62,109±Sq.Ft. based on the supplied information and on-site measurements. This appraiser took measurements as of the date of the inspection.

This appraiser and office have not performed an appraisal or any other service in any capacity on the subject property in any capacity within the last three years.

It is assumed that there are no deed restrictions or covenants that would have an adverse effect on marketability. Further it is assumed there are no adverse environmental issues affecting the property. It is assumed that the subject is free and clear of deed restrictions and negative environmental issues. No negative environmental issues were readily observable from the exterior. The provided report did not indicate any negative environmental issues.

The appraisal report has been prepared in accordance with the Uniform Standards of Professional Practice (USPAP) and Title XI (and amendments) of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA). This appraisal is in conformance with acceptable standards as promulgated by USPAP and The Appraisal Institute. This appraisal conforms to the applicable requirements in the current edition of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, *Title of FIRREA*, and the 2010 *Interagency Appraisal and Evaluation Guidelines*. We are aware of the applicable requirements and have completed this assignment in compliance with them. After analyzing all the available information, it is our opinion that the market value of the subject property as of the date of inspection, October 19, 2016, is as follows:

"AS IS"

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS

(\$6,500,000.00)

Very truly yours,

A blue ink signature of John Fitzgerald, consisting of a stylized 'JF' followed by a horizontal line.

John Fitzgerald
State Certified General Real Estate Appraiser
Lic #46000048953

A blue ink signature of James G. Taylor, featuring a stylized 'JGT' followed by a horizontal line.

James G. Taylor, MAI, SRA
State Certified General Real Estate Appraiser
Lic. # 46000002848

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QUALIFICATIONS OF THE APPRAISER

JAMES G. TAYLOR, MAI,SRA

Has been employed as a full-time appraiser for the past forty years. Is President of Rogers and Taylor Appraisers, Inc. Completed four years as an undergraduate at Hofstra University, Hempstead, New York. Received a B.B.A. Degree in Personnel Management.

Is a licensed Real Estate Appraiser in both the State of New York and New Jersey holding the *Real Estate General Appraiser Certification license*. Is a licensed real estate salesman in the State of New York.

Has attended seminars for the Appraisal Institute, appraisal courses and lectures given by the Society of Real Estate Appraisers, Long Island Society of Real Estate Appraisers, American Society of Appraisers and other real estate groups.

Has completed the supervisory appraiser/trainee appraiser course.

Has taken and successfully completed the following:

- ◆ (Course 1A) "Basic Appraisal Principles, Methods and Techniques,"
- ◆ (Course 1B) "Capitalization Theory and Techniques,"
- ◆ (Course 11-1) "Case Studies,"
- ◆ (Course 11-11) "Valuation Analysis and Report Writing,"
- ◆ (Course 11-111) "Standards of Professional Practice,"
- ◆ (Course I410) "Standards of Professional Practice," Part A
- ◆ (Course II420) "Standards of Professional Practice," Part B, and
- ◆ (Course VI) "An Introduction to Real Estate Investment Analysis" given by the Appraisal Institute.
- ◆ Has credit for completion of Courses SPP - Parts A and B. In addition, has credit for successful completion of Courses 101, 201, 202 and the R-2 Examination given by the Society of the Real Estate Appraisers. Has attended Eminent Domain and Condemnation Appraising seminar given by Appraisal Institute. Has attended Seminar on "Appraising Environmentally Contaminated Properties: Understanding and Evaluating Stigma" given by Appraisal Institute as well as numerous seminars offered by the Appraisal Institute.

Has appraised all types of real estate: *vacant, improved, residential, income, farm and commercial* in the New York City and Long Island area.

Has appraised for condemnation for both condemnors and condemnees.

Has appraised for many local and New York law firms, as well as private individuals to establish values on all types of real property.

QUALIFICATIONS OF THE APPRAISER (Cont'd)

JAMES G. TAYLOR, MAI, SRA

Has appraised for various lending institutions in establishing values for all types of real property.

Has been qualified before both the Nassau County and Suffolk County Supreme Courts, the New York State Court of Claims and the Bankruptcy Court of the State of New York.

Has *taught* appraisal courses given by the *Society of Real Estate Appraisers* and the *Appraisal Institute* including Courses 101, 201, 202 and Capitalization Theory and Techniques Parts A and B, Courses 310 and 320. In addition, has taught the Appraisal Institutes seminar "Understanding Limited Appraisals & Reporting Options".

ASSOCIATION MEMBERSHIPS

MAI - Appraisal Institute

SRA - Appraisal Institute

APPRAISAL INSTITUTE

- Past Education Chairman
- Chairman of Government Affairs
- Chairman of Budget and Finance
- Treasurer
- Secretary
- Vice President
- Senior Vice President
- President

NATIONAL COMMITTEES APPRAISAL INSTITUTE

- Development Subcommittee - RAB
- Exam Subcommittee - General
- Narrative Exam Grading Panel
- GAC - General Appraisal Council

- ◊ R.E. General Appraiser - New York State License 46000002848
- ◊ R.E. General Appraiser - New Jersey State License RG 01804

QUALIFICATIONS OF THE APPRAISER

JOHN FITZGERALD

Has been employed as a full-time appraiser for the past thirty years. Has conducted real estate appraisals in the counties of Nassau, Suffolk, Brooklyn, Queens, Manhattan and elsewhere in New York State since October 1986.

Appraisal reports were done to determine Market Values for owners contemplating sale, lending institutions for mortgage purposes, and legal counsel for estate settlements and ownership disputes. Types of residential real estate appraised included vacant land, one to six family residences, condominiums, cooperatives, new construction, proposed construction and multi-acre estates. FHA Designated 1/21/2000. Commercial Real Estate appraisal experience includes Industrial, Retail, Office buildings, vacant land of all zoning categories including subdivision analysis. Scope of work includes Multi-tenant office and retail buildings utilizing the *Argus* cash flow program and *Excel* spreadsheets. Extensive experience in Rent studies for office buildings throughout the New York Metropolitan area.

I have been an active member of the *Society of real Estate Appraisers*, then *Appraisal Institute*, Long Island Chapter, since 1987.

Is currently a New York State Certified General Appraiser. **Certificate #46000048953**

Has taken and successfully completed the following courses:

- ◆ Intro to Real Estate Appraising- 101; 12/19/1987
- ◆ Applications of Residential Real Estate Appraising-102; 11/12/1988
- ◆ Principles of Income Property Appraising- 201; 12/15/1990
- ◆ Fair Housing and Fair Lending/Environmental Issues
- ◆ Basic Income Capitalization; 4/6/1995
- ◆ General Applications; 5/2/1995
- ◆ Income Valuation of Small, Mixed Use Properties; 11/1/1996
- ◆ Introduction to Income Capitalization Theory G-1; 1994
- ◆ Principles of Income of Income Producing Properties G-2; 1994
- ◆ Advanced Principles of Income Producing Properties. G-3; 1994
- ◆ Basic Income Capitalization; 8/14/2006
- ◆ Supporting Capitalization Rates 7/10/2007
- ◆ Business Practices and Ethics; 9/24/2010
- ◆ Seven (7) Hour National USPAP Update Course; 7/16/2010
- ◆ Appraising and Analyzing Office Buildings for Mortgage Underwriting; 5/10/2010
- ◆ General Appraiser Report Writing and Case Studies; 10/25/2012
- ◆ Advanced Income Capitalization; 2/22/2013
- ◆ Advanced Market Analysis, Highest & Best Use; 2/27/2015
- ◆ Completed Experience requirements for MAI Designation Path – 7/2015
- ◆ Advance Market Analysis, Highest and Best Use; 2/27/2015
- ◆ Advanced concepts and Case Studies; 12/16/2015
- ◆ Completion of "Demonstration" report, February, 2016

Currently pursuing the *Appraisal Institute* "MAI" designation.

ASSOCIATION MEMBERSHIPS

Candidate for Designation, Appraisal Institute

GENERAL INFORMATION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

TYPE OF PROPERTY:	School Building
REPUTED OWNER:	Hauppauge School District
LOCATION OF PROPERTY:	495 Hoffman Lane, Hauppauge, Town of Islip, Suffolk County New York 11779.
INTEREST APPRAISED:	Fee Simple
SUFFOLK COUNTY TAX MAP NUMBER:	Dist: 500 Section: 5, Block: 2, Lot: 10.
SITE AREA:	12.8 ± Acres or 557,568± SF
ESTIMATED GROSS BUILDING AREA:	62,109± SF
BUILT:	1963
ESTIMATED EFFECTIVE AGE:	20 Years
ESTIMATED REMAINING ECONOMIC LIFE:	35 Years
ZONING:	"AAA Residential" District (Town of Islip)
HIGHEST & BEST USE:	
As Vacant	Residential Development
As Improved	As currently improved
DATE OF VALUE:	October 19, 2016

VALUE INDICATED BY THE COST APPROACH:	\$6,230,000.00
VALUE INDICATED BY THE INCOME APPROACH:	Not developed
VALUE INDICATED BY THE SALES COMPARISON APPROACH:	\$6,800,000.00
ESTIMATED MARKET VALUE:	\$6,500,000.00

PHOTOGRAPHS OF SUBJECT PROPERTY



VIEW OF BUILDING AND SITE



VIEW OF BUILDING AND SITE

PHOTOGRAPHS OF SUBJECT PROPERTY



VIEW OF BUILDING AND SITE



VIEW OF BUILDING AND SITE

PHOTOGRAPHS OF SUBJECT PROPERTY



VIEW OF BUILDING AND SITE



VIEW OF BUILDING & SITE

PHOTOGRAPHS OF SUBJECT PROPERTY



ELECTRIC SERVICE



OIL HOT WATER HEATING FURNACES

PHOTOGRAPHS OF SUBJECT PROPERTY

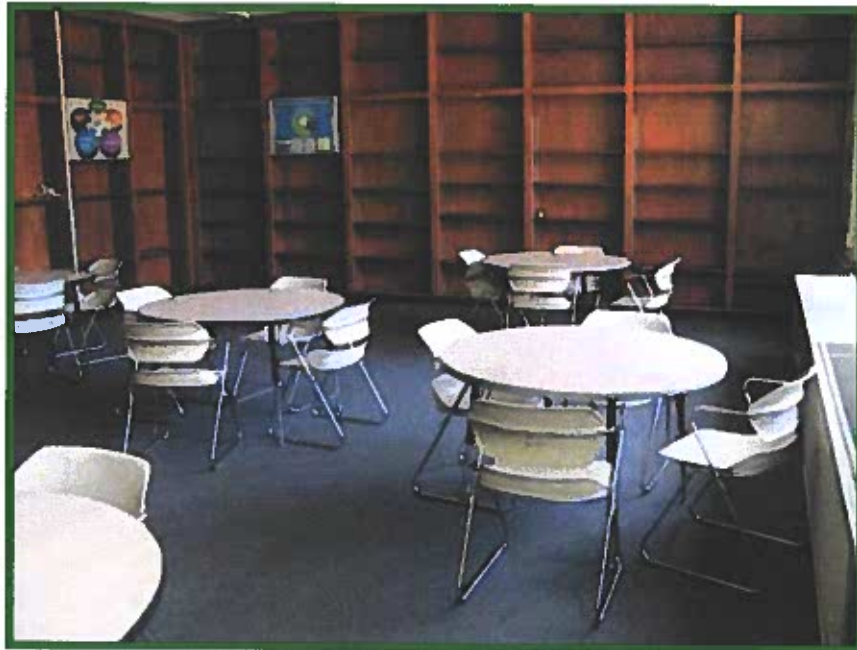


INTERIOR VIEW TYPICAL HALLWAY



INTERIOR VIEW TYPICAL LAVATORY

PHOTOGRAPHS OF SUBJECT PROPERTY



INTERIOR VIEW TYPICAL CLASSROOM



INTERIOR VIEW TYPICAL CLASSROOM

PHOTOGRAPHS OF SUBJECT PROPERTY



INTERIOR VIEW TYPICAL CALSSROOM



INTERIOR VIEW TYPICAL LAVATORY

PHOTOGRAPHS OF SUBJECT PROPERTY



INTERIOR VIEW ENTRANCE LOBBY



INTERIOR VIEW OFFICE

PHOTOGRAPHS OF SUBJECT PROPERTY



INTERIOR VIEW OFFICE



INTERIOR VIEW CAFETERIA KITCHEN

PHOTOGRAPHS OF SUBJECT PROPERTY



AUDITORIUM

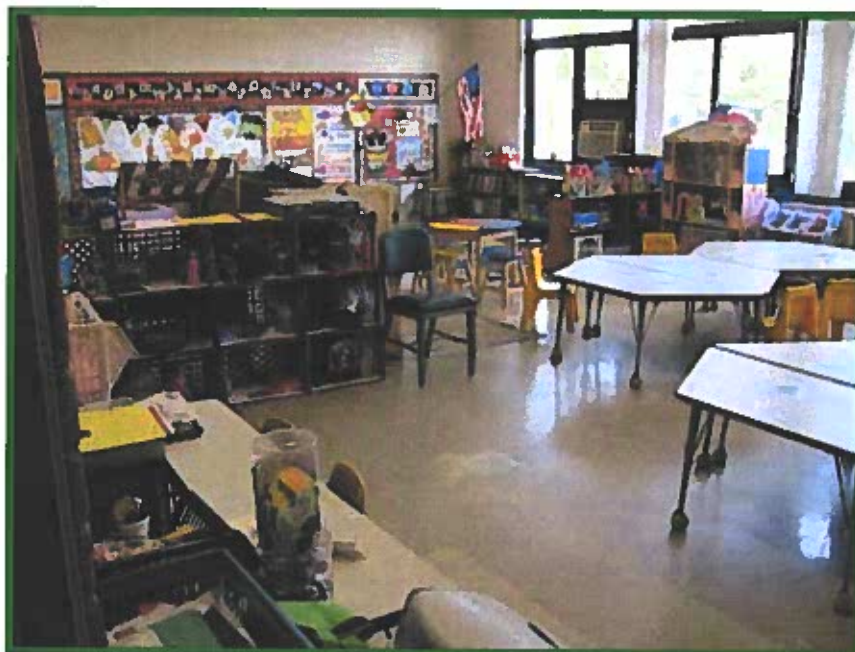


GYMNASIUM

PHOTOGRAPHS OF SUBJECT PROPERTY



OFFICE



INTERIOR VIEW TYPICAL CALSSROOM

PHOTOGRAPHS OF SUBJECT PROPERTY



BASEMENT LEVEL



BASEMENT LEVEL

PHOTOGRAPHS OF SUBJECT PROPERTY



BASEMENT LEVEL MAINTENANCE SHOP



BASEMENT LEVEL

PHOTOGRAPHS OF SUBJECT PROPERTY



HOFFMAN LANE FACING SOUTH



HOFFMAN LANE FACING NORTH

AERIAL VIEW OF SUBJECT PROPERTY



INTENDED USE OF THE APPRAISAL

The intended use is for use and marketing decisions by Hauppauge Public Schools.

This will be done by estimating the market value of the subject property "*As Is*" as of October 19, 2016, the date of last inspection.

INTENDED USER OF THE APPRAISAL

The intended user of this appraisal report is our client, Hauppauge Public Schools.

DATE OF THE APPRAISAL

The market value of the fee simple estate of the subject property has been estimated as of October 19, 2016, the date of last inspection. This report is being written as of December 14, 2016. A physical inspection of the subject improvements was conducted by John Fitzgerald representing Rogers and Taylor Appraisers, Inc.

MARKET VALUE DEFINED

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their 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 normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

"Real estate-related financial transaction" means any transaction involving:

1. The sale, lease, purchase, investment in or exchange of real property or interests in property, and the financing thereof;
2. The refinancing of real property or interests in real property; and
3. The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.¹

¹The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Pg. 188, 2015.

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

PROSPECTIVE MARKET VALUE "AS COMPLETE" AND "AS STABILIZED"

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value-as completed-reflects the property's market value as of the time that development is expected to be completed. The prospective market value –as stabilized- reflects the property's market value as of the time the property is projected achieve stabilized occupancy. For an income producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.

**Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015) pages 179-180.*

MARKET VALUE, DEFINED (CONT'D)

"STABILIZED OCCUPANCY:

- 1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had a reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.
- 2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

**Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015) page 219.*

Exposure Time

1. The time a property remains on the market.
2. "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market." (USPAP, 2016-17 ed.)

**Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015) page 83.*

The reasonable exposure period is a function of price, time and use, not an isolated estimate of time alone. The estimated exposure time is 9 to 12 months.

Marketing Time:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."

**Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015) page 140.*

Related information garnered through this process include other market conditions that may affect marketing time, such as the identification of typical buyers and sellers for the type of real estate involved and typical equity investment levels and/or financing terms. The reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone.

The estimated marketing time is 9 to 12 months.

MARKET VALUE, DEFINED (CONT'D)

An **Extraordinary Assumption** can be defined as follows: *

"An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP 2016-2017 ed.)"

* *Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), p. 83*

Value in Use*

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not equal to market value but is different conceptually.

* *Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015), p.245*

Economic Life*

The period over which improvements to real property contribute to property value.

* *Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015), p.72*

Remaining Economic Life*

The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.

* *Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015), p.195*

Effective Age*

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age.

* *Appraisal institute, the dictionary of real estate appraisal (Sixth edition, 2015), p.74*

PROPERTY IDENTIFICATION

The subject property is located on the east side of Hoffman Lane approximately 968± linear feet south of Town Line Road, in the community of Hauppauge, Town of Islip, Suffolk County, New York. The subject is designated on the Suffolk County Tax Maps as follows: Dist: 0500, Section: 5, Block: 2, Lot: 10. The parcel is generally rectangular in shape, and level at road grade with positive, gradual slope up from the road. It has 757± linear feet of frontage along Hoffman Lane and extends to an average depth of 736.5 feet. The site contains a total land area of 557,568±Sq.Ft or 12.8 ±acres according to Islip Town Tax Maps. The subject site is zoned "AAA Residential" according to the Town of Islip building department

PROPERTY RIGHTS APPRAISED

The property is appraised on the basis of Fee Simple Interest.

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*

**The Dictionary of Real Estate Appraisal, Sixth Edition, (2015) Pg. 90, The Appraisal Institute.*

OWNERSHIP AND OCCUPANCY

OWNER: Hauppauge School District.

OCCUPANT: Owner-occupied

SALES HISTORY

The subject has been in the current or related ownership for over 5 years. To the best of our knowledge, the subject property is not currently for sale, nor under contract of sale.

SCOPE OF THE APPRAISAL

At the time of the inspection, the site was improved with an owner-occupied, one story day care building.

In developing our estimate of market value, all three approaches to value were considered. It was determined that the Income Approach and the Sales Approach are the most applicable methods of valuation.

The purpose of this appraisal is to estimate the market value of the Fee Simple Estate of the subject property as of the inspection date, October 19, 2016.

To perform this appraisal, we have undertaken the following scope of services:

- * Inspected the subject property on October 19, 2016, by John Fitzgerald of Rogers & Taylor Appraisers, Inc.
- * Reviewed population growth, income characteristics, employment trends, and other demographic trends which impact on the subject property.
- * Analyzed the supply and demand in the subject's market to determine the highest and best use and isolate and identify those factors which impact value.
- * Inspected the surrounding area to establish neighborhood characteristics, such as occupancy, quality and type of properties in the area.
- * Researched applicable zoning regulations in the Town of Islip.
- * Established the subject land size via a combination of tax map and Suffolk County records.
- * Inspected, photographed and analyzed comparable building sales.
- * Analyzed comparable rentals.
- * Investigated current assessments, and current tax rates, through conversations with the town Assessor's Office.
- * Established a history for the subject property via researching prior sales in published sources listed above as well as property records in the Suffolk County Department of Real Estate.
- * Developed the Cost Approach and the Sales Comparison Approach to Value through analysis of comparable rentals and sales of comparable buildings.
- * Reconciled the developed approaches.

CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT)



The Federal Reserve Board



November 30, 2016

Summary of Commentary on Current Economic Conditions by Federal Reserve District

Prepared at the Federal Reserve Bank of Cleveland based on information collected on or before November 18, 2016. This document summarizes comments received from business and other contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials

Reports from the twelve Federal Reserve Districts indicate that the economy continued to expand across most regions from early October through mid-November. Activity in the Boston, Minneapolis, and San Francisco Districts grew at a moderate pace, while Atlanta, Chicago, St. Louis, and Dallas cited modest growth. Philadelphia, Cleveland, and Kansas City cited a slight pace of growth. Richmond characterized economic activity as mixed, and New York said activity has remained flat since the last report. Outlooks were mainly positive, with six Districts expecting moderate growth. Demand for manufactured products was mixed during the current reporting period, with the strong dollar being cited as a headwind to more robust demand in a few Districts. Modest to moderate increases in capital investment are expected in several other Districts. Business service firms saw rising activity, especially for high-tech and information technology services. Reports from ground freight carriers were mixed, while port cargo increased. A majority of Districts reported higher retail sales, especially for apparel and furniture. New motor vehicle sales declined in most Districts, with a few Districts noting a shift in demand toward used vehicles. Tourism was mostly positive relative to year-ago levels. Residential real estate activity improved across most Districts. Single-family construction starts were higher in a majority of Districts, while multifamily construction reports were mixed. Activity in nonresidential real estate expanded in many Districts. Banking conditions were largely stable, with some improvement seen in loan demand. Farmers across reporting Districts were generally satisfied with this year's harvests. However, low commodity prices continue to weigh on farm income. Investment in oil and gas drilling increased slightly, while reports on coal production were mixed. A tightening in labor market conditions was reported by seven Districts, with modest employment growth on balance. Districts noted slight upward pressure on overall prices.

CONSUMER SPENDING AND TOURISM

The Boston, Minneapolis, and San Francisco Districts reported that retail sales expanded at a moderate pace on balance. Retailers in New York, Chicago, St. Louis, and Kansas City reported that sales were mixed to slightly higher, while their counterparts in Philadelphia, Richmond, and Atlanta characterized sales as unchanged. Weakening sales were seen in Cleveland and Dallas. Apparel sales were doing well in Boston, Philadelphia, Minneapolis, and San Francisco, while contacts in Cleveland and Dallas suggested that the unusually warm weather may have hurt apparel sales. Boston, Cleveland, and Chicago saw an increase in furniture purchases. Cleveland and San Francisco noted declining sales at brick-and-mortar stores, a situation which they attributed to a consumer shift toward online purchasing. Contacts in Cleveland and Atlanta noted that sellers have little control over product pricing. Retailers in Boston, Cleveland, Atlanta, and Kansas City expect modest positive sales growth during the rest of the year and remain optimistic for the holiday season. Dallas suggested that retail demand may not increase in the near term, driven partially by low sales in border cities because of the strong value of the dollar.

Motor vehicle sales declined slightly in most reporting Districts during the period. Kansas City saw sales decline well below year-earlier levels. In contrast, new vehicle sales in Chicago were characterized as strong, a circumstance which dealers attributed in part to aggressive incentives. Philadelphia indicated that light vehicle sales were plateauing at high levels, while Cleveland reported modest growth in motor vehicle sales but noted that this was driven by the used vehicle market. The New York and St. Louis Districts also noticed a shift in demand toward used vehicles. Richmond and St. Louis contacts suggested that softening vehicle sales might be attributed to uncertainty surrounding the presidential election, while contacts in Dallas point to energy-related weaknesses as a factor in the sales decline. Respondents in St. Louis and Kansas City expected a modest pickup in vehicle sales during the next several months, while contacts in Dallas were less confident for future growth.

Tourism was mostly positive relative to year-earlier levels: Boston, Minneapolis, and San Francisco experienced strong growth, while Philadelphia and Kansas City reported modest growth in activity. Respondents in Boston noticed continued strong international travel, although some contacts expressed uncertainty about the trend's continuing in 2017 if the dollar remains strong. New York reported that attendance at Broadway theaters slumped in October; however, revenues have increased and are on par with those of a year earlier.

CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT) cont'd

NON FINANCIAL SERVICES

Most Districts experienced growth in nonfinancial services since the previous reporting period. New York was an exception, with reports of flat to declining activity among service-sector firms. Nevertheless, New York service contacts remained positive about the near-term outlook. High-tech and information technology services expanded in Richmond, St. Louis, Kansas City, Dallas, and San Francisco. Most healthcare contacts anticipated future growth; however, San Francisco expressed concerns about potential changes to the Affordable Care Act.

Reports on transportation services were mixed. Kansas City reported a moderate decline in activity, while Atlanta reported little change and Dallas reported mixed cargo volumes. On the other hand, Cleveland, Richmond, St. Louis, and San Francisco experienced varying degrees of expansion. Atlanta and San Francisco noted continued strength in e-commerce shipments, while Cleveland contacts noted that Internet retailers are transitioning to on-demand delivery service providers for shipping as opposed to traditional ground carriers. Atlanta reported growth in port cargo shipments and a decline in trucking activity. Richmond noted stronger port traffic in recent weeks, and a national trucking firm in that District reported downward rate pressures because of excess capacity. Dallas noted steady truck and seaport cargo volumes.

MANUFACTURING

Demand for manufactured products was mixed during the current reporting period. Boston, New York, Atlanta, Chicago, and St. Louis reported modest or moderate growth, while Richmond noted that factory activity declined. The remaining Districts said that production was mixed or grew slightly. Gains in activity among chemical firms were reported in Boston, Philadelphia, and Dallas. The auto industry was a source of strength in Cleveland, Richmond, Chicago, and St. Louis. Machinery manufacturing rose in Philadelphia, St. Louis, and Kansas City, but it declined in Chicago and Dallas. Aerospace-related manufacturers saw improving activity in Chicago, St. Louis, and Kansas City, while their counterparts in San Francisco saw orders decline. Philadelphia and Dallas noted weakening in fabricated metal products manufacturing, while producers in St. Louis are expanding capacity. The electronics industry expanded in Kansas City and San Francisco, while firms in Philadelphia noted weaker activity. The strong dollar remains a key concern for exporters in the Boston, Dallas, and San Francisco Districts. In contrast, Kansas City reported that export orders continued to expand. Modest to moderate increases in capital investment are expected in the Philadelphia, Richmond, St. Louis, Minneapolis, and Kansas City Districts, with several companies announcing facility expansion plans in St. Louis and Minneapolis. The overall outlook by manufacturers in New York, Philadelphia, Atlanta, St. Louis, Kansas, and Dallas is positive, with most expecting growth in new orders and production during the next several months.

REAL ESTATE AND CONSTRUCTION

Residential real estate activity improved across Districts. Reports about existing- and new-home sales were mixed, but most Districts noted a slight to modest increase during the period. Residential construction was up in the Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas Districts. Home prices grew in many Districts, including Boston, Philadelphia, Cleveland, Atlanta, St. Louis, Kansas City, and San Francisco. Philadelphia reported that the strength of the single-family market is in high-end housing. In contrast, Kansas City reported that sales of low- and medium-priced homes continued to outpace sales of higher-priced homes. Dallas reported that the sales of lower-priced homes remained solid. Home inventories were generally reported to be low or declining and restraining sales growth. Boston, Philadelphia, Cleveland, Richmond, and Minneapolis reported low or decreasing inventories. Reports on inventory levels varied in Atlanta, while inventories held steady in Kansas City.

Commercial construction activity moved higher in the New York, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, and San Francisco Districts. In contrast, Minneapolis noted a slowing in commercial construction. The Boston, Richmond, Minneapolis, and San Francisco Districts reported increases in leasing activity, while Philadelphia noted a lull in nonresidential leasing growth compared with the prior period. Dallas reported leasing activity as mostly unchanged. Commercial sales activity continued to be robust in Minneapolis and grew modestly in Kansas City. Ongoing multifamily construction has been steady at a fairly high level in New York. Multifamily construction varied in the Atlanta District and slowed somewhat in Richmond, Minneapolis, and San Francisco.

BANKING AND FINANCE

District reports indicated that the demand for credit varied widely. On the commercial side, New York, Philadelphia, and St. Louis experienced strong demand for commercial and industrial loans, while C&I lending was slower in Dallas. Commercial real estate lending was strong in the New York, Philadelphia, and Cleveland Districts. In Atlanta, some small businesses had trouble obtaining credit, and St. Louis reported slightly lower credit worthiness for agricultural customers only. Residential mortgage activity was steady in New York and Kansas City; higher in Philadelphia, Richmond, Chicago, and Dallas; and strong in Cleveland and St. Louis. Auto lending was unchanged in St. Louis, up in Philadelphia and Dallas, and strong in Cleveland and Chicago. Credit quality was unchanged across most Districts, though improvements were seen in New York, Philadelphia, and Chicago. Credit standards tightened in select loan categories in the Boston, New York, and Philadelphia Districts, but they loosened slightly in Richmond, where contacts reported facing competition that used more aggressive loan structures.

AGRICULTURE AND NATURAL RESOURCES

Although agricultural conditions varied widely, farmers across reporting Districts were generally satisfied with this year's harvests. However, low commodity prices continue to weigh on farm income. Atlanta, Chicago, Minneapolis, and Dallas reported strong yields of corn and soybeans. Cotton harvests were above year-ago levels in Atlanta, St. Louis, and Dallas. The Richmond District reported that the biggest impact on international trade was in the poultry industry, with the loss of four million to five million birds killed by Hurricane Matthew and related floods. San Francisco noted that the strong dollar continued to hold back exports of agricultural products, particularly apples and pears. Contacts in St. Louis, Minneapolis, Kansas City, and Dallas said that farm incomes are flat or lower compared to those of a year ago. There were scattered reports about issues surrounding loan repayment and crop financing for 2017.

The energy sector continued to improve slowly across many of the reporting Districts. Cleveland, Minneapolis, Kansas City, and Dallas saw a slight increase in oil and gas drilling. Contacts in Dallas re-affirmed that oil and gas activity will pick up gradually in 2017. However, these expectations have moderated in light of recent revisions to the global oil demand and supply outlooks. An oversupply of crude oil and gasoline continued in the Atlanta District, a situation which perpetuated a high demand for inventory storage. Coal production increased slightly in the Cleveland and Richmond Districts, but declined in St. Louis. The Minneapolis District noted that shipments of iron ore on the Great Lakes in September were more than 5 percent below levels of a year earlier. Contacts in Minneapolis and Atlanta reported expansion of renewable energy projects, particularly solar and wind.

EMPLOYMENT, WAGES AND PRICES

Employment continued to expand during the period. The Richmond, Chicago, St. Louis, and San Francisco Districts all reported moderate increases, while Boston and Minneapolis saw employment rise at a modest pace. Overall, employment increased slightly in Philadelphia, was little changed in Cleveland, and held steady or increased in Dallas. Manufacturing employment reports were mixed, with four Districts reporting flat or declining payrolls and two Districts reporting increases in manufacturing employment. The Boston, Philadelphia, and Cleveland Districts noted increases in retail employment or hours, while the Richmond District noted decreases. Most Districts saw increases in staffing activity. Boston reported fairly strong activity, with most staffing firms' revenues increasing 10 percent to 25 percent year-over-year. Staffing firms in Cleveland attributed a modest decline in the number of job openings and placements to uncertainty stemming from the presidential election.

As in the past four Beige Books, wage growth was characterized generally as modest, on balance, by district contacts. The St. Louis, Minneapolis, and San Francisco Districts all reported moderate wage growth. Wage growth was modest in six of the twelve Districts: Boston, New York, Philadelphia, Atlanta, Kansas City, and Dallas. In the Richmond District, wages increased slightly. Cleveland reported that wage pressures were more evident for select occupations, while Dallas noted that wage pressures were more widespread. Seven districts--Boston, New York, Philadelphia, Atlanta, Chicago, St. Louis, and Dallas--noted that labor markets were tightening. Staffing services reported rising wages or difficulty filling positions without wage increases in a majority of the Districts.

Overall, there was slight price growth during the period. The Philadelphia, Chicago, St. Louis, and Minneapolis Districts reported modest price increases, while most of the remaining Districts reported slight or limited price increases. The retail and services sectors reported slight to modest price increases, while agricultural product prices have stabilized at low levels. Contacts in the Philadelphia, Cleveland, Atlanta, St. Louis, and Minneapolis Districts reported increases in the cost of building materials, and contacts in the Atlanta and Dallas Districts noted downward pressure on freight transportation prices.

CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT) cont'd

Second District--New York

Economic activity in the Second District has remained flat since the last report, while labor markets have remained tight. Contacts continue to report little change in selling prices, as well as in price and wage pressures, though a rising number of service-sector contacts anticipate wage hikes in the months ahead. Manufacturers note a modest pickup in business activity, while service firms continue to report steady to softer activity. Both consumer spending and tourism have remained sluggish since the last report. Residential and commercial real estate markets have been mixed but steady overall. Residential construction has held steady, while office construction has picked up. Banks report strengthening loan demand, continued improvement in delinquency rates, and somewhat tighter credit standards on commercial borrowers.

CONSUMER SPENDING

Retail merchandise sales remained soft in October but showed some signs of picking up in early November. Two major retail chains report that sales in the region remained sluggish and below plan in October, though both note a modest pickup in the first half of November. Similarly, retailers in upstate New York note that sales were essentially flat in October but improved somewhat in early November. Prices throughout the district are reported to be steady to up slightly, while discounting has remained about the same. Inventories are described as being in good shape.

Auto dealers in upstate New York report that new vehicle sales have been steady to somewhat weaker in October and into early November, while sales of used vehicles were flat to up modestly. One contact attributes some of the recent weakness to manufacturers having scaled back incentives, noting that production has been scaled back. Inventories of new vehicles are reported to have risen moderately due to slowing sales activity. Retail and wholesale credit conditions remain favorable. Tourism activity has been mostly steady since the last report. Attendance at Broadway theatres slumped in October and early November and was below comparable 2015 levels; however, revenues have increased and are on par with a year earlier, reflecting higher average ticket prices. After rising in September, consumer confidence in the Middle Atlantic states (NY, NJ, PA) retreated in October, though it remains at reasonably high level.

CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT) cont'd

Second District--New York

CONSTRUCTION AND REAL ESTATE

The District's housing markets have been mixed since the last report, with the high end continuing to underperform. New York City's rental market has been mostly steady, except at the high end, where the inventory has risen and rents have drifted down. Landlord concessions have grown increasingly prevalent, especially in Manhattan and Brooklyn. In contrast, rental markets in northern New Jersey and across upstate New York have strengthened further: vacancy rates are at or near multi-year lows, while rents continue to climb and are up roughly 4 percent from a year earlier.

New York City's co-op and condo resale market has been mixed. In Manhattan, resale inventories have risen, while prices have declined at the high end of the market but remained steady for more moderately priced units; bidding wars have become noticeably less prevalent. Resale markets in Brooklyn and Queens have been more resilient: prices have continued to edge up, sales activity has been strong, and inventories have declined. Similarly, realtors in parts of upstate New York State report that the home resale market has remained robust; tight inventories have pushed up prices, and sales activity is described as fairly brisk for this time of year.

Commercial real estate markets have been mixed in recent weeks. Since the beginning of October, office availability rates have risen in Manhattan, Long Island, Westchester, and Fairfield counties, while they have held steady in northern New Jersey and across upstate New York. Industrial real estate markets, on the other hand, have strengthened throughout the District, with rents rising rapidly, and availability rates slipping to multi-year lows across New York State, and holding steady at multi-year lows in northern New Jersey.

Permits for single-family construction have risen modestly in New York State but declined in New Jersey; they remain at subdued levels in both states. Ongoing multi-family construction activity has been steady at a fairly high level, though there has been very little new development in recent weeks. Office construction starts have picked up across most of the District.

CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT) cont'd

Second District--New York

OTHER BUSINESS ACTIVITY

Manufacturing contacts report that business activity and new orders have picked up modestly in recent weeks, while inventories have fallen broadly. Service-sector businesses, on the other hand, continue to report flat to declining business. Still, both manufacturing and service sector contacts generally indicate that they are fairly optimistic about the near term outlook. Business contacts report little change in selling prices. Service firms report that input price pressures remain fairly widespread, while manufacturing contacts report only modest input price pressures.

The labor market has remained tight. A number of business contacts maintain that they are having trouble both finding and retaining skilled workers. One New York City employment agency reports that hiring activity has slowed somewhat, while another indicates that hiring has been fairly strong for this time of year. Both report modest growth in wages and salaries. An upstate New York employment agency reports steady demand for labor and rising wages for some categories of jobs. Retail contacts report that they plan to hire somewhat more holiday-season workers than in 2015. Manufacturers indicate that they have continued to reduce headcounts, on balance, though they plan to increase employment in the months ahead. A growing proportion of service-sector contacts anticipate wage hikes in the months ahead.

FINANCIAL DEVELOPMENTS

Contacts at small to medium-sized banks in the District report stronger demand for commercial mortgages and commercial & industrial (C&I) loans but little change in demand for consumer loans and residential mortgages. Credit standards were unchanged for consumer loans and residential mortgages, but bankers report some tightening of standards for commercial mortgages and C&I loans. Bankers report narrower spreads of loan rates over cost of funds across all loan categories. The decrease in spreads was most notable for residential mortgages. Respondents also report an increase in the average deposit rate. Finally, bankers report lower delinquency rates for consumer loans and C&I loans, and no change in delinquency rates for other loan categories.

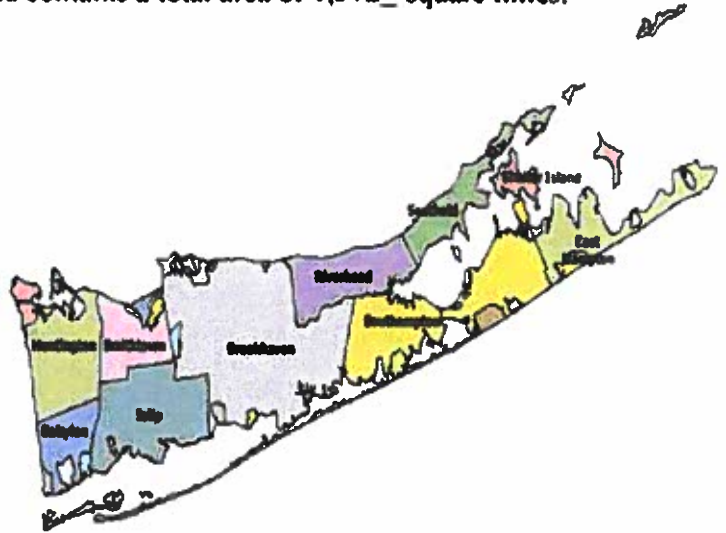
SUFFOLK COUNTY DATA

2016

Suffolk County is located on the easternmost portion of Long Island, New York. Long Island is approximately 120 miles long, 12-16 miles wide and contains a total area of 1,372± square miles.

Included in the area of Long Island are the Boroughs of Brooklyn and Queens, which are part of New York City, and the counties of Nassau and Suffolk. Physically, Suffolk County is bound on the north by the Long Island Sound, which separates it from Connecticut, on the south by the Atlantic Ocean, and the west by Nassau County. At the westernmost location of the County, the distance to the Queens border is approximately 15 miles and the distance to the center of Manhattan is approximately 30 miles.

Nassau and Suffolk County each has its share of pleasurable amenities that make Long Island such a desirable area to live, work and play. With 1,180 miles of shoreline, both counties have numerous beaches and other water sports and recreational facilities, which attract much tourism.



TOTAL LAND AREA: SUFFOLK COUNTY

Square Miles: 912.20

Current Population: 1,499,738

This is particularly true of Suffolk's eastern towns. Tourism and the influx of seasonal residents on the East End have a dramatic effect on both the population and the economy.

LOCAL GOVERNMENT

Suffolk County is divided into 10 towns, Babylon, Brookhaven, East Hampton, Huntington, Islip, Riverhead, Shelter Island, Smithtown, Southampton and Southold. Each town elects a supervisor who is its chief executive officer and who presides over meetings of the town board on which he is a voting member. A town board is responsible for preparing and adopting a budget and for administering town finances. It enacts local laws and ordinances, appoints town officials and citizen boards, levies taxes for town services and administers all services to unincorporated areas. Other elected town officials are the town clerk, superintendent of highways and receiver of taxes.

VILLAGES AND HAMLETS

There are 31 villages and 128 hamlets within the 10 towns of Suffolk County. Each village has an elected mayor, four to six elected trustees, a clerk and a treasurer. They may also have such officials as an engineer, superintendent of public works, an auditor, justice of the peace, an attorney and other officials they consider necessary. The mayor prepares a budget that must be submitted to the board of trustees for approval. The board sets a tax rate to support the budget and supervises the collection of taxes. The board is also responsible for the safety and welfare of inhabitants and the protection of property.

SCHOOL DISTRICTS

The Suffolk County Public School District makes up two of the three major school districts on Long Island, including Eastern and Western Suffolk County Public Schools. Even though Eastern and Western are both considered Suffolk County Public Schools, they operate individually with their own District Superintendents, board members, educators, teachers, and staff. The third major district on Long Island is the Nassau County School District. Long Island is home to the largest school districts in New York State outside of the New York City Public Schools system.

Nassau and Suffolk Counties are comprised of 127 public school districts and nearly twice as many private schools. Both school districts provide excellent special education programs and nationally leading ESL and Bilingual education options. Although the number grows each year, it is estimated that nearly half a million students, instructed by approximately 35,800 teachers, attend Long Island public and private schools. Both private and public school districts on Long Island, including those located in Suffolk County, are noted to be among the highest ranking school districts in the US.

Long Island Public Schools:

- Total # of Districts: 127
- Total # of Students: 476,000
- Total # of Teachers: 35,800

Long Island Private Schools:

- Total # of Schools: 230
- Total # of Students: 53,000
- Total # of Teachers: 5,000

Upon leaving the ranks of private or public school system, Long Island also offers a variety of higher education opportunities to its residents. Roughly 88% of the graduating classes each year embark on the voyage into the higher education ranks, and in Long Island, they have the option of seventeen different 4 year degree colleges and universities, 8 two/three year junior colleges, and five professional institutions. Just a few of the Long Island schools of higher learning are: Hofstra University, Dowling College, New York Institute of Technology, St. Joseph College, SUNY Stony Brook, and Touro Law College, plus many others.







SUFFOLK COUNTY DATA (CONT'D)

POPULATION

According to US Census Bureau statistics, Suffolk County is the fourth most populated county in New York State. The population estimate for Suffolk County in 2014 was 1,502,968, indicating a 0.6% increase from April 1, 2010 to July 1, 2014. In 2000, the Census count in Suffolk County was 1,419,369.

People QuickFacts	Suffolk County	New York
Population, 2014 estimate	1,502,968	19,746,227
Population, 2013 estimate	1,502,953	19,695,680
Population, 2010 (April 1) estimates base	1,493,346	19,378,112
Population, percent change - April 1, 2010 to July 1, 2014	0.6%	1.9%
Population, percent change - April 1, 2010 to July 1, 2013	0.6%	1.6%
Population, 2010	1,493,350	19,378,102
Persons under 5 years, percent, 2013	5.4%	6.0%
Persons under 18 years, percent, 2013	22.6%	21.6%
Persons 65 years and over, percent, 2013	14.9%	14.4%
Female persons, percent, 2013	50.8%	51.5%

The following chart shows population growth for Suffolk County as compared to Nassau County from 2010 through most recent year estimate:

ALL TOPICS	  Browse more datasets	 SUFFOLK COUNTY, NEW YORK 	 NASSAU COUNTY, NEW YORK 
PEOPLE			
Population			
Population estimates, July 1, 2015, (V2015)	NA	NA	
Population estimates, July 1, 2014, (V2014)	1,502,968	1,358,627	
Population estimates base, April 1, 2010, (V2015)	NA	NA	
Population estimates base, April 1, 2010, (V2014)	1,493,346	1,339,710	
Population, percent change - April 1, 2010 (estimates base) to July 1, 2015, (V2015)	NA	NA	

SUFFOLK COUNTY DATA (CONT'D)

EMPLOYMENT

According to NY State Department of Labor statistics, the number of private sector jobs on Long Island increased over the past few years. In comparison, the state's over-the-year private sector growth rate was (+1.9 percent) and the nation's was (+2.6 percent). Long Island's private sector job count increased by 12,300 between February and March (not seasonally adjusted), slightly more than the typical gain of 11,900 jobs. Restaurants added 3,300 jobs in March, more than double the average March gain of 1,400. Ambulatory health care services, which includes outpatient care centers and home health care agencies, added 1,300 jobs, which is also more than double their normal gain (+500). However, due to the protracted severe winter weather, several industries including construction, retail, and administrative and support and waste management and remediation services had weaker than normal gains.

Five of nine private industry sectors gained jobs in March compared to a year ago — education and health services (+6,300), leisure and hospitality (+3,700), trade, transportation, and utilities (+3,100), professional and business services (+2,200), and other services (+1,000). The government sector gained 800 jobs over-the-year

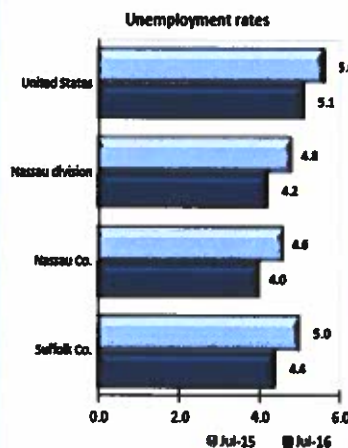
Nassau-Suffolk Division Economic Summary



Updated August 31, 2016

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include unemployment, employment, wages, prices, spending, and benefits. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see www.bls.gov/regions/economic-summaries.htm.

Unemployment rates for the Nassau division, selected area counties, and the nation



Source: U.S. BLS, Local Area Unemployment Statistics.

Average weekly wages for all industries by county

Nassau division, 4th quarter 2015
(U.S. = \$1,082)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

Over-the-year changes in employment on nonfarm payrolls and employment by major industry sector



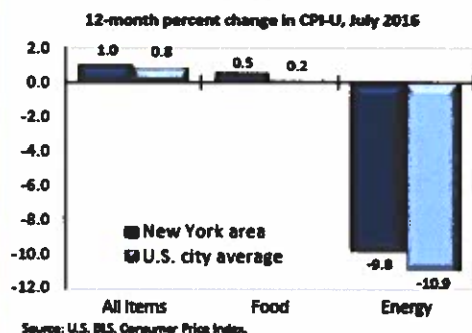
Source: U.S. BLS, Current Employment Statistics.

Nassau division employment (numbers in thousands)	Jul. 2016	Change from Jul. 2015 to Jul. 2016	
		Number	Percent
Total nonfarm	1,339.7	16.6	1.3
mining, logging, and construction	83.9	6.0	6.5
Manufacturing	71.9	-0.1	-0.1
Trade, transportation, and utilities	289.8	-4.6	-1.6
information	20.9	-0.5	-2.4
Financial activities	75.4	1.0	1.3
Professional and business services	179.7	-1.1	-0.6
Education and health services	253.6	7.9	3.2
Leisure and hospitality	140.7	4.7	3.5
Other services	60.4	1.8	3.1
Government	188.5	0.7	0.4

Source: U.S. BLS, Current Employment Statistics.

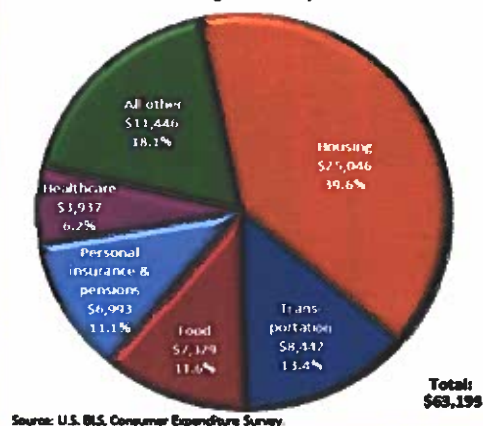
SUFFOLK COUNTY DATA (CONT'D)

Over-the-year change in the prices paid by urban consumers for selected categories

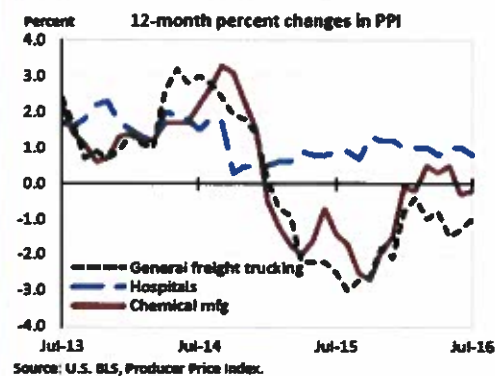


Average annual spending and percent distribution for selected categories

New York area average annual expenditures 2013-14



Over-the-year changes in the selling prices received by producers for selected industries nationwide



Average hourly wages for selected occupations

Occupation	New York division	United States
Total, all occupations	\$26.82	\$23.23
Accountants and auditors	43.40	36.19
Physical therapists	42.31	41.25
Registered nurses	40.30	34.14
Insurance sales agents	40.02	31.15
Librarians	37.50	28.33
Carpenters	29.84	22.49
Construction laborers	25.94	17.97
Bus drivers, school or special client	20.25	14.70
Bill and account collectors	20.08	17.80
Receptionists and information clerks	15.57	13.67
Retail salespersons	14.08	12.67
Cooks, fast food	11.05	9.43

Source: U.S. BLS, Occupational Employment Statistics, May 2015.

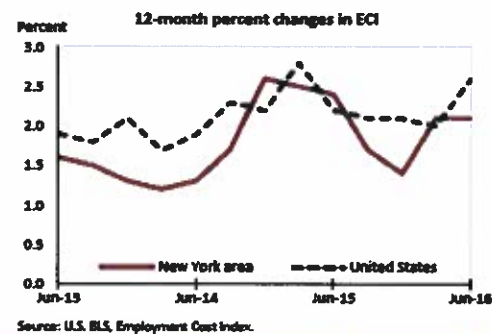
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, March 2016	Middle Atlantic (1)	United States
Total compensation	\$38.99	\$32.06
Wages and salaries	25.62	22.33
Total benefits	13.37	9.73
Paid leave	2.85	2.20
Vacation	1.45	1.14
Supplemental pay	2.89	1.16
Insurance	5.19	2.59
Retirement and savings	1.38	1.23
Legally required benefits	5.06	2.54

(1) Middle Atlantic includes NJ, NY, and PA.

Source: U.S. BLS, Employer Costs for Employee Compensation.

Over-the-year changes in wages and salaries



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SUFFOLK COUNTY DATA (CONT'D)

UNEMPLOYMENT

According to New York State Department of Labor statistics, Suffolk County unemployment rate in November was 4.6%, down from 4.7% in October.



EMPLOYMENT TRENDS SEPTEMBER 2016



Suffolk Labor Force¹

	Aug 16	July 16	Aug 15
Civilian Labor Force (000)	788.2	795.4	787.2
Employment (000)	754.6	760.7	750.5
Unemployment (000)	33.6	34.6	36.7
Unemployment Rate (%)	4.3	4.4	4.7

Township Unemployment Rate (%)

Babylon	4.8	4.9	5.2
Brookhaven	4.5	4.6	5.0
Huntington	3.6	3.7	3.9
Islip	4.4	4.5	4.8
Lindenhurst Village	4.6	4.7	4.9
Riverhead	4.1	4.1	4.1
Smithtown	3.6	3.8	4.1
Southampton	3.6	3.7	3.8

EMPLOYMENT BASE

The employment base on Long Island has become more diversified in the past ten years. The loss of defense jobs hurt the Long Island economy, but allowed the economy to become less dependent on one industry. In 2002, 30 private employers each had more than 2,100 workers on Long Island. These employers cover a wide range of industries, including medical care, banks, educational institutions, department stores, and manufacturers.

The New York State Department of Labor today announced Long Island's Top Five Trending Jobs for 2016 - selected by labor market analysts based on occupational survey data and the projected needs of their region.

The following job titles (and their annual median wage) are likely to see greater than normal growth through the end of 2016:

- Registered nurses (\$83,220)
- Helpers – carpenters (\$26,460)
- Medical scientists, excluding epidemiologists (\$95,130)
- Personal care aides (\$25,400)
- Software developers, applications (\$97,380)

In the current year, the occupational distribution of the employed population is:

- 65.1 percent in white collar jobs (compared to 61.6 percent of U.S. employment)
- 16.8 percent in service jobs (compared to 17.3 percent of U.S. employment)
- 18.2 percent in blue collar jobs (compared to 21.1 percent of U.S. employment)

SUFFOLK COUNTY DATA (CONT'D)

EMPLOYMENT BASE

TOP 10 MAJOR EMPLOYERS ON LONG ISLAND

Northwell Health	Cablevision Systems
Diocese of Rockville Centre	Long Island Rail Road
SUNY at Stony Brook	Winthrop South Nassau University Health System
U.S. Postal Service	Verizon Communications
J. P. Morgan Chase & Co.	

The following is a non-farm employment on Long Island as of September 2016:

	Aug. 2016	July 2016	Aug. 2015
Non-farm Employment (Long Island in thousands)²			
Total	1331.0	1340.7	1315.9
Natural Resources, Mining & Construction	84.4	84.0	77.8
Manufacturing	71.5	72.0	72.0
Wholesale Trade	69.2	70.0	71.3
Retail Trade	157.3	160.4	164.1
Transportation, Warehousing & Utilities	40.5	39.7	37.8
Information	19.9	20.0	20.1
Financial Activities	73.6	75.3	74.3
Professional & Business Services	177.7	176.1	176.2
Education & Health Services	253.9	253.4	244.9
Leisure & Hospitality	138.4	140.8	134.9
Other Services	60.7	60.5	58.7
Government	183.9	188.5	183.8

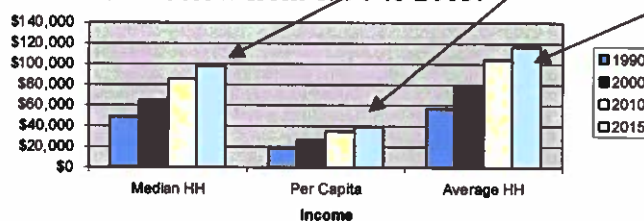
HOUSEHOLDS

The household count in Suffolk County has changed from 469,299 in 2000 to 492,453 in 2010, a change of 0.47 percent annually. The five-year projection of households is 499,691, a change of 0.29 percent annually from the current year total. Average household size is currently 2.97, compared to 2.96 in the year 2000. The number of families in 2010 is 375,414 in Suffolk County.

HOUSEHOLDS BY INCOME

The current average household income in 2010 was \$104,215 in this market area, compared to \$70,173 for all U.S. households. Current per capita income is \$34,713 in the market area, compared to the U.S. per capita income of \$26,739. The per capita income is projected to be \$38,810 in five years.

The change in three summary measures of income is the median, per capita and average household income and per capita income as shown below from 1990 to 2015.



SUFFOLK COUNTY DATA (CONT'D)

HOUSING

69.9 percent of the 558,561 housing units in Suffolk County are owner occupied; 18.3 percent, renter occupied; and 11.8 percent are vacant. In 2000, there were 522,323 housing units - 71.7 percent owner occupied, 18.2 percent renter occupied and 10.2 percent vacant. The rate of change in housing units since 2000 is 0.66 percent. Median home value in Suffolk County is \$355,000, compared to a median home value of \$157,913 for the U.S. In five years, median home value is projected to change by 5.57 percent annually to \$435,299. From 2000 to the current year, median home value changed by 5.95 percent annually.

Eastern Suffolk County is a major tourist and second-home destination, with one of the largest concentrations of second homes of any county in the United States. There are approximately 37,000 second homes in eastern Suffolk, which draw approximately 150,000 part-time residents with large purchasing power to the area during summer and on weekends.

SUPPLY AND DEMAND

As reported in the *Douglas Elliman Quarterly Survey report for the 2nd quarter of 2016*, Long Island sales tally was the most in a decade, a recurring suburban theme in the metro area. The number of closed sales jumped 20.8% to 6,324 from the same quarter last year. Listing inventory fell to its lowest level for a second quarter in eleven years. There were 15,992 listings available at the end of the second quarter. As a result, the pace of the market was at its fastest rate since 2005. The absorption rate, the number of months to sell all inventory at the current rate of sales, fell 22.4 to 7.6 months, fastest paced 2nd qtr in 11 years. Days on market, the average number of days from the original listing date to the contract date, was 11 days faster, falling to 103 days from 114 days over the same period.

Long Island Listing Inventory (Supply) vs. Number of Sales (Demand)

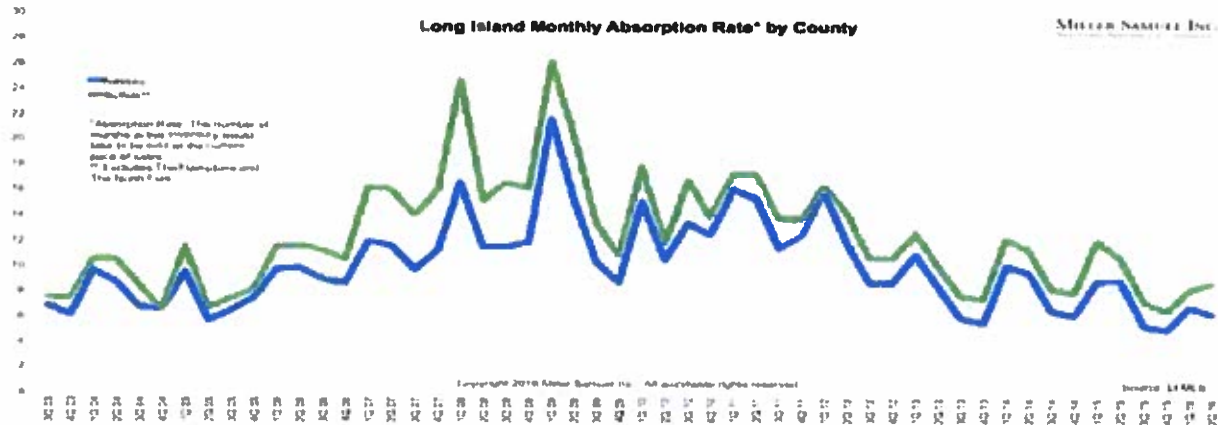


SUFFOLK COUNTY DATA (CONT'D)

HOUSING – ABSORPTION RATE BY COUNTY

As reported by Miller Samuel – 2nd Quarter of 2016

Long Island Monthly Absorption Rate by County



HOUSING MARKET

According to the Douglas Elliman Quarterly Survey report for the 2nd quarter of 2016

- Highest number of second quarter sales in a decade
- Lowest second quarter inventory since 2005
- Faster marketing time and surge in pending sales

Long Island Market Matrix	2Q-2016	%Δ (qtr)	1Q-2016	%Δ (yr)	2Q-2015
Average Sales Price	\$470,642	0.2%	\$470,029	0.1%	\$470,389
Median Sales Price	\$382,600	3.4%	\$370,000	2.0%	\$375,000
Number of Sales (Closed)	6,324	15.4%	5,478	20.8%	5,233
Days on Market (From Original List Date)	103	-10.4%	115	-9.6%	114
Listing Discount (From Original List Price)	4.5%		5.0%		4.8%
Listing Inventory	15,992	16.4%	13,741	-0.3%	17,006
Absorption Rate (Months)	7.6	1.3%	7.5	-22.4%	9.8
Total Pending Sales	9,610	43.3%	6,707	28.8%	7,460
Year-to-Date	2Q-2016	%Δ (qtr)	1Q-2016	%Δ (yr)	2Q-2015
Average Sales Price (YTD)	\$470,466	N/A	N/A	1.2%	\$464,907
Median Sales Price (YTD)	\$375,000	N/A	N/A	1.4%	\$370,000
Number of Sales (YTD)	11,802	N/A	N/A	24.2%	9,499
Total Pending Sales (YTD)	16,317	N/A	N/A	26.0%	12,947

SUFFOLK COUNTY DATA (CONT'D)

HOUSING MARKET

CONDOMINIUM MARKET

According to the Douglas Elliman Quarterly Survey report for the 2nd quarter of 2016

- Most 2nd qtr condo sales since began tracking in 2007
- Median sales price showed stability as inventory slipped
- Surge in condo pending sales and faster marketing time

Condo Market Matrix	2Q-2016	%Δ (qtr)	1Q-2016	%Δ (yr)	2Q-2015
Average Sales Price	\$348,798	10.7%	\$315,155	3.2%	\$337,999
Median Sales Price	\$260,000	5.3%	\$247,000	0.0%	\$260,000
Number of Sales (Closed)	972	22.6%	793	21.5%	800
Days on Market (From Original List Date)	109	-12.8%	125	-7.6%	118
Listing Discount (From Original List Price)	3.3%		4.4%		4.1%
Listing Inventory	2,294	18.0%	1,944	-8.2%	2,500
Absorption Rate (Months)	7.1	-4.1%	7.4	-24.5%	9.4
Total Pending Sales	1,538	42.0%	1,083	38.2%	1,113

Condo Quintiles	Median Sales Price	%Change (year)
5/5	\$850,000	-4.4%
4/5	\$370,000	2.1%
3/5	\$260,000	0.0%
2/5	\$185,000	1.4%
1/5	\$115,000	0.0%



SUFFOLK COUNTY DATA (CONT'D)

HOUSING

As reported by Miller Samuel – 2nd Quarter of 2016

Single Family Market

- Most second qtr. Single family sales since began tracking in 2007
- Median sales price edged higher as negotiability remained low
- Marketing time and inventory slipped

Single Family Market Matrix	2Q-2016	%Δ (qtr)	1Q-2016	%Δ (yr)	2Q-2015
Average Sales Price	\$493,008	-0.7%	\$496,244	-0.3%	\$494,257
Median Sales Price	\$400,000	3.9%	\$385,000	2.6%	\$390,000
Number of Sales (Closed)	5,352	14.2%	4,685	20.7%	4,433
Days on Market (From Original List Date)	102	-9.7%	113	-9.7%	113
Listing Discount (From Original List Price)	4.7%		5.1%		4.7%
Listing Inventory	15,016	14.4%	13,128	-6.1%	15,983
Absorption Rate (Months)	8.4	0.0%	8.4	-22.2%	10.8
Total Pending Sales	8,340	41.6%	5,888	26.7%	6,580

Single Family Quintiles	Median Sales Price	%Change (year)
5/5	\$807,700	0.9%
4/5	\$610,000	3.0%
3/5	\$400,000	2.6%
2/5	\$324,000	2.9%
1/5	\$216,000	0.7%



SUFFOLK COUNTY DATA (CONT'D)

HOUSING MARKET

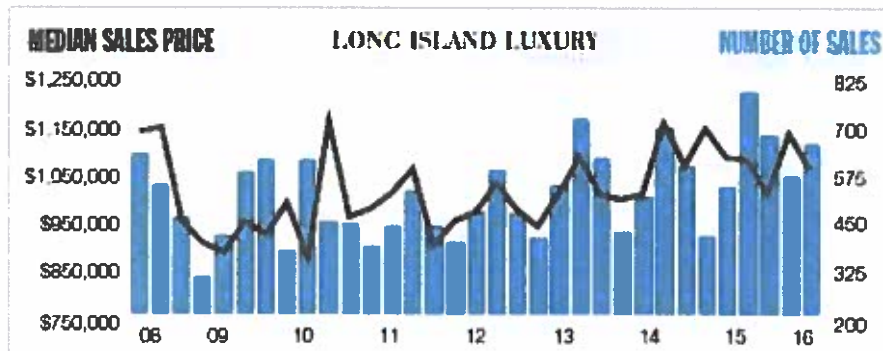
Luxury Market

- Price indicators edged lower as listing discount widened
- Marketing time continued to fall
- Despite weaker price trends, the pace of the market moved faster

Luxury Market Matrix	2Q-2016	%Δ (qm)	1Q-2016	%Δ (ym)	2Q-2015
Average Sales Price	\$1,334,359	-6.9%	\$1,433,109	-3.4%	\$1,381,594
Median Sales Price	\$1,050,000	-6.7%	\$1,125,000	-2.3%	\$1,075,000
Number of Sales (Closed)	633	15.3%	549	20.6%	625
Days on Market (From Original List Date)	112	-13.2%	129	-8.2%	122
Listing Discount (From Original List Price)	7.2%		7.2%		6.0%
Listing Inventory	3,861	8.0%	3,575	-0.2%	3,870
Absorption Rate (Months)	18.3	-6.2%	19.5	-17.2%	22.1
Total Pending Sales	1,045	17.4%	890	8.4%	964
Entry Threshold	\$790,000	1.7%	\$777,000	1.0%	\$782,500

Luxury Quintiles	Median Sales Price	%Change (year)
5/5	\$2,199,600	1.6%
4/5	\$1,349,400	-3.3%
3/5	\$1,050,000	-2.3%
2/5	\$895,000	-3.2%
1/5	\$825,000	0.0%

Note: This sub category is the analysis of the top ten percent of all sales. The data is also contained within the other markets presented.



SUFFOLK COUNTY DATA (CONT'D)

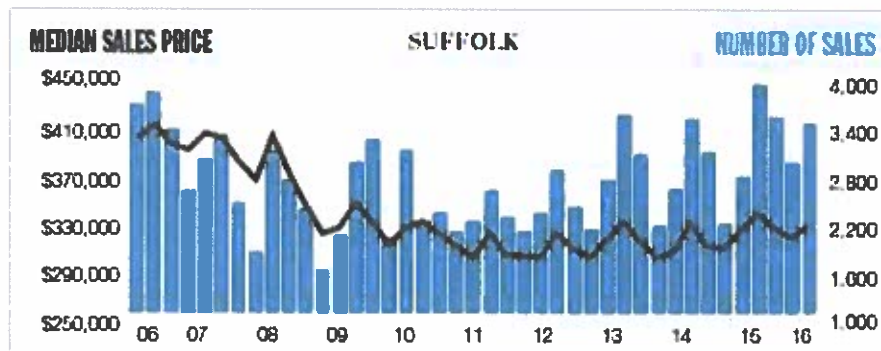
HOUSING MARKET

📌 SUFFOLK COUNTY

There were 3,333 sales in the second quarter of 2016, up 244.4% from 2,680 sales in the previous year quarter. Listing inventory increased 25% from previous quarter. The median sales price of a Suffolk County property was \$322,000, up 3.2% from \$317,500 in the previous quarter. Average sales prices dropped 5.6% in the 1st quarter from the previous quarter.

Suffolk Market Matrix	2Q-2016	%Δ (qtr)	1Q-2016	%Δ (yr)	2Q-2015
Average Sales Price	\$382,990	-5.6%	\$384,437	0.0%	\$363,135
Median Sales Price	\$322,000	3.2%	\$312,000	1.4%	\$317,500
Number of Sales (Closed)	3,333	17.2%	2,843	24.4%	2,680
Days on Market (From Original List Date)	110	-9.1%	121	-7.6%	119
Listing Discount (From Original List Price)	3.9%		4.5%		4.1%
Listing Inventory	9,719	25.0%	7,774	1.3%	9,598
Absorption Rate (Months)	8.7	6.1%	8.2	-18.7%	10.7
Total Pending Sales	5,533	60.2%	3,453	52.0%	3,641

Suffolk Quintiles	Median Sales Price	%Change (year)
5/5	\$685,848	-4.0%
4/5	\$398,000	0.8%
3/5	\$322,000	1.4%
2/5	\$255,000	2.0%
1/5	\$163,920	2.0%



Note: Sales for the county do not include Hampton and North Fork data analyzed in a separate report.

SUFFOLK COUNTY DATA (CONT'D)

GREINER-MALTZ 9 MONTH INDUSTRIAL MARKET REPORT:

Nassau and Suffolk Counties, New York

January – September 2016

The Greiner-Maltz Company has been helping owners and users of commercial, industrial, retail, office, and development real estate in Nassau and Suffolk Counties, and the greater Metropolitan area since 1953. Our proprietary database not only serves to create more transactions than any of our competitors; but is also called upon by appraisers, bankers and various agencies.

January – September 2016

- **5,891,839** Square Feet was added to the Industrial Market for both Nassau and Suffolk Counties.
- **4,312,078** Square Feet was absorbed from the Industrial Market for both Nassau and Suffolk Counties.

Square Feet Added and Absorbed January - September 2016

TOTAL SF ADDED	TOTAL SF ABSORBED
5,891,839	4,312,078

Nassau County added **± 561,951** square feet for Sale and **± 1,174,846** square feet for Lease.
Suffolk County added **± 1,535,459** square feet for Sale and **± 2,619,583** square feet for Lease.

Nassau County Sold **± 365,967** square feet and Leased **± 842,282** square feet.
Suffolk County Sold **± 1,313,751** square feet and Leased **± 1,790,078** square feet.

AVERAGE ASKING SALE PRICES FOR NASSAU AND SUFFOLK COUNTIES JANUARY – SEPTEMBER 2016

	UP TO \$1,000	\$1,000 - \$9,999	\$10,000 - \$99,999	\$100,000 +	
NASSAU	\$191.07	\$124.41	\$123.49	\$100.00	—
SUFFOLK		\$123.51	\$116.54		

AVERAGE SOLD PRICES FOR NASSAU AND SUFFOLK COUNTIES JANUARY – SEPTEMBER 2016

	UP TO \$1,000	\$1,000 - \$9,999	\$10,000 - \$99,999	\$100,000 +	
NASSAU	\$157.50	\$114.80	\$86.63	\$70.22	—
SUFFOLK	\$116.54				

This report has been compiled with data exclusive to our proprietary database. No warranty or representation, expressed or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors, omissions, and price changes.

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GREINER-MALTZ

SUFFOLK COUNTY DATA (CONT'D)

SUFFOLK COUNTY

MARKET CONDITIONS

Suffolk County has a substantial office market. It contains more than 24 million square feet of non-government office buildings. This figure includes 3.8 million square feet of new office space built since 2000. An additional 2.7 million square feet of office space has been proposed but is not yet built.

After Melville's 8.9 million square feet of office space, the largest concentrations of private office space in Suffolk County are located in Hauppauge (3.5 million square feet), Islandia (1.9 million), Bohemia (900,000 square feet) and Ronkonkoma (800,000 square feet).

Suffolk County contains significant industrial space. There is 91 million square feet of industrial square footage in Suffolk County, nearly two-thirds of the industrial space on Long Island. Most of the space is general industrial space, but a large portion is warehouse and distribution space and a significant smaller portion is R&D/flex space. East Farmingdale contains a large amount of older industrial space. The largest concentration of industrial space in Suffolk County is located in Hauppauge. A significant industrial corridor has emerged in the Veterans Highway area near Macarthur Airport in Ronkonkoma and Bohemia. Further east, significant new industrial space continues to be developed in the Yaphank area.

This industrial market in Suffolk County remains stable. In some areas, industrial buildings have been converted to office buildings (fetching higher rents), contributing to the improving industrial vacancy rate. There is also pressure for some industrially zoned land to be developed for housing.

Suffolk County is a major retail market, with over \$30 billion in retail sales. According to Trade Dimensions International, Suffolk County had retail sales per household of \$64,104, ranking among the highest in the country. According to the Suffolk County Department of Planning, Suffolk County's shopping center space totals 39.2 million square feet. This includes more than 5.3 million square feet of new shopping center space added in Suffolk County just since 2000. Suffolk County's traditional downtown centers contain 8 million square feet of store space.

Suffolk County has three regional malls and two regional outlet shopping centers. The Tanger Outlet Center in Riverhead expanded in 1997 to become the nation's fifth largest manufacturer's outlet center at 777,000 square feet. The other outlet shopping center opened in 2008 in Deer Park: the 805,000 square foot Tanger Outlet Center at The Arches. An additional 5.8 million square feet of new shopping center space is presently proposed in Suffolk County. The largest proposed shopping center on the drawing board is the 850,000 square foot Brookhaven Walk lifestyle shopping center in Yaphank.

SUFFOLK COUNTY DATA (CONT'D)

NEW DEVELOPMENT PROJECTS IN SUFFOLK COUNTY

Deer Park

Tanger Outlets at the Arches

\$440 million, 800,000 square foot outdoor mall on 83 acres, first proposed in 2004

Brentwood

Heartland Town Square

\$4 billion development on more than 450 acres at former Pilgrim Psychiatric Center, proposed in 2002.

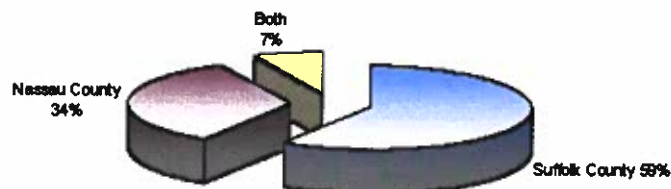
Includes more than 9,000 residences and 5.3 million square feet of offices, hotels, restaurants and shops

Status: It is now with the town board

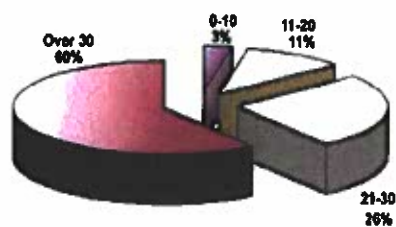
DEMOGRAPHICS

The Long Island Economic Survey and Opinion Poll recently conducted a survey of the businesses in the subject market area. The following information was gathered from companies employing 20 or more employees. The Survey results indicate the following:

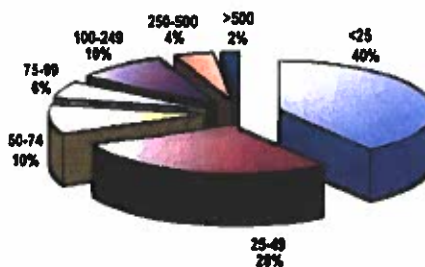
Principal Places of Business



Number of Years in Business



Number of Employees



TRANSPORTATION

Transportation in Suffolk County is predominantly by private automobile. The private automobile accounted for 84% of all means of transportation to or from work. The network of highways in Suffolk County and Long Island provides easy transportation and/or trucking routes in a north/south or east/west direction. The most heavily traveled artery heading in an east/west direction on Long Island is the Long Island Expressway. This road provides the easiest means for trucking goods on or off the Island. Traditionally, the best industrial sites have been located in close proximity to or with access to the Long Island Expressway.

Second in the means of transportation to those working on Long Island is the Long Island Railroad. The railroad accounts for approximately 5%-8% of the total means of transportation. The railroad has three main lines located in Suffolk County. These lines are the Montauk Branch, the Main Line and the Port Jefferson Branch. The railroad maintains 134 stations conveniently located in major communities. Although the railroad has been much maligned, it is one of the largest commuter lines in the country.

Although bus transportation is available, it only accounts for a small percent of the means of transportation. This mode of transportation has not been well-developed in the Suffolk County area and cannot be considered a viable means of transportation until additional funds are expended for its development.

Transportation out of the area via airplane is provided by various airports located in close proximity to the County. Included are Kennedy Airport, LaGuardia Airport and Islip-MacArthur Airport. MacArthur Airport has recently been added to the National Registry of Airports. It should also be noted that both Kennedy and LaGuardia are among the busiest airports in the world.

CONCLUSION

Due to the recession which started in late 2007, the commercial real estate market had seen a decline of 15 to 30%. By the fourth quarter of 2015, the industrial base that was previously well-established in the aerospace industry had been adapted to support high tech industries. The industrial market in Suffolk County remains stable with a significant industrial corridor emerging in the Veterans Highway area near MacArthur Airport in Ronkonkoma and Bohemia. Suffolk County still remains a major retail market with over \$30 billion in retail sales.

Overall, the economy stabilized in late 2010 with more moderate growth through 2016. Commercial value declines have slowed throughout Long Island and now have appeared to stabilize. While some markets have fared better than others, the Long Island housing market showed strength as compared to a year ago. The strong results in the housing market reinforce the perception that the long term outlook for Suffolk County remains favorable.

AREA DATA

TOWN OF ISLIP -2016

The Town of Islip is located on the southwest portion of the County of Suffolk, Long Island, New York. Long Island is approximately 120 miles long, 12-16 miles wide and contains a total area of 1,372± square miles. The Town of Islip contains 24 hamlets and four (4) incorporated villages with their own elected officials. The Town of Islip has an elected Town Supervisor which is similar to position of a mayor and four council members. The villages are responsible for their local legislation, licensing, zoning ordinances and, in some instances, their own police department.



The Town of Islip borders Babylon to the west, and the Great South Bay and Atlantic Ocean to the South. Parts of Fire Island are in the southernmost part of the town. It also borders Brookhaven township to the east and Smithtown to the north.

History

By 1825, the First Island Light House was constructed to provide light across the Great South Bay and regular ferry service between Bay Shore and Fire Island began in 1862. In 1867, the Long Island Railroad came to Islip. People were discovering Islip and the tourist trade soon took hold.

TOTAL LAND AREA

Square Miles: 163.1 sq. miles

Villages

The town board has jurisdiction over governmental affairs with the town's boundaries, excluding villages which have their own local government.

- Brightwaters, in the south-central part of the town.
- Islandia, in the central part of the town.
- Ocean Beach, in the southern part of the town, located on Fire Island
- Saltire, also located in the southern part of the town, located on Fire Island.



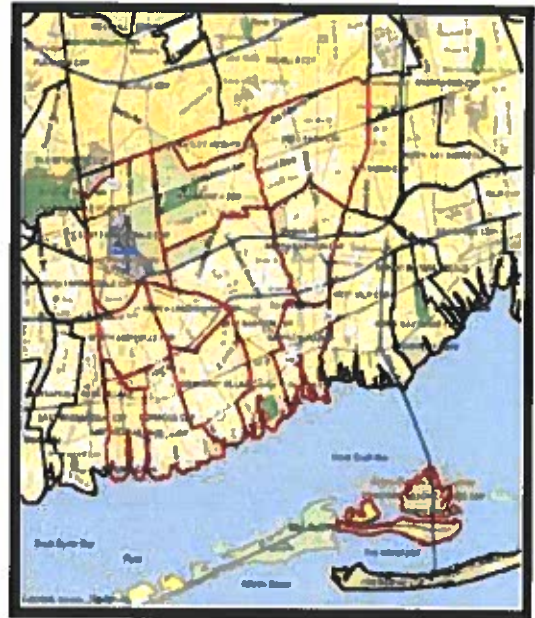
AREA DATA (CONT'D)

TOWN OF ISLIP

Hamlets

- Bay Shore
- Bayport
- Bohemia
- Brentwood
- Central Islip
- East Islip
- Great River
- Hauppauge
- Holbrook
- Holtsville
- Islip/Islip Terrace
- Kismet
- Lake Ronkonkoma/Ronkonkoma
- Oakdale
- Sayville
- West Islip
- West Sayville

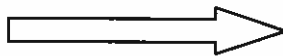
The Town of Islip has many heavily concentrated residential sections occupied by year round residents. Industrial corridor is located in Bohemia off Lakeland Avenue/Lincoln Avenue. In addition, there are many neighborhood shopping centers scattered throughout the Town, located along such secondary arteries such as Veterans Memorial Highway, Carlton Avenue, Suffolk Avenue, Fifth Avenue, Brentwood Road, Route 111, Main Street/Montauk Highway and Sunrise Highway.



Area Attractions

State Parks located in Islip

- Hecksher State Park
- Bayard Cutting Arboretum State Park
- Connetquot River State Park Preserve



Other Communities

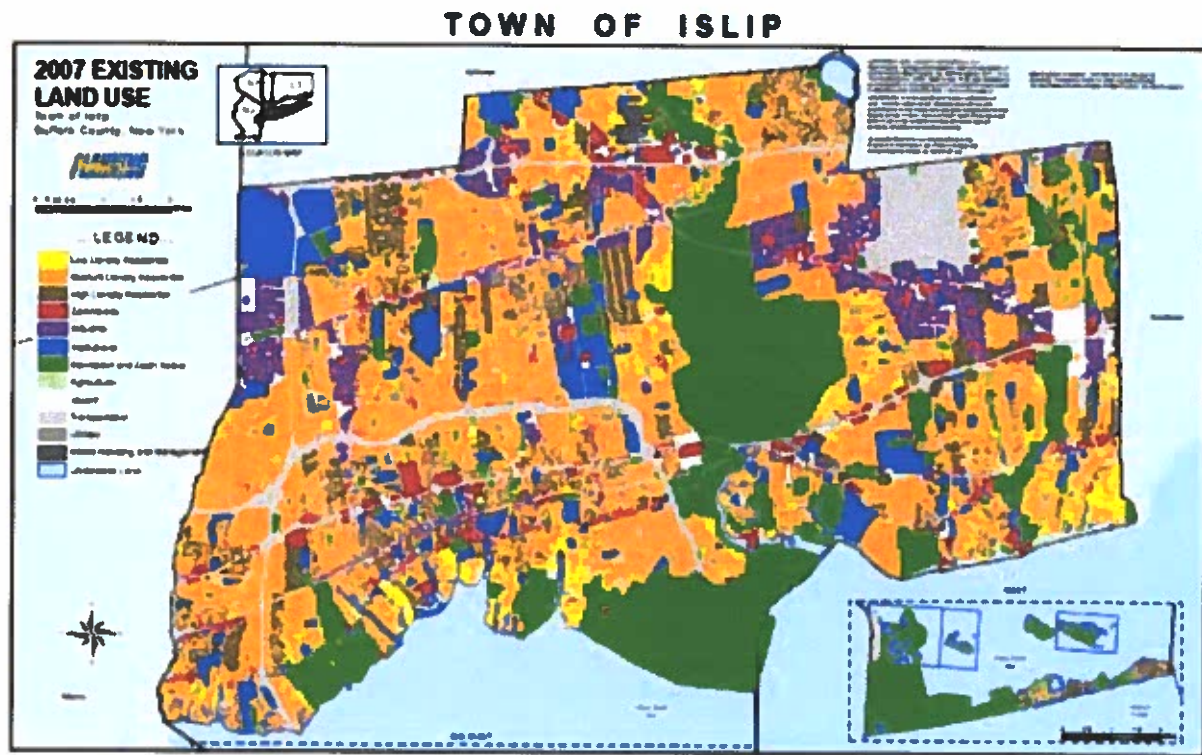
- Dunewood
- Fair Harbor
- Fire Island, many Islip communities are on this barrier Island.

AREA DATA (CONT'D)

TOWN OF ISLIP

Land Use

Land use planning is the term used for a branch of public policy encompassing various disciplines which seek to order and regulate land use in an efficient and ethical way, thus preventing land use conflicts. Land use planning is used by a government to manage the manner in which the land within its jurisdiction is developed, or used. In doing so, the land use for the Town of Islip can be seen as follows:



AREA DATA (CONT'D)

TOWN OF ISLIP

Population

The 2014 Census estimates indicate a population of 336,758 people in the Town of Islip, representing a 0.09% increase since the last Decennial Census in 2010. At the time of the 2010 Census, Islip had a population 333,707 people or 22.47% of the total population of Suffolk County, making it the county's 2nd most populous community. New York State had a population of 19,378,102 people, meaning that Islip had 1.73% of the total population of New York, making it the state's 5th most populous community

The following chart is a breakdown of population for each of the hamlets in the Town of Islip as taken from the 2010 U.S. Census Bureau:

NAME	Population Total	Land Area (Sq. Mi.)	Density (Persons/ sq. mi.)
Bayport CDP	8,896	3.7	2,391.6
Bay Shore CDP	26,337	5.4	4,906.7
Bohemia CDP	10,180	8.6	1,181.0
Brentwood CDP	60,664	11.0	5,524.6
Brightwaters village	3,103	1.0	3,178.3
Central Islip CDP	34,450	7.1	4,844.5
East Islip CDP	14,475	3.9	3,664.7
Great River CDP	1,489	4.6	323.9
Hauppauge CDP	20,882	10.7	1,949.3
Holbrook CDP	27,195	7.2	3,786.2
Holtsville CDP	19,714	7.1	2,771.5
Islip CDP	18,689	4.8	3,893.5
Islip Terrace CDP	5,389	1.3	4,000.1
Lake Ronkonkoma CDP	20,155	4.9	4,079.7
Oakdale CDP	7,974	3.4	2,333.4
Ronkonkoma CDP	19,082	7.8	2,436.1
Saltaire village	37	0.2	158.9
Sayville CDP	16,853	5.3	3,186.3
West Bay Shore CDP	4,648	2.2	2,119.9
West Islip CDP	28,335	6.3	4,477.2
West Sayville CDP	5,011	2.1	2,386.7

Population by Age

The median age for the United States was 38.3 in 2000 and 36.8 in 2010. In the Town of Islip, the median age of the population was 38.2 in the year 2000, compared to 37.3 years currently.

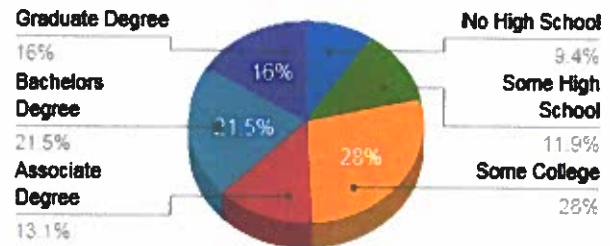
AREA DATA (CONT'D)

TOWN OF ISLIP

Population by Education

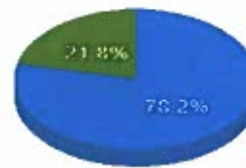
The educational attainment of the population aged 25 years or older in the Town of Islip was distributed as follows:

No High School	17,333
Some High School	21,904
Some College	51,440
Associate Degree	24,170
Bachelors Degree	39,611
Graduate Degree	29,515



In the current year, the occupational distribution of the employed population is:

White Collar	78.20 %
Blue Collar	21.80 %



Labor Force/Employment

According to the U.S. Bureau of Labor Statistics, the Town of Islip labor force from January 2014 to February 2016

jumped from 175,271 to 178,448, as shown below. In February 2016, 91.4 percent of the civilian labor force in the Town of Islip were

employed and

8.6 percent were unemployed, as reported by the NYS Department of Labor. By comparison, 94.1 percent of the U.S. civilian labor force was employed, and 5.9 percent was unemployed



AREA DATA (cONT'D)

TOWN OF ISLIP

HOUSING MARKET

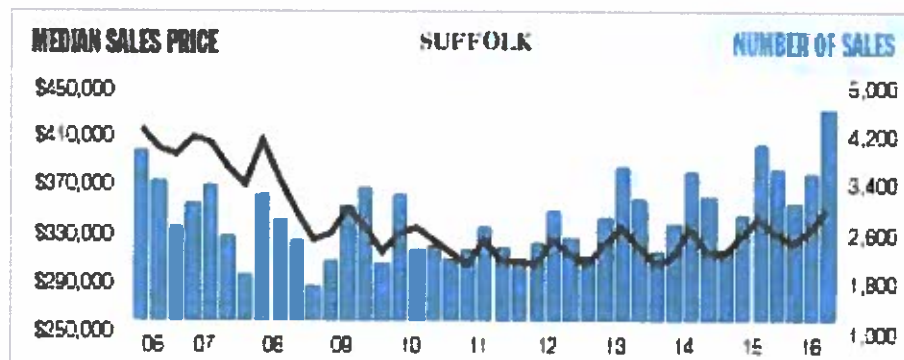
According to Douglas Elliman 3Q 2016, average sales price increased from previous year quarter 2.5% and number of sales increased 3.5% to 1,390 from previous year quarter of 1,223. Inventory declined as number of sales surged, and median sales price moved higher for three consecutive years.

SOUTH SHORE

- Price trend indicators moved higher as sales surged
- Sharp decline in listing inventory
- Faster marketing time and less negotiability

As reported in the Elliman Report 3rd 2016:

SOUTH SHORE SUFFOLK	3Q 2016	% Chg (QTR)	2Q 2016	% Chg (YR)	3Q 2015
Average Sales Price	\$325,199	3.9%	\$313,063	2.5%	\$317,287
Median Sales Price	\$309,500	4.6%	\$295,750	3.5%	\$299,000
Number of Sales	1,390	29.7%	1,072	13.7%	1,223
Days of Market (from Last List Date)	101	-11.4%	114	-7.3%	109
Listing Discount (from Original List Price)	3.2%		3.9%		3.9%
Listing Inventory (Active)	2,184	-9.9%	2,425	-25.7%	2,941
Absorption Rate (Monthly, Active)	4.7	-30.9%	6.8	-34.7%	7.2
Pending Sales	1,200	-10.8%	1,345	10.7%	1,084

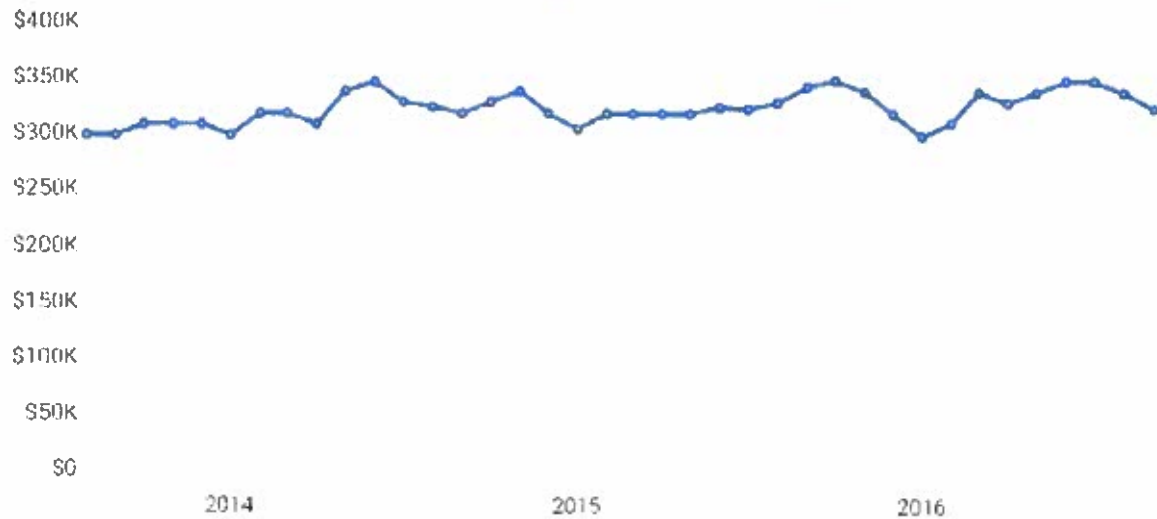


AREA DATA (cONT'D)

TOWN OF ISLIP

HOUSING MARKET

MEDIAN LISTING PRICE (according to Realtor.com as of October 2016)



Islip, NY Housing Market •

\$327K	\$146	\$330K
Median Listing Price	Price per Square Foot	Median Closing Price

According to Realtor.Com, the following are the current listing prices for homes in Islip Township as of October 2016:

Area	Listings For Sale	Median Listing Price
Bay Shore	116	\$315,000
Havenhurst	18	\$262,495
Brookwood	205	\$279,000
Highlandville	29	\$595,000
Central Islip	146	\$249,999
Countryside Village	11	\$196,500
East Islip	96	\$402,495
Great Neck	12	\$647,000
Islip	101	\$339,000
Islip Terrace	24	\$349,900
North Bay Shore	54	\$276,950
North Great Neck	7	\$129,900
Quibble	50	\$380,000
West Bay Shore	51	\$540,999
West Islip	69	\$485,000

AREA DATA (cONT'D)

TOWN OF ISLIP

UTILITIES

PSEG (formerly LIPA) is the sole public gas and electric company on Long Island. Rates that the utility are allowed to charge are controlled by the New York State Public Service Commission. Water is supplied by individual wells or by the Suffolk County Water Authority. Sewers are presently available in Islip Town in some areas in conjunction with the Southwest Sewer District.

TRANSPORTATION

The Town of Islip/Suffolk County transportation network is well linked to connecting arteries which traverse through Nassau County as well as eastern Long Island.

Highways in the Town are adequately planned and well-maintained. In addition to the Long Island Expressway and Southern State Parkway, bus and rail transportation are available. The Long Island Expressway provides the most convenient means of commercial transportation off Long Island. The public roadways are maintained by the Islip Town Highway Department.

MUNICIPAL ADMINISTRATION

The Town is administered by a Supervisor and four elected Councilmen.

SCHOOL SYSTEM

There are twelve school districts located within the Township. The Schools are modern and like those in New York State, enjoy an excellent rating.

TAXES

Islip Town's taxes are comparable to the taxes in its bordering townships. They have increased over the last several years at a rate of 3% to 5% per annum, a rate which is comparable to surrounding townships.

NEIGHBORHOOD DATA

Hamlet of Hauppauge

The subject property is located in the unincorporated community of **Hauppauge**, Town of Islip, Suffolk County, New York. It is bounded by Brentwood, Central Islip and Islandia to the south, Smithtown and Nesconset to the north, Commack to the west, and Ronkonkoma to the east. **Hauppauge** (Islip portion) encompasses an area of 11.0 square miles and had a total population of 16,657 as of *STDBonlin.com* estimate. The estimate of median family income for the community is \$104,6404, as compared to the county as whole which is \$83,592 (*STDBonlin.com*).

Hauppauge is a mixed residential/commercial/industrial area that falls within the Town of Islip (southern portion) and the Town of Smithtown (northern portion). The subject neighborhood lies just within the Islip portion of the community along the Smithtown border.

Access to the community is via major highways, thoroughfares and parkways. These include the Long Island Expressway (Interstate 495), Northern State Parkway, Sunken Meadow Parkway, and Veterans Memorial Highway (State Route 454). Commuter railroad transportation is accessible via the Long Island Railroad which maintains stations in several surrounding communities including Smithtown, Ronkonkoma, Central Islip and Brentwood. The railroad provides service within the Long Island area as well as access to New York City.

The subject is in a residential community. The immediate vicinity is improved primarily with single and multi-family residential buildings. There are condominium and apartment complexes on nearby streets. Commercial uses are restricted to surrounding, main thoroughfares such as Veterans Hwy, Motor Pkwy and Town Line Road.

The subject location is considered adequate for residential development. Office use would not be permitted by zoning. The site has convenient access to the Long Island Expressway and other main thoroughfares. Demand and rent levels are considered to be stable to rising and the future outlook for this area is considered good, with demand expected to remain consistent with the county and region as a whole.

NEIGHBORHOOD MAP



TAXES AND ASSESSED VALUATION

The subject property has a tax exemption. The subject property has been assessed according to the assessment rolls of the Town of Islip as follows:

<i>Suffolk County Tax Map #:</i>	District:	500
	Section:	5
	Block:	2
	Lot:	10

Assessed To: Hauppauge School District

ASSESSED VALUATION: TOWN OF ISLIP

Land Assessment:	\$ 281,600.00
Building Assessment:	\$1,796,400.00
Total Assessment:	\$2,078,000.00

EXEMPTIONS

As mentioned the subject owner has full tax exempt status. This tax exempt classification is not transferrable as it goes with the use of the property. If the property were to be sold and used as an office building, or other non public use, it would return to the tax rolls.

The appraiser interviewed the Islip Town Tax Receiver and Assessor for information on property codes and tax rates. The following is an estimation of the subject taxes without any exemption.

TAX RATE AND CALCULATED TAXES

The tax "Code" is 350.

The Tax rate is: **244.72** Per \$1000 of Assessed value.

The taxes are calculated as follows:

$244.72/1000 \times 2,078,000.00 =$	\$508,528.16
	\$8.18 per square foot.

The estimated taxes fall into the upper end of the range typically observed by the appraiser for commercial buildings in the general market area. This estimate is subject to verification and adjustment by the Town and is included for reference and informational purposes only.

VALUATION OF ENTIRE PROPERTY

SITE DESCRIPTION

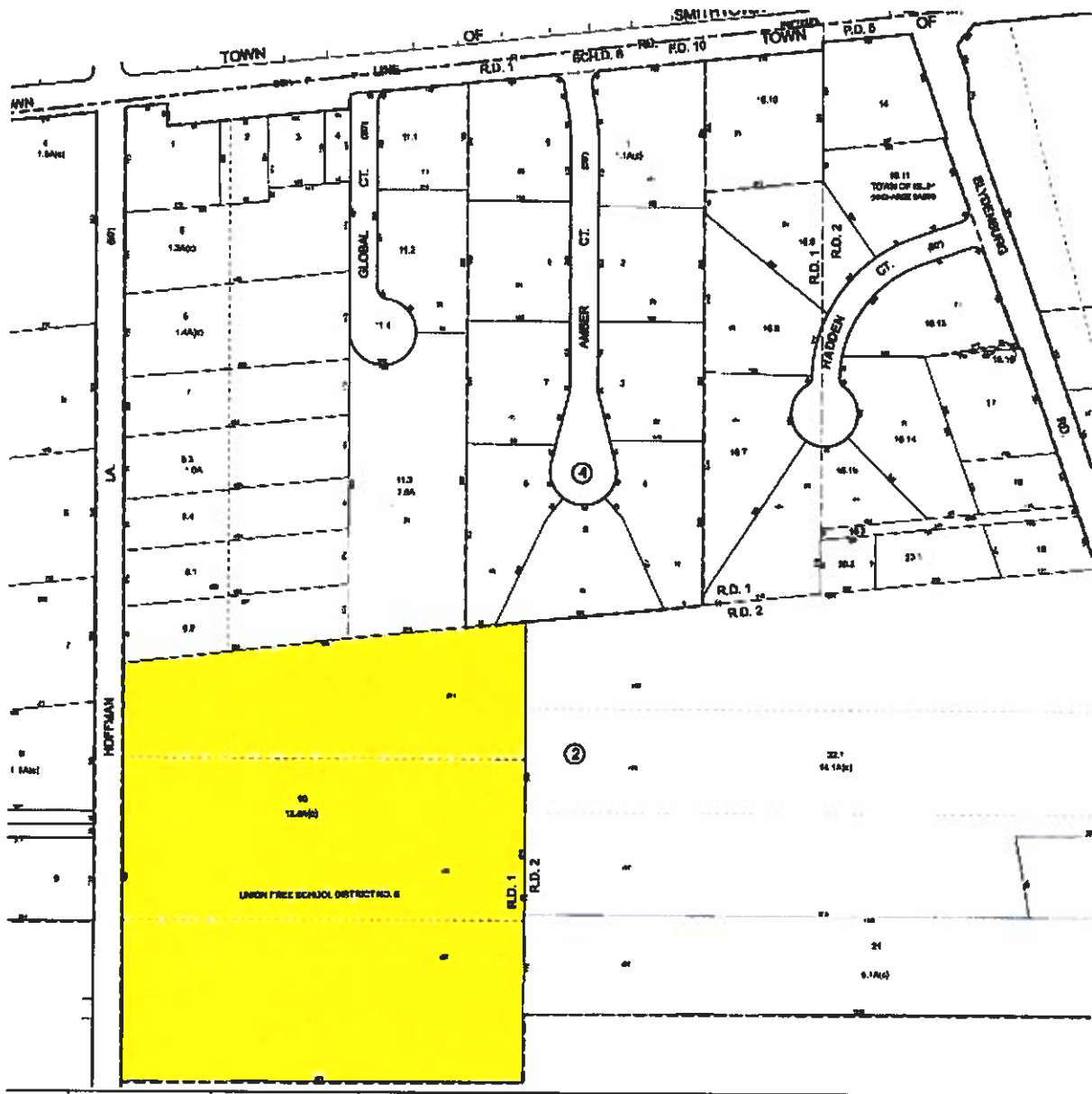
The subject property is located on the east side of Hoffman Lane approximately 968± linear feet south of Town Line Road, in the community of Hauppauge, Town of Islip, Suffolk County, New York. The subject is designated on the Suffolk County Tax Maps as follows: Dist: 0500, Section: 5, Block: 2, Lot: 10. The parcel is generally rectangular in shape, and level at road grade with positive, gradual slope up from the road. It has 757± linear feet of frontage along Hoffman Lane and extends to an average depth of 736.5 feet. The site contains a total land area of 557,568±Sq.Ft or 12.8 ±acres according to Islip Town Tax Maps. The subject site is zoned "*AAA Residential*" according to the Town of Islip Building Department

ACCESS/VISIBILITY:	Considered good
TOPOGRAPHY:	On road grade and gently sloping up.
SITE IMPROVEMENTS:	Asphalt parking lot, landscaping enhancement, pole lighting poured concrete curbing and some concrete walking paths
EASEMENTS/ENCROACHMENTS:	<p>It appears that there are no adverse easements or encroachments on either site. In addition, there appears to be no covenants or restrictions on the site.</p> <p>According to the federal flood insurance rate map number 36103 C0660 H (not a flood zone, Zone X), effective September 25, 2009. A copy of the flood map which locates the subject property has been included following this section of the appraisal.</p>
CENSUS TRACT:	The subject property is located in Census Tract Number 1458.03.
UTILITIES/SERVICES:	Municipal utilities available are connected to the site including electric, gas, water and telephone. The domestic system consists of cesspools. Police protection is provided by the Suffolk County Police Department. Fire protection is provided by a local volunteer fire department.

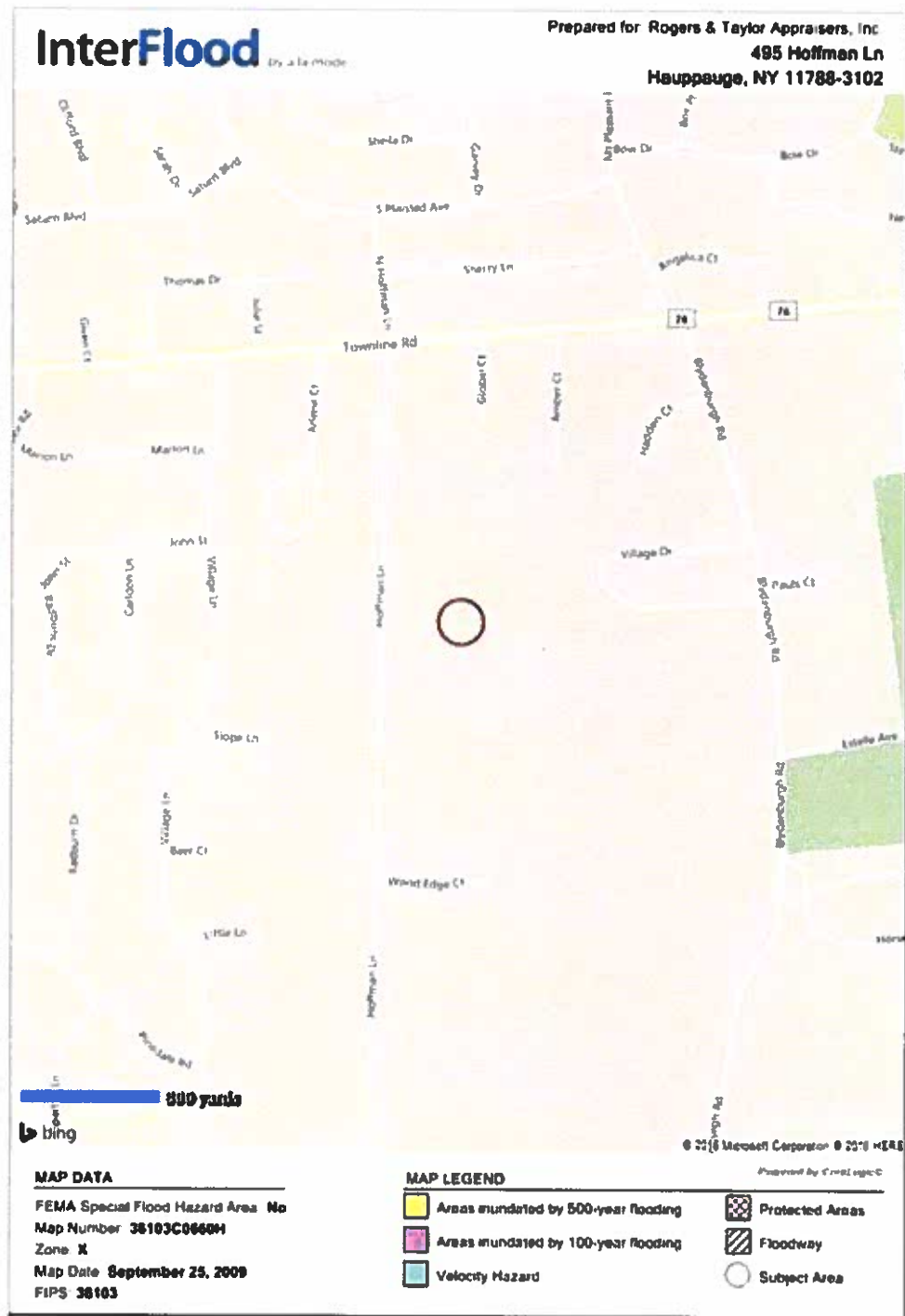
LOCATION MAP SUBJECT PROPERTY



TAX MAP LOCATING SUBJECT PROPERTY



FLOOD MAP LOCATING SUBJECT PROPERTY



ZONING OF THE SUBJECT PROPERTY

Residential "AAA"

The subject property is presently zoned *Residential "AAA"* by the Town of Islip. The basic requirements of this zoning classification are as follows:

<i>REQUIREMENTS</i>	
Minimum Lot Size:	40,000± Sq.Ft.
Minimum Lot Width:	150 feet
Minimum Front Yard:	50 feet
Minimum Side Yard:	25 feet 60 feet (both sides)
Minimum Rear Yard:	40 feet
Maximum Height:	35 feet or 2 1/2 stories
Front Yard:	50 feet
Maximum Lot Coverage:	25%
Permitted Use:	Single-family dwellings, detached dwellings, <u>churches</u> , <u>schools</u> , public libraries, municipal buildings and other uses, plus other uses permitted by special permit from the Town Board after a public hearing. The Board of Appeals also permits other uses as special exceptions after a public hearing.

COMMENTS

The subject represents a legal conforming use.

IMPROVEMENT ANALYSIS

At the time of the inspection, the site was improved with a one story school building, constructed of brick over masonry block. The building was originally built in 1963 over a 2/3 basement, 1/3 slab. It is built of good quality material and is approximately 62,109±Sq.Ft. based on the supplied information and on-site measurements.

EXTERIOR WALLS:	Masonry textured brick and block exterior walls.
STORY HEIGHT:	One story, 10±ceiling heights approximate exterior building height.
ROOF:	Flat, composite roof (not available for inspection).
DOORS:	Metal-framed, glass entrance doors for each unit. Steel security doors at the rear.
WINDOWS:	Metal-framed, fixed storefront windows.
HEAT / COOLING:	Oil fired, basement mounted, hot water furnace provides heat via radiators to the entire building. There is Central air conditioning in one of the four wings. The classrooms have individual window A/C units.
ELECTRIC:	The electric service is provided by a modern, approximately 1,600 Amp system.
GAS:	1 meter for kitchen cooking only.
FLOORS:	Linoleum and or ceramic tile.
CEILINGS:	Suspended acoustic tile & drywall.
WALLS:	Painted drywall.
LIGHTING:	Fluorescent, and incandescent spot fixtures throughout.
LAVATORIES:	Multiple gang, men's and ladies lavatories, as well as ample private, office lavatories are located throughout the building. Finishes consist of ceramic tile flooring, exhaust fans, tank toilets and wall mounted urinals and sinks.
SANITARY SYSTEM:	The subject is served by cesspools.
SPRINKLER:	None
LAYOUT:	The interior of the building is set up with three wings used for school and day care use. One wing and the center section is set up as administrative offices. There is one main entry and secondary rear and side entries at the end of each wing. There are offices, access hallways, classrooms, a lounge/kitchen area with cafeteria, auditorium and full gymnasium. There are Children's lavatories and adult lavatories. The exterior is occupied by playgrounds and ample parking area.

IMPROVEMENT ANALYSIS

Special Condition:

The subject site is used by the school district as a Re-Fueling station for a fleet of school buses. There are two, 1,000 gallon buried, diesel fuel tanks with two diesel pumps.

The re-fueling area is separated from the school area by 6 foot chain link fencing. There is a metal canopy and automatic fire suppression system.

The appraiser was informed that the tanks and systems are monitored regularly for compliance with all D.E.C. regulations. As far as the appraiser could determine, there is no evidence of spills or contamination from this fuel station.

However, the appraiser is not qualified to render a conclusion as to the condition of said systems. It is recommended that a professional, certified inspector be retained to examine the fuel station, and all its equipment, and provide an environmental certification of the area in question.

HIGHEST AND BEST USE

Highest and Best Use can be defined as follows: “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.”⁵

Highest and best use of land or a site as though vacant can be defined as follows: “Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”⁶

Highest and best use of property as improved can be defined as follows: “The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.”⁷

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Fifth Edition, 2010), p. 93.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Fifth Edition, 2010), p. 93.

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Fifth Edition, 2010), p. 94.

The highest and best use analysis views the subject property as vacant in order to place the subject site into proper perspective, thus considering alternative programs of development. Alternative programs of development are further examined if the intended or current use does not reflect the highest and best use.

PHYSICAL

In the subject analysis, key considerations to determine the Highest and Best Use are the location, size, and overall physical characteristics of the site. The subject property is located off of a busy street with adequate road frontage.

The physical characteristics of the subject property, including its accessibility appear to be adequate and suitable for development.

Based upon the site’s physical characteristics, it is the appraisers’ opinion that the physical highest and best use of the subject property, as vacant, is for development according to zoning. This development would most likely be residential in nature with development of either, single family houses or multi-family housing such as apartments or condominiums. Multi-family use would require a change of zoning.

Furthermore, it is the appraisers’ opinion that the physical highest and best use of the subject site, as improved, is for the continuation of the existing use.

HIGHEST AND BEST USE (Cont'd)

LEGAL

The subject site is presently zoned Residential District according to the Town of Islip (see zoning requirements). This appraisal is contingent upon and made subject to the legality (in all respects) of the subject's present use and all improvements and their conformance with the regulations and standards of the Town of Islip, County of Suffolk, State of New York and any other applicable regulatory authority.

In accordance with its zoning classification and the regulations thereof, it is the appraisers' opinion that the highest and best use of the subject site, as if vacant and ready for development, is for development consistent with the zoning requirements. As improved, it is the appraisers' opinion that the highest and best use of the subject site is for the continuation of the existing use. As mentioned several times in the report, the subject is a permitted use within the Town of Islip to operate as an educational facility.

ECONOMIC

The subject's present use appears to be economically feasible and maximally productive within the immediate real estate market. The existing improvements are considered to make a significant contribution to the value of the underlying site and conversion to an alternative use is not considered practical or warranted at this time. Based upon the aforementioned analysis, it is the appraisers' opinion that the highest and best use of the subject site, as vacant, is for development consistent with the zoning requirements. This would most likely be residential housing. Furthermore, Since the current improvements contribute positively to the land value, it is the appraisers' opinion that the highest and best use of the subject site, as improved, is for the continuation of the existing permitted use as an educational facility.

SUMMARY

Considering the physical, legal, and economic aspects, it is the appraisers' opinion that the highest and best use of the subject property, *as vacant*, is development consistent with the zoning requirements. This would most likely be residential housing

As currently improved, it is the appraisers' opinion that the highest and best use of the subject site is for the continuation of the existing use as an educational facility.

The subject is a special use property that serves the local community as an educational facility. The current design and use is well suited to its current use and serves a necessary purpose in the community.

APPROACHES TO VALUE

An opinion of value is a well-supported estimate derived through data analysis and consideration of all pertinent facts. To achieve this goal, one or more of three traditional Approaches to Value are utilized: The Cost Approach, The Sales Comparison Approach and The Income Capitalization Approach. Each approach may be referred to as an aspect or adaptation of the data relative to each property under appraisal. These approaches may vary and still achieve their individual characteristics and appellations thus giving the appraiser an opportunity to consider all aspects of the property.

The diversity of property mandates flexibility in valuation approach, but an overriding principle throughout the appraisal process is the Principle of Substitution. This affirms that the value of the property being appraised does not exceed the cost of acquiring, without due delay, a substitute property of equal or similar desirability providing equal or similar benefits of income or amenities.

The accumulation of data pertinent to all approaches is fundamental. However, the approach, or approaches, used in the appraisal may be dictated by the valuation problem to be solved, or the data available, supportive of one or another approach.

The Cost Approach is a method whereby the current cost of reproducing or replacing the improvements, minus loss in value due to depreciation, is added to the land value.

This cost is estimated either by a unit survey, a contractor's certified estimate, or some other qualified expression of present cost. This approach is particularly applicable when improvements are relatively new. It is least applicable in the valuation of older buildings except in instances involving remodeling, conversion or rehabilitation, where historic cost factors may apply. This approach also has specific application in the valuation of special purpose property for which there exist no comparable properties on the market.

The Sales Comparison is based on the Principle of Substitution, which affirms that the value of a property is governed by the prices generally obtained for equally desirable property. It is a comparative procedure, drawing indicators of value from actual transactions. This approach is most applicable when an active market provides sufficient quantities of reliable data which can be verified from authoritative sources. As no two properties are ever identical, any price paid for a property being compared to one under appraisal must be adjusted for differences in time, quality, size, location, condition and market appeal.

APPROACHES TO VALUE (CONT'D)

These adjustments are a function of appraisal experience, judgment and available data. This approach is most applicable when data concerning arm's length sales of comparable property is available, verified, and representative of typical market conditions. It is least reliable in an inactive market.

Basic to the appraisal is the valuation of the land, which may be sought through analysis of comparable sales, or in some cases, when there is a paucity of market data or circumstances warrant, by abstraction, development, or residual technique.

The Income Capitalization Approach is a method of valuing future benefits in the form of anticipated income and reversion by discounting them through a capitalization process, to present worth. This approach is applied to property purchased for the income it is anticipated they will generate. It is a process recognized and understood as a method of evaluating income property.

The areas that an appraiser investigates are the property's gross income expectancy, the expected reduction in gross income due to lack of full occupancy, the expected annual operating expenses and the pattern and duration of the income stream. Thus, investment properties are valued on their ability to produce income, and the security of that income stream over a period of time. Hence, this approach is given most weight in that it involves an analysis of the property in terms of its ability to provide dependable net annual income. This net income is then capitalized at a rate commensurate with the risks inherent in ownership of property, and relative to the rate of return offered by other investments competing in the capital market.

VALUATION OF THE SUBJECT

VALUATION: The valuation process is a systematic procedure to determine the value of a parcel of real estate or of any of the rights thereto in order to solve a problem, or answer a question. The appraiser, conducts an appraisal and produces an appraisal report which provides a basis, or perspective, for making a decision concerning a subject property. To complete the valuation process, the appraiser integrates the techniques to form a conclusion.

As was noted in the "*Scope of the Appraisal*" section of this report, the Cost, Income and Sales Comparison Approaches to Value were considered. The Cost Approach and the Sales Approach were developed.

The Income Approach was not utilized due to the lack of comparable school rentals, lack of information pertaining to income and expense, and the fact that a probable buyer would not analyze the subject based on its income potential.

COST APPROACH TO VALUE

The Cost Approach to Value is one of the techniques available in estimating the Market Value of a property. The Cost Approach depends in a large amount upon the principle of substitution:

"The principle of substitution states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution. This principle assumes rational, prudent market behavior with no undue cost because of delay. According to the principle of substitution, a buyer will not pay more for one property than for another that is equally desirable."*

The Cost Approach thus considers the reproduction cost or cost of reproducing the subject property new with one having the same type construction, utility and design. From this cost of reproduction, all forms of accrued depreciation must be deducted, leaving a depreciated reproduction cost. The value of the land and site improvements is then added to find a final indication of value via the Cost Approach. Depreciation is defined as:

"Depreciation is a loss in property value from any cause. It may also be defined as any difference between reproduction cost or replacement cost and market value. Deterioration, or physical depreciation, is evidenced by wear and tear, decay, dry rot, cracks, infestation, or structural defects in a building. Other types of depreciation are caused by obsolescence, which may be either functional or external. Functional obsolescence may be caused by the inadequacy or super adequacy of a building's size, style or mechanical equipment. Physical deterioration and functional obsolescence can usually be observed in the improvement. External obsolescence is caused by factors outside the property such as changes in demand, general property uses in the area, zoning, financing, and government regulations."*

Accrued depreciation is defined as "the difference between an improvement's reproduction or replacement cost and its market value as of the date of appraisal."*

The three main types of depreciation, as previously defined are further broken into categories.

*The Appraisal of Real Estate, The Appraisal Institute, c. 1992, Pg. 39

COST APPROACH TO VALUE (Cont'd)

PHYSICAL DEPRECIATION

Physical depreciation is divided into Curable and Incurable categories. Physical Curable are items of reduced utility which should be corrected. They include deferred maintenance, painting, roof repairs, glass repairs, etc. Physical Incurable items are those which:

"Incurable physical deterioration identifies items of deterioration that cannot be practically or economically corrected at present. This type of depreciation is calculated for all structural elements that are not included in the curable physical category."*

It is possible to replace structural components of a building, but this is seldom justified unless the components are severely damaged by fire, rot, etc.

Functional Obsolescence *

The impairment of functional capacity of a property according to market tastes and standards.

Functional Obsolescence - Curable*

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.

Functional Obsolescence - Incurable*

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected.

Functional Utility*

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms

*Appraisal institute, the dictionary of real estate appraisal (fifth edition, 2010), p.111

COST APPROACH TO VALUE (Cont'd)

EXTERNAL OBSOLESCENCE

External obsolescence is the diminished utility of a structure due to negative factors outside of the site. It is always incurable. External obsolescence results from a variety of factors, i.e., declining neighborhood, property location, and market conditions.

In the Cost Approach to Value the loss resulting from External Obsolescence must be allocated between the land and the improvements. The loss must be shared between the land and the improvements based upon their contribution as a percentage to total property value. In the Income Approach to Value the loss in value is estimated through the capitalized rent loss resulting from the negative influence.

In the Sales Comparison Approach to Value, external obsolescence is measured through market extraction of the amount of value loss resulting from the negative influence by utilizing the paired sales analysis method of extraction.

The first step in applying the Cost Approach is developing a site value by application of the Sales comparison Approach using sales of residential acreage.

The subject site is zoned to permit residential development with single family homes. The site contains 12.8 Acres. The minimum lot size in the AAA residential zone is 40,000 Sq.Ft, or a "builder's acre". This is certainly large enough to accommodate the building of several single family homes in a residential development. Therefore, a residential development is considered the highest and best use for the site, if it were vacant.

Since the site, as if vacant, would be considered "Raw" land, as opposed to an approved subdivision, sales of other raw parcels are identified and compared to the subject to establish value. Where raw acreage sales are not available, "Improved" parcels are utilized and adjusted for this quality.

SITE VALUATION:

This section will be utilized to develop a land value for the subject's site. The land was evaluated by application of the Sales Comparison Approach. This approach analyzes the subject land in relation to similar recently-sold properties.

Extensive research was conducted for sales of similar parcels throughout the Towns of Islip, Babylon, Huntington and Smithtown. The following sales have been considered in this analysis:

**The Dictionary of Real Estate Appraisal, Fourth Edition, c2002, The Appraisal Institute, Pg. 255*

COST APPROACH TO VALUE (Cont'd)

(1) LAND VALUATION OVERALL SITE

LAND SALES						
SALE	Subject	1	2	3	4	
Address	495 Hoffman La Hauppauge	Weeks Ave Manorville	Miller Place Rd Middle Island	Jamaica Avenue Holtsville	Lower Rocky Point Rd Miller Place	
Sales Date	10/19/2016	4/1/2015	12/30/2013	5/8/2015	9/18/2015	
Total Sales Price		\$1,700,000	\$1,800,000	\$250,000	\$183,000	
Land Area(Sq.Ft.)	557,568.00	871,200.00	1,014,948.00	100,188.00	87,120.00	
Acres	12.80	20.00	23.300	2.300	2.000	
Zoning	AAA Agricultural	A-1 Residential	A-1 Residential	A-1 Residential	Residential	
Presumed # of Lots	10	12	20	2	2	
Effective Size Per Lot(Acre)	1.28	1.67	1.17	1.15	1.00	
Price per Acre		\$85,000.00	\$77,253.22	\$108,695.65	\$91,500.00	
Market Conditions Adj		0.00%	0.00%	0.00%	0.00%	
Adjusted Value		\$85,000.00	\$77,253.22	\$108,695.65	\$91,500.00	
ADJUSTMENTS						
Location		10.00%	10.00%	0.00%	10.00%	
External Obsolescence		-10.00%	-10.00%	-10.00%	-10.00%	
Zoning		0.00%	0.00%	0.00%	0.00%	
Land Size		10.00%	10.00%	-10.00%	-10.00%	
Effective Avg Lot Size		0.00%	0.00%	0.00%	0.00%	
Frontage/Utility		0.00%	0.00%	0.00%	0.00%	
Approvals		-10.00%	-10.00%	0.00%	0.00%	
Net Adjustments		0.00%	0.00%	-20.00%	-10.00%	
Adjusted Value of Land Area		\$85,000.00	\$77,253.22	\$86,956.52	\$82,350.00	

Range of Adjusted Value Per Acre: \$77,253.22 to \$86,956.52 Per Acre
Average: \$82,889.9

SALES COMPARISON APPROACH TO VALUE – LAND VALUE (Cont'd)

EXPLANATION OF ADJUSTMENTS

MARKET CONDITION - The comparable sales have closed over the prior 32± months. The market showed stabilization during this time. No adjustment is required.

LOCATION - Sales #1, 2 & 4 are located farther east in areas that traditionally have lower land values and are adjusted upward. Sale #3 is in a similar location and not adjusted.

EXTERNAL OBSOLESCENCE - The subject is located in close proximity to an active landfill. This causes external obsolescence. All sales are adjusted down to reflect this locational obsolescence.

ZONING – The subject is governed by a Zoning requirement that severely restricts the number of homes that can be built on the property. All sales have significantly superior zoning characteristics that allow development with residential homes on typical ½ acre to 1 acre lots, greatly increasing their yield. These sales are adjusted down to reflect this.

LOT SIZE – The sales were adjusted for size to reflect the principle that smaller parcels will typically sell for more on a per unit basis than larger ones. Therefore, smaller sales are adjusted downward and larger sales are adjusted upward.

FRONTAGE/UTILITY –No adjustment is required here.

APPROVALS –Sales #1 & 2 are adjusted downward to reflect that they sold with approvals in place to develop the land with single family homes. This is a valuable asset.

CONCLUSION – When all of the sales have been adjusted for these differences, a range in value from a low of \$77,253.22 to \$86,956.52 Per Acre of land area is indicated. Based upon this analysis, we estimate the value of the subject property to be **\$85,000.00/Acre** of land area. The market value for the subject property land area can be calculated as follows:

LAND VALUE

12.8± Acre of Land Area	@	\$85,000.00/Acre	=	\$1,088,000.00
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Round to:				\$1,100,000.00
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COST APPROACH TO VALUE (CONT'D)

REPLACEMENT COST ESTIMATE -

The replacement cost of subject building is determined with the aid of the Marshall and Swift commercial cost estimator. The following is our estimate.

12/13/2016

Summary Report

Estimate Number	:	295
Estimate ID	:	32334
Property Owner	:	Hauppauge Schools
Property Address	:	495 Hoffman Lane
Property City	:	Hauppauge
State/Province	:	NY
ZIP/Postal Code	:	11788

Section 1

Occupancy

	Class	Height	Rank
100% Elementary School (Entire)	Masonry bearing walls	10.00	1.0
Total Area	:	62,109	
Number of Stories (Section)	:	1.00	
Shape	:	2.00	

Components

	Units/%	Other
Exterior Walls:		
Brick with Block Back-up	100%	
HVAC (Heating):		
Hot Water	100%	
Evaporative Cooling	25%	

Basement

	Type	Area	Depth	Rank
Elementary School (Entire)	Unfinished	40,000	12.00	1.0
Number of Levels	:	1.00		
Shape	:	2.00		

Cost as of 10/2015

	Units/%	Cost	Total
Basic Structure			
Base Cost	62,109	106.75	6,630,136
Exterior Walls	62,109	25.77	1,600,549
Heating & Cooling	77,636	14.50	1,125,880
Basic Structure Cost	62,109	150.65	9,356,565
Basement			
Unfinished Basement	40,000	45.34	1,813,600
Building Cost New	62,109	179.85	11,170,165

COST APPROACH TO VALUE (CONT'D)

Cost Approach Explanation

The subject buildings are designed as a school building built over a 2/3 full basement and 1/3 slab. The calculation for depreciation is explained for each building below.

Physical Deterioration:

The building is 53 years old. It has an economic life of 60 years. Its effective age is 15 years. Therefore, a **25%** depreciation is taken for age.

Functional Utility Depreciation:

The subject is built to purpose and function efficiently for its specific purpose as a school building. However, the materials used, layout, and mechanical systems are those of a 53 year old building and technology. Modern schools are constructed with design, materials and mechanical systems that are far more energy efficient and offer greater utility and less wasted space. This is an incurable, functional deficiency. An exact calculation of the effect of this situation is impossible to determine. However, to conclude that it does have a negative effect on value is undeniable. Therefore, a **15%** adjustment will be made to the cost of the building to reflect this design and materials functional deficiency.

External Depreciation:

The subject is constructed next to an active landfill. This exposes the subject to odors and sounds that emanate from the activities there. In addition, there is a stigma attached to this proximity to a landfill. An exact calculation of the effect of this situation is difficult to determine and would require paired sale analysis with other school sales. Sufficient data does not exist to perform such a study with accurate and reliable results. However, to conclude that it does have a negative effect on value is undeniable. Therefore, a **15%** adjustment will be made to the cost of the building to reflect this location. The total effect of the external obsolescence is shared between its effect in the land and the building. Therefore, this adjustment is split between the land and the building.

We have not included a Developer's profit as Marshall and Swift Cost manual includes a profit incentive in its calculations.

COST APPROACH TO VALUE (CONT'D)

DEPRECIATION CALCULATIONS

ESTIMATE OF DEPRECIATION

We have not included a Developer's profit as Marshal and Swift Cost manual includes a profit incentive in its calculations.

Summary of Improvement Depreciated Value			
		Cost/Sq.Ft.	Depreciated Value
Building	62,109 Sq.Ft.		
Estimated Replacement Cost New		\$179.85 \$	11,170,165.00
Less Physical Depreciation	25%	\$	2,792,541.25
Less Functional Depreciation	15%	\$	1,675,524.75
Less External Depreciation	15%	\$	1,675,524.75
Total Depreciation		\$	6,143,590.75
Depreciated Value		\$	5,026,574.25
			\$5,026,574.25
Rounded			\$5,030,000.00

The depreciated value of all the buildings is estimated at: **\$5,030,000.00**

COST APPROACH TO VALUE (Cont'd)

Cost Approach Calculations:

The appraiser was not offered any cost estimates for the subject buildings. Therefore, for purposes of the appraisal, the appraiser will use the MVS cost estimate in the calculation of value via the Cost Approach. In the following calculations, there is no depreciation as the improvements have all been depreciated in the calculations on the previous page.

COST APPROACH CALCULATIONS			
Depreciated Value of Improvements			5,030,000.00
Plus Depreciated value of Site Improvements			
Asphalt Parking/Concrete Curbing:	\$75,000.00		
General Landscaping	\$25,000.00		
Total Site Improvements	\$100,000.00	100,000.00	
Total Site Improvements and buildings			5,130,000.00
Plus Land Value			1,100,000.00
Indicated Value via Cost Approach			6,230,000.00
Rounded			\$6,230,000.00

Value via cost Approach: \$6,230,000.00

**MARKET DATA SALE #1
WEEKS AVENUE, MANORVILLE, NY**

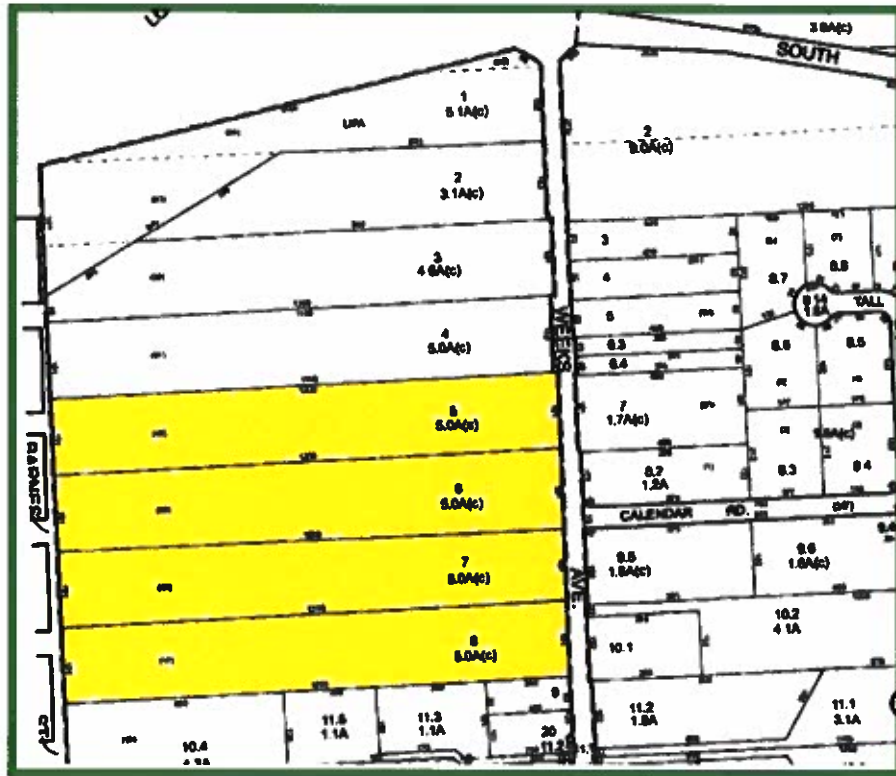


DESCRIPTION: Vacant Land
SELLER: Joan Altvista & Carol Baxter
BUYER: Campo Brothers
1303 Main St.
Port Jefferson, NY
SIZE: Land: 20.00± Acres
12 Single Family Lots
CONSIDERATION: \$1,700,000.00
PRICE PER ACRE: \$85,000.00
PRICE PER LOT: \$141,666.67
VERIFIED WITH: Comps In LJG (31246)

(-)

LIBER: 12813
PAGE: 977
DEED: 4/1/2015
REC'D: 4/16/2015
TAX MAP: 200-558-1-5, 6, 7 & 8
ZONING: "A-1 residence
HIGHEST & BEST USE: Single-family development
UTILITIES: All municipal available
COMMENTS:
The subject sold with preliminary conditional approval for 12 lots. Vacant wooded level land.

TAX MAP LOCATING SALE #1



MARKET DATA SALE #2
MILLER PLACE, ROCKY POINT ROAD, MIDDLE ISLAND, NY



DESCRIPTION: Vacant Land

GRANTOR: Country View Properties.

GRANTEE: Town of Brookhaven

SIZE: 23.3+ Acres
20 Building Lots

CONSIDERATION: \$1,800,000.00
\$77,253.22/Acre
\$90,000.00 Per Lot

VERIFIED WITH: Comps Inc, Brookhaven Town
planning dept.
By JF 1/29/2014

LIBER: 12759
PAGE: 94

Sale Date: 12/30/2013
Rec Date: 1/6/2014

ZONING: A1 Residence

DISTRICT: 200
SECTION: 290
BLOCK: 1
LOTS: 8.3, 13, 14

Highest & Best Use: Residential Development

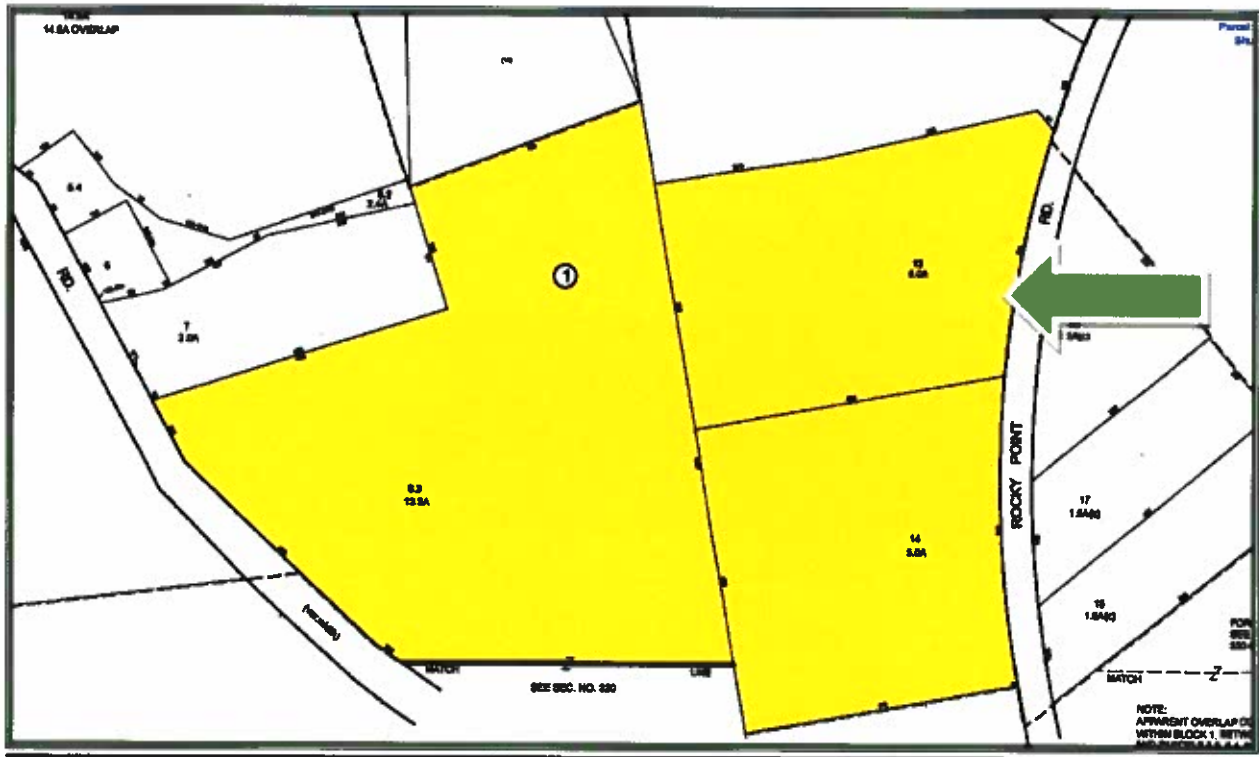
UTILITIES: All municipal utilities available.

IMPROVEMENTS:

This is the sale of a parcel of vacant residential land **with approvals for a 20 lot subdivision**. The site is made up of three lots that have superior frontage along two main roads. The site is level at road grade, heavily wooded. There are no improvements on the site. The average lot size is just under 39,000 square feet.

(-)

TAX MAP LOCATING SALE #2



MARKET DATA SALE #3
NORTH SIDE OF JAMAICA AVENUE, EAST OF BLUE POINT ROAD, HOLTSVILLE, NEW YORK



DESCRIPTION: Vacant land with obsolete improvement

SELLER: Russell Marna

BUYER: 7 Jamaica Avenue, LLC (Ghents)

SIZE: Land: 2.3+ Acres

EXISTING IMPROVEMENT: Obsolete residence with temporary rental value judged to offset demolition costs

YIELD: 2 residential lots projected (no approvals)

CONSIDERATION: \$250,000.00

PRICE PER ACRE: \$108,696.00

VERIFIED WITH: MLS #2744463, public record & selling broker.

(-)

LIBER: 12819
PAGE: 239

DEED: 5/8/2015
REC'D: 6/4/2015

TAX MAP: 200-768-4-24.001 & 25.004

ZONING: "A-1" Residence

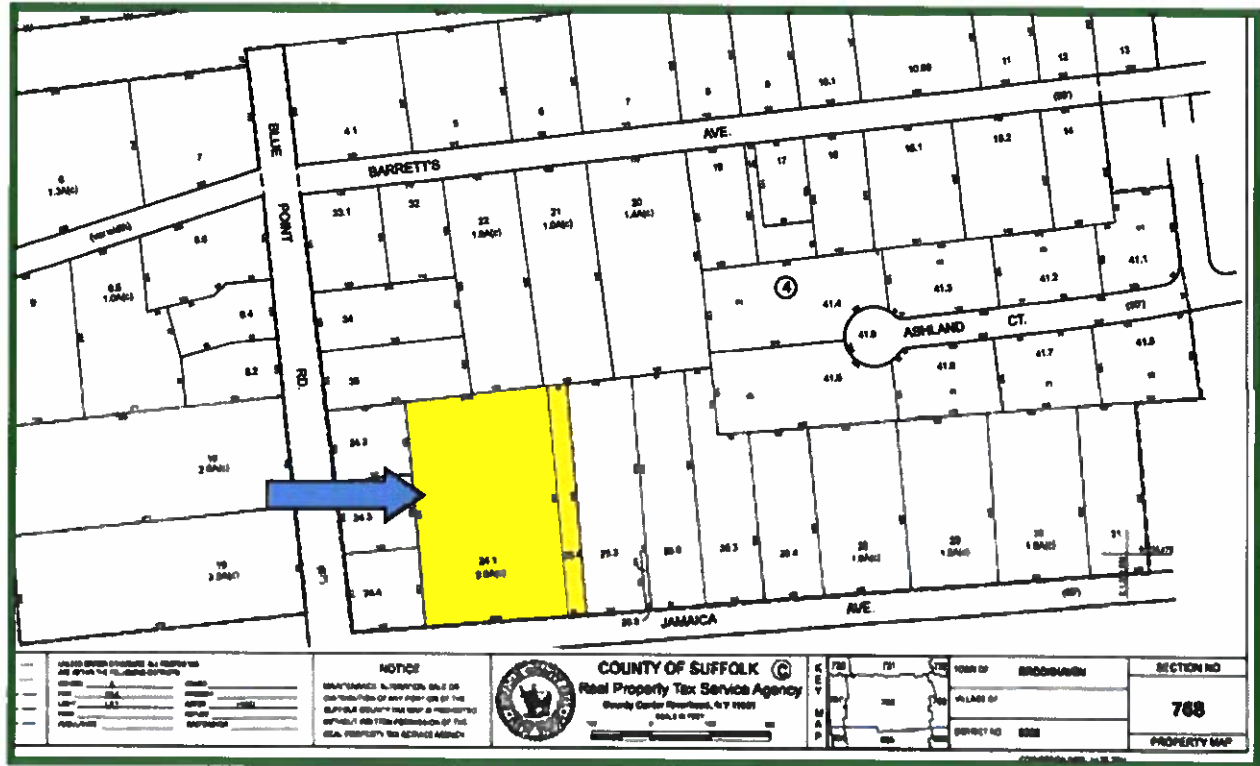
HIGHEST & BEST USE: Residential development

UTILITIES: Available

IMPROVEMENTS:
At the time of title the site was partially improved with an obsolete residence.

COMMENTS: Rental value of existing residence is judged to offset demolition costs to be incurred as part of redevelopment

TAX MAP LOCATING SALE # 3



**MARKET DATA SALE #4
LOWER ROCKY POINT ROAD, MILLER PLACE, NY**



DESCRIPTION: Vacant residential lot
SELLER: Pefcos Realty Corp.
BUYER: Robert & Mia Largavinese
175 Huguenot Street
New Rochelle, NY
SIZE: 2.0± Acres
CONSIDERATION: \$183,000.00
\$91,500.00/Acre
VERIFIED WITH: MLS, 2705592, Public Record.

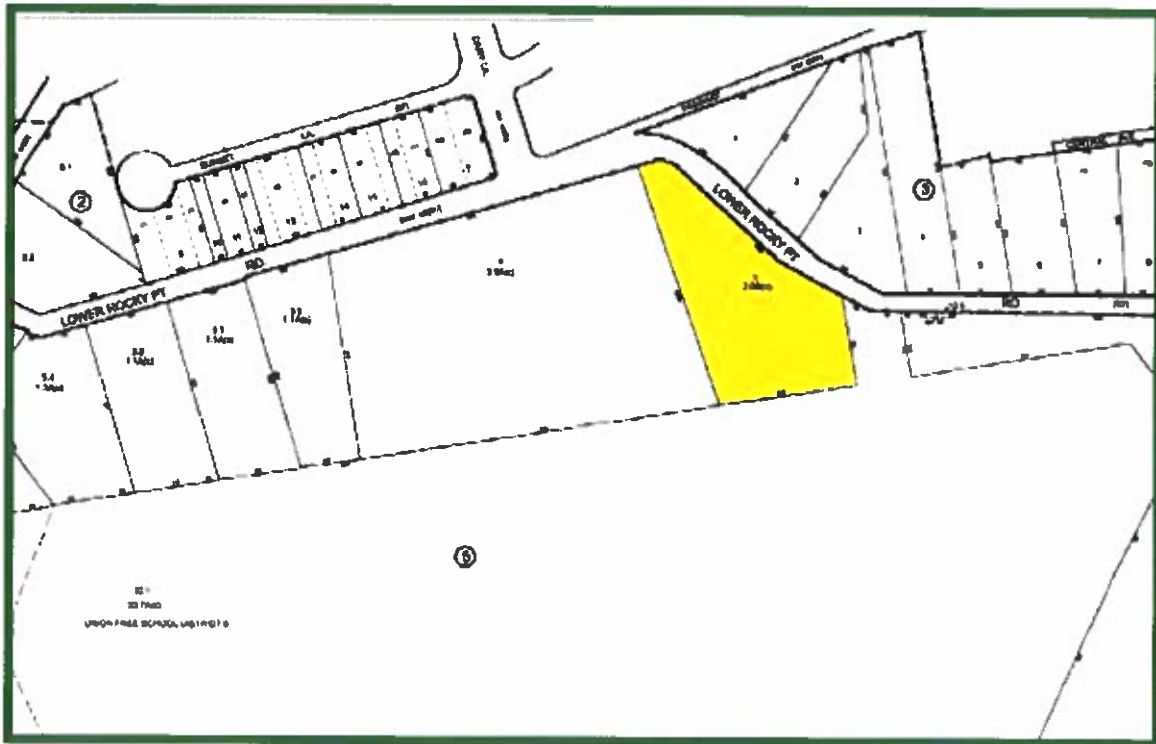
LIBER: 12839
PAGE: 544
DEED: 9/18/2015
REC'D: 11/4/2015
TAX MAP: 200-28-5-5
ZONING: "A-1" Residence
HIGHEST & BEST USE: Residential development
UTILITIES: All municipal available

COMMENTS:

The sale parcel is raw land with limited but outside chance at subdivision into two lots. The purchase however was made for use as a single building lot. This property is located adjoining the entrance to the Andrew Muller Public Elementary School.

(-)

TAX MAP LOCATING SALE #4



INCOME APPROACH TO VALUE

Traditionally, the most widely utilized and readily accepted valuation procedure has been direct capitalization of a stabilized net operating income. *Capitalization can be defined as "The conversion of income into value".**

The Income Capitalization Approach is based on the underlying assumption that the value of a property tends to be set by the amount of anticipated benefits to be derived from its ownership. This approach, therefore, is a procedure in the appraisal process whereby anticipated economic benefits to be derived from property ownership are converted into a present value opinion through a capitalization process. The process of estimating future or anticipated economic benefits from a real property investment requires the estimation of potential gross revenues, less vacancy and collection loss to which a deduction for all operating and fixed expenditures are allocated. This results in a net income estimate as applied to the particular property under valuation.

A selection process for the most appropriate capitalization method is then employed considering the overall risk and yield requirements to attract investment capital for this particular asset class under prevailing market derived investor and financial indices.

This process begins with a forecast of the potential gross income that a property is capable of generating. The next step is to estimate the operating expenses that are associated with this income generation. These expenses include but are not limited to vacancy and collection allowances, management, repairs, utilities, general maintenance, insurance, structural repairs and legal and accounting. Once these expenses have been deducted from the potential gross income, the resulting cash flow is the net operating income. The final step in the process is the capitalization of the net operating income into an estimate of present value or market value. The rate also considers the investors equity build-up and potential appreciation over the projection or holding period. The capitalization rate accounts for the return required by the mortgagee, (interest) and the equity investor. The value developed via this approach is considered most appropriate in valuing properties such as the subject.

As mentioned previously, the Income Approach is not developed.

**Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), p. 115*

SALES COMPARISON APPROACH

The Sales Comparison Approach indicates an estimate of value as indicated by sales of similar properties which have occurred in the market. This approach is defined as:

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

This approach requires an appraiser to gather information on transfers of similar property. These transfers are then analyzed to determine the indications of value for the subject property, i.e., price/square foot, gross rent multipliers, overall rates, etc...

Once this data has been collected, the appraiser makes the appropriate adjustments to the sales. These adjustments include such differences as time, location, size, condition, etc... It must be noted that the sales are adjusted to the subject. The adjustment process, when completed, yields an indicated value of the subject property. The adjustment process actually adjusts the sales as if they contained all the characteristics of the subject property after adjustments.

The subject has a unique use as an educational facility and place of worship. In order to find comparable sales the appraiser had to go back in time and expand the geographical area.

The following sales were considered to be the most comparable and were utilized in our analysis of the subject property.

* *Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), p. 207*

SALES COMPARISON APPROACH (Cont'd)

COMPARABLE SALES GRID						
Location	Subject 495 Hoffman Ave Hauppauge	Sale 1 83 Shirley Ct Commack	Sale 2 2165 Seaford Ave Seaford	Sale 3 523 Church Ave Woodmere	Sale 4 926 Round Swamp Rd Old Bethpage	Sale 5 600 Broadway Bethpage
Sale Date (Inspection)	10/19/2016	12/11/2015	9/17/2015	6/30/2015	7/23/2014	6/12/2014
Gross Building Area (Sq.Ft.)	62,109	17,000	55,000	80,000	14,892	14,944
Lot Size (Sq.Ft.)	557,568	94,961	247,120	290,545	104,544	97,966
Land to Building Ratio	8.98	5.59	4.49	3.63	7.02	6.56
Sale Price		\$1,850,000.00	\$5,144,000.00	\$8,534,000.00	\$2,575,000.00	\$2,828,000.00
Sale Price/Sq.Ft of G.B.A.		\$108.82	\$93.53	\$106.68	\$172.91	\$189.24
Market Condition		0.00%	0.00%	0.00%	0.00%	0.00%
Market Adjusted Price/Sq.Ft.		\$108.82	\$93.53	\$106.68	\$172.91	\$189.24
ADJUSTMENTS						
Location		-5.00%	-5.00%	-20.00%	-10.00%	-10.00%
Building Size		-5.00%	0.00%	0.00%	-5.00%	-5.00%
Land to Building Ratio		5.00%	5.00%	7.50%	0.00%	2.50%
Quality / Condition		0.00%	0.00%	0.00%	-15.00%	-15.00%
Basement		0.00%	0.00%	5.00%	5.00%	0.00%
Other / Economic		0.00%	0.00%	0.00%	0.00%	0.00%
Net Adjustments		-5.00%	0.00%	-7.50%	-25.00%	-27.50%
Adjusted Price/Sq.Ft.		\$103.38	\$93.53	\$98.67	\$129.68	\$137.20

Range of adjusted Value: low of \$93.53 to a high of \$137.20/Sq.Ft.
Average: \$112.49/Sq.Ft.

SALES COMPARISON APPROACH (CONT'D)

Explanation of Adjustments

MARKET CONDITIONS/CONDITIONS OF SALE: All sales occurred during stable periods no market conditions necessary.

LOCATION / VIEW –The subject is located in a typical middle class community. However, the site is located adjacent to an active landfill. This causes an external obsolescence. All sales are adjusted down to reflect this landfill influence. Sales #3, 4 & 5 area adjusted by a greater amount to reflect their more affluent, more sought after neighborhoods.

BUILDING SIZE – The sales were adjusted to reflect the fact that larger buildings sell for less on a per Sq.Ft. basis than smaller buildings, and smaller buildings sell for more on a per sq. ft. basis than larger buildings. Therefore, smaller buildings are adjusted downward and larger buildings are adjusted up.

LAND TO BUILDING RATIO –This adjustment reflects the amount of additional lot area takes into consideration future expansion, and the ability to add parking and support structures. Sales with greater LTB are adjusted down. Sales with inferior LTB are adjusted up.

CONDITION / QUALITY - Adjustments for physical amenities, in this analysis, reflect differences in condition, quality, finish, basement area and amenities etc. Adjustments were made to reflect their relative differences to the subject. The subject is an average quality facility in satisfactory condition. Sales #4 and 5 were considered superior in this category in varying degrees and each was adjusted downward. No adjustment was necessary to the remaining sales.

BASEMENT:- Sales #3 & 4 are adjusted upward to reflect their lack of a basement.

OTHER / ECONOMIC-No adjustment necessary for other.

CONCLUSION – The adjustment grid reveals a range of adjusted values from a low of \$93.53 to a high of \$137.20/Sq.Ft. The Average is \$112.49. Based upon the analysis of all of the sales and considering that sales #1 & 2 are most similar to the subject, the indicated value of the subject is **\$110.00 per Sq Ft.** The estimated market value is then calculated as follows:

62,109± Sq.Ft.	@	\$110.00/Sq.Ft.	=	\$6,831,990.00
				\$6,800,000.00 Rd

MARKET DATA SALE #1
83 SHIRLEY COURT, COMMACK, NEW YORK



DESCRIPTION: Church and School
GRANTOR: Dix Hills Jewish Center
GRANTEE: Point Community Church
SIZE:
 Bldg: 17,000 Sq.Ft.
 Site: 2.18± Acres (94,961± Sq.Ft.)
 LTB: 5.58

CONSIDERATION: \$1,850,000.00
 \$108.82/Sq.Ft.

VERIFIED WITH: CoStar, Comps Inc. Real Quest
 by JF 12/2016

LIBER: 12852
PAGE: 900

DEED: 12/11/2015
RECORDED: 2/17/2016

ZONING: Residential

DISTRICT: 800
SECTION: 123
BLOCK: 1
LOTS: 28

UTILITIES: All public

IMPROVEMENTS:

This is a sale of a one-story school and worship building over partial basement. The building is masonry constructed with a flat roof and was reportedly in only average condition, with need of modernization and some updating.

(/)

MARKET DATA SALE #2
2165 SEAFORD AVE, SEAFORD, NEW YORK



DESCRIPTION: School

GRANTOR: Seaford Union Free School District

GRANTEE: Seaford waverly Corp
(The Burman Group)

SIZE:
Bldg: 55,000 Sq. Ft.
Site: 5.67± Acres (247120± Sq. Ft.)
LTB: 4.49

CONSIDERATION: \$5,144,000.00
\$93.53/Sq. Ft.

VERIFIED WITH: CoStar, Comps Inc. Nassau
Website, by JF 12/2016

LIBER: 13278
PAGE: 530

DEED: 9/17/2015
RECORDED: 10/29/2015

ZONING: Residential

SECTION: 57
BLOCK: 254
LOTS: 25

UTILITIES: All public

IMPROVEMENTS:

This is a sale of a two-story school building built in 1938 over full basement. The building is masonry constructed with a flat roof and was reportedly in only average condition, with need of modernization and some updating. This site has since been redeveloped with a senior, assisted living center.

(/)

MARKET DATA SALE #3
523 CHURCH AVENUE, WOODMERE, NEW YORK



DESCRIPTION: School

GRANTOR: Board of Education & Lawrence
Union free School District

GRANTEE: BCH Hebrew Academy of Long
Island

SIZE:
Bldg: 80,000 Sq.Ft.
Site: 6.67± Acres (290,545± Sq.Ft.)
LTB: 3.63

CONSIDERATION: \$8,534,000.00
\$106.68/Sq.Ft.

VERIFIED WITH: CoStar, Comps Inc. Nassau
Website, by JF 12/2016

LIBER: 13231
PAGE: 331

DEED: 6/30/2015
RECORDED: 7/29/2015

ZONING: Residential

SECTION: 39
BLOCK: 275
LOTS: 343

UTILITIES: All public

IMPROVEMENTS:

This is a sale of a two-story school building built in 1963 on a slab. The building is masonry constructed with a flat roof and was reportedly in only average condition, with need of modernization and some updating.

(/)

MARKET DATA SALE #3
926 ROUND SWAMP ROAD, OLD BETHPAGE, NEW YORK



DESCRIPTION: Church and School

LIBER: 13104
PAGE: 147

GRANTOR: North Shore Synagogue Temple
Beth Elohim

DEED: 07/23/2014
RECD.: 8/5/2014

GRANTEE: St. Mary's Chruch

R.S.: \$10,300.00

SIZE:

ZONING: Residential

GBA: 14,892±Sq.Ft.

SECTION: 47

LAND: 2.4±Acres or

BLOCK: 67

104,544±Sq.Ft.

LOT: 42

CONSIDERATION: \$2,575,000.00
\$172.91/Sq.Ft.

MORTGAGE: None Noted

VERIFIED WITH: Public Record by JHG 10/2014
(29305-14)

HIGHEST &
BEST USE: As Utilized

UTILITIES: Public

IMPROVEMENTS:

Single story frame and masonry detached church and school building built over a slab. The building and school are considered to be in average condition and of average quality.

(X)

MARKET DATA SALE #4
600 BROADWAY BETHPAGE, NEW YORK



DESCRIPTION: Church and School

GRANTOR: Anjuman-e-Badri NY
995 Maxwell St
Franklin Square, NY

GRANTEE: National Organization of New Apostles

SIZE:
Bldg: 14,944± Sq.Ft.
Site: 2.250± Acres (97,966± Sq.Ft.)
LTB: 6.56

CONSIDERATION: \$2,828,000.00
\$189.24/Sq.Ft.

VERIFIED WITH: CoStar, Comps Inc. by JK (21389-10) 6/2010 Updated by LJG 10/2014 (29115)

LIBER: 13096
PAGE: 94

DEED: 06/12/2014
RECORDED: 07/15/2014

ZONING: R-1-7 Residential
(ToOysterBay)

DISTRICT: 2489
SECTION: 46
BLOCK: 576
LOTS: 49

UTILITIES: All public

IMPROVEMENTS:
This is a sale of a two-story school building over full partially finished basement. The building, circa 1967 is a combination wood frame & masonry. At the time of transfer the building was considered to be in average condition with need of modernization and some updating.

(/)

RECONCILIATION AND CONCLUSION OF VALUE

VALUE INDICATED BY THE COST APPROACH:	\$6,230,000.00
VALUE INDICATED BY THE INCOME APPROACH:	Not developed
VALUE INDICATED BY THE SALES COMPARISON APPROACH:	\$6,800,000.00
ESTIMATED MARKET VALUE:	\$6,500,000.00

Adequate market data was uncovered in our development of these approaches to consider them reliable and well supported.

The subject is an owner occupied building that is less likely to be rented.

In developing this report, all three approaches to value were considered. It was determined that the Cost Approach to Value and the Sales Comparison Approach to Value were pertinent. (The Income approach was not utilized as it was deemed not applicable due to the use of the building, and the lack of available recent commercial rentals).

The Cost Approach is a method whereby the current cost of reproducing or replacing the improvements, minus loss in value due to depreciation, is added to the land value.

The Sales Comparison Approach reflects the actions of prudent and knowledgeable purchasers and the market they are situated in. Adequate data was uncovered to develop this approach into a reliable market value estimate.

More weight has been placed on the Sales comparison approach since the building is owner occupied. The Cost Approach is considered a check against the Market Approach.

STATEMENT OF GENERAL AND LIMITING CONDITIONS

1. Certain opinions, data and statistics which were furnished by others are not guaranteed but were gathered from sources believed to be accurate and reliable.
2. No survey was made, therefore, the dimensions of the land and so forth are either taken from records believed to be reliable or from the owner. No responsibility is assumed for their accuracy.
3. No liability is assumed for matters of a legal character such as title defects, liens, encroachments or easements.
4. The submission of this appraisal does not require future testimony or appearance in court or before any agency without special arrangements for that eventuality.
5. The distribution of the total value between land and the improvements applies only under the program of utilization and conditions stated in the report and invalidated under other programs of utilization or conditions or if used in making a summation appraisal.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such factors or for engineering required to discover such factors.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such factors or for engineering required to discover such factors.
7. Disclosure of the contents of this appraisal report is governed by the By-Laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this appraisal (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the person(s) signing this report.
8. It is assumed that the property is free and clear of all liens other than those mentioned in this report and that the property will be efficiently managed and properly maintained.

STATEMENT OF GENERAL AND LIMITING CONDITIONS (CONT'D)

9. One of the signatories of this report is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member to control the use and distribution of any report signed by such member. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of it, in the reports entirety, to such third parties as may be selected by the party for whom this appraisal was prepared; however, selected portions of this report shall not be given to third parties without prior written consent of the signatories. Further, neither all nor any part of this appraisal shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.
10. Only a limited inspection was conducted at the instruction of the client. If the building varies significantly from that which is set forth in this report it may have an effect on the value indicated.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
12. 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.
13. It is assumed that the information contained within the provided appraisal report used as a guide is accurate.

CERTIFICATION

I hereby certify that Rogers and Taylor Appraisers, Inc. was employed to appraise the market value on property located at:

**495 HOFFMAN LANE,
HAUPPAUGE, TOWN OF ISLIP,
SUFFOLK COUNTY, NEW YORK**

Neither Rogers and Taylor Appraisers, Inc., nor I have a present or contemplated future interest in the real estate that is the subject of this appraisal report.

I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

We have not performed any services on the subject property in the three years prior to this appraisal.

To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the limiting condition (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. No one other than the undersigned prepared the analysis, opinions and conclusions concerning real estate that are set forth in this appraisal report.

My analyses, opinions and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

I certify that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. I certify that compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

I, James G. Taylor, do hereby certify that I have not inspected the subject property.

I, John Fitzgerald, do hereby certify that I have inspected the exterior and interior of the subject property.

CERTIFICATION (Cont'd)

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification.

As of the date of this report, I, James G. Taylor has completed the requirements under the continuing education program of the Appraisal Institute.

Based upon the data analyzed, it is my opinion that the Market Value of the property located at, is as 495 HOFFMAN LANE, HAUPPAUGE, TOWN OF ISLIP, NEW YORK, is as follows:

"AS IS"

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS *

(\$6,500,000.00)



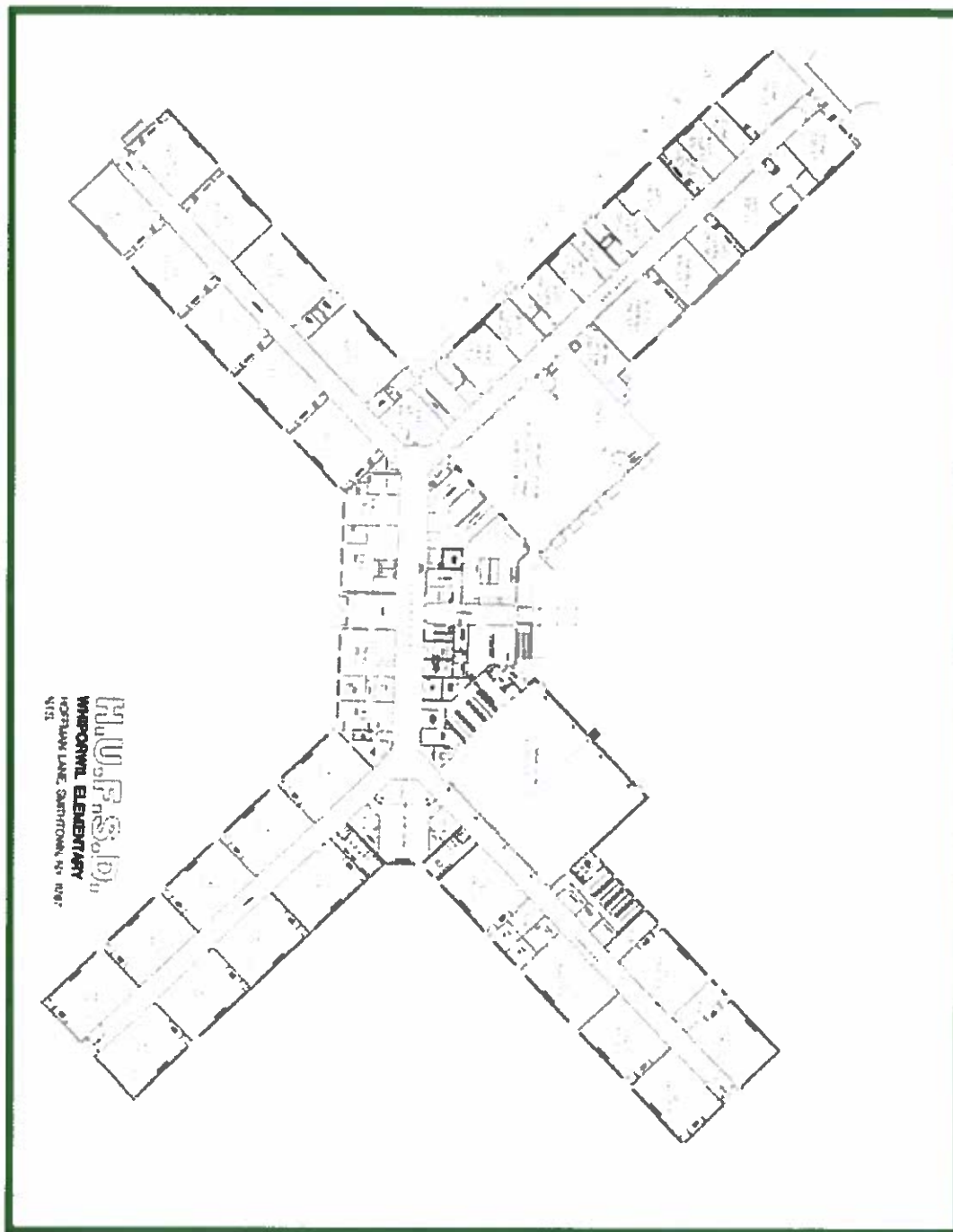
John Fitzgerald
State Certified General Real Estate Appraiser
Lic #46000048953



James G. Taylor, MAI, SRA
State Certified General Real Estate Appraiser
Lic. # 46000002848

ADDENDA

SUBJECT FLOOR PLAN



AREA MAP LOCATING SUBJECT PROPERTY



AREA MAP LOCATING SUBJECT PROPERTY AND LAND SALES



AREA MAP LOCATING SUBJECT PROPERTY AND COMPARABLE IMPROVED SALES



LICENSE OF THE APPRAISER

UNIQUE ID NUMBER 46000002848	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 86202
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS		EFFECTIVE DATE MO DAY YR 09 12 15
TAYLOR JAMES G C/O ROGERS & TAYLOR APPRAISERS 300 WHEELER RD STE 302 HAUPPAUGE, NY 11788-4300		EXPIRATION DATE MO DAY YR 09 11 17
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER		
		<small>In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed</small> CESAR A. PERALES SECRETARY OF STATE

UNIQUE ID NUMBER 46000048957	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 92262
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS		EFFECTIVE DATE MO DAY YR 05 12 16
FITZGERALD JOHN D C/O FITZGERALD JOHN D 11 CORAM SWEETOWN RD CORAM, NY 11723		EXPIRATION DATE MO DAY YR 05 11 18
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER		
		<small>In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed</small> ROSSANA ROSADO ACTING SECRETARY OF STATE