

APPRAISAL REPORT

ON

PROPERTY LOCATED AT

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

---



**REPUTED OWNER:**

Hauppauge School District

**DATE OF VALUATION:**

October 5, 2021

**PREPARED FOR:**

Lamb & Barnosky, LLP  
534 Broad Hollow Road, Suite #210  
PO Box 9034  
Melville, New York 11747

# ROGERS & TAYLOR APPRAISERS, INC.

300 Wheeler Road, Suite 302  
Hauppauge, New York 11788

James G. Taylor, MAI, SRA, President

## ***PARTNERS***

Robert J. Malone, MAI, SRA, AI-GRS  
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October 15, 2021

Lamb & Barnosky, LLP  
534 Broad Hollow Road, Suite #210  
PO Box 6009  
Melville, New York 11747

Attention: Eugene R. Barnosky, Esq.

Re: **Property Located at  
495 Hoffman Lane  
Hauppauge, Town of Islip  
Suffolk County, New York 11779  
Our File #: 37314-21**

Dear Mr. Barnosky:

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 5, 2021.

The subject property is located on the east side of Hoffman Lane approximately 968 $\pm$  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 $\pm$  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 $\pm$  Sq.Ft or 12.8  $\pm$  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 3/4 basement, 1/4 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 appraisal report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI (and amendments) of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This appraisal is in conformance with acceptable standards as promulgated by USPAP and The Appraisal Institute.

Based upon our market research and analysis, the Estimated Marketing Time and Estimated Exposure Time for the subject property is estimated to be nine to twelve months.

***The global outbreak of the COVID-19 Pandemic officially shut down the United States economy and most of the world economy in March of 2020. As of the writing of this report many of the restrictions in New York, New Jersey and Connecticut had been lifted and economic activities have restarted. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser has had discussions with market participants and concluded that adjustments, where necessary, are specific to individual properties, their particular mix of owner occupancy or tenancy and their individual markets. Adjustments have been considered and applied where necessary.***

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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 5, 2021, is as follows:

"AS IS"

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SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$7,200,000)

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Very truly yours,



**John Fitzgerald**  
State Certified General Real Estate Appraiser  
Lic #46000048953



**Benjamin T. Mojallali**  
State Certified General Real Estate Appraiser  
Lic. # 46000002605



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

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## QUALIFICATIONS OF THE APPRAISER

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### **JAMES G. TAYLOR, MAI, SRA**

Has been employed as a full-time appraiser for the past forty five 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.

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*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 1410) "Standards of Professional Practice," Part A
- ◆ (Course 1420) "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 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.

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## QUALIFICATIONS OF THE APPRAISER (CONT'D)

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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
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## QUALIFICATIONS OF THE APPRAISER

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### ***BENJAMIN T. MOJALLALI***

Has been a full time commercial appraiser for Rogers and Taylor Appraisers, Inc. since June, 1985 and a partner in the firm since February, 2013. Is the senior litigation appraiser for Rogers and Taylor Appraisers, Inc.

Completed four years as an undergraduate at S.U.N.Y. at Geneseo, Geneseo, New York. Received a B.A. Degree in Psychology. Completed two years of graduate study at S.U.N.Y. at Geneseo. Is a Certified General Real Estate Appraiser in the State of New York.

Has attended seminars, appraisal courses and lectures given by the Appraisal Institute, the Society of Real Estate Appraisers and other real estate organizations. Has attended and received credit for successful completion of Courses 101, 102, 201 and 202 (Appraisal Principles, Appraisal Theory and Income Capitalization and Income Property Appraisal Case Study) given by the Society of Real Estate Appraisers. Has attended and received credit for successful completion of Standards of Professional Practice, Parts A and B, given by the Appraisal Institute.

Has appraised all types of real estate including vacant and improved residential, commercial and industrial properties in the Long Island area. Has extensive experience appraising complex properties such as shopping centers, multi-tenanted office, R & D and industrial facilities, subdivisions, apartment, condominium and cooperative complexes, recreational and open space parcels, farmland, easements and vacant acreage tracts.

Has performed appraisals for litigation related to various types of proceedings including condemnation and tax certiorari. Has appraised for many New York and local law firms as well as lending institutions, private corporations and individuals to establish values on many types of real property.

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◇ R.E. General Appraiser - New York State License 46000002605

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### ASSOCIATION MEMBERSHIPS

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*Practicing Affiliate, Appraisal Institute*

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## QUALIFICATIONS OF THE APPRAISER

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### **JOHN FITZGERALD**

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Has been employed as a full-time appraiser for the past thirty five 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

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*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
- ◆ 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
- ◆ Seven (7) Hour National USPAP Update Course; 5/2021

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ASSOCIATION MEMBERSHIPS – Practicing Affiliate– Appraisal Institute

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# ***GENERAL INFORMATION***

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## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

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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
ECONOMIC LIFE:	60 Years
ESTIMATED EFFECTIVE AGE:	20 Years
ESTIMATED REMAINING ECONOMIC LIFE:	40 Years
ZONING:	"AAA Residential" District (Town of Islip)
HIGHEST & BEST USE:	
As Vacant	Residential Development
As Improved	As currently improved
DATE OF VALUE:	October 5, 2021

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VALUE INDICATED BY THE COST APPROACH:	\$7,100,000
VALUE INDICATED BY THE INCOME APPROACH:	\$7,250,000
VALUE INDICATED BY THE SALES COMPARISON APPROACH:	\$7,200,000
<b>ESTIMATED MARKET VALUE:</b>	<b>\$7,200,000</b>

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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**FRONT VIEW OF BUILDING AND SITE**



**FRONT VIEW OF BUILDING AND SITE**

## PHOTOGRAPHS OF SUBJECT PROPERTY

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**REAR VIEW OF BUILDING AND SITE**



**SIDE VIEW OF BUILDING AND SITE, BASEMENT ENTRANCE**



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**PHOTOGRAPHS OF SUBJECT PROPERTY**

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**REAR VIEW OF BUILDING AND SITE**



**REAR VIEW OF BUILDING & SITE**

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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**ELECTRIC SERVICE**



**OIL HOT WATER HEATING FURNACES**



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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**TYPICAL HALLWAY**



**TYPICAL LAVATORY**



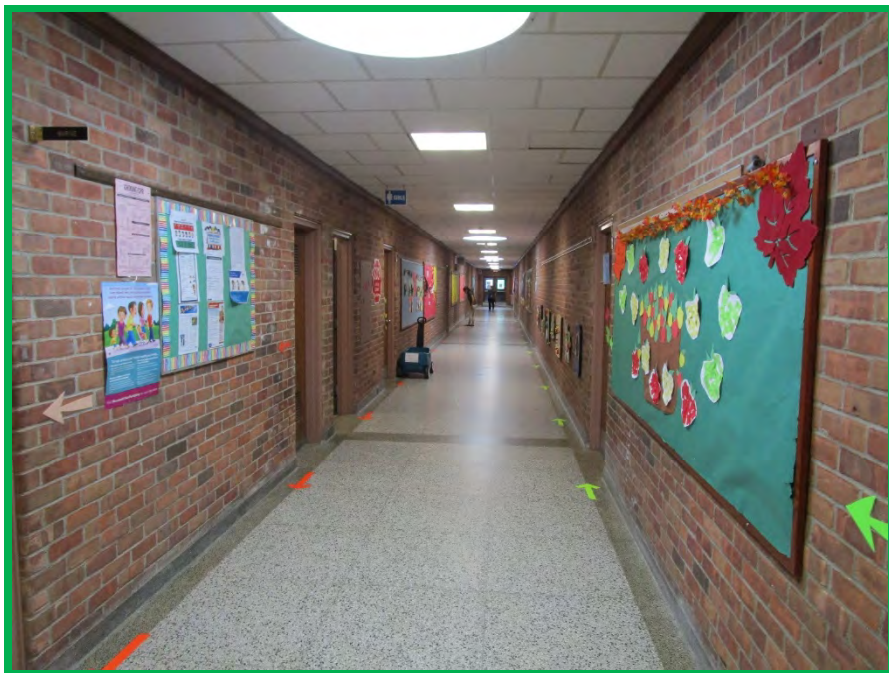
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## PHOTOGRAPHS OF SUBJECT PROPERTY

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TYPICAL HALLWAY



TYPICAL HALLWAY

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## PHOTOGRAPHS OF SUBJECT PROPERTY

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TYPICAL CLASSROOM



TYPICAL CLASSROOM



## PHOTOGRAPHS OF SUBJECT PROPERTY

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**TYPICAL CALSSROOM**



**TYPICAL LAVATORY**

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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**ENTRANCE LOBBY**



**OFFICE**

## PHOTOGRAPHS OF SUBJECT PROPERTY

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OFFICE



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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**AUDITORIUM**



**GYMNASIUM**

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**PHOTOGRAPHS OF SUBJECT PROPERTY**

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**CLASSROOM LAVATORY**



**TYPICAL CALSSROOM**



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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**BASEMENT LEVEL**



**BASEMENT LEVEL MAINTENANCE SHOP**



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## PHOTOGRAPHS OF SUBJECT PROPERTY

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ROOF



ROOF

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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**BUS FUELING STATION**



**BUS FUELING STATION**



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## PHOTOGRAPHS OF SUBJECT PROPERTY

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**HOFFMAN LANE FACING SOUTH**



**HOFFMAN LANE FACING NORTH**

## AERIAL VIEW OF SUBJECT PROPERTY

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### **INTENDED USE OF THE APPRAISAL**

The intended use is for use and marketing decisions by Lamb & Barnosky, LLP.

This will be done by estimating the market value of the subject property “As Is” as of October 5, 2021, the date of last inspection.

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### **INTENDED USER OF THE APPRAISAL**

The intended user of this appraisal report is our client, Lamb & Barnosky, LLP.

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### **DATE OF THE APPRAISAL**

The market value of the fee simple estate of the subject property has been estimated as of October 5, 2021, the date of last inspection. This report is being written as of October 15, 2021. A physical inspection of the subject improvements was conducted by John Fitzgerald representing Rogers and Taylor Appraisers, Inc.

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## MARKET VALUE DEFINED

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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.<sup>1</sup>

*\*The 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.*

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### 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.*



## DEFINITIONS (CONT'D)

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### "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.*

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### 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, 2020-21 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 months to 12 months.

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### 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 months to 12 months.

## DEFINITIONS (CONT'D)

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

“An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume uncertain information that might include physical, legal or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis  
(USPAP 2020-2021 ed.)”\*

\* 2020-21 Uniform Standards of Professional Appraisal Practice (USPAP), p.4

No Extraordinary Assumptions were utilized in the development of this report.

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A **Hypothetical Condition** can be defined as follows:

1. A condition that is presumed to be true when it is known to be false.
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts 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 2020-21 ed.)”\*

\*Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015) page 113

No Hypothetical Conditions were utilized in the development of this report.

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### **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



## DEFINITIONS (CONT'D)

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### **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*

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### **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*

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## PROPERTY IDENTIFICATION

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The subject property is located on the east side of Hoffman Lane approximately 968 $\pm$  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 $\pm$  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 $\pm$ Sq.Ft or 12.8  $\pm$ acres according to Islip Town Tax Maps. The subject site is zoned "AAA Residential" according to the Town of Islip building department.

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## PROPERTY RIGHTS APPRAISED

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The subject is partially tenant-occupied, however, the rents are at market and the leases are short term, therefore, the Fee Simple rights are 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.*

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## OWNERSHIP AND OCCUPANCY

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OWNER: Hauppauge School District.

OCCUPANT: Tenant and Owner-occupied

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## SALES HISTORY

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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 listed for sale.

### Special Note

The appraiser has been made aware of a tentative contract out on the subject property between the owner and Beechwood Homes Organization. The proposed sale price is \$13,000,000. This contract is subject to the successful change of zone and approval of application to build 128 senior condominium units with clubhouse and pool. The appraiser interviewed the Islip Town Planning Department. This revealed that there have been no applications submitted to the town to start this process.

The current zoning does not permit this type of development. The buyer has also submitted the condition that this sale would be voided if the town does not approve specifically what is requested. Any variation from the plan, such as a reduction in number of units or additional requirements added, would cancel the contract.

This contract does not indicate market value for the subject. The agreement is speculative, and highly dependent on the Extraordinary Assumption that all approvals would be granted, and that local civic groups would accept this change in use.

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## SCOPE OF THE APPRAISAL

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At the time of the inspection, the site was improved with an owner-occupied, one-story school building currently used as a day care building with pre-school.

In developing our estimate of market value, all three approaches to value were considered. It was determined that the Cost, Income Approach and the Sales Approach are 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 5, 2021.

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

- \* Inspected the subject property on October 5, 2021, 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 Income, Cost Approach and the Sales Comparison Approach to Value through analysis of comparable rentals and sales of comparable land and buildings.
- \* Reconciled the developed approaches.

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## CURRENT ECONOMIC CONDITIONS (BY FEDERAL RESERVE DISTRICT)

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*September 8, 2021*

### **Summary of Commentary on Current Economic Conditions by Federal Reserve District**

This report was prepared at the Federal Reserve Bank of New York based on information collected on or before August 30, 2021. This document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

#### OVERALL ECONOMIC ACTIVITY

Economic growth downshifted slightly to a moderate pace in early July through August. The stronger sectors of the economy of late included manufacturing, transportation, nonfinancial services, and residential real estate. The deceleration in economic activity was largely attributable to a pullback in dining out, travel, and tourism in most Districts, reflecting safety concerns due to the rise of the Delta variant, and, in a few cases, international travel restrictions. The other sectors of the economy where growth slowed or activity declined were those constrained by supply disruptions and labor shortages, as opposed to softening demand. In particular, weakness in auto sales was widely ascribed to low inventories amidst the ongoing microchip shortage, and restrained home sales activity was attributed to low supply. Growth in non-auto retail sales slowed a bit in some Districts, rising at a modest pace, on balance, across the nation. Residential construction was up slightly, on balance, and nonresidential construction picked up modestly. Trends in loan volumes varied widely across Districts, ranging from down modestly to up strongly. Reports on the agriculture and energy sectors were mixed across Districts but, on balance, positive. Looking ahead, businesses in most Districts remained optimistic about near-term prospects, though there continued to be widespread concern about ongoing supply disruptions and resource shortages.

#### EMPLOYMENT AND WAGES

All Districts continued to report rising employment overall, though the characterization of the pace of job creation ranged from slight to strong. Demand for workers continued to strengthen, but all Districts noted extensive labor shortages that were constraining employment and, in many cases, impeding business activity. Contributing to these shortages were increased turnover, early retirements (especially in health care), childcare needs, challenges in negotiating job offers, and enhanced unemployment benefits. Some Districts noted that return-to-work schedules were pushed back due to the increase in the Delta variant. With persistent and extensive labor shortages, a number of Districts reported an acceleration in wages, and most characterized wage growth as strong—including all of the midwestern and western regions. Several Districts noted particularly brisk wage gains among lower-wage workers. Employers were reported to be using more frequent raises, bonuses, training, and flexible work arrangements to attract and retain workers.

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

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### PRICES

Inflation was reported to be steady at an elevated pace, as half of the Districts characterized the pace of price increases as strong, while half described it as moderate. With pervasive resource shortages, input price pressures continued to be widespread. Most Districts noted substantial escalation in the cost of metals and metal-based products, freight and transportation services, and construction materials, with the notable exception of lumber whose cost has retreated from exceptionally high levels. Even at greatly increased prices, many businesses reported having trouble sourcing key inputs. Some Districts reported that businesses are finding it easier to pass along more cost increases through higher prices. Several Districts indicated that businesses anticipate significant hikes in their selling prices in the months ahead.

### *Second District--New York*

#### SUMMARY OF ECONOMIC ACTIVITY

Economic growth in the Second District returned to a more moderate pace in the latest reporting period, as the Delta variant has become more prevalent. Still, contacts continued to express fairly widespread optimism about the business outlook. The job market has remained exceptionally tight, as firms continued to add workers and raise wages amidst extensive reports of labor shortages. Input price pressures have continued to broaden, and a large majority of businesses report that they have continued to hike selling prices. Consumer spending has leveled off, reflecting a combination of decelerating demand and extensive supply bottlenecks. Home sales and rental markets have been strong, while office markets were steady in much of the District but remained weak in New York City. Construction activity has picked up. Finally, contacts in the broad finance sector reported modest growth in activity, while regional banks reported steady loan demand and ongoing declines in delinquency rates.

#### EMPLOYMENT AND WAGES

The job market has remained exceptionally tight, with businesses continuing to add workers and planning further hiring in the months ahead, but worried about widespread labor shortages. A major New York City employment agency reported an increase in job postings, noting that employers and job candidates remain far apart not only on compensation but also on flexibility regarding hybrid work arrangements. An upstate New York employment agency indicated a slight increase in hiring activity—particularly for salespeople—and also reported ongoing labor shortages, noting that businesses have been increasingly looking outside the region for candidates. Businesses anticipate further widespread hiring in the months ahead, especially in the professional & business services and wholesale trade sectors. In particular, businesses are expected to hire more administrative support people if and when business travel picks up. Many firms that have been operating remotely have pushed back a return to the office from September to later in the year.

Wage growth has picked up further, particularly in the leisure & hospitality and retail trade sectors. An upstate New York employment agency noted a sharp increase in wages, while a New York City agency reported moderate wage growth. Looking ahead, fairly widespread wage hikes are anticipated across all major industries.

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

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### ***Second District--New York***

#### **PRICES**

Firms have continued to report exceptionally widespread increases in input prices—particularly in the construction, manufacturing, wholesale trade, and transportation & warehousing industries. Contacts in all sectors anticipate widespread input price hikes for the remainder of 2021.

Selling prices accelerated further, with particularly widespread price hikes reported by manufacturers and wholesalers. Retail prices have risen to varying degrees: effective prices for both new and used vehicles are up sharply, while prices for general merchandise have risen moderately. A sizable share of contacts in all sectors plan to increase prices over the next six months.

#### **CONSUMER SPENDING**

Consumer spending has leveled off in the latest reporting period. Non-auto retailers reported some plateauing in activity in recent weeks, though one major chain did note continued improvement in sales in August, led by brisk back-to-school spending. In New York City, sales have continued to trend up, as mask and vaccine mandates have alleviated some safety concerns, but they remain well below pre-pandemic levels, hampered by an ongoing dearth of international visitors and office workers. Retailers have grown somewhat less optimistic about prospects for the remainder of 2021. Consumer confidence among New York State residents remained near record highs in July.

An increasingly severe shortage of auto inventories has led to weakening sales of new vehicles in recent weeks. Dealers perceive no end in sight to the microchip shortage that has severely limited their inflow of new vehicles. At this point, new cars being delivered to dealers are largely already spoken for. Sales of used autos have also weakened somewhat but remain at high levels.

#### **MANUFACTURING AND DISTRIBUTION**

Contacts in the manufacturing and wholesale trade sectors indicated that growth has slowed markedly in recent weeks, while those in the transportation & warehousing sector noted a pickup in growth. Contacts continued to note that their business has been constrained by supply disruptions and worker shortages. Looking ahead to the second half of this year, companies in these sectors remained widely optimistic about business prospects, though labor shortages remained a major concern.

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

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### ***Second District--New York***

#### **SERVICES**

Service industry contacts reported continued growth in activity but at a slower pace than in recent months. The information and leisure & hospitality industries, which had looked overwhelmingly positive in the prior report, grew more moderately. Similarly, firms in professional & business services and education & health services reported moderate improvement. Looking ahead, contacts in all these sectors continued to express optimism about business prospects.

Tourism has been mixed but slightly softer, on balance, since the last report. Across upstate New York, major outdoor events, such as the state fair, have been well attended, contributing to a brisk summer tourism season. But the extension of restrictions on visitors, especially from Canada, has dampened activity in some areas.

In New York City, rising concerns about the Delta variant and the extension of federal restrictions on foreign visitors have constrained activity and led to the cancellation of summer events, such as the Fancy Foods Show and the Auto Show. Still, as hotels have reopened, occupancy rates remained above 50 percent, and a number of major events, such as the U.S. Open and ComicCon, are still on.



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

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### ***Second District--New York***

#### **REAL ESTATE AND CONSTRUCTION**

Housing markets have been mixed but, on balance, steady in recent weeks. Sales markets outside New York City have remained robust, though volume has receded somewhat—largely reflecting a lack of supply and a typical summer lull. Inventories have remained exceptionally lean, and prices are up fairly dramatically from pre-pandemic levels and have continued to rise, though bidding wars have become less prevalent and overbids have become more subdued. In New York City, market conditions have been mixed but mostly stronger. In Manhattan, prices have trended up but are still down 7 percent from 2019 levels, while inventory remains elevated; sales volume is reported to be 16 percent higher than before the pandemic. In the rest of the city, conditions are more akin to suburban markets, with prices at record highs and inventories lean.

New York City's rental market has continued to rebound, with leasing activity reported to be exceptionally brisk and vacancy rates retreating. Rents have continued to rebound but are still down 10 percent from early-2020 levels in Manhattan and down 3-5 percent across the rest of New York City. Rents have generally rebounded more strongly on larger than on smaller units. A substantial supply of new apartments (rental and condo) is currently in development.

Commercial real estate markets have remained mixed across the District. New York City's office market has continued to slacken, with record-high sublet space available and rents still trending down. While some firms, notably large tech companies, have leased more space, many others have reduced their footprint in Manhattan or plan to do so. In suburban markets around New York City, market conditions have stabilized, with availability rates leveling off and rents steady to down slightly. Office markets across upstate New York have shown signs of rebounding.

In New York City, a sizable amount of space is currently under construction, and new construction has picked up for both office and multifamily structures. Construction sector contacts expect business to improve in the months ahead but have continued to express concern about the cost and availability of materials and labor.

#### **BANKING AND FINANCE**

Businesses in the broad finance sector indicate that activity has increased moderately since the last report. Bankers reported a slight pickup in overall loan demand, with increased demand for commercial mortgages but slightly weaker demand for consumer and commercial and industrial loans. Refinancing activity decreased on net. Credit standards were reported as unchanged across all categories, while loan spreads decreased across the board. Finally, delinquency rates continued to improve across all categories.

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## SUFFOLK COUNTY DATA

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2021

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.

## **SUFFOLK COUNTY DATA (CONT'D)**

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### *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 July 2019 was 1,481,093. The population increase is 0.8% from April 1, 2010. In 2000, the Census count in Suffolk County was 1,493,350.



The screenshot shows a web interface for Suffolk County, New York. At the top, there is a search bar with 'Suffolk County, New York' entered. Below the search bar, there is a section titled 'PEOPLE' with a sub-section 'Population'. The table lists four population-related metrics for Suffolk County.

Population estimates, July 1, 2019, (V2019)	1,481,093
Population estimates base, April 1, 2010, (V2019)	1,493,147
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	-0.8%
Population, Census, April 1, 2010	1,493,350

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



The screenshot shows a web interface for comparing Nassau County and Suffolk County. At the top, there are two search bars, one for 'Nassau County, New York' and one for 'Suffolk County, New York'. Below the search bars, there is a section titled 'PEOPLE' with a sub-section 'Population'. The table lists four population-related metrics for both counties.

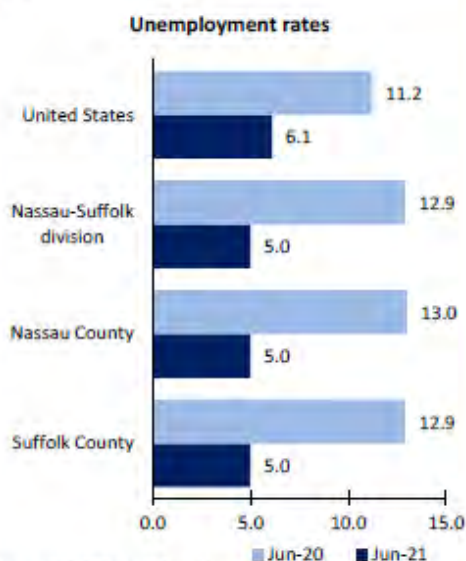
	Nassau County, New York	Suffolk County, New York
Population estimates, July 1, 2019, (V2019)	1,358,343	1,481,093
Population estimates base, April 1, 2010, (V2019)	1,339,885	1,493,147
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	1.4%	-0.8%
Population, Census, April 1, 2010	1,339,532	1,493,350

## Nassau-Suffolk Division Economic Summary

Updated August 03, 2021

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](http://www.bls.gov/regions/economic-summaries.htm).

### Unemployment rates for the nation and selected areas



### Average weekly wages for all industries by county

Nassau division, fourth quarter 2020

(U.S. = \$1,339)



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



Nassau division employment (number in thousands)	Jun. 2021	Change from Jun. 2020 to Jun. 2021	
		Number	Percent
Total nonfarm	1,254.0	104.6	9.1
Mining, logging, and construction	73.1	-0.3	-0.4
Manufacturing	67.4	3.0	4.7
Trade, transportation, and utilities	244.2	23.8	10.8
Information	14.3	0.3	2.1
Financial activities	68.5	1.7	2.5
Professional and business services	167.4	15.5	10.2
Education and health services	260.4	16.0	6.5
Leisure and hospitality	111.4	30.4	37.5
Other services	49.8	7.2	16.9
Government	197.5	7.0	3.7

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

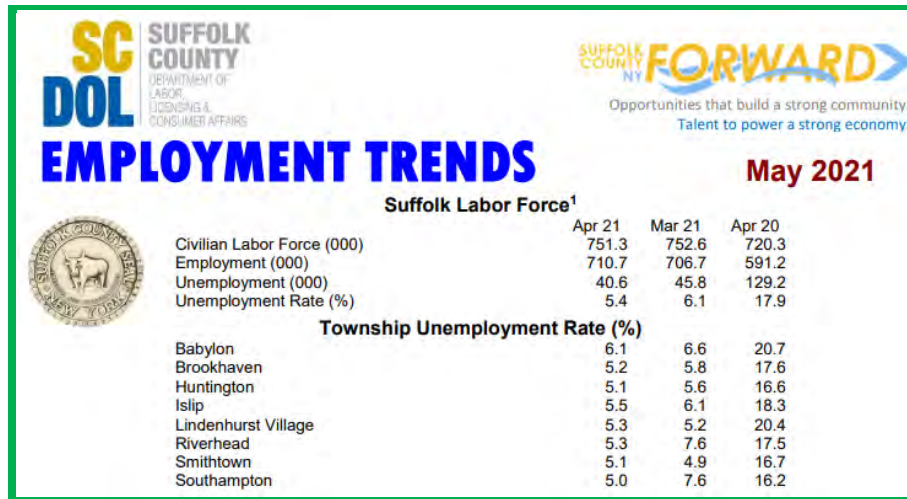


## SUFFOLK COUNTY DATA (CONT'D)

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### UNEMPLOYMENT

According to New York State Department of Labor statistics, Suffolk County unemployment rate in February 2021 was 4.1%. Since, Covid 19, the unemployment rate had increased to 10.4%.



### LABOR MARKET

The number of private sector jobs on Long Island increased over the year by 14,700, or 1.3 percent, to 1,134,000 in September 2019. In comparison, the state's over-the-year private sector growth rate was 1.2 percent and the nation's was 1.9 percent.

Long Island's private sector job count increased by 6,600 between February and March (not seasonally adjusted), lower than the average gain of 11,700. Weakness was centered in the professional and business services category which lost 200 jobs in March, when a gain of 2,400 is typical. Leisure and hospitality also had a weak March, adding only 1,300 jobs, less than half the average gain of 2,700. On a positive note, Long Island's manufacturing sector added 800 jobs in March, more than double the average gain of 300.

Five of nine private industry sectors gained jobs in March compared to a year ago — education and health services (+11,500), natural resources, mining, and construction (+5,100), leisure and hospitality (+3,000), manufacturing (+900), and trade, transportation, and utilities (+100). The government sector added 100 jobs over-the-year.

## SUFFOLK COUNTY DATA (CONT'D)

The following job titles are likely to see greater than average growth and offer above average wages:

- Software Developers, Applications (\$93,660)
- Physical Therapists (\$91,230)
- Registered Nurses (\$86,940)
- Plumbers, Pipefitters, and Steamfitters (\$78,610)
- Market Research Analysts and Marketing Specialists (\$68,590)

### EMPLOYMENT BASE

#### TOP 10 MAJOR EMPLOYERS ON LONG ISLAND

Northwell Health  
Diocese of Rockville Centre  
SUNY at Stony Brook  
U.S. Postal Service  
Catholic Health Services

Cablevision Systems  
Long Island Rail Road  
Winthrop South Nassau University Health System  
Verizon Communications

### HOUSEHOLDS

#### Households

**482,099**

Number of households

New York: 7,304,332

United States: 120,062,818

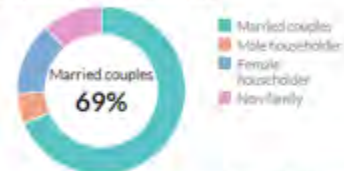
**3**

Persons per household

about 20 percent higher than the figure in New York: 2.6

about 20 percent higher than the figure in United States: 2.7

#### Population by household type



Show data / Embed

### HOUSEHOLDS BY INCOME

#### Income

**\$41,331**

Per capita income

about 10 percent higher than the amount in New York: \$37,156

about 1.3 times the amount in United States: \$32,397

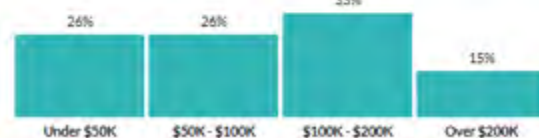
**\$94,750**

Median household income

about 1.5 times the amount in New York: \$64,894

about 1.5 times the amount in United States: \$60,336

#### Household income



Show data / Embed

## 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.

### HOUSING MARKET

According to Douglas Elliman 2Q 2021, The second quarter of 2021 showed a surge to new records, for the fourth consecutive quarter. However, that pattern was not reflective of the recent change in market conditions that began in early March 2020 and has been measured in terms of days.

Days on market, the average number of days from the original listing date to the contract date, was 60 days as of Q2 2021, slightly lower than previous quarter Q1 2021. Listing discount, the percentage difference between the original list price and the contract price, was 1.3% lower than 3.3% from the year-ago quarter

- *Average and median sales price surged to new records*
- *Sales surged year over year for the 3<sup>rd</sup> straight quarter as listing inventory saw a large decline*
- *The market pace fell annually to the 3<sup>rd</sup> fastest moving market in nearly 18 years of tracking*

Long Island Matrix	Q2-2021	%Δ (qtr)	Q1-2021	%Δ (yr)	Q2-2020
Average Sales Price	\$646,582	6.1%	\$609,550	18.3%	\$546,399
Median Sales Price	\$555,000	5.7%	\$525,000	18.3%	\$469,000
Number of Sales (Closed)	7,693	-1.2%	7,789	68.6%	4,562
Days on Market (From Last List Date)	60	-4.8%	63	-21.1%	76
Listing Discount (From Last List Price)	1.3%		1.8%		3.3%
Listing Inventory	6,754	22.1%	5,532	-30.5%	9,714
Months of Supply	2.6	23.8%	2.1	-59.4%	6.4
Year-to-Date	Q2-2021	%Δ (qtr)	Q1-2021	%Δ (yr)	Q2-2020
Average Sales Price (YTD)	\$627,951	N/A	N/A	17.6%	\$533,901
Median Sales Price (YTD)	\$540,000	N/A	N/A	17.4%	\$459,900
Number of Sales (YTD)	15,482	N/A	N/A	50.0%	10,319

## SUFFOLK COUNTY DATA (CONT'D)

As reported by Douglas Elliman – 2<sup>nd</sup> Quarter of 2021

### Single Family Market

- *Price trend indicators reached new highs as listing inventory fell to the third lowest on record*
- *Due to surging sales and plummeting listing inventory, the pace of the market was the third fastest on record*
- *Marketing time and negotiability were the tightest on record*

Single Family Matrix	Q2-2021	%Δ (QTR)	Q1-2021	%Δ (YR)	Q2-2020
Average Sales Price	\$682,015	7.1%	\$637,018	19.1%	\$572,549
Median Sales Price	\$575,000	5.5%	\$545,000	18.6%	\$485,000
Number of Sales (Closed)	6,622	-2.3%	6,780	67.2%	3,960
Days on Market (From Last List Date)	59	-3.3%	61	-22.4%	76
Listing Discount (From Last List Price)	1.3%		1.7%		3.2%
Listing Inventory	6,254	22.1%	5,121	-34.3%	9,512
Months of Supply	2.8	21.7%	2.3	-61.1%	7.2

### Luxury Market

- *Listing inventory fell by its steepest annual rate for the third straight quarter to its third lowest level on record*
- *Average and median sales price surged year over year to record highs*
- *One out of four luxury listings were sold by bidding wars, more than double the market share of the prior year*

Luxury Matrix	Q2-2021	%Δ (QTR)	Q1-2021	%Δ (YR)	Q2-2020
Average Sales Price	\$1,599,620	7.0%	\$1,495,164	17.7%	\$1,358,774
Median Sales Price	\$1,300,000	4.6%	\$1,243,000	18.2%	\$1,100,000
Number of Sales (Closed)	779	0.0%	779	69.7%	459
Days on Market (From Last List Date)	96	-14.3%	112	-22.0%	123
Listing Discount (From Last List Price)	5.8%		5.9%		7.1%
Listing Inventory	2,076	-0.7%	2,091	-40.8%	3,506
Months of Supply	8.0	-1.2%	8.1	-65.1%	22.9
Entry Price Threshold	\$980,000	6.6%	\$919,000	14.0%	\$860,000

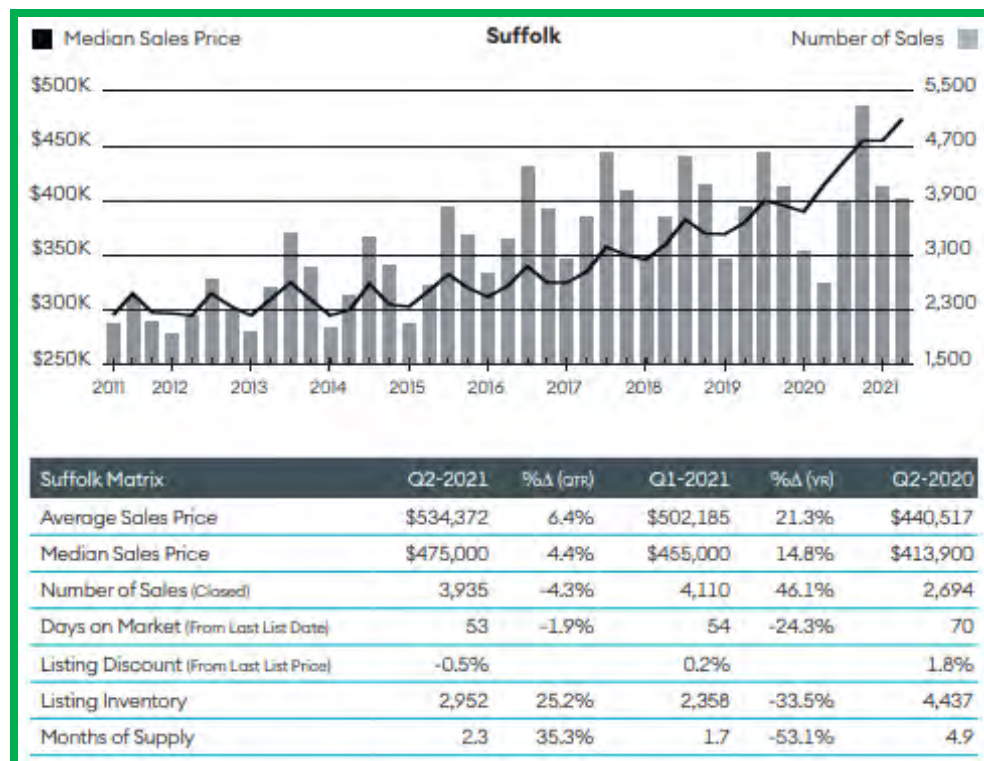
## SUFFOLK COUNTY DATA (CONT'D)

### HOUSING MARKET

#### SUFFOLK COUNTY

- Average and median sales price rose to record levels
- The number of sales jumped as listing inventory fell sharply respectively, year over year
- Days on market and listing discount fell to record lows

There were 3,935 sales in the second quarter of 2021, down from 4,110 sales in the previous year quarter. Listing inventory increased dramatically 25.2% from previous year quarter. The median sales price of a Suffolk County property was \$475,000, up 4.4% from \$455,000 in the first quarter of 2021 and up 14.8% from previous year quarter. Average sales prices increased 6.4% in the 2<sup>nd</sup> quarter 2021 from the previous year quarter.





## **SUFFOLK COUNTY DATA (CONT'D)**

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### 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 DATA (CONT'D)

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### PROJECTS IN SUFFOLK COUNTY

According to Newsday article, real estate developer, Robert Toussie plans to sell more than 230 parcels of land in Suffolk County at a two-day auction. Toussie, considered one of the largest owners of private land on Long Island, said he's eager to let go of some of the properties he's accumulated in his extensive portfolio over the last five decades. The parcels, located throughout six towns, from Babylon to the Hamptons, are mostly zoned for residential use, with about 25 percent designated for commercial purposes. Starting bids will range from \$7,000 to \$6.5 million. "The idea is to rebuild, revitalize and re-energize Long Island," he said. "Right now young people can't find affordable homes here, and builders can't get property. Truth is, there's almost no available buildable land left in Suffolk County."

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.

#### Deer Park

Tanger Outlets at the Arches

\$440 million, 800,000 square foot outdoor mall on 83 acres

#### Brentwood

Heartland Town Square

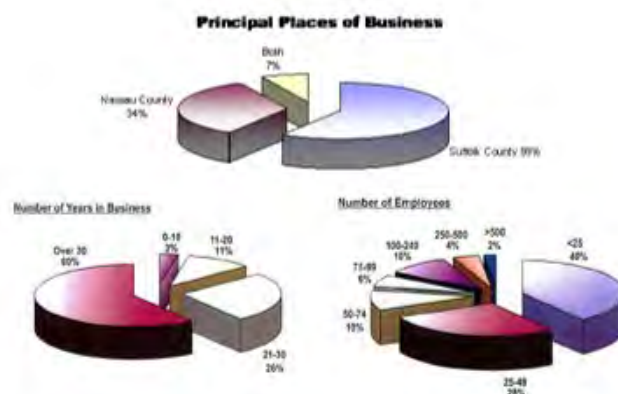
\$4 billion development on more than 450 acres at former Pilgrim Psychiatric Center, proposed in 2002.

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:



# Long Island Market Reports

2Q21

Demand for office space on Long Island remained soft in the second quarter of 2021.



### Long Island Office Market

**Average Asking Rent (Price/SF)**

**\$28.21**

**Vacancy Rate (%)**

**11.0%**

**Net Absorption (SF)**

**-166,073**

Demand for office space on Long Island remained soft in the second quarter of 2021. Vacancy increased from 10.7% at the start of the year to 11.0% as disruptions related to COVID-19 continued to impact the market. Net absorption totaled negative 166,073 square feet with several large sublet additions in Suffolk County accounting for the increase in availability. Most notably, Allstate is looking to downsize and has put its 80,000-square-foot property along Veterans Memorial Highway in Hauppauge on the market for sublease.

## Long Island Industrial Market

Demand for office space on Long Island remained soft in the second quarter of 2021. Vacancy increased from 10.7% at the start of the year to 11.0% as disruptions related to COVID-19 continued to impact the market. Net absorption totaled negative 166,073 square feet with several large sublet additions in Suffolk County accounting for the increase in availability. Most notably, Allstate is looking to downsize and has put its 80,000-square-foot property along Veterans Memorial Highway in Hauppauge on the market for sublease. Total sublease availability increased by 226,466 square feet from the previous quarter and is now up to 1.1 million square feet, a 59.7% rise since the beginning of the pandemic. Despite the uncertainty of the past year, average asking rents grew 4.2% quarter over quarter to \$28.21/SF. While the average asking rent remains secure, many landlords have become amenable to increasing concessions and it is expected that downward pressure on net-effective rents will continue to exist in the near-term.

### Current Conditions

- Average asking rents for Long Island grew to an all-time high of \$13.85/SF
- Net absorption was positive for the second straight quarter with 748,723 square feet recorded.
- Approximately 1.1 million square feet of industrial property traded across 32 transactions with an average sale price of \$162/SF

### Market Analysis

#### ASKING RENT AND VACANCY



Demand for office space on Long Island remained soft in the second quarter of 2021. Vacancy increased from 10.7% at the start of the year to 11.0% as disruptions related to COVID-19 continued to impact the market. Net absorption totaled negative 166,073 square feet with several large sublet additions in Suffolk County accounting for the increase in availability. Most notably, Allstate is looking to downsize and has put its 80,000-square-foot property along Veterans Memorial Highway in Hauppauge on the market for sublease. Total sublease availability increased by 226,466 square feet from the previous quarter and is now up to 1.1 million square feet, a 59.7% rise since the beginning of the pandemic. Despite the uncertainty of the past year, average asking rents grew 4.2% quarter over quarter to \$28.21/SF. While the average asking rent remains secure, many landlords have become amenable to increasing concessions and it is expected that downward pressure on net-effective rents will continue to exist in the near-term.

## SUFFOLK COUNTY DATA (CONT'D)

RESEARCH Q2 2021

### Economic Conditions

Resulting from a steady rate of improvement in COVID-19 positivity figures, New York State announced the expiration of most indoor capacity restrictions on May 19<sup>th</sup>, 2021. The reopening announcement marked a major milestone toward economic recovery from the pandemic recession. As economic activity resumed, the weekly number of unemployment applications has continued to fall, and the regions jobless rate dropped from 5.3% in April 2021 to 4.6% in May 2021.

Employment growth in industries most effected by the shutdown saw the biggest improvements annually, with Long Islanders employed in the Leisure/Hospitality sector growing 53.3% from May 2020. While the job market has experienced a strong rebound, the overall number of employed residents in Nassau and Suffolk counties is still 71,900 lower compared to May 2019, prior to the pandemic. Many locals are still contending with health and child care issues related to COVID-19 and some businesses are struggling to fill open positions due to ongoing fear of the virus.

### Employment By Industry

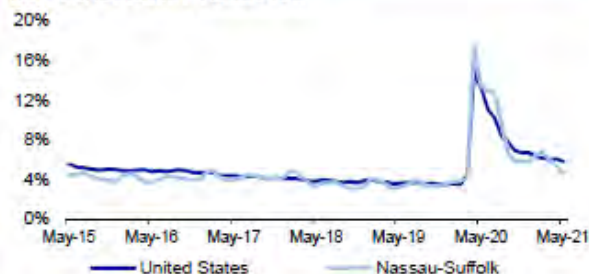
NASSAU-SUFFOLK, MAY 2021



Source: New York State Department of Labor

### Unemployment Rate

NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

### Payroll Employment

TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Consumer Price Index (CPI)

ALL ITEMS, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



### Employment Growth By Industry

NASSAU-SUFFOLK, MAY '21, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



## **SUFFOLK COUNTY DATA (CONT'D)**

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### **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**

The economic outlook for the country is mixed, with Long Island actually faring better than most regions by the end of the 2<sup>nd</sup> Quarter of 2021. 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. Long Island has emerged into a service-based economy, with the most growth seen in professional and business services.

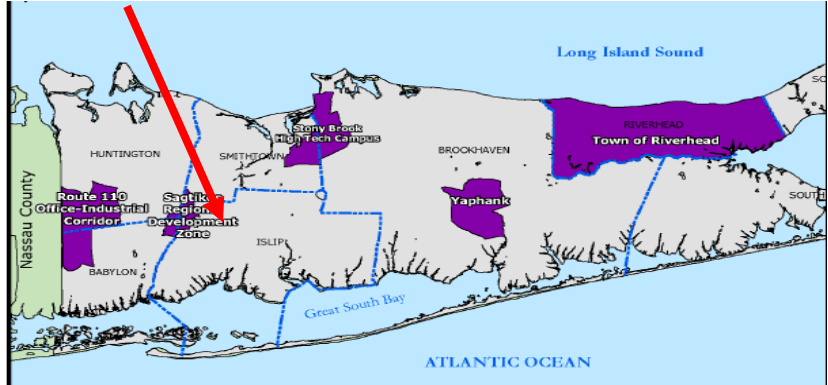
The outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is too early at this time to quantify the impact that this pandemic will have on the New York City and Long Island Commercial and Residential Real Estate Markets. The appraiser's continue to have conversations with market participants and while the predictions vary widely it is assumed that at least for the short term it will have a negative impact on the market. How it effects the varying markets of retail, residential, office and industrial has yet to be established. Suffolk County along with New York City will almost certainly feel the impacts of this pandemic in the varying sectors.



## AREA DATA

### TOWN OF ISLIP

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

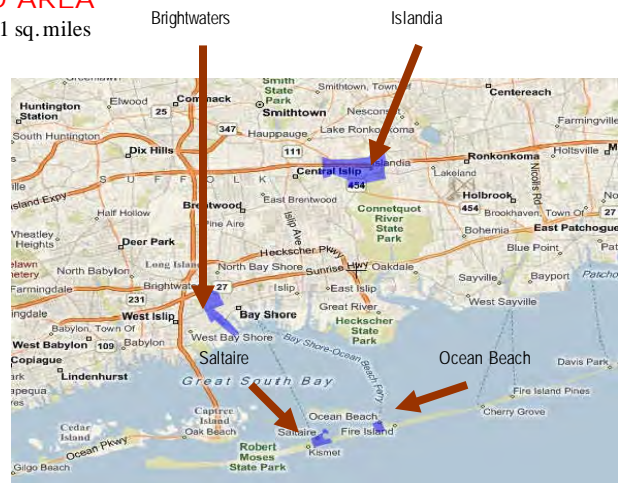
By 1825, the First Island Light House was constructed to provide light across the Great South Bay and regular ferry service between Bay Shore and Fire Island began in 1862. In 1867, the Long Island Railroad came to Islip. People were discovering Islip and the tourist trade soon took hold.

**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.



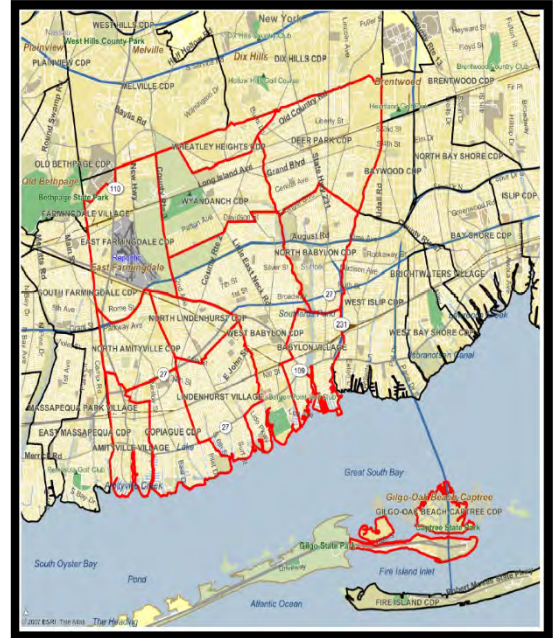
## AREA DATA (CONT'D)

### 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

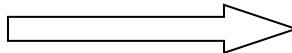
The Town of Islip has many heavily concentrated residential sections occupied by year round residents. Industrial corridor is located in Bohemia off Lakeland Avenue/Lincoln Avenue. In addition, there are many neighborhood shopping centers scattered throughout the Town, located along such secondary arteries 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.

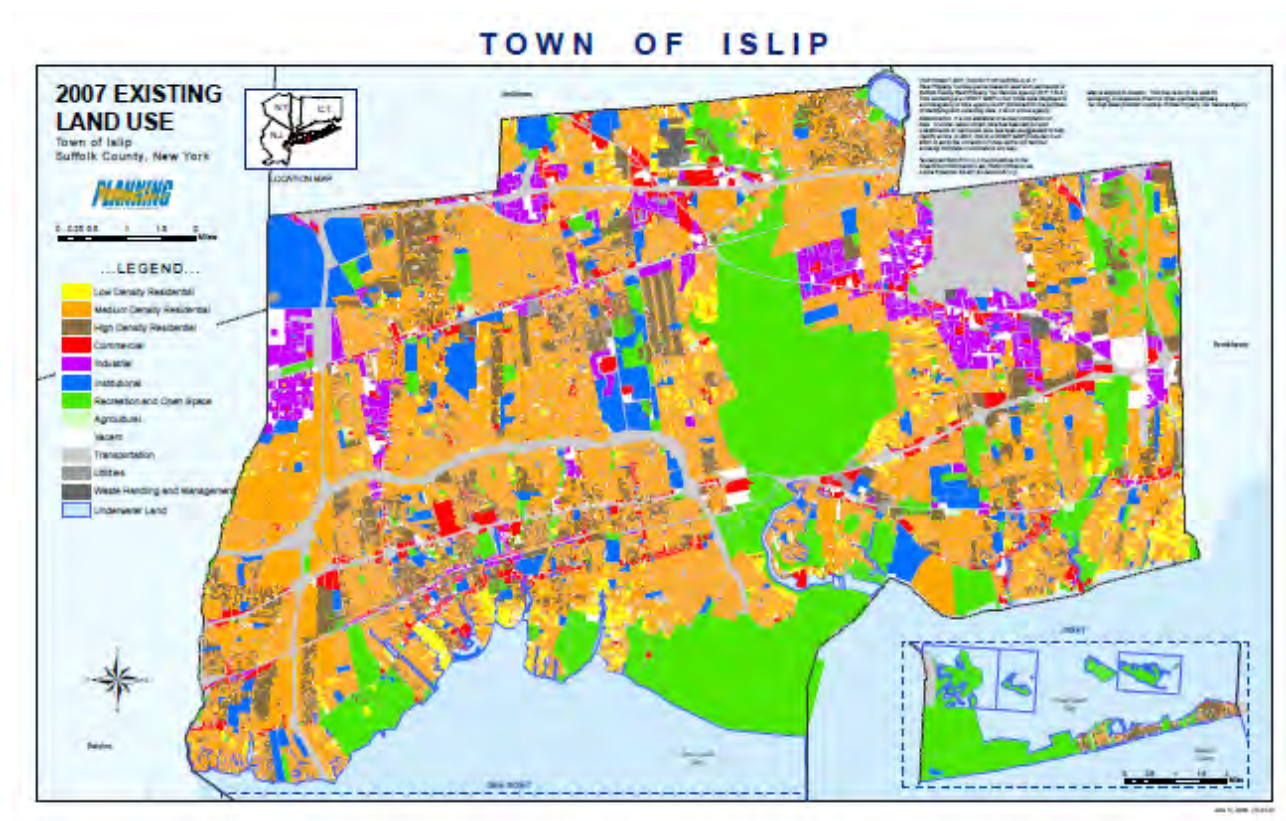


## AREA DATA (CONT'D)

### 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 2019 Census estimates indicate a population of 329,610 people in the Town of Islip, representing a 1.7% decrease 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 2<sup>nd</sup> 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 5<sup>th</sup> 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.



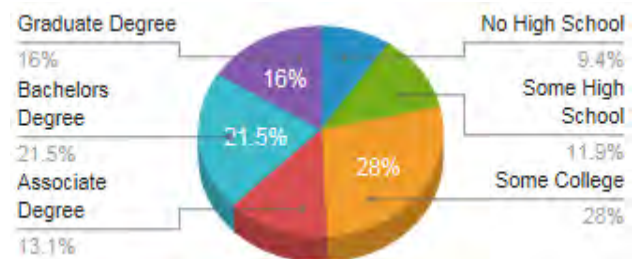
## AREA DATA (CONT'D)

### TOWN OF ISLIP

#### Population by Education

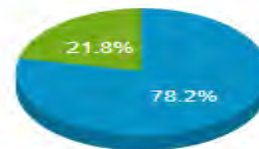
The educational attainment of the population aged 25 years or older in the Town of Islip was distributed as follows:

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



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

<b>White Collar</b>	78.20 %
<b>Blue Collar</b>	21.80 %



#### Labor Force/Employment

According to the U.S. Census Bureau, the Town of Islip labor force estimate for March 2021 was 172,500 slightly lower than the 175,500 from previous year. Households in Islip, NY have a median annual income of \$105,142, which is more than the median annual income of \$61,937 across the entire United States. This is in comparison to a median income of \$98,525 in 2017, which represents a 6.72% annual growth.

#### LABOR FORCE

Data in thousands.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2021	172.6	171.7	172.5										
2020	178.1	176.2	175.5	165.9	172.5	179.0	184.3	181.5	174.1	173.7	174.9	174.3	175.8
2019	176.6	175.1	177.0	176.1	177.5	179.6	182.2	180.8	178.0	177.7	177.8	177.2	178.0

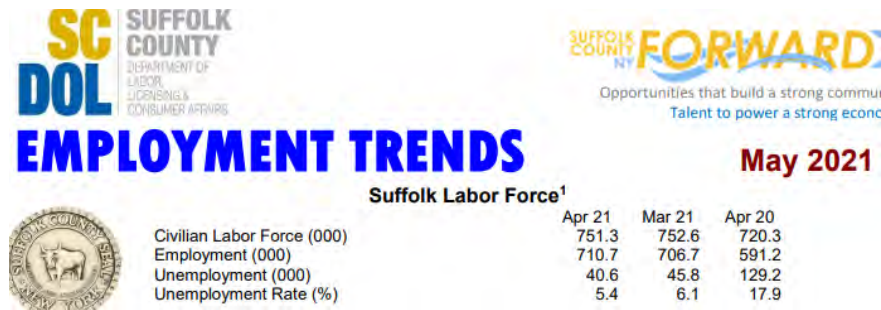


## AREA DATA (cONT'D)

### TOWN OF ISLIP

#### Labor Force/Employment Trends

As of May 2021, the occupational distribution for all of Suffolk County is as follows:



#### Unemployment

The unemployment rate for the Town of Islip as of April 2021 is 5.5% down from 18.3% in April 2020, which was up dramatically due to Covid 19 from 4.2% in the same month previous year. The following table shows unemployment rates as compared for all townships and Islip Town:

### As of May 2021

	Apr 21	Mar 21	Apr 20
<b>Township Unemployment Rate (%)</b>			
Babylon	6.1	6.6	20.7
Brookhaven	5.2	5.8	17.6
Huntington	5.1	5.6	16.6
Islip	5.5	6.1	18.3
Lindenhurst Village	5.3	5.2	20.4
Riverhead	5.3	7.6	17.5
Smithtown	5.1	4.9	16.7
Southampton	5.0	7.6	16.2

## AREA DATA (cONT'D)

### TOWN OF ISLIP

#### HOUSING MARKET

*As reported in the Elliman Report 2<sup>nd</sup> 2021:*

#### LONG ISLAND

According to Douglas Elliman 2Q 2021, The second quarter of 2021 showed a surge to new records, for the fourth consecutive quarter. However, that pattern was not reflective of the recent change in market conditions that began in early March 2020 and has been measured in terms of days.

Days on market, the average number of days from the original listing date to the contract date, was 60 days as of Q2 2011, slightly lower than previous quarter Q1 2021. Listing discount, the percentage difference between the original list price and the contract price, was 1.3% lower than 3.3% from the year-ago quarter

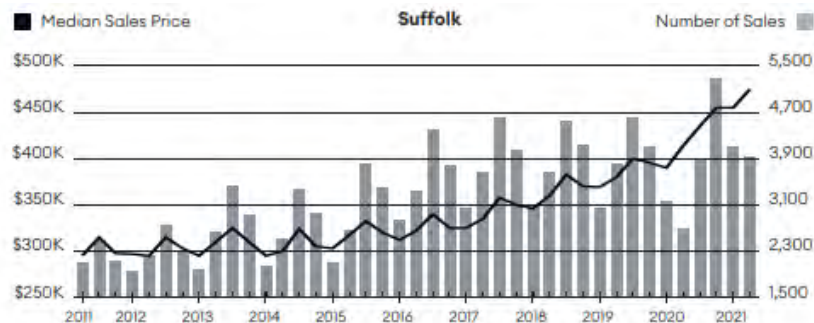
- *Average and median sales price surged to new records*
- *Sales surged year over year for the 3<sup>rd</sup> straight quarter as listing inventory saw a large decline*
- *The market pace fell annually to the 3<sup>rd</sup> fastest moving market in nearly 18 years of tracking*

#### SOUTH SHORE

- **Average and median sales price rose to new records for the fifth consecutive quarter**
- **Sales surged and listing inventory fell sharply respectively from the year ago quarter**

*As reported in the Elliman Report 2<sup>nd</sup> 2021:*

<b>SOUTH SHORE SUFFOLK</b>	<b>Q2 2021</b>	<b>% Chg (QTR)</b>	<b>Q1 2021</b>	<b>% Chg (YR)</b>	<b>Q2-2020</b>
<b>Average Sales Price</b>	\$477,538	4.9%	\$455,150	18.9%	\$401,777
<b>Median Sales Price</b>	\$445,000	2.3%	\$435,000	17.1%	\$380,000
<b>Number of Sales (Closed)</b>	1,347	-3.9%	1,402	42.8%	943
<b>Days of Market</b>	52	6.1%	49	-23.5%	68
<b>Listing Discount</b>	-1.0%		-0.6%		1.5%
<b>Listing Inventory (Active)</b>	988	25.7%	786	-20.4%	1,241
<b>Monthly Supply</b>	2.2	29.4%	1.7	-43.6%	3.9



## AREA DATA (cONT'D)

### TOWN OF ISLIP

#### HOUSING MARKET

### Homes For Sale in Islip, NY

There are 46 homes for sale in Islip, NY, 4 of which were newly listed within the last week. Additionally, there are 4 rentals, with a range of \$1.9K to \$3.2K per month. Islip has low crime risk. Discover more Islip listings for open houses, price reduced, foreclosures, recently sold, new home communities, and new home construction.

### Home values in Islip, NY

Islip is a city in New York and consists of 38 zip codes. There are 46 homes for sale, ranging from \$155K to \$1.6M. Islip has affordable condo/townhomes.

**\$479.9K**

Median Listing Home  
Price

**\$278**

Median Listing Home  
Price/Sq Ft

**\$535.8K**

Median Sold Home  
Price

#### Median Days on Market: 103 Days

1 Yr

2 Yr

**3 Yr**



On average, homes in Islip, NY sell after **103 days** on the market. The trend for median days on market in Islip, NY has gone down since last month, and slightly down since last year.

## AREA DATA (cONT'D)

### TOWN OF ISLIP

#### MEDIAN LISTING PRICE (according to Realtor.com as of July 2021)

##### Islip, NY Housing Market ⓘ

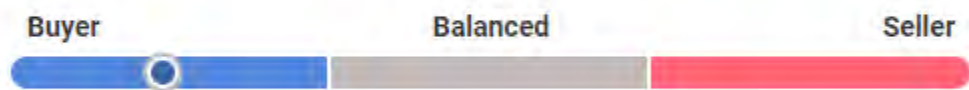
In July 2021, the median list price of homes in Islip, NY was \$479.9K, trending up 12.9% year-over-year. The median listing price per square foot was \$278. The median sale price was \$535.8K.

##### Median List Price vs. Median Sold Price



##### Sale-to-List Price Ratio: 105.91%

Homes in Islip, NY sold for **5.91% above** asking price on average in July 2021.



Islip, NY is a **buyer's market** in July 2021, which means that the supply of homes is greater than the demand for homes. ⓘ

## 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.

## AREA DATA (cONT'D)

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### 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.

#### 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.



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## NEIGHBORHOOD DATA

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### *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



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## TAXES AND ASSESSED VALUATION

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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

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### ASSESSED VALUATION: TOWN OF ISLIP

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Land Assessment:	281,600.00
Building Assessment:	<u>1,796,400.00</u>
Total Assessment:	<u>2,078,000.00</u>

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### EXEMPTIONS

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As mentioned, the subject has full tax exempt status by virtue of its public school use. 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, as currently assessed, without any exemption.

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### TAX RATE AND CALCULATED TAXES - FORECAST

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The tax "Code" is 350.  
The Tax rate is: 28.377 Per \$100 of Assessed value.  
The taxes are calculated as follows:

2,078,000 / 100	=	20,780
20,780 X 28.377	=	<b>\$589,674.06</b>
		\$9.48 per square foot.

The Equalization rate is .0928. The equates to a market value of \$22,392,241.

The current assessment and estimated taxes are well over the highest end of the range typically observed by the appraiser for commercial buildings in the general market area. The current assessment is artificially high. A buyer would immediately apply to have this adjusted to a rate more reflective of the current market. It is our opinion that this application would be successful.

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## TAXES AND ASSESSED VALUATION

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The appraiser will estimate the future taxes based on more reasonable assessment and assessors value as follows:

The Sales and Cost approaches point to a value of approximately \$7,000,000. Applying the current Equalization rate of .0928, to this market value, the assessed value would be \$649,600. Applying the current tax rate of 28.377 to this adjusted assessment would produce a tax amount of \$184,291. Rounded to \$185,000.

These taxes equate to \$2.98/Sq.Ft. of building area. This is a reasonable tax estimate for the subject. This estimate will be utilized in the income approach as an expense.

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# *VALUATION OF ENTIRE PROPERTY*

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## SITE DESCRIPTION

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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:                      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.

According to the federal flood insurance rate map number 36103C0660H (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.

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.

**FUELING STATION:**

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 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.



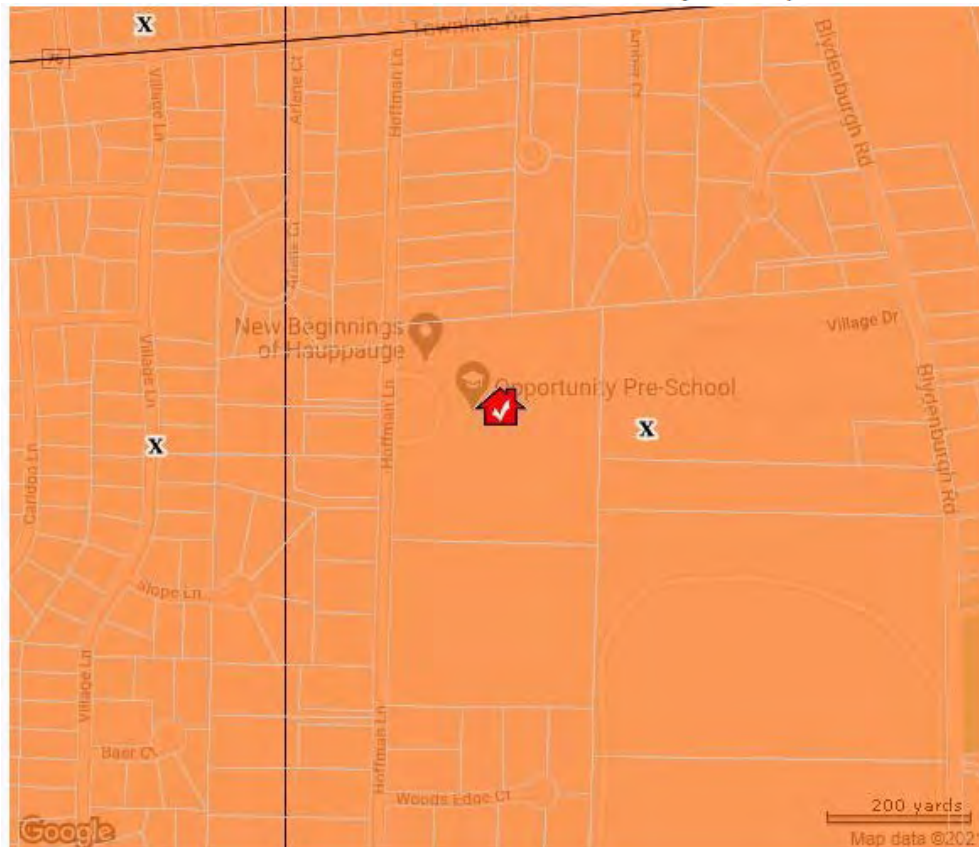


## FLOOD MAP LOCATING SUBJECT PROPERTY

Flood Zone Code	Flood Zone Panel	Panel Date
X	365337 - 36103C0660H	09/25/2009
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	ISLIP

### Flood Zone Description:

**Zone X**-An area that is determined to be outside the 100- and 500-year floodplains.



#### Flood Zones

<span style="display: inline-block; width: 15px; height: 15px; background-color: #000080; border: 1px solid black;"></span> Coastal 100-year Floodway	<span style="display: inline-block; width: 15px; height: 15px; background-color: #800080; border: 1px solid black;"></span> 100-year Floodway	<span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black;"></span> Undetermined	<span style="display: inline-block; width: 15px; height: 15px; background-color: #FFFF00; border: 1px solid black;"></span> 500-year Floodplain incl. levee protected area
<span style="display: inline-block; width: 15px; height: 15px; background-color: #0000FF; border: 1px solid black;"></span> Coastal 100-year Floodplain	<span style="display: inline-block; width: 15px; height: 15px; background-color: #DDA0DD; border: 1px solid black;"></span> 100-year Floodplain	<span style="display: inline-block; width: 15px; height: 15px; background-color: #C0C0C0; border: 1px solid black;"></span> Unknown or Area Not Included	<span style="display: inline-block; width: 15px; height: 15px; background-color: #FF4500; border: 1px solid black;"></span> Out of Special Flood Hazard Area

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## ZONING OF THE SUBJECT PROPERTY

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### *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:

Permitted Use: Single-family dwellings, detached dwellings, churches, schools, 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

<i>REQUIREMENTS</i>	
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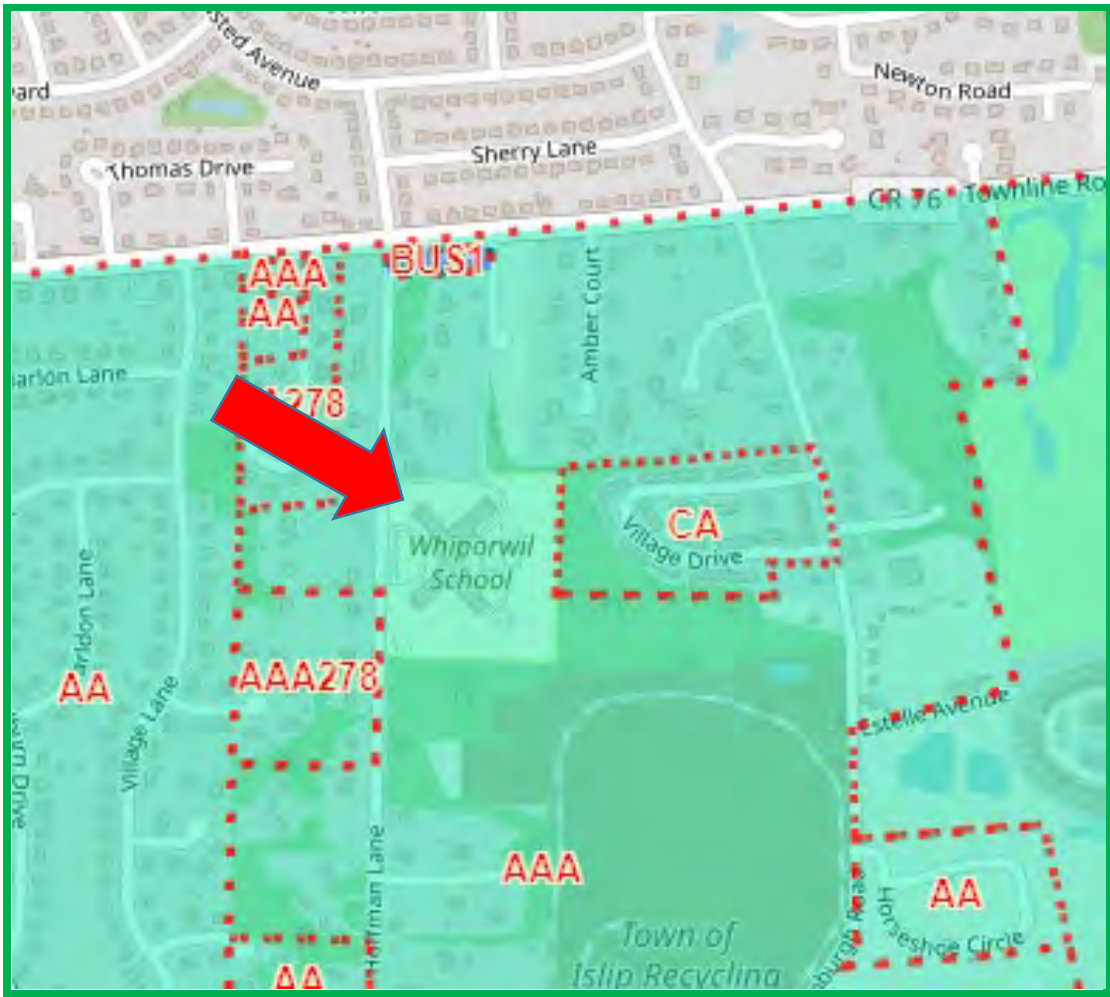
Minimum Lot Size:	40,000± Sq.Ft.
Minimum Lot Width:	150 feet
Minimum Front Yard:	50 feet
Minimum Side Yard:	25 feet 60 feet (both sides)
Minimum Rear Yard:	40 feet
Maximum Height:	35 feet or 2 1/2 stories
Front Yard:	50 feet
Maximum Lot Coverage:	25%

### COMMENTS

The subject represents a legal conforming use.



**ZONING MAP LOCATING SUBJECT PROPERTY**



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## IMPROVEMENT ANALYSIS

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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 3/4 basement, 1/4 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.

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## IMPROVEMENT ANALYSIS

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### **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.

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## HIGHEST AND BEST USE

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**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.”<sup>5</sup>

**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.”<sup>6</sup>

**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.”<sup>7</sup>

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal (Fifth Edition, 2010), p. 93.

<sup>6</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal (Fifth Edition, 2010), p. 93.

<sup>7</sup> 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.

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### 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. However, 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)

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### 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 in this report, the subject is a permitted use within the Town of Islip to operate as an educational facility.

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### 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. Under the current zoning, 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.

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### 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. There are currently two separate school type tenants in the building. The current design and use are well suited to its current use and serves a necessary purpose in the community.



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## APPROACHES TO VALUE

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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)**

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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**

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**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, Income Approach and the Sales Approaches were developed.

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## COST APPROACH TO VALUE

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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)**

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### **PHYSICAL DEPRECIATION**

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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)**

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### **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**

<b>LAND SALES</b>					
<b>SALE</b>	<b>Subject</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Address	495 Hoffman La Hauppauge	Wading River Hollow Rd Ridge	Mount Sinai/Coram Rd Mt. Sinai	Bay Avenue East Moriches	14655 Oregon Rd Cutchogue
Sales Date	10/5/2021	10/8/2019	12/10/2018	6/2/2017	4/23/2021
Total Sales Price		\$3,500,000	\$1,225,000	\$599,000	\$900,000
Acres	12.80	25.73	10.110	5.500	8.150
Zoning	AAA Residential	A-1 Residential	A-1 Residential	A-1 Residential	Residential
Presumed # of Lots	10	39	8	4	4
Effective Size Per Lot(Acre)	1.28	0.66	1.26	1.38	2.04
Price per Acre		\$136,028	\$121,167	\$108,909	\$110,429
Property Rights	Fee Simple	\$0	\$0	\$0	\$0
Terms of Sale		\$0	\$0	\$0	\$0
Conditions of Sale		\$0	\$0	\$0	\$0
Market Conditions Adj		2.50%	5.00%	10.00%	0.00%
Adjusted Value /Acre		\$139,429	\$127,226	\$119,800	\$110,429

**ADJUSTMENTS**

Location		10.00%	10.00%	10.00%	10.00%
External Obsolescence		0.00%	0.00%	0.00%	0.00%
Zoning		0.00%	0.00%	0.00%	10.00%
Land Size		10.00%	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		10.00%	0.00%	10.00%	20.00%
<b>Adjusted Value of Land Area</b>		<b>\$153,372</b>	<b>\$127,226</b>	<b>\$131,780</b>	<b>\$132,515</b>

Range of Adjusted Value Per Acre: \$127,326/Acre to \$153,372/Acre  
Average: \$136,223

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

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### **EXPLANATION OF ADJUSTMENTS**

**PROPERTY RIGHTS, TERMS OF SALE, CONDITIONS OF SALE** - The comparables all sold fee simple, under normal conditions, with typical terms. No adjustment is necessary.

**MARKET CONDITION** - The market for residential acreage has seen an increase. High demand for residential property and a lack of inventory results in appreciation for vacant land. Sales #1, 2 & 3 are adjusted upward to reflect this increase. Sale #4 is recent and not adjusted.

**LOCATION** – All Sales are located in areas that traditionally have lower land values and are adjusted upward.

**EXTERNAL OBSOLESCENCE** - No adjustment is required here.

**ZONING** – The subject is governed by a Zoning requirement that permits residential development. Sale #4 zoning is more restrictive, requiring twice the lot size per unit, reducing the yield, and is adjusted upward.

**LAND 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 \$127,326/Acre to \$153,372/Acre of land area is indicated. The Average is \$136,223/Acre. Based upon this analysis, we estimate the value of the subject property to be **\$140,000/Acre** of land area. The market value for the subject property land area can be calculated as follows:

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#### **LAND VALUE**

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12.8± Acre of Land Area	@	\$140,000/Acre	=	\$1,792,000
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<b>Round to:</b>				<b>\$1,800,000</b>
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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.

10/15/2021

### **Summary Report**

Estimate Number	:	-47
Parcel Number	:	37314
Property Owner	:	HAUPPAUGE SCHOOLS
Property Address	:	495 Hoffman Lane
Property City	:	Hauppauge
State/Province	:	NY
ZIP/Postal Code	:	11788

#### **Section 1**

##### **Occupancy**

	<b>Class</b>	<b>Height</b>	<b>Rank</b>
100% Elementary School (Entire)	Masonry bearing walls	10.00	1.5
Total Area	:	62,109	
Number of Stories (Section)	:	1.00	
Shape	:	2.00	

##### **Components**

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

##### **Basement**

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

Cost as of 10/2020

	<b>Units/%</b>	<b>Cost</b>	<b>Total</b>
Basic Structure			
Base Cost	62,109	139.43	8,659,858
Exterior Walls	62,109	31.75	1,971,961
Heating & Cooling	77,636	16.77	1,301,959
Basic Structure Cost	62,109	192.14	11,933,778
Basement			
Unfinished Basement	40,000	52.60	2,104,000
Building Cost New	62,109	226.02	14,037,778

## **COST APPROACH TO VALUE (CONT'D)**

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### **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 economic life of 60 years. Its effective age is 20 years. Therefore, a 33% 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 60 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)**

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### *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.

<b>Summary of Improvement Depreciated Value</b>					
			<b>Cost/Sq.Ft.</b>	<b>Depreciated Value</b>	
<b>Building</b>	62,109	Sq.Ft.			
Estimated Replacement Cost New			\$226.02	\$ 14,037,778.00	
Less Physical Depreciation		33%		\$ 4,632,466.74	
Less Functional Depreciation		15%		\$ 2,105,666.70	
Less External Depreciation		15%		\$ 2,105,666.70	
Total Depreciation				\$ 8,843,800.14	
Depreciated Value				\$ 5,193,977.86	<b>\$5,193,977.86</b>
<b>Rounded</b>					<b>\$5,190,000</b>

The depreciated value of all the buildings is estimated at: **\$5,190,000**



## **COST APPROACH TO VALUE (Cont'd)**

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### **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.

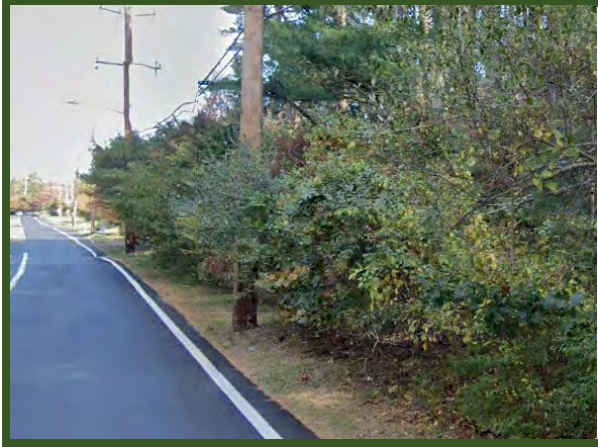
<b>COST APPROACH CALCULATIONS</b>			
<b>Depreciated</b> Value of Improvements			5,190,000
Plus <b>Depreciated</b> value of Site Improvements			
Asphalt Parking/Concrete Curbing:		\$75,000	
General Landscaping		\$25,000	
Total Site Improvements		\$100,000	100,000
Total Site Improvements and buildings			5,290,000
Plus Land Value			<u>1,800,000</u>
Indicated Value via Cost Approach			<b>7,090,000</b>
<b>Rounded</b>			<b>7,100,000</b>

**Value via cost Approach:           \$7,100,000**

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**MARKET DATA SALE #1**  
**WADING RIVER HOLLOW ROAD, RIDGE/MIDDLE ISLAND, NEW YORK**

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DESCRIPTION: Vacant Residential Land

SELLERS: Middle Island Holding Corp.  
Sterling Land Holding Corp.  
Full Bright Land Corp.  
Pay Dirt Land Corp.

BUYER: Ridge Developers, LLC

SIZE:  
Land: 25.73± Acres

CONSIDERATION: \$3,500,000.00  
\$136,028/Acre

VERIFIED WITH: CoStar# 5016628, Atty for  
seller, Comps Inc by LJG  
5/2020 (36199) 11/2019 (35554-  
19)

(-)

LIBER/PAGE: 13039/999  
13040/1,2 & 3

SALE DATE: 10/8/2019  
11/20/2019

ZONING: A-1

TAX MAP: 200-405-3-2 THROUGH  
39

HIGHEST & BEST USE: As zoned for residential  
development

UTILITIES: All municipal available

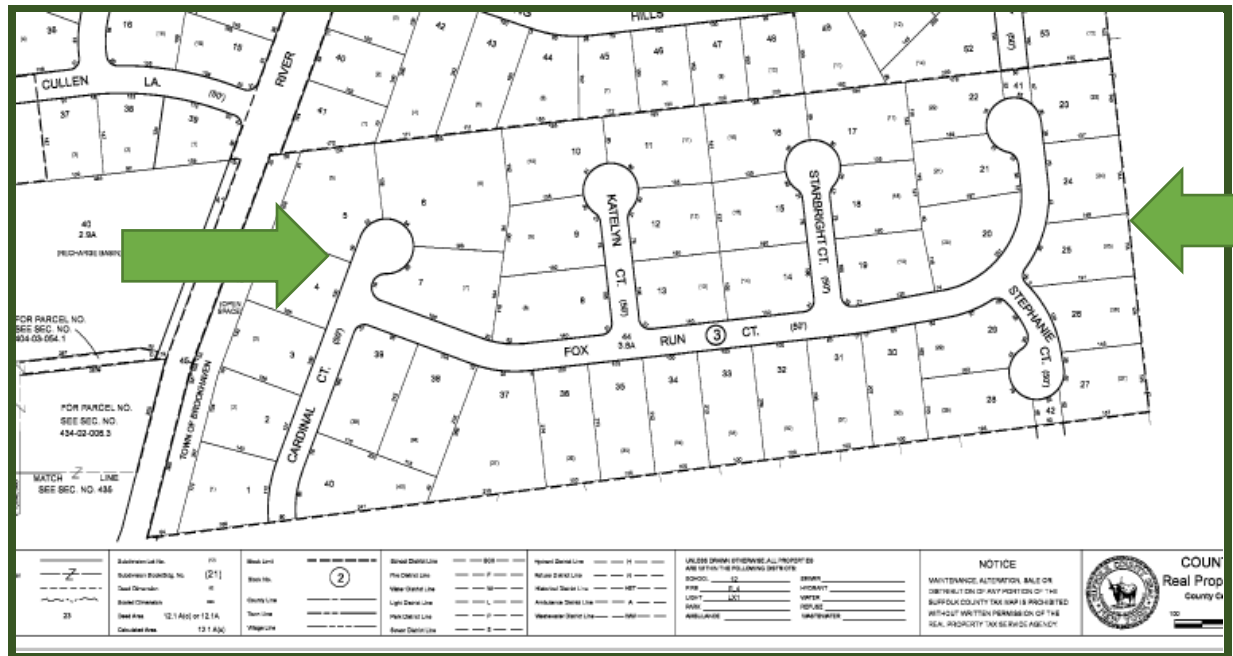
IMPROVEMENTS: None

COMMENTS:  
This is the sale of vacant residential land. It was sold  
as an old filed map with 39 lots. The subdivision was  
never followed through with. The site is viewed as raw  
vacant land.

The lots were held under several corporation names  
prior to sale. All corporations were related. The  
parcels sold as a single entity.

Total acreage is for the entire site including the  
proposed paper road and the dedicated buffer area.

## TAX MAP LOCATING SALE #1



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**MARKET DATA SALE #2**  
**W/S MOUNT SINAI-CORAM ROAD, 123' N/O PLYMOUTH AVE.**  
**MOUNT SINAI, NEW YORK**

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DESCRIPTION: Vacant Residential Land

SELLER: Roman Catholic Diocese of Rockville Centre New York

BUYER: Campo Brothers Builders

SIZE:  
Land Area 10.11 acres  
Number of Lots 8

CONSIDERATION: \$1,225,000.00  
\$121,167/acre

VERIFIED WITH: Jack Campo, Campo Builders by JHG on 11/2018 (34735-18)  
Updated 10/2019 (35545-19)

LIBER/PAGE: 12996-136

DEED: 12/10/2018

ZONING: A1 Residence

DISTRICT: 200  
SECTION: 186  
BLOCK: 1  
LOT: 48.3 through 48.12

HIGHEST & BEST USE: Eight-lot, single-family residential subdivision.

UTILITIES: Public

IMPROVEMENTS: None

COMMENTS: Regularly shaped property, sold as an eight-lot subdivision. At time of contract, property was approved for an eight lot subdivision. Approvals obtained by purchaser. After title, builder plans to improve the site with a road and supporting infrastructure and build eight homes. Asking prices ranged from \$600,000 to \$800,000. Construction began December 2019. Approvals were obtained by the buyer.

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## TAX MAP LOCATING SALE #2





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**MARKET DATA SALE #3**  
**BAY AVENUE, EAST MORICHES, NEW YORK**

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DESCRIPTION: Vacant Residential Land

SELLER: Podlaski, John Nicho

BUYER: Town of Brookhaven

SIZE:  
Land: 5.5±Acres

CONSIDERATION: \$599,000.00  
\$108,909/Acre

VERIFIED WITH: MLS# 2097758, Comps Inc., and  
selling agent  
By GJC 11/2019 (35554-19)

(-)

LIBER: 12919  
PAGE: 184

SALE DATE: 6/2/2017

ZONING: "A-1" Residence

TAX MAP: 200-916-2-3

HIGHEST & BEST USE: As zoned for residential  
development

UTILITIES: All municipal  
utilities available

IMPROVEMENTS: None

COMMENTS:  
This is the sale of vacant residential land. The listing broker believed that it could yield 4 lots, however there were no approvals in place for development and it was being marketed for sale as-is without contingencies. It was purchased by the Town of Brookhaven, who also owns the adjacent parcel, for the full asking price of \$599,000.00. It is reportedly being preserved by the Town as farm land.

## TAX MAP LOCATING SALE #3



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**MARKET DATA SALE #4**  
**14655 OREGON ROAD, CUTCHOGUE, NY**

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DESCRIPTION: Vacant Residential Acreage

GRANTOR: Carolyn J Ricci, etal.

GRANTEE: Robert D Danna, etal.

SIZE: Land: 8.15± Acres

CONSIDERATION: \$900,000

PRICE PER ACRE: \$110,429.45

VERIFIED WITH: Comps Inc, MLS of Long Island  
(3231673)

(-)

LIBER: 13105

PAGE: 244

DEED: 4/23/2021

TAX MAP: 1000-84-1-1

ZONING: "R-80" Res 80,000 SF

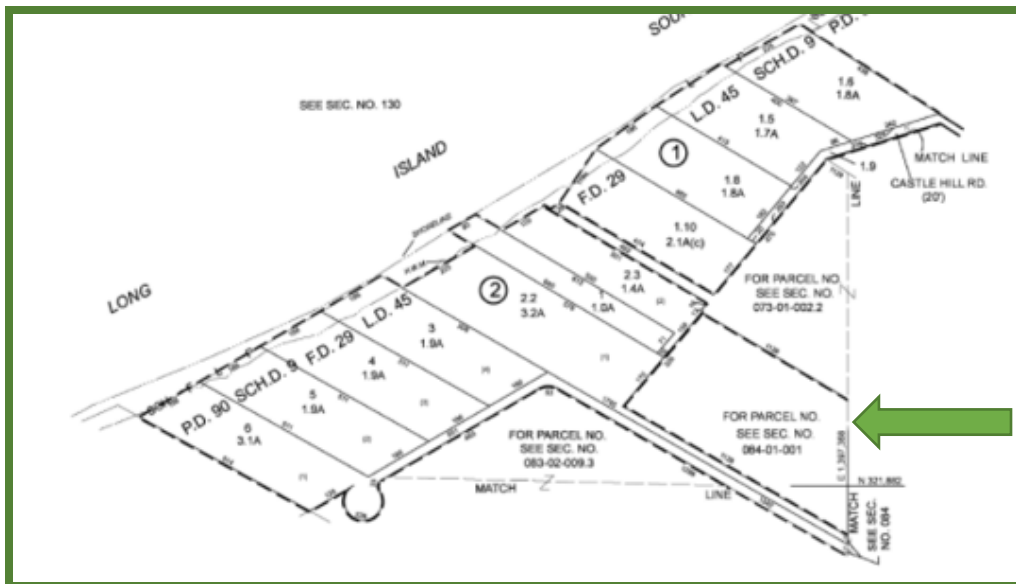
HIGHEST & BEST USE: Single-family development

UTILITIES: All municipal available

COMMENTS:

The subject sold as raw land with no improvements.  
No Approvals. The site is level at road grade and wooded.  
A 4 lot subdivision is presumed possible.

## TAX MAP LOCATING SALE #4



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## INCOME APPROACH TO VALUE

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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.

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

The traditional formula for the Income Approach is as follows:

$$\text{Value} = \frac{\text{Income}}{\text{Rate}}$$

In this formula, the income is treated as a stabilized stream that will be received over a specified holding period. The rate is considered as a combination of equity benefits and the availability of mortgage financing in the marketplace. A summary of the basic steps of the Income Approach is as follows:

1. Projection of Potential Gross Income
2. Estimation of Vacancy and Collection Losses
3. Estimation of Effective Gross Income
4. Expense Analysis
5. Net Operating Income Forecast
6. Rate Selection
7. Estimation of Market Value



## INCOME APPROACH TO VALUE (CONT'D)

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### (1) POTENTIAL GROSS INCOME

The **AAB Early Start Center, Inc.** currently leases one wing of the building, approximately 8,000±Sq.Ft. and utilizes the space as a day care center. Under their current agreement, they pay \$15,198/month or \$182,376/year. This equates to \$22.80/Sq.Ft on a Full Service basis. Lease dates are 7/1/2021 – 6/30/2022. We have been provided with a copy of the lease agreement. The tenants pay rent only. The landlord pays all building expenses.

The **Opportunity Pre-School, Inc.** currently leases two wings and center of the building, approximately 22,000±Sq.Ft. and utilizes the space as a pre-school. Under their current agreement, they pay \$29,815/month or \$357,780/year. This equates to \$16.26/Sq.Ft on a Full Service basis. Lease dates are 11/1/2021-10/30/2022. (This lease is out for signing. All indications are it will be signed). We have been provided with a copy of the lease agreement. The tenants pay rent only. The landlord pays all building expenses.

The **Living Word Church of God, Smithtown Inc.** only has exclusive use of one classroom in the building, and weekend access to the auditorium and gymnasium. This income is not analyzed on a per price per Sq.Ft. basis. It is considered additional income. Under their current agreement, they pay \$6,553/month or \$78,636/year. This is on a Full Service basis. Lease dates are 7/1/2021 – 6/30/2022. We have been provided with a copy of the lease agreement. The tenants pay rent only. The landlord pays all building expenses.

The following is a rent roll:

Rent Roll				
Tenant	Space	Rent per mo	Annual Rent	Rent per Sq.Ft.
AAB Early Start	8,000	\$15,198.00	\$182,376.00	\$22.80
Opportunity Pre-School	22,000	\$29,815.00	\$357,780.00	\$16.26
Living Word Church		\$6,553.00	\$78,636.00	
Owner Occupied	32,109	\$0.00	\$0.00	\$0.00
Totals	62,109		\$618,792.00	

Given the nature of the property there is a limited tenancy market for this type of space. Typically, properties like this are purchased for owner occupancy and not as an investment. There are a limited number of organizations that might rent the entire property as is. Obtaining solid verifiable rental data is difficult. The appraiser must expand the search parameters to obtain rental data.

Rental data is obtained to establish market rent. The following are the market rents obtained by the appraiser:

## INCOME APPROACH TO VALUE (CONT'D)

### (1) POTENTIAL GROSS INCOME (Cont'd)

The following table contain the appraiser's findings on comparable rentals.

Rental	Address	Tenant	Size/SF Start Date/Term	Current Rent/Sq.Ft.	Comments
<b>A</b>	94-25 117 <sup>th</sup> Street Richmond Hill, Queens	St Benedict Joseph's Roman Catholic church Brooklyn Autism Center & School	38,119± SF 3/1/2017 5 Year lease with 10.0% increases. every 5 yrs. 5 Year Option	<b>\$15.00 Net</b>	Church and educational facility. Net lease with tenant paying all expenses other than structural and managerial. Tax exemption in place.
<b>B</b>	201 North central Ave Valley Stream	Martin de Porres School	21,417± SF 8/2019 3 year lease	<b>\$12.00 Net</b>	Educational facility. Net lease with tenant paying all expenses other than structural and managerial. Tax exemption in place.
<b>C</b>	990 Holzheimer St Franklin Square	Evergreen Charter School	43,678 8/2019 Unknown term and increases over the term	<b>\$13.27 Net</b>	Educational facility. Net lease with tenant paying all expenses other than structural and managerial. Tax exemption in place.
<b>D</b>	3731 Horseblock Rd Medford	OPWDD Day Hab space	4,640 9/1/2017 Unknown term and increases over the term	\$15.00 Gross <b>\$11.00 Net</b>	Day Hab recreational facility in an office building. Tenant pays rent plus utilities and a share of CAM. Land lord pays all other expenses. Modern building in White box condition with Tenant responsible for interior buildout.
<b>E</b>	9 Smiths Lane Commack, NY	United Cerebral Palsy	46,000 7/1/2019 3% Annual increases over the 3 year term	<b>\$10.11 Net</b>	Educational facility. Net lease with tenant paying all expenses other than structural and managerial. Tax exemption in place.
<b>F</b>	749 Hawkins Ave Ronkonkoma, NY	OPWDD Day Hab space	4,371 6/1/2017 Unknown term and increases over the term	\$15.75 Gross <b>\$11.75 Net</b>	Day Hab recreational facility in an office building. Tenant pays rent plus utilities and a share of CAM. Land lord pays all other expenses. Modern building in White box condition with Tenant responsible for interior buildout.

## INCOME APPROACH TO VALUE (CONT'D)

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### (1) *POTENTIAL GROSS INCOME (Cont'd)*

It is exceedingly difficult to locate rentals of community facilities and educational school facilities. The rentals provided represent the best available data as of the date of inspection.

The subject is located on a secondary street with limited exposure and the building is in generally satisfactory condition. The facility offers typical amenities that the market would expect of school building. The building does have a  $\frac{3}{4}$  basement with drive in vehicle access. This feature adds significantly to the utility of the space.

The rentals provide a range from a low of \$10.11 to a high of \$15.00 per square foot on a net basis, or \$15.75 to \$22.00/Sq.Ft. Gross. Given the age, layout and design of the school building, it is well suited for the type of tenants currently occupying the building. The large basement adds significantly to the utility of the space.

Rent for the subject is estimated at \$18.00/Sq.Ft. on a Gross basis, **or \$21.50/Sq.Ft. on a Full Service basis** (The appraiser adds \$3.50/Sq.Ft. to account for utilities)

Contract rent will be used in our analysis for the tenants in place. Market rent will be used in the owner occupied space. The forecasted rent for the entire building is:

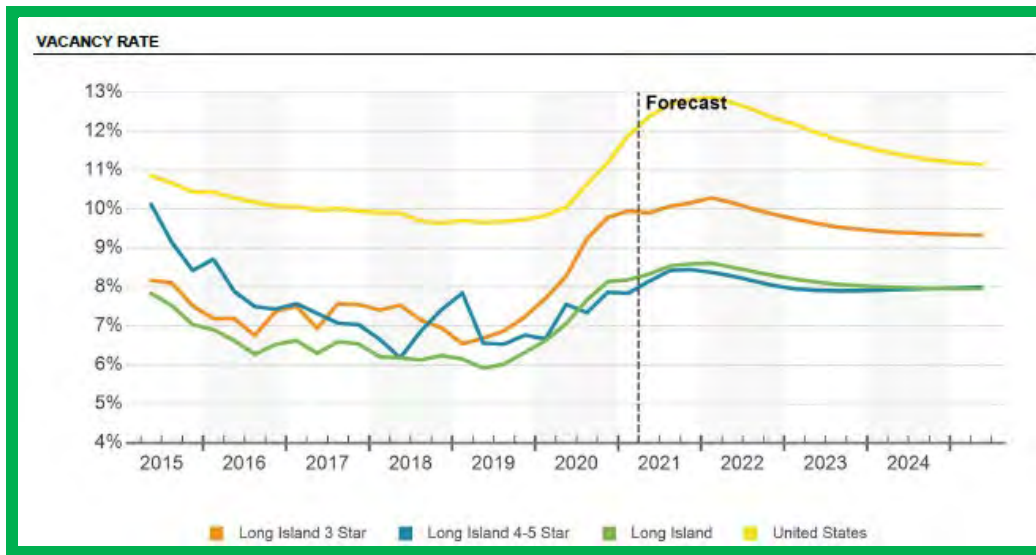
Forecasted Rent Roll				
Tenant	Space	Rent per mo	Annual Rent	Rent per Sq.Ft.
AAB Early Start	8,000	\$15,198.00	\$182,376.00	\$22.80
Opportunity Pre-School	22,000	\$29,815.00	\$357,780.00	\$16.26
Living Word Church		\$6,553.00	\$78,636.00	
Owner Occupied	32,109	\$57,528.63	\$690,343.50	\$21.50
Totals	62,109		\$1,309,135.50	

## INCOME APPROACH TO VALUE (CONT'D)

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### (2) VACANCY AND COLLECTION LOSSES



The market data study that was conducted to determine the rental ranges for comparable space also yielded data with regard to vacancy rates of other similar properties. Additionally national sources were reviewed to establish vacancy rates. The subject is an educational facility with a single occupant. The building is also on the higher end of square foot area. A building of this type is not generally easy to keep occupied and vacancy rates would be typically higher. With lease up times longer.

Based upon our analysis of the market and the future occupancy, we have utilized a 9.0% rate for general vacancy for the entire holding period. Additionally, a Credit and Collection loss factor of 2.0% was utilized for the entire holding period. This reflects income loss due to late payments of rent, etc. The total vacancy and collection loss factor is **11%**. This reflects the additional risk associated with the above market rent

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### (3) ESTIMATION OF EFFECTIVE GROSS INCOME

After deducting charges for vacancy and collection losses from the Potential Gross Income, the resultant income is the Effective Gross Income (EGI). The calculation can be seen in item (5) of the pro forma.

## INCOME APPROACH TO VALUE (CONT'D)

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### (4) EXPENSE ANALYSIS

All real estate has several fixed expenses which remain constant regardless of occupancy and several variable expenses which change depending on the occupancy of the subject. The fixed expenses include real estate taxes and insurance. The variable expenses include common area maintenance, structural repairs, utilities, management fees, and professional fees. Most property owners and perspective buyers typically assume a misc. expense to cover any unforeseen expenses. The subject owner provide only a limited expense history for the subject. It was necessary to estimate expenses. Expenses have been estimated utilizing local brokers and company files.

Based on review of all the collected data the subject expenses are estimated as follows:

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#### **Real Estate Taxes**

Estimated at \$185,000.00 See Tax section for explanation.

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#### **Comprehensive Insurance Premium**

The landlord would carry an **Umbrella policy** estimated at **\$0.50 per sq ft** or \$31,054 Rd.

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#### **Utilities**

The landlord reports an expense of \$133,131/year or \$2.14/Sq.Ft. This appears low in comparison to competing, one story office buildings in the area. This expense is most likely on the low side due to the lack of central air conditioning to the building. The market supported expenses are from \$2.50 to \$3.50/Sq.Ft. The projected expense for the subject is closer to the general market, at **\$3.00/Sq.Ft.**

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#### **Common Area Maintenance**

The landlord does not report a separate expense as the building is operated by the school district. Included in this category is landscaping, parking lot maintenance, snow removal, waste removal, water, a super and general common area cleaning. It must be noted that the expense for mowing is considered significant. This is estimated at **\$1.50/Sq.Ft.** of building area.

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#### **Structural Repairs/Exterior Maintenance**

The landlord reports an expense of \$29,000/year or \$.47/Sq.Ft. This appears reasonable. The projected expense for the subject is **\$.50/Sq.Ft.** The projected expense includes reserves for replacement.

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#### **Management Legal Fees**

Estimated at **4%** of the Effective Gross Income Typical management fees range from 3% to 5%.

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#### **Professional and Miscellaneous Fees**

Estimated at **1%** of the Effective Gross Income as a "catch all" expense to account for unforeseen items.



## INCOME APPROACH TO VALUE (CONT'D)

### (5) NET OPERATING INCOME FORECAST

These expenses are deducted from the Effective Gross Income to arrive at a net operating income (NOI), which is then capitalized into a final indication of value.

Net Operating Income can be calculated as follows:

POTENTIAL GROSS INCOME					
Total Potential Gross Income					\$1,309,136
Less Vacancy and Collection Commercial					
				11.00% of P.G.I.	\$144,005
Effective Gross Income					\$1,165,131
EXPENSES					
Real Estate Taxes					
					\$185,000
Insurance					
				\$0.50 per SF	\$31,055
Utilities					
				\$3.00 per SF	\$186,327
CAM					
				\$1.50 per SF	\$93,164
Structural Repairs / Maintenance / Reserves					
				\$0.50 per SF	\$31,055
Management Fees					
				4.00% of E.G.I.	\$46,605
Prof/Legal/Misc.					
				1.00% of E.G.I.	\$11,651
Total Expenses					
					\$584,856
Net Operating Income					\$580,275
Building Area					
				62,109 Sq.Ft.	
Expenses per Sq.Ft. of Gross Building Area					
				\$9.42 per Sq.Ft.	
Expenses as a percentage of EGI					
				50.20%	

## INCOME APPROACH TO VALUE (CONT'D)

### (6) RATE SELECTION

To arrive at an appropriate overall rate, consideration must be given to the rates indicated on competitive investments.

The following key rates were obtained from BankRate.com:

#### Prime rate, federal funds rate, COFI

UPDATED: 05/11/2021

	THIS WEEK	MONTH AGO	YEAR AGO
WSJ Prime Rate	3.25	3.25	3.25
Federal Discount Rate	0.25	0.25	0.25
Fed Funds Rate (Current target rate 0.00-0.25)	0.25	0.25	0.25
11th District Cost of Funds	0.38	0.41	0.88

#### Current mortgage and refinance rates



Purchase	Refinance	
Product	Interest Rate	APR
30-Year Fixed Rate	3.090%	3.300%
20-Year Fixed Rate	2.990%	3.170%
15-Year Fixed Rate	2.370%	2.650%
10/1 ARM Rate	3.460%	4.120%

#### Treasury securities

UPDATED: 05/19/2021

	THIS WEEK	MONTH AGO	YEAR AGO
One-Year Treasury Constant Maturity	0.06	0.70	0.16
91-day T-bill auction avg disc rate	0.02	0.03	0.13
182-day T-bill auction avg disc rate	0.03	0.04	0.15
Two-Year Treasury Constant Maturity	0.16	0.15	0.17
Five-Year Treasury Constant Maturity	0.83	0.81	0.35
Ten-Year Treasury Constant Maturity	1.64	1.58	0.70
One-Year CMT (Monthly)	0.06	0.08	0.18
One-Year MTA	0.12	0.13	1.50

These rates must be compared to the quality, quantity and durability of the income stream as well as for risk and liquidity.

## INCOME APPROACH TO VALUE (CONT'D)

### (6) RATE SELECTION (Cont'd)

The following rates are investor surveys for the 3rd quarter of 2021 obtained from Realty Rates.com.


RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2021*						
SPECIAL PURPOSE - SCHOOLS & DAYCARE CENTERS						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	2.02%	<b>DCR Technique</b>		1.15	0.047500	0.80
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>				
Interest Rate	3.64%	Mortgage		80%	0.047500	0.038000
Amortization	40	Equity		20%	0.101632	0.020326
Mortgage Constant	0.047500	OAR				
Loan-to-Value Ratio	80%	<b>Surveyed Rates</b>				
Equity Dividend Rate	10.16%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	8.64%	<b>DCR Technique</b>		1.90	0.129789	0.60
Debt Coverage Ratio	1.90	<b>Band of Investment Technique</b>				
Interest Rate	10.26%	Mortgage		60%	0.129789	0.077873
Amortization	15	Equity		40%	0.198349	0.079339
Mortgage Constant	0.129789	OAR				
Loan-to-Value Ratio	60%	<b>Surveyed Rates</b>				
Equity Dividend Rate	19.83%					
<b>Average</b>						
Spread Over 10-Year Treasury	5.33%	<b>DCR Technique</b>		1.53	0.081494	0.70
Debt Coverage Ratio	1.53	<b>Band of Investment Technique</b>				
Interest Rate	6.95%	Mortgage		70%	0.081494	0.057046
Amortization	28	Equity		30%	0.145155	0.043546
Mortgage Constant	0.081494	OAR				
Loan-to-Value Ratio	70%	<b>Surveyed Rates</b>				
Equity Dividend Rate	14.52%					

\*2nd Quarter 2021 Data

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## INCOME APPROACH TO VALUE (CONT'D)

### (6) RATE SELECTION (Cont'd)

<div>  <div> U.S. Capital Markets Net Lease Group / May 2020  <b>Q1 2020 Cap Rate Report</b> </div> </div>												
Sectors	4Q 2019					1Q 2020					Avg Cap Rates (bps)	Lease Years (Rem)
	Avg Cap Rate	Low	High	Avg Lease Yrs	Sample Size	Avg Cap Rate	Low	High	Avg Lease Yrs	Sample Size		
Automotive	6.65%	4.65%	12.03%	12.0	50	6.38%	4.00%	11.90%	10.4	52	-27.2	(1.6)
Bank	6.07%	4.19%	8.96%	7.9	31	6.03%	4.55%	8.23%	8.3	18	-4.0	0.4
Big-Box	6.91%	4.66%	9.50%	13.8	25	7.28%	6.05%	10.01%	5.5	9	37.8	(8.3)
Casual Dining	6.51%	4.25%	9.60%	11.9	56	6.30%	4.49%	7.83%	14.2	31	-21.2	2.3
C-Store	5.95%	4.15%	11.38%	14.3	35	5.00%	4.03%	6.50%	12.5	19	-94.8	(1.7)
Dollar Store	7.10%	5.75%	11.95%	12.0	113	6.94%	5.85%	9.23%	11.8	64	-15.7	(0.2)
Educational	7.33%	6.00%	9.00%	10.4	5	6.48%	5.87%	7.09%	15.0	2	-84.6	4.6
Medical	7.17%	5.12%	11.30%	7.0	12	7.22%	5.44%	9.40%	9.2	23	4.6	2.2
Pharmacy	6.63%	4.18%	10.65%	11.4	68	6.51%	4.70%	15.40%	13.4	43	-11.5	2.0
QSR	5.75%	3.60%	8.61%	13.8	163	5.57%	3.12%	9.10%	14.5	123	-18.2	0.8
Other Retail	6.33%	4.39%	9.01%	8.9	28	7.45%	4.56%	12.39%	12.3	32	111.8	3.5
Average	6.58%			10.5		6.47%			11.6		-11.2	0.4
Sample Size					586					416		

Note: As of the writing of this report the most recent Avison Young U.S. Capital Markets Net Lease Cap Rate report was for the 3<sup>rd</sup> Quarter 2020. The reports for Q2 & Q3 2020 did not indicate Capitalization Rates for Educational facilities due to the lack of transactions, thus we have provided the Q1 2020 report. **The average Cap Rate is 7.33%**

## INCOME APPROACH TO VALUE (CONT'D)

### (6) RATE SELECTION (Cont'd)

*The global outbreak of the COVID-19 Pandemic officially shut down the United States economy and most of the world economy in March of 2020. As of the writing of this report many of the restrictions in New York, New Jersey and Connecticut had been lifted and economic activities have restarted. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser has had discussions with market participants and concluded that adjustments, where necessary, are specific to individual properties, their particular mix of owner occupancy or tenancy and their individual markets. Adjustments have been considered and applied where necessary.*

National sources for net lease, special purpose school and day care centers show that mortgage rates range from a low of 3.18% to a high of 19.92%. Equity rates range from a low of 10.17% to a high of 19.85%. Loan to value ratios range from 50% to 80% and typical terms are from 15 to 40 years. Cap rates range from a low of 5.29% to a high of 14.80%.

We have estimated that 65% financing would be available at a rate of 4.50% interest for a period of 25 years. Additionally as has been discussed the subject is located in a strong market in an excellent location. This appraiser believes based on the nature of the building and use that an investor would require an 14% return on equity. Appreciation would be nominal at 5.0% over the holding period, which is assumed to be 10 years. Based on this criterion the indicated overall rate is derived as follows:

Assumptions				Automatic Computations			
Target Equity Yield Rate	(Ye)	14.00%		Monthly Loan Constant		0.5558%	
Loan Interest Rate		4.50%		Annual Loan Constant	(Rm)	6.6700%	
Loan Amort. (Years)		25		Loan Portion Paid Over			
Loan Pymts Per Year		12		Ownership Period	(P)	27.3415%	
Mortgage Ratio or LTV	(M)	65%		Sinking Fund Factor	(SFF)	5.1714%	
Ownership Period (Whole Years)		10					
Total Value Change Over							
Ownership Period	(Vc)	5.00%					
First Year Net Income	(Io)	\$0					
Annual Income Change		0.00%					
M	x	Rm	=	(M) (Rm)	=>	65% x 6.67%	= 4.34%
E	x	Ye	=	(E) (Ye)	=>	35% x 14.00%	= 4.90%
Sum				Weighted Avg			
(*) M	x	P	x	SFF	=	(M) (P) (SFF)	=> 65% x 27.34% x 5.17% = -0.92%
(**) Vc	x		x	SFF	=	(Vc) (SFF)	=> -5.00% x 5.17% = -0.26%
				Sum	=	Ro	= 8.06%
(*) = Less Credit for Loan Reduction							
(**) = Less Downward Adjustment for Value Growth OR Upward Adjustment for Value Loss							



## INCOME APPROACH TO VALUE (CONT'D)

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### (6) RATE SELECTION (Cont'd)

#### COMMENTS

Based on the provided data, national sources, an analysis of the local market, a review of appraisers' files and the band of investment a Capitalization Rate of **8.0%** has been chosen. The chosen rate takes into consideration the presented published data and the band of investment along with the additional possible uses inherent in the subject property, such as redevelopment.

ESTIMATION OF AS IS MARKET VALUE		
<u>Net Operating Income</u>	=	Estimated Market Value
Overall Rate (Ro)		
<u>\$580,275</u>	=	\$7,253,432
8.00%		
Rounded to		\$7,250,000.00

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## SALES COMPARISON APPROACH

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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)

SALES COMPARISON APPROACH					
	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
Location	495 Hoffman Lane Hauppauge	99 Jerusalem Ave Massapequa	28 Wood Road Centereach	500 Montauk Hwy Oakdale	1225 Ostrander Ave Riverhead
Sale Date	10/5/2021	8/15/2019	5/26/2019	2/28/2019	5/1/2020
Gross Building Area (Sq.Ft.)	62,109	17,427	33,733	260,000	145,517
Lot Size (Sq.Ft.)	557,568	42,811	217,800	7,636,068	844,762
Land to Building Ratio	8.98	2.46	6.46	29.37	5.81
Basement	3/4 Bsmt, Unfin	Full Pt Finished	Part Bsmt, Unfin	Full Pt Finished	Part Bsmt, Unfin
Sale Price	N/A	\$2,100,000	\$3,700,000	\$22,500,001	\$14,000,000
Sale Price/Sq.Ft. of G.B.A.	N/A	\$121	\$110	\$87	\$96
Market Condition	N/A	0.00%	0.00%	0.00%	0.00%
Property Rights Conveyed		0.00%	0.00%	0.00%	0.00%
Financial Terms		0.00%	0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
Net Adjustments		0.00%	0.00%	0.00%	0.00%
Market Adjusted Price/Sq.Ft.	N/A	\$121	\$110	\$87	\$96
<b>ADJUSTMENTS</b>					
Location		-2.50%	-2.50%	-2.50%	-2.50%
Building Size		-5.00%	-2.50%	15.00%	12.50%
Land to Building Ratio		10.00%	0.00%	-10.00%	0.00%
Condition		10.00%	0.00%	0.00%	0.00%
Other/Basement		10.00%	10.00%	10.00%	0.00%
Net Adjustments		22.50%	5.00%	12.50%	10.00%
<b>Adjusted Price/Sq.Ft.</b>		<b>\$148</b>	<b>\$115</b>	<b>\$97</b>	<b>\$106</b>

Range of adjusted Value: low of \$97/Sq.Ft. to a high of \$148/Sq.Ft.

Average: \$116/Sq.Ft.

## **SALES COMPARISON APPROACH (CONT'D)**

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### Explanation of Adjustments

**MARKET CONDITIONS/CONDITIONS OF SALE:** The sales all occurred prior to, or at the very beginning of the onset of the Covid-19 pandemic. The pandemic is not considered to have adversely impacted the market for school type facilities thus no adjustments have been made. The market for school type facilities has remained stable between 2019 and the present with no adjustments needed

**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.

**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 upward.

**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. Sale #1 was considered inferior in this category and adjusted upward. No adjustment was necessary to the remaining sales.

**BASEMENT:-** The subject is 100% above grade and has a large basement with drive in access. This offers significant utility to the building. Sale #1 has a portion of its area in the basement and is adjusted upward. Sales #2 is adjusted upward to reflect it smaller, partial basement. Sale #3 is adjusted up here to reflect its spread-out, campus like setting, with multiple, separate buildings. This reduces utility and adds to maintenance and repairs. Sale #4 is similar.

**CONCLUSION** – The adjustment grid reveals a range of adjusted values from a low of \$97/Sq.Ft. to a high of \$148/Sq.Ft. The Average is \$116/Sq.Ft. Based upon the analysis of all of the sales the indicated value of the subject is **\$116.00 per Sq Ft**. The estimated market value is then calculated as follows:

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62,109± Sq.Ft.	@	\$116.00/Sq.Ft.	=	\$7,204,644
				<b>\$7,200,000 Rd</b>

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**MARKET DATA SALE #1**  
**99 JERUSALEM AVENUE, MASSAPEQUA, NEW YORK 11758**

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DESCRIPTION: School Educational Facility / Religious Facility

GRANTOR: Congregation Beth-Ohr

GRANTEE: Mount Sinai Pentecostal Church of Hicksville NY

SIZE:  
Bldgs: 17,427± Sq.Ft.  
Eff. Site: .98± Acres (42,811±Sq.Ft.)

CONSIDERATION: \$2,100,000.00  
\$121/Sq.Ft.

VERIFIED WITH: Public Records, Comps Inc by RJM (36996C-21)

(-)

LIBER: 13877  
PAGE: 286

DEED: 8/15/2019

ZONING: R1-7

SECTION: 52  
BLOCK: 122  
LOTS: 180

UTILITIES: All public

**IMPROVEMENTS:**

This is a sale of a Religious Facility with a social hall, school, library and offices. The building size includes 7,920 Sq.Ft. of finished below grade space that is useable. The building was constructed circa 1960 and was considered to be in average condition at the time of sale.

There have been no other sales in the past three years.

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**MARKET DATA SALE #2**  
**28 WOOD ROAD, CENTEREACH, NEW YORK**

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DESCRIPTION: School Educational Facility

GRANTOR: Wood Road Associates

GRANTEE: Dami Buddhism Associates

SIZE:

Bldgs:	33,733± Sq.Ft.
Eff. Site:	5.00± Acres (217,800±Sq.Ft.)

CONSIDERATION: \$3,700,000.00  
\$110 Sq.Ft.

VERIFIED WITH: Appraisal & Inspection by LJJ  
(34915) Comps Inc. by LJJ  
(36201-20)

(-)

LIBER: 13018  
PAGE: 608

DEED: 5/29/2019

ZONING: B-1 Res

DIST: 200  
SECTION: 485  
BLOCK: 1  
LOTS: 30

UTILITIES: All public

**IMPROVEMENTS:**

This is a sale of a former private school building.  
One story detached brick over a partial basement educational facility.  
The building has multiple classrooms, a gym, auditorium, administrative offices and lunch room.

The buildings were considered to be in maintained condition with several areas having recent upgrading.

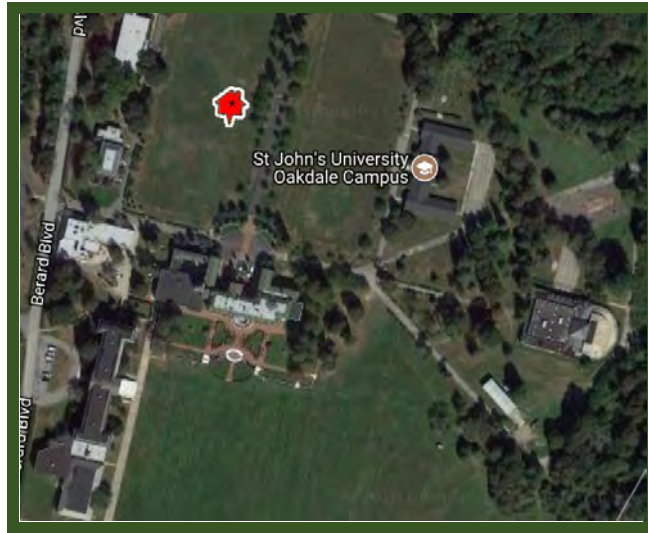
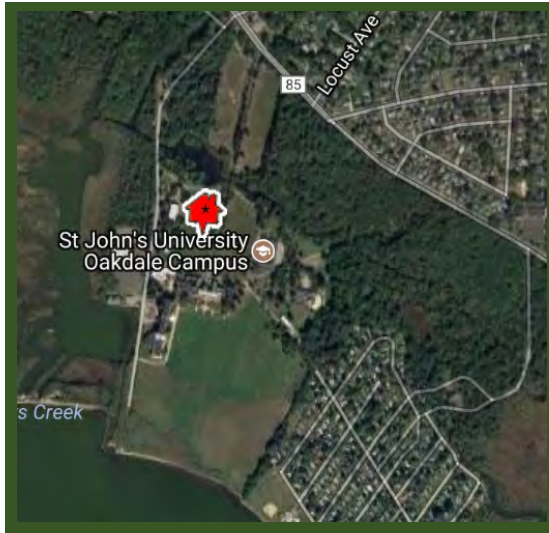
Note: This appraiser valued the property and all information was obtained from that report.



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**MARKET DATA SALE #3**  
**500 MONTAUK HIGHWAY, OAKDALE, NEW YORK**

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DESCRIPTION: School Educational Facility / Campus

GRANTOR: Crossborder Group LLC

GRANTEE: Amity University Inc.

SIZE:  
Bldgs: 260,000± Sq.Ft.  
Site: 175.30± Acres (7,636,068±Sq.Ft.)  
LTB: 29.37

CONSIDERATION: \$22,500,001  
\$87/Sq.Ft.

VERIFIED WITH: CoStar, Comps Inc. by LJG  
(34023) 2/2018 Updated by LJG  
7/2020 (36201-20)

(-)

LIBER: 13028  
PAGE: 677

DEED: 2/28/2019

ZONING: Residential AAA

DIST: 500  
SECTION: 405  
BLOCK: 2  
LOTS: 5.001

UTILITIES: All public

**IMPROVEMENTS:**

This is a sale of St Johns College campus consisting of multiple building including classrooms, administrative building and multiple other structures supporting a modern higher educational facility.

A recent capital investment shows the buildings to be in good maintained condition.

The site sold as a fully functional educational facility located on the Great South Bay.

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**MARKET DATA SALE #4**  
**1225 OSTRANDER AVENUE, RIVERHEAD, NEW YORK**

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DESCRIPTION: School Educational Facility / Campus

GRANTOR: Diocese of Rockville Center  
Department of Education

GRANTEE: Central Suffolk Hospital

SIZE:  
Bldgs: 145,517± Sq.Ft.  
Eff. Site: 19.39± Acres (844,762±Sq.Ft.)

\*3.97 acres of un-useable wetland area deducted from the total.

CONSIDERATION: \$14,000,000  
\$96 Sq.Ft.

VERIFIED WITH: Appraisal & Inspection by LJG  
(34449) Comps Inc. by LJG  
(36201-20)

(-)

LIBER: 13061  
PAGE: 275

DEED: 5/1/2020

ZONING: RA-40 Res

DIST: 600  
SECTION: 82  
BLOCK: 3  
LOTS: 6

UTILITIES: All public

**IMPROVEMENTS:**

This is a sale of a former private Catholic High School and convent building.

Two detached brick buildings with the main building being three stories, built over a partial basement and having functioned as a high school educational building with multiple classrooms, gym, auditorium, administrative offices and lunch room. This building has an elevator.

The detached former convent has some dorm style rooms, classrooms and administrative offices.

The buildings were considered to be in satisfactory condition.

Note: This appraiser valued the property and all information was obtained from that report.

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## RECONCILIATION AND CONCLUSION OF VALUE

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VALUE INDICATED BY THE COST APPROACH:	\$7,100,000
VALUE INDICATED BY THE INCOME APPROACH:	\$7,250,000
VALUE INDICATED BY THE SALES COMPARISON APPROACH:	\$7,200,000
<b>ESTIMATED MARKET VALUE:</b>	<b>\$7,200,000</b>

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, Income and Sales Comparison Approaches to Value were pertinent.

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 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. The Cost and Income Approaches are considered a check against the Sales Approach.

## STATEMENT OF GENERAL AND LIMITING CONDITIONS

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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)**

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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

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

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

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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)**

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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:

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"AS IS"

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SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$7,200,000)

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**John Fitzgerald**  
State Certified General Real Estate Appraiser  
Lic #46000048953



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

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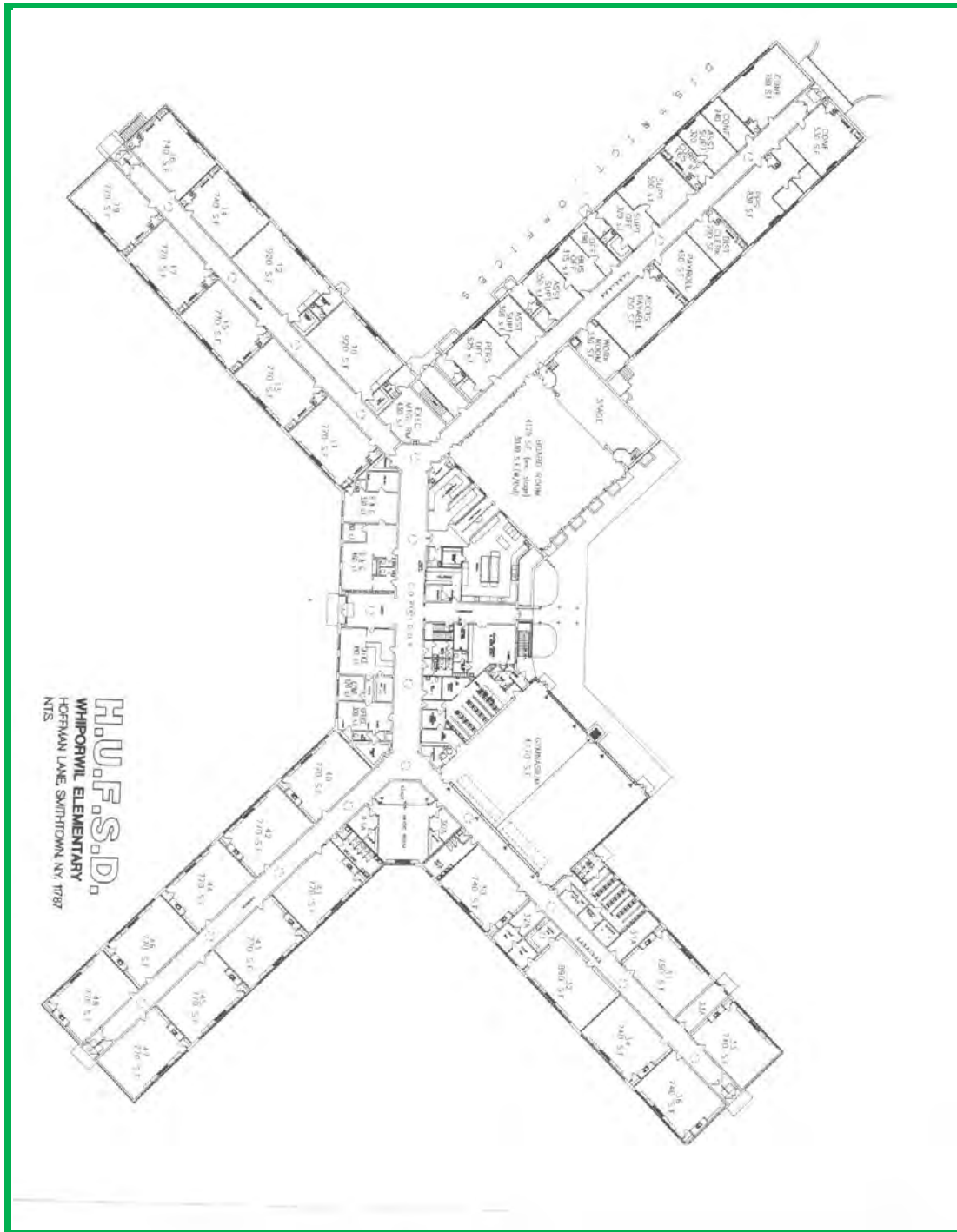
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# ***ADDENDA***

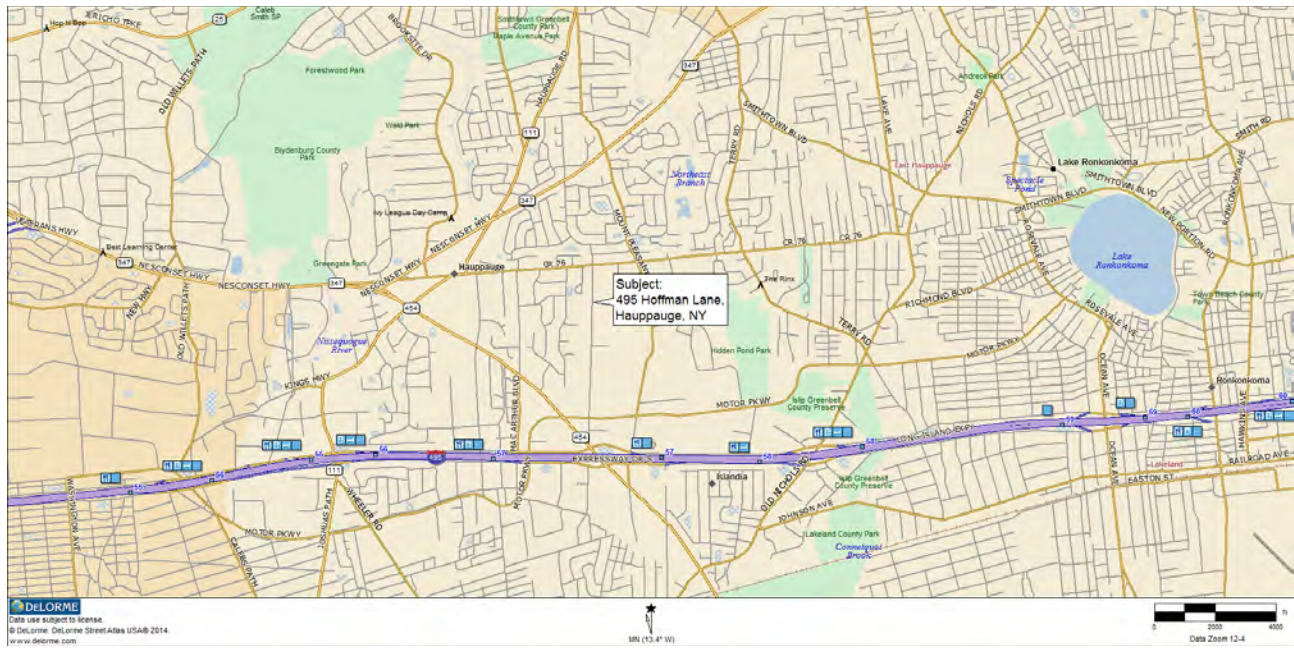
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## SUBJECT FLOOR PLAN



## AREA MAP LOCATING SUBJECT PROPERTY



## AREA MAP LOCATING SUBJECT PROPERTY AND LAND SALES





## AREA MAP LOCATING SUBJECT PROPERTY AND COMPARABLE IMPROVED SALES





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## LETTER OF ENGAGEMENT

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# ROGERS & TAYLOR APPRAISERS, INC.

300 Wheeler Road, Suite 302  
Hauppauge, New York 11788

James G. Taylor, MAI, SRA, President

Tel. (631) 434-3300

### **PARTNERS**

Robert J. Malone, MAI, SRA, AI-GRS  
Howard S. Morris, SRA  
Benjamin T. Mojtallali  
Joan A. Schook



[www.rogersandtaylor.org](http://www.rogersandtaylor.org)

August 25, 2021]

Lamb & Barnosky  
534 Broadhollow Road, Suite 210  
Melville, New York 11747

Attention: Eugene Barnosky, Esq.

**RE: Property located at  
495 Hoffman Lane  
Hauppauge, New York  
Our File No.:37314-21**

Dear Mr. Barnosky:

Please be advised that we are prepared to prepare an appraisal on the above referenced property for the purpose of estimating Market Value. Market Value is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus".

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in cash or its equivalent.
5. Financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs or credits incurred in the transaction.

## LETTER OF ENGAGEMENT

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It is our understanding that a full narrative report will be required. This report will be prepared generally in conformance with USPAP. It is further understood that this appraisal will be utilized to estimate market value. It is our understanding that this appraisal should be completed within four (4) to six (6) weeks of the date upon which we are retained. This assumes that all necessary information will be supplied to us within a timely fashion. It is further understood that this report will be signed and prepared by a member of the Appraisal Institute.

Our fee for preparing this appraisal will be \$3,000.00.

If these terms are acceptable to you, please sign below and return with a retainer of \$1,500.00. The balance of the fee will be due and payable *PRIOR* to delivery of the appraisal report.

Very truly yours,



James G. Taylor, MAI, SRA



Benjamin T. Mojallali  
State Certified General Real Estate Appraiser



Robert J. Malone, MAI, SRA, AI-GRS

Eugene R. Barnosky Eugene R. Barnosky.  
*Signed and Accepted*

## 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. <b>1543938</b>
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 21
TAYLOR JAMES G C/O ROGERS & TAYLOR APPRAISERS 300 WHEELER RD STE 302 HAUPPAUGE, NY 11788-4300		EXPIRATION DATE MO. DAY YR. 09 11 23
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.		ROSSANA ROSADO SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		

UNIQUE ID NUMBER 46000002605	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. <b>118647</b>
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR. 12 22 20
MOJALLALI BENJAMIN T C/O ROGERS & TAYLOR APPRAISERS 300 WHEELER RD STE 302 HAUPPAUGE, NY 11788		EXPIRATION DATE MO. DAY YR. 12 21 22
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.		ROSSANA ROSADO SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		



UNIQUE ID NUMBER 46000048953	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1523960
PURSUANT TO THE PROVISIONS OF ARTICLE 66 OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.		EFFECTIVE DATE MO DAY YR 05 12 20
FITZGERALD JOHN D C/O FITZGERALD JOHN D 11 CORAM SWEZEY TOWN RD CORAM, NY 11727		EXPIRATION DATE MO DAY YR 05 11 22
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER		
		In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed
		ROSSANA ROSADO SECRETARY OF STATE
DCS-1008 (Rev. 3/01)		