

A P P R A I S A L

R E P O R T

FORMER NURSING HOME
490 WILLIAM STREET
STONEHAM, MASSACHUSETTS

Date of Valuation

October 1, 2023

Prepared for

Mr. Dennis Sheehan
Town Administrator
Town of Stoneham
35 Central Street
Stoneham, MA 02180

Prepared by

Thomas E. Brown
Brown Associates
125 Main Street, Reading, Massachusetts

Appraisal No. 8288

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October 23, 2023

Mr. Dennis Sheehan
Town Administrator
Town of Stoneham
35 Central Street
Stoneham, MA 02180

RE: Real Estate Appraisal
Former Nursing Home
490 William Street
Stoneham, MA 02180

Dear Mr. Sheehan:

Pursuant to your request, I have completed and herewith submit an Appraisal Report of the above captioned property. In the appraisal, the methods of approach to value are described. The purpose of the appraisal is to estimate the market value of the subject property as its highest and best use and hypothetical office building rental land market value.

The appraiser certifies that he has no interest in subject property, that neither the employment to make this appraisal nor the compensation is contingent upon the amount of the valuation reported, and that he personally inspected this property on several occasions. This report is made in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Attention is invited to the fact that this appraisal is subject to the Limiting Conditions set forth on Page 3.

In my opinion, the value of the real estate property above captioned as of October 1, 2023, is:

<i>As Is Value: (Highest and Best Use):</i>	\$1,025,000
<i>Hypothetical Office Building:</i>	\$1,621,000
<i>Hypothetical Office Rent:</i>	\$18.00 per square foot on a triple net basis

Respectfully submitted,



Thomas E. Brown, #398
MA Certified General
Real Estate Appraiser

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY APPRAISED: Former Nursing Home

LOCATION: 490 William Street
Stoneham, MA 02180

OWNER OF RECORD: Arnold House Inc.

LEGAL REFERENCE: Book 15422, page 94
Deed date: 1/27/1984

ASSESSMENT DATA: Land \$ 606,500
Fiscal Year 2023 Building 422,900
Total -----
\$1,029,400

Fiscal Year 2023 Tax Rates:
Residential: \$11.10/\$1,000
Commercial: \$21.16/\$1,000

ZONING: R-A Residential

HIGHEST AND BEST USE: As Vacant: 2 Lot Residential Subdivision
As Improved: Demolition of improvement and residential two-lot subdivision.

INTERESTS APPRAISED: Fee Simple

OBJECT OF APPRAISAL: Estimate current market value as highest and best use and market and rental value with a hypothetical assumption converted to office space.

SITE: 40,071 square feet

IMPROVEMENTS: Wood-frame nursing home referred to as the Arnold House that consists of 22 rooms, 14 bedrooms, 8.5 bathrooms, and a gross building area of 8,362 square feet.

INDICATED VALUE BY:

SALES COMPARISON APPROACH \$1,025,000 – 2 Lot Subdivision
INCOME APPROACH
Hypothetical Office Building: \$1,621,000
Hypothetical Market Office Rent: \$18.00 per square foot triple net basis

EFFECTIVE DATE OF APPRAISAL: October 1, 2023

MARKET VALUE ESTIMATE AS IS: \$1,050,000

MARKETING TIME: 12 months

EXPOSURE TIME: 12 months

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THIS APPRAISAL IS SUBJECT TO THE
FOLLOWING LIMITING CONDITIONS
AND ASSUMPTIONS

The Legal Description cited herein is assumed to be correct, but the appraiser assumes no responsibility for matters legal in character, nor does he render any opinion as to the title, which is assumed for purposes of this appraisal to be good and marketable. Liens and attachments were not checked in depth and the title is assumed to be held in leased fee due to the current leases that are detailed later in this report.

The appraiser has not made a Survey of the property. Boundaries were taken from the Assessors' records. The appraiser assumes no responsibility for such a survey or for encroachments, which might be revealed thereby.

The Information and Data supplied to the appraiser by others, and which have been considered in the valuation, are from sources believed to be reliable, but no further responsibility is assumed for its accuracy.

Possession of this report or a copy thereof does not carry with it the Right of Publication, nor may it be used for any purpose except that designated by The Town of Stoneham.

Testimony or Attendance in court by reason of this appraisal with reference to the property in question shall not be required unless arrangements have previously been made in writing.

The Distribution of the Total Valuation of this report between land and improvements applies only under the existing program of utilization.

The Effective Date of Valuation of subject property is as of October 1, 2023.

The subject property has apparently not been tested for Contaminated Soil Conditions. It is assumed, for the purpose of this appraisal, that the site is clear under the provisions of Chapter 7 of the Acts of 1983 of the Massachusetts General Laws and the value estimated is premised on this assumption.

Hypothetical assumption is an appraisal assignment condition on which the appraisal assignment is predicated. In this appraisal an hypothetical assumption has been made that the property be converted into professional office space. The market and rental value for an office use is based on all property permits and variance granted for this use.

The Americans with Disabilities Act ("ADA") became effective on January 26, 1992. The appraiser has not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various ADA requirements. Since compliance is based on individual property owner's financial ability to cure the property's potential physical characteristics, the appraiser did not consider possible noncompliance with the ADA requirements in estimating the market value of the subject property.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

PROPERTY RIGHTS APPRAISED

This appraisal is made with the understanding that the present ownership of subject property includes all the rights that may be legally owned and is, therefore, title in property rights appraised is fee simple.

PURPOSE OF THE APPRAISAL

The objective of this appraisal assignment is to estimate the market value of the former vacant nursing home property located at 490 William Street, Stoneham, Massachusetts, as of September 15, 2023. The purpose of this report is to present the data and reasoning the appraiser has used to form the opinion of value. Market value will be based on current highest and best use and hypothetical assumption that the property is converted into a professional office building.

SCOPE OF WORK

This appraisal, presented in a summary format, is intended to comply with the reporting requirements for summary appraisal reports set forth in USPAP. In addition, the report was prepared and my appraisal performed to conform to the requirements of the Code of Professional Ethics mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

The scope of my appraisal in this case required me to collect primary and secondary data relevant to the valuation of the subject property. The detail and depth of my analyses are intended to be appropriate to the intended use of my appraisal report. The information used in my analyses has been confirmed with sources believed to be reliable. In the course of performing my appraisal, I made a physical inspection of the exterior subject property and, to the extent possible, the properties used for comparison. The appraisal process entailed using generally accepted valuation methods and procedures which were considered to be most appropriate to this assignment.

DEFINITIONS OF MARKET VALUE, INTEREST APPRAISED, AND OTHER TERMS

Market Value

Market value is one of the central concepts of appraisal practice. It is distinguished from other types of value in that it is created by the collective patterns of behavior of participants in the real estate marketplace. A current economic definition agreed upon by all agencies which regulate federal financial institutions is the following, which was taken from Advisory Opinion 22 of USPAP of The Appraisal Foundation.

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 assumption of 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 acting in what they consider to be their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto;
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions by anyone associated with the sale.

Exposure Time

Under paragraph three of the definition of market value, an appraisal opinion presumes that “ a reasonable time is allowed for exposure in the open market.” Exposure time is defined as the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is assumed to precede the effective date of the appraisal.

The reasonable exposure period is a function of price, time, and use. It is not an isolated opinion of time alone. Exposure time will be different for different types of property and under various market conditions. As noted above, exposure time is always presumed to precede the effective date of the appraisal. It is the length of time the property would have to have been offered for sale prior to a hypothetical sale at market value on the effective date of the appraisal. It is a retrospective opinion based on an analysis of past market conditions, assuming a competitive and open market. It presumes not only adequate, sufficient, and reasonable time, but also adequate, sufficient, and reasonable marketing effort on the part of the seller or his or her agent. Exposure time and the conclusion of market value are therefore interrelated.

Based on conversations with market participants and my knowledge of national and regional economic conditions, a reasonable exposure time for the subject property at the final estimated market value would have been approximately one year. This assumes an active, aggressive, and professional marketing plan would have been used by the owner of the subject property and/or his or her agent(s).

Marketing Time

Marketing time is an estimate of the time that might be required to sell an appraised property interest at the concluded market value. Marketing time is assumed to begin during the period immediately after the effective date of valuation of an appraisal. (Marketing time is subsequent to the effective date of an appraisal, whereas exposure time is assumed to precede the effective date of valuation.) The opinion of marketing time appeals to some of the same data appealed to in estimating the exposure time as part of the appraisal process. It is usually not intended to be the prediction of an exact date of sale and should not be a one line statement.

I believe based on the assumptions underlying this analysis, in addition to the selection of financial assumption for the subject property, that my value conclusion represents a price which the seller would achieve within one year.

QUALIFICATIONS OF APPRAISERS

THOMAS E. BROWN, License #398 - Massachusetts General Certified Real Estate Appraiser. Member of the Massachusetts Board of Real Estate Appraisers. Education: B.S. in Business Management, University of Lowell, 1981. Recent courses completed: USPAP Update Seminar, 2000; Commercial Appraisal Review Seminar, 2002; Fair Lending Seminar, 2003; Appraisal Communication: Writing Convincing Appraisal Reports, 2003; and all required courses and updates to obtain and maintain General Certified status. Began appraising for D.J. Brown Associates in January of 1982.

DANA SHAUGHNESSY, License #781 - Massachusetts General Certified Real Estate Appraiser. Education: Franklin and Marshall College, B.A., 1970; University of Rochester, M.A., 1974; Real Estate Appraisal Principles, University of MA of Boston, 1982; Basic Valuation Procedures, U. Mass. at Amherst, 1982; Capitalization Theory and Techniques, Parts 1 and 2, 1984. Case Studies in Real Estate Valuation, Tufts University, Tufts University, 1985; Valuation Analysis and Report Writing, Tufts University, 1985. Standards of Professional Practices, U. Mass. at Amherst, 1987; and numerous appraisal and technical seminars. Candidate for the MAI designation of the Appraisal Institute. Licensed Real Estate Broker since 1979. Joined D.J. Brown Associates in 1982.

A representative list of clients includes:

Massachusetts Department of Public Works, Attorney General's Office, Commonwealth of Massachusetts, Veterans Administration, numerous cities and towns, banking institutions, corporations, attorneys, individuals, and trusts.

Major appraisals completed include:

Shopping Centers:	Redstone, Stoneham, MA (263, 000 SF) Rockingham Mall, Salem, NH (200,000 SF)
Country Club Heights:	The first new congregate living facility for the elderly and handicapped adults in Massachusetts.
Industrial Plants:	Creese & Cook Leather Tannery, Danvers Carlings Brewery, Natick, MA Linvure Company, Somerville, MA One General Avenue, Reading, MA
New Office Buildings:	Rose Tree Plaza, Stoneham, MA Design Consultants Bldg., Somerville TASC Headquarters Bldg., Reading, MA
Golf Courses:	Bellevue Country Club, Melrose, MA Hillview Country Club, North Reading
Restaurants:	Century House, Peabody, MA Valle's Steak House, Saugus, MA Continental Restaurant, Saugus, MA Hard Cover Restaurant, Danvers, MA The Ship, Lynnfield, MA
Eminent Domain:	Dept of Public Works, Commonwealth of Massachusetts, and various municipalities.

Appraisals Completed for Part of Permanent and Temporary Takings:

The most recent being the Boston Third Harbor Tunnel and Central Artery Project.

Appraisal experience to date has included almost all types of properties common to New England. These appraisals have been made to estimate market value in connection with real estate assessments, insurance, inheritance, income taxes, eminent domain, and financing.

PROPERTY IDENTIFICATION

The property being appraised is the former and now vacant Arnold House. The Arnold House has been a well-known nursing home which was converted from its original clubhouse use for the adjacent Unicorn Golf Course in 1949. The property is a large Victorian-style structure that was constructed in 1884, according to public records and consists of 8,362 square feet of gross building area with a 40,071 square foot site that abuts the Unicorn Golf Course. According to a current for sale listing of the property, there are 22 rooms, 14 bedrooms, and 8.5 baths. The property was listed for sale on June 8, 2023, for \$2,800,000.



LOCATIONAL INFLUENCES

The town of Stoneham, Massachusetts, is a residential community situated ten miles north of Boston in Middlesex County. According to the most recent census estimate, the town has a population of 22,705, which is a slight decline from the 2000 census (23,249). Stoneham is bordered by similar towns of Reading to the north; Wakefield to the east; Melrose to the southeast; and the cities of Medford to the south and Woburn to the west. The total land area is 6.70 square miles with a large percentage being the Middlesex Fells Reservation. The median household income as of 2021 was \$105,541, which is slightly below the median household income for Middlesex County (\$111,790).

In terms of land use, the town is mostly medium density, single-family residential with a few mid-rise and townhouse condominium complexes and apartment buildings scattered about the town, and older detached multifamily dwellings located in an area encompassing the Central Business District. Commercial properties include professional offices, retail, services mainly along Route 28 and Montvale Avenue; two main secondary roads that are advantageous for business use as they both access highway network of Route 92 and 128. Most of the town's residents work in Boston as well as in the commercial and industrial areas along Routes 128 and 93. In particular, the major junction of these highways, just northeast of its boundary with the town of Reading, provides immediate access to the Greater Boston Area's network of major roadways, and thereby, most of its employment opportunities. For the same reason, retail properties, especially those just south of Route 128, draw customers from a somewhat broader area that would be typical for a suburban community. This factor accounts largely for the success of Redstone Shopping Center, just south of Route 28. This is also evident in the success of the commercial development along Walker's Brook Drive in the adjacent town of Reading, one exit north of Route 128 from the town of Stoneham. Walker's Brook Drive has been developed with national corporations such as Home Depot, Staples, Stop and Shop, Market Basket, Jordans' Furniture, and several restaurants including Chili's, Bertucci's, and Longhorn Steakhouse.

The overall real estate market conditions within the town are considered stable to strong. The commercial real estate market is considered stable with adequate demand. The commercial market is projected to remain stable due to the low supply of available properties for sale. The demand is predominantly for owner occupancy, as local businesses prefer ownership rather than renting. Commercial vacancies have experienced an increase in vacancies which is considered a factor of the Covid Pandemic. It has also been projected by many real estate professionals that the vacancy and market value of commercial properties will be negatively affected by increasing interest and inflation rates. The residential market in the town and market area is strong with median values steadily appreciating in the last few years. The increase in interest rates has not yet affected the residential market values; however, has affected the supply as potential sellers are reluctant to sell a low interest rate mortgage and trade for a higher one.

The single-family average sales price for 2022 was \$769,568 with 132 sales and condominium sale price was \$464,786 with 66 sales. In 2020, the average sales price was \$641,325 for single-family homes with a total of 115 sales and condominium average sales price in 2020 was \$404,786 with 61 sales. These statistics reported for 2019 and 2020 indicate that the Covid Pandemic did not affect the Stoneham residential market.

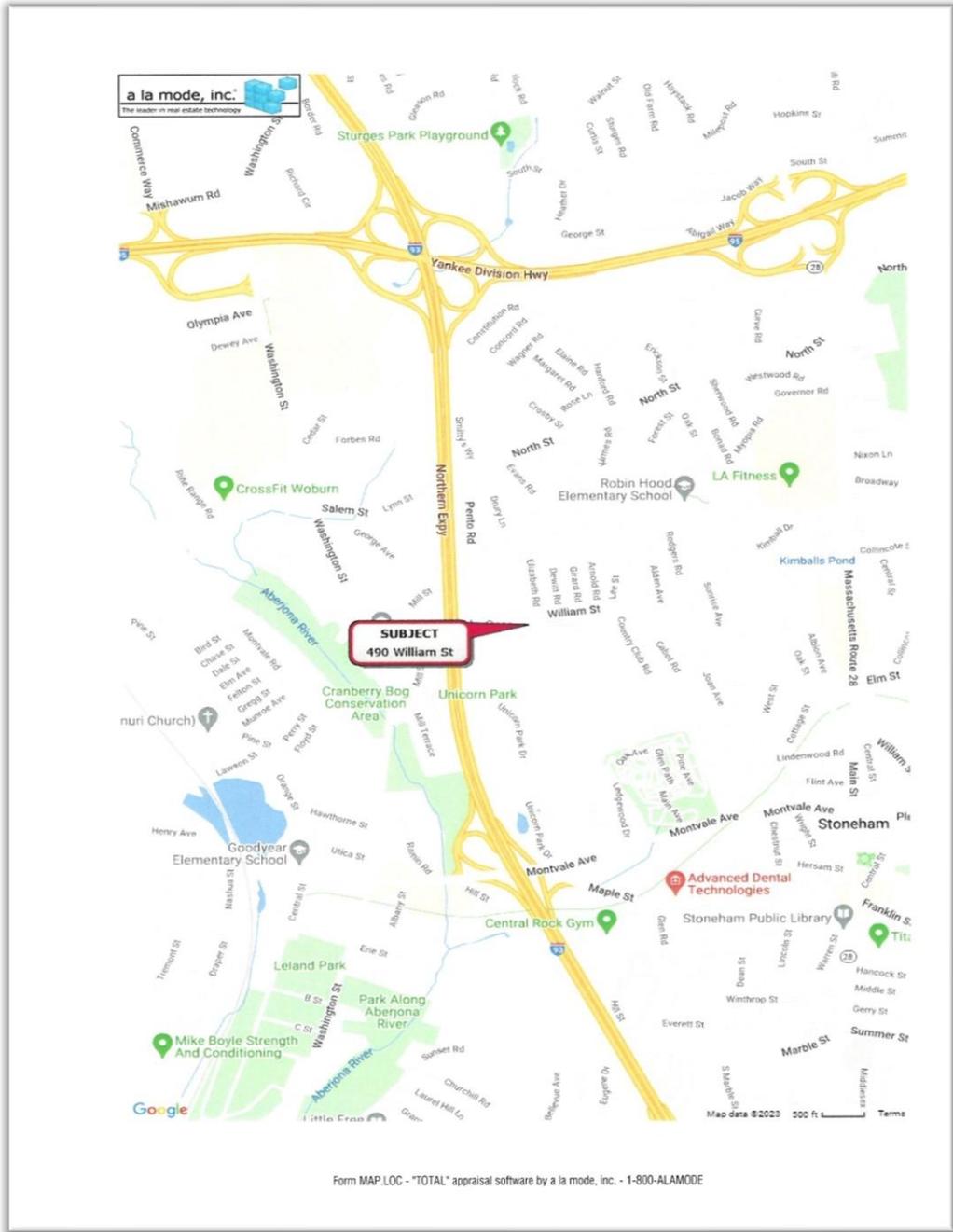
LOCATION DESCRIPTION

The subject property is located on Williams Street which is a well-traveled secondary road that travels between the Woburn city line to Franklin Street, just north of the town's central business district. Williams Street becomes Salem Street in adjacent Woburn and intersects with Washington Street, just south of Cummings Properties Office and Industrial Park complexes. As a result, the road is heavily traveled along William Street. The subject is located on the southerly side of William Street and is encompassed by the Unicorn Municipal Golf Course and just east of Unicorn Office Park and Courtyard by Marriott Properties. The remainder of the neighborhood/ market area is single family use. This market area has been historically a popular residential area which is commonly referred to as the Robinhood area named after the elementary school which it encompasses. Residents enjoy a quiet residential atmosphere with good access to supporting facilities which include highway (Route 92 and 128) and employment centers access (Cummings and Woburn Office/Industrial Parks); shopping, services, and food establishments along Main Street, Route 128 and nearby newly renovation Woburn Mall; and neighborhood elementary school (Robinhood), and middle school (just east of Main Street).

In conclusion, the subject neighborhood/market area is and has been a popular single-family residential neighborhood and is projected to continue to be. There have been no present or historical adverse conditions and/or factors that would affect the neighborhood/market area's property market values and/or marketability.

Refer to location maps and photographs on the following pages for further reference.

LOCATION MAP



Form MAP.LOC - "TOTAL" appraisal software by a la mode, inc. - 1-800-ALAMODE

AERIAL MAP



Form MAP.LOC - "TOTAL" appraisal software by a la mode, inc. - 1-800-ALAMODE

LOCATION PHOTOGRAPHS



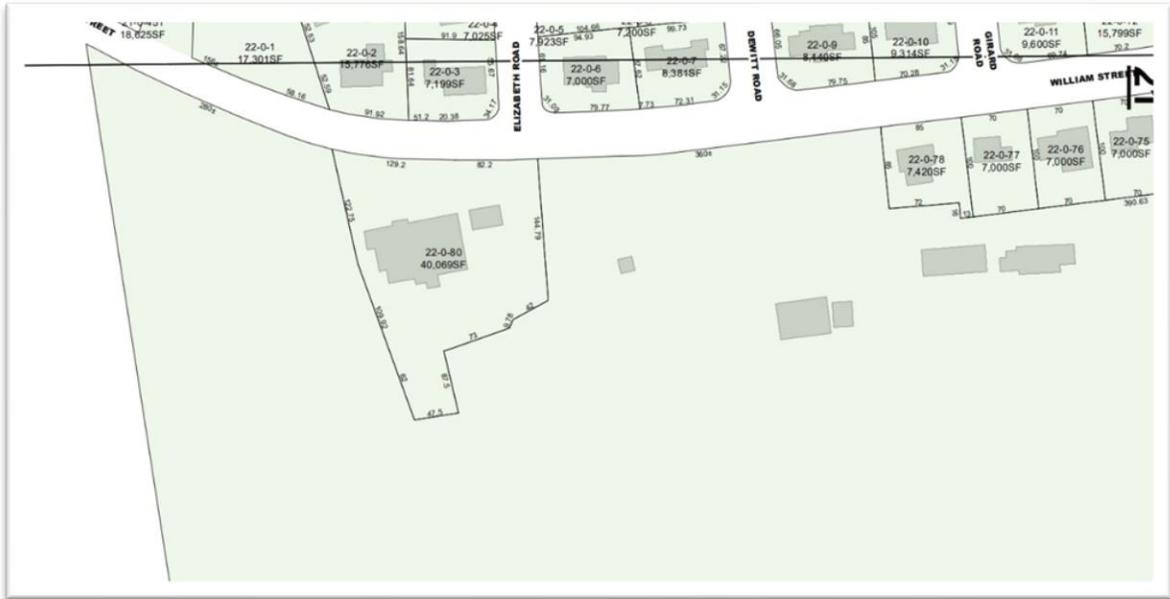
SITE DESCRIPTION

The subject site consists of 40,071 square feet of land with a 211.40-foot front on Williams Street. The site has an irregular configuration that can be referred to on the following site plan. The topography is predominantly level with a slope down steeply on the westerly boundary and a slope down from the front of the improvement to a level rear yard that abuts the golf course. The site is improved with a large, older Victorian-style structure that has been used for half a century as a nursing home, Arnold House. Other improvements consist of large front asphalt paved parking lot and professional landscaping with many perennial gardens. There is a second structure that is a maintenance garage/storage. There are no noted or projected easements, encroachments, or restrictions present or projected.

All utilities are available on site in capacities judged adequate for current or any proposed alternative uses. Utilities include public water and sewer, gas, electricity, cable/internet, and telephone.

Off-site improvements include an undivided, two-way-traveled, publicly maintained street with granite curbs and streetlights.

SITE MAP



IMPROVEMENT DESCRIPTION

An exterior only inspection has been made of the subject improvement. A current for sale listing has been reviewed which has many interior photographs. These photographs can be referred to on the following pages.

The subject improvement is a two-story wood frame hip roof-style former nursing home that was originally built in 1884 and converted into its current/former use as a nursing home in 1949, according to public records. The building consists of 8,362 square feet of gross living area with a full basement.

Construction Specifications

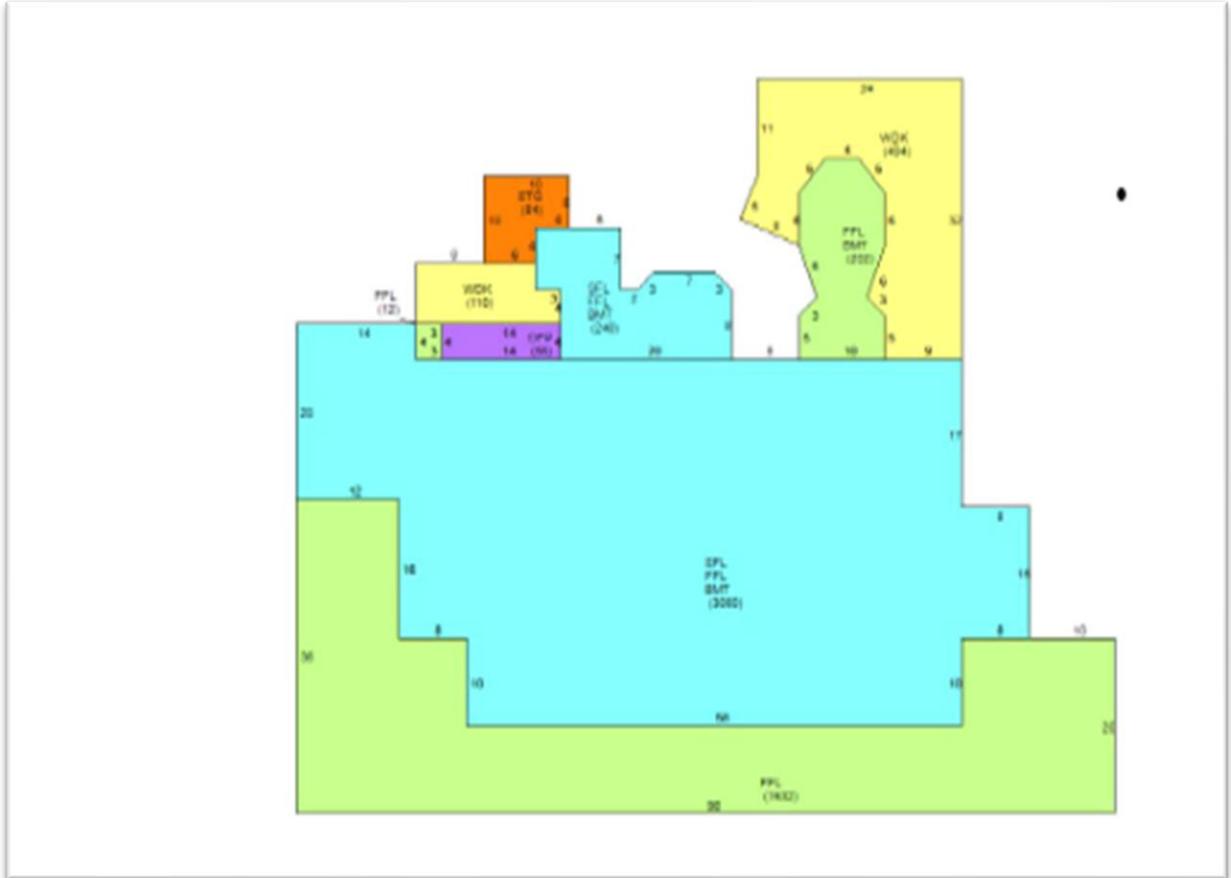
Construction:	Wood frame
Stories:	Two
Exterior:	Vinyl Siding
Roof:	Asphalt Shingle with aluminum gutters
Foundation:	Concrete and fieldstone
Basement:	Full – utilized for support of the nursing home operation
Elevator:	Yes
Heat and Cooling:	Steam and FHA by gas electric basement wall unit air conditioning mini splits
Lighting:	Incandescent Fixtures
Sprinkler:	Full sprinkler system older style with pipes exposed
Bathrooms:	8 full and 5 half baths Ceramic tile floors and tub/shower walls
Floors:	Carpeting, linoleum, and hardwood
Walls:	Plaster with most being wallpaper
Ceilings: rear room.	Plaster, suspended tile in comm kitchen, tongue, and grove in
Effective Age:	40 years

Condition/Maintenance:

Property appears to have been well maintained. However, the finish is dated. Refer to attached for listing pictures. The subject property is currently vacant and for current condition although well maintained appears dated for this type of use.

Refer to photographs and building sketch on the following pages for further reference.

BUILDING SKETCH



PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



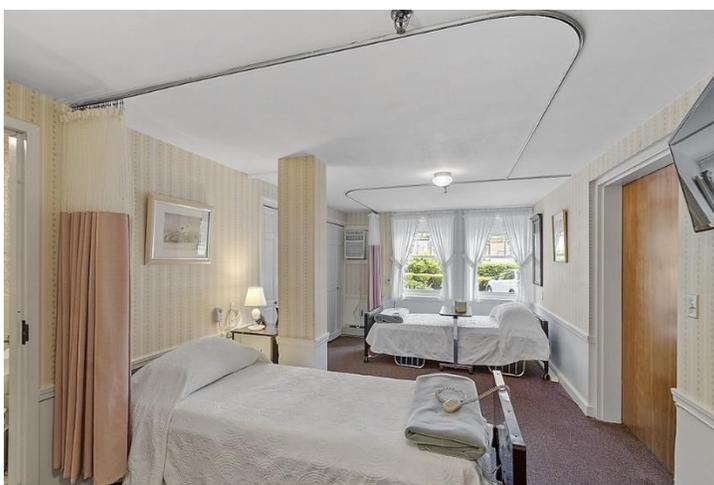
PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



ASSESSMENT AND TAXES

Owner of Record: Arnold House, Inc.
Sally Thatcher
490 William Street
Stoneham, MA 02180

Legal Reference: Book 15422, page 94
Deed date: 1/27/1984

Assessor's Reference: Map 22 L 50

Assessment Data FY 2023: Land: \$606,500
Building: 422,900

Total Value: \$1,029,400

FY 2023 Real Estate Tax Rate:
Residential: \$11.10/\$1,000
Commercial: \$21.16/\$1,000

FY 2023 Real Estate Taxes: \$21,782

SALE HISTORY

There has been no sales history of the subject property. The listing is as follows. In 2010, the property was listed for sale for \$2,800,000 and the listing expired. In 2011, the property was relisted for sale for \$2,200,000. That listing also expired. Recently on 6/8/2023 the property was listed for sale for \$2,800,000 and according to multiple listing service it was changed to under agreement on 9/1/2023.

ZONING

The subject site and neighborhood are designated as an RA district. RA district encompasses most of the area from the Woburn City limits to Main Street along William Street and to the north is the adjacent golf course which is designated a recreation and open space due to limited frontage, 211.40 feet.

Allowable use in a RA zone includes:
Single family dwelling
Home occupation

Zoning Dimensions

R-A Dimensional Requirements:

Minimum Lot Size: 10,000 square feet

Minimum Frontage: 90 feet

Percent Coverage: 30 feet

Minimum Yard Setbacks:

Front: 20 feet

Side: 10 feet

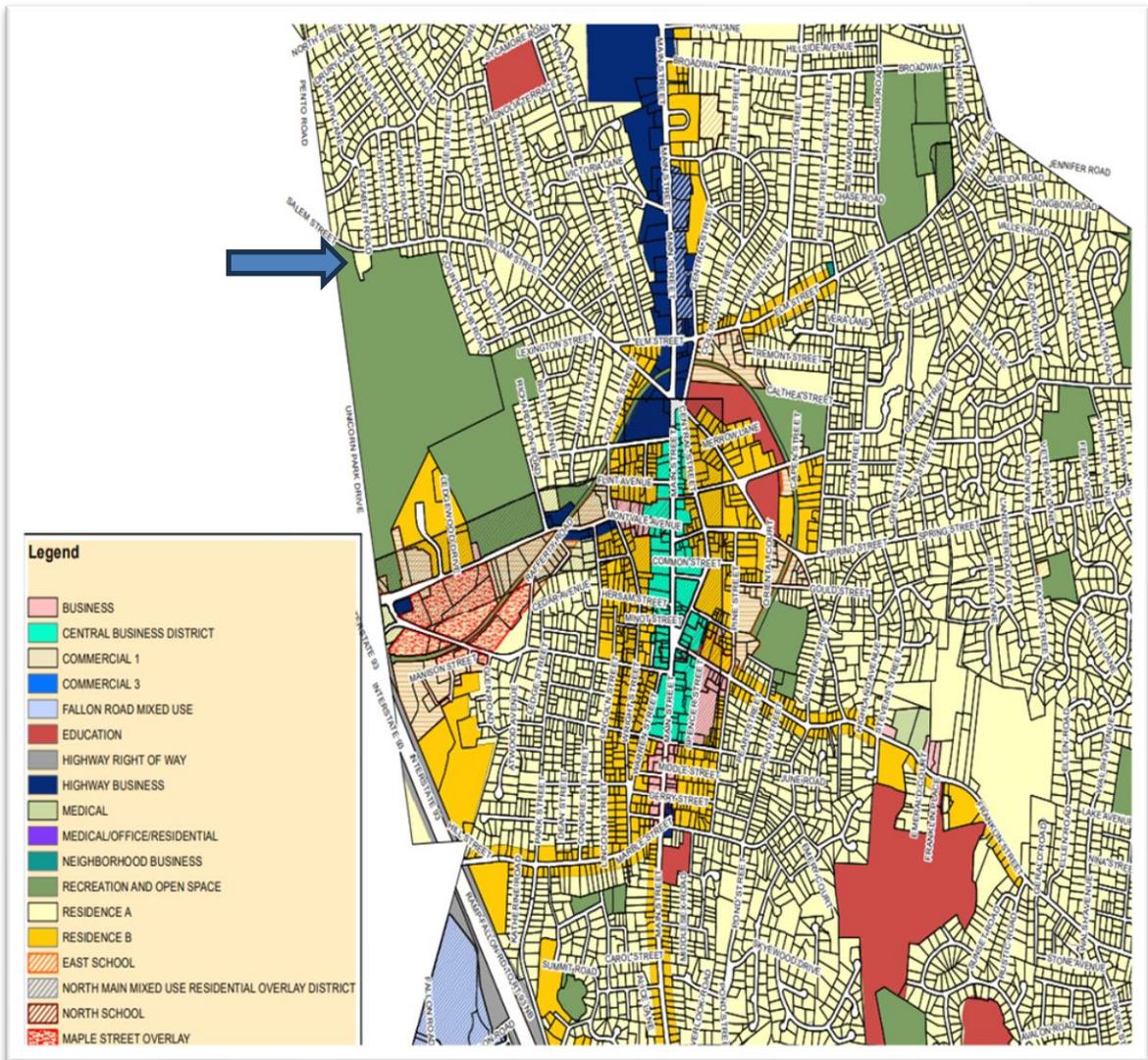
Rear: 15 feet

Maximum height: 30 feet

The subject property does not conform to the current use. Allowable use is single family. The nursing home is grandfathered, and the site is therefore considered legal non-conforming. Allowable use would be for two developable sites.

Refer to a copy of the zoning map on the following pages.

ZONING MAP



THE APPRAISAL PROCESS

The estimation of real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data is acquired; classified, analyzed and interpreted into an estimate of value.

This process, typically, involves analysis of relevant data from three points of view; first, by an estimation of the depreciated reproduction cost; second, by the capitalization of prospective property income; and third, by comparison with values indicated by sales of other similar properties in the area or neighborhood. The significance that may be placed on any one or more of these approaches depends upon the type of property under appraisal, the use to which it may be put, the ownership to which it might appeal, and the reasonableness and scope of data which can be secured.

In the following Highest and Best Use, it has been determined that the highest and best use as vacant and as improved would be for the site to be redeveloped with a legally permissible use which is two single family developable lots. The most applicable valuation approach for developable land is the market comparison approach. The income and cost approaches are not considered applicable.

For the hypothetical use as an office building, the request was developed by market rents and the market value is based upon these market rents. The Income Approach was considered most reliable and applicable as it is based on future income.

HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Fourth Edition (2002), published by The Appraisal Institute, defines highest and best use as

“The reasonably probable and legal use of vacant land or improved property, which 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 profitability.”

To determine the highest and best use of a given property, the appraised property is evaluated under two scenarios: as if vacant and as presently improved. In each case, the property’s highest and best use must satisfy the four criteria specified in the definition above.

Highest and Best Use of the Subject Property as if Vacant

Physical Possibility

The physical possibility of a proposed use of a given site is dictated by the site’s size, shape, topography, by the availability of utilities, and by soil and subsoil conditions. The subject site has an area of 40,071 square feet with 211.40 square-foot front. It is slightly irregularly shaped, and is generally level, meeting the grade of William Street. It is good for its neighborhood in terms of vehicular access, visibility, and frontage. All necessary utilities are available on the site in capacities which should be adequate for permitted use. Overall, the site is judged to be subdividable into two single family developable lots.

Legal Permissibility

The zoning ordinance in effect as of the date of valuation determines the legal permissibility or impermissibility of a proposed use for a site. As detailed in the zoning section of this report, the subject site is currently zoned Residential A. Permitted uses within an Residence A zoning district is limited to single family use with a minimum of 10,000 square-foot lot size and 90-foot front. In view of the predominantly residential character of the subject’s neighborhood, it is unlikely that the subject site would be rezoned, so that single family residential use will remain legally permissible.

Financial Feasibility

In order to be seriously considered as a use for a given vacant site, a use must have the potential to generate financial return sufficient to attract investment capital. A positive cash flow or an acceptable rate of return would represent a financially feasible use. In other words, financially feasible uses are those possible uses of a vacant site which can generate a profit over and above the cost of acquiring the site and then constructing a building on it. Given the legal permissible use is single family the single family two-lot subdivision would be the greatest financial feasibility.

Maximal Productivity

Of the proposed physically possible, legally permissible, and financially feasible uses of a given site, the use which would result in the highest financial return on investment or, equivalently, the one which would result in the highest land value, the maximally productive use, is, by definition, a site's highest and best use. In the case of the subject site, the maximally productive use would be two developable residential lots.

Conclusion

Above, I have surveyed legal matters concerning the zoning of the subject site. I have also analyzed the site's physical characteristics in relation to the possibility of constructing a building meeting current zoning requirement. In view of the site's physical characteristics and the general character of the subject neighborhood, the requirements of zoning in a Residence A zoning district, it is my opinion that the maximum profitable use of the subject site and therefore its highest and best use as if vacant would be two developable single-family lots.

Highest and Best Use of the Subject Property as Improved

The Dictionary of Real Estate Appraisal defines highest and best use of a property as improved as:

“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.”

Physical Possibility

The subject building was constructed in 1884 and converted to a nursing home facility in 1949. It is in good but dated condition, having received more than adequate maintenance. I know of no current or pending city action which would require any change to the building in its current configuration.

Legal Permissibility

As discussed in the zoning section of this report, the subject site is zoned Residence A. The site is improved with a 8,362-square-foot nursing home. In the zoning section, I conclude that the current use is a legal, non-conforming use of the subject site.

Financial Feasibility

The subject property is currently vacant and has no other allowed as is use. Extraordinary assumptions have been made to convert the property to professional office use which is discussed later in this report.

Maximal Productivity

I can think of no alternative use for the subject building in its present configuration which could generate a higher financial return than its current vacant use. To convert to a single-family or any other use is considered extremely costly and not productive.

Conclusion

In our opinion, the existing subject building does not add substantial value to the subject property, which would dictate its continued use. The highest and best use of the subject property as it is currently improved is to be redeveloped to legal use.

THE MARKET APPROACH

The Direct Sales Comparison or Market Approach to value is integral to appraising this type of property. The Market Approach is based on the Principle of Substitution, which infers that a prudent buyer would not pay more for one property than he/she would for another equally desirable, with the same attributes and functional utility. The process is that of comparing like properties which have recently sold or are offered for sale in the current market to the subject property and adjusting for such factors as date of sale, location, size and condition. The usual unit of comparison is the sales price per square foot of building area, including land.

The Stoneham and overall market area have been researched for recent developable single-family lot and nursing home market data.

Single Family Lot Sales

Lot sales are limited in the town of Stoneham within the last 18 months. There were a few sales in 2021 which exceeds the time for reasonable and accurate valuation. One of these 2021 sales was at 7 Brook Street, Stoneham, that sold on 10/29/2021 for \$461,000. This sale consists of unimproved 12,210 square feet of land and is located on the Melrose town line on a narrow dead-end road off the Fellsway East Parkway. The site was purchased for the development of a split entry style single family which consists of approximately 3,400 square feet with nine rooms, four bedrooms, 3.1 bathrooms. This new construction sold for \$1,336,500 on 4/5/2023. Adjustments considered include time of sale +10%, inferior views +20%, and slightly superior location (subject located on a well-traveled secondary road) -5% and demolition cost required to develop the site -10%, and, lastly, size (subject lots would have approximately 20,000 square feet each) +5%; Adjusted sale price \$554,200.

104 Pond Street, Stoneham: a 1.64-acre parcel currently for sale for \$1,200,000. This parcel is reported to be a three or four lot subdivision. There is some wetland which would limit the number of lots. Adjustment would be considered for inferior view (golf course) +20%; location (secondary road) -5%. Demolition costs \$75,000, +6.25%. Net adjustment of \$211.25. Adjusted asking price per proposed lot range for three to four lots from \$363,750 to \$485,000.

Market Area Single Family Lot Sales

0 Acorn Avenue, Lot 11, Wakefield: This is an unimproved 18,749 square-foot lot for sale in the adjacent town of Wakefield. This parcel sold for \$429,000 on 8/10/2023.

Adjustments were considered for location -5%, views +20%, demolition costs (-\$30,000) (-7%), net adjustments +8%, or \$463,320.

29 Marlboro Road, Woburn: An improved 10,000-square-foot lot in adjacent Woburn sold on 6/17/2022 for \$615,000. This parcel was improved with a 1954 Ranch-style dwelling. This was demolished for development of a 4,000 square foot+ Colonial-style single family dwelling that is currently for sale for \$1,850,000.

Adjustments made for location -5%, views +20%, lot size +5%, net adjustment 20% adjusted net sale price was \$738,000.

12 Surrey Road, Woburn: This is a sale of an improved 12,100 square foot lot in adjacent Woburn that sold for \$605,000 on 4/01/2022. The site was improved with a Ranch-style single family constructed in 1959. The Ranch was razed and a 4,600+square-foot Colonial that is for sale for \$1,795,000. Adjustment made for location -5%, views +20%, lot size +5%. Net adjustment +5%, net adjustment +20%. Adjusted sale price: \$726,000.

23 Anna Road, Woburn: This is a sale of an improved 13, 108 square foot site located in the westside of the adjacent City of Woburn. The site sold for \$605,000 on 3/29/2022. The site was improved with a modest sized Ranch constructed in 1954 and redeveloped with a 4,100 square foot Colonial-style single family dwelling which is currently for sale for \$1,649,000. 95 days on the market.

The preceding developable land comparison is the most reliable and applicable available. These sales are from Stoneham and adjacent communities of Wakefield and Woburn. Adjustments have been made for location (subject being located on a secondary road), views (subject lots would front on public golf course having appealing views of fairway and greens). Demolition (subject site is improved with a larger, former nursing home and garage which would need to be razed for redevelopment. Estimated cost of demolition has been determined to be \$75,000), size (the

subject proposed lots would have lot sizes in the 20,000 square foot range when as the typical lot sale is in the 10,000 to 13,000 s.f. lot size).

The adjusted sales price per lot ranges from a low of \$320,000 to over \$700,000 per lot. The three sales from Woburn all indicate an adjusted market value over \$700,000. A \$700,000 lot value is considered in excess for the subject lot and after considering all the pertinent market data and current market conditions, the market value of the subject site as ready for development is \$550,000 per lot, \$1,100 000 or as is \$1,100,000 minus demolition costs of \$75,000 for a value of **\$1,025,000.**

Market Value As has been determined to be:

\$1,025,000

ONE MILLION TWENTY-FIVE THOUSAND DOLLARS

Market Comparison as Improved

The market has been researched for nursing home market data. Nursing home market data is limited, and, therefore, the greater market area and typical time of sale was extended in this survey. The following is the most reliable and applicable market data to develop a current “as is” improvement market value.

- 74 Elm Street, Woburn: This site was purchased on 1/8/2020 for \$750,000. This was an older 9,848 square foot assisted living facility on a 31,590 square foot lot. The property was purchased to convert it into fourteen one-bedroom apartments. At time of sale the property was vacant. Sales price per gross building area: \$76.15
- 706 Main Street, Wakefield: This was a sale of an assisted living/nursing home that was purchased on 10/15/2019 for \$775,000. The property was purchased for redevelopment of the site into two duplex-style condominiums consisting of four townhouse units. The building consisted of 8,046 square feet and land was 17,799 square feet. Price per square foot of gross building area \$96.32. Price per square foot of land \$45.06.
- 175 Berkley Street, Methuen: This property was formerly the Hallyon House Nursing Home/Healthcare Facility that closed in July 2021. The property sold on 9/1/2021 for \$800,000 and a year later on 11/01/2022 for \$900,000. The property consisted of 7,654 square feet of gross building area with a land area of 313638. The property was purchased for conversion to a rooming house which today consists of 20 rooms and four full and two half bathrooms.
Sale Price Per Gross Building Area: \$117.59 p.s.f.

The only market data of older style nursing homes have been detailed above. All of these sales were converted and/or redeveloped to another use. None of these properties were converted to commercial uses.

The sales price per square foot of gross building area ranges from a low of \$45.06 to a high of \$117.59. The sales at the low end of the range, the improvements were razed, and the site redeveloped.

After considering the market data and subject current improvement, it has been determined that the subject property as currently improved is \$100 per square foot of gross building area including land, or:

$$\text{\$100 per square foot} \times 8,362 \text{ square feet} = \text{\$836,200}$$

\text{\\$836,000}

HYPOTHETICAL OFFICE USE

In the preceding pages, the market value as the highest and best use as vacant and highest and the highest and best use as vacant has been determined to be the highest and best use, and, therefore, the subject property current market value has been determined to be \$1,025,000.

The second part of this appraisal assignment is to determine the market office rent and value if the subject property was hypothetically converted to an office building. The subject building is not conducive to professional office use and would require major expense to convert. The hypothetical absorption would result in Class B office space at best.

The office rental survey market has been surveyed for similar market data. The overall office rental market has been experiencing an increase in vacancies which is attributed to the Covid Pandemic as the government closed many businesses forcing them to work remotely. Many businesses did not return to the workplace and remained remote. Vacancies and commercial loan defaults are projected to increase due to the demand declining as inflation and interest rates increase. Commercial loans are not fixed and adjusted after a few years. The next adjustment will increase interest rates greatly which is projected to affect many businesses and landlords.

The following is the result of the rental survey:

91 Montvale Avenue, Stoneham: This is a large, 68,500 s.f. multitenant Class B office building adjacent to the municipal skating arena. There are two units currently available for rent totaling 6,528 square feet and asking rent from \$15.50 to \$17.50 plus electricity.

The following are recent rentals:

First-floor, 960 s.f. office rented on 10/23 for \$21.00 p.s.f. 1 year lease at \$23.00 p.s.f. plus electric.

First-floor, 3,762 s.f. leased on 8/23 for \$21.00 p.s.f. modified gross.

Third floor from 3,452 s.f. leased on 6/2023 for \$15.50 plus electric. One year lease

92 Montvale Avenue, Stoneham: This is a Class A office building across from the previous property detailed and is owed by Cummings Property.

The office rental comparisons indicate a range in rental values from \$15.00 to \$23.00 p.s.f. electric/modified gross. The subject as a hypothetical office would be a single tenant and all

operating expenses would be the responsibility of the tenant. Therefore, it would be a triple net lease and would be at the lower end of the rental comparison range.

One Montvale Avenue, Stoneham: Class B office building constructed in 1987. Gross building area of 99,777 square feet with 670-75,341 square feet of available space at \$16.00 to \$20.00 p.s.f. modified gross.

400 Unicorn Park Drive, Woburn: Class B office building constructed in 1987. Located in the popular Unicorn Office Park and totals 93,605 square feet of gross building area. Currently approximately 91% vacant. Space ranges from 1,792 square feet to 84,905 square feet. Range in rent from \$24.00 to \$29.00 p.s.f.

500 Unicorn Park Drive, Woburn: Class A/B office building constructed in 1999. Located in Unicorn Office Park and consists of 193,329 square feet of gross building area. Approximately 38% vacant. Space ranges from 6,310 s.f. to 74,259 square feet and rental rates range from \$26.00 p.s.f. to \$32.00 p.s.f. modified gross.

600 Unicorn Park Drive, Woburn: Class A/B office building in Unicorn Park and consists of 131,404 square feet. Constructed in 1985. Vacancies are approximately 32%. Rental rates range from \$23.00 to \$28.00 p.s.f. modified gross. Unit sizes range from 2,226 square feet to 52,087 square feet.

The market rental value for the subject property being an 8,000 square foot hypothetical office building has been determined to be \$18.00 per square foot triple net.

Projected Operating Budget

Gross Annual Rent:	5,362 s.f. x \$18.00 p.s.f.	\$150,516
Less Vacancy 15%		< 22,577>

Effective Gross Income:		\$127,939
Owner/landlord is responsible for structural repairs And administrative costs 5%		< 6,397>

Projected Net Operating Income:		\$121,542

Mortgage-Equity Analysis

Two methods or analyses are most appropriate to this type of property. First is the “Mortgage-Equity Capitalization” or Ellwood Method. Secondly, Discounted Cash Flow Analysis with the use of computer technology has been proven to be a sound valuation technique. Considering that all tenants are on a tenant-at-will basis, the Mortgage-Equity Capitalization Method has been utilized in the development of the capitalization rate.

In this analysis of the appraisal, Mortgage Technique is deemed most reliable, utilizing market data rents. Also, Discounted Cash Flow is considered less effective due to the volatile market and several future assumptions that must be made.

Mortgage-Equity Analysis

I have estimated a schedule of gross income for the subject property based upon the comparable rentals of similar properties in the area and the rental which could be charged for the subject property. After deduction for property expenses, I have arrived at net income. Through the process of the Mortgage-Equity Capitalization Method, I will process the net income into an expression of value.

Approaching the valuation problem in this manner, attention should be directed to the item designated “Net Income.” It is composed of two elements, i.e., (1) mortgage interest and amortization or debt service and (2) cash flow dividend. It is readily apparent that an overall rate for discounting or capitalizing net income should be the weighted average of the rate charged for debt service and the dividend rate anticipated by equity owners.

Principal payments on a mortgage loan should not be viewed as an expense item like interest payments since such payments are, in reality, returned to the borrower by reducing his indebtedness. The reduction of indebtedness or equity build-up should be reflected in this Band of Investment Technique. The manner in which this is done is to include the full cost for debt service and then deduct a fair credit to cover equity build-up.

It is desirable to select a rate which would, for some definite period of time, be less than full term since real estate investors often sell their property after holding it only 5 to 10 years. This would

indicate that only a fraction of the loan would be paid off during this period of time. The true basic rate for this shorter period of time is determined by the percent of the loan that will be paid off in this period, and the proper sinking fund factor for this period.

This method recognizes equity build-up and both depreciation and appreciation. The holding period or term is typically 5 to 10 years for investment type properties. For the purpose of this report, the appraiser has chosen to use a 10-year holding period.

A knowledgeable purchaser will require an 8-12% return for this type of investment. The appraiser concludes that a 10% return is appropriate for this property in the current economy. This has been determined by surveys, publications, and area investors.

Mortgage terms typical of the market usually involve a survey of financial institutions within the lending market. Discussions with loan officers indicated that the present interest lending rates range from 7% to 7.5% for this type of property. This depends on equity position, length of time and, very often, the buyer's past performance with the bank. The appraiser has decided to use a 7% interest rate with a 25-year amortization period and a loan to value ratio of 75%. During the holding period, it has been estimated that the market will remain stable for the beginning of the holding term and experience slight appreciation at the end of the holding period.

INTEREST RATE	0.0700	
LOAN TO VALUE RATIO	0.75	
EQUITY RATIO	0.25	
LOAN TERM - MNTHS/YRS	300	25
HOLDING TERM - MNTHS/YRS	120	10
ANNUAL APPRECIATION	0.005	
EFFECTIVE TAX RATE	0.0000	
EQUITY RATE	0.1000	

Capital Structure	Portion		Rate	Weighted Rate
First Mortgage	0.75	x	0.084814	= 0.063610
Equity	0.25	x	0.1000	= 0.025000
Weighted Rate				0.088610
Less Credit for Mortgage Amortization				
Loan to Value Ratio	P*		SFF**	
0.75	x	0.213666	x	0.062745 = 0.010055
Basic Rate (r)				0.078555
Less Adjustment for Property Appreciation				
Appreciation		SFF**		
0.0500	x	0.062745		= 0.003137
Composite Capitalization Rate				0.075418
Overall Capitalization Rate - Rounded				7.50%

The following is a summary of the appraiser's assumptions for Mortgage-Equity Capitalization:

Capitalizing net operating income at an overall capitalization rate of .075 indicates that the subject property market value by the Income Approach is:

$$\frac{\$121,542}{.075} = \$1,620,000$$

Or rounded to: \$1,621,000

ONE MILLION SIX HUNDRED TWENTY-ONE THOUSAND DOLLARS

RECONCILIATION AND FINAL VALUE ESTIMATE

In the preceding pages, the fee simple value of the property located at 490 William Street, Stoneham, Massachusetts, has been determined to be:

<i>As Is Value: (Highest and Best Use):</i>	\$1,025,000
<i>Hypothetical Office Building:</i>	\$1,621,000
<i>Hypothetical Office Rent:</i>	<i>\$18.00 per square foot on a triple net basis</i>

The rationale underlying this approach and the manner, in which this value indication was arrived at have been covered in detail in the body of the report. It is not necessary to reiterate here particular details which have already been analyzed in depth, but it is proper to re-examine the quantity and quality of the data upon which each of the above value estimates is based. This procedure is necessary in order to formulate a logical and accurate estimate of market value.

Respectfully submitted,



Thomas E. Brown, #398
MA Certified General
Real Estate Appraiser

CERTIFICATION

The undersigned does hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. I have made a personal inspection of the property that is the subject of this report.
7. No one provided significant professional assistance to the persons signing this report.
8. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



Thomas E. Brown, #398
MA Certified General
Real Estate Appraiser
Expiration: 7/15/2023