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APPRAISAL OF

ESTHER ELSEA PROPERTY

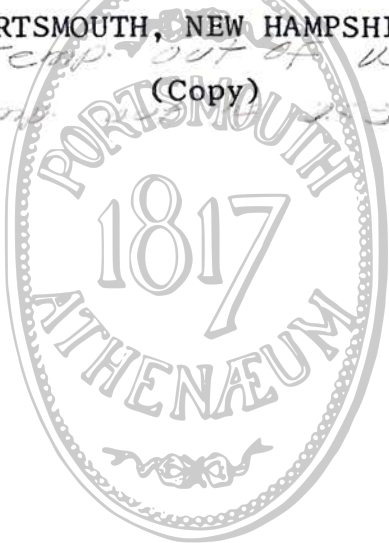
E/s MIDDLE STREET

PORTSMOUTH, NEW HAMPSHIRE

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HOUSING ASSISTANCE OFFICE REGION I

SEP 8 - 1967

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by

John L. Hyde & Associates

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August 25, 1967

Portsmouth Housing Authority
25 Vaughan Street
Portsmouth, New Hampshire

RE: Esther Elsea Property
Middle Street
Portsmouth, N.H.

Gentlemen:

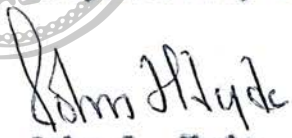
At your request I have made an appraisal of property owned by Esther Elsea and located on the east side of Middle Street in Portsmouth, New Hampshire. I have made a careful and thorough analysis of this property and of all factors relating to it, the details of which may be found on the following pages.

My estimate of the market value of this property, as of August 25, 1967, is as follows:

FIFTY-SEVEN THOUSAND (\$57,000.00) DOLLARS

Of this total amount, \$35,000.00 can be allocated to land value if unencumbered.

Respectfully submitted,


John L. Hyde
M.A.I.

QUALIFICATIONS OF THE APPRAISER

EDUCATION - Graduate of Dartmouth College, 1943. Attended Courses I, II and III sponsored by the American Institute of Real Estate Appraisers.

BUSINESS EXPERIENCE - Two years as an appraiser for the George B. Horan Company, New Haven, Conn., and two years with the Cole-Layer-Trumble Co., Dayton, Ohio, both firms specializing in municipal revaluation work. Chief of the Appraisal Division, Veterans Administration, Manchester, N.H. before assuming duties as chief assessor for the City of Concord. Have done extensive work for the Right-of-Way Division, State of New Hampshire, appraising properties condemned by the State for highway purposes. Other clients include the Gulf Oil Corporation, New England College, Plymouth State College, Community Oil Co., The North American Capital Corp., General Services Administration, New Hampshire Department of Resources and Economic Development, The Portsmouth Housing Authority, The Laconia Housing Authority, The Concord Housing Authority, The Manchester Housing Authority, The Lebanon Housing Authority and numerous lawyers and private clients. Have qualified in court as an expert witness in Merrimack, Hillsboro, Sullivan, Cheshire, Coos, Belknap, Rockingham and Grafton Counties. Designated fee appraiser for the Veterans Administration and the Federal Housing Administration. Currently an independent fee appraiser. Member of the Concord Board of Realtors. Member of the American Insitiute of Real Estate Appraisers.

STATEMENT OF LIMITING CONDITIONS

For the appraiser's protection and for the information and protection of the reader, the following assumptions are hereby set forth:

- 1) That the legal description furnished him is correct..
- 2) That the title to the property is sound.
- 3) That there are no encumbrances or defects of title other than those mentioned in the report, if any.
- 4) That the property is free and clear of all liens other than those mentioned in the report, if any.
- 5) That certain opinions or estimates furnished by other individuals and used in making the appraisal are correct.

CERTIFICATION

For the benefit of those concerned, the following matters are included:

- 1) That the appraiser has no interest, present or contemplated, in the property.
- 2) That neither the employment to make the appraisal nor the compensation are contingent on the amount of the valuation.
- 3) That, according to the best of the appraiser's knowledge and belief, all statements and information in the report are true and correct, and no important facts have been withheld or overlooked.

MARKET VALUE DEFINED

In this appraisal I have defined market value as the highest price in terms of money which the property will bring if exposed for sale on the open market with a reasonable time allowed to find a purchaser buying with knowledge of the uses and purposes to which it is best adapted and for which it is capable of being used.



CITY DATA

Historical - Because of the many physical advantages that characterize the area, Portsmouth became one of the early settlements on the east coast, being first occupied in 1623. Growth was rapid and the development was nurtured by a thriving commerce based on sea trade. The resulting high degree of wealth that followed this rapid growth gave rise to a number of very substantial homes, many of them still in existence, giving the city an old but authentic colonial flavor. Portsmouth became incorporated as a town in 1653 and was chartered as a city in 1849.

With the exception of three census periods, Portsmouth has shown a continuous population growth. Between 1800 and 1850 this growth was due to a large extent on the activity of the Portsmouth Naval Yard. In the latter part of the century the commerce dropped off and the city became dependent to a large degree on the Naval Yard as a source of employment, with a smaller percentage employed in diversified industry such as breweries, paper production, shoes, textiles, etc. The growth of the city during the latter half of the nineteenth century was less than 10%.

In both wars the City of Portsmouth responded to the great increase in military demands. The limited conflicts since then, as well as the so-called cold war, have kept the labor force at about 8,000. In 1954, construction was started on the Pease Air Force Base, another dominant factor in the history of the city.

CITY DATA (Cont.)

Population - A population count in 1956 has provided the following figures relating to the Portsmouth area:

Not associated with the Air Base	18,650
Airbase personnel and families living outside the base	3,850
Airbase personnel and families living on the base	<u>7,540</u>
Total City Population	30,040

Prior to the airbase, the city's population was 18,830.

Residential Building Activity - In 1950 there were 5,943 dwelling units in Portsmouth. At the end of 1959 the number had increased by 1,069 units, made up of 857 single-family dwellings, eight two-family dwellings, 124 apartments and 80 trailers. Altogether, residential construction is still progressing at the rate of slightly over 100 homes per year. However, with the airbase completed and the industrial picture relatively static, the recent high rate of building activity should taper off. Vacancy factors are increasing in late months, indicating a possible saturation point.

Economic Considerations - Raw materials and basic resources are limited in the Portsmouth area and do not offer much of a potential.

There are limitations in the soil that make the further development of agricultural land improbable.

Seafood products have presumably reached the limit, due

CITY DATA (Cont.)

primarily to competition and the pollution of harbor waters. The latter presumably will be corrected in due time. Competition will persist, however; being the dominant force, the future of this business is not bright.

Rail transportation is limited and declining. The highway network, however, is very favorable and provides a distinct asset to both the city and the general area. A new high-level bridge across the Piscataqua River is imminent. In conjunction with this development, direct access to the central business district off this new highway will be provided. Formerly, it was very difficult to get in and out of downtown Portsmouth. Lack of an air terminal in Portsmouth capable of handling commercial traffic is considered serious. Lack of adequate land makes such a development remote.

Harbor facilities are about to be improved in two ways. Construction of a new marine terminal is underway located on Nobles Island in the Piscataqua River. The first stage of this terminal will include the construction of a concrete wharf superstructure and decking 450 feet in length and 50 feet wide intended to accommodate ocean-going vessels. Also under consideration by Portsmouth planners is a truck highway leading westerly from the terminal and following in a general fashion the path of the Boston and Maine railroad. There is some discussion of providing direct access from Route #95 to the terminal, allowing access to and from both the north and the south-bound lanes.

CITY DATA (Cont.)

The second part of the harbor improvement relates to a \$7,500,000.00 federal project to widen and deepen certain parts of the Piscataqua River. It is the intent of this project to expedite the travel of even larger ocean-going vessels.

The terminal, along with the widening and deepening of the River should make Portsmouth the most convenient shipping and importing point for many companies in New Hampshire, Vermont, Ohio and northern New York. The completion of New Hampshire's modern and efficient highway system will provide a tie-in with important midwestern ports that are ice-bound during the winter.

In the past year or so the city has taken over the Bellamy Dam Reservoir built by the Federal Government. The quantity of water is now rated as good, eliminating a previous problem of supply.

Some concern is expressed over the status of the Pease Air Base. In recent months two wings have departed and are being replaced by one wing.

The development of the boating industry has a fairly good future and some advancement can be expected along these lines.

Industrial Activity - The naval shipyard is the largest employer of civilian workers in northern New England, employing some 9,000 workers. In recent months there have been

CITY DATA (Cont.)

frequent rumors emanating from Washington pointing towards a diminution in the work force or even a possible closing down. The seriousness is impossible to weigh, but the potential threat should provide some containment of enthusiasm by the buying public where real estate is concerned.

The shipyard establishes an artificial high wage level that other local industry find hard to match. It has the further disadvantage of discouraging new industry from moving into the area.

The Simplex Wire and Cable Company is the next largest single employer with a work force of about 500 persons. The balance of the work force is absorbed by the various commercial activities that characterize any city.

Educational - Portsmouth is served by ten public elementary schools, one Junior High and one High School. There are additional parochial facilities and the overall educational facilities are rated as good.

Portsmouth contains one of New Hampshire's Technical Institutes. The University of New Hampshire is ten miles away in Durham.

Civic - Portsmouth has a manager form of government. The council contains nine members, one of whom is mayor.

There is a fine park system in the city which is augmented by funds from a private source intended to develop park land along the river.

CITY DATA (Cont.)

A new 1.9 million dollar community hospital was constructed in 1963.

Portsmouth has an active planning board with a full-time director. It has an active Urban Renewal Agency responsible for the elimination of several advanced slum areas and the creation of an historical village as well as additional parking areas to supplement others in the downtown area.

A new Federal Building is under construction just off Market Street, extending from Bow Street to Daniel Street. It is expected to strengthen the area and to exert an influence along portions of Market Street.

To offset parking space taken by the Federal Government for its new Post Office, the city has erected a multi-story parking building off of Hanover Street.

THE NEIGHBORHOOD

The subject property is located on the east side of Middle Street approximately six blocks from the central business district. In past years the immediate area was primarily residential and sustained a number of large, expensive homes. In recent years single-family usage has diminished to a large extent and a great many of the buildings have been converted to apartments and, on first floor areas, to professional use. Because of the grand scale of the architecture, a number of doctors and lawyers have moved from the downtown section into this area. Virtually all of the structures are well-maintained and the overall area still maintains elements of class and prestige. The only inharmonious feature is the subject itself, which incorporates a strong commercial use in a typical automotive-type commercial unit.

Middle Street sustains a fairly heavy flow of traffic as it is the most direct route from north-bound traffic on Lafayette Road (Route #1) into the Portsmouth downtown area. Parking in the area of the subject property is permitted on both sides of the street and is not timed or metered. Sidewalks are macadam, curbing is granite. The area is zoned apartment. All city services are available.

THE PROPERTY DESCRIPTION

The subject property contains two commercial buildings located near the intersection of Middle Street and Richards Avenue in Portsmouth, New Hampshire. The area is zoned for apartment house use.

The assessment information is as follows:

\$30,000.00 Total Assessment

\$ 1,665.00 Tax

The Land

The subject tract has frontage of 100 feet on Middle Street and 175.8 feet of frontage on Richards Avenue. Total area is 36,600 square feet, more or less. The lot is irregular in shape and reference is made to the plot plan at the end of this report for the exact dimensions. The land is at grade with Middle Street and is level for the greater portion of its depth. It then slopes down slightly to Richards Avenue. Most of the land not sustaining the buildings has a poor macadam surface that appears to be quite old. There is adequate off-street parking for employers and customers. There is a macadam sidewalk with a granite curbing on Middle Street.

The Buildings

Building 'A'

The subject is a one-story concrete block structure presently used as a retail tire sales store and for storage of automobile tires. It is described in detail in the following

THE PROPERTY DESCRIPTION (Cont.)

manner:

Foundation - Concrete. No cellar.

Exterior - Masonry covered concrete block and plate glass.

Roof - Built-up.

Interior - Concrete block and plywood panel.

Ceilings - Unfinished and wallboard squares.

Floors - Concrete and tile. Carpeting over some of the concrete floors.

Electrical - Fluorescent. Ample outlets.

Heating - Steam, oil-fired. Blowers.

Plumbing - Toilet room. Standard water heater.

Detail - Four overhead doors.

Area - 3,038 square feet.

Condition

The subject is rated as being in satisfactory physical condition. The exterior walls and roof, for the most part, are well-maintained. The concrete floor is sound, but in the area of the building sustaining tile floors some tiles are missing. Walls and ceilings in the area used for sales and display are well-maintained, while little has been done in the way of routine maintenance in the storage area. The heating system is old but appears serviceable. Plumbing facilities are also in satisfactory condition. Overall, loss from physical wear and tear is considered normal.

THE PROPERTY DESCRIPTION (Cont.)Functional Obsolescence

The subject by original design was a gasoline service station. The present sales and display area was added at a later date. The older area contains a large room with three smaller rooms, one of which houses the steam heating unit. The remaining rooms are all used for storage. Plumbing facilities are adequate; the heating system is obsolete. The layout for the present use is satisfactory, with the storage area easily accessible to the sales area. There is adequate parking for customers and visibility along Middle Street is rated as good. The newer section with the plate glass walls is a reasonably attractive area. Loss in value from functional obsolescence is not a major consideration.

Building 'B'

The subject is a two-story brick commercial building with a one-story brick addition. It is described in detail in the following manner:

Foundation - Brick and stone. 500 square feet of cellar area.

Exterior - Brick.

Roof - Slate and composition.

Interior Walls - Brick.

Ceilings - Open beams.

Floors - Concrete, tile and pine (2nd.floor)

Heating - Steam, oil-fired. Blowers.

Plumbing - Toilet room. Several commercial sinks.

THE PROPERTY DESCRIPTION (Cont.)

Electrical - Heavy duty wiring. Fluorescent lighting on the first floor, drop lighting on the second floor.

Detail - Two large overhead doors. Second floor was once an apartment for stable help. Two 500-gallon oil tanks in cellar.

Area - 7,347 square feet, first floor.

1,834 square feet, second floor.

9,181 square feet, Total area.

Condition

The subject is rated as being in satisfactory physical condition. The building is well constructed and capable of sustaining heavy use. The basic framing is sound and has been reinforced by several steel I-beams. Floors for the most part are in good condition. The heating system and plumbing facilities, while old, are still considered serviceable. Exterior brick walls and the roof are in satisfactory condition. Loss in value from physical deterioration is about average for a building of this type.

Functional Obsolescence

The subject was originally designed for use as a stable with living quarters for stable hands on the second floor. Since original construction, a one-story brick addition was added. This portion of the building was designed for automobile repair use. It consists of one large room with good access from the outside through a large overhead door. It is well lighted and well designed for garage use. The original

THE PROPERTY DESCRIPTION (Cont.)

building has a large room on the first floor plus two smaller ones. One of the smaller rooms is used for stock, the other is an office. Between the two is an obsolete toilet room. The larger room is used for auto repair work. All of the rooms are well lighted and workable. The second floor contains four rooms, three of which are rough finished. They are all used for tire storage. Access to them is over a narrow stairway, but tires can be brought to the second floor through a trap door by means of a small lift.

With the exception of the somewhat difficult problem of access to the second floor, loss in value from functional problems in this building is not a major consideration.

Economic Obsolescence

The subject is located in an area of older homes, most of which have been converted to multi-family or office use. The area is reasonably well-maintained with the subject being the only truly commercial building in the immediate neighborhood. Considering the type of use to which the subject is being put, loss in value from outside sources is not a consideration.

THE HIGHEST AND BEST USE

The subject property contains two commercial buildings that are presently used to sustain tire sales, new and used auto sales, as well as mechanical repairs.

The more modern of the two structures is a one-story masonry unit basically designed for automotive show or display areas. It contains 3,038 square feet and serves this function in a satisfactory manner.

The mechanical phase of this operation is carried on in a rear two-story brick unit that by design was used originally as a carriage house. In recent years a fairly sizable one-story addition has been built. Total first floor area is 7,347 square feet. Second floor space has limited access and provides fair storage facilities.

All factors considered, this property is reasonably well set up for automotive retail sales and service of one type or another. Features which limit the degree of utility and ultimate value are the architectural imbalance between the two buildings, the irregular design of the lot, and the total area.

In my opinion it is being put to its highest and most profitable use and my estimate of its market value is based on this premise.

DETERMINATION OF LAND VALUE

Listed on the following pages are sales of vacant parcels of land which have taken place in Portsmouth recently. Each parcel has been inspected in the field for the purpose of relating its physical characteristics with those of the subject. Each sale has been translated into a unit front foot price with adjustments made for frontage in excess of 100 feet and for depths which vary from a norm of 100 feet.



LAND

LOCATION: C/o Madison & Lowell Sts., Portsmouth

DATE: 7/29/66

GRANTOR: Parish of Christ Church

VOLUME: 1731

GRANTEE: Portsmouth Lodge 444 Loyal Order of
Moose

PAGE: 191

MAP: 12

PURCHASE PRICE: \$25,000.00

PARCEL: 19

R.S. \$27.50

VERIFIED: Grantor

PROPERTY DESCRIPTION

LOT: 385.6' (ftg.-Madison) x 181.5' (ftg.-Lowell) x 383.9' x 161.9'

~~BUILDING:~~

Fig. 385' (ftg.) x 171' (av.depth)

Unadjusted F.F. = \$65.00

Depth Factor = 77

Excess Frontage Factor = 118

Adjusted F.F. = \$72.00

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Apartment.

SERVICES: A11.

COMMENTS: In fair residential area. No commercial activity.
95% built up.

LAND

LOCATION: 202 State St. Portsmouth, N. H.

DATE: August 1967

GRANTOR: The Salvation Army

VOLUME: Not recorded

GRANTEE: Temple Isrial

PAGE: 11

MAP: 11

PURCHASE PRICE: \$12,500.00 *

PARCEL: 73

VERIFIED: G. Sherman Temple

PROPERTY DESCRIPTION

LOT:

45' (ftg.) x 125' (av. depth)

~~BUILDING:~~

\$15,000.00 * ÷ 45' = \$355.00

Depth Factor = 107

Excess Frontage Factor = 100

Adjusted P..P. = \$332.00

* Buildings on site--demolition cost estimate \$2,500.00

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Central Business District

SERVICES: A11.

COMMENTS: Near existing Temple. Building on property at time of sale. Purchased to make parking lot. Heavy commercial area. Land above grade.



LAND

LOCATION: Both sides of Court St., Portsmouth

DATE: 2/28/66

GRANTOR: Rockingham County Comm.

VOLUME: 1822

GRANTEE: William W. & Daniel Seaward

PAGE: 187

MAP: 11

PURCHASE PRICE: \$56,000.00

PARCEL: 116

VERIFIED: Mr. Brown
Comm.

PROPERTY DESCRIPTION

LOT:

169' (ftg.) x 120' (av. depth)

BUILDING:

~~XXXXX~~
\$63,500.00* ÷ 169' = \$376.00

Depth Factor = 106

Excess Frontage Factor = 90

Penhollow St. Influence = 110

Adjusted F..F. = \$358.00

* Includes \$7,500.00 demolition cost.

ASSESSMENT: LAND

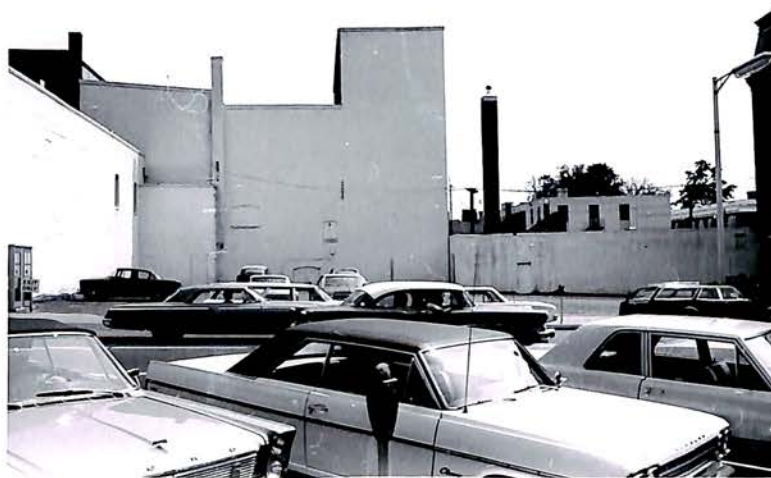
BUILDING-

TOTAL

ZONING: Central business district.

SERVICES: A11.

COMMENTS: Contains County Court house. Purchased for land.



LAND

LOCATION: S/s Congress St., Portsmouth

DATE: 4/4/66

GRANTOR: E. C. & D. H. Mathew

VOLUME: 1814

GRANTEE: E. M. Loew Inc.

PAGE: 284

MAP: 20

PURCHASE PRICE: \$36,000.00

PARCEL: 11, 12 & 13

VERIFIED: City Assessor

PROPERTY DESCRIPTION

LOT:

115' (ftg.) x 78' (av. depth)

BUILDING:
XXXXXX

Unadjusted F.P. = \$313.00

Depth Factor = 89

Excess Frontage Factor = 98

Adjusted F.P. = \$359.00

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Central business district.

SERVICES: A11.

COMMENTS: Land vacant at time of sale. 18' x 71' easement over part of land.

LAND

LOCATION:	C/o Islington & Langdon Sts. Portsmouth	DATE:	6/16/66
GRANTOR:	B. Franklin Peck	VOLUME:	1824
GRANTEE:	Gibbs Tire Depot Inc.	PAGE:	483
MAP:	19	PURCHASE PRICE:	\$38,000.00
PARCEL:	51, 52 & 68	VERIFIED:	City Assessor

PROPERTY DESCRIPTION

LOT: 106' (ftg.) x 70' (av. depth)
 BUILDING: \$38,000.00 ÷ 106' = \$358.00
 XXXXXX Excess Frontage Factor = 99
 Depth Factor = 86
 Corner Influence = 115
 Adjusted F.F. = \$365.00

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: General business.

SERVICES: All.

COMMENTS: In an area of commercial use. Presently gas station site. 100% built up.

DETERMINATION OF LAND VALUE (Cont.)

Sale #1 - This property sold in July of 1966 and was formerly the site of a church. It is located in an area of multi-family use and has little, if any, commercial potential. Added to this lack of potential is the knowledge that when all other factors are equal, tracts with large amounts of frontage tend to sell on a lower front foot basis than do smaller tracts. The subject has a superior location and by virtue of the existing use, more utility. These factors plus the size differential mentioned earlier indicate a higher front foot price for the subject. I estimate this superiority at approximately three times the value of the sale or \$216.00 per front foot.

Sale #2 - This sale is located near the downtown shopping area. It is to become a parking lot for the Temple Isrial. Its location is in an area that is almost 100% commercial. Its size, however, would limit its use. It also has a very small amount of frontage, which would indicate a higher front foot price. All factors considered, I feel that the subject is some 35% less valuable on a front foot basis, indicating a level of \$216.00.

Sale #3 - This parcel of land is located in the same general area as Sale #2. It is larger than that sale and has more frontage. Its relationship to the subject is similar to that found in the comparison of the subject and Sale #2 except for the fact that the size would permit a greater multiplicity

DETERMINATION OF LAND VALUE (Cont.)

of use. I feel that the subject is some 30% less valuable, indicating a front foot price of \$251.00.

Sale #4 - This sale is located in the heart of the downtown area. It has adequate frontage but is quite shallow. It is in a congested area that presents some parking problems. It has the advantage of being in an area that, in regard to zoning, allows greater use. Based primarily on size, location and zoning, I feel it exceeds the subject in front foot value by some 30%, indicating a level of \$251.00.

Sale #5 - This sale is located in an area zoned for general business use. As such, it has greater freedom of use than the subject. It is on a street that sustains somewhat heavier traffic but it is smaller than the subject. Topographically they are similar. I feel that the subject is some 30% less valuable, indicating a level of \$256.00 per front foot.

Summary

The sales study points to individual levels of \$216.00, \$216.00, \$251.00, \$251.00 and \$255.00 per front foot. It is obvious that the greatest concentration of weight lies between \$250.00 and \$255.00 per front foot. From this study I have selected \$255.00 per front foot as being representative of the subject. My estimate of land value is found in the following manner:

DETERMINATION OF LAND VALUE (Cont.)

Figured frontage 124' (Middle St.) x 200' average depth.

Unadjusted F.F. = \$255.00

Depth Factor = 121

Excess Frontage Factor = 96

Shape = 80

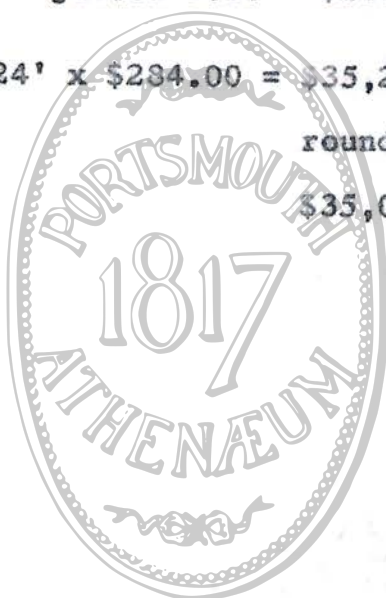
Richards Ave. Influence = 120

Adjusted F.F. = \$284.00

124' x \$284.00 = \$35,216.00

rounded to

\$35,000.00



THE COST APPROACH

In the case of the subject property, the buildings are old and characterized by most types of depreciation. Any attempt to measure these in precise mathematical terms is fraught with error. For this reason the Cost Approach has been discarded in this appraisal.



THE INCOME APPROACH

The subject is currently leased for a five year period with the lessee having the right to renew for another five years. Rental for the term of the lease is \$6,000.00 per year. Talks with the lessee indicate that he feels he has a very favorable position. This is backed up by various other individuals in the real estate field. On Islington Street, Robert Caswell leases a building to two tenants on an annual basis for \$0.86 per square foot. The subject presently rents for \$0.58 per square foot of ground floor area. The Islington Street property is newer, more modern and is located in a better commercial area. I do feel, however, that the rent differential is not as great as this. Knowledgeable brokers feel an annual rental of \$7,200.00 for the buildings is reasonable. This indicates \$0.69 per square foot and is more in line with other rentals. Thus \$7,200.00 becomes the economic rent.

Expenses

The lessor is responsible for certain expense items. Listed below are those items that accrue to the lessor with reasonable dollar figures assigned. An explanation of these expenses follow the listing.

Taxes	--
Insurance	- \$250.00
Management	- \$440.00
Major Maintenance	- <u>\$300.00</u>
	\$990.00

THE INCOME APPROACH (Cont.)

Taxes - In Portsmouth the tax rate is \$55.50, the level of assessment is 46%, indicating a tax level of 2.55%. Since market value is not known at this stage of the appraisal the adequacy of the present tax cannot be determined. In stead the figure of 2.55% is incorporated into the capitalization rate in lieu of a dollar amount.

Insurance - Fire and Liability Insurance - based on an insurable value of \$40,000.00.

Management - based on 3% of the gross amount after considering the fact that there is a single tenant and that the property is being rented on a five year lease basis.

Maintenance - Relates to major repairs only.

Capitalization

Older multi-tenant properties of a commercial nature show a range in overall rate from 9% to 10%. Considering that the subject enjoys single-tenant occupancy and is subject to a lease, a rate on the low side is indicated. I have selected 9.0%.

Applying this to the subject after including 2.55% for taxes indicates a value as follows:

Gross Income	\$7,200.00
Vacancy & Collection loss -3%	- \$ <u>216.00</u>
Effective Gross Income	\$6,984.00

THE INCOME APPROACH (Cont.)

Effective Gross Income brought forward	\$6,984.00
Expenses	- <u>\$ 990.00</u>
Net Income (before taxes)	\$5,994.00

$$\$5,994.00 \div 11.55\% (9.0\% + 2.55\%) = \$51,896.00$$

or

\$52,000.00



THE MARKET APPROACH

Listed on the following pages are sales of improved properties that have occurred in the general area of the subject. Each sale has been inspected in the field for the purpose of noting its characteristics and relating them to the subject. A correlation of this data can be found on pages following the last sale.





LOCATION:	C/o Washington & Court St., Portsmouth	DATE:	6/13/60
GRANTOR:	Richard S. & Mildred L. Levy	VOLUME:	1598
GRANTEE:	Herbert & Alma M. Clifford	PAGE:	208
MAP:		PURCHASE PRICE:	\$24,000.00
PARCEL:		R.S. VERIFIED:	\$26.40 Gray Agency

PROPERTY DESCRIPTION

LOT: 115' x 76'

BUILDING: 1-story brick with frame addition. Concrete floor; unfinished interior; steam heat, oil-fired; some fluorescent lights; standard plumbing; overall condition satisfactory. Addition closed in after purchase. Parking area added. 5,000 sq. ft. total area. \$4.80 per square foot.

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: General Business

SERVICES: A11

COMMENTS: Mixed residential and commercial area. Narrow street very congested.



LOCATION:	Cutts Street, Atlantic Heights, Ports.	DATE:	5/3/60
GRANTOR:	Portsmouth Metal Fabricators	VOLUME:	1543
GRANTEE:	M.J. Whalen, Co., Inc.	PAGE:	359
MAP:		PURCHASE PRICE:	\$34,000.00
PARCEL:		R.S.	\$37.40
		VERIFIED:	N.H. National Bank

PROPERTY DESCRIPTION

LOT: 145' x 175' - 25,375 sq. ft.

BUILDING: 1-story concrete block warehouse. Concrete floor; unfinished interior; steam heat with oil burner; Standard plumbing and electrical fixtures. Detached concrete block office. 4,650 square feet total area. \$7.30 per square foot.

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Industrial

SERVICES: A11

COMMENTS: Railroad siding available. Gravel parking area. Average access. Active industrial area.



LOCATION: Raines Avenue, Portsmouth

DATE: 8/67

GRANTOR: Gendron Lumber Co.

VOLUME: --

GRANTEE:

PAGE: --

MAP:

PURCHASE PRICE: Asking price
\$60,000.00

PARCEL:

VERIFIED: G. Shanley

PROPERTY DESCRIPTION

LOT: Irregular - 40,978 square feet

BUILDING: 2-story frame, office & warehouse. Concrete foundation;
cinder block & asbestos exterior; composition roof; pine floors;
knotty pine interior; F.H.A. heat, oil-fired. T.R.
4,410 sq. ft. first floor.

\$13.60 per sq. ft. of ground floor area.

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Industrial

SERVICES: A11

COMMENTS: In a combination commercial & residential area. Raines
Avenue one-way. 95% built up.



LOCATION: 833-835 Islington Street, Portsmouth

DATE: 7/7/67

GRANTOR: Mirona Realty

VOLUME: 1867

GRANTEE: Charles A. & Paula G. Gallagher

PAGE: 93

MAP: 50

PURCHASE PRICE: \$87,500.00

PARCEL: S & 2

VERIFIED: C.A. Gallagher

PROPERTY DESCRIPTION

LOT: 247' ftg. x 134' av. depth

BUILDING: 1-story brick auto body. Brick exterior; built up roof; unfinished interior/ steam heat with oil burner. 7,500 sq. ft.

2nd building - land 66' x 120' av. 2½-story frame - two-family. 16 rooms & 2 baths. Brick foundation; clapboards exterior; asphalt shingle roof; pine & hardwood floors; plaster walls & ceilings; hot air furnace, coal -fired. 1,300 sq. ft. first floor.

ASSESSMENT: LAND

BUILDING-

TOTAL 32,000

ZONING: Light Industrial

SERVICES: A11

COMMENTS: Commercial & Industrial area. New shopping center access street.



LOCATION: Rear Hanover Street, Portsmouth
 GRANTOR: Brooks Motor Sales, Inc.
 GRANTEE: Brady Ford Sales, Inc.
 MAP: 18
 PARCEL: 88 & 89

DATE: 2/1/66
 VOLUME: 1807
 PAGE: 543
 PURCHASE PRICE: \$90,000.00
 R.S. \$99.00
 VERIFIED: Assessor

PROPERTY DESCRIPTION

LOT: 53,176 sq. ft. 195' ftg.
 BUILDING: Brick commercial garage - 14,300 sq. ft. Brick & stone exterior walls; roll roofing; concrete floor; steam heat - stoker; 2 toilet rooms; one large room & offices.

ASSESSMENT: LAND

BUILDING-

TOTAL

ZONING: Industrial

SERVICES: A11

COMMENTS: In congested area, access to subject is poor. 100% built up, near railroad siding.

THE MARKET APPROACH (Cont.)

Sale #1 - This sale was consummated some time ago to reflect rising prices in recent years; it is adjusted upward 2% per year or a total of 14%. This indicates a present value of \$27,400.00 and a price per square foot of \$5.48. It is in good condition and is similar in some respects to the subject. It has land area which is smaller than the subject and the total area found in the building is also smaller. It benefits from less restrictive zoning requirements but its location as a commercial enterprise is poorer. I feel that the subject is approximately twice as valuable, indicating a level of \$54,800.00.

Sale #2 - This sale also took place in 1960 and is adjusted upward 2% per year to a present level of \$38,800.00. The adjusted square foot price is \$8.34. This property is in an industrial area with little other than warehouse potential. It is smaller than the subject and has somewhat less land. Its general condition is similar as are its utilities and physical features. I feel that the subject is some 50% more valuable, indicating a level of \$58,200.00.

Sale #3 - This property is a two-story frame structure that is currently for sale for \$60,000.00 having been reduced from \$75,000.00. Brokers feel that the most recent asking price is reasonable and that it will eventually sell for that figure. It is located in an industrial zone but with

THE MARKET APPROACH (Cont.)

commercial potential giving it an advantage over the subject. It is smaller in total area but has a larger land area. Structurally it is poorer and is in somewhat poorer condition. Weighing the location, permitted uses and land area on one hand and condition and building size on the other, I feel the subject is 5% less valuable, indicating a level of \$57,000.00.

Sale #4 - This property sold in July of 1967. Included in the sale was a separate parcel of land with an old two-family dwelling located on it. This second parcel was purchased for the land and the house was of secondary consideration. Land values in the area indicate a value for this property of approximately \$12,500.00. Thus we find a level, for the commercial section of the sale, of \$75,000.00. Total building area is smaller than that found in the subject but land area is similar and the frontage is greater. The location permits far more utility. The general condition of the improvement is better. All factors considered I feel that the subject is some 75% as valuable, indicating a level of \$56,250.00.

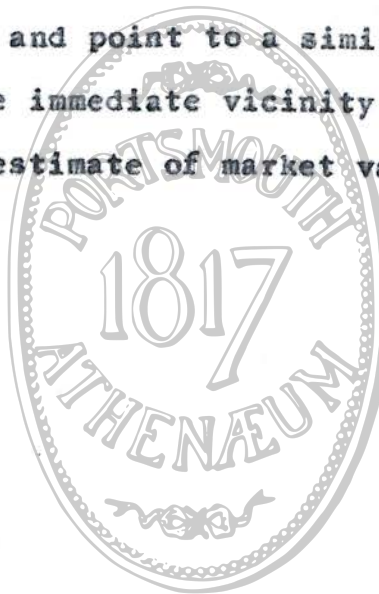
Sale #5 - This sale took place in 1966 for \$90,000.00. It is much larger than the subject, has more land and more frontage. Its general condition is similar with both properties being structurally sound. The subject is on a more

THE MARKET APPROACH (Cont.)

heavily traveled street and access to it is more convenient. The subject however, enjoys by virtue of zoning, more potential utility. All factors considered I feel the subject is only some 65% as valuable, indicating a level of \$58,500.00.

Summary

The study reveals levels of \$54,800.00, \$58,200.00, \$57,000.00, \$56,250.00 and \$58,500.00. They are all within a reasonable range and point to a similar basic level. The majority are in the immediate vicinity of \$57,000.00 and that figure becomes my estimate of market value by this approach.



CORRELATION OF DATA

For reasons stated elsewhere in this report, only the Income and the Market Approaches have been accorded any significance in this appraisal.

Both approaches have points in their favor as well as some limitations. The prime question in the Income Approach is the adequacy of the gross income figure selected as economic rent. Lack of rental data from comparable properties makes the final selection of a fair rent somewhat arbitrary. Lack of a complete record of operating expenses further compounds the problem.

The lack of truly similar properties in the Market Approach makes the comparative method subject to some leeway. Nevertheless, common sense dictates that the subject is superior to some properties that have sold and inferior to others.

All factors considered, emphasis has been placed on the Market Approach and the Income Approach has been put in a supporting but subordinate position. I have selected \$57,000.00 as my estimate of the market value of the subject property as of August 25, 1967. It bears a satisfactory relationship to the estimate of \$52,000.00 evidenced in the Income Approach.

The Value of the Leasehold

The property is presently leased for \$6,000.00 a year for an initial term of five years commencing March 30, 1967

CORRELATION OF DATA (Cont.)

with a five-year renewal option under the same terms and agreement.

A study of rents in the area indicates \$7,200.00 a year as economic rent, producing a bonus value of \$1,200.00 which will persist by contract for at least five years and, since it favors the lessee, for a second five-year term.

Therefore, the lessee's interest is the present worth of \$1,200.00 a year for ten years. It becomes a problem in discounting and I have selected a discount rate of 6.5%.

Reference to a compound interest table indicates a factor of 7.189.

$$\$1,200.00 \times 7.189 = \$8,627.00$$

rounded to

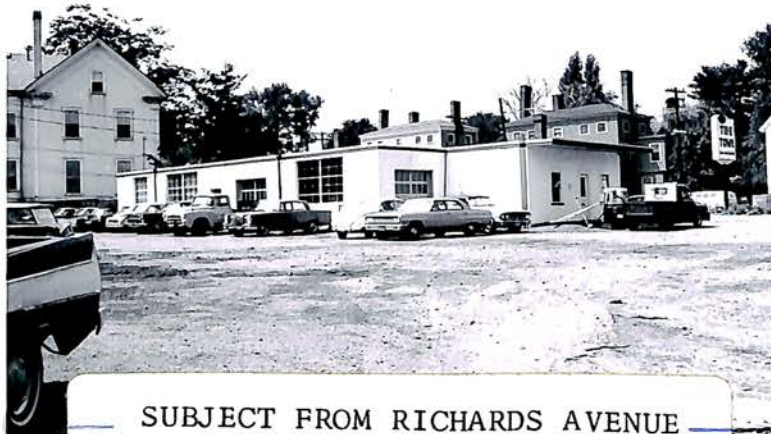
Value of the leasehold \$8,600.00



SUBJECT FROM MIDDLE STREET



SUBJECT FROM MIDDLE STREET



SUBJECT FROM RICHARDS AVENUE



2-STORY BRICK BUILDING
OF SUBJECT

THE PLOT PLAN

43.

Middle St

1st C.B.
3038 sq
Bldg A

1817

PORTSMOUTH
ATHENÆUM

2nd Brick
2620 sq

Bldg 'B'
1st Brick
4727 sq

Richards Ave

Scale 1" = 40'