

AN APPRAISAL REPORT

Of

A Small Office Building

**450 Sunrise Highway
Rockville Centre, NY 11570**

'As Is' Market Value

Two Million Five Hundred Thousand Dollars
\$2,500,000

As of

May 23, 2025

Prepared by

Leo & Scoblete Realty Advisors, LLC
80 Broad Street
New York, NY 10004



GENERAL INFORMATION

Subject: 450 Sunrise Highway
Rockville Centre, NY 11570

VALUATION SUMMARY

Date of Value: May 23, 2025
Date of Report: June 3, 2025
Interest
Appraised: Leased Fee

VALUATION CONCLUSIONS

Cost Approach: Not Developed

Sales Comparison Approach: \$2,700,000

Income Approach: \$2,500,000
Direct Capitalization

Reconciled Value(s): **\$2,500,000**

PROPERTY INFORMATION

Legal Description: Sec:38 Block:264 Lot:286 **Taxes:** \$47,937

Property Type: Office **Zoning:** Business AAA

Owner Name: 450 Sunrise Highway, LLC **Data Source(s):** Geo-Data & Reis

The subject is a one story and basement, office building, built circa 1950, with a total gross building area of 9,010 SF (4,505 SF above grade and 4,505 SF below grade) with a net rentable area of 7,555 SF. The building is in good condition (gut renovated in 2016) and located on an interior lot.

CURRENT LISTING/CONTRACT INFORMATION

The subject is not currently listed for sale, or under contract.

PRIOR SALE INFORMATION

The subject has not sold in the last three years, according to public records.

ASSIGNMENT CONDITIONS

The 'As Is' value estimate in this appraisal is based on the hypothetical condition that the subject has no environmental issues.

SCOPE OF WORK

Client: Michael Cave

Intended Use: The intended use is for valuation planning purposes.

Assignment Objective: To estimate the 'As Is' market value as of May 23, 2025, for Market Value Purposes.

Report Type: This report is a Restricted Appraisal Report in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. Additional supporting documentation is retained in the appraiser's work file. The appraiser's opinions and conclusions set forth in this report may not be understood properly without additional information in the appraiser's workfile. However, in order to meet the requirements for an "evaluation" according to the Interagency Appraisal and Evaluation Guidelines, this report has been supplemented with additional information about the subject property and its market, as well as the data, reasoning, and analyses that were used in the valuation process.

Type of Value: Market Value

"Market value means 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 are 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 their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."¹

Highest & Best Use as Vacant: A Mixed-Use Building **Highest & Best Use as Improved:** Current-Use

Highest & Best Use as Improved The subject property is located within a good commercial area with new easy access to retail, office and public transportation.

¹ Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

SUBJECT PHOTOS



Front



Rear



Street



Office



Office



Office



Conference Room



Reception Area



Entrance



Lower Level



Restroom



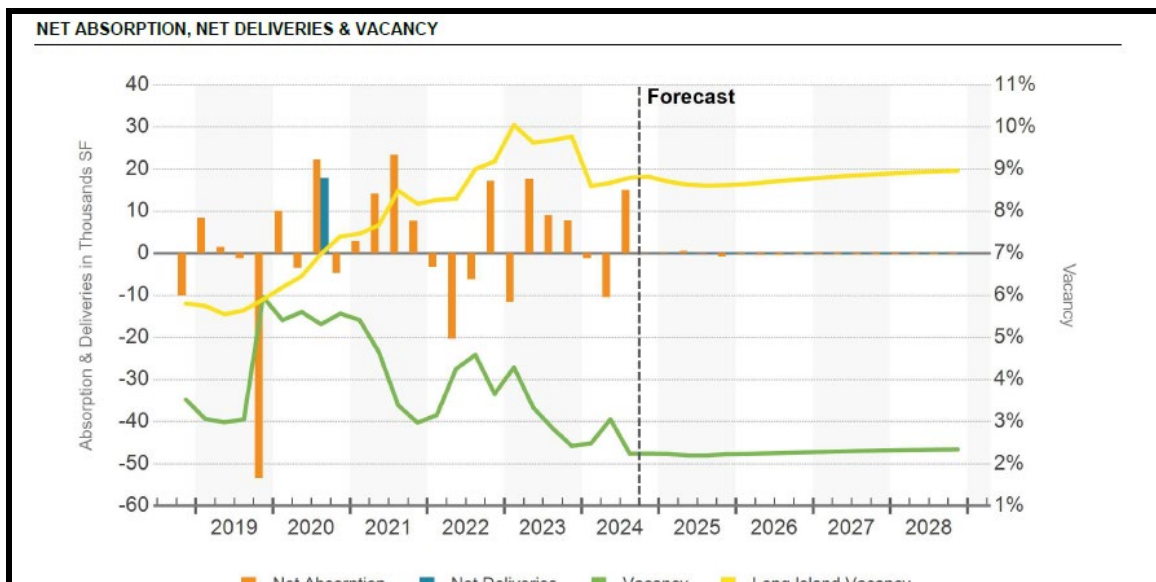
Electric Panels

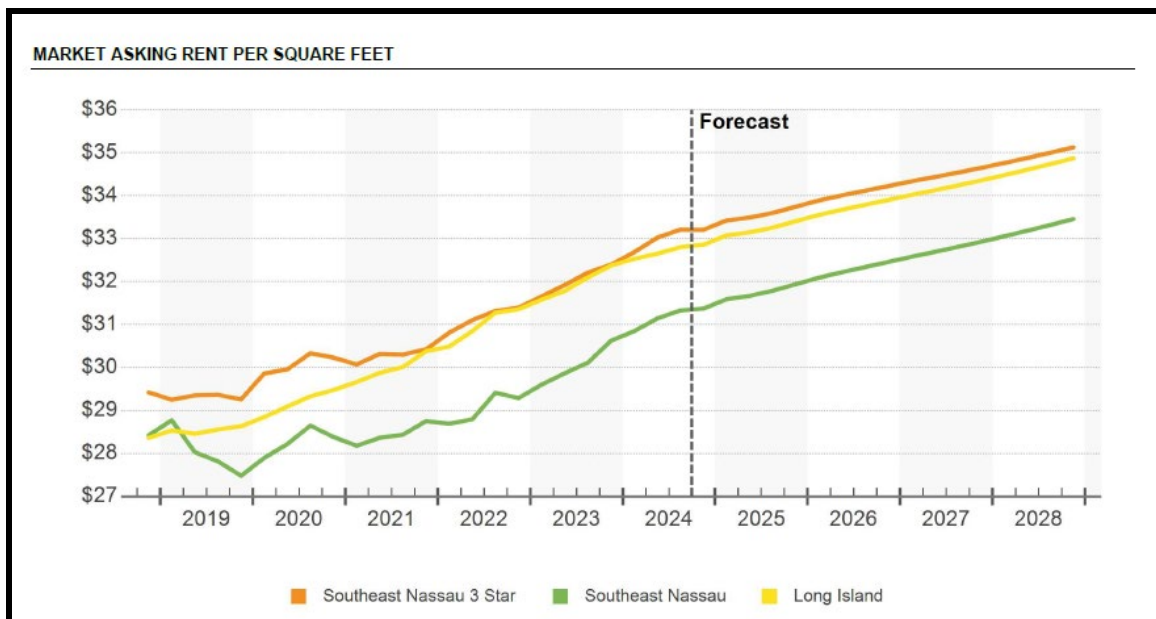
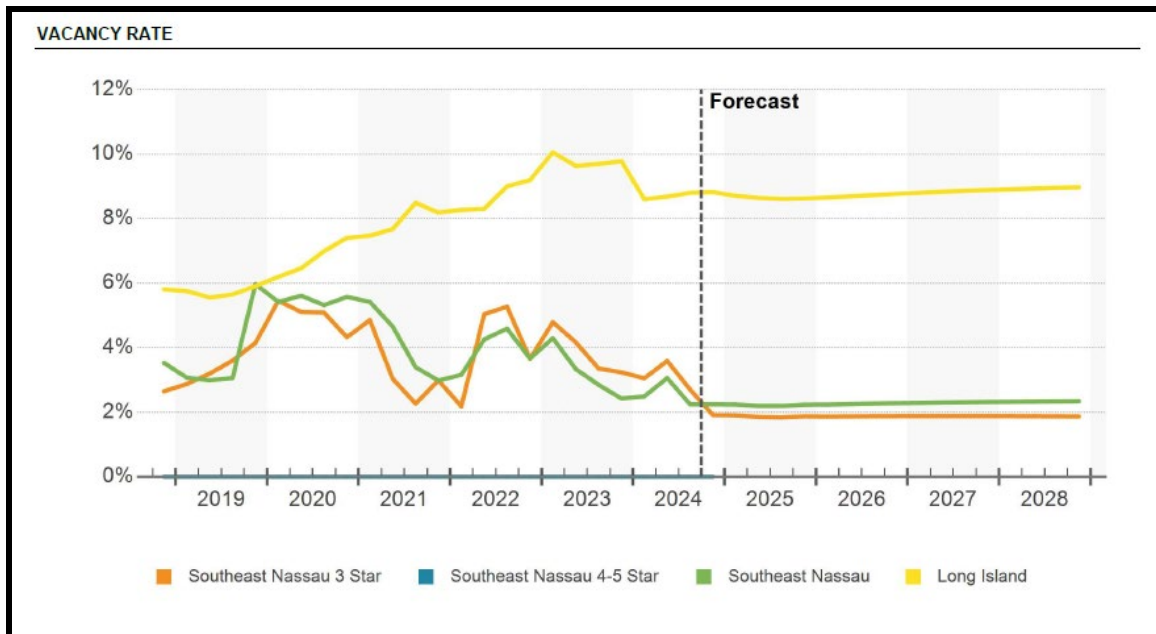
MARKET AREA ANALYSIS

The Southeast Nassau office submarket has a vacancy rate of 2.2% as of the fourth quarter of 2024. Southeast Nassau's vacancy rate of 2.2% compares to the submarket's five-year average of 3.9% and the 10- year average of 3.8%.

The Southeast Nassau office submarket has roughly 79,000 SF of space listed as available, for an availability rate of 4.3%. As of the fourth quarter of 2024, there is no office space under construction in Southeast Nassau. In comparison, the submarket has averaged 18,000 SF of under construction inventory over the past 10 years. Southeast Nassau contains 1.9 million SF of inventory, compared to 100 million SF of inventory metro wide.

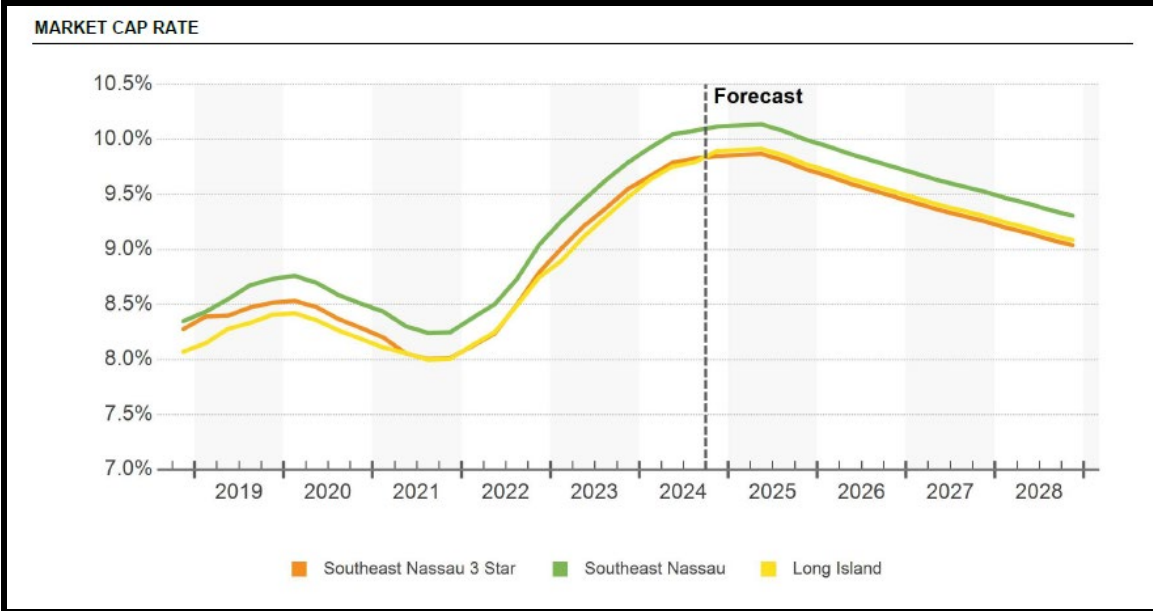
Average rents in Southeast Nassau are roughly \$31.00/SF, compared to the Long Island average of \$33.00/SF. Rents have changed by 2.8% year over year in Southeast Nassau, compared to a change of 1.7% metro wide. Annual rent growth of 2.8% in Southeast Nassau compares to the submarket's five-year average of 1.9% and its 10-year average of 2.5%.



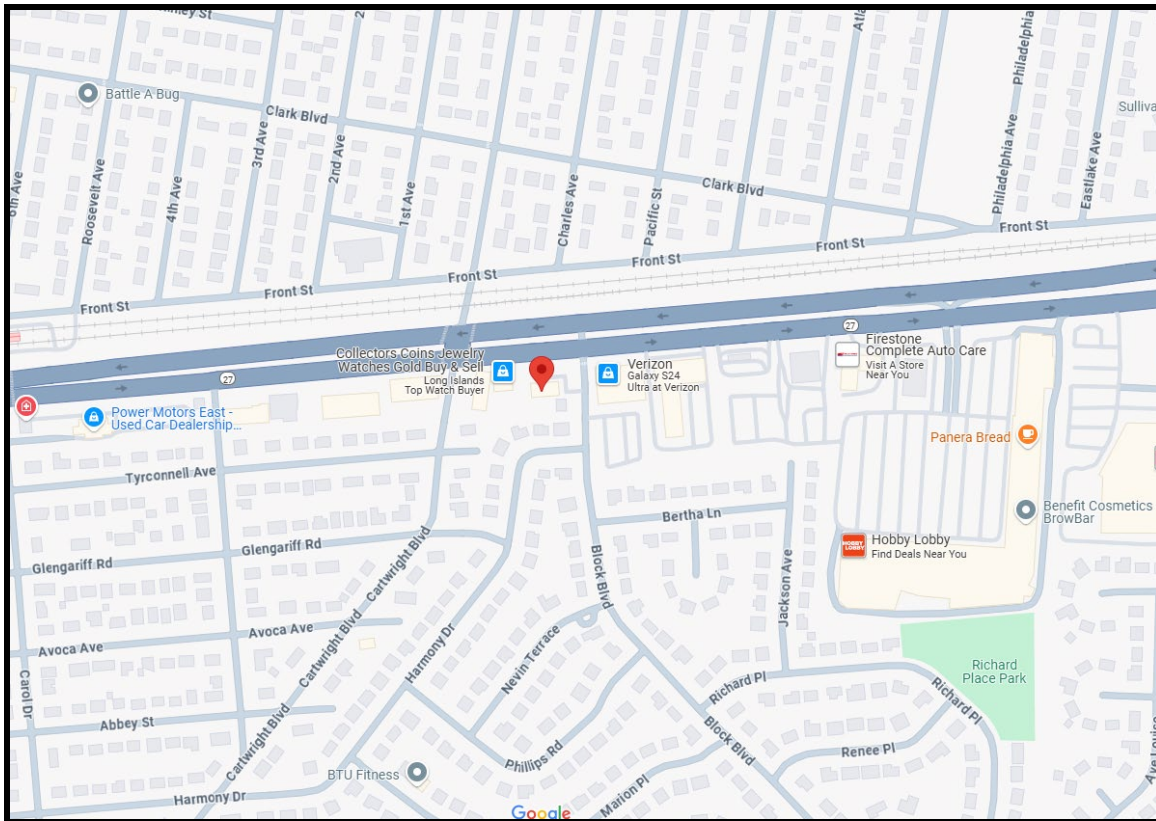


Over the past year, 27,000 SF of office inventory traded in Southeast Nassau across 8 sales. Average annual inventory turnover in Southeast Nassau is 9,300 SF over the past five years and 16,000 SF over the past 10 years. Office sales volume in Southeast Nassau has totaled \$6.6 million over the past year. Average annual sales volume over the past five years is \$9.4 million and \$11.7 million over the past 10 years.

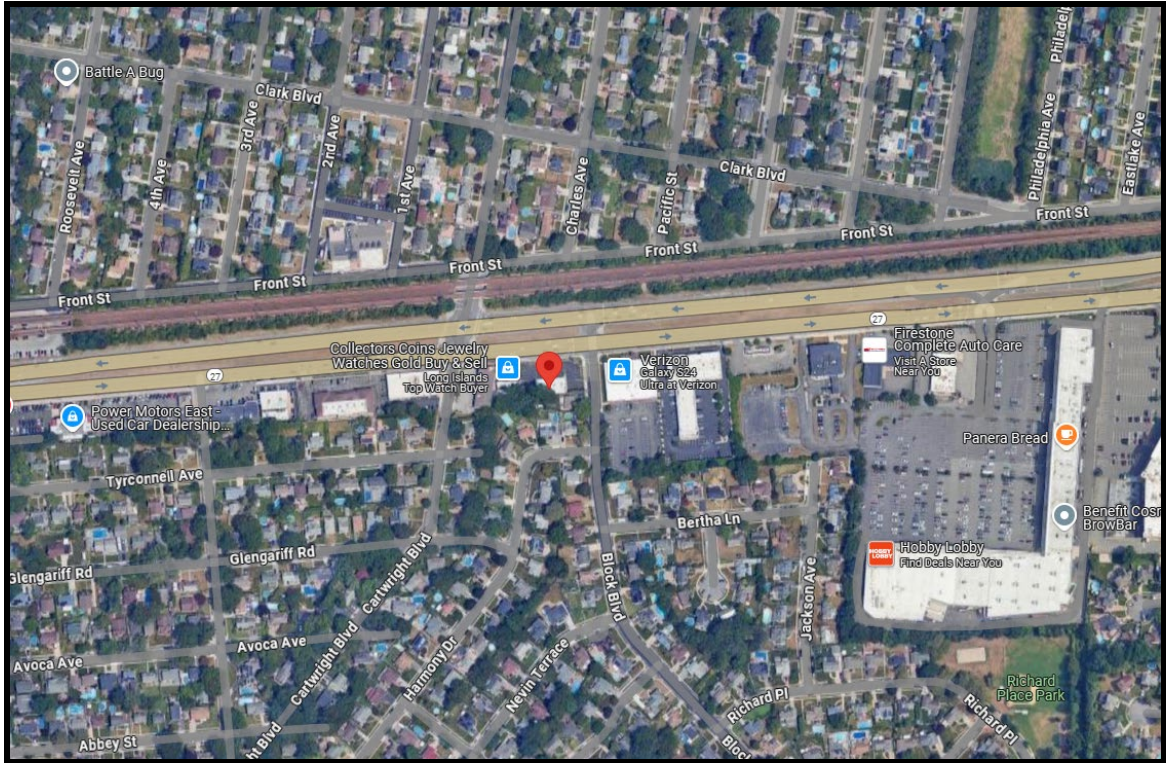
Estimated office market pricing in Southeast Nassau is \$175/SF compared to the market average of \$171/SF. Average market pricing for Southeast Nassau is estimated at \$186/SF for 3 Star assets, and \$170/SF for 1 & 2 Star buildings. The estimated cap rate for Southeast Nassau office is 10.1%, compared to the metro average of 9.9%.



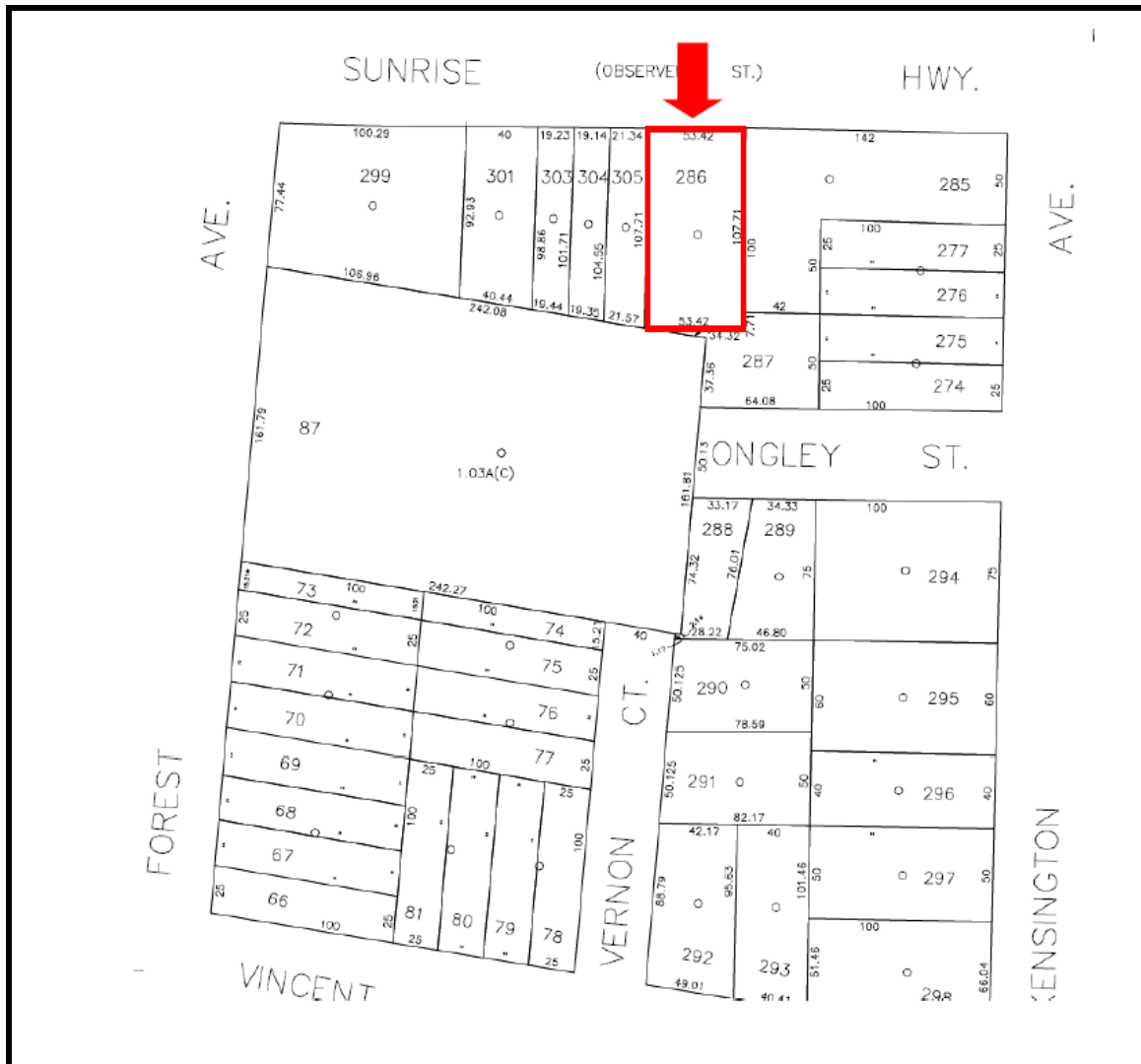
LOCATION MAP



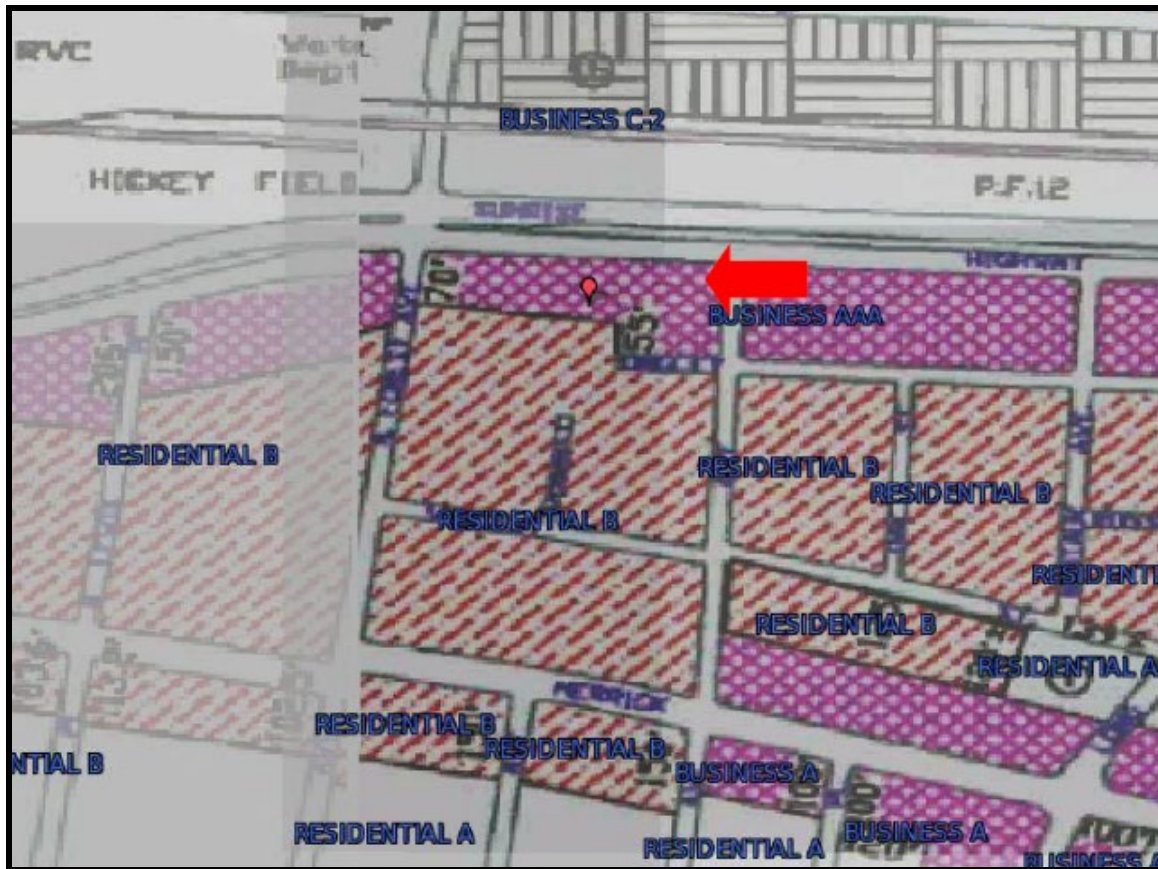
AERIAL MAP



TAX MAP



ZONING



Village of Rockville Centre

Table of Area and Bulk Controls for Senior Care Housing
[Added 3-29-1999 by L.L. No. 4-1999; amended 10-25-2004 by L.L. No. 8-2004; 5-1-2017 by L.L. No. 2-2017]

	District							
	Business A	Business A-1	Business AA	Business AAA	Business B	Residence A - M	Business C	Business C2
Minimum lot size (square feet)	40,000	40,000	40,000	40,000	40,000	40,000		
Maximum lot coverage (percent)	90%	90%	40%	90%	40%	40%		
Maximum height (feet)	Not to exceed 48	Not to exceed 18 ³ 36 ⁴	Not to exceed 30	Not to exceed 30	Not to exceed 40	Not to exceed 30	Not to exceed 36 ¹	Not to exceed 36 ²
Minimum setback (feet):								
Front yard	10	10	10	20	10	20		
Side yard	0	0	0	5	0	5		
Rear yard	10	10	10	20	10	20		
Minimum parking spaces:								
Assisted living (per bed)	0.33	0.33	0.33	0.33	0.33	0.33		
Congregate care (per bed)	0.5	0.5	0.5	0.5	0.5	0.5		
Skilled nursing facility (per bed)	0.66	0.66	0.66	0.66	0.66	0.66		

SALES COMPARISON APPROACH

	SUBJECT	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4
LOCATION:	450 Sunrise Highway Rockville Centre, NY	19 Morris Avenue Rockville Centre, NY	1010 Sunrise Highway Rockville Centre, NY	36 Lincoln Avenue Rockville Centre, NY	134 S Central Avenue Valley Stream, NY
LAND-TO-BUILDING RATIO:	1.28	2.64	2.50	1.00	4.69
SALE DATE:		September 10, 2024	May 31, 2024	January 9, 2024	May 23, 2024
SALE PRICE:		\$1,500,000	\$1,185,000	\$6,300,000	\$1,250,000
GROSS BUILDING AREA:	9,010	3,460	4,000	16,675	3,811
SALE PRICE PER SQ.FT:	N/A	\$433.53	\$296.25	\$377.81	\$328.00
TIME ADJUSTMENTS:		0%	0%	0%	0%
TIME ADJUSTED PRICE SQ.FT:		\$433.53	\$296.25	\$377.81	\$328.00
ADJUSTMENTS:					
BELOW GRADE:		-20%	-20%	-20%	-20%
LAND-TO-BUILDING RATIO:		0%	0%	0%	-5%
LOCATION:		0%	0%	0%	10%
SIZE:		-5%	-5%	10%	-5%
CONDITION:		0%	15%	0%	0%
ZONING:		0%	0%	0%	0%
TOTAL ADJUSTMENTS:		-25%	-10%	-10%	-20%
ADJUSTED PRICE PER SQ.FT:		\$325.14	\$266.63	\$340.03	\$262.40
Mean:		\$298.55			
Median:		\$295.88			
Low:		\$262.40			
High:		\$340.03			

Conclusion

The quantity and quality of comparable sales data in this analysis was considered average. Prior to adjustment the comparable sales indicated a range from \$296.25 to \$433.53 per square foot of gross building area. When fully adjusted for the above differences, the comparable sales indicated a range in value from \$262.40 per square foot to \$340.03 per square foot of gross building area, with an average of \$298.55. Equal weight is placed on all comparables in estimating the value of the subject property. After analysis, we have arrived at an estimate within the indicated range of \$300.00 per square foot of gross building area.

Therefore, the total indicated value for the subject property, by the sales comparison approach, "as is", was estimated as follows:

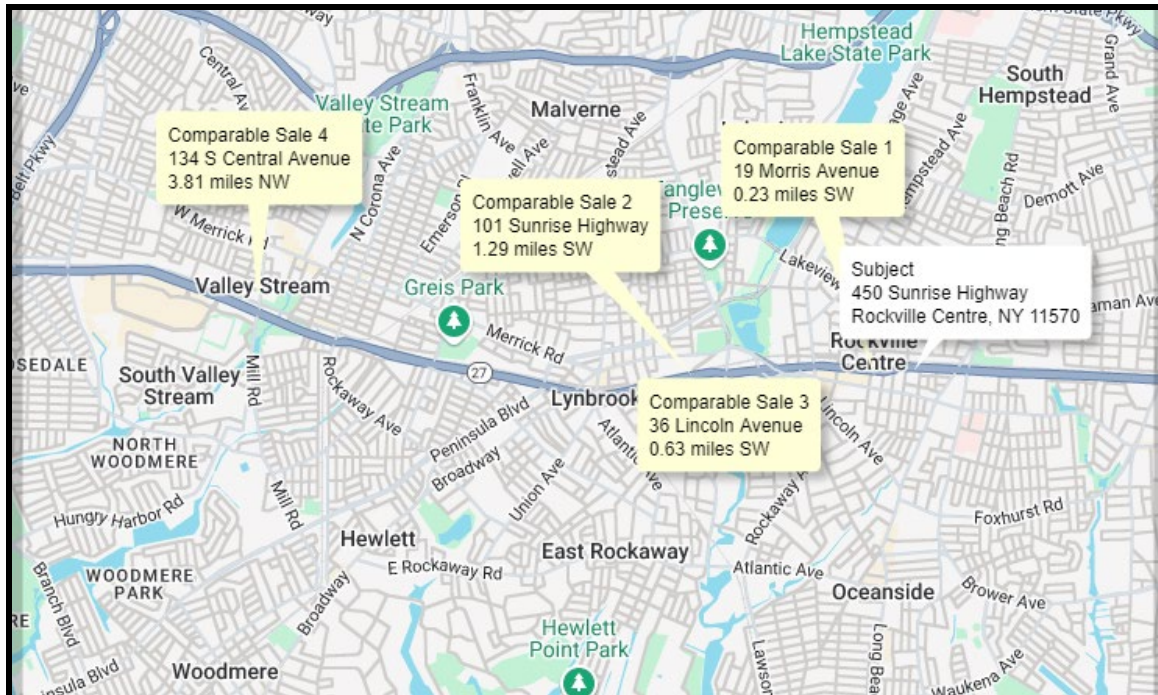
$$9,010 \pm \text{square feet} @ \$300.00 \text{ per square foot} = \$2,700,000 \text{ (rd)}$$

After considering all available information, it is our opinion that the Leased Fee of the subject property by the sales comparison approach, subject to the definitions, certifications, and limiting conditions set forth in the attached report, "as is" as of May 23, 2025, was:

TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS

-\$2,700,000-

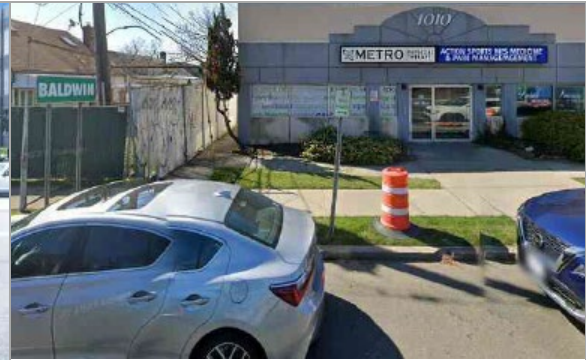
SALES COMPARISON MAP



SALES COMPARISON PHOTOS



Comparable#1



Comparable#2



Comparable#3



Comparable#4

INCOME APPROACH

No.	Address	Floors	Sign Date	SF	Rent/SF	Term (Yrs)	Rebimbursement
1	330 Sunrise Highway	1st	Apr-25	2,800	\$30.00	5 Years	MG
2	100 N Central Avenue	3rd	Mar-25	1,517	\$33.00	3 years	Direct
3	36 Lincoln Avenue	1st	Feb-25	1,023	\$36.00	5 Years	Direct
4	33-41 S Park Avenue	1st	Oct-24	2,246	\$43.43	3 Years	MG

A survey was carried out of monthly rental rates of recently rented office units in the subject's general area. The purpose of the rental survey is to determine the current annual rental rate. The following data is based on information from real estate brokers and conversations with local rental agents active in the subject area. Depending on such factors as location, overall condition and size, rental rates from \$30.00 sf - \$43.43 sf for office units in the subject area. The appraiser assigned a market rent of \$35 sf for the office units.

PRO FORMA

TOTAL POTENTIAL GROSS INCOME:

Commercial Income:	\$	264,425	
Total Potential Income:	\$	264,425	
Less Vacancy & Collection:	\$	15,866	6.00%
Total Effective Gross Income:	\$	248,560	

EXPENSES:

Real Estate Taxes	\$	47,937	19.29%
Water & Sewer:	\$	2,730	1.10%
Insurance	\$	6,825	2.75%
Utilities	\$	19,565	7.87%
Repairs And Maintenance	\$	9,100	3.66%
Legal & Accounting	\$	2,730	1.10%
Reserves	\$	3,185	1.28%
Management/Leasing	\$	7,457	3.00%
Total Expenses:	\$	99,529	40.04%

Net Income: \$ 149,031

Capitalization Rate: 6.00%

Indicated Value: \$ 2,483,845

Price Per Sq.Ft: \$274.73

Total Estimated Value: \$2,500,000

After considering all available information, it is our opinion that the Leased Fee of the subject property by the Income approach, subject to the definitions, certifications, and limiting conditions set forth in the attached report, "as is" as of May 23, 2025, was:

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

-\$2,500,000-

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Leo & Scoblete Realty Advisors, LLC. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) --'s regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. The appraiser has not made a determination regarding the subject's ADA compliance or non-compliance.

Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.

Certification Statement

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or 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 directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- Jennifer Jenkins made an inspection of the subject property.
- I have not performed services as an appraiser or any other capacity regarding the subject property within the three-year period immediately preceding this assignment



Peter J. Leo
NYS Certified General Real Estate Appraiser
NYS License# 46000046503
Expires:06/11/2026

Addenda

PETER J. LEO

PROFILE: Highly skilled, NYS Certified General real-estate appraiser with fourteen years combined experience working in real-estate sales, development and appraisal industries.

SERVICES: Residential, commercial & land appraisals, partial takings, easements, special situations, income properties, market studies, cost estimates and analyses, feasibility studies, rental surveys, statistical and data-base analyses, financial studies, business appraisal and statement analysis.

1999-Present **Real Estate Appraiser**, Leo & Scoblete, Realty Advisors LLC, Oyster Bay NY.
Responsible for comprehensive daily operations of appraisal company.

- Inspection and appraisals of all types of commercial property including office buildings, retail complexes, industrial properties, apartment complexes and developable land.
- Inspection and appraisals of one to four family properties in the metropolitan New York Area with strong emphasis in the five boroughs.
- Interface with lenders and borrowers to provide all services needed for thorough and complete valuations.
- On-site inspections and review appraisals.

1989-Present **Real Estate Development**, Leo Contracting Associates, Brooklyn, NY.
Responsible for renovations of residential and commercial properties in the New York metropolitan area.

- Management and planning of construction projects.
- Assessment and estimation of constructions plans.
- Equity enhancement analysis, including ROI and property value growth potential.

EDUCATION:

New York University Real

Estate Institute New York,

NY Certificate *in Real Estate*

Finance Kingsboro

Community College

Brooklyn, NY *Property and Causality Insurance Certification*

Marylhust University B.S (Real Estate)

Marylhurst, OR

Appraisal Education Network

Bohemia, NY *Certified General Appraisers Certification*

LICENSES HELD: **New York State Certified General Real Estate Appraiser**, New York State Real Estate Broker, New York State Insurance Broker, Certified Environmental Inspector/Consultant.

UNIQUE ID NUMBER 46000046503	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1552233
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS,		EFFECTIVE DATE MO. DAY YR. 06 12 24
LEO PETER J III C/O LEO & SCOBLETE 80 BROAD STREET 5TH FLOOR NEW YORK, NY 10004		EXPIRATION DATE MO. DAY YR. 06 11 26
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER		In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed WALTER T. MOSLEY SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		

Definitions

The following definitions are derived from The Dictionary of Real Estate Appraisal, Sixth Edition, published by the Appraisal Institute unless otherwise noted.

Actual Age

The number of years that have elapsed since construction of an improvement was completed; also called *historical* or *chronological age*.

ADR (Average Daily Rate)

In the lodging industry, the net rooms' revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. The Uniform System of Accounts for Hotels defines the components of this formula as follows:

- 1) Net rooms revenue—Total rooms revenue less allowances.
- 2) Allowances—Rebates and overcharges or revenue not known at the time of sale but adjusted at a subsequent date. Allowances may also include revenue foregone as a result of hotel promotions or complimentary services.
- 3) Paid rooms occupied—Rooms occupied by hotel guests on a paid basis. It should be noted that the overall average rate per occupied room does not include any occupancy derived from complimentary rooms. Also called *average daily room rate* or *average daily rate per occupied room*.

“As Is” Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Business Enterprise Value

The value contribution of the total intangible assets of a continuing business enterprise such as marketing and management skill, an assembled workforce, working capital, trade names, franchises, patents, trademarks, contracts, leases, customer base, and operating agreements.

Cash Equivalency Analysis

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.

Condominium Ownership

A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.

Cooperative Ownership

A form of property ownership in which each unit owner holds stock in a cooperative apartment building or housing corporation. Stockholders receive a proprietary lease on a specific apartment and are obligated to pay a monthly maintenance charge that represents the proportionate share of operating expenses and debt service on any underlying mortgage, which is paid by the corporation. This proportionate share is based on the proportion of the total stock owned.

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.

Effective age

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

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.

Exposure Time

[The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Extraordinary Assumption

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

Fee Simple Estate

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

FF&E (Furniture, Fixtures, and Equipment.)

Business trade fixtures and personal property, exclusive of inventory.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Functional utility

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

Going Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*.

Grantee

A person to whom property is transferred by deed or to whom property rights are granted by a trust instrument or other document.

Grantor

A person who transfers property by deed or grants property rights through a trust instrument or other document.

Gross Sellout Value or Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.

Ground lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term.

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)

Income Capitalization Approach

Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Land-to-Building Ratio

The proportion of land area to gross building area; one of the factors determining comparability of properties.

Lease

Contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Lessee

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.

Lessor

One who conveys the rights of occupancy and use to others under a lease agreement.

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- 1) Consummation of a sale within a short time period.
 - 2) The property is subjected to market conditions prevailing as of the date of valuation.
 - 3) Both the buyer and seller are acting prudently and knowledgeably.
 - 4) The seller is under extreme compulsion to sell.
 - 5) The buyer is typically motivated.
 - 6) Both parties are acting in what they consider to be their best interests.
 - 7) A normal marketing effort is not possible due to the brief exposure time.
 - 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.
 - 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- This definition can also be modified to provide for valuation with specified financing terms.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value

The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Marketing Time

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

Negative Leasehold

A lease situation in which the market rent is less than the contract rent.

Net Liquidation Value

In the valuation of transportation or communications corridors, the current appraised market value of such properties for other than rail transportation (or other transportation/communication) purposes, less all costs of dismantling and disposition of improvements necessary to make the remaining properties available for their highest and best use and complying with applicable zoning, land use, and environmental regulations. (49 CFR 1152.34)

Percentage Rent

Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.

Personal Property

Any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being “personal,” such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent.

Prospective Market Value “As Completed” and “As Stabilized”

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

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Replacement cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.

RevPAR (Revenue Per Available Room)

A unit of comparison applied in the appraisal of lodging facilities; calculated by multiplying a hotel’s percentage of occupancy by the average room rates. RevPAR is used throughout the lodging industry to compare the income of competing facilities. For example, a hotel operating at a 60% occupancy rate with an average room rate of \$200 has a RevPAR of \$120 (60% × \$200). A competitive hotel operating at an occupancy rate of 70% but with an average room rate of \$170 has a lower RevPAR of \$119 (70% × \$170).

RevPOR

Revenue Per Occupied Room

Sales Comparison Approach

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

Sandwich Lease

A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee.

Stabilized Occupancy

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

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term.

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Transferrable Development Rights (TDRs) – Air Rights

A development right that cannot be used by the landowner, or that the owner chooses not to use, but can be conveyed to landowners in another location or leased for a period of years to then revert back to the original owner; TDRs are said to be transferred from a landowner in a sending district to the use of a landowner in a receiving district.

Value In Use

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