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To: Steve Goodman, GFI Partners

From: Jamie Moore, MAI

Date: March 1, 2022

RE: Warehouse Impact on Nearby Residences

OVERVIEW

The proposed development of the 504,000 square foot distribution facility at 161 Lowell Rd. in Hudson has the goal of increasing economic activity in the area by bringing light industrial users to the space. By doing so, it will increase jobs in the area, as well as create significant tax revenue for the town of Hudson. These factors will have knock-on effects, such as encouraging new and small business growth, as well as further employment growth for the town.

This report is also meant to serve as a summary of information collected and analyzed by Trimont Real Estate Advisors, Wesley Reeks, MAI, Applied Economic Research, as well as various white-paper articles on the subject. In these reports, it is widely concluded that the development of the logistics centers and related comparable buildings *does not negatively affect* the value of neighboring residential homes. The data in each report support the same conclusions.

Furthermore, to ensure that this development will be a success, GFI has taken measures based on community feedback to maintain the safety and amenity of the neighboring town residents.

RESEARCH SUMMARY

Trimont

Trimont Real Estate Advisors conducted a study of residential home prices in the area surrounding the new development in Hudson, as well as four other comparable logistics sites in New Hampshire, Massachusetts, and Connecticut. While doing so, they discovered various trends and evidence that support the fact that new industrial development has no significant impact on residential home values.

- Many times, the neighborhood that has been selected for new industrial development have values that are already depressed and are continuing to follow a negative trend before the development is finished. The time that follows the development completion shows no real affect on previous declining trends of home value, showing that there is no negative correlation between new industrial development and neighboring home values.

- They also conclude separately that it would have a negligible effect on traffic and housing density, as industrial space has the lowest number of employees per square foot of property, compared to retail and office - which could increase traffic and housing density.
- Another distinction to be made is that this development is not industrial in the traditional, manufacturing-facility meaning of the word. It is a distribution center, which generally has less of an environmental impact, uses less utilities, and employs fewer people, which keeps traffic and other types of congestion minimal.
- In addition to Trimont's own study, they reviewed another study by Jonathan A. Wiley, Ph. D., and found that it drew the same conclusions as Trimont's study completely independently. The conclusion of this study is concisely summarized by the quote below:

"Perhaps most surprising is the lack of evidence for negative and significant impacts of commercial developments on housing values. Scores of political arguments to the contrary are voiced at local debates across the nation, yet this research does not find substantive evidence of a negative interaction."

Wesley Reeks, MAI & Expanded and Updated Sale Research

The study conducted by Wesley Reeks included extensive analysis of two/distribution/logistics centers in southern New Hampshire that were acceptably comparable to the aspects and specifics of the proposed development in Hudson.

Through the study, Mr. Reeks concluded that:

"The data provide substantial evidence that development of the two comparable logistics centers did not diminish the market value of the neighboring residential properties."

Furthermore, Mr. Reeks extrapolates the information found in the study, saying:

"Accordingly by extension, it is concluded that the proposed Hudson Logistics Center will have no impact on the market values in Green Meadow Subdivision or other nearby residential properties."

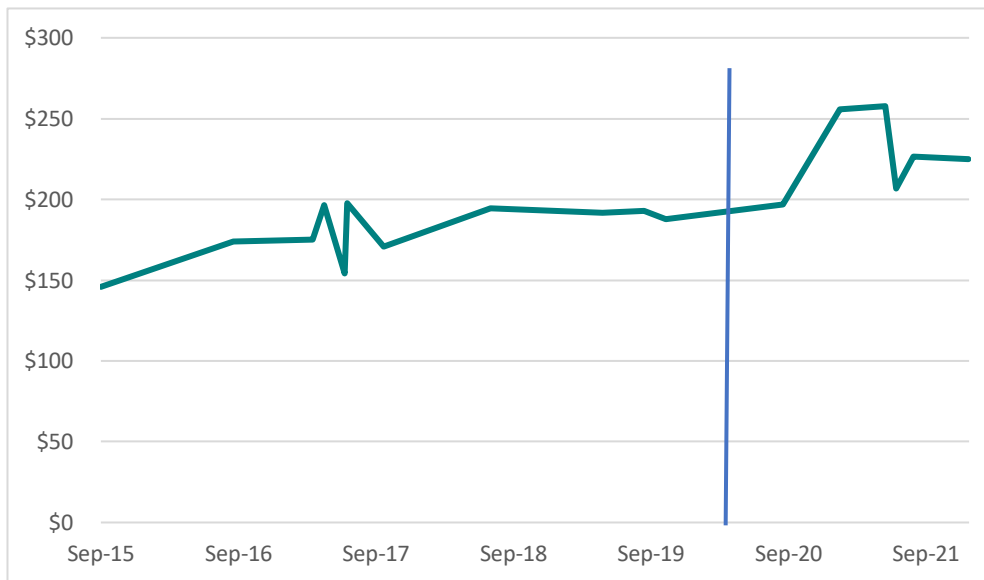
Additionally, Mr. Reeks looked at a pending sale in the Green Meadow Subdivision at 20 Fairway Drive. This property is within several hundred feet of the current golf course and was at the time the only property listed for sale out of the other 78 lots in the subdivision, which highlights the stability of the market in the area. Mr. Reeks contacted the listing Realtor and spoke to them about the sale.

- The Realtor could not disclose the final sales price, but reported that there were three offers on the property, and the final price is actually higher than the list price.
 - The property sold for \$424,933 on September 1, 2020, which was consistent with the asking price.
- This sale likely represented the highest price per square foot ever achieved in the subdivision

The conversation between Mr. Reeks and the Realtor occurred some time after the property was listed on May 15, 2020, which was after the proposed Hudson development became public knowledge. This further supports that home values will not be negatively impacted.

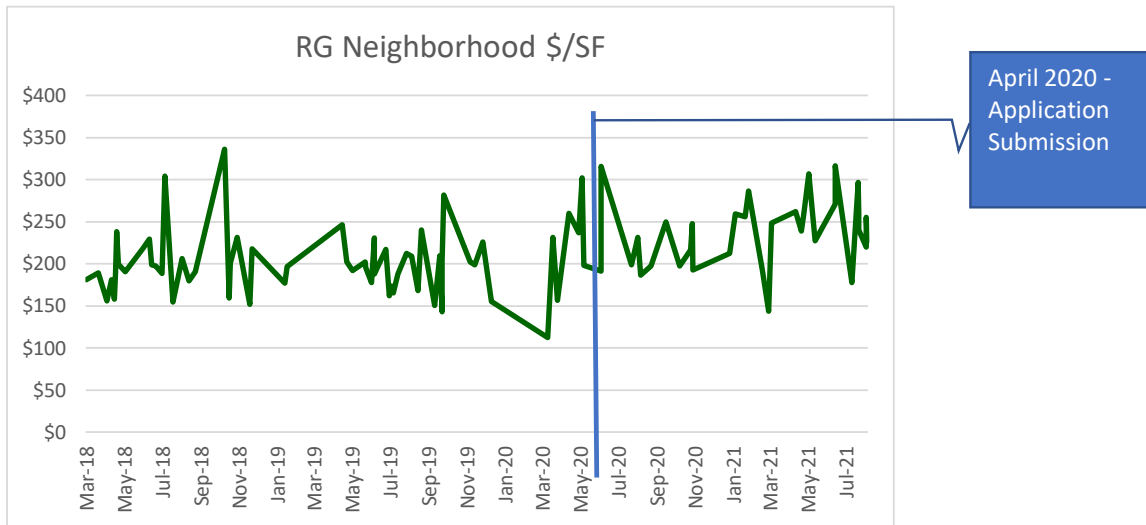
I have expanded Mr. Reeks research utilizing the most pertinent information which includes the sales that have taken place in the neighborhood that abuts the golf course both pre- and post- announcement of the application submitted to the Planning Board for the Hudson Logistics Center:

Address	Type	Size (SF)	Price	\$/SF	Sale Date
9 Eagle Drive	4BD-SFR	2058	\$300,000	\$146	Sep-15
21 Fairway Dr	2BD-SFR	2012	\$350,000	\$174	Sep-16
7 Eagle Drive	3BD-SFR	2200	\$385,000	\$175	Mar-17
5 Par Lane	3BD-SFR	1858	\$365,000	\$196	May-17
23 Par Lane	3BD-SFR	2527	\$389,900	\$154	Jun-17
11 Muldoon Dr	3BD-SFR	1896	\$375,000	\$198	Jun-17
9 Muldoon Dr	4BD-SFR	2254	\$385,000	\$171	Oct-17
20 Par Lane	4BD-SFR	2058	\$400,500	\$195	Jul-18
8 Muldoon Dr	4BD-SFR	2086	\$400,000	\$192	May-19
25 Par Lane	4BD-SFR	2357	\$455,000	\$193	Aug-19
9 Par Lane	4BD-SFR	2447	\$460,000	\$188	Oct-19
20 Fairway Dr	4BD-SFR	2156	\$424,900	\$197	Aug-20
23 Fairway Dr	3BD-SFR	2204	\$564,000	\$256	Jan-21
10 Fairway Dr	3BD-SFR	1502	\$387,500	\$258	May-21
13 Par Lane	4BD-SFR	2900	\$600,000	\$207	Jun-21
5 Birdie Lane	4BD-SFR	2382	\$540,000	\$227	Aug-21
8 Eagle Drive	4BD-SFR	2150	\$484,000	\$225	Jan-22



Two sales of note that were also viewed on MLS include 5 Birdie Lane and 9 Par Lane. 5 Birdie Lane was offered to the market on June 22, 2021 with an asking price of \$495,000; the property was on the market for a mere 3 days before being placed under agreement and selling for \$540,000 (109% of the asking price); while 9 Par Lane was offered to the market on August 22, 2019 with an asking price of \$439,900; the property was on the market for a mere 4 days before being placed under agreement and selling for \$460,000 (105% of the asking price)

Furthermore, we note the town of Hudson Assessor's office identifies the neighborhood as "RG" within its Assessment records. The following represents data extracted directly from the Hudson Assessor's office for properties that have sold since 2018. A total of ninety-two (92) sales have taken place, the following depicts the trend exhibited by these sales.



Additionally, we have considered the following average sale information for pre- and post-announcement trends:

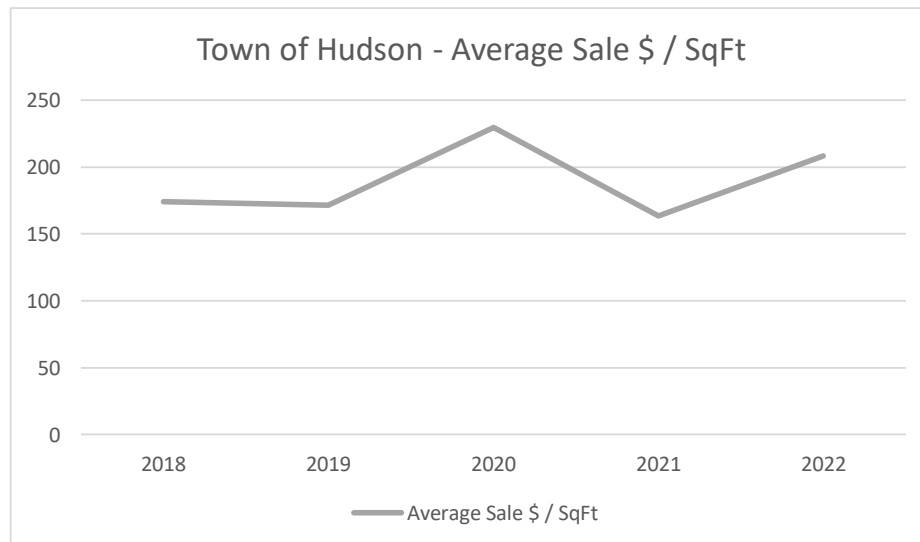
Average of Sale \$/SF		
SFR - Type	Pre-Announce	Post-Announce
2BD		\$265
3BD	\$208	\$249
4BD	\$181	\$215
5BD	\$199	
6BD		\$219
7BD		\$144
Grand Total	\$199	\$238

Average of Sale		
SFR - Type	Pre-Announce	Post-Announce
2BD		\$406,350
3BD	\$431,562	\$484,741
4BD	\$486,247	\$540,856
5BD	\$499,900	
6BD		\$788,000
7BD		\$739,000
Grand Total	\$450,989	\$510,620

While the above evidence can certainly be attributed to the overall market improvement that has taken place, the above evidence also clearly suggests that the proposal of the logistics center did not have a negative trend on the neighborhood.

The following depicts the trends for the overall town of Hudson as tracked by Multiple Listing Service:

Sold (Year to Date)	2018	2019	2020	2021	2022
Closed Units (Sold)	4	3	2	1	1
Average Days on Market	55	51	58	87	7
Average Days to Offer	46	42	50	73	7
Average Sale Price	\$379,000	\$423,000	\$366,200	\$432,700	\$585,000
Average Sale \$ / SqFt	\$174	\$171	\$230	\$163	\$208
Average List Price	\$382,450	\$425,600	\$367,400	\$410,000	\$579,999
Average List \$ / SqFt	\$172	\$172	\$232	\$155	\$207
Average Original List Price	\$388,700	\$426,300	\$367,400	\$465,000	\$579,000
Average Original List \$ / SqFt	\$174	\$172	\$232	\$175	\$206
Average Sale Price as % of List Price	99.80%	99.63%	99.57%	105.54%	100.86%
Average Sale Price as % of Original List	98.45%	99.44%	99.57%	93.05%	101.04%



Source: MLS

Applied Economic Research

The two reports created by Applied Economic Research were made to review the studies by both Trimont and Wesley Reeks. AER found both agreement and disagreement in the conclusions drawn in each study.

For the Trimont study:

- They found that even though the properties examined are likely comparable and show that housing prices are not affected, they are not in the same state and are therefore not representative of the New Hampshire market.

For the Reeks study:

- AER found that this study was more agreeable but was taken aback at the fact that the comparable properties used in the study are not exactly comparable.
 - However, the report then goes on to say that finding such a place is an inherent issue for Hudson, because *“there is, in fact, no sufficiently close comprehensively comparable experience in the State.”*

According to the AER reports, there is no property in the state that is exactly comparable to the Hudson development. So, the properties that were analyzed in these studies by Trimont and Mr. Reeks are the closest that any existing property can be. Both in-state and out-of-state properties had trends related to residential home values that were found to be agreeable, and the conclusions drawn from them support the new development.

This report further points out that the Hudson neighborhoods go against the trends of communities that are targeted for development mostly having depressed market values for homes; they are actually rising in value.

- This does not mean that the correlation between new developments and the housing market are reversed – that trend is still true, and it is a benefit to the community that prices are rising. New development still does not show any impact on housing values, so it is redundant that values in this specific market is rising.

WHITE PAPER QUOTATIONS

In short, the following section is composed of quotations from various white-paper articles based on the relationship between industrial parks and the greater surrounding community. These articles serve as historical documents, ranging from the years 1958 - 1970, and consequently imply some level of precedent for the research and findings in this specific relation. The conclusions of these articles unilaterally support the development of industrial parks. The articles found evidence that the development and operation of industrial parks creates a multitude of benefits for the local community, whether it be residential homeowners, business owners, or any in between.

The accreditations of the authors given in the articles will be listed under their respective heading.

“Effects of Industrial Parks on the Community – Robert E. Boley”

“Mr. Boley is Secretary of the Industrial Council of the Urban Land Institute, Formerly, he served as director of the Industrial Development Committee of Prince George’s County, Maryland. He is a graduate of George Washington University with a M.A. degree in industrial geography.”

This paper was the contribution of the Urban Land Institute, to the Dartmouth College Conference on Industrial Parks held in Hanover, New Hampshire, June 25-27, 1958.

“If any conclusions are to be drawn, they are:

First, industrial parks have done a good public relations job for industry in that the presence of these attractive districts has gone a long way in helping to overcome the blind opposition to industrial development so characteristic in the past.

Second, through their high building and performance standards, industrial parks provide industry and the community much of the protection necessary to assure them attractive surroundings and harmonious relations.

Third, when properly located, comprehensively planned, and carefully developed, industrial parks are definite assets to the communities in which they are located because of the stimulating effect they have on the local economy.”

“Community Benefits of the Industrial Park – Dr. William M. Shenkel”

“Dr. Shenkel is Chairman of the newly organized Department of Real Estate and Urban Development, University of Georgia, Athens. Before joining the university four years ago, he taught at the University of Florida, the University of Washington, and worked as chief appraiser for the Bureau of Indian Affairs, Portland, Oregon.

He is a recognized authority in the fields of real estate and land economics and his articles have appeared in numerous technical journals, including THE REAL ESTATE APPRAISER.

Dr. Shenkel holds the Senior Residential Appraiser designation of the Society, the CPM designation of the Institute of Real Estate Management, is a senior member of the American Right of Way Association and is a member of the American Economic Association and Rho Epsilon, a real estate honorary fraternity.”

This article was originally presented at the Society's Southwest Appraisal Conference in Fort Worth, Texas, June, 1969.

“The point has been made that industrial parks are an inevitable consequence of population growth. Not only do they create certain benefits, but they appear essential to community welfare. Furthermore, to place a dollar value on industrial park benefits two special benefits stand out: (1) benefits arising from increased property taxes and (2) benefits due to higher personal incomes from new jobs and higher wages.”

“The Impact of the Industrial Park – R. John Griefen”

“H. John Griefen is Senior Vice President of marketing and sales for Cabot, Cabot & Forbes Co., Boston.”

This article comes from The Appraisal Journal, January 1970.

“An increase in jobs and tax revenues is an immediate impact of an industrial park on a community. But the overall impact is greater than those rewards.

An industrial park may stabilize, as well as increase, the community's tax rate tenants usually require minimal services from the local community, in comparison to the services required by other taxpaying sources. A residential development, for example, requires more services as it grows, pushing the tax

rate higher. An industrial park, once developed, pays the same amount of taxes each year and is not in line for increased municipal services.

The United States Chamber of Commerce reports a plant which brings 100 new jobs into community also brings an annual dowry of \$710,000 in added personal income and \$229,000 in new bank deposits. There will probably be 360 new citizens, three new stores, and \$300,000 increase in retail sales. About 112 homes will be built, 107 more passenger cars will be registered, and \$40,000 spent for rail services and trucking.

Needham, Massachusetts exemplifies how much prosperity can mean. The community collected \$3,320 per year in taxes on a gravel pit. It now collects \$325,000 from the same area since developed as an industrial park. Industry is of value to any community!"

IMPROVEMENTS CREATED FROM COMMUNITY FEEDBACK

GFI Partners has taken in community feedback for the location and made appropriate changes to better the development's impact on the neighboring residents and community at large.

This list is a summary of proposals GFI has made:

- Added a 20' landscape berm that faces the residents on Hickory Street, along with a 6' stockade fence located atop the hill that will provide an additional buffer.
- The Fox Hollow Condo Association has requested that vinyl fencing with screen slates be added along the property facing Fox Hollow and Friars Court for safety and increased screening. This will consist of an 8' dark green, vinyl coated chain link fence with matching privacy slats, and will be located 10' away from the property line.
- There will be reduced grading and tree clearing in order to maintain around 5 acres of wooded buffers to the development. Beyond that, GFI has committed to a protective covenant that encompasses another 23.5 acres of greenspace on the property.
- Lastly, GFI has agreed to remove a parking lot along Hickory Street from the plan in order to preserve the hill and greenspace on the west side of the development. This results in an additional 1.4 acres of wooded buffers along Hickory Street, and reduces the pavement in the development by 18,700 square feet.

CONCLUSION

In summary, there is no profound evidence that new industrial development is in any way detrimental to neighboring residential home prices. Countless articles support that fact, as discussed above. Beyond that, there is also substantial evidence that industrial parks and development are inherently beneficial to the surrounding community for various reasons, such as economic growth and a larger tax base. To further ensure the needs of the community are

met with this development, GFI Partners has made further amendments to their original plans – all were based on discussions with the community. The development at Lowell Road in Hudson should not affect the values of neighboring homes, and if historical data and findings are to be believed, it should be a boon to the community overall.

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VALUATION & ADVISORY SERVICES

March 1, 2022