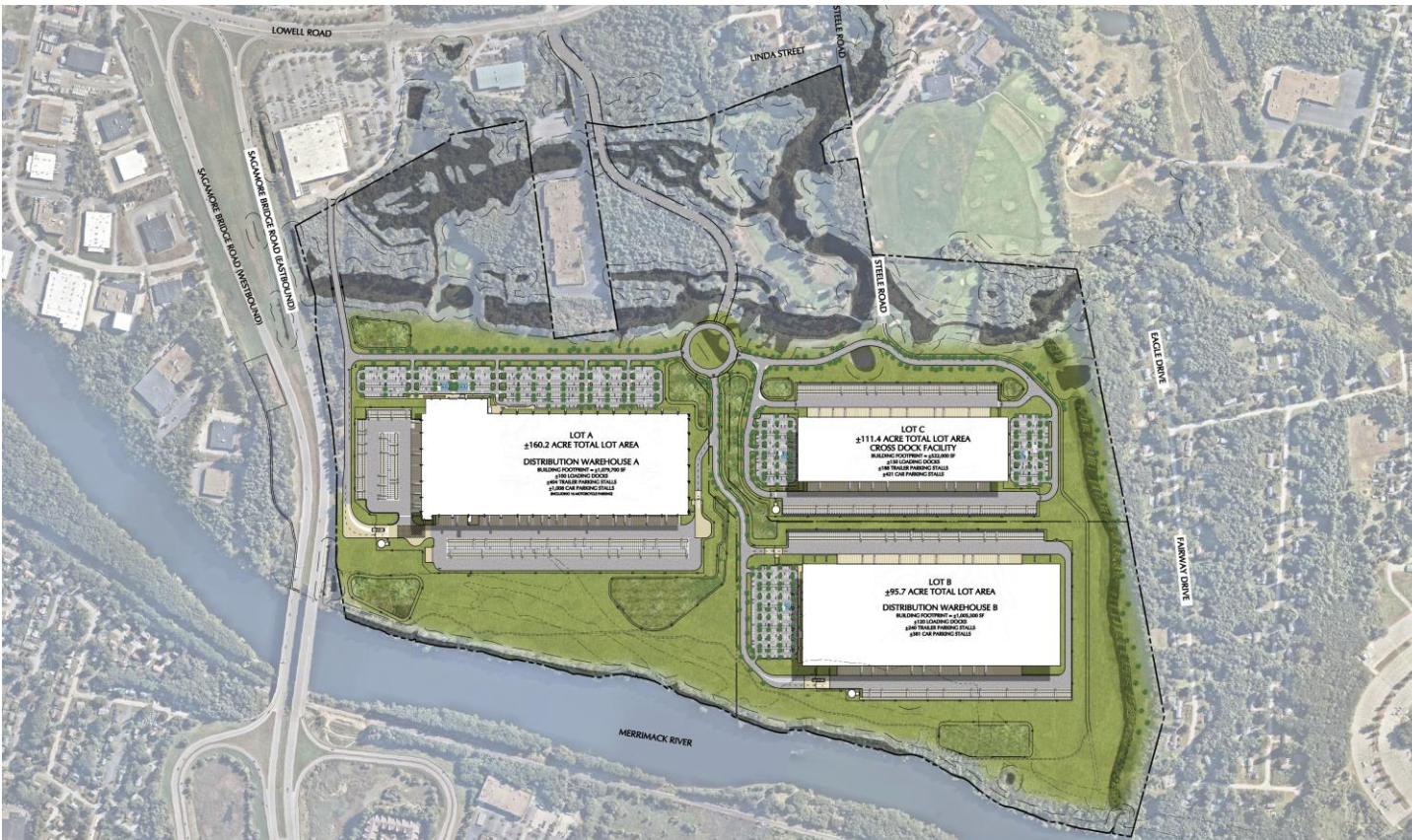
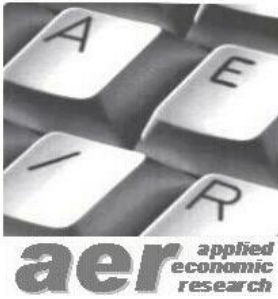


***Hudson Logistics Center
Wesley Reeks Real Estate
Analysis
Peer Review
August 8, 2020***

***Applied Economic Research
Laconia, New Hampshire***





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August 8, 2020

Brian Groth
Town Planner
Town of Hudson
Town Offices
Hudson, NH 03051

RE: Preliminary Review Wesley Reeks Real Estate Analysis

Dear Mr. Groth

You (my client) have requested my preliminary peer review consultation comments on the July 28, 2020 Wesley Reeks real estate analysis of the proposed Hudson Logistics Center. I reserve the right to update these observations if additional relevant information emerges.

Conclusion of The Analysis

The core of Mr. Reeks' analysis is a study of the impact on residential values of the FW Webb/Pettengill Road facility in Londonderry and the Walmart distribution facility in Raymond. As set forth on page 17 of the report:

“As such, the data provide substantial evidence that development of the two comparable logistics centers did not diminish in (sic) the market value of neighboring residential properties. Accordingly, by extension, it is concluded that the proposed Hudson Logistic Center will have no impact on market values in Green Meadow Subdivision or other nearby residential properties”

AER Preliminary Observations

I agree the two studied distribution facilities are the most appropriate New Hampshire comparables. I have visited both settings analyzed by Mr. Reeks.

Analyzing comparable/paired sales is an accepted methodology, provided the pairs are appropriate and the specific comparability to the issue at hand is reasonably close. I am not convinced this is the case with these comparables. While acknowledging Mr. Reek's effort and general approach, comparability is an inherent issue in the Logistics Hudson setting, because there is, in fact, no sufficiently close comprehensively comparable experience in the State.

Walmart Raymond

As to the Raymond analysis, Mr. Reeks is correct that new residential units have been built with minimal screening on Jady's Way adjacent to the Walmart Distribution Center. He compares those units to closely similar units built away from the Walmart facility, and notes similar selling prices.

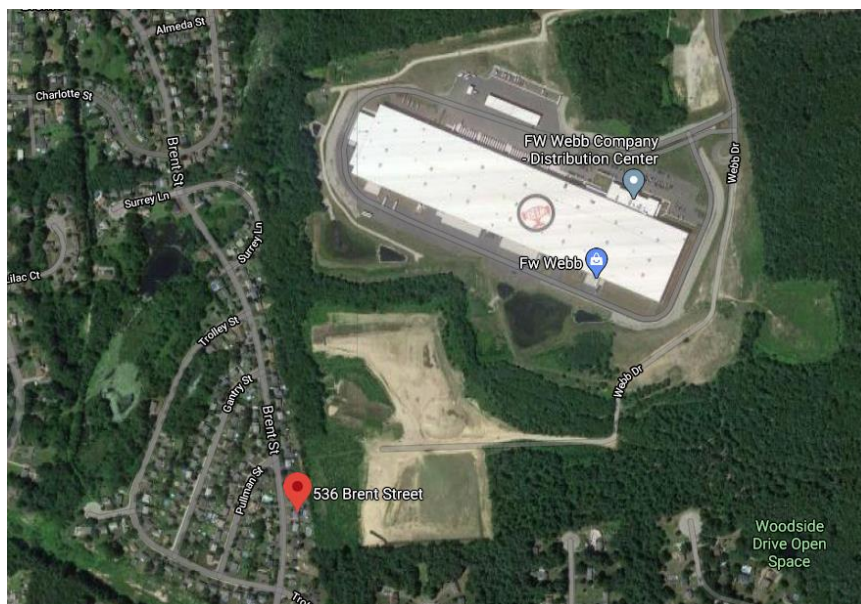
However, my inspection revealed that all three of the units away from Jady's Way are located on passed-over, in-fill lots in mobile home/manufactured home neighborhoods. One of the comparables (19 Essex Road) is in a manufactured home neighborhood with average to good quality mobile/manufactured homes along with some stick-built homes and conventional roadway infrastructure. However, it is on an open road vis a vis the Jady's Way cul de sac. Two of the three comparables (Mildred Avenue and Bertha Way) are in neighborhoods with older, narrow, poorly maintained roadway infrastructure and older, generally poorly maintained, older mobile homes—see photos in Addendum to this letter. By comparison, the units on Jady's Way are in a new, conventional stick-built residential subdivision on a cul de sac with minimal traffic.

To my mind, unlike the Fairview/Eagle Drive setting, the studied non-Jady's Way units are in settings with unconventional market appeal on in-fill lots in otherwise manufactured/mobile home neighborhoods rather than in the conventional subdivision setting in Hudson. I also note that the builder elected to build larger residences immediately across Jady's Way from the units fronting the Walmart distribution center, possibly because of perceived lesser market appeal of the units closest to Walmart.

To my mind, the location of the off-Walmart units on in-fill lots in manufactured/mobile home neighborhoods weakens the conclusion of no distribution facility impact. The units and their setting are transparently different in several respects from the conventional Logistics-Hudson neighborhood.

Webb Londonderry/Manchester

As to the Londonderry/Manchester setting, Brent Street and Charlotte Street units do not have the same intimate physical relationship to the FW Webb facility as will be the case with units along Eagle and especially Fairview Drive. They are generally kitty corner, distant or well-screened from the Webb facility. For example, 536 Brent Street and other Brent units do not immediately abut the Webb facility:



The two Charlotte Street units are somewhat closer to Webb, but benefit from distance and extensive pre-existing natural screening. They front the small end of the Webb facility;



My inspection revealed significant natural screening between the Trolley Crossing potentially impacted residential units and the Webb facility, without the need for a berm or sound wall as may be the case in the Hudson Logistics neighborhood. Anecdotally, during my inspection I spoke to two neighbors along Brent Street who commented that they are more concerned about airport noise than proximity to Pettengill/Webb. Airport noise is a factor in the entire Trolley neighborhood, but not in Hudson, of course.

I also note that in neither Raymond or Londonderry was the land use change as pronounced as in Hudson--from an open space amenity (golf course) to a large distribution facility. The prior use of vacant Pettengill land is as a sand/gravel operation. Prior use of Raymond was a camp.

Reflections

The impact of new development on nearby residential units is site-specific. The case studies in this analysis are not sufficiently comparable to the Logistics Hudson proposal and its relationship to abutting residential units. Factors such as prior use, proximity, market orientation, other environmental issues, line of sight, pre-existing screening, noise, traffic, general land use compatibility, the extent of change in land use, air quality, neighborhood light pollution etc. are site-specific factors that can alter the market appeal of residential units abutting proposed non-residential development.

To their credit, the Hudson Logistics developers have funded a wide range of impact studies specific to this proposal. It would be useful to the planning board, abutters, and town residents for Mr. Reeks, who I know has extensive professional real estate analysis experience, to:

1. Examine the various studies prepared on behalf of Logistics (and peer review thereof) and comment individually on whether there is likely to be an impact on market appeal of abutting Hudson residential units, and
2. Comment on other factors not specifically studied, such as line of sight, the impact of changing from a recreational golf course use to a 2.6 million square foot logistics center, the impact of mitigating berms and sound barriers, etc. on the market appeal of nearby residences.

The "bottom line" consideration is whether a buyer would pay the same for an Eagle Drive, Fairview Drive, etc. residence next to the current golf course vis a vis if that residence was abutting the proposed Logistics facility in light of proposed mitigation measures.

In commissioning this consulting analysis, you have not requested, and I have not prepared an opinion of the impact of the Logistics proposal. I believe it is difficult to substantiate a definitive, certain conclusion. It would be helpful if Mr. Reeks specifically addressed the factors cited above and supported his conclusion along the following dimensions:

- The probability that there will be no negative or positive impact on the market appeal and value of nearby residences;
- The probability that there will be a modest/moderate negative or positive impact on the market appeal and value of nearby residences;
- The probability that there will be a significant negative or positive impact on the market appeal and value of nearby residences;

Respectfully Submitted

A handwritten signature in cursive script, appearing to read "Russell W. Thibeault".

Russell W. Thibeault
NHCG #004

Raymond Neighborhood Photos

by russell thibeault

August 6, 2020



CERTIFICATION

CERTIFICATION: I certify that, to the best of my 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 my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in this review or from its use
- My compensation is not contingent on the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- The reported analyses, opinions, and conclusions were developed, and this report have been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the of the subject of the work under review.
- No one provided significant appraisal, appraisal review or appraisal consulting assistance to the person signing this certification.
- I am a practicing affiliate of the Appraisal Institute and are current with the requirements thereof.



Russell W. Thibeault, Appraiser

STATEMENT OF LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser does not assume responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The subject property is appraised as described in the body of the report. If a subsequent or undisclosed survey or other more accurate description is revealed, there may be a significant effect on value requiring a re-evaluation.
4. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
6. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering, which might be required to discover such factors.
7. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
8. The By-laws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated govern disclosure of the contents of the appraisal report.
9. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional

designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

10. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a competent manner.
11. Unless stated elsewhere in this report, the presence of toxic or hazardous materials or gases is unknown. If such materials are present, there could be a negative effect on the value of the subject property. Such effects, if present, are not addressed in this appraisal. If the presence of hazardous or toxic materials is suspected, the Appraiser recommends the client retain the appropriate, qualified experts.
12. Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.
13. Full compliance with all applicable zoning and use regulations and restrictions is assumed unless a nonconformity has been stated, defined and considered in the appraisal report.
14. That all required licenses, consents or other legislative or administrative authority from any local, state or national governmental, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based is assumed.
15. I (we) have not made a survey or analysis of the subject property to determine whether the physical aspects of the improvements meet the accessibility guidelines specified under the Americans with Disabilities Act (ADA). Under ADA guidelines, compliance matches each owner's financial ability with the cost to cure the potential physical deficiencies of the property. Thus, the requirements for compliance can change with each owner's financial ability to correct (cure) the non-accessibility problems for the property. Specific studies of the cost to cure the deficiencies and the owner's financial ability to afford these costs would be needed for the Department of Justice to determine compliance. Since this Act has only been effective since January 26, 1992, there has been an insufficient amount of market data to determine what impact this Act has had on values. Given these factors, the estimates of market value and fair value presented herein do not consider the effects of potential non-

compliance. In the event litigation is initiated by any party, for any reason, the appraiser's liability is limited to the fee charged for this assignment .

In the event litigation of this report its findings and analysis occur, the appraiser's liability is limited to the amount of the fee charged for the assignment by the appraiser.