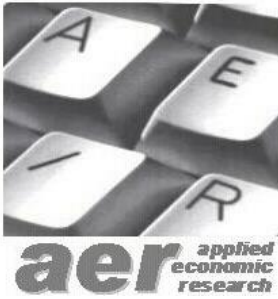


***Hudson Logistics Center
Trimont Real Estate Analysis
Peer Review
August 6, 2020***

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





***Economic and
Real Estate
Advisory
Services***

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August 5, 2020

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

RE: Peer Review Trimont Real Estate Analysis

Dear Mr. Groth:

I am pleased to provide the following preliminary thoughts regarding the July 10, 2020 Trimont analysis of the potential impact of the proposed Hudson Logistics Center on the value of abutting and area residential values. I reserve the right to modify this analysis should relevant information become available in the coming weeks.

Study Conclusions

The study examines residential value trends around four distribution facilities in three states. As noted on page 1 “It was concluded there is no empirical evidence the construction of the logistics center/distribution facilities noted above precipitated the decline in average residential sales price.” and further, “....there will be no diminishment of value to such residential properties surrounding the Hudson Logistics Center.”

Study Approach

The study utilizes primarily Zillow estimates, supplemented with MLS data, to track residential property value trends:

1. Within one and two mile radii, county and zip codes where selected distribution centers have been built (Londonderry NH, Bellingham and Littleton MA and Windsor CT).
2. For selected properties adjacent to the four distribution centers in those communities.

General Observations

The impact of a proposed facility on abutting properties is site-specific. I find this analysis to be overly generic. It does not fully reference the specific characteristics of the Logistics proposal in Hudson. The study does not analyze the Hudson site and examine the relationship of abutting and neighborhood properties to the proposed development and the mitigation measures being proposed (berm, sound wall, etc.). There is no indication the analyst reviewed the various Hudson-specific impact studies (traffic, noise, air quality, visual etc.) prepared by the developer’s consultants or the peer review thereof and their property value implications. There is little analysis of the selected comparable sites and how they compare to the Hudson setting (screening, topography, housing supply and demand, prior land use, existing neighborhood traffic, etc.).

The Logistics developer is proposing berms and sound barriers to mitigate the impact of the facility on some of the abutting residential properties. There is no indication if such measures were warranted or undertaken in the comparable settings or whether such measures are adequate or necessary to mitigate the potential negative impact on abutting properties in Hudson.

There is no comparison between (1) the broader housing market characteristics (growth, pace of construction, available supply, income profile, tenure, age of units, etc.) in the comparable settings, only one of which is in New Hampshire, and (2) the Hudson market.

The analysis analyzes data within zip codes (see page 2) one and two mile radii, county, etc. This is, to my mind, overly broad geography in addressing one of the key Hudson issues—the impact on abutting properties. Similarly, the analysis of repeat sales data, on page 3, addresses sales within a one-mile radius of the distribution site. This broad a geography allows for a variety of intervening factors (relative price distribution, age of units, school district, etc.) to mask the impact of the distribution facilities on immediate property values.

There is an analysis of value trends for nearby residential properties on pages 3-5, but it relies on Zillow-calculated Compound Annual Growth Rates, which is a less than reliable data source in my opinion.

Similarly, I note that much of the broader analysis also relies extensively on Zillow value *estimates* over time. Zillow estimates are just that—estimates—and as such are subject to error, particularly when attempting to demonstrate value changes or lack thereof over time,

The study also references a second analysis prepared by Jonathon Wiley, PhD in 2015, apparently addressing residential price trends in response to commercial development in the Atlanta region. One of the Wiley excerpts quoted in the Trimont analysis notes:

“Sites targeted for new industrial development exist in neighborhoods where values are relatively lower and already experiencing a downward trend in advance of the project completion.”

Such a characteristic and trend are not evident in the Hudson Logistics neighborhood. In fact, quite to the contrary, neighborhood residential values are not “relatively lower” and they have been rising.

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Reflections

The abutting and neighborhood properties in Hudson are facing a pronounced land use change, from an innocuous open space amenity use (golf course), to what is arguably the largest single-approval nonresidential development proposal in the State's history. There are site-specific aspects and impacts that are not addressed in this analysis.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Russell W. Thibeault". The signature is written in a cursive style with a large initial "R" and a long, sweeping tail.

Russell W. Thibeault
President

AER Experience and Background



About Applied Economic Research

Applied Economic Research provides comprehensive economic and development consulting services to public and private clients. Since 1976 Applied Economic Research has developed a reputation for objective research and seasoned judgment. We take special pride in our high level of repeat clients and referrals--the best indicators of a job well done. Typical assignments include:

Feasibility Studies including market studies of new residential, commercial and industrial developments; financial pro formas; rehabilitation/reinvestment projects; and highest/best use studies of vacant land.

Development Strategies including target market/product definition analysis, market penetration, buyer preference surveys, problem loan work-outs, and site selection studies.

Valuation/Appraisal of real estate and businesses in financing, acquisition/disposition, tax and litigation settings.

Public Policy Analysis including downtown redevelopment, affordable housing, capital improvement programming, economic development strategies, growth impact studies and neighborhood revitalization.

Impact Studies including school and community facilities impacts, shopping center impact studies, and economic impact analysis of new public investments including highways.



Our Assets

AER brings to each assignment critical resources:

Objectivity. AER's research is thorough, objective and honest. Our studies may not say what the client was hoping to hear - but they report the truth and our unbiased, seasoned advice. As a result, our clients entrust us with their most important and difficult decisions.

"When we can't afford to miss, I call Applied Economic Research. I trust AER to give us the information, the insight and the advice we need to make tough real estate decisions. You get what you pay for. The information and guidance they provide have helped us avoid costly pitfalls."

New Hampshire Banker

Unmatched Information Resources. AER maintains an exclusive database of New England economic and real estate information. Our systems analyst maintains current population, income and housing, production and sales information. Our computer modeling capabilities are comprehensive, flexible and sophisticated.

Seasoned Judgment. Our studies get results. They extend beyond a compilation of data. We interpret the information and recommend strategies that are realistic and effective.

"AER has been extraordinarily accurate in predicting market trends. But they do more than give us good numbers. Just discussing project ideas with them can be invaluable--because of their experience and understanding of the market."

Southern New Hampshire Developer

Credibility. AER enjoys outstanding credibility with lenders, investors and public agencies recommending optimal strategies based on solid research.

"Their work throughout the region gives AER great credibility. The AER team is great to work with. They're personal and very professional."

State Government Official

Confidentiality. Our office has a written policy of confidentiality. We do not disclose our research or findings to anyone but our client.

Top Level Contacts. AER has an extensive network of business and professional contacts throughout New England. We go beyond published market data to the community leaders and business decision makers who influence public policy and investment decisions.



Diverse Experience

AER has completed over 3,000 assignments for a balanced mix of public and private clients. Our public clients find our intimate understanding of the developer's world especially useful. Our private clients benefit from our working knowledge of public policy and development issues.

Private assignments include market and development strategies for award-winning ventures such as Windward Harbor, which received Builder magazine's *Project of the Year* award; Wildwood Village, winner of Professional Builder magazine's *Homes for Better Living* award; and the Villages at Granite Hill, winner of 11 New Hampshire Home Builder's Association awards, including *Project of the Year*. Our retail experience ranges from small specialty centers to regional malls. Our office and industrial assignments address both reuse and new construction proposals.

Our public clients range from metropolitan areas to islands off the Maine coast to the region's largest communities and state agencies.

Extensive Exposure

Russ Thibeault, president of AER, is frequently quoted in the state and national media. He has been a frequent commentator on National Public Radio's *Marketplace*, heard nationally by over 3 million listeners a week. He has appeared on ABC World News, *The McNeil-Lehrer News Hour*, BBC World Television and Japan Public Television. He has been quoted in *The New York Times*, *The Wall Street Journal*, *The Washington Post* and the *Los Angeles Times*.

Russ is a frequent public speaker addressing economic and development issues before the state's business and government leaders.

Our clients include most of the area's financial institutions, government agencies, developers and municipalities. They provide AER with a high degree of repeat assignments—the best measure of a successful assignment.



*RUSSELL W. THIBEAULT
PRESIDENT
APPLIED ECONOMIC RESEARCH, INC.*

Russell W. Thibeault is a real estate and economic consultant and appraiser providing services to public and private clients. He founded Applied Economic Research in 1976 and has completed assignments in approximately 30 states.

Expertise

Mr. Thibeault's expertise falls into a variety of economic and real estate topics:

Market Value Appraisals of undeveloped land, industrial, commercial, and investment real estate for government bodies, corporations, financial institutions, estates and private investors.

Economic Development Studies for states, regions and municipalities concerned about job, investment or income displacement.

Market and Financial Feasibility Analysis of shopping centers, office buildings, apartments, condominiums, industrial and land developments.

Highest and Best Use Studies of undeveloped land, industrial, commercial, and investment real estate for government bodies, corporations, financial institutions, estates and private investors.

Economic Loss Calculations for businesses and individuals.

Business Valuations and economic loss estimates of closely held businesses for estate planning, family interest transfers and court testimony.

Real Estate Investment Strategies for corporations, institutions, syndicates and individuals including: acquisition studies, market strategies, after tax cash flow studies, and financing strategies.

Site Location Studies for banks, retail stores, and industrial firms.



Downtown Revitalization Studies for corporations, private investors and government bodies, including market penetration estimates, revitalization strategies, and financing strategies.

Economic Impact Studies including retail sales impact of proposed shopping centers and cost-revenue impacts of proposed shopping centers, residential, commercial or industrial developments.

Housing Market Studies for state, regional and local governments, including the evaluation of existing housing markets and identification of housing needs.

Public Finance Studies for local governments including revenue and cost projections, capital improvement programs and tax base analysis.

Between 1972 and 1976, Mr. Thibeault was employed by Hammer, Siler, George Associates, a Washington-based national economic and real estate consulting firm with field offices in Atlanta and Denver. In 1976, he resigned his senior associate position with the Hammer firm to establish Applied Economic Research, an independent consulting practice.

Private real estate investments analyzed by Mr. Thibeault represent a combined investment of over \$1 billion. His public and private experience has taken him to more than 30 states. Between his Applied Economic Research practice and his Washington position, clients include:

- American Institute of Architects
- National Association of Home Builders
- U.S. Department of Transportation
- U.S. Department of Housing & Urban Development
- U.S. Army Corps of Engineers
- National Commission on Water Quality
- National Trust for Historic Preservation
- Greater Baltimore Committee
- PPG Industries (Pittsburgh)
- MONDEV, International (Montreal)
- Town of Scarborough, Maine
- Haywood Properties (South Carolina)
- Pennsylvania Avenue Development Corp. (Washington, DC)
- Travelers Insurance
- New York State Urban Development Corporation
- Public Service Company of New Hampshire
- Appalachian Power Company (Virginia)
- Chittenden County Regional Planning Commission (Vt.)
- Piedmont Environmental Council (Virginia)
- City of New Orleans
- Lakes Region Planning Commission (New Hampshire)
- International Paper Company (New York)



Town of Plymouth, Massachusetts
Town of Franklin, Massachusetts
City of Burlington, Vermont
City of Concord, New Hampshire
City of Laconia, New Hampshire
City of Baltimore, Maryland
State of Delaware
State of Rhode Island
New Hampshire Housing Finance Authority
Dartmouth College
Boston Redevelopment Authority

Education/Affiliations

Russell W. Thibeault holds a master's degree in urban and regional planning with an emphasis in economic analysis from the University of North Carolina (Chapel Hill). While attending the University, he was elected president of Planner's Forum, the graduate student organization. He holds a Bachelor of Arts degree from the University of New Hampshire and has taken advanced real estate courses in the Graduate School of Business at American University (Washington, D.C.). He has successfully completed courses leading to the MAI designation offered by the American Institute of Real Estate Appraisers. He has successfully completed residential and income property appraisal course examinations offered by the Society of Real Estate Appraisers and the Appraisal Institute. He is presently a practicing affiliate of the Appraisal Institute. He has completed course work and examinations leading to the Certified Business Appraiser designation offered by the Institute of Business Appraisers.

Mr. Thibeault is a Certified General Appraiser licensed by the New Hampshire Real Estate Appraiser Board, License #NHCG-4. He has served as the Certified General Real Estate Appraiser on the New Hampshire Real Estate Appraiser Board. He provides an annual briefing of the economy and real estate markets to the NH/VT Chapters of the Appraisal Institute. He is a practicing affiliate of the Appraisal Institute.

He was the recipient of a National Science Foundation research assistantship for research on consumer housing preferences and placed first in the Southern Regional Science Association research competition. He has authored several papers published in professional journals, including The Review of Regional Studies and Traffic Quarterly. He was a contributor to the President's Report on National Growth and Development issued to the U.S. Congress in 1974 and has authored several research papers distributed by the National Association of Home Builders. He has served as a course instructor in economics at New Hampshire College and has lectured in urban planning at Plymouth State College.



Appearances

Mr. Thibeault has appeared as an economist/real estate expert on *Nightline*, *ABC World News*, the *MacNeil-Lehrer News Hour*, *CNN the Japanese Broadcasting Network* and *BBC World Television News*. He has been interviewed by the *New York Times*, the *Los Angeles Times*, the *Wall Street Journal*, the *Washington Post*, *Fortune* magazine, the *Kiplinger Letter*, the *Irish Times*, *USA Today*, *Bloomberg News Service* and *U.S. News and World Report*.

Mr. Thibeault has served on the Board of Directors and as President of the *New Hampshire Planners Association*. He was elected to the Executive Committee of the *North Carolina Chapter of the American Institute of Planners*.

He currently serves on the board of *Bank of New Hampshire*. Mr. Thibeault served on the Board of Directors of the *Indian Head National Bank of Laconia*, until such time as that institution merged with the *Indian Head National Bank of Nashua*. He has served on the Board of Directors and Finance Committee of the *Lakes Region General Hospital* and as a director of *First NH Bank*, and *Citizens Bank (NH)*. He is past-president of the *Laconia Industrial Development Corporation* and also of *Plan NH*. Mr. Thibeault has served on the *NH Governor's Revenue Advisory Panel*. He serves on the advisory board of *Granite State College* and has served on the board of *Southern NH University*.

His economic commentaries have been heard nationally over *National Public Radio* affiliates on programs including *Marketplace*, *The Savvy Traveler* and *Living on Earth*

He is a frequent public speaker. He has presented before the *NH Bar Association's Continuing Legal Education series (CLE)*, the *NH Chapter of the Appraisal Institute*, the *NH Bankers Association*, the *NH Association of School Superintendents*, the *NH Assessors Association*, and the *National Conference of the National Association of Home Builders*.

He has been qualified as an expert witness in the *US District Court*, the *US Bankruptcy Court*, the *NH Board of Tax and Land Appeals* and most of the *Superior courts in New Hampshire*.

12/2019

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