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10 July 2020

Mr. Michael Alderman  
Senior Vice President  
Hillwood Investment Properties, L.P.  
4707 N Front St  
STE 302  
Harrisburg, PA 17110

Re: Hudson Logistics Center

Dear Mr. Alderman,

We understand Hillwood Enterprises L.P. has entered into a contract to purchase the Green Meadow Golf Club located off Lowell Road and Steele Road, Hudson, Hillsborough County, New Hampshire for the purpose of redeveloping the real property into the Hudson Logistics Center (the "Property"), which consists of the construction of three buildings collectively comprising approximately 2.6 MM square feet.

In accordance with your request, Trimont Real Estate Advisors ("Trimont") has been engaged to examine the neighborhood surrounding the Property for the purpose of determining if the development of the proposed Hudson Logistics Center project would have an impact, on neighboring residential home values as of July 12, 2020. Enclosed is our narrative report summarizing our observations and conclusions.

Trimont studied the change in residential home prices surrounding the Property as well as four comparable logistics sites located across Connecticut, Massachusetts, and New Hampshire. The study utilized Zillow® and Multiple Listing Service ("MLS") databases for prices and home sales within a 1-mile and 2-mile radii, as well as neighboring, zip code and across the county of the comparable sites. Based upon a review of the data, it is our opinion that the development of the logistics centers in all four municipalities did not cause a diminishment in the market value of the neighboring residential homes. Accordingly, by concluding that the development of these projects noted above did not cause a diminishment of value on residential homes located within the vicinity (1-mile, 2-mile, county, et al.) of each of the four logistics center projects above, we can assimilate the potential impacts to the values of the residential homes within the vicinity (1-mile, 2-mile, county, et al.) of the proposed Hudson Logistic Center to conclude that, in our opinion, there will be no diminishment of value to such residential properties surrounding the proposed Hudson Logistics Center. It was concluded there is no empirical evidence the construction of the logistics / distribution facilities noted above precipitated the decline in average residential sales price.



TRIMONT.

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Furthermore, Trimont reviewed the study by Jonathan A. Wiley, Ph.D., *The Impact of Commercial Development on Surrounding Residential Property Values*, April 2015. The results of the Wiley study clearly state the research performed did not find any substantial evidence of a negative effect on residential property values due to commercial development. Trimont completed a parallel, independent study utilizing data noted above, and arrived at the same conclusion.

Trimont's independent analysis of home price change for a logistical development and the review of Jonathan A. Wiley study are attached herein.

Sincerely,

Terri Magnani  
John Grosso, CFA



# TRIMONT.

July 2020

HUDSON LOGISTICS CENTER, 59 STEELE ROAD, HUDSON, NH 03051

## SUMMARY

Hillwood is under contract to purchase the Green Meadow Golf Cub in Hudson, NH and is intending to redevelop the site into the Hudson Logistics Center (the "Property"). The Property will consist of three buildings totaling approximately 2.6 MM square feet. We have been informed that homeowners within the vicinity of the Property are concerned the redevelopment will adversely impact home prices. Hillwood engaged Trimont Real Estate Advisors ("Trimont") to complete an independent study to examine the impact of home values upon the completion of the logistical center. Specifically, Trimont was asked to identify any potential diminution in value to surrounding residential homes, resulting from the proposed logistics center redevelopment.

Trimont studied the change in residential home prices surrounding the subject property as well as four comparable logistics sites ("comparable") located across Connecticut, Massachusetts, and New Hampshire. The study utilized Zillow® and Multiple Listing Service<sup>1</sup> ("MLS") databases for prices and home sales from 2011 through June 2020 within a 1-mile and 2-mile radii as well as neighboring, zip code and across the county of the comparable sites.

## CONCLUSION

It was determined in each instance, the compound average growth rate ("CAGR"), the average annual growth rate, and repeat sales comparison all showed after completion of these comparable commercial logistics center properties were flat to positive for each data set (1-mile, 2-mile, county, et al.), meaning that the development of these comparable logistics centers did not cause a diminishment in the market value of the neighboring residential properties. Based upon MLS home price sales, there is no empirical evidence the construction of the logistic / distribution facilities precipitated the decline in average sales price. Separately, property values we examined fluctuated over the time period analyzed, both upward and downward. Downward shifts in property values were observed across multiple data sets, and values declined in tandem, which signifies a broader market shift, not isolated to any specific new commercial development.

Accordingly, by concluding that the development of these four logistic center projects noted above did not cause a diminishment of value on residential dwellings located within the vicinity (1-mile, 2-mile, county, et al.) of each of the four logistic center projects above, we can assimilate the potential impacts to the values of the residential homes within the vicinity (1-mile, 2-mile, county, et al.) of the proposed Hudson

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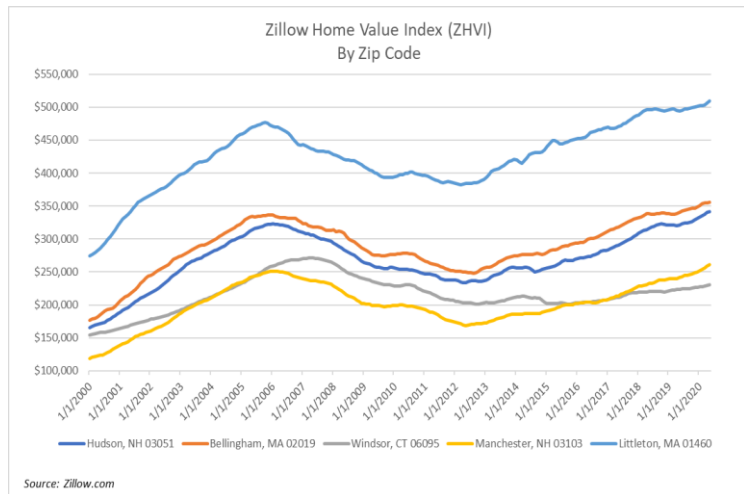
<sup>1</sup> MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

Logistics Center Property to conclude that there will be no diminishment of value to the residential properties surrounding the Hudson Logistics Center Property.

**THE ANALYSIS**

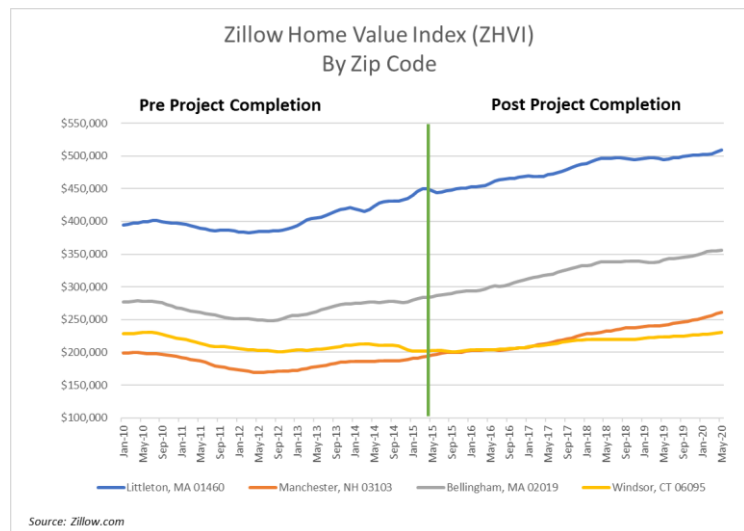
Trimont examined the change in home values for single family residential homes (“homes”) from 2011 through June 2020 for the Property as well as comparable sales to determine if there was an impact in home values following the construction of each commercial project. The developments examined included distribution / logistic facilities for Victory Packing, Dollar Tree, F.W. Webb Company, Electronics for Imaging Inc., UPS Freight Service Center, and Potpourri Group.

MLS data and Zillow Zestimate®<sup>2</sup> for homes neighboring and abutting the properties were obtained. The number of observations for any period ranged from 4 to over 6,400 for homes that were built from pre-1900 to 2020. The average age of the homes which sold are more than 50 years old. Given the adjacent homes to the Property are at least 40 years old, the data sets exhibit similar characteristics as the homes surrounding the Property and are a good comparison for the analysis.



As a foundation for the analysis, we reviewed Zillow Home Value Index (ZHVI) (by zip code) for the Property and comparables over the last 20 years. As presented in the chart below, each of the zip codes has a similar price trajectory. All markets, except Windsor, CT are at or have exceeded the last peak in home prices (2007). In isolating ZHVI by pre and post completion of the comparables, each market’s home prices have trended upward.

Subsequently, we analyzed the Zillow Zestimate® for five properties adjacent to each of the comparables (see maps contained herein), ZHVI for each zip code and county, and MLS home sales within a 1-mile and 2-mile radii as well as within the county. It was determined, in the years following completion of the comparables, the CAGR and average annual growth rate were 3.60% and 4.00% for Zestimate data, and 4.46% and 4.20% for MLS data, respectively. See Exhibit 1.



<sup>2</sup> The Zestimate® home valuation model is Zillow’s estimate of a home’s market value. The Zestimate incorporates public and user-submitted data, taking into account home facts, location and market conditions.

In conjunction with CAGR and average annual growth rates, Trimont examined the repeat sales within a one-mile radius of the Property and the comparable properties from 2011 to June 2020. The average increase in home price was 28.0% with a hold period of 3.6 years. Repeat homes sales were then isolated for the comparables and the average home price increase was 25.9% with a hold of 4.0 years.

MLS Repeat Sales / One-Mile Radius Property	2011 - 2020				Post Construction 2016 - 2020			
	# of Observations	Average Change In Price (%)	Average Change In PSF (%)	Average Hold Period (Years)	# of Observations	Average Change In Price (%)	Average Change In PSF (%)	Average Hold Period (Years)
59 Steele Rd Hudson, NH 03051	17	32.9%	29.8%	2.9				
355 Maple St Bellingham, MA 02019	14	23.5%	19.5%	3.5	14	23.5%	19.5%	3.5
68 Harvey Rd / 12 Innovation Way / 52 Pettengill Rd Manchester, NH 03103	15	26.6%	35.5%	4.4	14	24.9%	30.1%	4.0
3 Distribution Center Circle Littleton, MA 01460	13	29.3%	27.4%	3.7	10	29.3%	26.9%	4.4
<b>Average:</b>	15	28.0%	28.0%	3.6	13	25.9%	25.5%	4.0

Source: MLS Property Information Network, Inc.

Lastly, we provided a summary of each of the comparables with an MLS snapshot along with a map showing neighboring properties. Additional details are available on each comparable property in Exhibit 1.

### 355 Maple St Bellingham, MA 02019

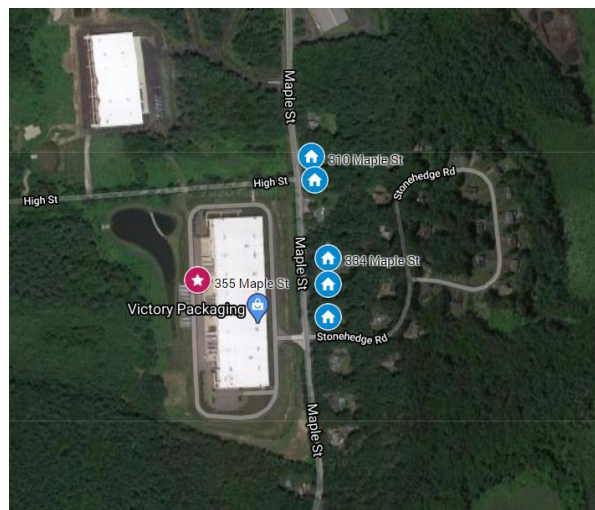
355 Maple Street is a 249,972 square foot warehouse located along Maple Street in Bellingham, Massachusetts. The property was originally constructed in 2015 and features 22 exterior dock doors, 34' clear heights, and is located less than a mile from I-495. The property is currently 100% occupied by Victory Packaging. 355 Maple is located 61 miles from the subject property. The average age of the five neighboring properties is 48 years.

Industrial Development: 355 Maple St Bellingham, MA 02019			
Year Built: 2015			
Zillow Data <sup>1</sup>	After Completion		
SF Homes Neighboring Property <sup>2</sup>	CAGR	2016 - 2020 Average Annual Growth Rate	# of Observations
310 Maple St	3.74%	3.92%	
314 Maple St	3.81%	3.63%	
334 Maple St	3.92%	6.39%	
338 Maple St	5.85%	4.13%	
342 Maple St	2.45%	5.11%	
	<b>Min:</b>	<b>2.45%</b>	<b>3.63%</b>
	<b>Max:</b>	<b>5.85%</b>	<b>6.39%</b>
	<b>Average:</b>	<b>3.95%</b>	<b>4.64%</b>
Control Scenario:			
Zip Code: 02019	4.52%	4.67%	
County: Norfolk County	3.94%	4.20%	
MLS Data <sup>3</sup>			
Avg. Sale Price - 1 Mile Radius (\$/SF):	0.21%	-0.04%	
# of Observations			42
Avg. Sale Price - 2 Mile Radius (\$/SF):	6.18%	4.25%	
# of Observations			519
Avg. Sale Price - County (\$/SF):	4.62%	4.35%	
# of Observations			27,248

<sup>1</sup>MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

<sup>2</sup>Properties that abutt, across from, or within close proximity of the Industrial Development.

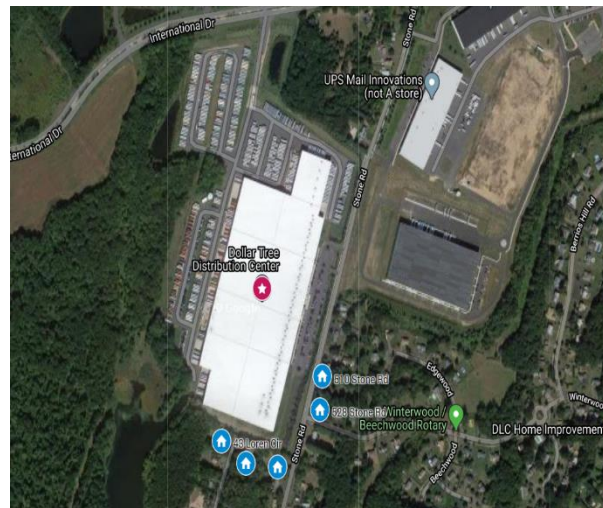
<sup>3</sup>The Zestimate® home valuation model is Zillow's estimate of a home's market value. The Zestimate incorporates public and user-submitted data, taking into account home facts, location and market conditions.



99 International Dr Windsor, CT 06095

99 International Drive is a 1,015,183 square foot distribution center located at the intersection of International Drive and Rainbow Road in Windsor, Connecticut. The property was originally constructed in 2013 and features 100 exterior dock doors, 40' clear heights, 500 free surface parking spaces, and is less than a mile from Bradley International Airport. The property is currently 100% occupied by Dollar Tree Logistics. 99 International Dr is located 125 miles from the subject property. The average age of the five neighboring properties is 68 years. It should be noted one property was built in early 1900s. The average age of the other four properties is 55 years.

Industrial Development: 99 International Dr Windsor, CT 06095			
Year Built: 2013			
Zillow Data <sup>1</sup>	After Completion		
	2014 - 2020 Average Annual Growth Rate		# of Observations
SF Homes Neighboring Property <sup>2</sup>	CAGR		
43 Loren Cir	0.10%	1.21%	
44 Loren Cir	0.33%	1.84%	
559 Stone Rd	1.02%	2.31%	
528 Stone Rd	-0.52%	1.47%	
510 Stone Rd	0.03%	1.92%	
	<b>Min:</b>	<b>-0.52%</b>	<b>1.21%</b>
	<b>Max:</b>	<b>1.02%</b>	<b>2.31%</b>
	<b>Average:</b>	<b>0.19%</b>	<b>1.75%</b>
Control Scenario:			
Zip Code: 06095	1.16%	1.60%	
County: Hartford County	0.83%	1.22%	
MLS Data <sup>3</sup>			
Avg. Sale Price - 1 Mile Radius (\$/SF):			
# of Observations			
Avg. Sale Price - 2 Mile Radius (\$/SF):			
# of Observations			
Avg. Sale Price - County (\$/SF):			
# of Observations			



<sup>1</sup>MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

<sup>2</sup>Properties that abutt, across from, or within close proximity of the Industrial Development.

<sup>3</sup>MLS information was not available.

The Airport Portfolio (Manchester, NH – Boston, MA Regional Airport)

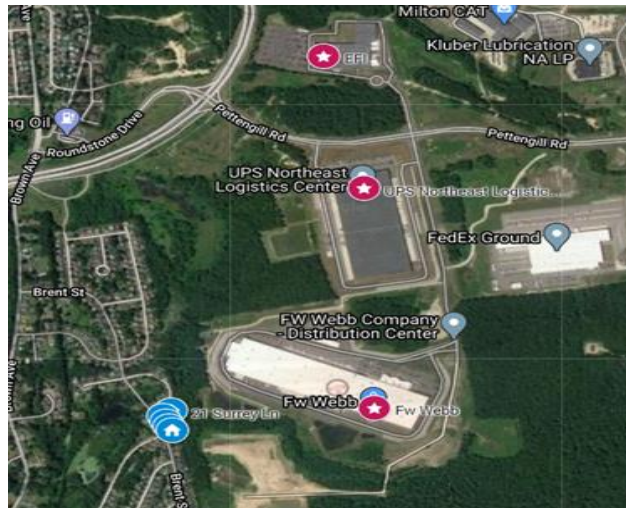
The Airport Portfolio consists of 1,639,240 square feet of warehouse, manufacturing, and distribution space across three buildings in Londonderry, New Hampshire. The properties include 68 Harvey Road, 12 Webb Drive, 12 Innovation Way, and 52 Pettengill Road which are all located within 1.5 miles of each other. The properties were constructed between 2015 and 2018 and are 100% occupied by F.W. Webb Company, Electronics for Imaging Inc., and UPS Freight Service Center. The Airport Portfolio is located 17 miles from the subject property. The average age of the five neighboring properties is 30 years.

Industrial Development: 68 Harvey Road / 10 Webb Drive / 12 Innovation Way / 52 Pattengill Rd Manchester, NH 03103 (Manchester - Boston Regional Airport)			
Year Built: 2015 - 2018			
Zillow Data <sup>1</sup>	After Completion		
SF Homes Neighboring Property <sup>2</sup>	CAGR	2016 - 2020 Average Annual Growth Rate	
		# of Observations	
21 Surrey Ln	5.80%	6.20%	
328 Brent St	7.58%	7.66%	
336 Brent St	6.68%	6.31%	
350 Brent St	7.90%	7.03%	
358 Brent St	5.01%	4.87%	
	<b>Min:</b>	<b>5.01%</b>	<b>4.87%</b>
	<b>Max:</b>	<b>7.90%</b>	<b>7.66%</b>
	<b>Average:</b>	<b>6.60%</b>	<b>6.42%</b>
Control Scenario:			
Zip Code: 03103	5.62%	5.76%	
County: Rockingham County	4.87%	5.05%	
MLS Data <sup>3</sup>			
Avg. Sale Price - 1 Mile Radius (\$/SF):	3.45%	4.84%	
# of Observations			199
Avg. Sale Price - 2 Mile Radius (\$/SF):	5.38%	5.95%	
# of Observations			345
Avg. Sale Price - County (\$/SF):	5.76%	5.48%	
# of Observations			16,552

<sup>1</sup>MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

<sup>2</sup>Properties that abut, across from, or within close proximity of the Industrial Development.

<sup>3</sup>The Zestimate® home valuation model is Zillow's estimate of a home's market value. The Zestimate incorporates public and user-submitted data, taking into account home facts, location and market conditions.



### 3 Distribution Center Circle Littleton, MA 01460

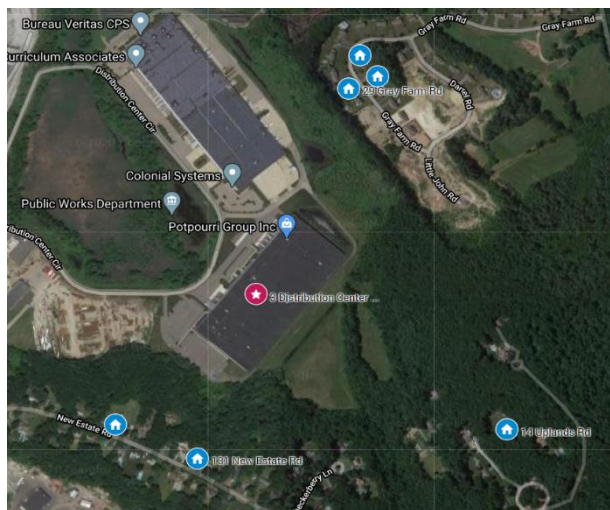
3 Distribution Center Circle is a 450,000 square foot distribution center located along Distribution Center Circle in Littleton, Massachusetts. The property was originally constructed in 2015 and features 23 exterior dock doors, 32' clear heights, and a full loading dock package including seals, lights, levelers, and a concrete loading pad. The property is currently 100% occupied by Potpourri Group. 3 Distribution Center Circle is located 18 miles from the subject property. The average age of the five neighboring properties is 35 years.

Industrial Development: 3 Distribution Center Circle Littleton, MA 01460			
Year Built: 2015			
Zillow Data <sup>1</sup>	After Completion		
SF Homes Neighboring Property <sup>2</sup>	CAGR	2016 - 2020 Average Annual Growth Rate	
		# of Observations	
14 Uplands Road*	2.65%	2.77%	
26 Gray Farm Rd	2.51%	2.63%	
30 Gray Farm Rd	3.28%	3.80%	
161 New Estate Rd	4.82%	4.72%	
131 New Estate Rd*	5.27%	4.70%	
	<b>Min:</b>	<b>2.51%</b>	<b>2.63%</b>
	<b>Max:</b>	<b>5.27%</b>	<b>4.72%</b>
	<b>Average:</b>	<b>3.71%</b>	<b>3.72%</b>
Control Scenario:			
Zip Code: 01460	2.65%	2.70%	
County: Middlesex County	4.05%	4.05%	
MLS Data <sup>3</sup>			
Avg. Sale Price - 1 Mile Radius (\$/SF):	7.95%	5.09%	
# of Observations			199
Avg. Sale Price - 2 Mile Radius (\$/SF):	1.92%	3.71%	
# of Observations			345
Avg. Sale Price - County (\$/SF):	4.70%	4.20%	
# of Observations			16,552

<sup>1</sup>MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

<sup>2</sup>Properties that abut, across from, or within close proximity of the Industrial Development.

<sup>3</sup>The Zestimate® home valuation model is Zillow's estimate of a home's market value. The Zestimate incorporates public and user-submitted data, taking into account home facts, location and market conditions.



Industrial Development: 59 Steele Rd Hudson, NH 03051 (SUBJECT)																			
Year Built: Proposed Sq. Ft.: 2,592,000																			
Zillow Data <sup>1</sup>																			
											Before Completion			After Completion			Total		
SF Homes Neighboring Property <sup>2</sup>											CAGR	Average Annual Growth Rate	# of Observations	CAGR	Average Annual Growth Rate	# of Observations	CAGR	2011 - 2020 Average Annual Growth Rate	# of Observations
21 Fairway Dr																	3.97%	4.56%	
15 Fairway Dr																	3.71%	3.95%	
9 Fairway Dr																	2.54%	2.73%	
1 Fairway Dr																	4.03%	4.36%	
6 Eagle Dr																	3.98%	4.20%	
											Min:						2.54%	2.73%	
											Max:						4.03%	4.56%	
											Average:						3.65%	3.96%	
Control Scenario:																			
Zip Code: 03051																	3.31%	3.42%	
County: Hillsborough County																	3.24%	3.35%	
MLS Data <sup>3</sup>																			
Avg. Sale Price - 1 Mile Radius (\$/SF):																	3.58%	4.46%	
# of Observations	6	15	20	11	10	16	18	14	18	4								132	
Avg. Sale Price - 2 Mile Radius (\$/SF):																	3.59%	3.74%	
# of Observations	58	71	83	76	70	92	94	128	110	37								819	
Avg. Sale Price - County (\$/SF):																	4.68%	4.77%	
# of Observations	2,720	3,347	3,617	3,682	4,177	4,663	4,524	4,570	4,546	1,834								37,680	

Industrial Development: 355 Maple St Bellingham, MA 02019																				
Year Built: 2015 Sq. Ft.: 249,972																				
Zillow Data <sup>1</sup>																				
Year Built											Before Completion			After Completion			Total			
SF Homes Neighboring Property <sup>2</sup>											CAGR	Average Annual Growth Rate	# of Observations	CAGR	Average Annual Growth Rate	# of Observations	CAGR	2011 - 2020 Average Annual Growth Rate	# of Observations	
310 Maple St																	3.30%	3.44%		
314 Maple St																	3.86%	3.96%		
334 Maple St																	3.83%	4.11%		
338 Maple St																	2.82%	2.95%		
342 Maple St																	3.36%	3.58%		
											Min:	1.03%	1.25%		2.45%	3.63%		2.82%	2.95%	
											Max:	4.21%	4.37%		5.85%	6.39%		3.86%	4.11%	
											Average:	2.12%	2.32%		3.95%	4.64%		3.43%	3.61%	
Control Scenario:																				
Zip Code: 02019																	3.07%	3.17%		
County: Norfolk County																	3.48%	3.58%		
MLS Data <sup>3</sup>																				
Avg. Sale Price - 1 Mile Radius (\$/SF):																	0.07%	0.08%		
# of Observations	5	5	4	8	12	9	12	8	8	5								76		
Avg. Sale Price - 2 Mile Radius (\$/SF):																	3.52%	3.90%		
# of Observations	52	93	97	94	115	119	117	121	123	39								970		
Avg. Sale Price - County (\$/SF):																	4.34%	4.41%		
# of Observations	3,191	5,453	5,889	5,524	6,046	6,265	6,439	6,224	6,047	2,273								53,351		



Industrial Development: 99 International Dr Windsor, CT 06095																			
Year Built: 2013 Sq. Ft.: 1,015,183																			
Zillow Data <sup>1</sup> Year Built											Before Completion			After Completion			Total		
SF Homes Neighboring Property <sup>2</sup>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR	2011 - 2013		CAGR	2014 - 2020		CAGR	2011 - 2020	
												Average Annual Growth Rate	# of Observations		Average Annual Growth Rate	# of Observations		Average Annual Growth Rate	# of Observations
43 Loren Cir		-6.66%	-8.18%	7.53%	2.75%	-3.93%	2.42%	4.08%	-4.25%	-0.13%	-7.13%	-7.42%	0.10%	1.21%	-0.83%	-0.71%			
44 Loren Cir		-13.43%	-0.32%	9.18%	-14.88%	-0.68%	5.66%	5.79%	1.07%	6.78%	-6.82%	-6.87%	0.33%	1.84%	-0.44%	-0.09%			
559 Stone Rd		-4.27%	-6.26%	8.97%	-11.04%	4.35%	-0.18%	6.97%	2.90%	4.22%	-5.06%	-5.26%	1.02%	2.31%	0.43%	0.63%			
528 Stone Rd		-6.30%	-13.96%	12.77%	-1.42%	7.88%	-0.29%	-5.03%	2.07%	-5.70%	-9.82%	-10.13%	-0.52%	1.47%	-1.38%	-1.11%			
510 Stone Rd		-11.79%	-0.11%	12.12%	-11.30%	2.58%	5.41%	6.81%	-2.81%	0.64%	-5.89%	-5.95%	0.03%	1.92%	-0.11%	0.17%			
											Min: -9.82%	-10.13%	-0.52%	1.21%	-1.38%	-1.11%			
											Max: -5.06%	-5.26%	1.02%	2.31%	0.43%	0.63%			
											Average: -6.94%	-7.13%	0.19%	1.75%	-0.47%	-0.22%			
<b>Control Scenario:</b>																			
Zip Code: 06095		-6.89%	-0.72%	3.98%	-4.74%	0.72%	2.49%	5.21%	0.90%	2.65%	-3.70%	-3.81%	1.16%	1.60%	0.32%	0.40%			
County: Hartford County		-6.83%	-0.38%	3.43%	-3.53%	1.32%	2.62%	2.94%	0.59%	1.17%	-3.51%	-3.60%	0.83%	1.22%	0.10%	0.15%			
<b>MLS Data<sup>3</sup> *** MLS Data not available</b>																			
Avg. Sale Price - 1 Mile Radius (\$/SF):																			
# of Observations																			
Avg. Sale Price - 2 Mile Radius (\$/SF):																			
# of Observations																			
Avg. Sale Price - County (\$/SF):																			
# of Observations																			

Industrial Development: 68 Harvey Road / 10 Webb Drive / 12 Innovation Way / 52 Pettengill Rd Manchester, NH 03103 (Manchester - Boston Regional Airport)																			
Year Built: 2015 - 2018 Sq. Ft.: 1,639,240																			
Zillow Data <sup>1</sup> Year Built											Before Completion			After Completion			Total		
SF Homes Neighboring Property <sup>2</sup>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR	2011 - 2015		CAGR	2016 - 2020		CAGR	2011 - 2020	
												Average Annual Growth Rate	# of Observations		Average Annual Growth Rate	# of Observations		Average Annual Growth Rate	# of Observations
21 Surrey Ln		7.53%	0.78%	4.71%	-1.75%	6.71%	2.67%	19.39%	1.80%	0.43%	2.70%	2.82%	5.80%	6.20%	4.49%	4.70%			
328 Brent St		-2.37%	-7.02%	12.61%	-1.81%	7.67%	12.98%	4.45%	3.39%	9.80%	0.09%	0.35%	7.58%	7.66%	4.16%	4.41%			
336 Brent St		-12.26%	5.46%	7.91%	5.57%	4.64%	10.56%	4.94%	2.90%	8.53%	1.30%	1.67%	6.68%	6.31%	4.01%	4.25%			
350 Brent St		-5.10%	-3.10%	11.38%	0.21%	3.13%	15.46%	6.24%	2.51%	7.83%	0.64%	0.85%	7.90%	7.03%	4.05%	4.28%			
358 Brent St		-7.78%	-8.68%	17.23%	2.27%	4.26%	3.74%	7.59%	3.90%	4.87%	0.23%	0.76%	5.01%	4.87%	2.75%	3.04%			
											Min: 0.09%	0.35%	5.01%	4.87%	2.75%	3.04%			
											Max: 2.70%	2.82%	7.90%	7.66%	4.49%	4.70%			
											Average: 0.99%	1.29%	6.60%	6.42%	3.89%	4.14%			
<b>Control Scenario:</b>																			
Zip Code: 03103		-9.76%	-0.50%	7.51%	2.66%	6.20%	2.79%	9.65%	4.84%	5.32%	-0.22%	-0.02%	5.62%	5.76%	3.01%	3.19%			
County: Rockingham County		-5.20%	2.12%	8.67%	2.23%	5.66%	4.88%	8.40%	4.53%	1.80%	1.80%	1.95%	4.87%	5.05%	3.56%	3.68%			
<b>MLS Data<sup>3</sup></b>																			
Avg. Sale Price - 1 Mile Radius (\$/SF):																			
# of Observations																			
Avg. Sale Price - 2 Mile Radius (\$/SF):																			
# of Observations																			
Avg. Sale Price - County (\$/SF):																			
# of Observations																			

**Industrial Development: 3 Distribution Center Circle Littleton, MA 01460**  
**Year Built: 2015**      **Sq. Ft.: 450,000**

Zillow Data <sup>1</sup>											Before Completion			After Completion			Total			
Year Built											2011 - 2015			2016 - 2020			2011 - 2020			
SF Homes Neighboring Property <sup>2</sup>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR	Average Annual Growth Rate	# of Observations	CAGR	Average Annual Growth Rate	# of Observations	CAGR	Average Annual Growth Rate	# of Observations	
14 Uplands Road*		-3.06%	3.73%	3.78%	10.60%	0.53%	2.26%	2.58%	15.61%	3.56%	3.57%	3.76%		5.86%	4.91%		4.23%	4.40%		
26 Gray Farm Rd		-4.97%	6.09%	0.39%	8.60%	2.97%	1.34%	0.61%	1.41%	6.82%	2.34%	2.53%		2.51%	2.63%		2.49%	2.58%		
30 Gray Farm Rd		-4.89%	6.04%	-1.78%	1.42%	5.81%	1.89%	2.27%	3.82%	5.19%	0.11%	0.20%		3.28%	3.80%		2.12%	2.20%		
161 New Estate Rd		-3.90%	0.20%	0.82%	14.37%	2.09%	5.13%	9.32%	4.84%	3.49%	2.59%	2.87%		5.67%	4.97%		3.88%	4.04%		
131 New Estate Rd*		-2.81%	5.13%	3.25%	9.90%	4.13%	-2.20%	8.23%	-2.63%	5.13%	3.69%	3.87%		2.03%	2.53%		3.00%	3.13%		
* First data point is July 2011											<b>Min:</b>	<b>0.11%</b>	<b>0.20%</b>		<b>2.03%</b>	<b>2.53%</b>		<b>2.12%</b>	<b>2.20%</b>	
											<b>Max:</b>	<b>3.69%</b>	<b>3.87%</b>		<b>5.86%</b>	<b>4.97%</b>		<b>4.23%</b>	<b>4.40%</b>	
											<b>Average:</b>	<b>2.46%</b>	<b>2.65%</b>		<b>3.87%</b>	<b>3.77%</b>		<b>3.14%</b>	<b>3.27%</b>	
<b>Control Scenario:</b>																				
Zip Code: 01460		-3.18%	2.45%	6.72%	4.79%	2.86%	3.79%	3.92%	1.68%	1.26%	2.57%	2.70%		2.65%	2.70%		2.64%	2.70%		
County: Middlesex County		-3.78%	4.08%	8.13%	5.47%	3.96%	5.44%	6.59%	3.15%	1.12%	3.31%	3.48%		4.05%	4.05%		3.71%	3.80%		
<b>MLS Data<sup>3</sup></b>																				
Avg. Sale Price - 1 Mile Radius (\$/SF):		24.02%	2.53%	0.08%	24.79%	-11.29%	12.14%	4.18%	-12.60%	33.01%	11.99%	12.86%		7.95%	5.09%		7.40%	8.54%		
# of Observations	30	38	37	35	57	61	38	46	37	17			197			199			396	
Avg. Sale Price - 2 Mile Radius (\$/SF):		4.71%	4.08%	9.10%	5.98%	9.82%	-5.12%	4.57%	-3.94%	13.22%	5.82%	5.97%		1.92%	3.71%		4.51%	4.71%		
# of Observations	47	53	59	56	75	96	70	79	69	31			290			345			635	
Avg. Sale Price - County (\$/SF):		2.93%	6.75%	6.71%	5.06%	2.10%	6.13%	6.53%	1.53%	4.69%	5.24%	5.36%		4.70%	4.20%		4.65%	4.71%		
# of Observations	2,548	3,084	3,478	3,500	3,934	4,030	3,934	3,756	3,802	1,030			16,544			16,552			33,096	

<sup>1</sup>MLS Property Information Network is a database of approximately 23,165 properties for sale and more than 3 million off-market listings as well as full public records for all of Massachusetts and Rhode Island and much of New Hampshire. MLS data was not available at the time of publication for 99 International Drive in Walton, CT.

<sup>2</sup>Properties that abut, across from, or within close proximity of the Industrial Development.

<sup>3</sup>The Zestimate® home valuation model is Zillow's estimate of a home's market value. The Zestimate incorporates public and user-submitted data, taking into account home facts, location and market conditions.



TRIMONT.

JULY 2020

## SUMMARY MEMO

### *THE IMPACT OF COMMERCIAL DEVELOPMENT ON SURROUNDING RESIDENTIAL PROPERTY VALUES*

Jonathan A. Wiley, Ph.D.  
Associate Professor  
Department of Real Estate  
J. Mack Robinson College of Business  
Georgia State University

#### SUMMARY

The above study explores the effects of commercial development on proximate residential property values. The study utilizes a comparison of similar homes within 0.5, .075, and 1 mile radii surrounding said commercial development sites to homes just outside the same radii, but within the same zip code.

Trimont completed an independent study utilizing MLS property data for developments in the area proximate to the Hudson Logistics Center (the “Project”) proposed distribution facility project, in Hudson, NH. This memo provides direct comparisons of the Wiley study conclusions to results found during our study.

#### WILEY STUDY CONCLUSION

The results of the Wiley study clearly state the research performed did not find any substantial evidence of a negative effect on residential property values due to commercial development in the following statement at the end of the Executive Summary on p. 4:

*“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.”*

#### SELECTED EXCERPTS

*“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.”*

This is a generalization made based on data in the larger Atlanta area, and directly contradicts the fact pattern of housing price trends for the sites examined during our study of the Project. Housing prices have in fact increased based on case study results (Exhibit 1).

*“While price compression continues in the post-completion period, the trajectory is not significantly different than the counterfactual projection (supposing no industrial development had occurred).”*

As noted above, the price decline exhibited is not a direct result of an industrial completion, but rather a continuation of a preceding property decline trajectory. Again, this is not the case for the Project noted in Exhibit 1.

*“The sample of industrial developments includes a disproportionate count of large-scale projects (e.g., those delivering more than 150,000 square feet of gross leasable area), yet the existing trend is largely unaffected in the period that follows an industrial development completion.”*

The Project is planned as a development of greater than 150,000 SF and thus qualifies as a “large-scale project” as noted above. The Wiley study states the “existing trend” is unaffected by a completion.

The Wiley study ultimately concludes there is no negative interaction or impact on housing values due to commercial developments.

#### **ADDITIONAL COMMENTARY**

Of importance with new development is also the effect on traffic, density, and employee base. Noted in the Wiley study were the following:

- Industrial uses “number of employees per square foot of building area is the lowest of the three commercial property”
- Regarding office use: “disadvantage is that office buildings are highly-densified vertical land uses, increasing traffic flow and parking demand”
- Regarding retail use: “new retail development often increases traffic volume, adds stress to public transportation systems, and attracts retail employees to the community who may seek low-income housing”

An additional flaw noted by Wiley in the study is the basis for valuation does not change over time (due to changes in neighborhood characteristics), which he found to be inappropriate:

*“This interpretation relies on the assumption that the basis difference in valuation for property values within the radius is constant and does not change over time – an assumption that is found to be inappropriate.”*

Another item as it relates to the Project, is its classification as “industrial.” The proposed use is as a distribution facility, rather than a traditional industrial manufacturing facility. A distribution facility is less utility intensive, typically employs less (which limits traffic and congestion), and generally has less of an environmental impact.