

A REAL ESTATE APPRAISAL REPORT

PREPARED FOR

TOWN OF MIDDLETON

BY

MINCO CORPORATION

DATE OF VALUATION: APRIL 9, 2025

DATE OF INSPECTION: APRIL 9, 2025

DATE OF REPORT: APRIL 13, 2025

FOR THE PROPERTY LOCATED AT

65 NORTH MAIN STREET

MIDDLETON, MASSACHUSETTS

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MINCO

CORPORATION

April 13, 2025

Justin Sultzbach, Town Administrator
Town of Middleton
48 South Main Street
Middleton, Massachusetts 01949

Dear Mr. Sultzbach:

In answer to your request and authorization letter dated February 27, 2024, we have performed an appraisal of the fee simple interest of the commercial property located at 65 North Main Street, Middleton, Massachusetts. This appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice (USPAP). This report presents discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses are retained in our file. The depth of discussion contained in this report is specific to the needs of the client. The appraiser is not responsible for unauthorized use of this report.

This appraisal is made subject to limiting conditions and underlying assumptions set forth in this appraisal, including those regarding the presence of asbestos, lead paint, or hazardous waste as governed by applicable state, local or federal laws. The information contained herein is considered confidential in nature and is specifically prepared for the exclusive use of the Town of Middleton for potential marketing purposes.

In our opinion, the market value of the fee simple interest of the subject property as of April 9, 2025 is \$1,000,000 (One Million Dollars). This valuation assumes marketing and exposure times of two to four months.

Respectfully submitted,
Minco Corporation

James

John F. McCarthy, Vice President
Mass. Certified General Appraiser #401
File #: C2508180.10

SUMMARY OF SALIENT FACTS

| | |
|---------------------------|--|
| LOCATION | 65 North Main Street Middleton, Massachusetts |
| OWNER OF RECORD | Town of Middleton |
| CURRENT DEED | South Middlesex County Registry of Deeds Book 5649, Page 560 recorded 1/25/2017 |
| PROPERTY TYPE | Commercial |
| LAND AREA | 43,560 square feet |
| BUILDING AREA | 6,926 square feet |
| ASSESSED VALUATION | \$1,284,400 |
| CURRENT R.E. TAXES | Exempt |
| ZONING | B Business District |
| HIGHEST AND BEST USE | as improved |
| EXTRAORDINARY ASSUMPTION | none |
| HYPOTHETICAL CONDITION | none |
| EASEMENTS OR RESTRICTIONS | none observed |
| INTEREST APPRAISED | Fee Simple |
| DATE OF VALUATION | April 9, 2025 |
| DATE OF INSPECTION | April 9, 2025 |
| DATE OF REPORT | April 13, 2025 |
| INTENDED USE | Potential Marketing Purposes |
| INTENDED USER | Town of Middleton, MA |
| MARKET VALUE | \$1,000,000 |

SUBJECT PROPERTY EXTERIOR PHOTOGRAPHS

Front View



Additional Front View



Rear View



Additional Rear View



North Main Street Looking Northwest



North Main Street Looking Southeast



SCOPE OF WORK

The appraiser was engaged by the client to appraise the market value of the subject property. It is my understanding that this report will be used by the client for potential marketing purposes. The property was inspected on April 9, 2025 and this is the effective date of value. To develop the appraisal, the property was inspected and public records were investigated to obtain information on it. These sources include, but were not limited to, municipal records and the registry of deeds.

The Sales Comparison and Income Approaches were developed in this appraisal. In gathering market data, the following sources were used: CoStar, Banker and Tradesman / Warren Group, Multiple Listing Service Property Information Network (MLS-PIN), real estate agents, brokers, appraisers and other professionals knowledgeable of the market area. This appraisal report contains sufficient data and analysis for the client to make an informed business decision. Supporting documentation is retained in my file.

EXTRAORDINARY ASSUMPTION

According to USPAP, an extraordinary assumption is "...directly related to a specific assignment, which, if found to be false, could alter the appraisers opinions or conclusions." There is no extraordinary assumption in this appraisal.

HYPOTHETICAL CONDITION

According to USPAP, a hypothetical condition "...is known to be false but is presumed to be true." There is no hypothetical condition in this appraisal.

INTEREST APPRAISED

The subject property is appraised in its Fee Simple interest. Fee Simple, is "a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."¹ In other words, Fee Simple assumes that the property is appraised as if free and clear of liens or other encumbrances, except for any existing or proposed easements or other restrictions as noted in this report. No trade fixtures, personal property, specialized equipment, intangible items, or business value (going concern) is included in the value indication set forth in this report. As requested, we appraised only the subject real estate.

1. Boyce, Burl N., ed., Real Estate Appraisal Terminology, Revised Edition, Cambridge, Massachusetts, Ballinger Publishing Company, 1984, p. 102.

DEFINITION OF VALUE

Market Value

As used in this report, Market Value is defined as: *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 is 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 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; 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.*²

EXPOSURE TIME

According to USPAP, an appraisal must state an opinion of reasonable exposure time linked to a market value opinion. In USPAP, exposure time is defined as follows: "the estimated length of time 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 appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market." Based on our study of the marketplace, this appraisal of market value assumes a market exposure time of two to four months prior to the date of the appraisal. Exposure time differs from marketing time which, according to USPAP, is defined as: "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." If offered for sale, the forecast marketing time is two to four months, if priced relative to the appraised market value opinion.

OWNERSHIP HISTORY

The subject property is under the ownership of Town of Middleton who purchased the property from The Richardson Trust in 1972 in consideration of \$20,000 on February 1, 1972. The property is described in Book 5849, Book 560 at the South Essex County Registry of Deeds, Salem, Massachusetts recorded March 14, 1972. The subject property is not listed for sale or under purchase and sale contract nor has it been offered for sale on the open market within the last three years.

² *Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75, Number 237, Page 77472*

PROPERTY TAX INFORMATION

The following is assessment information applicable to the subject property as it appears in municipal records at the Middleton Assessors Office.

| | |
|-------------------|---|
| Assessors Address | 65 North Main Street |
| Parcel ID | 17 / 96 |
| Assessment | \$ 691,400 Land \$ 593,000 Improvements \$1,284,400 Total |
| Tax Rate | \$11.89/\$1,000 (Single Tax Rate - Fiscal Year 2025) |
| Annual Taxes | Exempt |

Middleton assessments are effective July 1, 2024, for Fiscal Year 2025. The subject is a municipal property exempt from real estate taxes. Middleton recognizes a single tax rate for all classifications of real estate. The Fiscal year 2025 is \$11.89 per \$1,000. If the subject was sold and used for private use, the taxes would equate to about \$15,275.

LOCATION DESCRIPTION

Town of Middleton

Middleton is in northeastern Massachusetts, in central Essex County. It is bordered by Peabody and North Reading to the west, North Andover and Boxford to the north and North Andover and Topsfield to the east. The town's population is about 10,000 persons and total land area is 14.45 square miles. Middleton is conveniently located just north of the Interstate Route 95 (I-95) and Route 1 interchanges in neighboring Danvers and Peabody. Route 114 is the primary roadway in town, connecting with North Andover at the north and Danvers at the south. Route 62 is the other state-numbered roadway in town.

Boston is about 35 minutes driving time, via I-95. There is no Massachusetts Bay Transportation Authority (MBTA) commuter rail service in Middleton, but there is access in nearby Andover, Reading and Beverly. Logan International Airport in Boston provides the nearest scheduled air service, while Beverly Municipal Airport in neighboring Danvers and nearby Beverly provides the nearest general aviation service. The overall quality of this access is considered good for the area.

Middleton has an Open Town Meeting form of government. A part-time elected selectboard appoints a full-time town administrator. Town services are typical of medium-sized suburban communities in this area and include full-time fire and police departments, and K-12 school system. There is one elementary school that serves children from grades one through five, while middle and High School students attend Masconomet Regional School

in neighboring Boxford. Middleton is served by municipal water and electricity. There is no public sewer in the town. Some areas of town are serviced by natural gas.

Middleton has experienced considerable commercial growth along the Route 114 corridor during the past 20 or so years, including retail properties of various types. Despite this, the town is primarily a bedroom community. Most residents commute to the greater Boston area to work.

Nearly all residential development is single-family. According to MLS-PIN there are 10 current offerings priced from \$675,000 to \$3,495,000, with an average listing price of \$1,481,900 or \$354 per square foot of gross living area (GLA). The average days on market (DOM) is 60. There are 13 houses current under agreement to be sold, with an average asking price of \$921,900 or \$407 per square foot, with 26 DOM. There were 22 sales over the past six months with an average price of \$1,087,700 or \$341 per square foot and 50 DOM.

Demographics

Middleton has about 3,150 housing units of which about 83 percent are single-unit dwellings. Town occupancy is about 95 percent and 74 percent of units are owner-occupied. The average value of owner-occupied units is about \$555,600. There are about 3,000 households, of which 80 percent are married couples. The average household size is 2.9 and the median age is about 43 years.

About 91 percent of adults have a high school diploma and about 40 percent have a college bachelor degree or higher. The median household income is about \$125,200 and the median per capita income is about \$52,900. About 26 percent of households earn more than \$200,000 annually and about 14 percent earn less than \$50,000. The average travel time for commuters is about 33 minutes. About 2.8 percent of the population is below the poverty level, including 3.0 percent of children under the age of 18 and 4.0 percent of adults over the age of 65.

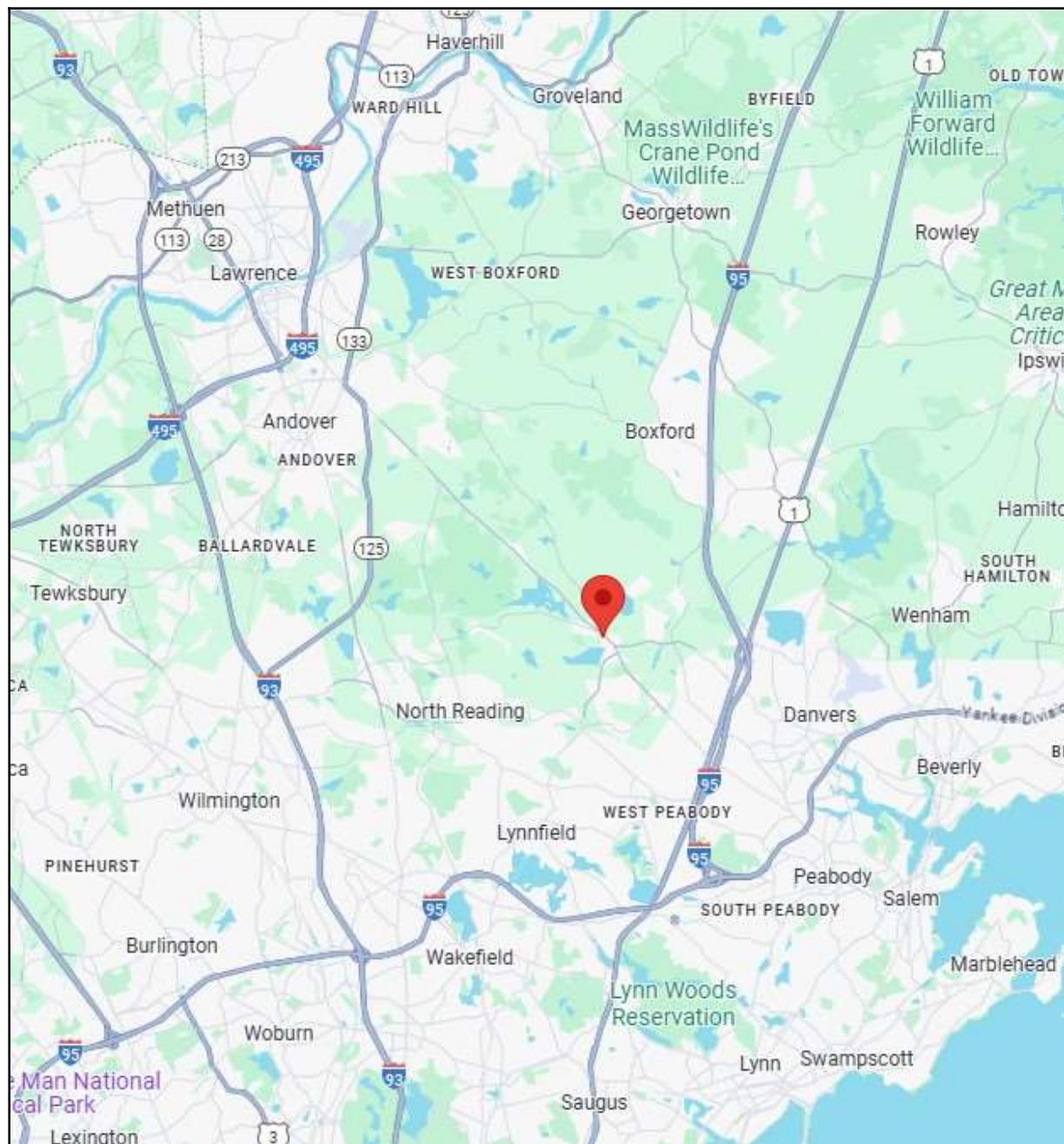
Neighborhood

The subject property is on North Main Street, also known as State Route 114, just southeast of the intersection of Essex, Forest and North Main Streets and about 1,500 feet northwest of Maple Street, State Route 62. North Main Street is a heavily traveled road running southeast from North Andover, through Middleton and into Danvers.

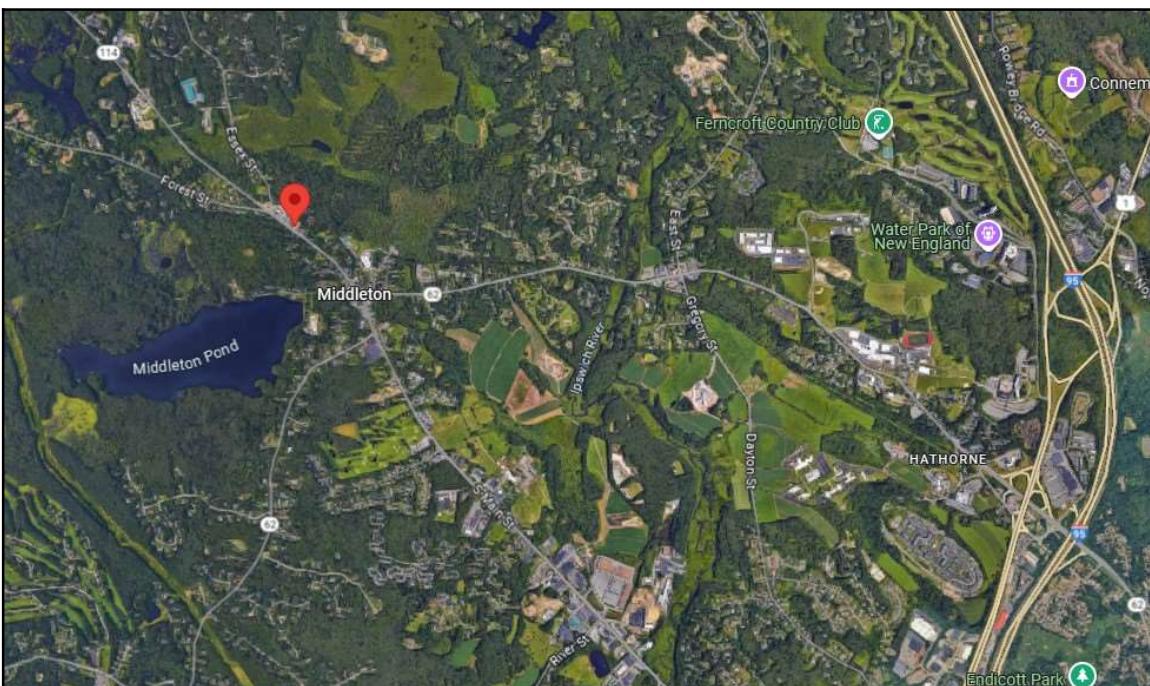
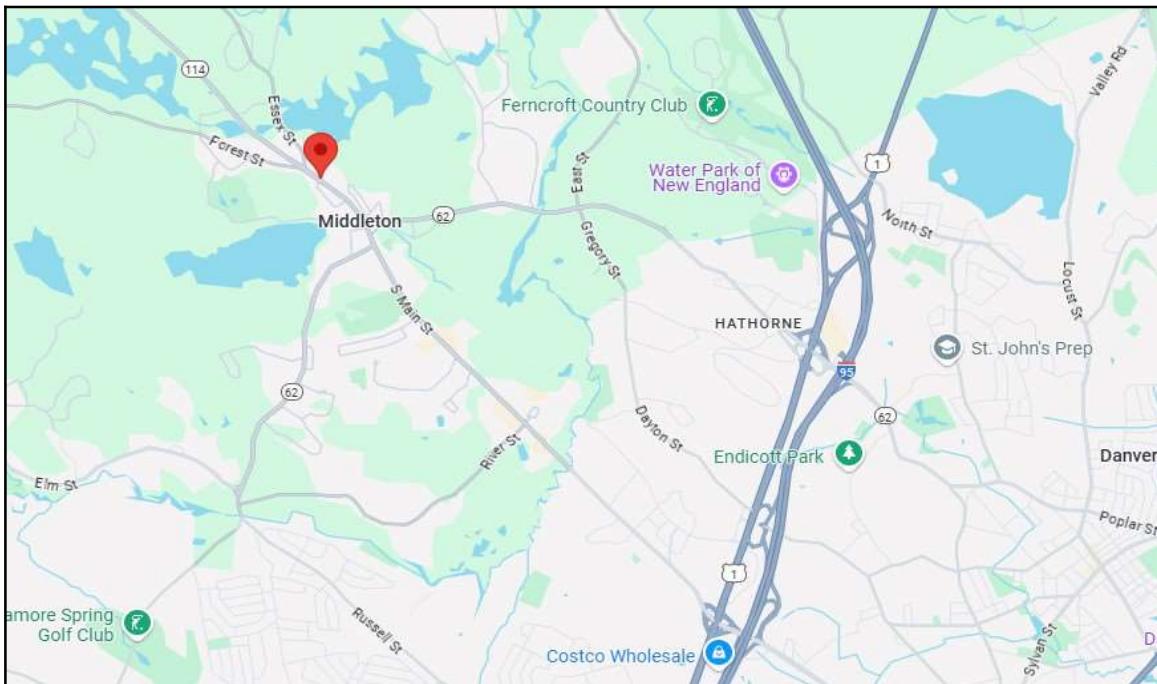
The neighborhood is established and the properties between these two points of North Main Street include a mix of local commercial and retail properties including restaurants, automotive sales and service, small retail shops and some professional office uses. The balance of this section of the neighborhood is largely single family uses with a higher concentration of commercial uses as you near the intersection with Maple Street to the south. No detrimental uses were observed.

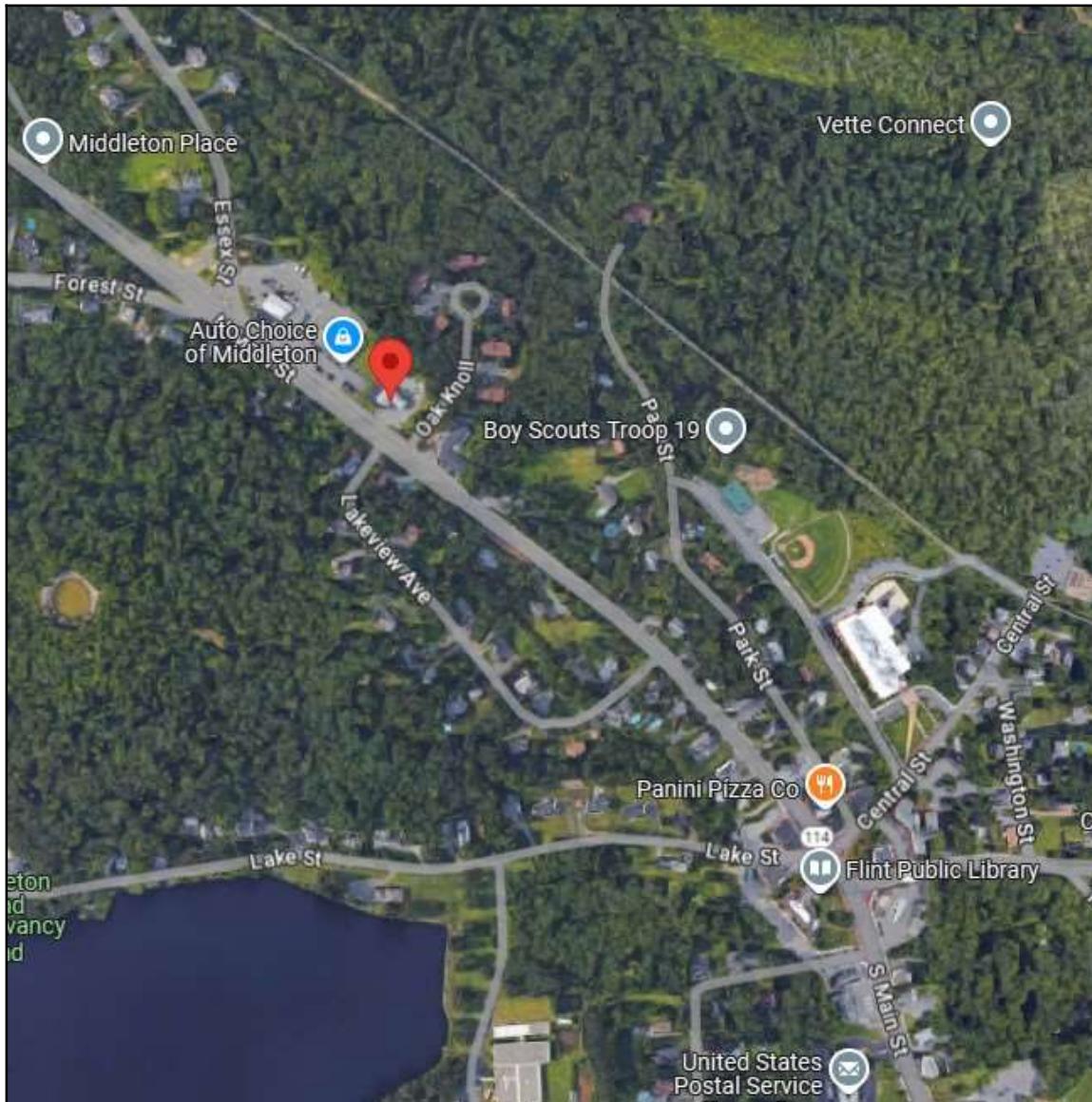
REGIONAL MAP

(not to scale)



LOCATION MAP AND AERIAL VIEW





ECONOMIC & MARKET CONDITIONS

Economic Overview

Despite almost universal expectations to the contrary, the U.S. economy did not fall into recession in 2023. A 4.9 percent annualized growth rate in Q3 of 2023 surprised most analysts. This was on the heels of about 2.25 percent annualized growth in the first half of the year. Much higher borrowing costs over the past two years have not yet slowed economic activity as expected. Many economists now see a Federal Reserve (Fed) engineered “soft landing” and perhaps avoiding a recession entirely in 2024. By Q3 of 2024, there was greater expectation of a recession for early 2025.

There is evidence of a slowdown in certain sectors of economic activity. Manufacturers report that demand for new products fell, resulting in a decline in factory activity for more than a year. The (national) housing market saw both sales transactions and prices drop in 2023 as higher mortgage rates and still-elevated prices eroded affordability. Conversely, demand for services remained strong, with travel, entertainment, and dining out keeping that sector in expansion mode.

The Fed has made some headway in its attempt to tamp inflation down. The personal consumption expenditures price index (PCE), the Fed's preferred measure of inflation, eased from its peak of 7.1 percent in June 2022 to 3.0 percent in October of 2023. The index stood at 2.5 percent in July 2024, so the downward trend has continued. Core PCE, which excludes food and energy prices, has been slower to retreat but edged lower to 2.8 percent in July 2024.

Despite tightening financial conditions and higher business costs, the labor market remained resilient. Employers had become cautious in trimming staff during the post-pandemic period, when hiring was difficult. Initial claims for unemployment remained low and job openings high, although the total number of job openings declined fairly dramatically in the second half of 2023. A high percentage of new jobs created in Q4 of 2023 were part-time positions.

Recent revisions to economic data show that households spent at a slower pace than was previously reported, and business investment weakened in response to higher borrowing costs. These trends are expected to continue, which should slow the economy in the coming months.

Bank Failures In 2023

There were three large bank failures in March 2023, including two in the U.S. (Silicon Valley Bank and Signature Bank) and one in Switzerland (Credit Suisse Group AG). As a result, there was cause for concern of major trouble looming in the banking sector. However, only two more major banks failed in the U.S. through the end of 2023, alleviating this concern, at least for the near term. Across the banking industry, the total number of branches fell for the 14th straight year in 2023. There were 77,690 active bank branches nationwide at the end of October 2023, according to S&P data, down from 79,000 branches at the end of 2022, a decline of about 1.7 percent.

Macro Economic Analysis

The Covid-19 Pandemic-induced economic shutdown in March 2020 is still impacting the economy in various ways. The U.S. Congress, the U.S. Treasury Department, and the U.S. Federal Reserve Bank (Fed) combined forces to inject about \$5 trillion of liquidity into the economy beginning in March 2020. Unlike previous bailouts, where financial institutions were the primary beneficiaries, these funds were put into the hands of businesses, institutions, and consumers. The result was that demand for all types of goods and services

increased dramatically, while pandemic-related shutdowns hampered supply chains, causing worldwide shortages of key resources like petroleum products, lumber, and food.

The Fed balance sheet stood at \$7.6 trillion at the beginning of 2024, down from \$8.7 trillion a year earlier, but up from \$4.2 trillion prior to the pandemic. To put that in perspective, the Fed balance sheet had never exceeded \$1 trillion prior to March 2008. The U.S. Federal Budget deficit stood at \$1.7 trillion in early 2024, up from about \$723 billion a year earlier but down from the average of about \$3.0 trillion in 2020 and 2021. The 2022 decline in the annual deficit was due to dramatically higher tax receipts in 2022 and early 2023 due to inflation-assisted economic activity. This trend reversed in 2023 as stimulus liquidity was drained from the economy.

The pandemic disrupted supply chains significantly, resulting in dramatic inflation in 2021 and 2022, rising to about 9.0 percent by mid 2022. While price increases dropped to about 3.0 percent annualized by the end of 2023, supply chain disruption was prolonged by the Russia-Ukraine War and was further threatened in early 2024 by the Hamas blockades of the Red Sea shipping lanes. Shippers are reporting two to three times higher costs resulting from the necessary re-routing.

Crude oil futures peaked at about \$92 per barrel in September 2023, but were hovering between \$70 and \$75 in Q3 of 2024. The recent high was about \$87 in April. Recent price declines are attributed to recessionary economic activity in other parts of the world, particularly Europe. OPEC cut oil production in early 2023 and announced in early 2024 that they would cut crude oil production by 2.2 million barrels per day for the foreseeable future in order to keep prices high.

The U.S. stock markets continue to reach new all-time highs throughout 2024. The Dow Jones Average reached a new all-time high of about 42,000 in mid September, as did the S&P 500 at nearly about 5,700. The tech-heavy NASDAQ lagged the other indicators, but has also reached a new all-time high of about \$18,700 in July 2024. Bond markets continued to struggle in the wake of much higher interest rates since early 2022. Following several strong years, most sectors of real estate struggled in 2023, again in the aftermath of increasing borrowing rates.

Cryptocurrencies (cryptos) continued to gain acceptance in 2023. Bitcoin is the best known and is considered to be different than other cryptos, due to its fixed supply and decentralized management. As a result, Bitcoin is considered a commodity by the Securities and Exchange Commission (SEC), while other cryptos are considered securities. Despite recent fluctuations in price, these attributes result in Bitcoin being considered a reliable store of value. After reaching an all-time high price of more than \$63,000 per "coin" in November 2021, the price collapsed to less than \$17,000 in late December 2022 in the aftermath of the FTX scandal. Since then, however, the price returned more or less steadily to nearly \$46,000 by early 2024. On January 10, 2024, the SEC approved Bitcoin / crypto exchange traded funds (ETFs), which will allow investment firms to add the asset to their IRA 401K offerings. Due to the expectation of greatly increased demand, the price is expected to climb to new highs in the coming months. For most of 2024, the price has

hovered between about \$50,000 and \$65,000. Many long-term proponents believe as public adoption continues to increase the price fluctuations will flatten and price will continue to rise over time.

Between 2012 and 2020, real U.S. Gross Domestic Product (GDP) growth averaged about 2.2 percent annually. Between the 1970s and the 1990s, average annual GDP growth was 3.3 percent. Between 1996 and 2000 (the dot com run-up), GDP growth ranged from 3.8 to 4.7 percent and averaged 4.3 percent. In 2019, the last year of the previous recovery, real GDP grew by about 2.3 percent for the year. In 2020, GDP contracted by 3.5 percent on the heels of the pandemic. GDP grew by 5.7 percent in 2021, but a good deal of this was due to inflation. Following GDP contraction in the first half of 2022, the economy rebounded in the second half of the year to an annualized year-over-year growth rate of 2.1 percent. As stated previously, GDP growth was stronger than expected in 2023, particularly in Q3.

Prior to the pandemic, the expectation was for GDP growth of less than 2.0 percent in 2020 and the years that followed. The continuing demographic shift is a major issue in the expected GDP growth rate decline, as the U.S. birth rate is currently 1.8 per family, less than the rate of 2.1 required for “zero population growth.” The U.S. rate of population growth has been bolstered in recent years by immigration, both legal and illegal. The rates of population growth in other developed nations, particularly Europe, are much less than in the U.S.

Interest Rates / Money Supply / Inflation

At an emergency meeting on March 3, 2020, the Fed announced a 50 basis point rate cut in response to financial turbulence resulting from the pandemic-related economic shutdown. Less than two weeks later, the Fed cut the rate by another 100 basis points resulting in a Federal Funds Rate range of zero to 0.25 percent. Over the next 14 months, the Fed and the U.S. Treasury added nearly \$3.0 million in stimulus to the economy. Since then, another \$2.0 trillion or so has been added, resulting in a total of \$5.0 trillion of new spending power in the economy added since the pandemic.

Consequently, demand for all types of goods and services increased dramatically. This, combined with pandemic-related supply chain issues, led to a dramatic increase in inflation, with the core inflation index topping out at about 9.0 percent in mid 2022.

At its Open Market Meeting (OMM) on June 10, 2020 (about three months into the pandemic), the Fed announced that the Federal Funds rate would remain unchanged through the end of 2022. The Federal Funds rate is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight, on an uncollateralized basis. In early 2021, the Fed announced that rising inflation at that time would be “transitory” (short-term), a statement that proved to be more than a bit embarrassing, and a retraction was issued in November 2021. As inflation continued to increase, the Fed changed course. Starting at its March 15, 2022 OMM. The Fed raised its key interest rate a total of 11 times in 2022 and 2023 from a range of zero

to 0.25 percent up to a range of 5.25 to 5.50 percent (the highest in 22 years) at the July 13, 2023 OMM. The U.S. annualized inflation rate rose to 9.1 percent by mid 2022, the highest since November 1981. Since then, the rate of annualized inflation has declined steadily to 3.0 percent by the end of 2023.

At the Fed's September 17-18, 2024 OMM, a 50 basis point decrease (to 4.75 to 5.00 percent) in the key interest rate was announced, which a sign that the overall economy is softening. There is broad speculation that there will be another 25 basis point rate decrease before the end of 2024. Lower borrowing rates allows more potential buyers to enter the marketplace, which could trigger another inflation spike.

Increases in asset prices were the primary backbone of the post 2008 / 2009 economic recovery, driven largely by historically low short-term interest rates keyed-in by the Fed. Inflation and the resulting currency debasement remain concerns for the near future. There is increasing interest in hard assets like precious metals, fine art, and other collectibles. In addition, there has been growing interest in crypto currencies, which are seen as potential replacements (worldwide) for fiat money.

Unemployment

National - March 2025

By February 2020, the U.S. unemployment rate had dropped to 3.5 percent. Between October 2010 and February 2020, the U.S. economy added jobs for 113 consecutive months. Nearly 20 million jobs were added during this period. However, in April 2020, the unemployment rate rose to 14.7 percent in the wake of the Coronavirus Pandemic economic shutdown. This was the highest unemployment rate since the Great Depression. About 22 million jobs were lost in only three months, more than double those jobs that were created during the recent ten-plus year recovery.

In March 2025, the U.S. unemployment rate was 4.2 percent. The unemployment rate has remained between 4.0 and 4.2 percent since May of 2024. Total non-farm jobs were essentially unchanged with about 228,000 added in March 2025. The Bureau of Labor Statistics (BLS) reported that the economy has recovered all of the jobs that were lost as a result of the pandemic-related economic shutdown. An average of about 157,000 jobs per month were added in the past twelve months. The chart below shows jobs added per month since 2023.

| | | | | | | | | | | | | |
|-----------------|-----|--------|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2023 | 444 | 306 | 85 | 216 | 227 | 257 | 148 | 157 | 158 | 186 | 141 | 269 |
| 2024 | 119 | 222 | 246 | 118 | 193 | 87 | 88 | 71 | 240 | 44 | 261 | 323 |
| 2025 | 111 | 117(P) | 228(P) | | | | | | | | | |
| P : preliminary | | | | | | | | | | | | |

The number of long-term unemployed (27 weeks or longer) in March 2025 was 21.3 percent or 1.5 million, little changed over the past two months. This measure is below its pre-pandemic level of about 22.9 percent of total unemployment. BLS did not publish any data for March 2025 related to persons unable to work because their employer was closed or lost business due to the pandemic, or the number of persons who teleworked due to the pandemic.

The number of people not in the labor force who currently want a job increased by 220,000 to 5.915 million in March. Those individuals were not counted as unemployed because they were not actively looking for work during the 4 weeks preceding the survey or were unavailable to take a job..

“U-6,” the broadest category of the unemployment rate, was 7.9 percent in March, down from 8.0 in February 2025, up from 7.5 percent in December and January and unchanged from 7.9 percent in March of 2024. It is also a good deal lower than the 18.3 percent rate in May 2020, just past the peak of the pandemic shutdowns. The U-6 rate was 8.9 percent in February 2020. The current rate is also less than the 17.2 percent rate at the peak of the 2007 / 2008 Great Recession. The U-6 rate includes everyone in the official unemployment rate plus marginally attached workers, meaning those who have stopped looking for work. The main unemployment rate includes everyone who actively sought work in the previous four weeks. Many non-economists feel that the U-6 is the “real” unemployment rate.

The average hourly earnings for employees on private nonfarm payrolls in March 2025 was \$36.00, up from \$35.91 in February of 2025 and up from \$34.67 year-over-year. The average hourly workweek for all employees on nonfarm payrolls was 34.2 hours, unchanged from February 2025 and down from 34.4 hours year-over-year.

The March 2025 labor force participation rate was 62.5 percent, up down from 62.4 percent in February and down from 62.6 percent in January. It is down from the rate at this time a year earlier of 62.7 percent. The current rate remains below the pre-pandemic rate of 63.4 percent in February 2020. The labor force participation rate is defined as the percentage of people over age 16 who either have a job or are actively searching for one. This rate peaked at 67.3 percent in January of 2000 and the recent high was 66.4 percent in January 2007. The employment to population ratio in February 2025 was 59.9 percent, down from 60.1 percent in January and showing little change from the previous year. The measure is up from the post-pandemic low of 51.3 percent in April 2020 but still lower than the 61.2 percent figure in February 2020, pre-pandemic.

Despite the optimistic employment reports, there are concerns, particularly in the high-paying high technology sector. Technology firms have cut more than 190,000 jobs since the beginning of 2022, according to Layoffs.fyi, a website that tracks job cuts in the industry. Analysts say the job losses are likely indicative of future layoffs across a spectrum of industries within the labor market. Alphabet Inc., Google's parent company, became the latest technology company to reduce its workforce, announcing in mid January that it plans to cut 12,000 jobs, or about six percent of its workforce. Microsoft also announced that it will cut 10,000 jobs while Amazon has begun the process of cutting 18,000 employees.

Other notable tech firms that announced major layoffs recently include Twitter, Salesforce, and Facebook's parent company, Meta.

Nonetheless, there were about 7.6 million U.S. job openings in December 2024, a number that has held fairly steady since the pandemic shutdowns eased in mid to late 2020. The pre-pandemic high was about 7.7 million job openings. These jobs are across the pay spectrum, and include relatively low paying food service jobs to much higher paying construction sector jobs. Among the reasons given include older employees that chose to retire instead of returning to work, as well as cash infusions of government stimulus that eased the pain of not working.

Massachusetts Employment Rate - March 2025

The Massachusetts seasonally adjusted employment rate was 4.3 percent in March 2025, unchanged from February, up from 4.2 percent in January and up from 3.9 percent year over year and down from the post-pandemic high of 15.3 percent in May 2020. The March 2020 rate was 2.7 percent, just ahead of the pandemic shutdowns. Prior to April 2020, the unemployment rate had been under 4.0 percent for 48 consecutive months. About 3,516 jobs were lost in February, following the (revised) loss of 2,843 jobs in January and the (revised) loss of 4,100 jobs in December. Over the past year, a total of 26,200 jobs were added, and about 680,200 jobs have been added since the April 2020 employment trough. The labor force increased by an estimated 1,990 in November, as 3,100 more residents were employed and 3,500 more were unemployed. The labor force participation rate in Massachusetts was 66.5 percent in February, unchanged over the previous month and little changed from 66.2 percent year over year.

Real Estate

Lending rates for residential mortgages increased dramatically in response to the Fed rate hikes, with 30 year fixed interest rates for single-family mortgages rising to the 7.5 to 8.0 percent range by the end of 2023. Commercial lending rates were impacted in a similar manner, but were between 100 and 150 basis points less than residential. Following a dramatic increase in prices for virtually all classes of real estate between mid 2020 and late 2022, prices for all property types began to fall in 2023 nationwide, as did transaction volume.

National Retail

Despite longstanding concerns of a softening economy and eventual pullback in consumer spending, U.S. retail space markets remained resilient through 2023, thanks to steady demand from a diverse array of sectors, a significant pullback in store closures, and minimal new supply. Only 4.9 percent of retail space was available as of the end of 2023, down by 20 basis points year-over-year and 200 basis points below the historical average of 6.8 percent. As a result, potential tenants are reporting difficulty in finding spaces in target locations. Leasing activity has been lower over the past two years, with trailing four-quarter leasing activity falling to 200 million square feet, the lowest total since 2020,

and nearly 25 percent below the average recorded during the five-year period preceding the pandemic (2015-2019).

While demand for space continues to rise, new retail development activity remains minimal. Just under 50 million square feet of new retail space delivered nationwide over the past year, which is more than 35 percent below the prior 10-year average. The vast majority of retail construction activity consists of single-tenant build-to-suits or smaller ground-floor spaces in mixed-use developments. In addition, given strong demand for alternative uses, over 145 million square feet of space was demolished over the past five years.

With over three-quarters of new development having a tenant in-place at delivery, the national retail market has faced virtually no threat from new supply. This looks set to continue for the foreseeable future, as retail construction starts fell to their lowest levels in multiple decades in 2023, due largely to significant shifts in the cost and availability of construction financing capital. Asking rents for retail spaces increased by 3.2 percent over the past year to a new record high of \$25.00 per square foot. Looking forward, rent gains are forecast to moderate over the coming year, as an expected pullback in consumption will negate an otherwise tight fundamental environment.

Regional - Boston Market Area Retail

A resilient consumer base and a continuing lack of new supply kept retail availabilities at or near record lows in Boston in 2023, mirroring the nationwide trend. Renewed hopes for an economic soft landing and the lowest level of annual construction starts on record mean that the initial outlook for 2024 is for more of the same. Retail sales (excluding automobiles) advanced by an estimated 1.4 percent in the Boston metro area during 2023, also in line with the national average. This was a little over twice the estimated population growth rate of 0.6 percent, which turned positive after two years of mild pandemic-driven urban outmigration.

The retail space availability rate in Boston is 3.2 percent, well below the historically low national figure of 4.8 percent. The general economic mood is cautiously optimistic for 2024. The job market remains strong despite slowing employment growth. As stated previously, many analysts have been moderating their forecasts for a recession in favor of the “soft landing” scenario. This all bodes well for consumption and, therefore, for retailers. The construction pipeline is smaller than it has been since early 2011, and with starts in 2023 at only 10 percent of the 15-year average, which should bolster rents in Boston.

Total leasing volume exceeded its 15-year average of 3.0 million square feet, and there was 4.0 million square feet in gross move-ins. However, there were only 500,000 square feet of new deliveries in 2023, up from less than 300,000 square feet in 2022 but well below the 2010s average of 1.1 million square feet. Average retail rent held steady at about \$27 per square foot throughout 2023 after advancing by nearly 5.0 percent in 2022. The mall sector drove weak rent performance in Boston, with mall rents declining by 3.5 percent in 2023. Conversely, rents grew by about 1.0 percent at suburban general retail properties but fell by nearly 2.0 at properties in urban areas.

Retail sales volume in Boston decreased dramatically in the first half of 2023, this on the heels of two years of record volume. Elevated interest rates appear to have finally depressed capital markets, and the expectation is that 2023 will be one of the lightest investment years in a decade. Average capitalization rates rose to 6.7 percent in 2023, about 400 basis points higher year-over-year.

Conclusion

The economic issues resulting from the Covid-19 Pandemic-induced economic shutdown in March 2020 continue to impact the world economy. The \$5 trillion U.S. Government stimulus put cash in the hands of most citizens, businesses, and institutions. While most businesses struggled to find workers post-pandemic, the stimulus-based liquidity resulted in inflation spiking to 9.1 percent by mid 2022, the highest since 1981. In response, the U.S. Federal Reserve (Fed) raised its key interest rate a total of 11 times in 2022 and 2023 from a range of zero to 0.25 percent up to a range of 5.25 to 5.50 percent (the highest in 22 years). As a result, the rate of annualized inflation declined steadily to 3.0 percent by the end of 2023.

Total U.S. Federal Government Debt stood at about \$36.5 trillion in January of 2025, up from \$21.7 trillion only four years earlier. U.S. Treasury Bonds and other forms of debt rolling over in 2024 and 2025 will put pressure on the Fed to lower interest rates in 2024, which is now expected by most analysts, economists and market participants. Other forms of outstanding debt include U.S. household debt (\$17.3 trillion), corporate debt (\$11.8 trillion, with \$5.4 trillion maturing in 2024 and 2025), U.S. student loan debt (\$1.8 trillion). Total U.S. debt now stands at nearly \$95 trillion. Including unfunded liabilities like government pensions, Social Security, Medicare and Medicaid, total government debt is estimated to be in excess of *\$250 trillion*.

The Russia - Ukraine War that began in February 2022 may be coming to an end in the very near future. New economic alliances for crude oil settlements are being formed in Europe, the Middle East and China that will threaten the global reserve currency status that the U.S. has enjoyed since the end of World War II. If this takes hold, demand for dollars will decline over time.

PROPERTY DESCRIPTION

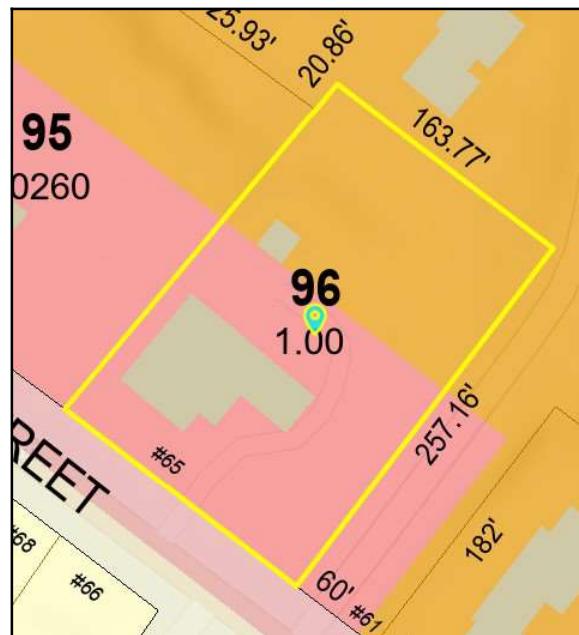
Site: The subject site is a mostly rectangular-shaped parcel of land on the northeast side of North Main Street. An image of the site from Middleton's GIS map is to the right and an aerial view from Google Earth is below.

The land area is approximately 43,560 square feet with road frontage of 175 feet. As can be seen in the image to the right, the subject is situated within two zoning districts, with the pink area identified as B Business and the rear mustard color as R2 Village Residential. Paved on-site parking for about 27 cars extends into the R2 zone. The far rear of the site behind the paved areas is unimproved and serves as a buffer to the residential uses in the rear.

North Main Street at the subject's location is a two lane, two way, undivided, bituminous concrete paved publicly maintained road with curbing and sidewalks on the subject side of the road. Storm water is drained from the travelway by a municipal storm drainage system. Utilities serving the site include town water, utility company electric and high speed communication. Utility cables are above ground. The site is serviced by a private on site septic system and bottled propane gas.

The subject's split zoning includes B Business and R2 Village Residential. The Business zone allows for a wide variety of uses including retail, personal service, trade shop, funeral home, restaurant, medical and professional office and banks. Other uses are allowed by the Board of Appeals.

The dimensional requirements in the B zoning district include a minimum 40,000 square foot lot with 100 feet of road frontage and width. The site meets these requirement. Setbacks are 100 feet front, 25 feet side, 35 feet rear when abutting a residential zone.



Maximum building height is 35 feet. It appears that the existing improvements do not meet the minimum dimensional requirements of the zoning district for building setbacks.

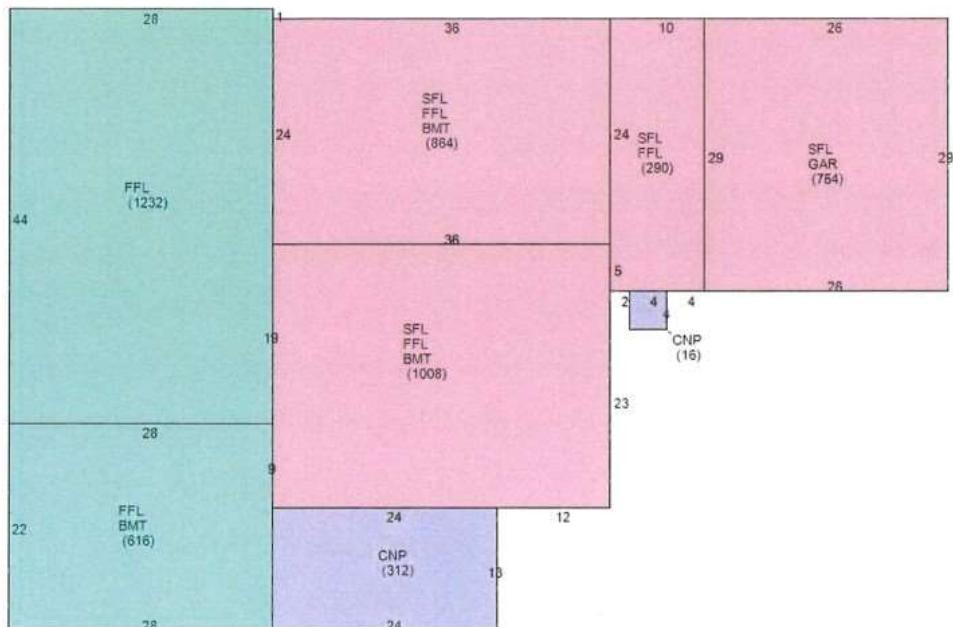
According to FIRM Map Community Panel 25009C0382F, effective July 3, 2012, the subject property appears to be in Flood Hazard Zone X, "Area of Minimal Flood Hazard." A copy of the referenced flood map is included in the Addendum.

There appear to be no adverse easements impacting the subject property. If any such easements are found, we can render an opinion regarding the impact of any such easement on the market value of the subject property at that point in time, if desired.

According to the Massachusetts Department of Environmental Protection (DEP) searchable sites web page, the subject site does not appear to be included on a list of sites with "Activity and Use Limitations" (AUL). This appraisal assumes no adverse impact resulting from soils contamination.

Improvements: The subject site is improved with a one and two story commercial building currently used as the Town of Middleton's police station. The main building (rose colored area in below sketch) is a two story structure with a 2,916 foot print over a full foundation and basement. Due to its gambrel style roof line, the second floor is about 25 percent smaller in size.

A second section of the building (green section) is a single story 1,848 square foot modular addition with a partial basement of poured concrete. In total, the subject building has 6,926 square feet of finished area above grade.



According to municipal records, the main building was constructed around 1949 for its current use in a neighboring town. It was moved to its current location around 1981. The garage wing was added a few years later and the modular addition was reportedly added in 2010.

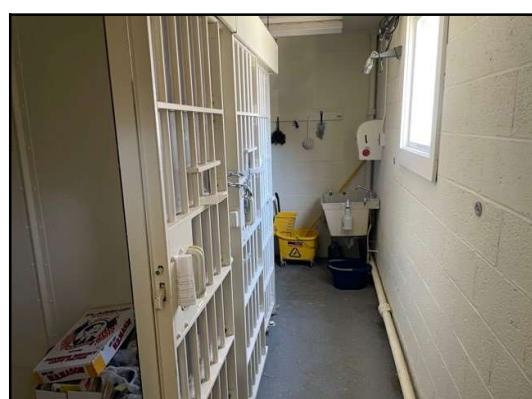
The main building is largely concrete block construction on the first level and wood frame on the upper level. The exterior is brick veneer in the front and south side, with painted block in the rear and vinyl siding on the eves. The composition shingles on the gambrel roof appear to be reaching the end of their economic life.

The modular section is wood frame with vinyl siding, and rubber membrane roof cover. The windows are largely double hung vinyl replacement. The exterior was observed to be in average overall condition.

The building interior is divided into several areas including reception, administration, private offices, large bull-pen areas, training areas and prison cells. There is also a 754 square foot two stall garage. A handicap accessible restroom is located just off the main entrance along with a full bath with shower on the first floor. One restroom is located on the second floor as well. Each cell area has a toilet and two larger janitor sinks are located in this area. Finishes include a variety of floor coverings typically found in a high traffic commercial setting. Ceilings are a mix of gypsum and suspended acoustical tiles. Walls in the main building are solid masonry with the remaining ones wood frame and painted gypsum. The overall physical condition of the interior is average overall.

The basement area is used for utilities, storage and a gym for staff. Mechanicals include a 200 amp main electric service, an oil fired boiler and two 275 gallon oil tanks. The building is 100% wet sprinklered and has modern fire protection throughout. The modular area is climate controlled by a roof-top propane/electric package unit. The building is equipped with a propane fired back up generator. Overall quality of the building is average. The interior concrete partitions in the main building, along with the approximate one-third of the building area being modular construction renders the overall appeal to be below average in our opinion. Interior photos begin below.







HIGHEST AND BEST USE

Highest and Best Use is "The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible and that results in the highest value."³ The appraiser must determine the highest and best use of the subject property both as if vacant and as currently improved.

The subject property lies within two zoning districts. The front portion is Middleton's B Business district where a wide variety of retail and service uses are allowed by right. The rear is R2 Village Residential where multi family is allowed by right. As stated previously, the site meets minimal dimensional requirements. If vacant, commercial and retail uses would be the highest and best use given the limitations of local zoning.

It is our opinion that the existing improvements contribute value demonstrably in excess of the vacant site for this or any other potential use at the present time. We know of no other use of the subject site which would bring a higher return to the land to justify razing the existing improvements. As a result, the highest and best use of the subject site is "as currently improved." This conclusion of highest and best use meets the four criteria for highest and best use including Legally Permissible, Physically Possible, Financially Feasible and Maximally Productive.

THE VALUATION PROCESS

Appraisers commonly think of value in three ways: 1. The value indicated by recent sales of comparable properties in the market, known as the Sales Comparison Approach. 2. The current cost of replacing a property, less depreciation from all sources, that is, physical deterioration as well as functional and external obsolescence, known as the Cost Approach. 3. The value that the property's net earning power will support, based upon a capitalization of net income, known as the Income Approach.

The Sales Comparison and Income Approaches were developed in this appraisal. The Cost Approach was not developed, as it tends to be unreliable for the valuation for aged improvements like the subject. Determining accrued depreciation for various forms of obsolescence (physical, functional, and economic) would be speculative at best. The omission of the Cost Approach did not result in a misleading or unreliable value opinion, and the Sales Comparison Approach and Income Approach are sufficient to meet the needs of the client.

SALES COMPARISON APPROACH

The Sales Comparison Approach is developed in almost every appraisal of real property. The value opinion by this approach is frequently defined as "the price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure." This definition assumes that both buyer and seller are fully informed as to the property and state of the market for that type of property and that the property has been exposed in the open market for a reasonable time.

In completing the Sales Comparison Approach, recent sales of properties similar to the subject property have been analyzed for the purpose of establishing a range of value for the subject. To this end, we have analyzed recent sales of commercial and retail properties located in the market area. The sales are summarized below and photographs of the sale properties follow.

| Sale # | Location | Sale Date | Book/ Page | Land s.f. | Sale Price | Bld. Size s.f. | Price/ s.f. |
|---------|----------------------|-----------|------------|-----------|-------------|----------------|-------------|
| SUBJECT | 65 North Main Street | N/A | N/A | 43,560 | N/A | 6,926 | N/A |
| | Middleton | | | | | | |
| | | | | | | | |
| 1 | 325 Main Street | 8/16/24 | 83139/ | 34,237 | \$1,100,000 | 6,228 | \$176.62 |
| | North Reading | | 355 | | | | |
| | | | | | | | |
| 2 | 204 Main Street | 5/12/23 | 82277/ | 13,504 | \$899,000 | 8,054 | \$111.62 |
| | North Reading | | 388 | | | | |
| | | | | | | | |
| 3 | 654 Main Street | 3/4/25 | LC 1625/ | 9,150 | \$575,000 | 4,976 | \$115.55 |
| | Woburn | | 128 | | | | |
| | | | | | | | |
| 4 | 986 Main Street | 12/3/24 | 38940/ | 44,000 | \$600,000 | 2,183 | \$274.85 |
| | Tewksbury | | 1 | | | | |
| | | | | | | | |
| 5 | 581 Great Road | 2/26/25 | 83817/ | 54,014 | \$1,100,000 | 8,400 | \$130.95 |
| | Acton | | 335 | | | | |
| | | | | | | | |
| 6 | 442 Water Street | 7/29/24 | 83060/ | 19,035 | \$1,499,000 | 5,967 | \$251.22 |
| | Wakefield | | 286 | | | | |

COMPARABLE SALE PHOTOGRAPHS

Sale 1: 325 Main Street, North Reading

Sale 2: 204 Main Street, North Reading



COMPARABLE SALE PHOTOGRAPHS

Sale 3:654 Main Street, Woburn

Sale 4:986 Main Street, Tewksbury



COMPARABLE SALE PHOTOGRAPHS

Sale 5:581 Great Road, Acton
Sale 6:442 Water Street, Wakefield



Adjustment Grid

65 No.Main St.

Middleton, MA

Date of Value 4-9-2025

| | SUBJECT | SALE 1 | SALE 2 | SALE 3 | SALE 4 | SALE 5 | SALE 6 |
|----------------------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Location | 65 N. Main St. | 325 Main St. | 204 Main St. | 654 Main St. | 986 Main St. | 581 Great Rd. | 442 Water St. |
| | Middleton | No. Reading | No. Reading | Woburn | Tewksbury | Acton | Wakefield |
| Sale Price | N/A | \$1,100,000 | \$899,000 | \$575,000 | \$600,000 | \$1,100,000 | \$1,499,000 |
| Date of Sale | | 8/16/24 | 5/12/23 | 3/4/25 | 12/3/24 | 2/26/25 | 7/29/24 |
| Time Adjustment | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Time Adj. Sale Pr. | | \$1,100,000 | \$899,000 | \$575,000 | \$600,000 | \$1,100,000 | \$1,499,000 |
| Building Size (s.f.) | 6,926 | 6,228 | 8,054 | 4,976 | 2,183 | 8,400 | 5,967 |
| Sale Price/sf | N/A | \$176.62 | \$111.62 | \$115.55 | \$274.85 | \$130.95 | \$251.22 |
| Location | +average | +average | +average | +average | +average | average | +++average |
| | | 0% | 0% | 0% | 0% | 10% | -20% |
| | | 0.00 | 0.00 | 0.00 | 0.00 | 13.10 | -50.24 |
| Quality / Appeal | --average | average | -average | --average | average | average | average |
| | | -20% | -10% | 0% | -20% | -20% | -20% |
| | | -35.32 | -11.16 | 0.00 | -54.97 | -26.19 | -50.24 |
| Condition | average | average | --average | -average | average | average | +average |
| | | 0% | 20% | 10% | 0% | 0% | -10% |
| | | 0.00 | 22.32 | 11.56 | 0.00 | 0.00 | -25.12 |
| Building Size | 6,926 | 6,228 | 8,054 | 4,976 | 2,183 | 8,400 | 5,967 |
| | | -1% | 2% | -2% | -15% | 5% | -1% |
| | | -1.77 | 2.23 | -2.31 | -41.23 | 6.55 | -2.51 |
| Land Area (s.f.) * | 43,560 | 34,237 | 13,504 | 9,150 | 44,000 | 54,014 | 19,035 |
| Land/Bldg Ratio | 6.29 | 5.50 | 1.68 | 1.84 | 20.16 | 6.43 | 3.19 |
| | | 0% | 15% | 20% | -10% | 0% | 10% |
| | | 0.00 | 16.74 | 23.11 | -27.49 | 0.00 | 25.12 |
| Net Adjustment | | -21% | 27% | 28% | -45% | -5% | -41% |
| | | -37.09 | 30.14 | 32.36 | -123.68 | -6.55 | -103.00 |
| Adjusted \$/sf | | \$139.53 | \$141.76 | \$147.91 | \$151.17 | \$124.40 | \$148.22 |

Due to differences between the subject and the sales, adjustments were made to make the sales appear more like the subject. Ideally, adjustments made to the sales are derived directly from market data. However, in the present market climate, insufficient data is available to quantify each adjustment. As a result, the majority of the adjustments are determined by our knowledge of the marketplace and represent reasonable and informed opinions as to how these differing elements of comparison would most likely impact market value.

The six sales sold between May of 2023 and March of 2025. Over this period, sale prices have remained relatively steady for commercial and retail properties like the subject. As a result, no adjustment for time has been recognized.

The unadjusted price range indicated by the sales is \$111.62 to \$274.85 per square foot, which is broad. Adjustments were made for differences in location, building quality and appeal, physical condition and land/building ratio. The adjustments are shown on the previous page.

The subject's location is above average overall due to traffic exposure and proximity to area highway. Sale 5 is a somewhat rural location and considered inferior to the subject. Sale 6 is considered a superior location due to its proximity to I95 and metro-Boston. Both were adjusted accordingly. The subject is considered below average in quality and appeal for a few reasons. Some of the interior partitions are masonry, which renders the building somewhat challenging to remodel for alternative uses. Additionally, about one-third of the building area is modular construction. Given this, five of the six sales were adjusted for their superior overall quality and appeal.

The subject's physical condition was observed to be average overall. Three of the six sales were adjusted for their varying degree of condition, with Sales 2 and 3 being inferior and Sale 6 being superior. All six sales were adjusted to varying degrees for differences in building size. Typically, larger properties sell for less per unit than smaller properties, all other things being equal, due to economies of scale.

Finally, four of the six sales were adjusted for differences in land/building ratio to varying degrees. Although Sales 2 and 3 have similar ratios, Sale 3 has no on-site parking whereas Sale 2 has on site parking, resulting a more severe adjustment to Sale 3..

The adjusted price indicated by the six sales is \$124.40 to \$151.17 per square foot, which is narrow. Five of the six indicate a very narrow range from \$139.53 to \$151.17 per square foot, with Sale 5 an outlier at the low end. With most weight placed on the predominant range, a value of \$145 per square foot is considered reasonable and well supported. Calculated, \$145 times the subject's 6,926 square feet equals \$1,004,270, say \$1,000,000.

Value by Sales Comparison Approach
\$1,000,000

INCOME APPROACH

In developing the Income Approach, the appraiser examines the present value of the future benefits of a property. The work to be done in assembling and processing income data is of three kinds: 1. Forecasting potential gross income. 2. Forecasting operating expenses. 3. Selecting a capitalization rate and the applicable technique and method for processing the net income. Given that the subject will be evaluated on the basis of income it will produce, an analysis of prospective gross income is necessary.

The subject is a special use property with some features not found in most properties. However, it most closely resembles an office or general commercial building with an attached two car garage.

As a result we've listed a number of general commercial and office rents in the general market area. The subject is owner occupied (Town of Middleton). Therefore, a market rent will be applied to complete our income analysis. Below is a list of competing properties in the Middleton market area used to estimate the subject's market rental rate.

| Rental # | Address | Date | Use | M'thly Rent | Unit s.f. | Rent/s.f. | Terms |
|----------|----------------------------|---------|--------|-------------|-----------|-----------|-------|
| | | | | | | | |
| R1 | 171 N. Main St., Middleton | current | office | \$1,500 | 1,400 | \$16.29 | Net |
| R2 | 171 N. Main St., Middleton | current | office | \$1,500 | 1,400 | \$17.14 | Net |
| R3 | 275 N. Main St. Middleton | current | office | \$2,500 | 1,500 | \$20.93 | NNN |
| R4 | 191 S. Main St., Middleton | current | office | \$1,650 | 1,350 | \$15.55 | NNN |
| R5 | 1740 Turnpike, No. Andover | current | office | \$2,250 | 1,700 | \$15.88 | Net |
| R6 | 87 Main St., N. Reading | current | office | \$3,620 | 2,100 | \$14.00 | Net |

The six rentals include a mix of first and second floor general office spaces in the market area. The rentals range in size from 1,400 to 2,100 square feet. Rents range from \$14.00 to \$20.93 per square foot. Terms of the rentals are "Net" meaning that tenants are responsible for utilities and general maintenance, or "NNN", meaning the tenant is responsible for their share of the property's expenses including real estate taxes, insurance and common area maintenance.

The subject does not lend itself to multi-tenant occupancy. As a result, it is much larger than the comparables above. Typically larger spaces rent for less per square foot than smaller, all things being equal.

Being a single user building, a NNN rent forecast is appropriate, meaning that most property expenses would be passed along to the tenant. Given the subject's size, layout and non-handicap accessible upper floor, a rent of \$12.00/sf NNN is considered reasonable and applied in this analysis.

Potential Gross Income (PGI)

Potential Gross Income for the subject is calculated at \$12.00/sf times the subject's 6,926 square feet, or \$83,112 annually. This equates to about \$6,925 per month.

Vacancy

A vacancy factor is included to account for lost rent due to tenant turnover and collection costs. CoStar analytics shows vacancy within various office properties throughout the market area is between 2.0% and 10.0% overall. CoStar's forecast is for vacancy to remain in this range into the foreseeable future. Given reasonable market-based PGI and the free standing nature, a vacancy factor of 3.0 percent is applied here. Once the vacancy factor is deducted from PGI, what remains is Effective Gross Income (EGI).

Operating Expenses

Because the subject's PGI is forecast on a "NNN" with the tenant responsible for most property expenses. In this instance we have applied a management expense, which includes bookkeeping and accounting, professional fees, property manager and office expense. Professional management expense for properties like the subject typically range between 3.0 and 6.0 percent of EGI. For this analysis and given the single tenant occupancy, we have used a fee of \$300 monthly or \$3,600 annually. This equates to about 4.5% of EGI.

Reserves for capital replacement are applied to cover the replacement of various short-lived capital items that require replacement, like roof, exterior windows and entries, HVAC systems and fire protection systems. In this instance we've applied an expense of 5.0 percent of forecast EGI.

Direct Capitalization

Direct capitalization is a method utilized to convert the net income stream of a property into value by the use of an appropriate capitalization rate. The band of investment (or weighted-average) technique has been utilized in order to develop an overall capitalization rate. This calculation is based on a 10 percent return to equity, which is based on an analysis of anticipated rates of return for small retail properties.

Area banks are quoting a range of 6.5 to 7.5 percent for most types of commercial loans. For less risky properties like small retail properties, the rates can be lower. RealtyRates.com shows a range of commercial mortgage loan interest rates for small retail properties in Q4 of 2024 ranging from 5.25 to 9.75 percent, at 75 percent loan to value and a 20 to 30 year amortization. For this analysis, a 75 percent loan to value ratio is anticipated at a 6.5 percent mortgage interest rate. Interest rates have risen significantly over the past two years and quoted rates are somewhat higher at the present time. However, the OAR is based on a multi-year forecast with the expectation that rates will fluctuate over time. The loan is amortized over 25 years, resulting in a mortgage constant of 0.0810. From the resulting weighted rate is deducted the percentage paid off, which

assumes a five year holding / loan period, the result being the overall capitalization rate. This calculation is shown below.

Overall Capitalization Rate Calculation

| | | | | | |
|---|-------|---|-----------------|---|---------------|
| <i>Equity Yield</i> | .1000 | X | .25 | = | 0.0250 |
| <i>Mortgage Constant</i> | .0810 | X | .75 | = | <u>0.0608</u> |
| <i>Total</i> | | | | | 0.0858 |
| <i>Less Credit for Equity Build-up:</i> | | | | | |
| <i>Loan to Principal Paid Off</i> | | = | 0.094378 | | |
| <i>Loan To Value Ratio</i> | | X | 0.750000 | | |
| <i>SFF @ Equity Rate</i> | | X | <u>0.163797</u> | | |
| | | | | | (0.0116) |
| <i>Overall Rate</i> | | | | | 0.0742 |
| <i>say</i> | | | | | 7.4% |

CoStar analytics shows a range of 6.5 to 8.0 percent for overall capitalization rates based on recent sales in the Middleton Danvers commercial sub-market. The average is about 7.25 percent. The analytics show that capitalization rates in the submarket are about 25 basis points higher on average than they were in Q4 of 2023, which covers the period of the sales in the Sales Comparison Approach.

CoStar is projecting a 20 basis point increase in overall capitalization rates in the next 12 to 24 months. The overall capitalization rate by the band-of-investment of 7.4 percent is well within the market range and is applied to convert NOI to market value. The Reconstructed Operating Statement is below.

| | | | |
|----------------------------------|-------|-----------------|-----------------|
| Potential Gross Income | | | \$83,112 |
| Less Vacancy and Collection Loss | 3.00% | | <u>-\$2,493</u> |
| Effective Gross Income (EGI) | | | \$80,619 |
| <hr/> | | | |
| <u>Less Operating Expenses</u> | | | |
| Management | | -\$3,600 | |
| Reserves for Capital Replacement | 5% | <u>-\$4,031</u> | |
| Total Non-reimbursed Expenses | | | <u>-\$7,631</u> |
| Net Operating Income (NOI) | | | \$72,988 |
| Cap Rate | 7.40% | | |
| Estimated Value | | | \$986,320 |

Value by the Income Approach

Say \$985,000

RECONCILIATION

In this appraisal, the Sales Comparison and Income Approaches were developed. The Cost Approach was not developed for reasons discussed previously. The results are shown below.

| | |
|---------------------------|-------------|
| SALES COMPARISON APPROACH | \$1,000,000 |
| INCOME APPROACH | \$ 985,000 |
| COST APPROACH | N/A |

The two approaches indicate rounded values within 1.5 percent of each other, which adds confidence to the final market value opinion. Properties like the subject are more often purchased for owner occupancy and the Sales Comparison Approach provides the most confidence. As a result, our market value opinion of the fee simple interest of the subject property as of April 9, 2025 is \$1,000,000. This appraisal assumes both marketing and exposure times of two to four months.

| | |
|---------------------|--------------------|
| MARKET VALUE | \$1,000,000 |
|---------------------|--------------------|

In the immediate aftermath of the Covid-19 Pandemic economic shutdown in early 2020, U.S. policymakers responded with record cash stimulus, totaling about 5.0 trillion by mid-2022. This spiked demand for all types of products, including real estate. Inflation became a major issue starting in 2021, spiking to 9.1 percent by mid 2022. U.S. Federal Reserve (Fed) responded by increasing the Federal Funds Rate 11 times in 2022 and 2023 up to a range of 5.25 to 5.50 percent, the highest in 22 years. As a result, the inflation rate declined steadily to about 3.0 percent by the end of 2023.

Much higher borrowing rates for commercial and residential mortgages have put pressure on both pricing and sales volume. Higher interest rates will have an impact on the re-pricing of all types of debt in 2024 and 2025 and Fed rate cuts are expected in 2024. Rapidly increasing U.S. Government debt raises concerns about additional inflation or eventual default. In early 2024, policy makers expressed greater concern about liquidity than inflation. Many believe that continuing fiscal stimulus has postponed the long-anticipated economic recession. Political instability in Europe and the Middle East continue to be an area of concern for supply chains.

CERTIFICATION OF APPRAISER

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 no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results. Neither my engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in that value that favors the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and in conformity with requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

I have made an interior and exterior inspection of the property that is the subject of this report and performed the majority of the tasks involved in completing this assignment.

Laurence Marocco assisted in the development of the approaches to value in this report.

I have not performed any professional services (appraisal or otherwise) on the subject property in the three years prior to the acceptance of this appraisal assignment.

As of the date of this report, I, John F. McCarthy, have completed the Standards and Ethics Education Requirements of the Appraisal Institute for Practicing Associates.

Minco Corporation



John F. McCarthy
Mass. Cert. General Appraiser #401
N.H. Cert. General Appraiser NHCG230

April 13, 2025

GENERAL LIMITING CONDITIONS

An appraisal is an unbiased opinion of value of a property reached through an analysis of that property and from data from the marketplace. An appraisal is not a certification of the soundness of the building, a survey, or a legal document, though assumptions regarding these and other matters are made. The major assumptions and limiting conditions are as follows:

1. 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.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
4. Neither all or any part of the contents of this report, or a copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without written consent of the appraiser.

GENERAL UNDERLYING ASSUMPTIONS

1. The legal description used in this report is assumed to be correct.
2. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion title rendered. The title is assumed to be good and marketable.
4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.

5. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structure which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors. No certification is made regarding the absence of any substances, regarding potential, unapparent structural defects or the proper placement of smoke detectors and potential flood hazards. Unless otherwise stated in this report, it is assumed that no adverse conditions affect the subject.
7. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of Urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by me; nor do I have any knowledge of the existence of such materials on or in the property. The appraiser is not qualified to detect such substances. The existence of Radon Gas, Urea-formaldehyde foam insulation or other potentially hazardous materials may have an effect on the property value. The client is urged to retain experts in these fields, if desired.
8. It is assumed that there is full compliance with all federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the appraisal report.
11. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity organization have been or can be obtained or renewed for any use on which the value opinion contained herein is based.

APPRAISER'S QUALIFICATIONS

JOHN F. MCCARTHY

CERTIFICATION: Massachusetts Certified General Real Estate Appraiser
License #401, Expiration 5/24/2025

New Hampshire Certified General Real Estate Appraiser
License # NHCG 230, Expiration 5/31/2027

CONTINUING EDUCATION: Appraisal Institute, Chicago, IL

Course 530: Advanced Sales Comparison & Cost Approaches (1994)
Course 520: Highest & Best Use and Market Analysis (1993)
Course 2-2: Report Writing and Valuation Analysis (1992)
Course 102: Applied Residential Property Valuation (1991)
Course SPP: Standards of Professional Appraisal Practice & Ethics,
Part A&B (1995)
Course 101: Introduction to Appraising Real Property (1991)
Course 201: Principles of Income Property Appraising (1990)
Course 202: Applied Income Property Valuation (1991)

Massachusetts Board of Real Estate Appraisers (MBREA)
National USPAP Update 2024-2025 (2024)

University of New Hampshire, Durham, NH

Course DCE 101: Real Estate Principals (1976)
Course DCE 102: Real Estate Appraising (1977)
Course DCE 103: Real Estate Law & Finance (1978)

EDUCATION: University of New Hampshire (1974-1976)

Major: Business Administration, Whittemore School of Business and
Economic

Study Area: Business Management, Marketing

New England Aeronautical Institute (1972-1974)

Major: Business Management

Study Area: Accounting, Federal Income Taxation

John F. McCarthy (Continued)

**PROFESSIONAL
EXPERIENCE:**

1983-Present MINCO Corporation, North Andover, MA

Senior Vice President/CEO. Director of Commercial Appraisal Division. Performing Narrative Appraisals and Appraisal Review of Residential, Commercial, Industrial, and Special Use Properties; Providing consulting services in Residential, Commercial and Industrial Real Estate.

1976-1979 Patriot Real Estate, Inc., Derry, NH & Andover, MA

Sales Manager, NH Office. Duties included Personnel management, advertising and marketing, real estate sales and property evaluation.

**OTHER
ORGANIZATIONS:**

Rebuilding Together * Greater Haverhill, Inc. (formerly Christmas in April)

Founding Member (1991), Former President, Treasurer, Member Board of Directors, past Chairman of the Board. Nationally chartered 501(c)(3) non-profit charity providing free home repair and renovations for low income home owners, especially the elderly and disabled, in the greater Haverhill, MA area.

**PROFESSIONAL
AFFILIATIONS:**

Practicing Affiliate - The Appraisal Institute: MAI Candidate
Licensed Real Estate Broker:

Commonwealth of Massachusetts:

Board of Registration of Real Estate Brokers & Salesmen
License #103094, Expiration 5/24/2026

State of New Hampshire:

New Hampshire Real Estate Commission
Licensed #64615, Expiration 11/28/2025

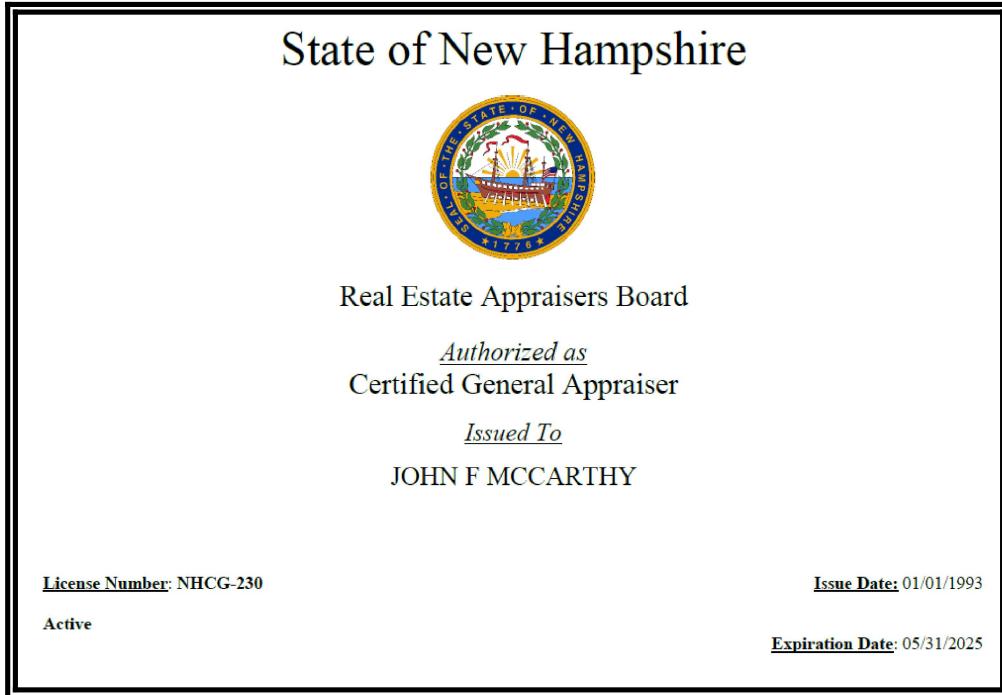
Approved Appraiser: U.S. Dept. of Housing and Urban Development (HUD)
Expert Witness: Strafford County (NH) Superior Court

Rockingham County (NH) Superior Court
United States Bankruptcy Court, Worcester, MA
Lynn District Court, Lynn, MA

Member: Pentucket Kiwanis Club, Haverhill, MA

John F. McCarthy (Continued)

Current Appraisal
Licenses:



SUBJECT PROPERTY DEED

See Plan
Rec. B.
5859
Pg. 810

BK5849 PG560

MASSACHUSETTS QUITCLAIM DEED (INDIVIDUAL, LONG FORM) 668

KNOW ALL MEN BY THESE PRESENTS, that we, Benjamin K. Richardson, Hazen M. Richardson and Anne H. Richardson, Trustees of The Richardson Trust under a Declaration of Trust dated September 30, 1964 recorded in Essex South District Registry of Deeds Book 5211, Page 214

Massachusetts, Middleton, South Main Street, Town Hall.

all of Middleton Essex County, Massachusetts,
being ~~summed~~, for consideration paid, grant to (in the sum of \$20,000.00) grant to
the Inhabitants of the Town of Middleton, a body corporate in the County
of Essex

with quitclaim covenants
the land in said Middleton on the northerly side of North Main Street, bounded
(Description and encumbrances, if any)

Beginning at an iron pipe on the Northerly side of North Main Street and land now or formerly of Nellie J. Muzichuk and thence running NORTH $40^{\circ} 80' 00''$ East by land of said Nellie J. Muzichuk and The Richardson Trust two hundred fifty-seven and $40/100$ (257.40') feet to an iron pipe; thence turning and running SOUTH $52^{\circ} 22' 00''$ East by land of The Richardson Trust one hundred sixty-three and $77/100$ (163.77') feet to an iron pipe; thence turning and running SOUTH $37^{\circ} 38' 00''$ West by land of The Richardson Trust two hundred fifty-seven and $17/100$ (257.17') to North Main Street; thence turning and running NORTH $52^{\circ} 22' 00''$ West by North Main Street one hundred seventy-five (175') feet to land of said Nellie J. Muzichuk and the point begun at.

228 of 230

Containing 43,560 square feet as shown on "Plan of Land Located in Middleton, Mass. owned by Richardson Trust Scale 1" equals 40' Oct. 15, 1971 John A. Goodwin, Surveyor, Middleton, Mass."; said plan to be recorded herewith.

If there is any discrepancy between the metes and bounds in this deed and those shown on the said plan, those shown on the said plan will control.



BK 5849 PG 561

~~husband~~
~~wife~~ of said grantor.

release to said grantee all rights of ~~tenancy by the entirety~~
~~dower and homestead~~ and other interests therein.

Witness our hand & and seals this first day of February 1972.

Benjamin K. Richardson
Hazel M. Richardson
Alma H. Richardson

The Commonwealth of Massachusetts

Essex, ss.

February 1, 1972

Then personally appeared the above named Benjamin K. Richardson, in his capacity as Trustee of The Richardson Trust

and acknowledged the foregoing instrument to be his *free act and deed* before me

Notary Public - Justice of the Peace

My commission expires *Sept 4, 1974*

Essex ss. Recorded Mar. 14, 1972. 34 m. past 2 P.M. #196

FLOOD MAP

National Flood Hazard Layer FIRMette



Legend

SEE FIR REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE)
Zone A, B, C, D, E, F, G, H, I, J, K
- With BFE or Depth Zone A, B, C, D, E, F, G, H, I, J, K
- Regulatory Floodway

- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X

- Future Conditions 1% Annual Chance Flood Hazard Zone X

- Area with Reduced Flood Risk due to Levee. See Notes. Zone X

- Area with Flood Risk due to Levee Zone D

- NO SCREEN Area of Minimal Flood Hazard Zone X

- Effective LOMRs

- Area of Undetermined Flood Hazard Zone B

- GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer

- Levee, Dike, or Floodwall

- 20.2 Cross Sections with 1% Annual Chance
- 17.5 Water Surface Elevation

- Coastal Transect

- Base Flood Elevation Line (BFE)

- Limit of Study

- Jurisdiction Boundary

- Coastal Transect Baseline

- Profile Baseline

- Hydrographic Feature

OTHER FEATURES

- Digital Data Available

- No Digital Data Available

- Unmapped

MAP PANELS



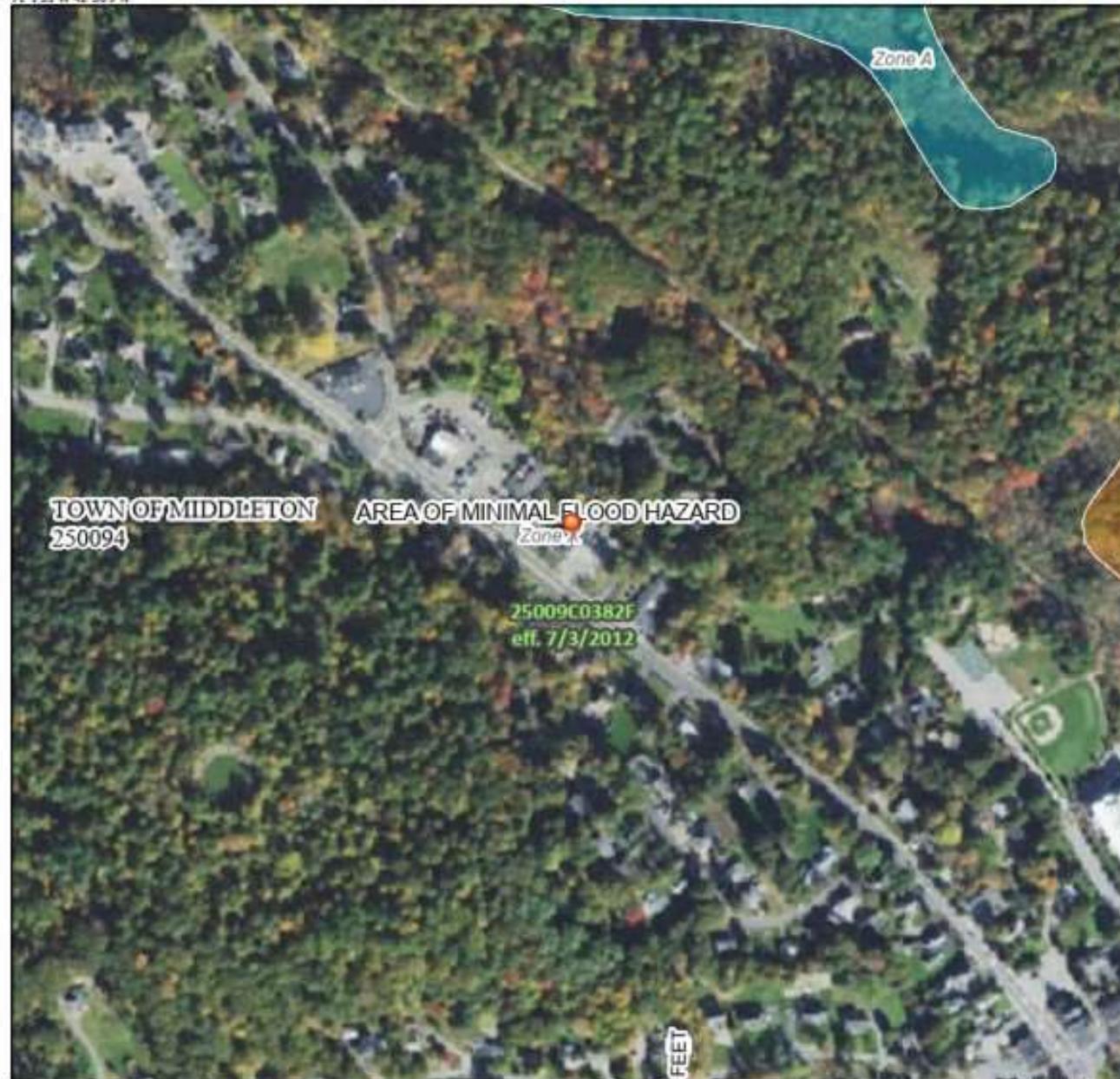
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 4/10/2025 at 1:26 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

71°1'33"W 42°36'9"N



0 250 500

1,000

1,500

2,000

FEET

1:6,000

71°0'55"W 42°35'42"N

Basemap Imagery Source: USGS National Map 2023