



VALUATION SERVICES, INC.

**3715 Northside Parkway
200 Northcreek, Suite 550
Atlanta, Georgia 30327**

**A PROPERTY VALUE STUDY FOR
TELECOMMUNICATION STRUCTURES IN
Cobb County, Georgia
GVS File No. 10-5123B**

**Prepared for:
Sue Curtis
T-Mobile, Real Estate and Zoning Manager
Four Concourse Parkway
Suite 300
Atlanta, Georgia 30328**



Bradley R. Carter, MAI, CRE, CCIM
Harris B. Simpson, MAI, CRE
Matthew H. Jackson

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February 22, 2010

Ms. Sue Curtis
T-Mobile, Real Estate and Zoning Manager
Four Concourse Parkway, Suite 300
Atlanta, Georgia 30328

Regarding: Property Value Study for Telecommunication Structures in Cobb County, Georgia.

Dear Ms. Curtis:

At your request, we have undertaken a study to determine whether telecommunication structures typically affect the values of surrounding or nearby properties. Based on our research, it is our professional opinion that telecommunication structures have no discernable negative impact on the values, marketability or the rates of appreciation of properties in the surrounding area. Our research and findings are set forth below.

Telecommunication structures are typically used for wireless telephone transmissions and are typically 120 to 300 feet tall. Although they are located in a variety of settings, they have often been situated alongside interstates or primary traffic corridors, adjoining commercial developments or in the proximity of relatively high-density land uses. This reflects the natural growth of the wireless telecommunication industry. Systems are initially designed to serve main thoroughfares and areas with high concentrations of population. Subsequently, as these systems mature they expand into less populated suburban or rural areas. Today, it is not uncommon to see telecommunication structures in residential areas. Overall, telecommunication structures have proven themselves to be an innocuous land use with no evident impact on surrounding property value and/or marketability.

In order to form an opinion as to whether these structures have an unfavorable impact on the values of surrounding property, we researched several hundred existing telecommunication towers constructed in Cobb County. Since single-family residential properties sell most often and provide the best opportunity to observe changes in property value, we generally seek to find examples of residential subdivisions located near a wireless telecommunication structure. Our theory is as follows: if wireless telecommunication structures have a detrimental effect on neighboring or nearby properties, that effect should be demonstrated by the market in the form of a lower sales price for residences in the immediate area surrounding the tower, and a higher sales price for similar residences in the same subdivision and which are not located in the immediate area surrounding the tower.

Of the towers we reviewed in Cobb County, we narrowed our search to towers in immediate proximity to newer residential subdivisions. We attempted to find examples of home sales in the following three price ranges: below \$250,000, \$250,000 to \$500,000, and over \$500,000. We

Ms. Curtis
February 22, 2010
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visited several neighborhoods with telecommunication towers and interviewed homeowners in the area. We also interviewed brokers that have recently sold homes near the comparable towers. In each of the case studies examined, we found examples of similar or higher sale prices for homes in the area immediately surrounding the respective tower.

Additionally, we attempted to find homes that sold before and after the construction of a nearby telecommunication tower. In this scenario, our theory is as follows: if wireless telecommunication structures have a detrimental effect, that effect should be demonstrated in the form of a lower sales price after the wireless structure is erected, or at least a lower degree of appreciation, all other things being equal. In each of the case studies examined, we found examples of stable or appreciating home values during the period in which the wireless structures were erected. Additionally, there appeared to be no diminutive effect on appreciation to the homes in the immediate proximity of the wireless structures.

Based on these data, it is our opinion and judgment that telecommunication structures are compatible with residential land uses and we do not believe properties located adjacent to, or near telecommunication structures suffer any measurable impact in the form of lower values or decreased marketability.

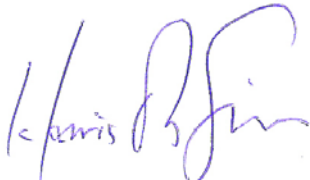
Several examples of our research are included as attachments to this letter. In each case, we found that these structures had no measurable influence on nearby property values.

The reader's attention is directed to the underlying assumptions and conditions included in the report. **Acceptance of, and/or use of, this report constitute acceptance of these conditions.**

It has been a pleasure to be of service.

Very truly yours,

Greystone Valuation Services, Inc.

A handwritten signature in blue ink, appearing to read "Harris B. Simpson".

Harris B. Simpson, MAI, CRE
Certified General Real Property Appraiser
Georgia 003144

A handwritten signature in blue ink, appearing to read "R. Lane Kaufman".

R. Lane Kaufman
State Registered Real Property Appraiser
Georgia 334881

UNDERLYING ASSUMPTIONS AND CONDITIONS

The analysis and the attached report are made subject to the following conditions and assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, plats, or drawings are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
2. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless discussed otherwise in the report. The property is considered to be free and clear of existing liens, assessments, and encumbrances, except as noted.
3. It is assumed that all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
4. The depiction of the physical condition of the improvements described herein is based on visual observation. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made.
5. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner within a reasonable length of time according to plans and specifications submitted.
6. Unless otherwise noted herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property and that the utilization of the land and improvements is within the boundaries or property lines of the property described.
7. The property is assumed to be under financially sound, competent and aggressive ownership.
8. The value estimates reported herein apply to the entire property and any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
9. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty of representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses and supply and demand.
10. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present that would impair development of the land to its maximum permitted use, or would render it more or less valuable.
11. In any assignment involving improvements, the existence of potentially hazardous material used in the construction or maintenance of buildings, such as the presence of formaldehyde foam insulation, the existence of toxic waste, and/or the existence of asbestos insulation which may or may not be present on the property, has not been considered, unless otherwise noted. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
12. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
13. We are not required to give further consultation, testimony or be in attendance in court by reason of this analysis or report, with reference to the property in question, unless arrangements have been made previously.

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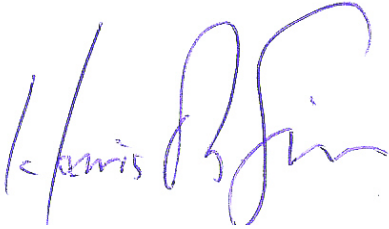
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14. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the prior written consent and approval of the author; this limitation pertains to any valuation conclusions, the identity of the analyst or the firm, and any reference to the Appraisal Institute or to the designations thereof.
16. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all conclusions and/or estimates of value.
17. This report is null and void if used in any connection with a real estate syndicate or syndication, defined as a general or limited partnership, joint venture, unincorporated association or similar organization formed for or engaged in investment or gain from an interest in real property, including but not limited to a sale, exchange, trade, development, or lease of property on behalf of others, or which is required to be registered with the U.S. Securities and Exchange Commission or any Federal or State Agency which regulates investments made as a public offering.
18. The American Disabilities Act of 1990 (ADA) went into effect in January 1992. We are not legal experts with regard to the ADA requirements. Neither the client nor property owner informed us of any impending improvements planned to meet the ADA requirement. Should improvements become necessary, the cost of such improvements would need to be deducted from our final market value estimate.
19. This appraisal report has been prepared for the exclusive benefit of T-Mobile Corporation. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at their own risk.
20. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this appraisal report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and 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 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 with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined opinion or direction in opinion that favors the cause of the client, the amount of a 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, the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one provided significant professional assistance to the persons signing this report.
- As of the date of this report, Harris B. Simpson has completed the requirements of the continuing education program of the Appraisal Institute.



Harris B. Simpson, MAI, CRE
Certified General Real Property Appraiser
Georgia 003144



R. Lane Kaufman
State Registered Real Property Appraiser
Georgia 334881

February 22, 2010

Date

February 22, 2010

Date

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HARRIS “BO” SIMPSON, MAI, CRE

PROFESSIONAL EXPERIENCE

- Principal, Greystone Valuation Services, Inc. (May 2003 – Present)
- Associated with LandAmerica, real estate appraisers and consultants, Atlanta, Georgia (May 2001 to June 2003) (Acquired Curry/Carter & Associates, Inc.)
- Associated with Curry/Carter & Associates, Inc., Real Estate Appraisers and Consultants, Atlanta, Georgia (March 1989 to April 2001)
- Self-Employed as a freelance residential and office renovator from January 1986 to December 1988
- Associated with Dozier Properties, Residential Home Builders, Norcross, Georgia, July 1982 to January 1986

CERTIFICATIONS AND LICENSING

- Certified General Real Property Appraiser, State of Georgia, Certificate No. 003144

PROFESSIONAL ASSOCIATION

- Appraisal Institute, MAI, Member Certificate No. 11924
- CRE, The Counselors of Real Estate, Certificate No. 3205

ACADEMIC BACKGROUND

- Graduate of The Baylor School, Chattanooga, Tennessee
- Bachelor of Business Administration, Georgia State University, Atlanta, Georgia. Major, Real Estate and Urban Affairs

COURSES AND SEMINARS

Successfully challenged the following examinations offered by the American Institute of Real Estate Appraisers:

- 1A-1 Real Estate Appraisal Principles
- 1A-2 Basic Valuation Procedures
- 1B-A Capitalization Theory & Techniques, Part A
- 1B-B Capitalization Theory & Techniques, Part B

Successfully attended and passed the following courses offered by the American Institute of Real Estate Appraisers

- 2-1 Case Studies in Real Estate Valuation
- 2-2 Report Writing.
- 2-3 Standards of Professional Practice

TYPES OF PROPERTIES APPRAISED

- Numerous appraisals and/or consultations involving the following types of properties: single and multifamily residential; commercial and industrial properties, including office, medical office, office/warehouse, office condominium, shopping center, restaurant, hotel/motel, vet clinic, dry cleaner, golf and country club, subdivision development, rural land, timber land, service station, church and special use/alternate use/conversion projects including loft-style office, apartment and condominium uses; telecommunication structures
- Special assignments including rezoning, highest and best use, feasibility and marketability studies. Qualified as expert witness in Cobb County Superior Court, DeKalb County Superior Court, Fulton County Superior Court and Federal Court in Maryland

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R. LANE KAUFMAN

PROFESSIONAL EXPERIENCE

- Associated with, Greystone Valuation Services, Inc. (April 2008 – Present)
- Experience as Vice President with Wall Street Capital Funding (February 2007 to February 2008)
- Experience as Mortgage Broker with American Equity Mortgage (January 2004 to January 2007)
- Experience as Registered Securities Representative and Financial Advisor with American Express Financial Advisors and Met Life (February 2002 – December 2004)
- Experience as Area Manager with OneSource and Central Parking System (1992 to 2002)

CERTIFICATION AND LICENSING

State Registered Real Property Appraiser, State of Georgia, Certificate No. 334881

PROFESSIONAL ASSOCIATION

Associate Member of the Appraisal Institute

ACADEMIC BACKGROUND

Graduate of University of Tennessee, Knoxville, B.A. in Psychology, 1995

COURSES AND SEMINARS

Successfully completed the following Appraisal Institute courses:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- 15-Hour National USPAP Course
- Residential Report Writing and case Studies

TYPES OF PROPERTIES APPRAISED

Assisted in appraisals involving the following types of properties: commercial and industrial properties including restaurants, shopping centers, storefront and freestanding retail, warehouses, office buildings/condominiums, auto sales/repair, convenience stores, religious service properties, single-family subdivisions, town-home developments, high-rise condominium buildings, mixed-use projects and vacant land.

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EXHIBIT A

PHOTOGRAPHS AND EXHIBIT OF EXISTING
TELECOMMUNICATION STRUCTURE
IN HAYS FARM SUBDIVISION, COBB COUNTY

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LOCATON TOWER A	TOWER A DATA	SUBDIVISION
299 Mount Calvary Road Marietta, Cobb County Latitude: 33.9464 Longitude: -84.6081	159.8' Monopole January 2000 Owner: Verizon Wireless	Hays Farm Construction: 2006-2007
LOCATON TOWER B	TOWER B DATA	SUBDIVISION
287 Mount Calvary Road Marietta, Cobb County Latitude: 33.948 Longitude: -84.609	182.1' Monopole July 1998 Owner: Nextel Communications	Hays Farm Construction: 2006-2007



The telecommunication tower "A" is in the common area of the Hays Farm subdivision, on the west side of the main neighborhood roadway, Battlefield Creek Drive. Tower "B" is approximately 50 feet west of the rear property boundary of 321 Battlefield Creek Drive. It is at the rear of a property owned by and improved with Mount Calvary Church.

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Both towers were constructed prior to the subdivision. A tax plat map is presented in the following exhibit with the towers highlighted green. The home sales selected for our analysis in close proximity to the towers are highlighted in blue. The home sales selected that are not in close proximity to the towers, and do not have a clear view of either tower are highlighted in yellow.



Historic home sales nearest to the telecommunication towers exhibit sale prices similar to that of other homes within the subdivision. Sales are profiled in the following exhibit.

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GROUP A: Homes Sold in Close Proximity to Tower					
	<u>Date of Sale</u>	<u>Address</u>	<u>Sale Price</u>	<u>Unit SF</u>	<u>Price/SF</u>
1	Jan-07	312 Battlefield Creek Drive	\$690,000	3,890	\$177.38
2	Jan-07	316 Battlefield Creek Drive	\$749,000	4,721	\$158.65
3	Jul-06	324 Battlefield Creek Drive	\$679,900	4,440	\$153.13
4	May-07	321 Battlefield Creek Drive	\$560,000	4,367	\$128.23
5	Jun-07	325 Battlefield Creek Drive	\$515,000	3,566	\$144.42
6	Feb-07	329 Battlefield Creek Drive	\$600,000	3,914	\$153.30
Average				4,150	\$152.52
GROUP B: Homes Sold, not in Close Proximity to Tower					
7	Mar-07	367 Battlefield Creek Drive	\$719,546	4,590	\$156.76
8	Jun-06	238 Meadow Path Drive	\$644,900	4,642	\$138.93
9	Apr-06	242 Meadow Path Drive	\$693,007	4,520	\$153.32
10	Mar-06	278 Meadow Path Drive	\$699,422	4,926	\$141.99
11	Jul-06	282 Meadow Path Drive	\$668,500	4,910	\$136.15
Average				4,718	\$145.43

We interviewed current homeowners in the immediate area surrounding the tower. Of thirteen homes in close proximity to the towers, only one resident was available for comment at the time of our observation. No homes in close proximity to the towers have sold in the last two years; therefore, no broker interviews were made. We spoke with Ms. Victoria Fowler, the owner of 312 Battlefield Creek Drive. This address is directly across the street from tower "A". Ms. Fowler is a real estate broker and indicated that the towers had no affect on the purchase price of her home, and was confident that it did not impact the sale price of any new homes in the subdivision.



Typical View



Typical View

Overall, the data indicates that the telecommunication towers have no impact on sale prices or marketability.

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EXHIBIT B

PHOTOGRAPHS AND EXHIBIT OF EXISTING
TELECOMMUNICATION STRUCTURE IN
LOST MOUNTAIN TRAILS SUBDIVISION, COBB COUNTY

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LOCATON	TOWER DATA	SUBDIVISION
~2000 Lost Mountain Road Powder Springs, Cobb County Latitude: 33.904 Longitude: -84.676	172' Monopole October 2002 Owner: Verizon Wireless	Lost Mountain Trails Construction: 2006-2007



This telecommunication tower is in the Lost Mountain Trails subdivision, and was constructed prior to the subdivision. A tax plat map is presented in the following exhibit with the tower highlighted green. The home sales selected for our analysis in close proximity to the tower are highlighted in blue. The home sales selected that are not in

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close proximity to the tower, and do not have a clear view of the tower are highlighted in yellow.



Historic home sales nearest to the telecommunication tower exhibit sale prices similar or somewhat higher than other homes within the subdivision. Sales are profiled in the following exhibit.

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GROUP A: Homes Sold in Close Proximity to Tower					
	<u>Date of Sale</u>	<u>Address</u>	<u>Sale Price</u>	<u>Unit SF</u>	<u>Price/SF</u>
1	Sep-06	4255 Thayer Drive	\$450,600	3,309	\$136.17
2	Dec-06	4185 Thayer Drive	\$407,600	2,796	\$145.78
3	Feb-07	4225 Thayer Drive	\$428,900	3,683	\$116.45
4	Jul-07	4240 Thayer Drive	\$475,294	3,362	\$141.37
	Average			3,288	\$134.95
GROUP B: Homes Sold, not in Close Proximity to Tower					
5	Feb-06	1995 Augustine Trace	\$405,000	3,419	\$118.46
6	May-06	4305 Thayer Drive	\$409,600	3,310	\$123.75
7	Sep-06	2000 Augustine Trace	\$372,000	2,788	\$133.43
8	Nov-06	2010 Augustine Trace	\$358,900	2,735	\$131.22
	Average			3,063	\$126.71

We interviewed current homeowners in the immediate area surrounding the tower. No homes in close proximity to the tower have sold in the last two years; therefore, no broker interviews were made. These conversations indicated that the tower was not a consideration (positive or negative) in the purchase of the home. We cite the following information based on our interviews with market participants.

- The owners of 4185 and 4190 Thayer Drive both stated that the tower did not affect the negotiations of the purchases of the homes.
- The home at 4230 Thayer Drive is on the opposite side of Thayer Drive as the tower and two parcels west of the tower. The owner of this home stated that the tower was not considered or discussed during the sales process. This photograph was taken from the front porch at 4230 Thayer Drive.





Typical View



Typical View

Overall, the data indicates that the telecommunication towers have no impact on sale prices or marketability.

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EXHIBIT C

PHOTOGRAPHS AND EXHIBIT OF EXISTING
TELECOMMUNICATION STRUCTURE IN
VINEYARD PLACE SUBDIVISION, COBB COUNTY

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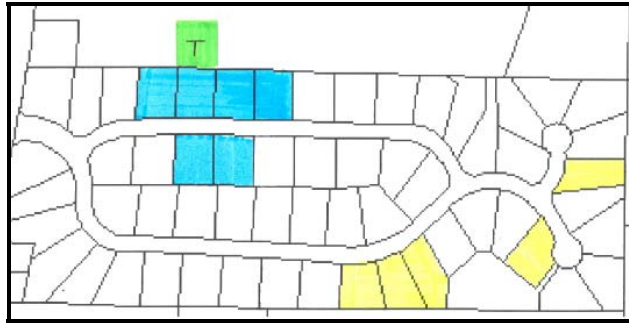
LOCATON	TOWER DATA	SUBDIVISION
2540 John Petree Road Powder Springs, Cobb County Latitude: 33.8950 Longitude: -84.6497	258' Lattice Tower August 1988 Owner: AT&T Mobility	Vineyard Place Construction: 2003-2004



This telecommunication tower is adjacent to the east of Vineyard Place subdivision, and was constructed prior to the subdivision. A tax plat map is presented in the following exhibit with the tower highlighted green. The home sales selected for our analysis in close proximity to the tower are highlighted in blue. The home sales selected that are not in close proximity to the tower, and do not have a clear view of the tower are highlighted in yellow.

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Historic home sales nearest to the telecommunication tower exhibit sale prices similar to that of other homes within the subdivision. Sales are profiled in the following exhibit.

GROUP A: Homes Sold in Close Proximity to Tower					
	<u>Date of Sale</u>	<u>Address</u>	<u>Sale Price</u>	<u>Unit SF</u>	<u>Price/SF</u>
1	Jul-03	2408 St Feagin Place	\$276,400	3,025	\$91.37
2	Sep-03	2406 St Feagin Place	\$276,900	3,203	\$86.45
3	Feb-04	2405 St Feagin Place	\$278,000	3,014	\$92.24
4	Mar-04	2411 St Feagin Place	\$299,900	3,502	\$85.64
5	May-04	2409 St Feagin Place	\$302,900	3,546	\$85.42
6	Nov-04	2407 St Feagin Place	\$307,300	3,417	\$89.93
Average					\$88.51
GROUP B: Homes Sold, not in Close Proximity to Tower					
7	Oct-03	3305 Fitzner Court	\$273,000	2,990	\$91.30
8	Jan-04	2372 Scotney Castle Lane	\$300,600	3,436	\$87.49
9	Feb-04	2374 Scotney Castle Lane	\$305,000	3,433	\$88.84
10	Jul-04	2376 Scotney Castle Lane	\$291,900	3,205	\$91.08
11	Jul-04	2384 Scotney Castle Lane	\$308,300	3,608	\$85.45
Average					\$88.83

We interviewed current homeowners in the immediate area surrounding the tower. No homes in close proximity to the tower has sold in the last two years; therefore, no broker interviews were made. These conversations indicated that the tower was not a consideration in the purchase of the home. We cite the following information based on our interviews with market participants.

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- The residence at 2404 St Feagin Place is across the street from the tower. Mr. Jonah Odekhiran, the owner of 2404 St Feagin Place, stated that the tower did not influence the purchase price of his home. He added that he has had his home appraised twice since he purchased the home, and that the tower had no impact on the appraised value of his home.
- The owner of 2403 St Feagin Place stated that she did not notice the tower when she purchased her home.
- Ms. Christine Newhouse, the owner of 2402 St Feagin Place, stated that the tower did not affect the purchase price of her home. The photograph to the right was taken from the front of her home. It includes a view of the tower and 2403 St Feagin Place on the left and 2405 St Feagin Place on the right.
- The owner of the residence at 2409, depicted on the right side in this photograph, stated that the tower did not affect the purchase price of her home.



Typical views of the tower within the subdivision are presented in the following exhibit.

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Overall, the data indicates that the telecommunication towers have no impact on sale prices or marketability.

GLOSSARY

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Absorption: The net effect of activity, which self corrects for lateral movement, renewals and change of space size. Activity is defined as the gross number of square feet on signed leases, which includes movement from space to space and expansions.

Arm's-Length Transaction: A transaction arrived at in the open market by unrelated parties under no duress.

Assessed Value: The value of a property according to tax rolls in ad valorem taxation. May be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Bondable Lease: A bondable lease is the highest quality absolute net lease. In this lease structure, a bond rated credit tenant is required to pay all expenses related to the subject property. Additionally, it is the intent of such a lease that the obligations of the tenant (rent payments, etc.) are not to be interrupted for any reason including any damage or destruction of the leased premises or condemnation. This type of lease results in the least risk to the landlord.

Bulk Warehouse Space: Industrial properties that have less than 10 percent office space, dock high doors, bay depths of 190' and up, and ceiling heights of 24' or greater. These facilities are typically used for bulk storage, heavy manufacturing, or as large industrial plants.

Capital Expenditure: Investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.²

Cash Equivalency Analysis: The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.³

Condominium: A condominium is a multiunit structure or property in which persons hold fee simple title to individual units and an undivided interest in common areas.

Condominium Interest: A condominium interest is defined as a form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property, where the division is vertical as well as horizontal; fee ownership of units in a multiunit property with joint ownership of common areas.

Cost Approach: This approach is based on the premise that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. The analysis involves estimating the current cost (including both direct and indirect costs) to construct a replacement for the existing structure and related site improvements, deducting for evidence of accrued depreciation, and adding the estimated land value.

Deferred Maintenance: Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past.⁴

Disposition Value: The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- (1) Consummation of a sale will occur within a limited future marketing period specified by the client.
- (2) The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- (3) The buyer and seller is each acting prudently and knowledgeably.
- (4) The seller is under compulsion to sell.
- (5) The buyer is typically motivated.
- (6) Both parties are acting in what they consider their best interests.
- (7) An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- (8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- (9) 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.

Distribution Space: Industrial properties that have less than 50 percent office space, dock high doors, and ceiling heights of 17' or greater.

Economic Life: The period of time over which improvements to real estate contribute to property value.⁵

Effective Date of the Appraisal: The date at which the value opinion in an appraisal applies, which may or may not be the date of observation; the date of the market conditions that provide the context for the value opinion.⁶

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.⁸

Effective Rent: 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.⁷ 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparable properties.

Exposure (Time): The time a property remains on the market; 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 the appraisal; a retrospective estimate based upon an analysis of past events assuming a

¹ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 22.

² *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 51.

³ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 47.

⁴ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 92.

⁵ *The Appraisal of Real Estate*, 10th ed. (Chicago: Appraisal Institute, 1992), p. 344.

⁶ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2003 Edition), p. 222.

⁷ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 113.

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competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.⁸

Extraordinary Assumptions: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinion or conclusions.⁹

Fair Value Defined: "Fair Value" is the cash price that might reasonably be anticipated in a current sale under all conditions requisite for a fair sale. A fair sale means that buyer and seller are each acting prudently, knowledgeably, and under no necessity to buy or sell, other than in a forced or liquidation sale. The appraiser should estimate the cash price that might be received upon exposure to the open market for a reasonable time, considering the property type and local market conditions. When a current sale is unlikely, i.e., when it is unlikely that the sale can be completed within 12 months, the appraiser must discount all cash flows generated by the property to obtain the estimate for fair value. The cash flows include, but are not limited to, those arising from ownership, development, operation, and sale of property. The discount applied shall reflect the appraisers' judgement of what a prudent, knowledgeable purchaser under no necessity to buy would be willing to pay to purchase the property in a current sale.

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.¹⁰

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called building-to-land ratio.⁷

Going Concern Value: Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.¹

Gross Building Area (GBA): The sum of all areas at each floor as measured to the exterior walls.

Gross Lease: A lease in which the landlord pays taxes, insurance, and common area maintenance.

Highest and Best Use: 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.¹¹

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis.¹²

Income Capitalization Approach: This approach derives a value indication for income-producing property by converting anticipated monetary benefits into a property value. This conversion is typically accomplished in two ways: A direct capitalization analysis where one year's income expectancy or an annual average of several years' income expectancies may be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, a discounted cash flow analysis where the annual cash flows for the holding period and the reversion may be discounted at a specified yield rate.

Insurable Value: Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.¹³

Intended Use: The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.¹⁴

Intended User: The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communications with the client at the time of the assignment.¹⁵

Internal Rate of Return ("IRR"): The yield rate to the ownership position realized over the term of an investment.

Investment Value: Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.¹⁶

¹¹ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute), p. 171.

¹² "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 3.

¹³ *The Appraisal of Real Estate*, 10th ed. (Chicago: Appraisal Institute, 1992), p. 27.

¹⁴ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 3.

¹⁵ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 3.

¹⁶ *The Appraisal of Real Estate*, 10th ed. (Chicago: Appraisal Institute, 1992), p. 26.

⁸ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 126.

⁹ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 3.

¹⁰ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 147.

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Leasehold Estate: The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.¹⁷

Leased Fee Estate: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.¹⁸

Liquidation Value: The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- (1) Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- (2) The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- (3) The buyer is acting prudently and knowledgeably.
- (4) The seller is under extreme compulsion to sell.
- (5) The buyer is typically motivated.
- (6) The buyer is acting in what he or she considers his or her best interest.
- (7) A limited marketing effort and time will be allowed for the completion of a sale.
- (8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- (9) 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.

Load Factor: The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100".

Market Rent: The rental income that a property would most probably command in the open market; indicated by current rates paid and asked for comparable space as of the date of the appraisal.

Market Value: 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 specific 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 own 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; and

- (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."¹⁹

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Market value "as is" on the appraisal date is an estimate of the market value of a property in the condition observed upon observation and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

Marketing Period: The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.²⁰

Modified Gross: A lease arrangement that requires the landlord to pay structural repairs and maintenance, as well as tax and insurance expenses for a base year. The tenant pays increases over that base.

Net Lease: Lease in which all or some of the operating expenses are paid directly by the tenant. In a Triple Net Lease all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A modified net lease is one in which some expenses are paid separately by the tenant and some are included in the rent.

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.²¹

Office/Service Space: Industrial properties that have more than 50 percent office space, drive-in truck doors, and ceiling heights of 16' or less.

Penetration Rate: The ratio of the actual market share of a submarket over the fair market share of a submarket.

Prospective Value: Prospective value estimates are intended to reflect the current expectations and perceptions of the market participants along with available factual data. They should be judged on the market support for the forecasts when

¹⁷ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 177.

¹⁸ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 204.

¹⁹ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 222.

²⁰ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 220.

²¹ 1990 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 1990)

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made, not whether specific items in the forecast are realized. With regard to proposed developments, two prospective value estimates may be required: as of the time the development is to be completed and as of the time the development is projected to achieve stabilized occupancy. These prospective values form a basis for investment decisions and loan underwriting.

Reasonable Exposure Time: According to the Uniform Standards of Professional Appraisal Practice, exposure time can be 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 the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market".

Reconciliation: The strengths and weaknesses of the individual approaches to value may vary based on the quality and quantity of data available in each instance. The final value conclusion is based on the appraisers' judgment with respect to the appropriateness of each approach as it applies to the property being appraised.

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.²²

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.²³

Sales Comparison Approach: This approach derives a value indication by comparing the subject property to similar properties that have recently sold, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables. Analysis of properties currently listed for sale is also useful in setting the upper limit of value. The overriding premise of this approach is that an informed purchaser would pay no more than the cost of acquiring an equally desirable substitute.

Scope of the Appraisal: Extent of the process in which data are collected, confirmed, and reported.²⁴

Self-Contained Appraisal Report: A written report prepared under Standards Rule 2-2(a) or 8-2(a).²⁵ A self-contained appraisal report fully describes the data and analyses used in the assignment. All appropriate information is contained within the report and not referenced to the appraiser's files.²⁶

Service Center Space: Synonymous with office/service space.

Summary Appraisal Report: A written report prepared under Standards Rule 2-2(b) or 8-2(b).²⁷ A summary report summarizes the data and analyses used in the assignment.²⁸

Superadequacy: An excess in the capacity or quality of a structure or structural component; determined by market standards.

Triple-Net Lease: A lease arrangement that requires the tenant to pay (or reimburse the landlord for) the majority of expenses such as non-structural repairs and maintenance, taxes, insurance, and other operating expenses.

Use Value: Use value is the value a specific property has for a specific use.²⁹ Use value is a concept based on the productivity of an economic good. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale.

²² *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 303.

²³ *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 304.

²⁴ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 322.

²⁵ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 24.

²⁶ *The Appraisal of Real Estate*, Eleventh Edition, 1996, p. 13.

²⁷ "Uniform Standards of Professional Appraisal Practice" (The Appraisal Foundation, 2004 Edition), p. 24.

²⁸ *The Appraisal of Real Estate*, Eleventh Edition, 1996, p. 13.

²⁹ *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, p. 383.

