

APPENDIX D

Industrial Submarket Report (December 2020) and a Fundamental Market Study (February 2021), as prepared by BBG, Inc.; Real Estate Property Tax Projection Report, as prepared by Cronin & Cronin Law Firm, PLLC.; and Construction Jobs Projection as provided by HK Ventures



Industrial Submarket Report

Eastern Suffolk

Long Island - NY

PREPARED BY

BBG

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Appraiser

 CoStar™

INDUSTRIAL SUBMARKET REPORT

Submarket Key Statistics	2
Leasing	3
Rent	5
Construction	6
Sales	9
Sales Past 12 Months	10
Supply & Demand Trends	12
Rent & Vacancy	14
Sale Trends	16

Overview

Eastern Suffolk Industrial

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
1.3 K	36.4 K	5.4%	4.9%

Eastern Suffolk is a midsized submarket containing around 6.4 million square feet of industrial space. Like the metro, logistics facilities account for the largest proportion of local supply, and these properties contain around 4.6 million SF. The local inventory pool is rounded out by 1.5 million SF of specialized space and 240,000 SF of flex space.

Vacancies remain unperturbed by the recent economic upheaval. In fact, the vacancy rate (5.4%) has edged slightly downward in the past four quarters. Net absorption came in at 36,000 SF over the past year, slightly above the five year average.

Rents grew at a strong clip of 4.9% over the past year. While undoubtedly a solid result, this does represent the weakest rent growth observed in Eastern Suffolk in

several years. Industrial rents in Eastern Suffolk run for about \$15.30/SF, which is moderately above the metro average. A similar pattern holds for logistics space, which at \$16.10/SF rents for more than the \$14.30/SF metro average for that subtype.

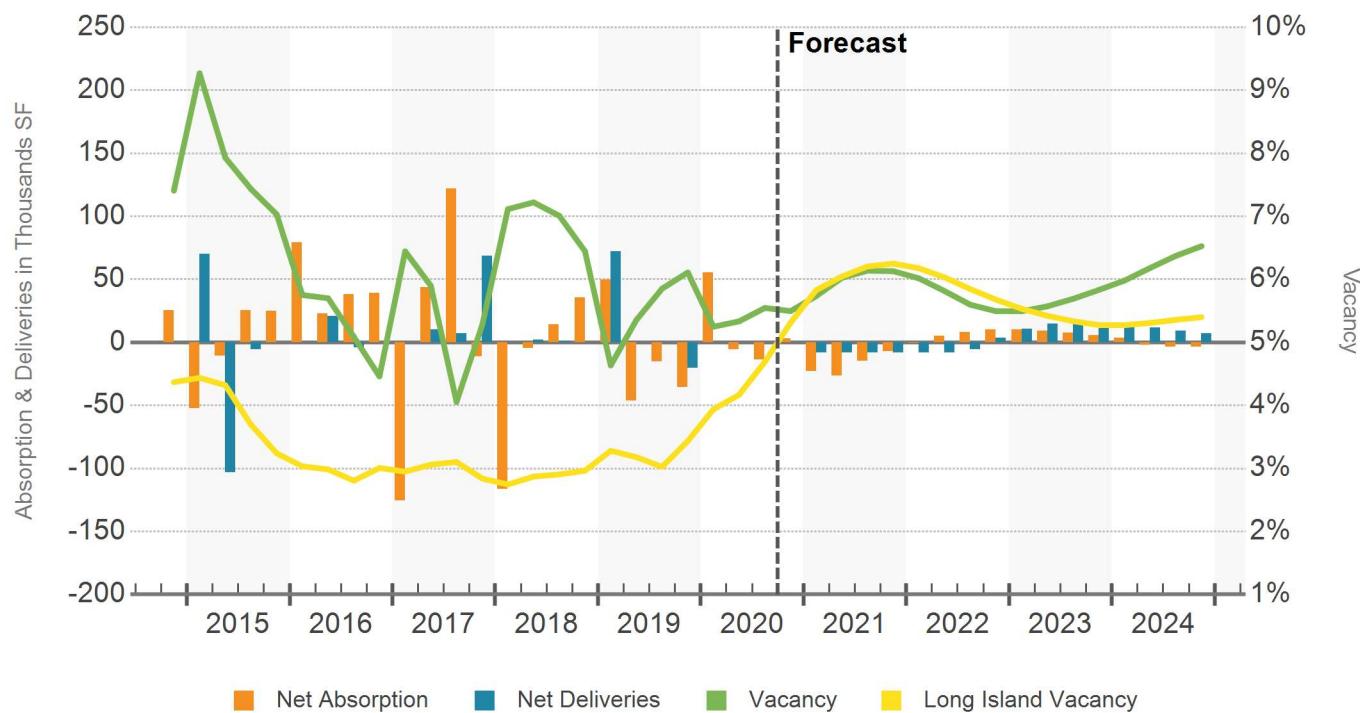
There are no supply-side pressures on vacancy or rent in the near-term, as nothing is underway. Though the pipeline is empty, the submarket has seen recent development. Roughly 68,000 square feet has delivered over the past three years, representing an inventory expansion of 1.3%.

Industrial properties have traded with regularity in recent years, though that momentum has slowed in the past year.

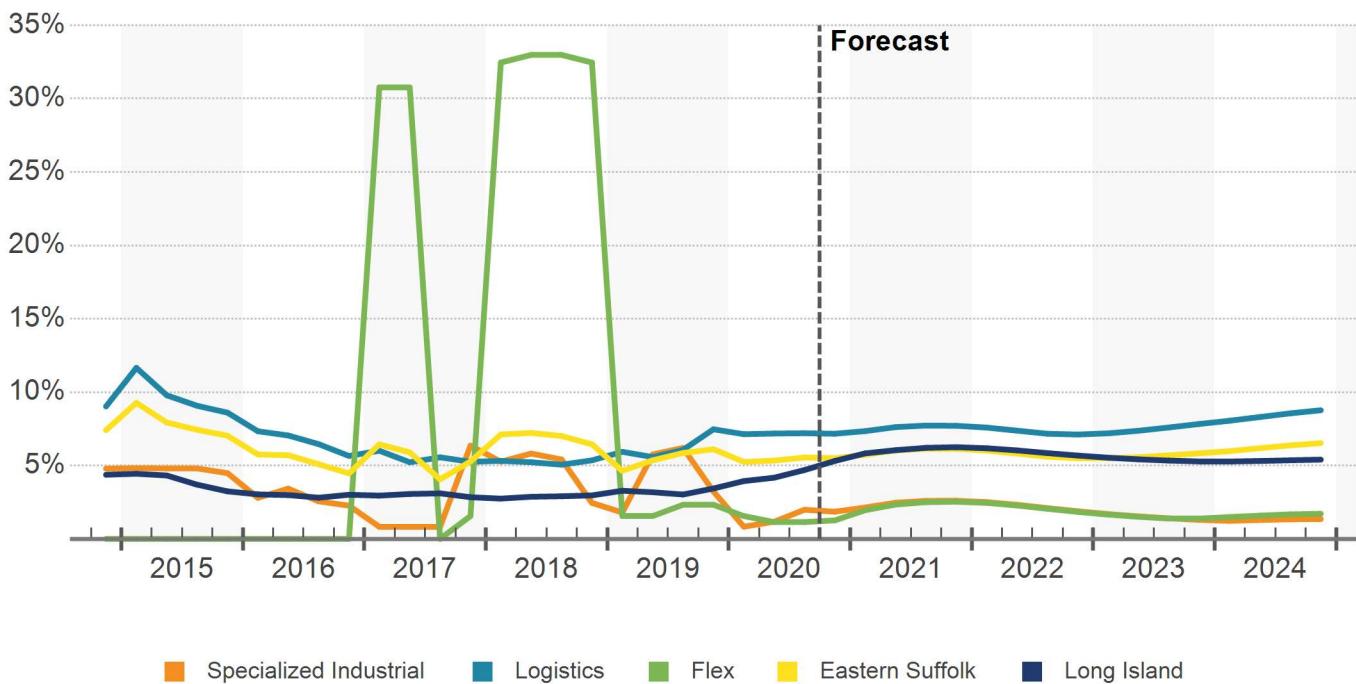
KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	4,437,984	7.3%	\$15.79	7.6%	(2,625)	0	0
Specialized Industrial	1,541,481	1.5%	\$12.64	2.3%	7,900	0	0
Flex	422,497	0.7%	\$20.01	1.0%	1,740	0	0
Submarket	6,401,962	5.4%	\$15.31	5.9%	7,015	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.6%	8.7%	6.0%	19.0%	2004 Q4	2.0%	1996 Q3
Net Absorption SF	36.4 K	38,886	(3,482)	664,125	2005 Q4	(448,511)	2004 Q4
Deliveries SF	1.3 K	67,653	39,543	312,046	2009 Q2	0	2016 Q1
Rent Growth	4.9%	3.4%	6.2%	6.9%	1999 Q2	-2.6%	2009 Q3
Sales Volume	\$12 M	\$7.7M	N/A	\$23.4M	2017 Q2	\$0	2005 Q4

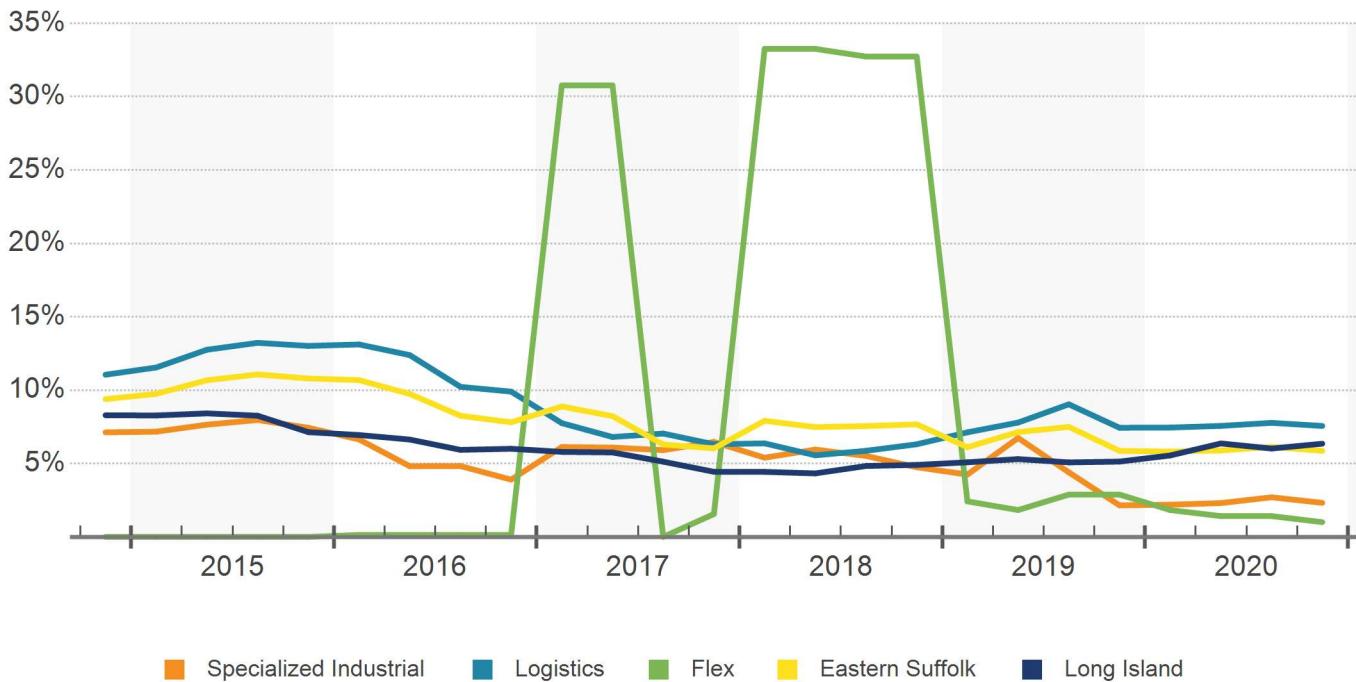
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



AVAILABILITY RATE



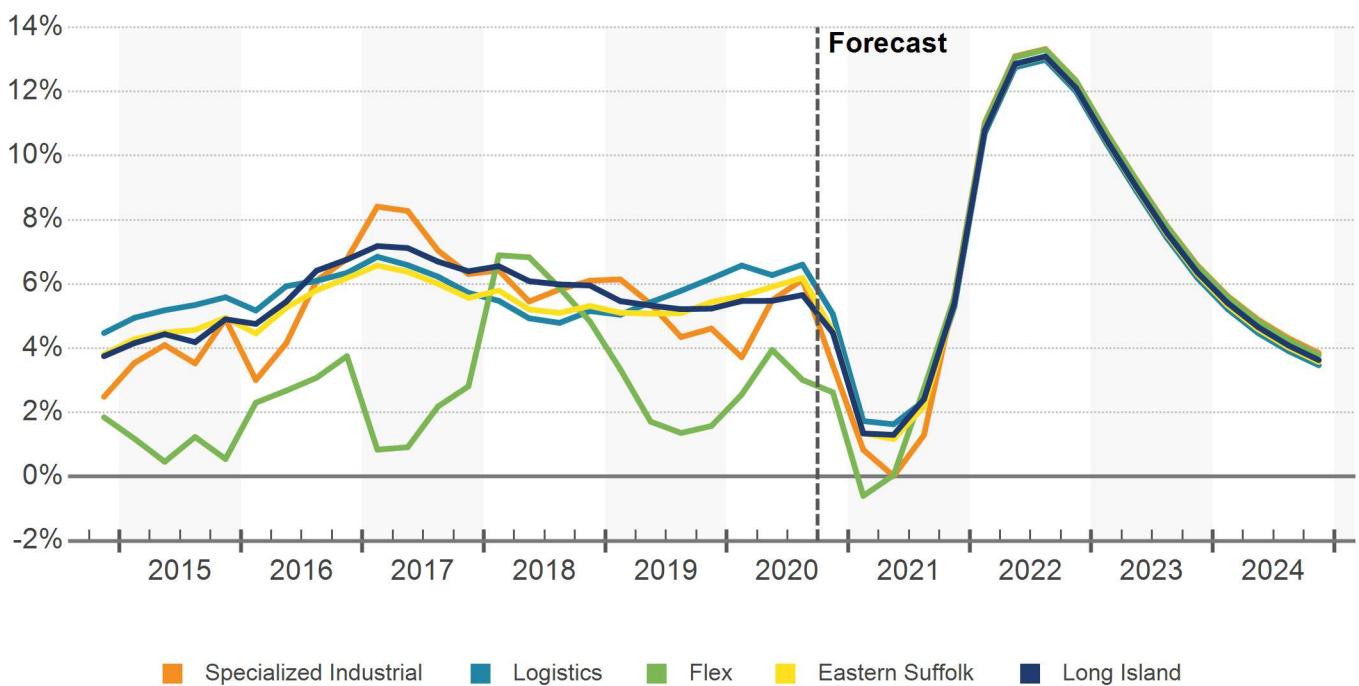
4 & 5 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
100 Precision Dr	★★★★★	130,565	1	110,658	0%	0

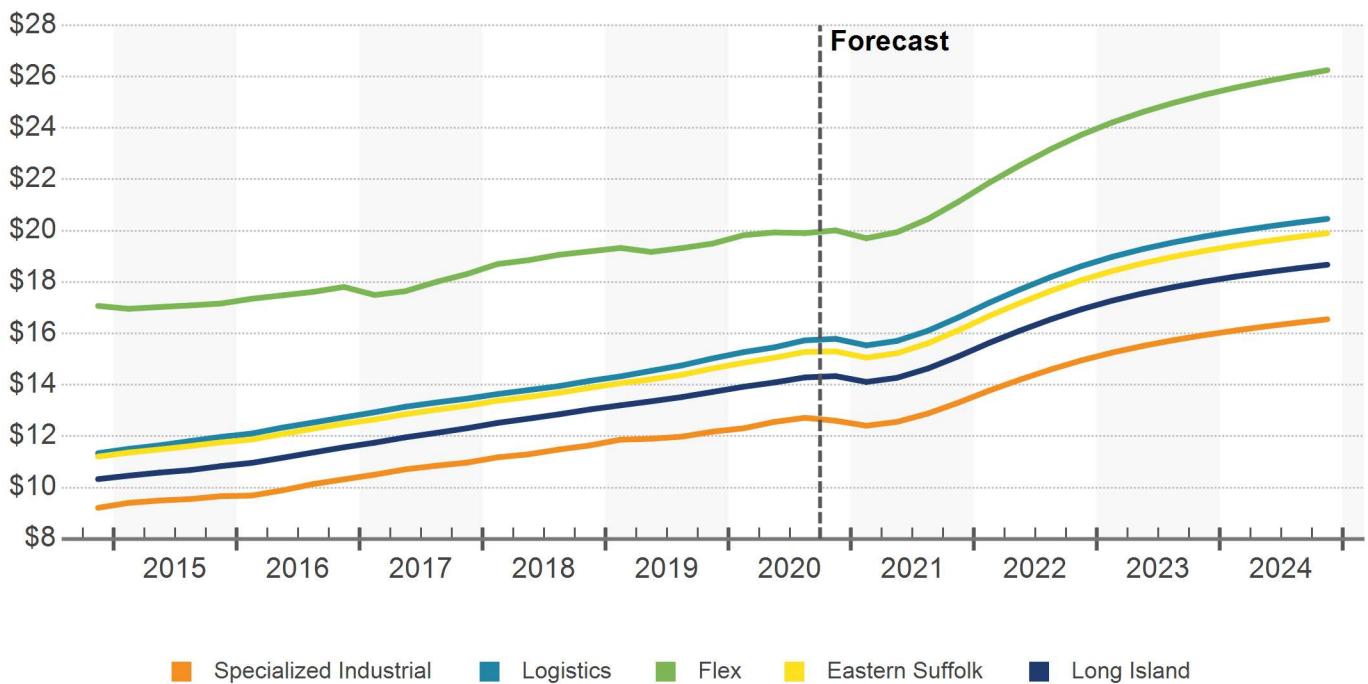
3 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
200 Rogers Way	★★★★★	68,774	2	10,177	11.9%	19,024
32 Enterprise Zone Dr	★★★★★	7,010	1	7,010	68.7%	3,655
30 Enterprise Zone Dr	★★★★★	7,200	1	7,200	61.7%	500
13650 Main Rd	★★★★★	3,200	1	3,200	0%	83
13650 Main Rd	★★★★★	2,200	1	2,200	0%	0
220 Rogers Way	★★★★★	70,000	1	4,682	6.7%	0
45 Ramsey Rd	★★★★★	81,381	1	4,000	3.2%	(2,917)

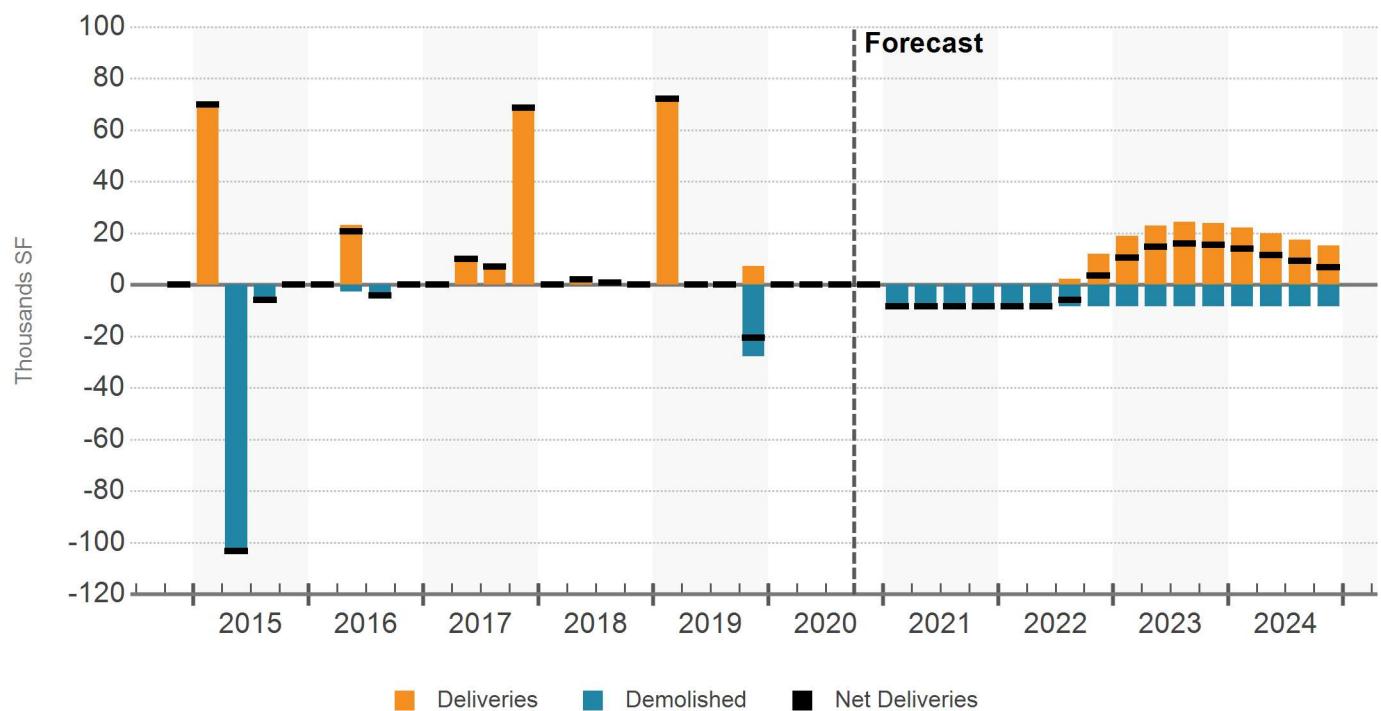
MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



DELIVERIES & DEMOLITIONS

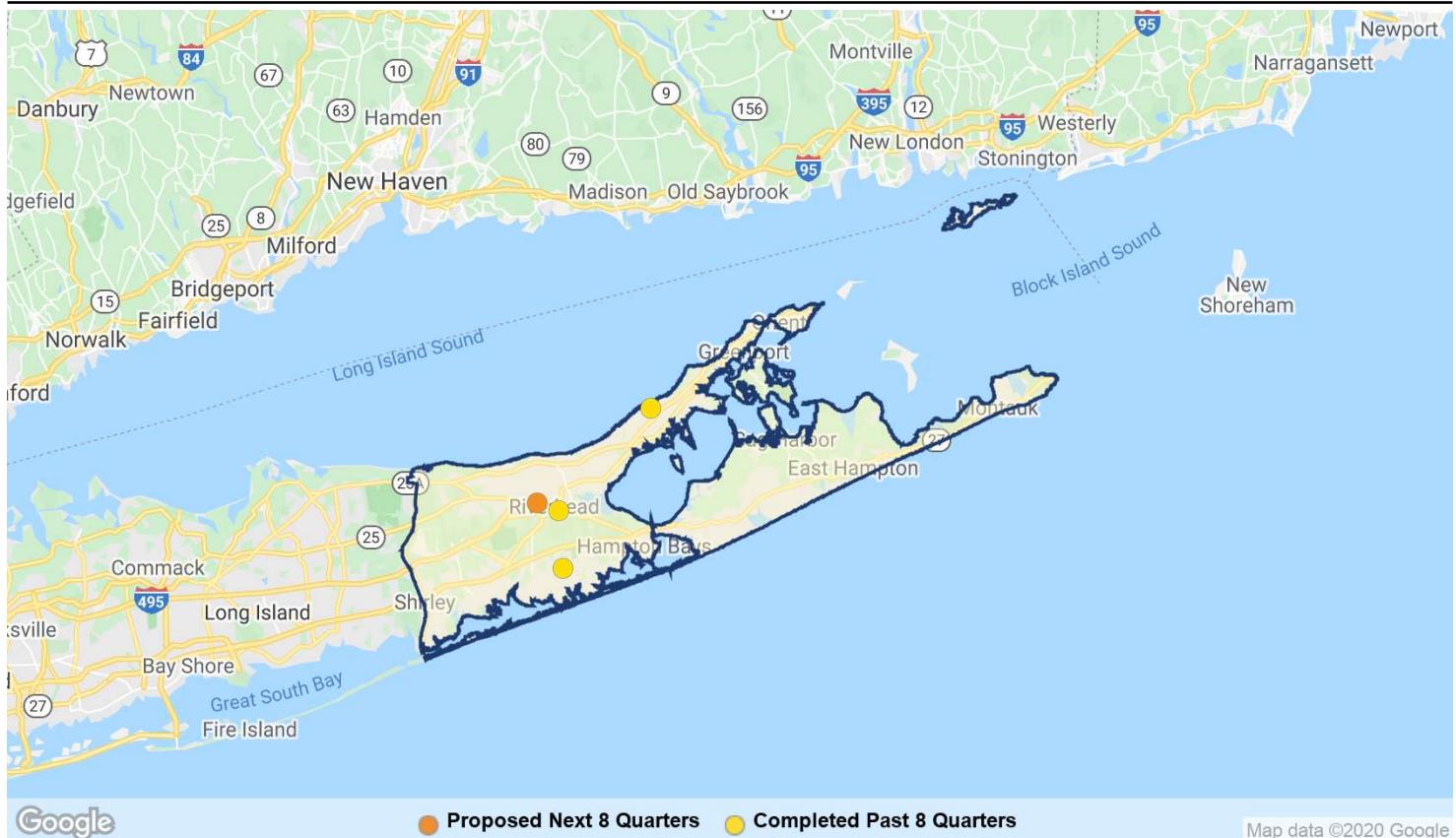


Construction

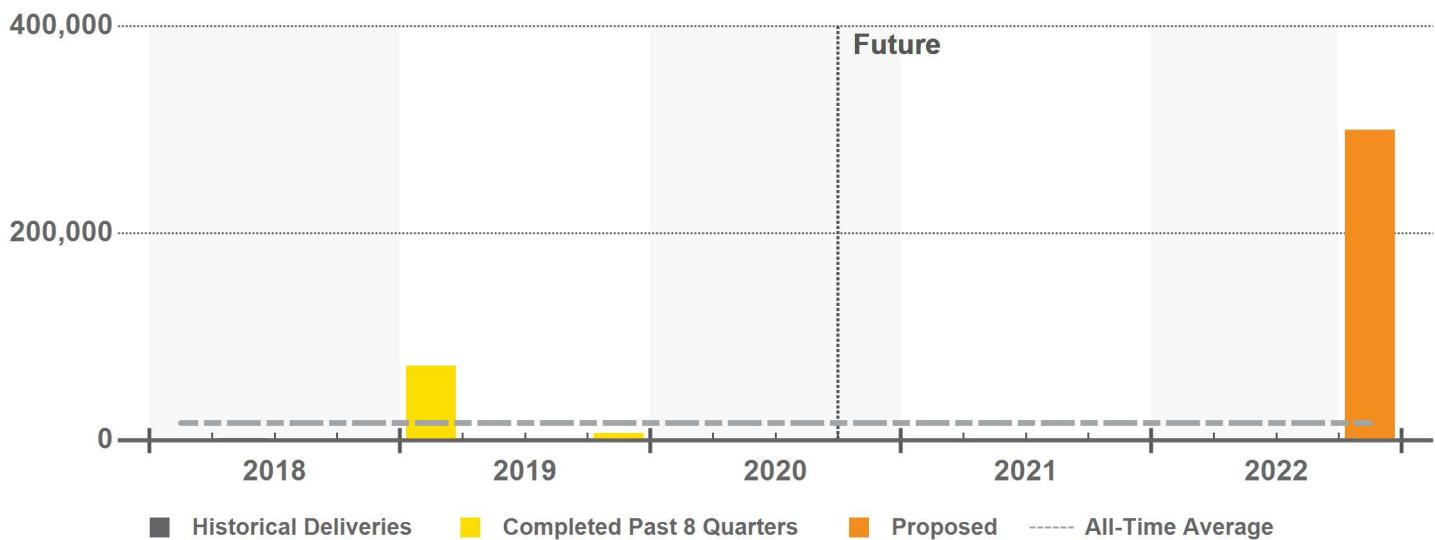
Eastern Suffolk Industrial

All-Time Annual Avg. Square Feet	Delivered Square Feet Past 8 Qtrs	Delivered Square Feet Next 8 Qtrs	Proposed Square Feet Next 8 Qtrs
68,088	79,476	0	300,000

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PAST & FUTURE DELIVERIES IN SQUARE FEET



Construction

Eastern Suffolk Industrial

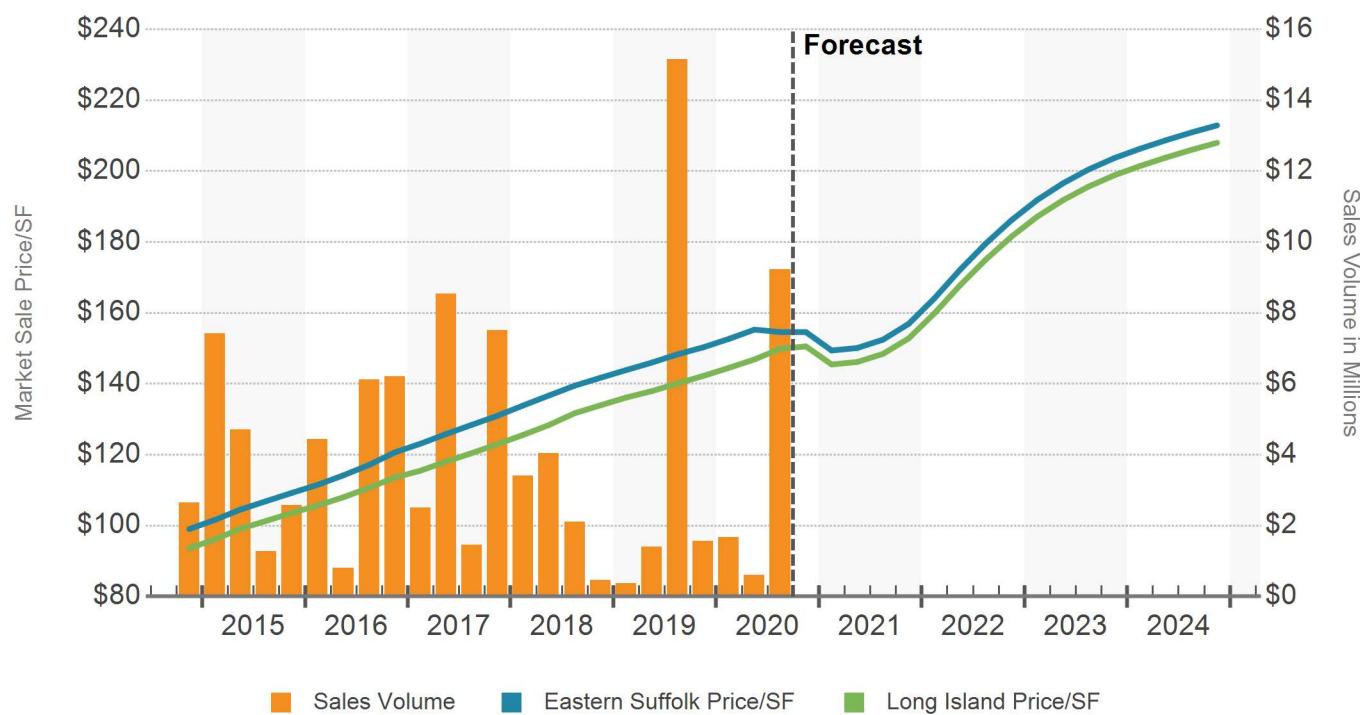
RECENT DELIVERIES

Property Name/Address		Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	30 Enterprise Zone Dr	★★★★★	7,200	1	Jun 2019	Oct 2019	- Frederick J Fragola
2	The Hampton Business... 215 Rogers Way	★★★★★	65,776	1	Mar 2018	Mar 2019	Rechler Equity Partners Rechler Equity Partners LLC
3	8595 Cox Ln	★★★★★	6,500	2	Sep 2018	Jan 2019	- F & S Llc

PROPOSED

Property Name/Address		Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	1213 Pulaski St	★★★★★	300,000	1	Dec 2020	Dec 2022	-

SALES VOLUME & MARKET SALE PRICE PER SF



Sales Past 12 Months

Eastern Suffolk Industrial

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

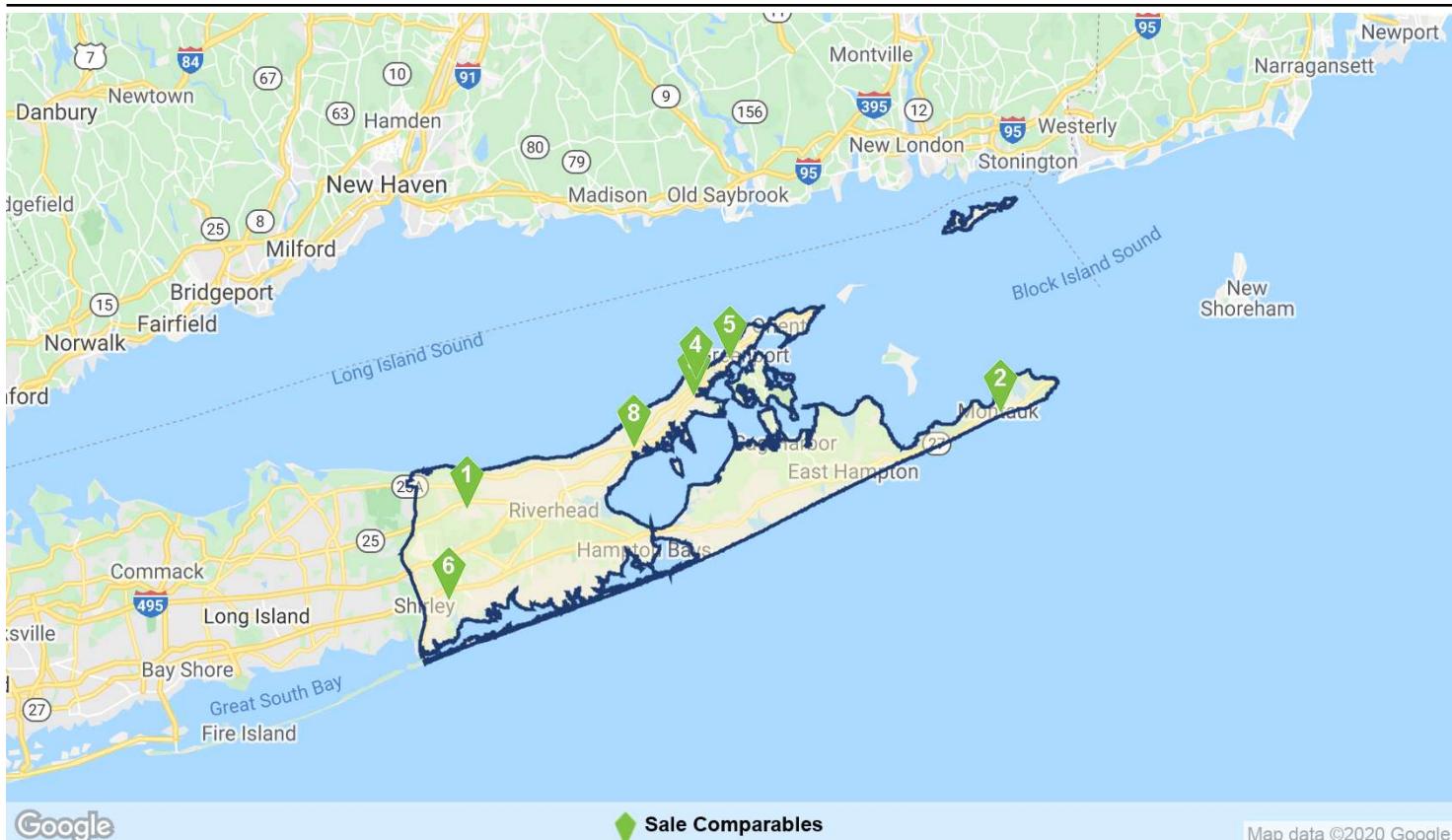
8

8.2%

\$59

0.9%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$67,417	\$1,494,610	\$523,200	\$8,475,000
Price/SF	\$31	\$59	\$220	\$1,042
Cap Rate	8.2%	8.2%	8.2%	8.2%
Time Since Sale in Months	3.7	6.9	5.0	11.8
Property Attributes	Low	Average	Median	High
Building SF	1,200	25,535	2,063	190,000
Ceiling Height	48'	48'	48'	48'
Docks	0	0	0	1
Vacancy Rate At Sale	0%	0.9%	0%	100%
Year Built	1962	1977	1973	2009
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 1.9	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

Eastern Suffolk Industrial

RECENT SIGNIFICANT SALES

		Property				Sale			
Property Name - Address		Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1	901-932 Burman Blvd	★★★★★	2009	190,000	0%	8/25/2020	\$8,475,000	\$45	8.2%
2	5 S Embassy St	★★★★★	1968	1,200	0%	1/22/2020	\$1,250,000	\$1,042	-
3	49200 Rt-25	★★★★★	1985	1,925	100%	6/26/2020	\$600,000	\$312	-
4	4280 Youngs Ave	★★★★★	-	1,306	0%	8/18/2020	\$576,400	\$441	-
5	73355 Main Rd	★★★★★	-	1,200	0%	12/20/2019	\$470,000	\$392	-
6	256 Montauk Hwy	★★★★★	1978	3,250	0%	1/15/2020	\$420,000	\$129	-
7	13650 Main Rd	★★★★★	1962	3,200	0%	8/5/2020	\$98,061	\$31	-
8	13650 Main Rd	★★★★★	1962	2,200	0%	8/5/2020	\$67,417	\$31	-

Supply & Demand Trends

Eastern Suffolk Industrial

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	6,448,323	41,607	0.6%	(5,646)	-0.1%	-
2023	6,406,716	56,955	0.9%	32,219	0.5%	1.8
2022	6,349,761	(18,932)	-0.3%	22,565	0.4%	-
2021	6,368,693	(33,269)	-0.5%	(71,767)	-1.1%	-
2020	6,401,962	0	0%	39,252	0.6%	0
YTD	6,401,962	0	0%	43,049	0.7%	0
2019	6,401,962	68,235	1.1%	(47,856)	-0.7%	-
2018	6,333,727	3,160	0%	(70,988)	-1.1%	-
2017	6,330,567	120,705	1.9%	28,732	0.5%	4.2
2016	6,209,862	16,443	0.3%	179,037	2.9%	0.1
2015	6,193,419	(39,227)	-0.6%	(12,919)	-0.2%	-
2014	6,232,646	7,500	0.1%	141,336	2.3%	0.1
2013	6,225,146	(40,583)	-0.6%	(50,283)	-0.8%	-
2012	6,265,729	(5,600)	-0.1%	156,122	2.5%	-
2011	6,271,329	12,100	0.2%	(164,256)	-2.6%	-
2010	6,259,229	(122,000)	-1.9%	3,434	0.1%	-
2009	6,381,229	274,319	4.5%	146,805	2.3%	1.9
2008	6,106,910	220,707	3.7%	508,982	8.3%	0.4

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	1,543,857	2,164	0.1%	1,220	0.1%	1.8
2023	1,541,693	2,950	0.2%	12,029	0.8%	0.2
2022	1,538,743	(1,008)	-0.1%	10,042	0.7%	-
2021	1,539,751	(1,730)	-0.1%	(13,189)	-0.9%	-
2020	1,541,481	0	0%	21,267	1.4%	0
YTD	1,541,481	0	0%	27,134	1.8%	0
2019	1,541,481	(21,185)	-1.4%	(32,694)	-2.1%	-
2018	1,562,666	2,200	0.1%	63,049	4.0%	0
2017	1,560,466	68,774	4.6%	3,400	0.2%	20.2
2016	1,491,692	8,400	0.6%	41,050	2.8%	0.2
2015	1,483,292	0	0%	4,600	0.3%	0
2014	1,483,292	0	0%	4,300	0.3%	0
2013	1,483,292	(40,583)	-2.7%	31,530	2.1%	-
2012	1,523,875	(5,600)	-0.4%	101,837	6.7%	-
2011	1,529,475	0	0%	(118,970)	-7.8%	-
2010	1,529,475	0	0%	17,370	1.1%	0
2009	1,529,475	190,000	14.2%	133,150	8.7%	1.4
2008	1,339,475	85,381	6.8%	136,331	10.2%	0.6

Supply & Demand Trends

Eastern Suffolk Industrial

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	4,481,166	38,718	0.9%	(6,176)	-0.1%	-
2023	4,442,448	53,014	1.2%	17,289	0.4%	3.1
2022	4,389,434	(17,590)	-0.4%	9,918	0.2%	-
2021	4,407,024	(30,960)	-0.7%	(52,644)	-1.2%	-
2020	4,437,984	0	0%	13,491	0.3%	0
YTD	4,437,984	0	0%	9,185	0.2%	0
2019	4,437,984	89,420	2.1%	(11,912)	-0.3%	-
2018	4,348,564	960	0%	(3,472)	-0.1%	-
2017	4,347,604	45,351	1.1%	31,912	0.7%	1.4
2016	4,302,253	12,243	0.3%	137,987	3.2%	0.1
2015	4,290,010	(39,227)	-0.9%	(17,519)	-0.4%	-
2014	4,329,237	7,500	0.2%	6,471	0.1%	1.2
2013	4,321,737	0	0%	48,752	1.1%	0
2012	4,321,737	0	0%	45,285	1.0%	0
2011	4,321,737	12,100	0.3%	(45,286)	-1.0%	-
2010	4,309,637	(122,000)	-2.8%	(13,936)	-0.3%	-
2009	4,431,637	84,319	1.9%	9,455	0.2%	8.9
2008	4,347,318	135,326	3.2%	358,051	8.2%	0.4

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	423,300	725	0.2%	(690)	-0.2%	-
2023	422,575	991	0.2%	2,901	0.7%	0.3
2022	421,584	(334)	-0.1%	2,605	0.6%	-
2021	421,918	(579)	-0.1%	(5,934)	-1.4%	-
2020	422,497	0	0%	4,494	1.1%	0
YTD	422,497	0	0%	6,730	1.6%	0
2019	422,497	0	0%	(3,250)	-0.8%	-
2018	422,497	0	0%	(130,565)	-30.9%	-
2017	422,497	6,580	1.6%	(6,580)	-1.6%	-
2016	415,917	(4,200)	-1.0%	-	-	-
2015	420,117	0	0%	-	-	-
2014	420,117	0	0%	130,565	31.1%	0
2013	420,117	0	0%	(130,565)	-31.1%	-
2012	420,117	0	0%	9,000	2.1%	0
2011	420,117	0	0%	-	-	-
2010	420,117	0	0%	-	-	-
2009	420,117	0	0%	4,200	1.0%	0
2008	420,117	0	0%	14,600	3.5%	0

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$19.90	187	3.6%	36.0%	420,919	6.5%	0.7%
2023	\$19.22	181	6.3%	31.3%	373,690	5.8%	0.3%
2022	\$18.08	170	12.1%	23.5%	348,919	5.5%	-0.6%
2021	\$16.13	152	5.4%	10.2%	390,408	6.1%	0.6%
2020	\$15.30	144	4.5%	4.5%	351,906	5.5%	-0.6%
YTD	\$15.31	144	4.6%	4.6%	348,109	5.4%	-0.7%
2019	\$14.64	138	5.4%	0%	391,158	6.1%	-0.3%
2018	\$13.88	131	5.3%	-5.2%	408,244	6.4%	1.2%
2017	\$13.18	124	5.6%	-10.0%	334,096	5.3%	0.8%
2016	\$12.49	118	6.2%	-14.7%	277,044	4.5%	-2.6%
2015	\$11.76	111	4.9%	-19.7%	435,438	7.0%	-0.4%
2014	\$11.20	105	3.8%	-23.5%	461,746	7.4%	-2.1%
2013	\$10.79	102	3.8%	-26.3%	594,982	9.6%	0.2%
2012	\$10.40	98	2.2%	-29.0%	585,882	9.4%	-2.6%
2011	\$10.17	96	-0.4%	-30.5%	747,604	11.9%	2.8%
2010	\$10.21	96	-1.6%	-30.2%	571,248	9.1%	-1.8%
2009	\$10.38	98	-2.3%	-29.1%	696,682	10.9%	1.6%
2008	\$10.63	100	0.4%	-27.4%	569,168	9.3%	-5.2%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$16.55	188	3.9%	35.9%	20,846	1.4%	0.1%
2023	\$15.94	181	6.6%	30.9%	19,920	1.3%	-0.6%
2022	\$14.95	170	12.3%	22.8%	28,988	1.9%	-0.7%
2021	\$13.31	151	5.6%	9.3%	40,029	2.6%	0.7%
2020	\$12.60	143	3.5%	3.5%	28,567	1.9%	-1.4%
YTD	\$12.64	143	3.8%	3.8%	22,700	1.5%	-1.8%
2019	\$12.18	138	4.6%	0%	49,834	3.2%	0.8%
2018	\$11.64	132	6.1%	-4.4%	38,325	2.5%	-3.9%
2017	\$10.97	125	6.3%	-9.9%	99,174	6.4%	4.1%
2016	\$10.32	117	6.8%	-15.3%	33,800	2.3%	-2.2%
2015	\$9.66	110	4.9%	-20.6%	66,450	4.5%	-0.3%
2014	\$9.21	105	2.5%	-24.4%	71,050	4.8%	-0.3%
2013	\$8.99	102	3.7%	-26.2%	75,350	5.1%	-4.6%
2012	\$8.67	98	3.1%	-28.8%	147,463	9.7%	-7.0%
2011	\$8.41	95	-0.4%	-31.0%	254,900	16.7%	7.8%
2010	\$8.44	96	-1.5%	-30.7%	135,930	8.9%	-1.1%
2009	\$8.57	97	-2.7%	-29.6%	153,300	10.0%	2.8%
2008	\$8.81	100	-0.7%	-27.7%	96,450	7.2%	-4.6%

LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$20.46	190	3.5%	36.1%	392,817	8.8%	0.9%
2023	\$19.78	184	6.2%	31.6%	347,925	7.8%	0.7%
2022	\$18.62	173	12.0%	23.9%	312,177	7.1%	-0.6%
2021	\$16.63	154	5.3%	10.6%	339,686	7.7%	0.5%
2020	\$15.79	147	5.1%	5.1%	318,003	7.2%	-0.3%
YTD	\$15.79	147	5.1%	5.1%	322,309	7.3%	-0.2%
2019	\$15.03	140	6.2%	0%	331,494	7.5%	2.1%
2018	\$14.16	132	5.2%	-5.8%	232,774	5.4%	0.1%
2017	\$13.46	125	5.7%	-10.4%	228,342	5.3%	-0.4%
2016	\$12.73	118	6.3%	-15.3%	243,244	5.7%	-2.9%
2015	\$11.97	111	5.6%	-20.3%	368,988	8.6%	-0.4%
2014	\$11.34	105	4.5%	-24.6%	390,696	9.0%	0%
2013	\$10.85	101	4.0%	-27.8%	389,067	9.0%	-1.1%
2012	\$10.44	97	2.0%	-30.6%	438,419	10.1%	-1.0%
2011	\$10.23	95	-0.7%	-31.9%	483,704	11.2%	1.3%
2010	\$10.30	96	-2.0%	-31.5%	426,318	9.9%	-2.2%
2009	\$10.51	98	-2.3%	-30.1%	534,382	12.1%	1.5%
2008	\$10.76	100	0.9%	-28.4%	459,518	10.6%	-5.6%

FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$26.25	166	3.8%	34.6%	7,256	1.7%	0.3%
2023	\$25.29	160	6.6%	29.7%	5,845	1.4%	-0.5%
2022	\$23.74	150	12.3%	21.7%	7,754	1.8%	-0.7%
2021	\$21.13	134	5.6%	8.4%	10,693	2.5%	1.3%
2020	\$20.01	127	2.6%	2.6%	5,336	1.3%	-1.1%
YTD	\$20.01	127	2.6%	2.6%	3,100	0.7%	-1.6%
2019	\$19.50	123	1.6%	0%	9,830	2.3%	-30.1%
2018	\$19.20	121	4.8%	-1.6%	137,145	32.5%	30.9%
2017	\$18.31	116	2.8%	-6.1%	6,580	1.6%	1.6%
2016	\$17.81	113	3.8%	-8.7%	0	0%	0%
2015	\$17.17	109	0.6%	-12.0%	0	0%	0%
2014	\$17.07	108	1.9%	-12.5%	0	0%	-31.1%
2013	\$16.76	106	2.9%	-14.0%	130,565	31.1%	31.1%
2012	\$16.28	103	2.2%	-16.5%	0	0%	-2.1%
2011	\$15.94	101	1.1%	-18.3%	9,000	2.1%	0%
2010	\$15.77	100	1.4%	-19.1%	9,000	2.1%	0%
2009	\$15.55	98	-1.6%	-20.2%	9,000	2.1%	-1.0%
2008	\$15.81	100	-1.2%	-18.9%	13,200	3.1%	-3.5%

Sale Trends

Eastern Suffolk Industrial

OVERALL SALES

Year	Completed Transactions (1)							Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate	
2024	-	-	-	-	-	-	\$212.90	263	7.5%	
2023	-	-	-	-	-	-	\$203.67	251	7.5%	
2022	-	-	-	-	-	-	\$186.16	230	7.6%	
2021	-	-	-	-	-	-	\$156.92	194	7.9%	
2020	-	-	-	-	-	-	\$154.59	191	8.0%	
YTD	7	\$11.5M	3.2%	\$1,640,983	\$56.56	8.2%	\$155.11	191	7.9%	
2019	8	\$18.5M	3.7%	\$2,308,148	\$78.32	-	\$150.29	185	7.8%	
2018	18	\$10M	1.8%	\$907,955	\$173.06	-	\$141.69	175	7.8%	
2017	15	\$20M	1.5%	\$1,332,965	\$207.06	7.0%	\$131.01	162	7.8%	
2016	19	\$17.6M	7.9%	\$1,170,338	\$104.88	6.4%	\$120.66	149	8.0%	
2015	17	\$16M	1.9%	\$1,140,150	\$151.25	-	\$109.25	135	8.3%	
2014	8	\$16.8M	2.6%	\$2,095,425	\$102.89	-	\$99.04	122	8.7%	
2013	8	\$9.8M	1.6%	\$1,228,438	\$97.23	-	\$91.24	113	9.0%	
2012	12	\$8.8M	3.3%	\$797,533	\$48.03	-	\$84.35	104	9.3%	
2011	3	\$2.7M	0.4%	\$890,994	\$103.56	-	\$79.89	99	9.7%	
2010	8	\$9.6M	1.2%	\$1,204,391	\$128.93	-	\$76.37	94	10.0%	
2009	3	\$3.6M	0.7%	\$1,211,460	\$82.73	-	\$73.75	91	10.4%	

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)							Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate	
2024	-	-	-	-	-	-	\$174.86	264	7.9%	
2023	-	-	-	-	-	-	\$166.88	252	7.9%	
2022	-	-	-	-	-	-	\$152.25	230	8.0%	
2021	-	-	-	-	-	-	\$128.27	194	8.4%	
2020	-	-	-	-	-	-	\$126.05	190	8.5%	
YTD	2	\$9.1M	12.5%	\$4,537,500	\$47.28	8.2%	\$126.92	192	8.4%	
2019	1	\$7.5M	3.9%	\$7,464,181	\$124.40	-	\$123.92	187	8.2%	
2018	3	\$0.00	2.6%	-	-	-	\$117.52	178	8.2%	
2017	4	\$5.8M	1.3%	\$1,437,500	\$294.30	8.0%	\$108.71	164	8.3%	
2016	2	\$0.00	14.3%	-	-	-	\$99.81	151	8.5%	
2015	6	\$7.9M	2.3%	\$1,985,775	\$338.94	-	\$89.65	135	8.8%	
2014	1	\$350K	0.4%	\$350,000	\$63.64	-	\$82.10	124	9.2%	
2013	1	\$362.5K	0.1%	\$362,500	\$188.31	-	\$75.45	114	9.5%	
2012	3	\$3.6M	8.1%	\$1,183,333	\$28.60	-	\$69.22	105	9.9%	
2011	-	-	-	-	-	-	\$65.71	99	10.2%	
2010	-	-	-	-	-	-	\$62.30	94	10.7%	
2009	1	\$2.5M	2.0%	\$2,500,000	\$83.33	-	\$60.13	91	11.1%	

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

Sale Trends

Eastern Suffolk Industrial

LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$223.10	265	7.3%
2023	-	-	-	-	-	-	\$213.54	254	7.3%
2022	-	-	-	-	-	-	\$195.16	232	7.4%
2021	-	-	-	-	-	-	\$164.25	195	7.8%
2020	-	-	-	-	-	-	\$161.90	192	7.8%
YTD	3	\$741.9K	0.2%	\$247,293	\$110.63	-	\$162.33	193	7.8%
2019	5	\$2.4M	1.0%	\$480,200	\$56.22	-	\$156.21	186	7.6%
2018	15	\$10M	1.7%	\$907,955	\$173.06	-	\$146.53	174	7.6%
2017	11	\$14.2M	1.8%	\$1,294,952	\$184.94	6.0%	\$135.33	161	7.7%
2016	17	\$17.6M	6.4%	\$1,170,338	\$104.88	6.4%	\$124.52	148	7.9%
2015	11	\$8M	2.0%	\$801,900	\$97.67	-	\$113.30	135	8.2%
2014	7	\$16.4M	3.6%	\$2,344,771	\$104.26	-	\$102.21	121	8.6%
2013	7	\$9.5M	2.3%	\$1,352,143	\$95.46	-	\$94.20	112	8.9%
2012	7	\$5.1M	1.1%	\$728,265	\$112.01	-	\$87.43	104	9.2%
2011	3	\$2.7M	0.6%	\$890,994	\$103.56	-	\$82.64	98	9.5%
2010	7	\$8.4M	1.5%	\$1,197,876	\$125.65	-	\$79.28	94	9.8%
2009	2	\$1.1M	0.3%	\$567,190	\$81.43	-	\$76.54	91	10.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$245.24	238	7.6%
2023	-	-	-	-	-	-	\$234.96	228	7.6%
2022	-	-	-	-	-	-	\$215.98	210	7.6%
2021	-	-	-	-	-	-	\$184.88	180	8.0%
2020	-	-	-	-	-	-	\$182.33	177	8.0%
YTD	2	\$1.7M	1.1%	\$835,000	\$375.28	-	\$182.41	177	8.0%
2019	2	\$8.6M	31.5%	\$4,300,000	\$64.63	-	\$184.19	179	7.6%
2018	-	-	-	-	-	-	\$178.74	174	7.5%
2017	-	-	-	-	-	-	\$166.51	162	7.5%
2016	-	-	-	-	-	-	\$155.83	151	7.5%
2015	-	-	-	-	-	-	\$137.99	134	8.0%
2014	-	-	-	-	-	-	\$127.16	123	8.3%
2013	-	-	-	-	-	-	\$117.41	114	8.5%
2012	2	\$125K	9.4%	\$125,000	\$9.62	-	\$106.96	104	9.0%
2011	-	-	-	-	-	-	\$102.49	100	9.2%
2010	1	\$1.3M	1.9%	\$1,250,000	\$156.25	-	\$96.87	94	9.6%
2009	-	-	-	-	-	-	\$93.87	91	9.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



Third-party reports by a true third party

Appraisal Report

Fundamental Market Study

Proposed Distribution Warehouse
4285 Middle Country Road
Calverton, New York 11933

BBG File #0120019294

Prepared For

Mr. Scott Johns
HK Ventures, LLC
147 Steamboat Road
Great Neck, NY 11024
and the Town of Riverhead and County of Suffolk, New York

Report Date

February 17, 2021

Prepared By

BBG, Inc., New York Office
112 Madison Avenue
New York, NY 10016
212-682-0400

Client Manager: Jon DiPietra, MAI
jdipietra@bbgres.com

February 17, 2021

Mr. Scott Johns
HK Ventures, LLC
147 Steamboat Road,
Great Neck, NY 11024

Re: Appraisal of Real Property
Proposed Warehouse Distribution Park
4285 Middle Country Road
Calverton, New York 11933
BBG File #0120019294

Dear Mr. Johns:

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject property consists of a 30.25 AC vacant parcel of land located in the Calverton section of the Town of Riverhead, Suffolk County, New York. The client intends to develop the property with 8 warehouse/distribution buildings totaling 422,464 square feet. The buildings will have (80) 12' x 14' Roll-up Doors and 22 Dock High, recessed bays for tractor trailers. All buildings will have 30' clear height ceilings, and 10% office space. Upon completion, the improvements are expected to be excellent quality properties and effectively the only facility of its kind in Eastern Suffolk County with 30' ceiling heights and modern loading facilities.

The purpose of this assignment is to conduct a Fundamental Analysis proving demand/need within the Town of Riverhead as part of a site plan application process to receive full zoning approval. This document will be included with the overall submission to the Town. As such, the Town of Riverhead and Suffolk County are intended users of this report, in addition to the client. Overall, based upon our findings, there is sufficient demand for the subject property to justify new construction. We note the subject, in addition to demonstrating modern features that are very much in demand, has a good location proximate the Long Island Expressway, bus routes to workforce housing in Riverhead, and is located in an Opportunity Zone. While the latter factor is not generally easily quantifiable, in the case of Eastern Suffolk County, such a location is expected to promote long-term holding of the property and prudent ownership. In conclusion, there represents demand within the Town of Riverhead and Eastern Suffolk County as a whole.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of HK Ventures, LLC (client). The report is intended to be used as part of a submission of a site plan for zoning approval to the Town of Riverhead. The intended users are the client, the Town of Riverhead, and Suffolk County. No other party may rely upon the findings in this report.

Note: Our opinion of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s) It is an extraordinary assumption of this report that the property as presented is a legal and conforming use with respect to zoning regulations.

Hypothetical Condition(s) This appraisal employs no hypothetical conditions.

Based upon the analysis contained herein, we have concluded that based upon current market conditions and projections regarding employment and demand for warehouse/distribution space as of January, 5 2020, there is sufficient demand within the influencing market to justify demand for the proposed improvements.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.



Jon DiPietra, MAI
NY Certified General Appraiser
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212-682-5360
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Robert B. Zapp, MAI
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TABLE OF CONTENTS

Subject Property Aerial Photo.....	1
Summary of Salient Facts.....	2
Scope of Work	7
Step 1: Property Productivity Analysis	9
Step 2: Market Delineation	35
Step 3: Forecast Demand	37
Step 4 Supply Analysis (Survey of Competition).....	57
Step 5: Forecast Subject Market Penetration.....	85
Certification	87
Standard Assumptions and Limiting Conditions.....	88
Addenda	92

SUBJECT PROPERTY AERIAL PHOTO



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	Proposed Warehouse Distribution Park
Address	4285 Middle Country Road Calverton, New York 11933
Location	South Side of Middle County Road (Route 25) between Edwards Avenue to the east and Peconic Avenue in the Calverton section of the Town of Riverhead, Suffolk County, New York.
Property Description	Industrial Flex (Warehouse/ Distribution) Multi-tenant Distribution Warehouse
County	Suffolk
Parcel Number	116-1-2
Census Tract No.	0
Legal Description	Section 116, District 600, Block 1, Lot 2
Site Area	
Primary Site	1,317,884 square feet (30.2545 acres)
Zoning	I-C; Industrial C
Flood Status	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Year Built	2022
Year Renovated	N/A
Type of Construction	Steel Frame
Number of Buildings	8
Gross Building Area	422,464 square feet
Overall Condition	New
Overall Quality	Good
Overall Design/Functionality	Excellent

EXECUTIVE SUMMARY

Rating	INFERIOR			Typical* Neutral	SUPERIOR		
	High	Moderate	Slight		Slight	Moderate	High
Micro-Location (immediate area)							
Proximity to major-thoroughfare				X			X
Access onto site for trucks				X			
Access and visibility to customers					X		
Proximity to complementary uses							X
Site Analysis							
Parking for cars and trucks				X			
Circulator on site for trucks				X			
Topography				X			
Land-to-building ratio				X			
Proposed Building Improvements							
Construction Quality							X
Exterior appearance							X
Size of warehouse area				X			
Size of office area				X			
Ceiling Heights							X
Security features						X	
Flexibility of design for multitenant					X		
No./Quality of Loading Facilities							X
Rating Conclusions							
Factor number of items	0	0	0	7	2	1	6
Times category score	0	2	4	5	6	8	10
Category Score	0	0	0	35	12	8	60
Total Subject score	115						
Percentage above or (below) all average	44%						

*Typical new construction in the overall market

Industrial Immediate Micro market Node Location Analysis Chart						
ID No.	Rating Criteria/ Micro market Areas	Riverhead (Subject Area)	West Hampton	East Hampton	North Fork	Importance Factor
1	Travel time to employee housing	4	3	1	2	10
2	Travel time to passenger airport	3	3	2	1	3
3	Support facilities in area (hotels, restaurants, and multitenant office)	4	3	2	1	5
4	Proximity to air freight	3	3	2	1	11
5	Proximity to rail	3	3	1	1	10
6	Proximity and access to interstate highways	3	3	1	1	12
7	Current travel time to customers	4	3	2	1	9
8	Current travel time to vendors	4	3	2	1	9
9	Expected travel time to customers in ten years	4	3	2	1	8
10	Expected travel time to vendors in ten years	4	3	2	1	8
11	Area with most land ready for new buildings	4	3	1	2	4
12	Land cost	4	2	1	3	2
13	Taxation cost	4	2	1	3	3
Total score		480	370	200	190	1240
Percentage of total scores		39%	30%	16%	15%	100%

Note: A higher number denotes a better location.

Reconciliation of Demand Forecasts							
Demand Forecast Method	Sensitivity Level	2020	2021	2022	2023	2024	2025
Employment Segmentation							
Low-Range		5,215,547	5,267,285	5,319,023	5,370,761	5,422,498	5,474,236
Mid-Range		5,215,547	5,300,805	5,386,063	5,471,321	5,556,579	5,641,836
High-Range		5,215,547	5,334,325	5,453,103	5,571,881	5,690,659	5,809,437
Employment Ratio							
Low-Range		4,711,626	4,805,567	4,900,436	4,996,232	5,092,955	5,190,606
Mid-Range		4,711,626	4,866,925	5,024,743	5,185,079	5,347,933	5,513,304
High-Range		4,711,626	4,928,673	5,150,607	5,377,429	5,609,137	5,845,734
Gross Metro Product Ratio		4,476,045	4,597,412	4,919,083	5,178,744	5,380,995	5,563,878

Conclusion of Annual Increase in Demand per Sensitivity Range						
Average of Employment Segmentation and Ratio Methods	2020	2021	2022	2023	2024	2025
Low-Range	4,963,587	5,036,426	5,109,730	5,183,496	5,257,727	5,332,421
Growth per Year		72,840	73,303	73,767	74,231	74,694
Mid-Range	4,963,587	5,083,865	5,205,403	5,328,200	5,452,256	5,577,570
Growth per Year		120,279	121,538	122,797	124,056	125,315
High-Range	4,963,587	5,131,499	5,301,855	5,474,655	5,649,898	5,827,585
Growth per Year		167,912	170,356	172,800	175,243	177,687
						173,000

INFERRED DEMAND STUDIES			Risk Rating (Probability to Occur)
Analysis Method	Conclusion	Comment	
Employment Growth in Eastern Suffolk County	While recent employment growth has declined due to COVID-19, a strong V-shaped recovery is forecasted. The Eastern Suffolk Region has not generally been affected as severely as elsewhere in the market, with employment projected to increase at a rate greater than the Metro as a whole. Given the exodus from New York City and the affluent residents of the overall submarket, this employment growth is considered likely.	Suggests improving occupancy and rental rates if rebound in employment occurs.	80%
New Construction of Warehouse/Distribution Space by Specific Submarkets (See Lists in Macro Location Analysis)	The Eastern Suffolk Submarket has demonstrated the strongest increase in warehouse/distribution space versus all other submarkets in the Long Island Metro.	Suggests future high occupancy and rental rates if building activity does not reach oversupply. The new construction oversupply is the biggest risk factor, which is primarily due to the area having the most vacant land versus other submarkets.	70%
Location ratings	When the subject submarket is compared to the other submarket clusters, it has the highest rating, albeit by a small margin. When compared to other sections of the Eastern Suffolk Submarket, the Riverhead area has the highest rating, primarily due to lower land costs, proximity to the Long Island Expressway, as well as workers.	Very positive sign for good occupancy and rental rates.	90%
Current Actual Occupied Space	4,476,045 Sq. Ft.	Segmentation demand method gave slightly higher results to actual occupied space, indicating pent-up demand.	

Warehouse/Distribution Market (Capture) Penetration--Mid-Range Forecast for Subject Property							
Line		2021	2022	2023	2024	2025	Comments
1	Total demand in East Suffolk Submarket	5,027,889	5,241,683	5,365,739	5,491,054	5,617,627	Average of two fundamental methods (demand for occupied space)
2	Increase in Supply		213,794	124,056	125,315	126,574	
3	Subject capture rate			12.0%	12.0%	12.0%	Capture rate reconciled estimate
4	Indicated amount of occupied square feet in subject property (mid-range forecast)			643,889			Hypothetical indicator of Strong Demand
5	Adjustment for phased absorption			0.33	0.33	0.33	Phased due to Subject Size
6	Phased Absorption			140,821	140,821	140,821	
	Subject size square feet ->	422,464					
	Total Increase in Demand	589,738					
	Subject Capture of Total	72%					

SCOPE OF WORK

APPRAISAL INFORMATION

Client	HK Ventures, LLC 147 Steamboat Road, Great Neck, NY 11024
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein and the Town of Riverhead and County of Suffolk, New York.
Intended Use	This appraisal is to be used for The purpose of the report is to prepare a fundamental market study of the proposed redevelopment of the subject site as a distribution warehouse. The intended use is to present the report the report to the Town of Riverhead Department of Planning in order to obtain approvals for development. purposes.
Premise	Determine whether there is demand for the proposed warehouse/distribution facility as of January 5, 2020.
Date of Inspection	1/5/20201
Marketing Time	12 months
Exposure Time	12 months
Owner of Record	Robert Volmut
Property Contact(s)	Mr. Scott Johns of HK Ventures, LLC was interviewed several times regarding the subject property.
Most Probable Purchaser	Investor
Highest and Best Use	
If Vacant	Commercial Development
As Improved	Industrial Facility

SCOPE OF THE INVESTIGATION															
General and Market Data Analyzed	<ul style="list-style-type: none"> ▪ Regional economic data and trends ▪ Market analysis data specific to the subject property type ▪ Published survey data ▪ Neighborhood demographic data ▪ Comparable cost, sale, rental, expense, and capitalization rate data ▪ Floodplain status ▪ Zoning information ▪ Assessor's information ▪ Interviewed professionals knowledgeable about the subject's property type and market 														
Inspection Details	The subject site was not inspected.														
Property Specific Data Requested and Received	PROPERTY DATA RECEIVED <p>Site plan Site Plan with Building Layout</p>														
Data Requested, but not Provided	DATA REQUESTED, BUT NOT PROVIDED <p>Plans and spec Phase 1 ESA Title report ALTA survey</p>														
Data Sources	DATA SOURCES <table> <tbody> <tr> <td>Site Size</td><td>Provided Survey</td></tr> <tr> <td>Building Size</td><td>Provided Site Plan</td></tr> <tr> <td>Zoning Information</td><td>Planning Dept</td></tr> <tr> <td>Flood Status</td><td>FEMA</td></tr> <tr> <td>Demographics Reports</td><td>Spotlight</td></tr> <tr> <td>Competitive Properties</td><td>Costar, Market Participants, Field Survey</td></tr> <tr> <td>Economic Forecasts</td><td>Moody's, Oxford Economics, Market Participants</td></tr> </tbody> </table>	Site Size	Provided Survey	Building Size	Provided Site Plan	Zoning Information	Planning Dept	Flood Status	FEMA	Demographics Reports	Spotlight	Competitive Properties	Costar, Market Participants, Field Survey	Economic Forecasts	Moody's, Oxford Economics, Market Participants
Site Size	Provided Survey														
Building Size	Provided Site Plan														
Zoning Information	Planning Dept														
Flood Status	FEMA														
Demographics Reports	Spotlight														
Competitive Properties	Costar, Market Participants, Field Survey														
Economic Forecasts	Moody's, Oxford Economics, Market Participants														

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
Extraordinary Assumption(s)	It is an extraordinary assumption of this report that the property as presented is a legal and conforming use with respect to zoning regulations.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

LEVEL OF REPORTING DETAIL	
Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.	
This report is prepared as an Appraisal Report . An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.	

STEP 1: PROPERTY PRODUCTIVITY ANALYSIS

STEP 1.1: SITE DESCRIPTION

SITE ANALYSIS

Location	South Side of Middle County Road (Route 25) between Edwards Avenue to the east and Peconic Avenue in the Calverton section of the Town of Riverhead, Suffolk County, New York.		
Parcel Number	116-1-2		
Legal Description	Section 116, District 600, Block 1, Lot 2		
Site Area			
Primary Site	1,317,884 square feet	(30.2545 acres)	
Total	1,317,884 square feet	(30.2545 acres)	
Configuration	Rectangular		
Topography	Generally Level with moderate 5' elevations sloping from the south to the north with a total drop of about 20 feet.		
Drainage	Appears adequate		
Utilities/Municipal Services	Water and Electricity is available, Natural Gas nor Sewer is Available. A septic system is required.		
Floodplain	Zone	Map	Date
	Zone X (Unshaded)	36103C0442H	September 25, 2009
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Soil/Subsoil Conditions	A soil condition report was not provided. We assume the soil's load bearing capacity is sufficient to support the proposed improvements.		
Environmental Concerns	An environmental assessment report was not provided for our review. We assume the site is free of environmental concerns.		
Land Use Restrictions	None noted on provided site map. No title report was provided. We assume there are no detrimental		
Hazards/Nuisances	None noted		
Frontage	526' on Route 25		
Access	Two curb cuts are proposed		
Visibility	Average		
Surrounding Land Uses	Industrial Land to the West used as a Tractor Supply Company, Vacant Industrial Land to the North, Farm to the East, Community Development Agency Vacant Land		
Enterprise Zone	Opportune Zone 159704		
Traffic Counts	12,806 VPD		
Transportation Facilities	Route 25 is major east/west thoroughfare that provides direct access to I-495 (Long Island Expressway) 2 miles to the east. Route 25 directly in front of the subject site is serviced by two Suffolk County Bus Routes: 58 and 62, both of which begin in Downtown Riverhead at the LIRR station. The 62 bus travels to the northern end of the island and terminates in Port Jefferson, while the 58 bus travels nearly to the end of Suffolk County in Huntington. Overall, the site is easily accessible to the Long Island Expressway for both logistics and employee access. The site is also well-served by public transit that travels to Riverhead, which has a significant workforce		
Comments	The subject site is elongated with sufficient frontage on Route 25. The site is vacant and undulating and suitable for redevelopment. Public utilities include Electricity and Water. Sewer service nor natural gas is provided. The site has good access to I-495, which provides access to the entirety of Long Island and the regional highway network. Overall, the site demonstrates average functional utility.		

STEP 1.1(1): PUBLIC PLANNING AND ZONING ANALYSIS

INDUSTRIAL C OVERVIEW

The subject site is zoned Industrial C. The intent of the Industrial C (Ind C) Zoning Use District is to allow a mix of light industrial, warehouse development, and office campuses in the area between Enterprise Park (The former Grumman facility commonly known as EPCAL) and the terminus of the Long Island Expressway. The Ind C Zoning Use District is intended for moderate-sized businesses generally defined as those with less than 40 employees. In addition, the district allows and encourages commercial recreation businesses. The use of generous landscaping and open space buffers is intended to help protect the rural appearance and minimize views of development from the expressway and arterial roads.

PERMITTED USES

As-of-Right

- 1) Offices.
- 2) Warehouses.
- 3) Greenhouses.
- 4) Wholesale businesses.
- 5) Laboratories, including prototype manufacturing.
- 6) Vocational schools.
- 7) Golf courses.
- 8) Parks and playgrounds.
- 9) Equestrian facilities.
- 10) Commercial sports and recreation facilities.
- 11) Dog and horse training and boarding facilities.
- 12) Manufacturing (indoor).

Special permit uses

- 1) Outdoor theaters (including bandshell, bandstand, amphitheater).
- 2) Sports arena.
- 3) Motor coach terminal.
- 4) Agricultural production upon real property seven acres or greater lying within Scenic River Areas defined pursuant to the Order of the Commissioner of the New York State Department of Environmental Conservation dated September 18, 1990.

- 5) One-family dwelling upon real property of four acres or greater within Scenic River Areas defined pursuant to the Order of the Commissioner of the New York State Department of Environmental Conservation dated September 18, 1990.

Accessory Uses

Accessory uses. Accessory uses shall include those uses customarily incidental to any of the above permitted uses or specially permitted uses when located on the same lot. Specifically permitted are the following:

- 1) Cafeteria for an office or other building, when contained within the building or ancillary structure on the same parcel, for the purpose of serving employees and their guests.
- 2) Retail uses, as accessory to wholesale business, subject to the following limitations:
 - a) Retail use shall not exceed 10% of the gross floor area of the wholesale business or 3,000 square feet, whichever is less.
 - b) The parcel shall have frontage on an arterial road.
 - c) Retail uses shall be located at the front of the parcel and building.
 - d) Off-street visitor parking shall be provided.
- 3) Day care, as accessory to an office use.
- 4) (Outdoor recreation facilities, as accessory to an office use.
- 5) The sale at retail of homegrown or homemade products upon agriculturally used land, provided that all retail uses shall be subject to site plan approval pursuant to Article LVI, Site Plan Review, and the other provisions of this chapter. The farmer may sell supporting farm products and farm products not grown by the farmer, provided that the area for the sale of said products at no time exceeds 40% of the total merchandising area.

Prohibited Uses

- 1) Professional offices.
- 2) Municipal offices.
- 3) Outdoor storage, except as accessory to the specially permitted use set forth previously
- 4) Indoor theater.
- 5) Residential uses.

LOT, YARD, BULK AND HEIGHT REQUIREMENTS

- A) No buildings shall be erected nor any lot or land area utilized unless in conformity with the Zoning Schedule[1] incorporated into this chapter by reference and made a part hereof with the same force and effect as if such requirements were herein set forth in full as specified in said schedule, except as may be hereafter specifically modified.
- B) In order to foster environmental conservation as well as preservation of the Town's scenic and rural quality, properties shall provide attractively landscaped contiguous open space areas, equal to at least 20% of the lot

area, that shield views of the development from arterial roads and the Long Island Expressway. Preference is given to preservation of existing habitat (such as meadows or forests) rather than clearance and creation of new habitat. The open space should serve to provide on-site stormwater management.

SUPPLEMENTARY GUIDELINES

The design standards and parking standards listed in the provisions below (Subsections A and B of this section) are intended as a guide or measure for improvements in parcels in this zoning district, and the word "shall" recited in the provisions below, with the exception of Subsection B, which requires adherence to the Parking Schedule, is intended to obtain compliance with the provisions to the extent practicable as determined by the Board responsible for review.

A) Design standards.

- 1) Developments of multiple buildings in the Ind C District shall be planned in a campus layout.
- 2) Continuous sidewalks, off-street transit stops (where routes exist or are planned) and bike racks close to business entrances shall be provided for properties fronting Route 25 or other major arterial street.
- 3) Signage shall be provided in accordance with Article XLVIII, Signs, of this chapter.
- 4) Buffering and transitions.
 - a) Trash/dumpster areas shall be screened by wood fences or landscaping, or a combination thereof, pursuant to § 245-8.
 - b) Along borders with public streets, buffer plantings of a minimum twenty-foot depth shall be provided. Along property lines shared with Enterprise Park and other properties, buffer plantings of a minimum ten-foot depth shall be provided. Buffer plantings shall minimize views of paving and buildings from public streets and from Enterprise Park.

B) Parking standards.

- 1) The number of off-street parking spaces in the Ind C Zoning Use District shall be provided in accordance with § 301-231, Off-street parking, Parking spaces vary by use.
- 2) Planted berms shall be used to screen the view of automobiles from public roadways.
- 3) Off-street parking is prohibited in front yards and within 20 feet of side property lines and within 10 feet of rear property lines.
- 4) In order to soften the appearance of parking lots, large areas of surface parking should be broken up by rows of landscaping no less than 10 feet in width, in order to create parking fields of no more than 50 spaces each. Landscaping shall include ground cover, ornamental grasses, or low shrubs. This landscaping requirement is in addition to the twenty-percent parcel-wide landscaping mentioned above.
- 5) In order to provide recharge of the groundwater basin and minimize runoff, at least one of the following stormwater management techniques shall be used in parking lots where underlying soils support infiltration of precipitation to the groundwater:
 - a) Where sanding and salting are not used in the winter, low-traffic or seasonal parking overflow areas of the parking lot shall be surfaced with porous pavement or gravel.
 - b) Landscaped areas of the parking lot shall be sited, planted, and graded in a manner to provide infiltration and detention of runoff from paved areas.

ZONING REQUIREMENTS

Minimum Lot Area	80,000 SF
Minimum Lot Width	300 FT
Building Coverage Ratio	40%
Maximum Impervious Surface	60%
Maximum Building Height	30 FT%
Minimum Front Yard Depth	30 FT%
Minimum Side Yard Depth	30 FT / 60 COMBINED FOR BOTH SIDES
Minimum Rear Yard Depth	50 FT
Required No. Parking Spaces	Varies by Use

ZONING ANALYSIS CONCLUSION

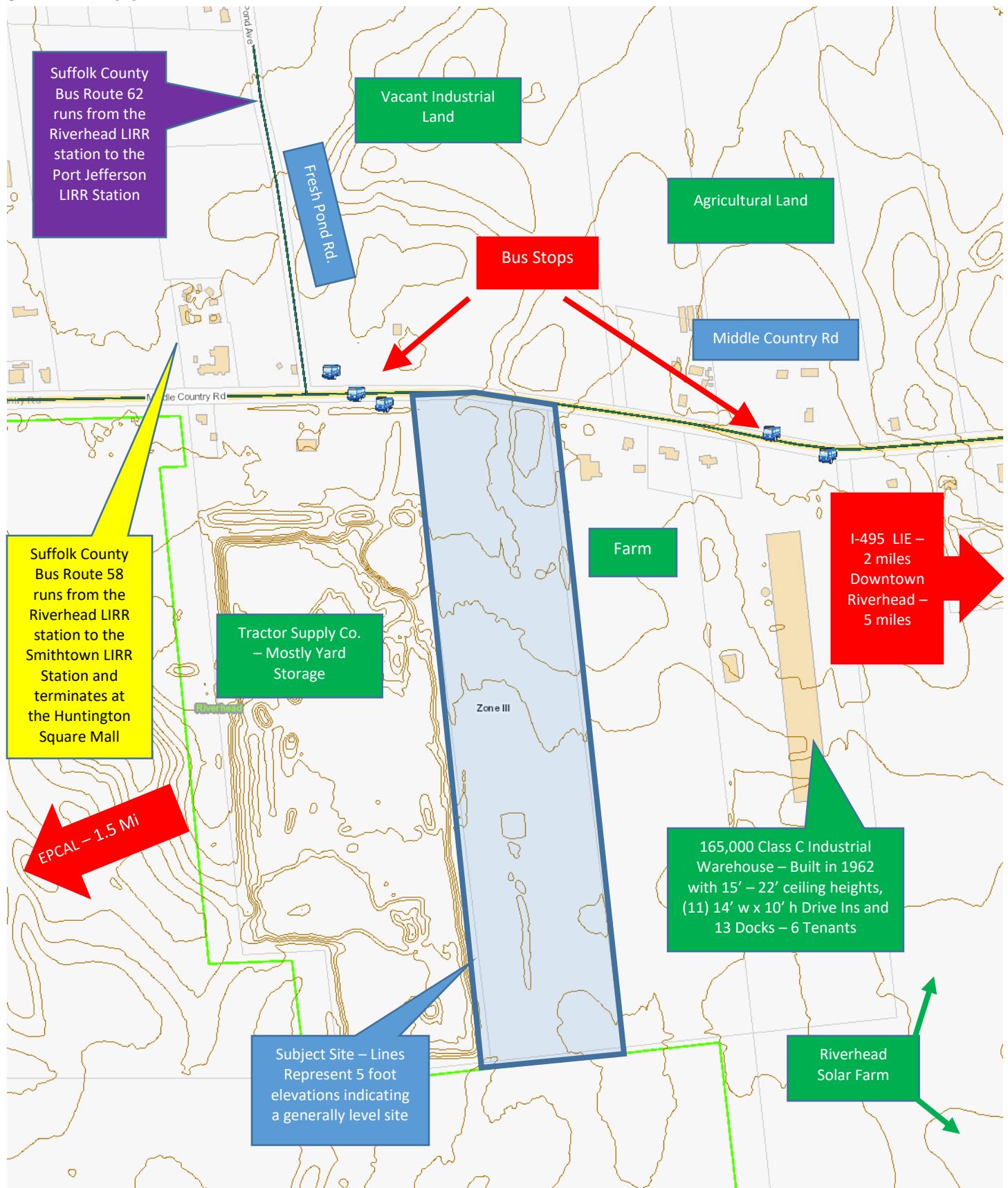
Since 2010 when the previous recession ended and growth was widespread, nearly 1.2MM square feet of commercial development has come to the Town of Riverhead. Of this total, only 14,210 square feet of industrial space has been delivered, 1% of the total. This is contrast to 59% or consisting of retail, including a community center and outlet center. Hospitality was 21% of the total, office was 11% of the total, and Multifamily development was only 8% of the total. Only office use is compatible with the subject's zoning. Since 2010, 11 office buildings have been delivered totaling 126,175 square feet, or 11,470 square feet per building on average. Of the total, 6 are located in a development known as Northville Commons, which has been developed in phases starting in 2014 with 2 buildings delivered in 2020.

All of these office developments have occurred proximate Downtown Riverhead, except for one medical office building delivered in Jamesport in 2019. Overall, this office development has been well-received, but largely is oriented towards medical uses. Given the subject is located in a largely agricultural section of the Town of Riverhead, it is unlikely medical office would be in significant demand and therefore that use is not considered.

Overall, given the subject's location, only industrial development would appear to be reasonable with respect to the permissible uses.

We note that on November 19, 2020, A Final Scope for the Draft Environmental Impact Statement for a site plan application (which is required for all development in the zoning district) was submitted. The site plan approval process following the submission is subject to a number of approvals and permits of various agencies. However, while community opposition did exist in the past, the Town of Riverhead voted in favor of allowing the site approval process to proceed.

SITE ANALYSIS MAP



1.2 – PROPOSED SITE AND BUILDING ANALYSIS

1.2(1) MICRO-LEVEL LOCATION ANALYSIS (IMMEDIATE AREA)

The following factors were considered relevant for a proposed distribution warehouse:

Proximity to Major Thoroughfares

The subject is located approximately 2.5 miles west of the terminus of I-495 (The Long Island Expressway). This is the major truck route that runs nearly the entire length of Long Island, terminating in Manhattan.

Despite attempts at reviving rail freight transit via the New York and Atlantic Railway, there has been relatively little increase in transportation since service commenced in 1997. In the first year of operation, 9,200 carloads were transported, while 30,000 carloads were transported in 2018.¹ Extensive discussions have taken place over the past 20 years to extend this freight service to the Calverton Enterprise Park, one of the former manufacturing/airport facilities of Grumman Aircraft and previously owned by the United States Navy. The future of these projects is uncertain. The property was to be sold to Calverton Aviation and Technology, however the deadline of May 15, 2020 to close the sale never was consummated. Calls to the Riverhead Industrial Development Agency were not returned. Hence, it is unclear if the proximity of this facility is an asset at this time.

Interstate 495, the Long Island Expressway, remains the major freight transportation route on Long Island, which benefits the subject property. Overall, the subject has a superior rating given the proximity to I-495.

Access onto Site for Trucks

The proposed curb cuts and lack of a signalized interaction are average for industrial properties in the area, and a typical rating was applied.

Access and Visibility to Customers

The subject site is located on a minor, moderately trafficked regional thoroughfare. This is slightly superior to what is typical, which industrial facilities typically on minor side streets.

Proximity to Complementary Land Uses

This factor recognizes the need for an office-warehouse to have nearby support for its land use from related industrial services, such as printing, repairs, and security, to higher-end land uses such as hotels and restaurants. Within a 10-mile radius of the subject property, there are essentially three primary clusters of industrial property. On the site known as the Enterprise Park at Calverton, there remain a number of Grumman era warehouses from the 1950s and 1960s. The Town of Riverhead has long planned to redevelop this site, but significant contamination of groundwater in 2016 and 2017 has found significant contamination that requires remediation. Owned by the United States Navy and leased to Grumman for most of its existence, the Federal Government has committed to environmental remediation, but this will likely limit any new development for the foreseeable future.

Near the terminus of I-495 about 1-mile east of the subject property are a number of similar vintage buildings. Within Riverhead, there are many older, smaller distribution facilities, many of which date from when rail service was frequent and reliable.

Of note, two major facilities were built during this time for which ancillary service providers are likely required. The first is the office/warehouse facility of Clare Rose, Inc. at 100 Rose Executive Blvd in Shirley. While not in the Eastern

¹ <https://www.nytimes.com/2019/04/07/nyregion/rail-freight-nyc.html>

Suffolk Submarket, this nearly 270,000 SF facility is a major facility in the area. IN addition, there is the 190,000 S , 3-story manufacturing facility at 901-932 Burman Blvd in Calverton, which was built in 2009. The property was custom built for the prior owner, and sold in August of 2020 for \$44.61/SF and an overall rate of 11%. While the buyer confirmed the property was 100% leased, the multistory configuration with office space and 48' foot warehouse/hanger space demonstrates a super adequacy 44that effectively sets the floor for the market. In this case, the property was renting for less than \$5/SF NNN. Nevertheless, the property is tenanted by manufacturing firms that benefit from smaller distributors such as those likely to be found at the subject property.

The immediate vicinity within a 10-mile radius additionally has a significant quantity of office space, with much of it being higher quality space. Of the over 2.4MM square feet of office space, only 19 properties and 59.3K SF are Class C. The vast majority are Class B buildings, which total 347 in number and are about 2.4MM square feet. There are no Class A buildings within the immediate vicinity. However, the breadth of the local office employment and the diversity of the industries served by the sector represents a significant opportunity for a modern warehouse distribution facility.

Hospitality offerings are reasonable for the area. The subject is surrounded by a number of new hotels, renovated hotels, and one proposed hotel.

- The Hotel Indigo Long Island East End: This former Best Western was built in 1975 and gut renovated in 2010. The 100-room hotel remains a popular destination in the immediate vicinity of the subject.
- To the east of the subject property is the Residence Inn Long Island East End, which was built in 2018. The 131 room hotel is the most recent addition to the area and has a pool and post-modern metal and stucco façade.
- The Hilton Garden inn Riverhead is located next door to the Residence Inn Long Island East End and was built in 1990. The hotel has been renovated over the years and remains a popular option.
- The Holiday Inn Express at 1707 Old Country Road is somewhat further towards Downtown Riverhead. This hotel was built in 2005 and has 89 rooms.
- The Hyatt Place Long Island East End was built along the Peconic River in downtown Riverhead in 2012. While the 100-room hotel has very good amenities including an outdoor pool, fitness center, marina, on-site bar and a waterfront location, downtown Riverhead remains in the revitalization stage of the neighborhood life-cycle, which limits the market acceptance of this otherwise attractive destination.
- There were approved plans to redevelop the site at 1151 Old Country Road as a Comfort Inn Riverhead, with an anticipated completion date of 2022. However, COVID-19 put those plans on hold.

Area Demographics

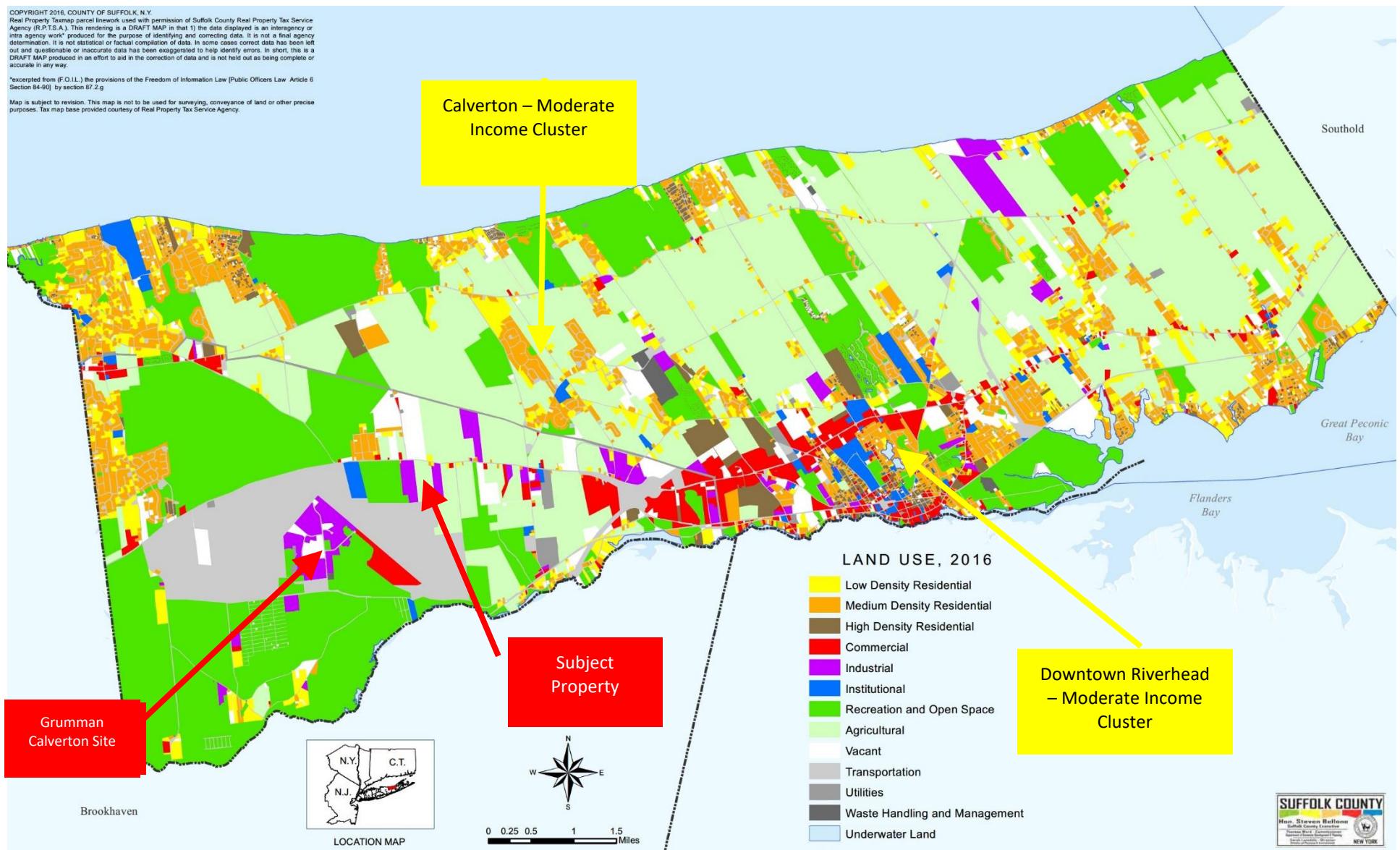
Finally, Riverhead is effectively the only affordable housing location in Eastern Suffolk County, providing ample workforce options to employers locating at the subject property. While single-family homes are generally affordable compared to elsewhere in the submarket, the Town of Riverhead itself has 2,024 apartments with 131 units under construction, and a very low vacancy rate of 2.2%. The multifamily sector is very active with two properties having sold last year for a total of \$14MM and \$168K per unit and an overall rate of 5.0%. Lastly, the immediate vicinity, as demonstrated in the following graphs and tables indicate the subject location is located near a significant moderate income workforce in an area that is largely industrial (with utilities land being related to the Riverhead Water Authority, and in part related to the contamination associated with the former Calverton Naval Base).

DEMOGRAPHIC SUMMARY OF RIVERHEAD VILLAGES AND HAMLETS								
	Aquebogue	Baiting Hollow	Calverton	Jamesport	Northville	Riverhead	Wading River	Total
Population								
2000 Census	2,236	1,449	5,462	1,541	801	10,513	6,668	28,670
2010 Census	2,438	1,642	6,510	1,710	1,340	13,299	7,719	34,658
2021 Estimate	2,481	1,734	6,614	1,757	1,546	14,227	7,971	36,330
2026 Projection	2,483	1,759	6,694	1,763	1,614	14,490	8,024	36,827
Population Growth								
Percent Change: 2000 to 2010	9.0%	13.3%	19.2%	11.0%	67.3%	26.5%	15.8%	20.9%
Percent Change: 2010 to 2021	1.8%	5.6%	1.6%	2.8%	15.4%	7.0%	3.3%	4.8%
Percent Change: 2021 to 2026	0.1%	1.4%	1.2%	0.3%	4.4%	1.9%	0.7%	1.4%
Households								
2000 Census	861	600	2,459	614	296	3,878	2,370	11,078
2010 Census	932	719	3,003	715	531	4,827	2,716	13,443
2021 Estimate	959	773	3,058	738	589	5,166	2,799	14,082
2026 Projection	962	788	3,092	742	608	5,264	2,813	14,269
Household Growth								
Percent Change: 2000 to 2010	8.3%	19.8%	22.1%	16.5%	79.4%	24.5%	14.6%	21.3%
Percent Change: 2010 to 2021	2.9%	7.5%	1.8%	3.2%	10.9%	7.0%	3.1%	4.8%
Percent Change: 2021 to 2026	0.3%	1.9%	1.1%	0.5%	3.2%	1.9%	0.5%	1.3%
Family Households								
2000 Census	626	429	1,457	439	225	2,548	1,812	7,536
2010 Census	642	463	1,736	494	385	3,055	2,072	8,847
2021 Estimate	660	498	1,758	510	427	3,258	2,143	9,254
2026 Projection	663	508	1,779	513	441	3,315	2,159	9,378
Family Household Growth								
Percent Change: 2000 to 2010	2.6%	7.9%	19.2%	12.5%	71.1%	19.9%	14.4%	17.4%
Percent Change: 2010 to 2021	2.8%	7.6%	1.3%	3.2%	10.9%	6.6%	3.4%	4.6%
Percent Change: 2021 to 2026	0.5%	2.0%	1.2%	0.6%	3.3%	1.8%	0.8%	1.3%
Income Demographics								
2021 Est. Avg HH Income	\$122,380	\$158,706	\$97,255	\$132,289	\$111,868	\$89,135	\$174,429	
2021 Est. Med. HH Income	\$83,960	\$112,893	\$67,121	\$104,032	\$93,224	\$60,512	\$135,928	
No. of Families Below Poverty Line	13	16	284	32	12	603	165	1,125
% of Families Below Poverty Line	2.0%	3.2%	16.2%	6.3%	2.8%	18.5%	7.7%	12.2%
Source: ESRI, Inc.								

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 Real Property Taxmap parcel linework used with permission of Suffolk County Real Property Tax Service Agency (R.P.T.S.A.). This rendering is a DRAFT MAP in that 1) the data displayed is an interagency or intergovernmental product and is not a final map for surveying, conveying or other precise property determination. It is not statistical or factual compilation of data. In some cases correct data has been left out and questionable or inaccurate data has been exaggerated to help identify errors. In short, this is a DRAFT MAP produced in an effort to aid in the correction of data and is not held out as being complete or accurate in any way.

*excerpted from (F.O.I.L.) the provisions of the Freedom of Information Law [Public Officers Law Article 6 Section 84(9)(b) by section 87.2(g)]

Map is subject to revision. This map is not to be used for surveying, conveyance of land or other precise purposes. Tax map base provided courtesy of Real Property Tax Service Agency.





1.2(2) SITE FACTORS

The following site factors were considered relevant to note with respect to the following ratings table as being particularly pertinent.

Parking for Cars and Trucks

Parking ratios have rapidly declined as modern warehousing has become increasingly automated. The subject's proposed parking ratio is 0.79 per 1,000 SF While lower than what was traditionally seen just 10 years ago due to automation, the ratio is consistent with virtually all new construction warehouse distribution facilities. We note however there is no on-site parking for trucks, outside of the docking facilities available onsite. Overall, a typical rating was applied.

Circulator on Site for Trucks

Ideal warehouse/distribution facilities have turnaround circulators for tractor trailers. The site dimensions do not allow such a feature, nor is one planned. However, a survey of competitive properties indicate this is fairly common, hence a typical rating was applied.

Topography

The site demonstrates only moderate sloping from the south to the north at moderate 5 foot intervals from a height of 20 feet to the lowest point. This is considered generally level and not costly to ameliorate. This is typical for Long Island, which is generally flat.

Land-to-Building Ratio

The typical land-to-building ratio for warehouse distribution facilities is 2.5 to 3.5. For the subject property, the proposed land-to-building ratio is 3.12 to 1. Overall, this ratio indicates there is no excess nor surplus land. Therefore, a typical rating was applied.

1.2(3) PROPOSED BUILDING IMPROVEMENTS

We did not receive full architectural plans. We note that the following description of pertinent factors, if not documented in the provided site plan, was derived from interviews with ownership. It is an extraordinary assumption of this report that these descriptions are accurate.

The subject site is proposed to be improved with an 8-building distribution warehouse park. The improvements will be Class A distribution warehouse facilities. The following summarizes the proposed improvements:

SUMMARY OF PROPOSED SUBJECT DISTRIBUTION WAREHOUSE PARK							
Bldg #	RBA (SF)	No. of Suites	Avg. Suite Size (SF)	Percent Office	No. of 12' x 14' Roll-ups	No. of Dock Highs	Ceiling Height
1	56,000	10	5,600	10%	20		30'
2	56,672	6	9,445	10%		6	30'
3	56,000	10	5,600	10%	20		30'
4	56,672	6	9,445	10%		6	30'
5	49,000	10	4,900	10%	20		30'
6	49,560	5	9,912	10%		5	30'
7	49,000	10	4,900	10%	20		30'
8	49,560	5	9,912	10%		5	30'
Total/Avg	422,464	62	6,814	10%	80	22	30'

Construction Quality and Appearance

his factor pertains to more than just cost and appearance. It addresses quality over functionality. For example, the floor thickness requirement for a warehouse is an issue that should be considered. Typical warehouse applications require five to eight inches of reinforced concrete flooring. Some industrial facilities have thicker floors to support specialized machinery, such as commercial printing presses or manufacturing equipment.

Given the indicated price point, which is indicative of Class C construction, the overall appearance of the improvements is expected to be basic with tilt-up and metal walls with a steel frame and flat EPDM roof. Thickness of reinforced concrete flooring was reportedly planned to be 6 inches. In terms of competitive ratings, the property would be considered a Class A distribution warehouse given the following factors: Such properties are rare in the Eastern Suffolk Submarket. Only one sufficiently comparable property was identified, and discussed later in this report.

Warehouse Size

The 8 buildings are fairly flexible in terms of accommodating tenants of varying sizes. As indicated, the 8 buildings are designed for 62 tenants with an average size of 6,814 square feet. This is typical for the market, which largely caters to smaller users. Therefore, a neutral rating was applied

Office Size

Each suite will consist of 10% office space, which is consistent with the market. A typical/neutral rating was applied.

Ceiling Heights

Virtually no warehouse/distribution facilities in the Eastern Suffolk Submarket have ceiling heights of 30 feet, warranting a high superior rating.

Security Features

The subject site will have a high perimeter fence and security card access gate, which is a rare feature in the submarket. A moderate superior rating was warranted.

Flexibility of design for Multitenant Use

The tenant suites in the various buildings can be combined, allowing for flexibility. This is above-average in the submarket, but no uncommon. Hence, a slight superior rating was applied.

Number and Quality of Loading Facilities

The property will have 80 have (10) 12' x 14' roll-up doors, which are a scarce in the market. Most buildings have 10' or even 9' wide doors, and heights above 12' are rare. The property will have 22 dock high, recessed loading docks for tractor trailers, which is also rare in the submarket. A high superior rating was warranted.

SUMMARY OF PROPOSED IMPROVEMENTS

DESCRIPTION OF THE PROPOSED IMPROVEMENTS	
Address	4285 Middle Country Road Calverton, New York 11933
Property Description	Industrial Flex (Warehouse/ Distribution) Multi-tenant Distribution Warehouse
Anticipated Year of Completion	2022
Year Renovated	N/A
Number of Buildings	8
Number of Stories	1
Building Construction Class	C
Net Rentable Area	422,464 square feet
Gross Building Area	422,464 square feet
Mezzanine Area (not incl. above)	0 square feet
LEED Ratio	None
Land-to-Building Ratio	3.12 : 1
Ingress/Egress	Two curb cuts on Route 25
Percentage Office Build-Out	10%
Clear Height	30'
Power	Assumed Adequate
Loading Doors	
Dock High	22
Roll-Up	(80) 12' x 14' roll up doors + 2 for commissary trash enclosure
Rail Access	None
Storage Yard	None
Truck Court	None
Parking	
Surface Parking Spaces	332
Other	0
Garages	0
Total Parking Spaces	332
Parking Ratio	0.79 per 1,000 SF
ADA Compliance	The property is assumed to be fully ADA compliant.

PROPOSED CONSTRUCTION DETAIL

General Layout	The proposed improvements will have 8 buildings with 4 pairs. The westerly buildings will have 10 suites each, with (2) roll-up doors per suite for a total of 80 roll-up doors. The easterly buildings will have either 6 or 5 suites with 1 drive-up loading dock, for a total of 22 drive-up loading docks.
Foundation	Poured concrete slab
Construction	Steel Frame
Floor Structure	Reinforced concrete
Exterior Walls	Metal or Tilt-Up
Roof Type	Flat
Roof Cover	EPDM
Windows	Not specified, but assumed adequate for office use

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PROPOSED MECHANICAL DETAIL

Heating	Forced Air
Cooling	None
Plumbing	Plumbing is assumed to be adequate
Electrical	Electrical is assumed to be adequate
Fire Protection	Wet system

PROPOSED SITE IMPROVEMENTS

Parking Type	Surface
Landscaping	Low maintenance shrubs and grass
Signage	One sign along Route 25
Fencing	Perimeter fencing is proposed to surround the site.
Other	A high security, keycard gated entrance is planned. Additional site improvements include a septic system.

SUMMARY OF IMPROVEMENTS UPON COMPLETION

Building Condition	New
	We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Building Quality	Good
Design and Functionality	Excellent
Actual Age	0 years
Expected Economic Life	45 years
Effective Age	0 years
Remaining Economic Life	45 years
Comments	<p>The proposed improvements have 30' high ceilings consistent with contemporary, efficient warehouses. The mix of roll-up and dock-high doors allows for smaller just-in-time logistics as well as local smaller businesses such as landscapers, interior decorators and craftsmen. The land-to-building ratio overall is good, as is the available parking and office space, although the site is hampered somewhat by limited space to allow for a truck maneuvering area. Overall, the proposed improvements are deemed to demonstrate excellent functional utility given the limited supply of warehouse distribution facilities with high efficient ceiling heights.</p>

SUMMARY OF PROPERTY RATING

PROPOSED INDUSTRIAL (WAREHOUSE AND DISTRIBUTION) BUILDING PROPERTY RATING		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Slight	Moderate	High
Rating								
Micro-Location (immediate area)								
Proximity to major-thoroughfare								X
Access onto site for trucks				X				
Access and visibility to customers						X		
Proximity to complementary uses								X
Site Analysis								
Parking for cars and trucks				X				
Circulator on site for trucks				X				
Topography				X				
Land-to-building ratio				X				
Proposed Building Improvements								
Construction Quality								X
Exterior appearance								X
Size of warehouse area				X				
Size of office area				X				
Ceiling Heights								X
Security features								X
Flexibility of design for multitenant						X		
No./Quality of Loading Facilities								X
Rating Conclusions								
Factor number of items	0	0	0	7	2	1	6	
Times category score	0	2	4	5	6	8	10	
Category Score	0	0	0	35	12	8	60	
Total Subject score	115							
Percentage above or (below) all average	44%							

*Typical new construction in the overall market

1.3: LOCATION ANALYSIS

Because the demand for industrial space is diffused over a broad metropolitan area, a macro-level analysis is first considered. After this, the micro-level location is considered.

LONG ISLAND MACRO-LEVEL ANALYSIS

Within this section, we analyze the overall metropolitan matrix, urban growth patterns, the clusters or nodes of industrial buildings, and the quality of the vital linkages that connect these buildings to the community and support facilities. We identify the subject's node, determine how it compares to competitive nodes, and to project how it will compare in the future.

Within this analysis for industrial buildings, the Long Island market is divided into submarkets. In a large metropolitan area such as the overall market, clusters of submarkets are analyzed as an interim step. The study consider four clusters identified by Costar, Inc.: Nassau County, Western Suffolk County, Central Suffolk County, and Eastern Suffolk County. We note that the subject property's submarket is Eastern Suffolk County, which due to its comparatively sparse population is not otherwise divided into smaller submarkets.

General Economic Overview

Long Island is improving and is decidedly in the recovery stage of the macroeconomic lifecycle. The COVID-19 crisis pushed the unemployment rate to more than twice its prior high in spring. But as the shock has worn off, joblessness is now below that of the nation and payrolls are further along on their journey back to prerecession levels than they are in either the U.S. or New York. While consumer industries are struggling most, all industries except education/healthcare are faring better than in neighboring New York City. Real-time data also show evidence of a rebound. The Google Mobility workplace and retail/recreation indexes now exceed those of the U.S. after spending all spring way behind.

Rising coronavirus cases will keep Long Island from finding another gear. Its relative population density and proximity to a largely-shuttered New York City will handicap Long Island, with increased precautions preventing more robust growth. A lack of state and local aid also poses a concern, with the federal government unlikely to provide the type of boost needed to prevent public sector cuts.

Still, the situation could be worse. Long Island has gone from having the highest new infection rate in the nation in spring to one of the lowest since summer. Strict precautions in New York and plentiful testing give NAS some of the tools required to minimize disruption. Combine this with the nation's third-lowest poverty rate, creating a safety net for residents, and NAS is better-positioned than many of its peers.

Heavy reliance on healthcare will prove a double-edged sword. The sector's cyclical typically provides a backstop during downturns. Further, a population that skews older and wealthier, with high levels of insurance coverage, has long supported doctors and hospitals. Among the 100 most populous metro areas and divisions, Long Island is the only one to rank in the top five for ambulatory-care share of jobs and top 15 for hospital presence.

While this will remain a core strength, the short-term outlook is murky. Physicians' offices will struggle as COVID-19 forces some closures and keeps routine visits in check, while hospitals may once again be forced to halt elective procedures. Top employer Northwell Health already recorded losses in the first half of 2020 as rising costs more than offset increased revenue. Any hopes for a meaningful recovery are dampened by worsening public health conditions and the expiration of the CARES Act, which helped to insulate the health system from deeper losses.

A hot residential market will provide a significant lift. An exodus of New York City residents has proven persistent, with real-time data indicating that Suffolk County is reasonably close to its pre-pandemic levels of activity. This, combined with continued pent-up demand, has contributed to a surge in home sales, according to OneKey MLS. Bidding wars are common on Long Island, with many homes spending mere days on the market amid a shortage of

inventory. This represents a turnaround for a housing market that had been struggling as would-be residents shunned it for the Big Apple or up-and-coming areas to the south and west. While the latter pattern will resume, a combination of diminished demand for city living and more millennials seeking a single-family home and high-quality schools will continue to bolster demand in NAS.

The road ahead will be bumpy but navigable for Nassau County-Suffolk County. Its labor market recovery will slow, but the setback associated with the latest COVID-19 surge will prove less severe than in most places. The shift of residents toward suburban areas will remain a tailwind, bolstering housing and consumer industries. Longer term, weak demographics and high costs remain impediments.

Summary of General Economy Strengths

- Robust healthcare sector
- Linkages with New York City that contribute to high per capita income
- Highly skilled workforce
- Lower population density and abundance of single-family housing attract residents from New York City
- Increased remote work in white-collar industries drive more workers to suburbs
- Relatively strong increase in household income through 2025 at 2.2% per year
- Housing permits expected to more than double through 2025

Summary of Weaknesses

- High costs for residents and firms due to tax burden and elevated housing prices
- Lack of developable land
- Poor demographics, including persistent out-migration and rapidly aging population
- Risk of COVID-19 second wave
- Overloaded hospitals and reduced demand for ambulatory care

Demographic Overview

While the overall population of Long Island has remained more or less stable for sometime, with only a modest increase noted since 2000, the Eastern Suffolk County Submarket has experienced strong growth capturing a larger percentage of the overall total. The same is true for employment, which increased at an overall faster rate from 2014 to 2019

EMPLOYMENT TRENDS IN LONG ISLAND METRO AREA				
Year	Long Island Metro Area	Eastern Suffolk Ind Submarket		
		% Change	(Subject Area)	% Change
2014	1,377,500		81,489	
2015	1,407,800	2.2%	84,568	3.8%
2016	1,412,600	0.3%	88,018	4.1%
2017	1,419,600	0.5%	88,328	0.4%
2018	1,428,400	0.6%	86,268	-2.3%
2019	1,433,100	0.3%	86,455	0.2%
	Total Change	4.0%	Total Change	6.1%

Source: New York State Department of Labor Statistics

LONG ISLAND METRO POPULATION GROWTH - SUBMARKET % OF TOTAL						
Area	20 Years Ago	% of Total	10 Years Ago	% of Total	Current	% of Total
Eastern Suffolk County	197,668	7.2%	218,611	7.7%	225,318	8.0%
Remainder of Long Island	2,556,239	92.8%	2,614,271	92.3%	2,602,885	92.0%
Total for Long Island	2,753,907	100.0%	2,832,882	100.0%	2,828,203	100.0%

Source: ESRI, Inc.

LONG ISLAND METRO SUBMARKETS RANK BY NEW WAREHOUSE/DISTRIBUTION CONSTRUCTION						
Rank	Submarkets	Submarket	Total	Built Since 2015		
		Cluster	RBA (SF)	# Bldgs.	RBA (SF)	% of Total
1	Eastern Suffolk	Eastern Suffolk	4,802,623	7	192,431	4.3%
2	Hauppauge	Western Suffolk	19,366,539	3	400,203	2.1%
3	Eastern Nassau	Nassau	17,700,935	4	306,610	1.8%
4	South Central Suffolk	Central Suffolk	7,879,550	6	128,496	1.7%
5	Deer Park	Western Suffolk	15,640,525	1	232,000	1.5%
6	East Farmingdale	Western Suffolk	13,782,879	2	46,812	0.4%
7	Ronkonkoma/Bohemia	Central Suffolk	12,917,929	1	24,000	0.2%
8	Southern Nassau	Nassau	9,452,286	1	5,547	0.1%
9	Southwest Suffolk	Western Suffolk	8,063,175	1	2,240	0.0%
10	Southeast Nassau	Nassau	812,320	0	0	0.0%
11	Northern Nassau	Nassau	1,182,571	0	0	0.0%
12	Northwest Suffolk	Western Suffolk	1,859,500	0	0	0.0%
13	North Central Suffolk	Central Suffolk	2,349,698	0	0	0.0%
14	Western Nassau	Nassau	5,392,385	0	0	0.0%
15	Central Nassau	Nassau	7,164,150	0	0	0.0%

Source: Costar, Inc.

As indicated, the Eastern Suffolk submarket has demonstrated the largest increase in warehouse and distribution space since 2015, increasing by 4.3%, more than double the second most active submarket.

Population and Employment Projections through 2026

LONG ISLAND METRO POPULATION GROWTH - HISTORICAL AND PROJECTED SUBMARKET CLUSTER				
	Nassau County	Western Suffolk	Central Suffolk	Eastern Suffolk
Percent Change 2000 to 2010	0.37%	3.28%	5.83%	10.60%
Percent Change 2010 to 2021	1.32%	-3.10%	-0.96%	3.07%
Percent Change 2021 to 2026	0.21%	-1.27%	-0.61%	0.62%

Source: ESRI

MICRO-LEVEL LOCATION

The Eastern Suffolk Submarket is large in comparison with the other submarket clusters, which are subdivided. We have divided the submarket into four quadrants with Riverhead representing the northwest, Westhampton representing the southwest, Easthampton/Montauk to the southeast and the North Fork to the northeast.

We have considered the following factors within the submarket:

- The subject property's relative location within the Eastern Suffolk Submarket
- Traffic Conditions around the subject site

- Adjacent land uses
- Proximity to transportation facilities
- Natural amenities
- The subject property's future location with the projected pattern of growth for the node

Building Location Analysis

Overall, the subject location in Riverhead has demonstrated strong absorption in 2020, greatly exceeding the other nodes within the submarket. The location is superior primarily due to the following factors:

- Riverhead is the primary location of workforce housing in the area. As traffic is light and the overall market is the Eastern Suffolk Submarket, proximity to employee housing is significant.
- Riverhead consists of the highest concentration of support facilities, as most of the submarket consists of upper-income residential development with a large contingent of vacation homes.
- The subject's central location and proximity to I-495 allows for good access to vendors and customers alike.
- This trend is expected to continue as development restrictions in the other nodes tend to be much more stringent.
- The subject area has the most land ready for new development, the lowest land cost, and the lowest taxes versus the other micro market nodes.
- Riverhead has experienced the strongest net absorption in 2020 versus the other nodes.

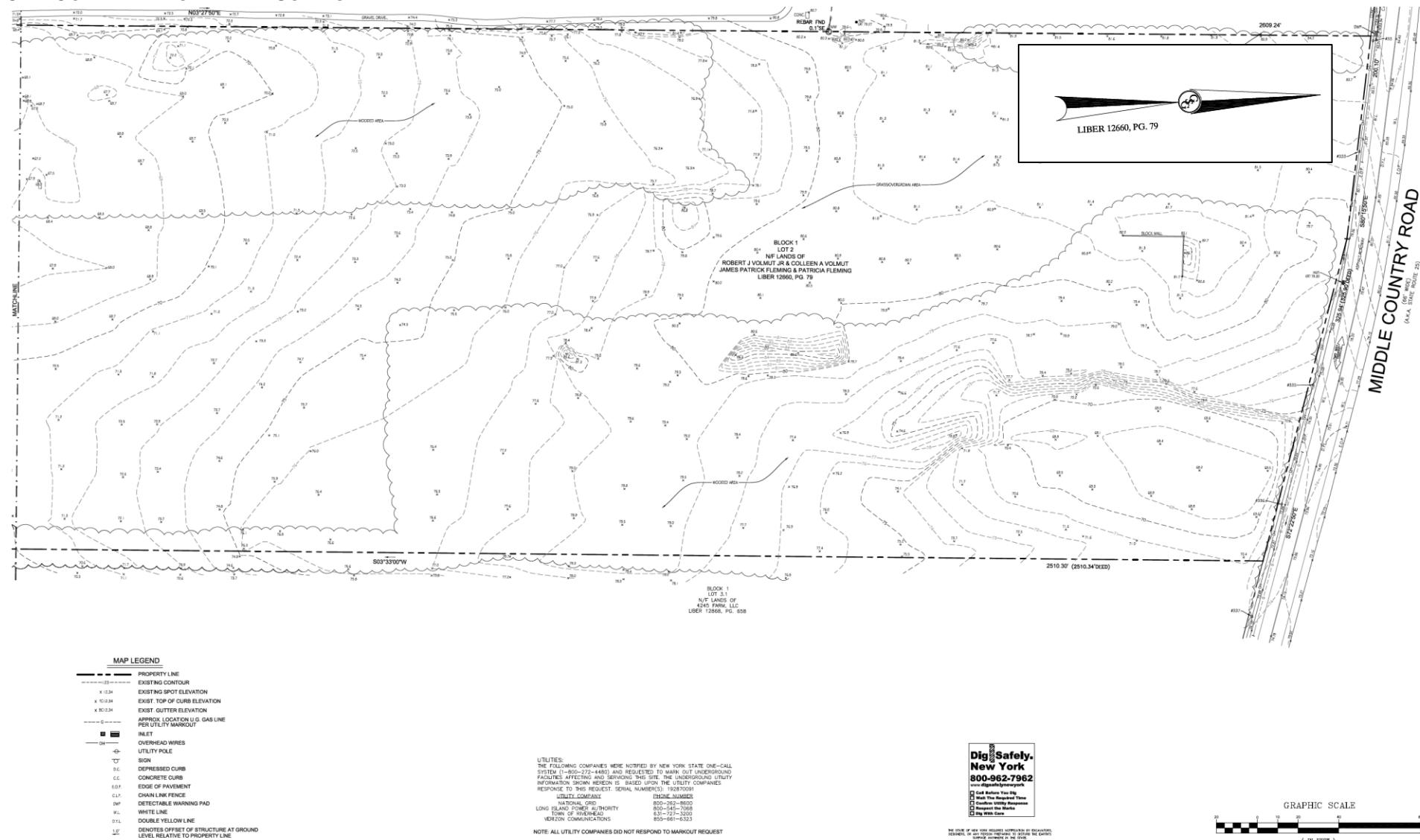
Eastern Suffolk Submarket Regional Net Absorption Trends (SF)										
Submarket Regions	2016	% of Total	2017	% of Total	2018	% of Total	2019	% of Total	2020	% of Total
Riverhead (Subject)										
Warehouse/Distribution	37,071	28%	17,480	79%	(880)	-8%	(107,725)	188%	35,855	589%
North Fork										
Warehouse/Distribution	9,865	7%	3,335	15%	(12,600)	-115%	24,600	-43%	5,000	82%
West Hampton										
Warehouse/Distribution	59,941	45%	(18,938)	-85%	12,151	111%	17,287	-30%	(2,829)	-46%
East Hampton/Montauk										
Warehouse/Distribution	26,860	20%	20,335	92%	12,247	112%	8,641	-15%	(31,941)	-525%
Total Eastern Suffolk	133,737	100%	22,212	100%	10,918	100%	(57,197)	100%	6,085	100%

Source: Costar, Inc.

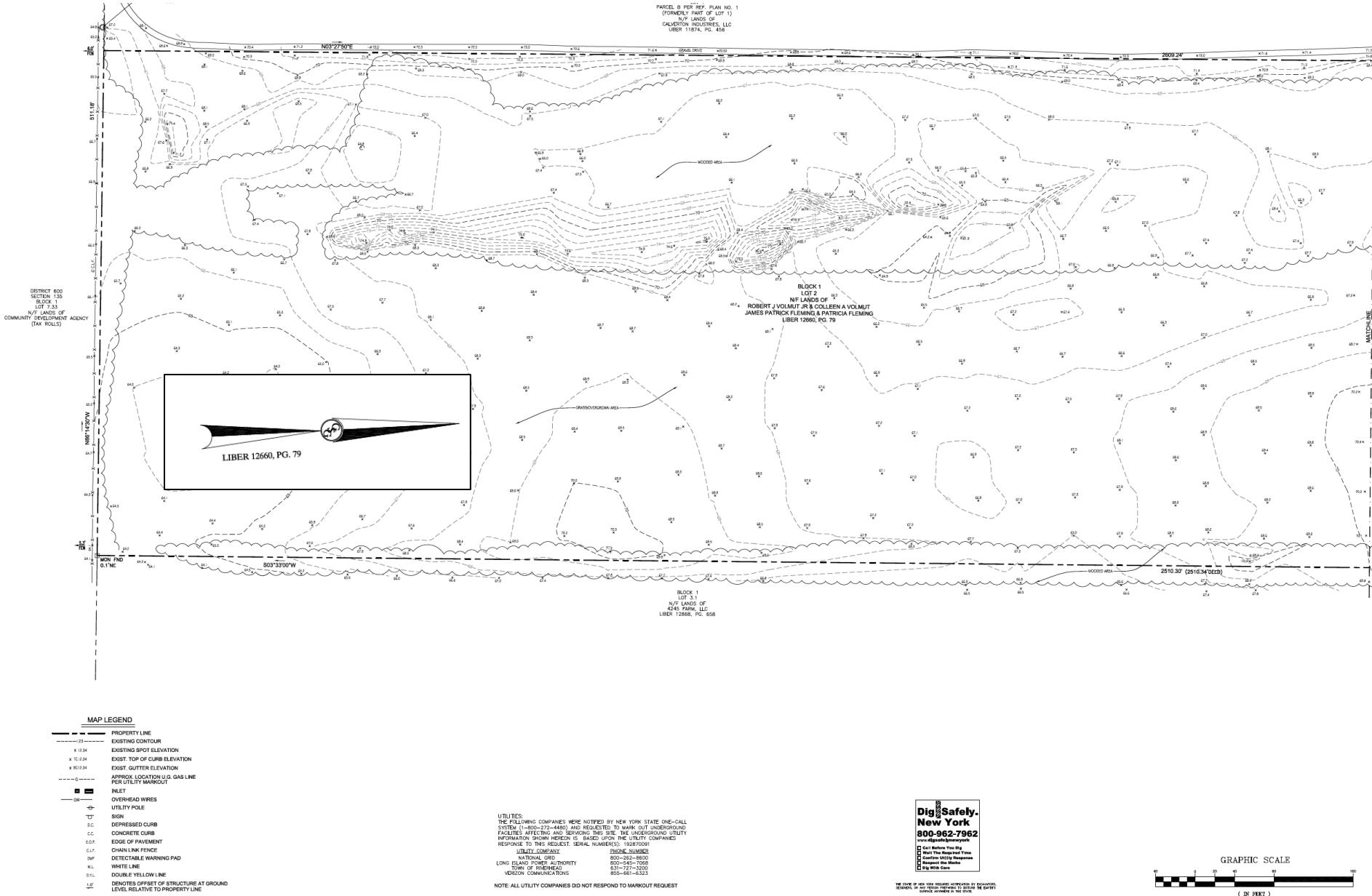
Industrial Immediate Micro market Node Location Analysis Chart						
ID No.	Rating Criteria/ Micro market Areas	Riverhead (Subject Area)	West Hampton	East Hampton	North Fork	Importance Factor
1	Travel time to employee housing	4	3	1	2	10
2	Travel time to passenger airport	3	3	2	1	3
3	Support facilities in area (hotels, restaurants, and multitenant office)	4	3	2	1	5
4	Proximity to air freight	3	3	2	1	11
5	Proximity to rail	3	3	1	1	10
6	Proximity and access to interstate highways	3	3	1	1	12
7	Current travel time to customers	4	3	2	1	9
8	Current travel time to vendors	4	3	2	1	9
9	Expected travel time to customers in ten years	4	3	2	1	8
10	Expected travel time to vendors in ten years	4	3	2	1	8
11	Area with most land ready for new buildings	4	3	1	2	4
12	Land cost	4	2	1	3	2
13	Taxation cost	4	2	1	3	3
Total score		480	370	200	190	1240
Percentage of total scores		39%	30%	16%	15%	100%

Note: A higher number denotes a better location.

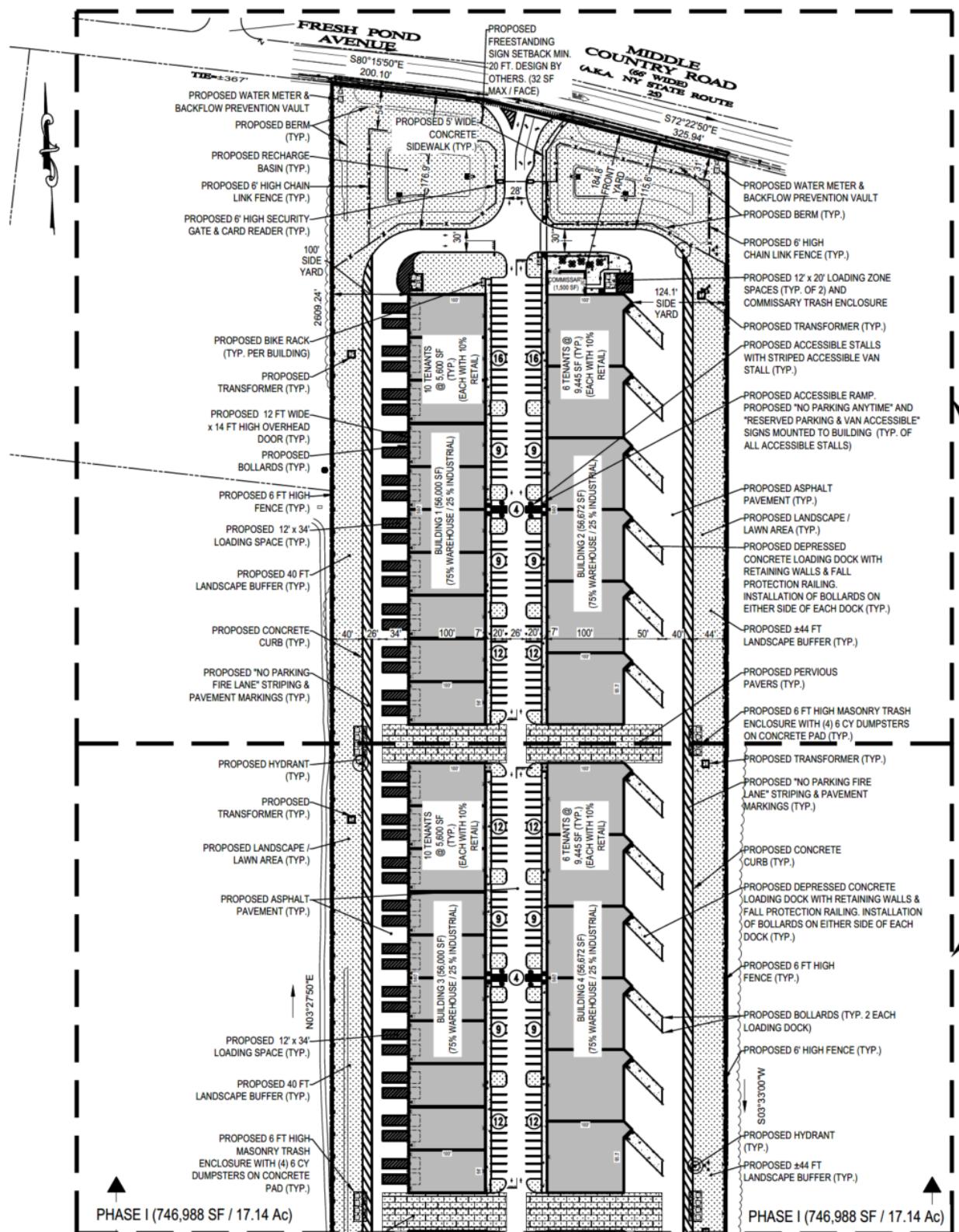
SITE SURVEY – NORTHERN COMPONENT



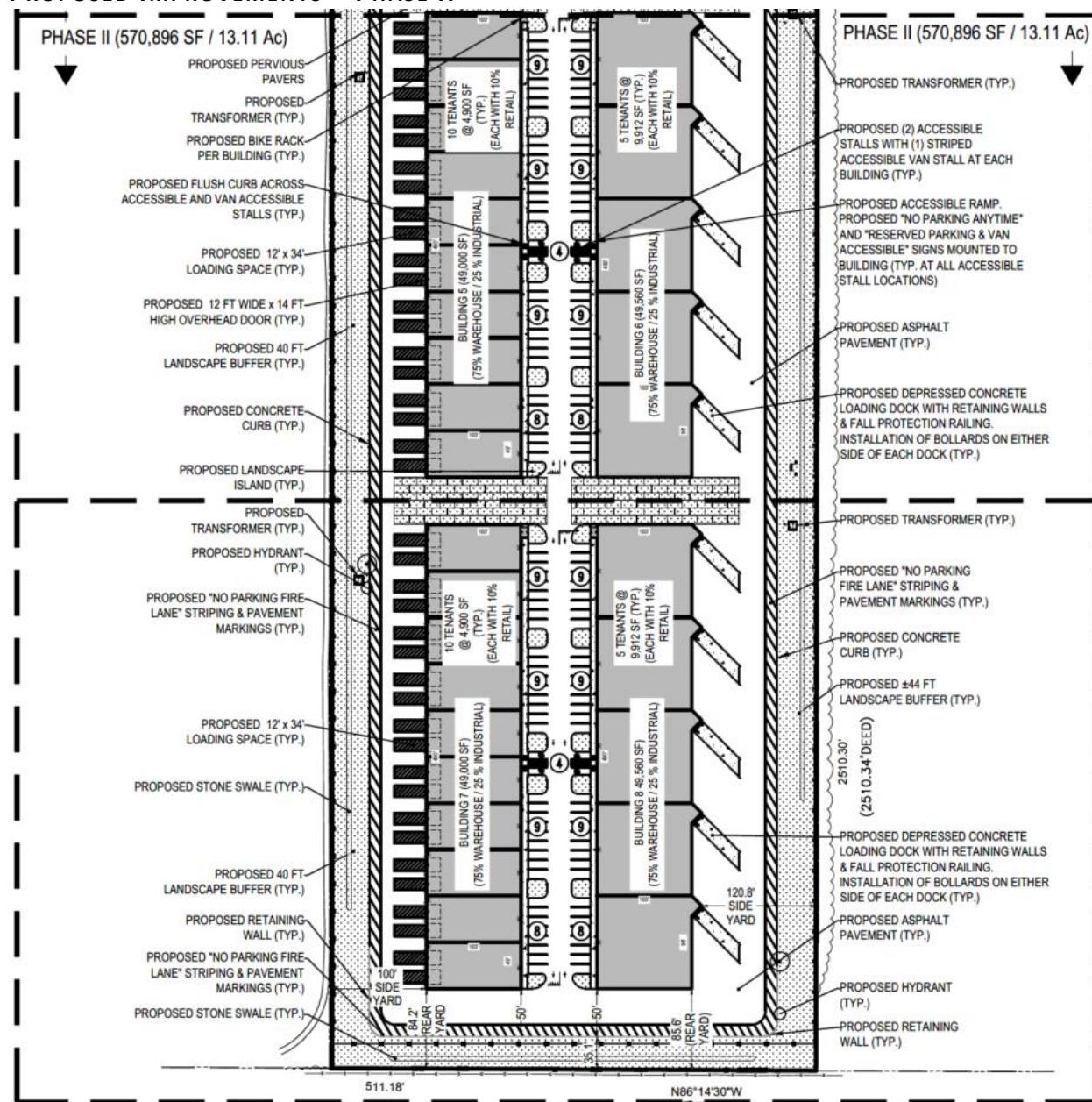
SITE SURVEY – SOUTHERN COMPONENT



PROPOSED IMPROVEMENTS – PHASE I



PROPOSED IMPROVEMENTS – PHASE II



STEP 2: MARKET DELINEATION

Most industrial buildings do not have the contiguous market or trade areas that characterize retail facilities (i.e., concentric trade circles defined by time-distance relationships and sales volume percentages) and residential subdivisions (i.e., commuting time to employment centers). Industrial facilities such as professional office buildings are driven by the international and national economies translated to the local metropolitan area and the subject submarket based on locational factors.

2.1: MARKET OF PROPERTY USERS AND THEIR LOCATION

The property productivity analysis identified the property as competitive for office-warehouse and distribution uses. The demand for future space likely will come from continued population growth in the Eastern Suffolk Submarket, whereas other submarket clusters are projected to experience declines in population, combined with the increase in demand for housing in the market due to the overall demand for housing in the Long Island market due to COVID-19. New economic demand for space in the submarket will primarily be the result of locational factors analyzed in the property productivity analysis. New economic demand for warehouse/distribution space will gravitate to the location of the subject property due to linkages to suppliers, employees, and customers. While most warehouse/distribution facilities are obsolete in the subject property overall market, the subject market area/submarket has the most available land to allow for modern facilities.

We have broadly identified the immediate area of the subject property's competitive node to be the Riverhead quadrant of the submarket, which is part of the Eastern Suffolk Submarket. The Eastern Suffolk Submarket is one four submarket clusters that comprise the Long Island Industrial Market. Unlike the other clusters, given the low population density and significant vacant and agricultural land, the cluster is not subdivided into other submarkets.

2.2: EMPLOYMENT CATEGORY IDENTIFICATION AND SEGMENTATION

Current statistics released by the Bureau of Labor Statistics only delineate employment data to the county level. Given the size of Suffolk County, we have first presented the overall employment noting the employment categories relevant to warehouse/distribution facilities. This figure will be adjusted as necessary to the subject's specific location. An X identifies employment categories that are most likely to occupy the warehouse/distribution centers similar to what is proposed for the subject site.

Employment data classifications have some built-in limitations. For example, although the goal of this analysis is to isolate employment related to warehouse/distribution systems, employment for a specific industry is generally classified by the primary activity of the establishment. This means that an accountant at a manufacturing facility would be classified as a manufacturing employee rather than a financial services employee. Also, employees of a large company can be classified in many different sectors, depending on the facilities in which they work. For instance, an oil company is classified as mining, but the employees at the headquarters building would be classified as service workers, pipeline operators as transportation workers, and refinery workers as manufacturing employees.

2019 EMPLOYMENT IN SUFFOLK COUNTY BY NAICS CODE				
NAICS No.	Industry Description	2019 Employment	% of Total Employment	Key Categories for Warehouse Distribution Employment
11	Agriculture, forestry, fishing, and hunting	2,588	0.4%	
21	Mining	207	0.0%	
22	Utilities	738	0.1%	
23	Construction	48,151	8.2%	
31-33	Manufacturing	53,082	9.0%	
42	Wholesale trade	37,597	6.4%	X
44-45	Retail trade	78,317	13.3%	
48-49	Transportation and support activities	17,874	3.0%	
493	Warehousing	1,225	0.2%	X
51	Information	6,815	1.2%	
52	Finance and Insurance	21,028	3.6%	
53	Real Estate and Rental Leasing	7,582	1.3%	
54	Professional, Scientific and Technical Services	37,872	6.4%	
55	Management of Companies and Enterprises	7,221	1.2%	
56	Administrative and Support and Waste Management	42,566	7.2%	
61	Educational Services	9,177	1.6%	
62	Health Care and Social Assistance	97,040	16.5%	
71	Arts, Entertainment, and Recreation	11,596	2.0%	
72	Accommodation and Food Services	53,116	9.0%	
81	Other Services (Except Public Administration	25,430	4.3%	
92	Public Administration	29,100	4.9%	
Totals		588,322	6.6%	

Source: Bureau of Labor Statistics (2020 County Data Not Available as of January 2021)

Overall, within Suffolk County as a whole, the market delineation is initially based on 6.6% of the overall employment. This figure will be adjusted as necessary to the micro locations discussed in Step 1.

STEP 3: FORECAST DEMAND

To forecast demand, we consider inferred and fundamental data and reconcile the data for the final demand forecast.

3.1 INFERRED DEMAND INDICATORS IN CURRENT MARKET TREND ANALYSIS

We have utilized three sets of data to forecast inferred demand:

- Metropolitan Growth Data
- Submarket Absorption
- Employment Mix

3.1A: INFERRED DEMAND BY METROPOLITAN GROWTH DATA

The following table indicates that warehouse/distribution space is 73.9% of the total industrial space in the Long Island Market. This suggest overall, the area is a good market for warehouse/distribution space.

LONG ISLAND METROPOLITAN AREA INDUSTRIAL SPACE				
Type	Total Current Space (SF)	Vacancy Rate w/Sublet	Occupied Space (SF)	% of Total Occupied Space
Flex/R&D	17,457,441	7.5%	16,148,133	9.7%
Manufacturing	28,535,410	3.5%	27,536,671	16.6%
Warehouse/Distribution	128,367,065	4.6%	122,462,180	73.7%
Totals	174,359,916	4.7%	166,146,984	100.0%

Source: Costar, Inc.

The following table shows the total warehouse area, warehouse area delivered, vacancy rates, and net absorption for the Long Island metro, the Eastern Suffolk Submarket, and the four quadrants discussed previously. The submarket has nearly 5 million square feet of warehouse/distribution space, which is remained relatively stable, increasing 0.46% since 2016. While the overall Eastern Suffolk submarket has a higher vacancy rate than the metro as a whole, and this includes the subject Riverhead Node, Riverhead has the largest share of warehouse/distribution space in the submarket, and experienced strong absorption in 2020 while the overall market experienced negative absorption. This overall ambiguity of the rising vacancy rates in the subject node requires additional analysis.

Total Warehouse Area						
Year	Long Island Metro Area	Eastern Suffolk Submarket	Riverhead Node	Westhampton Node	Easthampton/Montauk Node	North Fork Node
Avg % Chg.	0.12%	0.46%	-0.17%	1.63%	0.23%	0.31%
2020	128,367,065	4,802,623	2,364,327	1,044,261	740,495	657,376
2019	127,920,446	4,802,623	2,364,327	1,044,261	740,495	657,376
2018	127,728,876	4,720,403	2,392,012	962,041	740,495	657,376
2017	127,722,851	4,718,203	2,392,012	959,841	740,495	657,376
2016	127,574,434	4,692,852	2,385,002	959,841	732,154	647,376
New Warehouse Area Under Delivered						
Year	Long Island Metro Area	Eastern Suffolk Submarket	Riverhead Node	Westhampton Node	Easthampton/Montauk Node	North Fork Node
2020	442,813	-	-	-	-	-
2019	175,126	65,776	-	-	-	-
2018	6,025	2,200	-	65,776	-	-
2017	123,806	17,010	7,010	2,200	-	10,000
2016	189,407	14,860	-	-	-	-
Vacancy Rate						
Year	Long Island Metro Area	Eastern Suffolk Submarket	Riverhead Node	Westhampton Node	Easthampton/Montauk Node	North Fork Node
2020	4.6%	6.8%	8.0%	8.0%	7.2%	0.5%
2019	3.4%	7.0%	7.8%	7.8%	2.9%	1.5%
2018	2.6%	4.8%	3.4%	3.4%	3.2%	5.3%
2017	2.7%	4.9%	4.5%	4.5%	4.9%	3.0%
2016	2.8%	5.2%	2.5%	2.5%	7.7%	2.7%
Net Absorption (SF)						
Year	Long Island Metro Area	Eastern Suffolk Submarket	Riverhead Node	Westhampton Node	Easthampton/Montauk Node	North Fork Node
2020	(1,138,619)	8,010	35,855	(2,829)	(31,941)	6,925
2019	(588,942)	(29,512)	(107,725)	17,287	8,641	24,600
2018	380,135	6,593	(880)	12,151	12,247	(14,525)
2017	172,314	28,912	17,580	(18,938)	20,335	7,535
2016	211,943	136,354	37,071	59,941	26,860	9,865

Source: Costar, Inc.

3.1B – INFERRED DEMAND BY EMPLOYMENT MIX

The job structure of an area is critical in determining the growth prospects and, thus, need for various real estate uses like the warehouse and distribution facility that is the subject of the case study. One method used to analyze this structure is an economic base analysis. Economic base analysis separates industries into basic and non-basic industries. Basic industries are those that generate a greater amount of income and employment than is necessary to meet a community's consumption needs.

A measure of an industry concentration is the location quotient (LQ), also known as the coefficient of specialization. The location quotient is calculated as the percentage of total employment in an industry for an urban area divided by the percentage of total employment in the same industry for the entire nation or state or some other larger comparable area. A location quotient greater than 1.0 would indicate a basic industry because the percentage of total employment in an area for a particular industry is greater than the national or state ratio. A location quotient less than 1.0 would indicate that the industry is a non basic industry based on the same rationale.

The following analysis compares Suffolk County, the smallest measured area available, versus the State of New York as a whole. Relevant employment categories are highlighted. These types of jobs need industrial space similar to the warehouse and distribute space that is proposed for the subject property. Also, other job categories such as

transportation industry would overlap in the type of space needed by those workers. A large part of the transportation industry services the warehouse-distribution industry.

We analyzed the historical location quotient for Suffolk Count versus the State of New York since 2010, and overall, the Location Quotient for the Wholesale Trade sector increased steadily from 1.5 to 1.7, indicating increasing demand, while the actual warehousing subsector demonstrated variability from 0.4 to 0.8. We attribute the latter variability to advancements in warehousing technology during the preceding decade. In general, the steadily increasing Location Quotient for the Wholesale Trade Sector indicates pent-up demand for warehousing space that has largely been unmet. This suggests that within Suffolk County as a whole, the subject should be well-received given the relative dearth of new construction throughout the metro.

The following table shows the complete location quotient analysis:

Inferred Demand by Warehouse/Distribution Employment Concentration Analysis						
NAICS No.	Industry Description	Suffolk County		New York State		Location Quotient divided by State %
		2019 Employment	% of Total Employment	2019 Employment	% of Total Employment	
11	Agriculture, forestry, fishing, and hunting	2,588	0.4%	27,092	0.3%	1.32
21	Mining	207	0.0%	4,695	0.1%	0.61
22	Utilities	738	0.1%	37,028	0.5%	0.28
23	Construction	48,151	8.2%	405,650	5.0%	1.64
31-33	Manufacturing	53,082	9.0%	437,040	5.4%	1.68
42	Wholesale trade	37,597	6.4%	325,969	4.0%	1.60
44-45	Retail trade	78,317	13.3%	913,716	11.2%	1.19
48-49	Transportation and support activities	17,874	3.0%	233,516	2.9%	1.06
493	Warehousing	1,225	0.2%	33,761	0.4%	0.50
51	Information	6,815	1.2%	277,408	3.4%	0.34
52	Finance	21,028	3.6%	518,603	6.4%	0.56
53	Real Estate and Rental Leasing	7,582	1.3%	202,215	2.5%	0.52
54	Professional, Scientific and Technical Services	37,872	6.4%	685,261	8.4%	0.76
55	Management of Companies and Enterprises	7,221	1.2%	145,366	1.8%	0.69
56	Administrative and Support and Waste Management	42,566	7.2%	538,323	6.6%	1.09
61	Educational Services	9,177	1.6%	358,568	4.4%	0.35
62	Health Care and Social Assistance	97,040	16.5%	1,622,925	19.9%	0.83
71	Arts, Entertainment, and Recreation	11,596	2.0%	178,705	2.2%	0.90
72	Accommodation and Food Services	53,116	9.0%	779,193	9.6%	0.94
81	Other Services (Except Public Administration)	25,430	4.3%	371,218	4.6%	0.95
92	Public Administration	29,100	4.9%	46,423	0.6%	8.68
Totals		588,322		8,142,675		

Source: Bureau of Labor Statistics (2020 County Data Not Available as of January 2021, Excludes Non-Relevant Categories)

3.2 CONDUCT FUNDAMENTAL ANALYSIS USING THE SEGMENTATION METHOD

3.2(1) FORECASTING EMPLOYMENT GROWTH IN MARKET AREA

The following analysis utilizes data provided by the New York State Bureau of Labor Statistics. We note that this data differs from that provided by the Bureau of Labor Statistics due to a variety of adjustment factors. However, unlike the BLS, the State provides data for 2020 on a county and Township level. The Eastern Suffolk submarket total employment was estimated using both provided township data and estimates from the Long Island field representative of the New York State Department of Labor, Shital Palel (516) 934-8533. We note that, overall, the impact of COVID-19 on employment was much more significant for the Metro as a whole and Nassau County in particular versus Suffolk County, and only somewhat significant for the submarket.

Following this presentations are high, median, and low forecasts for the 2021-2026, which are based on discussions with representatives of Oxford Economics as well as the NYS Department of Labor. Our attempts to reach Moody's listed economist did result in a response.

Historical Employment - Long Island Metro, Suffolk County, Eastern Suffolk Submarket						
Year	Long Island Metro Total (1)		Suffolk County (1)		Eastern Suffolk (2)	
	Total	Inc/(Dec)	Total		Total	Inc/(Dec)
2014	1,377,500		724,700		81,489	
2015	1,407,800	30,300	739,600	14,900	84,568	3,078
2016	1,412,600	4,800	740,100	500	88,018	3,450
2017	1,419,600	7,000	741,900	1,800	88,328	311
2018	1,428,400	8,800	746,700	4,800	86,268	(2,060)
2019	1,433,100	4,700	749,300	2,600	86,455	187
2020	1,355,700	(77,400)	709,000	(40,300)	83,429	(3,026)

Note 1: Long Island Metro (Nassau-Suffolk Metropolitan Division) and Suffolk County Employment Data provided by the NYS Dept. of Labor, which modifies BLS Data.

Note 2: Estimated Based on NYS Dept. of Labor Reporting for Pertinent Townships and discussions with the LI Representative.

Forecast Employment Growth for Eastern Suffolk Submarket		
Source	Current Employment	Forecast Average Increase per Year for Next 5 Years
	(All Types)	
Moody's (1)	83,429	1,952
Oxford Economics (2)	83,429	1,886

Note 1: Moody's projects employment only for the Metro as a whole, and projects a V shaped recovery.

Note 2: Oxford Economics does not publish a recovery pattern as they remain uncertain regarding the recovery pattern.

Moody's is projecting a sharp V-shaped recovery with employment increasing for the Metro at 2.8% in 2021, 4.0% in 2022, 2.8% in 2023, 1.2% in 2024, and 0.3% in 2025. Given the well-publicized exodus of many residents from New York City to suburban areas including Long Island, this sharp recovery seems somewhat less reliable as historically, employment growth has hovered closer to 1.0% for the Long Island (Nassau-Suffolk Metropolitan Division) Metro. Nevertheless, the overall aggregate estimate in employment growth is 11.7%, only slightly higher than the 11.3% projected by Oxford Economics. This is contrast to the Bureau of Labor Statistics, which overall projects a very modest increase in employment of 3.7% nationwide between 2019 and 2029.

Most economists continue to forecast a V-shaped recovery, although others have considered A W-shaped, or even L-shaped recovery. There remains little consensus at the present time, however discussions with the aforementioned economists indicate that the subject submarket is unique in that it is largely a vacation destination for the very wealthy, and consists of a significant number of vacation homes. We note the Eastern Suffolk County area has generally experienced erratic employment, although within a moderately tight range. We expect

employment will increase as more part-time residents settle in the area full time. Hence, our employment projections are more linear. For the high end of the range, an overall 5-year growth rate of 11.5% was concluded. At the middle of the forecasted figures depicted previously, we conclude to 1,900. The low end of the range represents overall average of the submarket, or 828 positions per year. We note the overall strong projections by Moody's and Oxford Economics are in recognition of the significant decrease in employment in the Metro and County level, a phenomenon not observed in the Eastern Suffolk Submarket. Nevertheless, the increase in full-time residency due to COVID-19 is likely to increase demands on logistics and bolster demand for warehouse/distribution facilities. For this reason, we have selected a rate of 1,364 jobs per year, which is below the average of the high end but above the historically modest employment increase observed historically.

Eastern Suffolk Submarket Total Employment Forecasts									
Year	Low Range (1)			Mid Range (2)			High Range (3)		
	Total Employment	Increase	%	Total Employment	Increase	%	Total Employment	Increase	
2020	83,429			83,429			83,429		
2021	84,257	828	1.0%	84,793	1,364	1.6%	85,329	1,900	
2022	85,084	828	1.0%	86,157	1,364	1.6%	87,229	1,900	
2023	85,912	828	1.0%	87,521	1,364	1.6%	89,129	1,900	
2024	86,740	828	1.0%	88,884	1,364	1.6%	91,029	1,900	
2025	87,567	828	1.0%	90,248	1,364	1.5%	92,929	1,900	
Total Jobs Added	4,138			6,819			9,500		

Note 1: The low range represents the historical, modest growth prior to COVID-19.

Note 2: The mid-range was developed from discussions with referenced economists and is the average of the low and high projections.

Note 3: The high range represents the reconciled Moody's and Oxford Economics Forecast for the Metro.

3.2(2) PERCENTAGE OF EMPLOYMENT NEEDING WAREHOUSE/DISTRIBUTION SPACE

As discussed in Step 2, within Suffolk County, approximately 6.6% of the surveyed NAICS codes as reported by the Census Bureau were directly related to warehouse/distribution facilities. We note that finer detail for NAICS codes are only available at the county level. The overall quantity of warehouse space versus industrial space compared to overall employment is effectively the same in all submarket clusters, hence, the 6.6% figure appears reasonable.

3.2(3) ESTIMATE REQUISITE SPACE PER EMPLOYEE

We surveyed several recent publications that reference typical warehouse space per employee.

In March of 2010, the NAIOP Research Foundation published a research piece regarding changes in manufacturing and the associated required improvements and expansion of the warehouse/distribution sector. While, dated, the thorough piece projected an overall national increase of 339,000 warehouse/distribution employees, and concluded to an average size of 2,000 square feet of warehouse and distribution space per employee. While not the focus of the article, which concluded nearly 700 million square feet of warehouse and distribution space would be required by 2018 (which has roughly been accurate), the study is well-cited and we have given it significant weight.²

²

<https://www.naiop.org/~/media/Research/Research/Research%20Reports/Logistics%20Trends%20and%20Specific%20Industries/LogisticsTrendsandIndustries.ashx>

A report entitle *The E-Commerce Revolution* was published by Colliers International in late 2018 and discussed the typical warehouse factor of 2,000 square feet per employee to the most modern Amazon facilities, which are as low as 700 square feet per employee.³

An additional survey is presented from the NAIOP and ULI regarding industrial space per employee by industry and building type:

Industrial Space per Employee by Industry	
Industry	Area per Employee
Agriculture and mining	500 square feet
Construction	450 square feet
Manufacturing	600 square feet
High Tech	500 square feet
Transportation/Public Utilities	600 square feet
Wholesale Trade	2,900 square feet
Overall Average	925 square feet

Source: NAIOP

Industrial Space per Employee by Building Type	
Building Type	Area per Employee
Light Industrial	624 square feet
R&D	485 square feet
Warehouse	2,746 square feet
Industrial Service	724 square feet
Commercial Service	1,643 square feet
Overall Average	1,244 square feet

Source: Urban Land Institute

While precise information regarding the industrial mix of the East Suffolk Submarket was not available, discussions with brokers, developers, and investors in the area indicate that warehouse/distribution space is often used for commercial service and industrial service purposes, particularly with respect to general contractors, landscapers, custom furniture designers and home decorators and other similar businesses that cater to the many luxury homes found in the Hamptons, Montauk, and North Fork. We note that the subject itself is divided into relatively small suites of between 4,900 and 5,600 square feet, indicating the facility can be used for traditional warehousing and alternative industrial uses. Of particular note, interviewed market participants indicate that the construction sector, while not only large in the submarket (Location Quotient of 1.64 – among the highest) there is significant demand for the 14' high roll-up doors the subject property offers. Overall, in balance, given the overall employment mix, we have concluded to a lower overall figure of 1,000 square feet per employee, which takes into consideration a significant spread between construction/transportation sectors that have relatively high employee intensity at 500 square feet per employee or less, and warehouse/wholesale trade sectors that are well in excess of 2,700 square feet in the above survey. We note that the previously described papers tend to reference 2,000 square feet per employee or less, with the trend even lower with higher ceiling heights. Anecdotal sources indicate the average in Long Island is likely closer to 1,400 square feet. Therefore, the projection of 900 square feet per employee is considered reasonable.

³ <https://www2.colliers.com/download-research?itemId=682b390e-b773-400d-ac75-d724a901816d>

3.2(4) CALCULATE THE DEMAND FOR THE SPECIFIC CLASS OF INDUSTRIAL SPACE

The table on the following page presents the overall calculation of overall demand for occupied space, which may or may not equal the actual occupied space. In the case of the subject submarket, the occupied demand amount is significantly greater than what is presently existent.

3.2(5) ADJUST DEMAND FOR THE “NORMAL” VACANCY RATE

The subject property will be one of the only distribution warehouses in the submarket to have modern 12' x 14' roll-up doors, 30' high ceilings, a central location to the Long Island Expressway, close proximity to workforce housing in Riverhead, and good access to the wealthy communities in Southampton, East Hampton, and the North Fork. Nevertheless, given the amount of potentially developable land in the Riverhead area, a normal vacancy rate is considered reasonable. This rate, while higher than modern facilities, takes into consideration potential future supply risks. The rate of 5% has been selected, which is generally consistent with the overall long-term historical average, and takes into consideration the potential for new development.

Warehouse/Distribution Space Low-Range Demand Forecast by Employment Segmentation Method--Eastern Suffolk Market Area								
No.	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	84,257	85,084	85,912	86,740	87,567	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk County		828	828	828	828	828	Source: Moody's, Oxford Economics, Long Island Representative of the NYS Dept. of Labor, and appraiser's analysis
3	Percentage employment in warehousing and wholesale trade	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	We have increased the actual percentage of 6.6% to 8.0% given discussions with brokers, investors, and developers who indicate the year-round population of Eastern Suffolk County will grow due to COVID-19. Demand is already manifesting with low vacancy rates and increasing rental rates.
4	Estimated warehouse and wholesale employment	5,505	5,560	5,615	5,669	5,724	5,778	Line 1 x Line 3
5	Average square feet per employee	900	900	900	900	900	900	Source: Appraiser's estimate from referenced data sources and judgment based on discussions with market participants. Anticipated increases in supply are largely to cater to the expected growing wealthy resident cohort due to COVID-19, with more warehouse space oriented towards traditional uses, but also more specialized uses such as landscapers, furniture makers, high-end home renovation firms, and other artisans. Based on the survey data, a figure below what is typical for a general warehouse is considered reasonable. We note the subject suites are generally small, anticipating such users.
6	Total occupied demand for warehouse and distribution space	4,954,770	5,003,921	5,053,072	5,102,223	5,151,374	5,200,524	Line 4 x Line 5 (demand for occupied space, which may or may not equal actual occupied space)
7	Plus demand for normal vacancy @ 5%	260,777	263,364	265,951	268,538	271,125	273,712	
8	Total supportable (adjusted) demand (in square feet) in Eastern Suffolk Submarket	5,215,547	5,267,285	5,319,023	5,370,761	5,422,498	5,474,236	

Warehouse/Distribution Space Mid-Range Demand Forecast by Employment Segmentation Method--Eastern Suffolk Market Area								
No.	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	84,793	86,157	87,521	88,884	90,248	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk County		1,364	1,364	1,364	1,364	1,364	Source: Moody's, Oxford Economics, Long Island Representative of the NYS Dept. of Labor, and appraiser's analysis
3	Percentage employment in warehousing and wholesale trade	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	We have increased the actual percentage of 6.6% to 8.0% given discussions with brokers, investors, and developers who indicate the year-round population of Eastern Suffolk County will grow due to COVID-19. Demand is already manifesting with low vacancy rates and increasing rental rates.
4	Estimated warehouse and wholesale employment	5,505	5,595	5,685	5,775	5,865	5,955	Line 1 x Line 3
5	Average square feet per employee	900	900	900	900	900	900	Source: Appraiser's estimate from referenced data sources and judgment based on discussions with market participants. Anticipated increases in supply are largely to cater to the expected growing wealthy resident cohort due to COVID-19, with more warehouse space oriented towards traditional uses, but also more specialized uses such as landscapers, furniture makers, high-end home renovation firms, and other artisans. Based on the survey data, a figure below what is typical for a general warehouse is considered reasonable. We note the subject suites are generally small, anticipating such users.
6	Total occupied demand for warehouse and distribution space	4,954,770	5,035,765	5,116,760	5,197,755	5,278,750	5,359,745	Line 4 x Line 5 (demand for occupied space, which may or may not equal actual occupied space)
7	Plus demand for normal vacancy @ 5%	260,777	265,040	269,303	273,566	277,829	282,092	
8	Total supportable (adjusted) demand (in square feet) in Eastern Suffolk Submarket	5,215,547	5,300,805	5,386,063	5,471,321	5,556,579	5,641,836	

Warehouse/Distribution Space High-Range Demand Forecast by Employment Segmentation Method--Eastern Suffolk Market Area								
No.	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	85,329	87,229	89,129	91,029	92,929	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk County		1,900	1,900	1,900	1,900	1,900	Source: Moody's, Oxford Economics, Long Island Representative of the NYS Dept. of Labor, and appraiser's analysis
3	Percentage employment in warehousing and wholesale trade	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	We have increased the actual percentage of 6.6% to 8.0% given discussions with brokers, investors, and developers who indicate the year-round population of Eastern Suffolk County will grow due to COVID-19. Demand is already manifesting with low vacancy rates and increasing rental rates.
4	Estimated warehouse and wholesale employment	5,505	5,631	5,756	5,881	6,007	6,132	Line 1 x Line 3
5	Average square feet per employee	900	900	900	900	900	900	Source: Appraiser's estimate from referenced data sources and judgment based on discussions with market participants. Anticipated increases in supply are largely to cater to the expected growing wealthy resident cohort due to COVID-19, with more warehouse space oriented towards traditional uses, but also more specialized uses such as landscapers, furniture makers, high-end home renovation firms, and other artisans. Based on the survey data, a figure below what is typical for a general warehouse is considered reasonable. We note the subject suites are generally small, anticipating such users.
6	Total occupied demand for warehouse and distribution space	4,954,770	5,067,609	5,180,448	5,293,287	5,406,126	5,518,965	Line 4 x Line 5 (demand for occupied space, which may or may not equal actual occupied space)
7	Plus demand for normal vacancy @ 5%	260,777	266,716	272,655	278,594	284,533	290,472	
8	Total supportable (adjusted) demand (in square feet) in Eastern Suffolk Submarket	5,215,547	5,334,325	5,453,103	5,571,881	5,690,659	5,809,437	

Forecast by Employment Segmentation Method - Sensitivity Summary						
Scenario	2020	2021	2022	2023	2024	2025
Low Range	5,215,547	5,267,285	5,319,023	5,370,761	5,422,498	5,474,236
Increase per Year		51,738	51,738	51,738	51,738	51,738
Mid Range	5,215,547	5,300,805	5,386,063	5,471,321	5,556,579	5,641,836
Increase per Year		85,258	85,258	85,258	85,258	85,258
High Range	5,215,547	5,334,325	5,453,103	5,571,881	5,690,659	5,809,437
Increase per Year		118,778	118,778	118,778	118,778	118,778

3.3 CONDUCT FUNDAMENTAL ANALYSIS USING THE RATIO METHOD

The ratio method is mostly employed as a check of reasonableness of the segmentation method. The premise is based on two methods: 1) the ratio of occupied square feet of warehouse space to each job in the applicable market area and 2) The ratio of occupied warehouse/distribution square feet per real gross metro product dollar. We have employed both methods in our analysis.

3.3(1) SEGMENTATION BY EMPLOYMENT RATIO

This method is based on the premise that an increase in the quantity of square footage per job indicates increasing demand, which has been studied by several economists who argue general increases in employment are a better indicator of increasing demand for warehouse space as it broadly affects every aspect of a given economic market. Towards that end, we have calculated the relevant ratios, presented in the following table. We have additionally modified the concluded Eastern Suffolk Factor of 53.7 by the projections in employment presented previously.

On a following page, a demand forecast table is presented for the low-, mid-, and high-range scenarios.

Warehouse/Distribution Space per Total Jobs in Area					
	Total Warehouse/Distribution Building Area (SF)	% Vacant	Estimated Occupied Space	Total Jobs	Square Feet of Space Per Job
2020					
Eastern Suffolk Submarket	4,802,623	6.80%	4,476,045	83,429	53.7
Long Island Metro	128,363,259	4.60%	122,458,549	1,355,700	90.3
2016					
Eastern Suffolk Submarket	4,692,852	5.20%	4,448,824	88,018	50.5
Long Island Metro	127,574,434	2.80%	124,002,350	1,412,600	87.8

Source: Costar, Inc.; NYS Department of Labor

Segmentation by Employer Ratio - SF/Job Sensitivity Scenarios						
Scenario	2020	2021	2022	2023	2024	2025
Low-Range	53.7	54.2	54.7	55.2	55.8	56.3
Projected % Increase		1.0%	1.0%	1.0%	1.0%	1.0%
Mid-Range	53.7	54.5	55.4	56.3	57.2	58.0
Projected % Increase		1.6%	1.6%	1.6%	1.6%	1.5%
High-Range	53.7	54.9	56.1	57.3	58.5	59.8
Projected % Increase		2.3%	2.2%	2.2%	2.1%	2.1%

3.3(2) SEGMENTATION BY METRO GROSS DOMESTIC PRODUCT

In this model, the gross domestic product for the Long Island metro area is acquired from Moody's Economy.com. The occupied square footage used for the calculation is based on the initial calculation for the Segmentation by Employment model, and kept static through the 5-year projection period.

Unlike the other forecasting methods, only one scenario is presented as Moody's is the only source we could uncover that forecasts gross metro product for Long Island.

Low-Range Demand Forecast by Employment Ratio Method for Warehouse/Distribution Space - Eastern Suffolk Submarket								
Item	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	84,257	85,084	85,912	86,740	87,567	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk Submarket		828	828	828	828	828	#REF!
3	Ratio of occupied warehouse/distribution space per total jobs in metro area	53.7	54.2	54.7	55.2	55.8	56.3	For the Low-Range scenario, we utilize the projected employment detailed in Line 1 for this scenario.
4	Total demand for warehouse/distribution space in Far North Metro market area (square feet)	4,476,045	4,565,289	4,655,414	4,746,420	4,838,308	4,931,076	Calculation: Line 1 X 3 (demand for occupied space)
5	Plus demand for frictional vacancy @ 5%	235,581	240,278	245,022	249,812	254,648	259,530	Vacancy needed for efficient market operations given the demand at the specified point in time
6	Total supportable (adjusted) demand (square feet)	4,711,626	4,805,567	4,900,436	4,996,232	5,092,955	5,190,606	

Mid-Range Demand Forecast by Employment Ratio Method for Warehouse/Distribution Space - Eastern Suffolk Submarket								
Item	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	84,793	86,157	87,521	88,884	90,248	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk Submarket		1,364	1,364	1,364	1,364	1,364	Source: Moody's, Oxford Economics, Long Island Representative of the NYS Dept. of Labor, and appraiser's analysis
3	Ratio of occupied warehouse/distribution space per total jobs in metro area	53.7	54.5	55.4	56.3	57.2	58.0	For the Mid-Range scenario, we take the average of the low-range scenario and the reconciled Moody's/Oxford Economics Projection, which is detailed in Line 1.
4	Total demand for warehouse/distribution space in Far North Metro market area (square feet)	4,476,045	4,623,579	4,773,506	4,925,825	5,080,536	5,237,639	Calculation: Line 1 X 3 (demand for occupied space)
5	Plus demand for frictional vacancy @ 5%	235,581	243,346	251,237	259,254	267,397	275,665	Vacancy needed for efficient market operations given the demand at the specified point in time.
6	Total supportable (adjusted) demand (square feet)	4,711,626	4,866,925	5,024,743	5,185,079	5,347,933	5,513,304	

High-Range Demand Forecast by Employment Ratio Method for Warehouse/Distribution Space - Eastern Suffolk Submarket								
Item	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk market area	83,429	85,329	87,229	89,129	91,029	92,929	Source: NYS Department of Labor, Bureau of Labor Statistics
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk Submarket		1,900	1,900	1,900	1,900	1,900	Source: Moody's, Oxford Economics, Long Island Representative of the NYS Dept. of Labor, and appraiser's analysis
3	Ratio of occupied warehouse/distribution square feet per total jobs in metro area	53.7	54.9	56.1	57.3	58.5	59.8	For the High-Range Scenario, we rely on the reconciled Moody's/Oxford Economics Data Exclusively, which is represented in Line 1
4	Total demand for warehouse/distribution space in Far North Metro market area (square feet)	4,476,045	4,682,239	4,893,077	5,108,557	5,328,681	5,553,447	Calculation: Line 1 X 3 (demand for occupied space)
5	Plus demand for frictional vacancy @ 5%	235,581	246,434	257,530	268,871	280,457	292,287	Vacancy needed for efficient market operations given the demand at the specified point in time
6	<u>Total supportable (adjusted) demand (square feet)</u>	4,711,626	4,928,673	5,150,607	5,377,429	5,609,137	5,845,734	

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Demand Forecast of Office-Warehouse/Distribution Space Using the Metro Real Gross Product Ratio Method - Eastern Suffolk Submarket								
Item	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Metro Real* Gross Area Product	\$171,629,898,034	\$176,283,623,795	\$185,826,519,087	\$192,740,497,506	\$197,304,081,386	\$200,990,744,508	Source: Moody's Economy.com as of November 2020
2a	Forecasted Change per Year		\$4,653,725,761	\$9,542,895,291	\$6,913,978,419	\$4,563,583,881	\$3,686,663,122	Moody's projects a V-Shaped Recovery
2b	% Increase		2.7%	5.4%	3.7%	2.4%	1.9%	
3	Ratio of occupied warehouse/distribution square per real gross metro product dollar	0.00003	0.00003	0.00003	0.00003	0.00003	0.00003	Warehouse space is, as with the other methods, projected to increase in demand over the next 5 years despite static inventory for the past several years.
4	Total demand for warehouse/distribution space in Eastern Suffolk market area (square feet)	4,476,045	4,597,412	4,919,083	5,178,744	5,380,995	5,563,878	Calculation: Line 1 X 3 (demand for occupied space)

*Real Growth refers to an inflation-adjusted figure

3.4 RECONCILE THE RESULTS OF METHODS AND FORECAST DEMAND

3.4.(1) SUMMARY OF FORECAST MODELS

The reconciliation fundamentally is a risk analysis of various data and the analysis employed. In our demand forecasting, the results of the various studies were very similar. The most significant risk factor is the forecast of employment growth in the wake of the COVID-19 induced recession. We have relied on two major international econometrics providers, Moody's and Oxford Analytics to set the upper bound of growth. We have also considered the overall consensus that a V shaped recovery is well underway, although we have not modeled such growth in our employment projections given the lack of consensus of the overall timing. We note that while each of the methods start with different demand for warehouse/distribution space, all yield very similar results by 2025.

Given this similarity, no further refinement was necessary and for each sensitivity range, we concluded to the average of the Employment Segmentation and Ratio methods. We note the Gross Metro Product Ratio supports the overall conclusion. Following the summary of the various demand forecasts, a summary of our reconciliation methodology and conclusions are explained in greater detail.

Reconciliation of Demand Forecasts						
Demand Forecast Method	2020	2021	2022	2023	2024	2025
Sensitivity Level						
Employment Segmentation						
Low-Range	5,215,547	5,267,285	5,319,023	5,370,761	5,422,498	5,474,236
Mid-Range	5,215,547	5,300,805	5,386,063	5,471,321	5,556,579	5,641,836
High-Range	5,215,547	5,334,325	5,453,103	5,571,881	5,690,659	5,809,437
Employment Ratio						
Low-Range	4,711,626	4,805,567	4,900,436	4,996,232	5,092,955	5,190,606
Mid-Range	4,711,626	4,866,925	5,024,743	5,185,079	5,347,933	5,513,304
High-Range	4,711,626	4,928,673	5,150,607	5,377,429	5,609,137	5,845,734
Gross Metro Product Ratio	4,476,045	4,597,412	4,919,083	5,178,744	5,380,995	5,563,878

Conclusion of Annual Increase in Demand per Sensitivity Range						
Average of Employment Segmentation and Ratio Methods	2020	2021	2022	2023	2024	2025
Low-Range	4,963,587	5,036,426	5,109,730	5,183,496	5,257,727	5,332,421
Growth per Year		72,840	73,303	73,767	74,231	74,694
Mid-Range	4,963,587	5,083,865	5,205,403	5,328,200	5,452,256	5,577,570
Growth per Year		120,279	121,538	122,797	124,056	125,315
High-Range	4,963,587	5,131,499	5,301,855	5,474,655	5,649,898	5,827,585
Growth per Year		167,912	170,356	172,800	175,243	177,687
						173,000

3.4(2) RECONCILIATION OF DEMAND FORECASTS FOR THE SUFFOLK COUNTY SUBMARKET

INFERRED DEMAND STUDIES			
Analysis Method	Conclusion	Comment	Risk Rating (Probability to Occur)
Employment Growth in Eastern Suffolk County	While recent employment growth has declined due to COVID-19, a strong V-shaped recovery is forecasted. The Eastern Suffolk Region has not generally been affected as severely as elsewhere in the market, with employment projected to increase at a rate greater than the Metro as a whole. Given the exodus from New York City and the affluent residents of the overall submarket, this employment growth is considered likely.	Suggests improving occupancy and rental rates if rebound in employment occurs.	80%
New Construction of Warehouse/Distribution Space by Specific Submarkets (See Lists in Macro Location Analysis)	The Eastern Suffolk Submarket has demonstrated the strongest increase in warehouse/distribution space versus all other submarkets in the Long Island Metro.	Suggests future high occupancy and rental rates if building activity does not reach oversupply. The new construction oversupply is the biggest risk factor, which is primarily due to the area having the most vacant land versus other submarkets.	70%
Location ratings	When the subject submarket is compared to the other submarket clusters, it has the highest rating, albeit by a small margin. When compared to other sections of the Eastern Suffolk Submarket, the Riverhead area has the highest rating, primarily due to lower land costs, proximity to the Long Island Expressway, as well as workers.	Very positive sign for good occupancy and rental rates.	90%
Current Actual Occupied Space	4,476,045 Sq. Ft.	Segmentation demand method gave slightly higher results to actual occupied space, indicating pent-up demand.	

FUNDAMENTAL DEMAND STUDIES			
Forecast Range of Demand for New Warehouse and Distribution Space in Eastern Suffolk County 2020-2025	Average New Demand for Occupied Space in Square Feet per Year	Total Demand for Occupied Space in Square Feet - Average of Both Models	Risk Rating (Probability to Occur)
Low-Range	74,000	4,963,587	25%
Mid-Range	123,000	4,963,587	75%
High-Range	173,000	4,963,587	60%

STEP 4 SUPPLY ANALYSIS (SURVEY OF COMPETITION)

In Step 4, the competitive supply is inventoried and analyzed. There are three reasons for undertaking an in-depth competitive supply study:

1. The analysis of competitive supply more precisely differentiates the competitive properties in comparison to the subject property.
2. The inventory and forecast of competitive supply is used in the equilibrium analysis to determine residual demand. Residual demand represents the “window of opportunity” for increased probability of new development, rent increases, and occupancy increases, i.e., the point when all available and projected space has been absorbed and new net demand becomes apparent. Identifying this point is very useful. The information is employed in many parts of the appraisal. It may signal when rent increases and new competition can be anticipated. In the sales comparison approach, it supports the adjustment for a change in market conditions (i.e., a time adjustment). In the cost approach, it provides a means of identifying and measuring external obsolescence.
3. Supply data is used in inferred demand analysis. For example if the competitive properties have an overall occupancy of 90% and no new properties are planned, it might be inferred that the subject property will increase its current occupancy.

4.1 INVENTORY OF COMPETITIVE SUPPLY

We first summarize all warehouse/distribution space within the various submarkets and submarket clusters in the Long Island Metro. However, we recognize that the vast majority of warehouse/distribution space in the Long Island Metro market is obsolete with respect to modern features such as high ceilings, large drive-in doors, etc.

4.1(1) INVENTORY OF ALL LONG ISLAND WAREHOUSE/DISTRIBUTION SPACE

Current Warehouse/Distribution Area in Eastern Suffolk County vs Metro Market				
Submarket Cluster Submarkets	Total Building Area (in Square Feet)	Current Vacancy Rate	Current Occupied Space (In Square Feet)	Square Feet Under Construction Renovation
<i>Subject Submarket</i>				
Eastern Suffolk County	4,802,623	5.6%	4,533,298	0
<i>Central Suffolk County</i>				
North Central Suffolk	2,349,698	5.2%	2,227,514	0
Ronkonkoma/Bohemia	12,917,929	3.3%	12,491,637	11,130
South Central Suffolk	7,879,550	5.6%	7,438,295	0
Total/Average	23,147,177	4.3%	22,157,446	11,130
<i>Western Suffolk County</i>				
Deer Park	15,640,525	3.1%	15,155,669	10,000
East Farmingdale	13,782,879	3.6%	13,286,695	0
Hauppauge	19,366,539	5.6%	18,282,013	0
Northwest Suffolk	1,859,500	1.9%	1,824,170	0
Southwest Suffolk	8,063,175	2.1%	7,893,848	0
Total/Average	58,712,618	3.9%	56,442,395	10,000
<i>Nassau County</i>				
Central Nassau	7,164,150	5.2%	6,791,614	0
Eastern Nassau	17,700,935	5.1%	16,798,187	0
Northern Nassau	1,182,571	1.2%	1,168,380	0
Southeast Nassau	812,320	4.0%	779,827	0
Southern Nassau	9,452,286	7.0%	8,790,626	0
Western Nassau	5,392,385	6.2%	5,058,057	0
Total/Average	41,704,647	5.6%	39,386,692	0
Total metropolitan area	128,367,065	4.6%	122,519,831	21,130

Source: Costar, Inc.

4.1(2) INVENTORY OF ALL LONG ISLAND WAREHOUSE/DISTRIBUTION SPACE BUILT SINCE 2000

In support of our property productivity ranking, we have surveyed the quantity of warehouse/distribution space built since 2000, which is generally good indicator of the probability of modern construction features. As noted, the subject submarket has the highest percentage of warehouse/distributions space built since 2000, but also the highest vacancy rate for such space. Considering this, we have analyzed competitive properties in the submarket.

Warehouse/Distribution Area in Eastern Suffolk County vs Metro Market Built Since 2000				
Submarket Cluster	Total Building Area (in Square Feet)	Current Vacancy Rate	Current Occupied Space (In Square Feet)	Ratio of Warehouse/Distribution Space Built since 2000 to Total
Subject Submarket				
Eastern Suffolk County	846,888	6.2%	794,437	17.6%
Central Suffolk County				
North Central Suffolk	79,822	32.3%	54,039	3.4%
Ronkonkoma/Bohemia	1,454,714	8.1%	1,336,882	11.3%
South Central Suffolk	1,086,586	0.7%	1,078,980	13.8%
Total/Average	2,621,122	5.8%	2,469,902	11.3%
Western Suffolk County				
Deer Park	764,540	0.8%	758,424	4.9%
East Farmingdale	132,975	0.0%	132,975	1.0%
Hauppauge	1,762,915	3.1%	1,708,265	9.1%
Northwest Suffolk	11,576	0.0%	11,576	0.6%
Southwest Suffolk	213,199	1.1%	210,854	2.6%
Total/Average	2,885,205	2.2%	2,822,093	4.9%
Nassau County				
Central Nassau	182,327	0.0%	182,327	2.5%
Eastern Nassau	701,017	0.0%	701,017	4.0%
Northern Nassau	28,054	0.0%	28,054	2.4%
Southeast Nassau	0	0.0%	0	0.0%
Southern Nassau	129,657	0.0%	129,657	1.4%
Western Nassau	8,515	0.0%	8,515	0.2%
Total/Average	1,049,570	0.0%	1,049,570	2.5%
Total metropolitan area	7,402,785	3.6%	7,136,001	5.8%

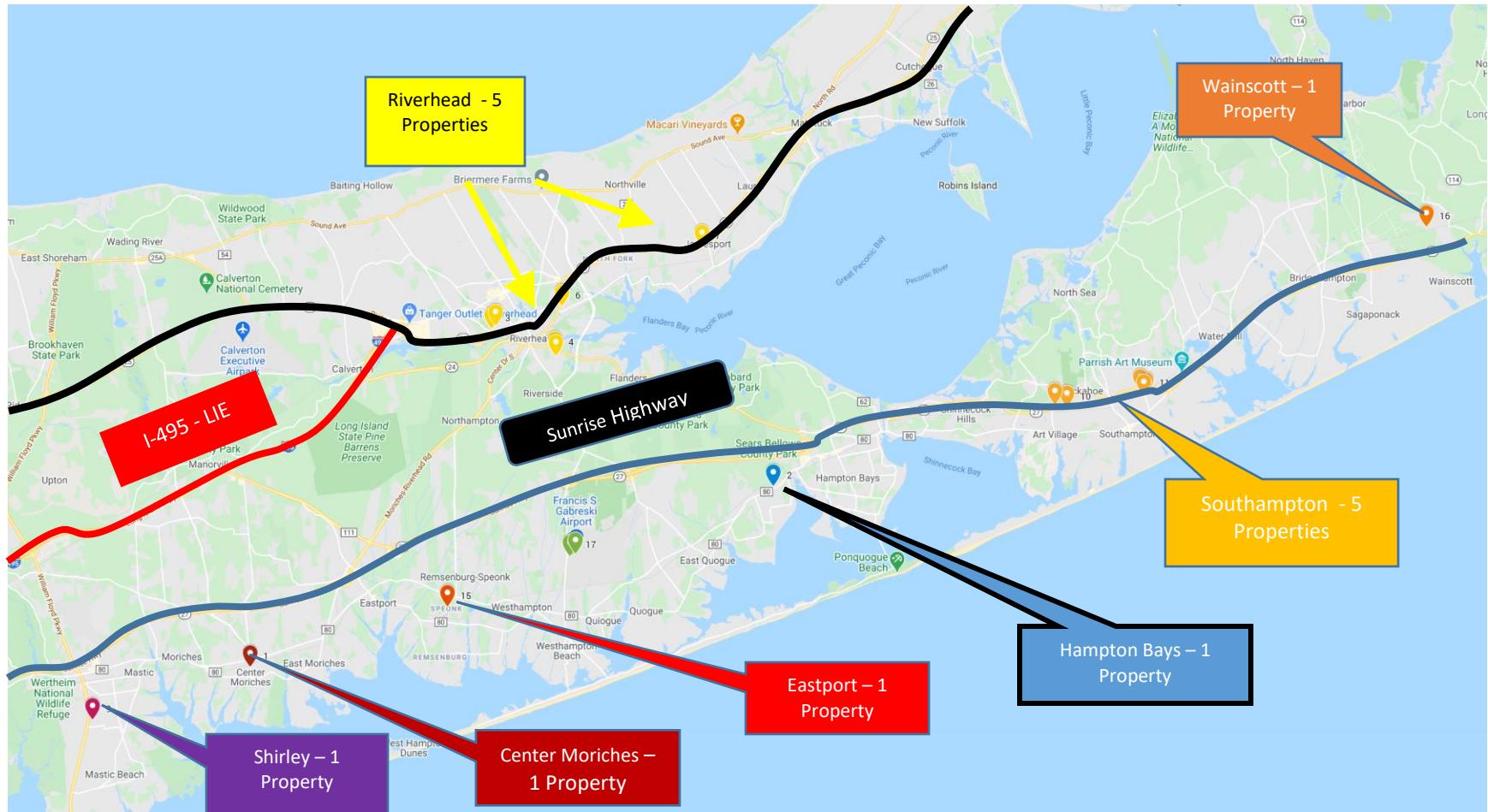
Source: Costar, Inc. (Eastern Suffolk County Adjusted per Appraiser Research)

4.1(3) COMPETITIVE WAREHOUSE/DISTRIBUTION BUILDINGS IN THE SUBMARKET

We have identified a number of buildings typically considered competitive with the subject's proposed improvements. The following tables presents a summary of relevant information, followed by a productivity rating of each:

EASTERN SUFFOLK SUBMARKET COMPETITIVE WAREHOUSE/DISTRIBUTION FACILITIES BY LOCALE - PAGE 1					
Town/Hamlet/Village	Year Built	Class	No. of Stories	Construction Material	Drive Ins
Address	Vacancy Rate	RBA (SF)	Clear Height	Office Space %	Dock Highs
Property Name	Asking Rent	Taxes/SF	Sprinklers	Parking Ratio	Circulator Area
Center Moriches					
1. 63 Clinton St	2000 35% \$14/SF Ind. Gross.	B 7,200 \$4.39	1 24' No	Masonry 15% 5.45 per 1,000 SF	3/14'w x 16'h None None
Hampton Bays					
2. 286 W Montauk Hwy	2011 0%	A 12,100 \$4.09	1 18' No	Reinforced Concrete 5% 10.00 per 1,000 SF	6/12'0"w x 14'0" h None None
Riverhead					
3. 1074 Pulaski St	2008 0%	C 10,500 \$4.67	1 18' None	Metal 10% 5.71 per 1,000 SF	9/9'0"w x 14'0" h None None
4. 32 Enterprise Zone Dr	2017 48% \$12.50/Ind. Gross	B 7,010 \$1.90	1 18' None	Metal 10% 3.71 per 1,000 SF	4/12'0"w x 14'0" h None None
5. 25 Enterprise Zone Dr	2008 0%	B 7,000 \$1.80	1 18' None	Metal 10% 2.14 per 1,000 SF	5/10'0"w x 12'0" h None None
6. 1015 E Main St	2004 0%	A 9,360 \$2.20	1 30' None	Metal 5% 2.03 per 1,000 SF	6/12'0"w x 14'0" h None None
7. 1500 W Main St	2006 0%	B 7,500 \$3.44	1 18' None	Metal 5% 4.00 per 1,000 SF	5/10'0"w x 16'0" h None None
8. 1044 Parkway St	2009 0%	B 15,792 \$3.10	1 17' None	Metal 5% 1.15 per 1,000 SF	3/9'0"w x 12'0" h None None
Shirley					
9. 25 The Green	2008 0%	C 4,000 \$3.52	1 14' None	Metal 10% 3.00 per 1,000 SF	4/10'0"w x 12'0" h None None

EASTERN SUFFOLK SUBMARKET COMPETITIVE WAREHOUSE/DISTRIBUTION FACILITIES BY LOCALE - PAGE 2						
Town/Hamlet/Village	Year Built	Class	No. of Stories	Construction Material	Drive Ins	
Address	Vacancy Rate	RBA (SF)	Clear Height	Office Space %	Dock Highs	
Property Name	Asking Rent	Taxes/SF	Sprinklers	Parking Ratio	Circulator Area	
Southampton						
10A. 1 Leecon Ct	2009	B	1	Metal	12/12'0" w x 14'0" h	
Building 1	17%	15,000	25' to 30'	10%	None	
	\$27/IG	\$4.53	None	1.60 per 1,000 SF	None	
10B. 1 Leecon Ct	2009	B	1	Metal	12/12'0" w x 14'0" h	
Building 2	0%	15,000	25' to 30'	10%	None	
	Asking \$440/SF/\$15.67 NOI	\$4.53	None	1.60 per 1,000 SF	None	
11. 210 David Whites Ln	2017	B	1	Metal	4/10'0" w x 14'0" h	
	0%	8,341	18'	0%	None	
			None	0.24 per 1,000 SF	None	
12. 49 Mariner Dr	2001	B	1	Metal	4/10'0" w x 14'0" h	
	0%	7,476	20'	5%	None	
		Abated	None	2.14 per 1,000 SF	None	
13. 153 Powell Ave	2014	C	1	Metal	5/10'0" w x 10'0" h	
	0%	7,500	28'	10%	1 w/leveler	
		\$2.16	None	1.33 per 1,000 SF	None	
14. 152 Tuckahoe Ln	2016	B	1	Metal	6/9'0" w x 12'0" h	
	0%	14,860	16'	5%	None	
		\$1.69	None	2.62 per 1,000 SF	None	
Eastport						
15. 2 Windmere Ct	2019	B	1	Metal	4/12'0" w x 14'0" h	
	0%	16,444	22'	10%	None	
		\$1.33	None	1.22 per 1,000 SF	None	
Wainscott						
16. 77 Industrial Rd	2000	B	2	Metal	3/10'0" w x 16'0" h	
Sound Stage	0%	30,940	10' to 40'	20%	None	
Town Owned	Owned by East Hampton	None	Yes	3.24 per 1,000 SF	None	
Westhampton Beach						
17. 200 Rogers Way	2017	A	1	Tilt-up	1/9'0" w x 9'0" h	
The Hampton	7%	68,774	22'	15%	7 w/levelers	
Business District	\$17.50/Ind. Gross	Abated	Yes	1.72 per 1,000 SF	None	
18. 215 Rogers Way	2019	A	1	Tilt-up	15/9'0" w x 9'0" h	
The Hampton	60%	65,776	18'	55%	None	
Business District	\$22/SF Ind. Gross	Abated	Yes	1.75 per 1,000 SF	None	
19. 220 Rogers Way	2015	A	1	Masonry	3/9'0" w x 9'0" h	
The Hampton	0%	70,000	22'	10%	9 w/levelers	
Business District		Abated	Yes	2.14 per 1,000 SF		



Rating		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)								
Proximity to major-thoroughfare							X	
Access onto site for trucks					X			
Access and visibility to customers					X			
Proximity to complementary uses					X			
Site								
Parking for cars and trucks							X	
Circulator on site for trucks					X			
Topography					X			
Building Improvements								
Construction Quality								X
Exterior appearance					X			
Clear Ceiling Heights							X	
Flexibility of design for multitenant					X			
No./Quality of Loading Facilities								X
Functional Obsolescence								
			X					
Rating Conclusions								
Factor number of items	0	0	1	7	0	4	1	
Times category score	0	2	4	5	6	8	10	
Category Score	0	0	4	35	0	32	10	
Total Competitive Property Score	81							
Percentage above or (below) all average	25%							

*Typical new construction in the overall market

Competitive Property - 1. 63 Clinton St, Center Moriches- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 mi. from LIE	Near Sunrise Hwy	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to Highway.
Access onto site for trucks	2 Curb Cuts	2 Curb Cuts	Similar number of curb cuts
Access and visibility to customers	Major Thoroughfare	Minor Side Street	Comp is located on minor side street
Proximity to complementary uses	Near Workforce Housing	Not near Workforce Housing	Comp is in an upper income locale, typical for the submarket
Site			
Parking for cars and trucks	0.79 per 1,000 SF	5.45 per 1,000 SF	Comp is significantly greater than subj.
Circulator on site for trucks	None	None	Similar to Subj.
Topography	Generally Level	Level	Similar to Subj.
Building Improvements			
Construction Quality	A	B	Comp is of Masonry Construction, generally similar
Exterior appearance	Excellent	Average	Plain Siding
Clear Ceiling Heights	30'	24'	30' is the minimum for modern warehousing
Flexibility of design for multitenant	Superior High	Typical	Not easily divisible, though small.
Roll-up Drive Ins	80/12'w to 14'h	3/14'w x 16'h	Overly large and above market standards, overall similar to subject.
Loading Docks	22/Dock Highs	None	Comp is inferior to subj. due to lack of tractor trailer docks
Functional Obsolescence	None (new)	Built in 2000	Some Curable Functional Obsolescence of Comp Noted

Rating		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)								
Proximity to major-thoroughfare							X	
Access onto site for trucks					X			
Access and visibility to customers						X		
Proximity to complementary uses					X			
Site								
Parking for cars and trucks							X	
Circulator on site for trucks					X			
Topography					X			
Building Improvements								
Construction Quality								X
Exterior appearance								X
Clear Ceiling Heights					X			
Flexibility of design for multitenant						X		
No./Quality of Loading Facilities						X		
Functional Obsolescence								
			X					
Rating Conclusions								
Factor number of items	0	0	1	5	3	2	2	
Times category score	0	2	4	5	6	8	10	
Category Score	0	0	4	25	18	16	20	
Total Competitive Property Score	83							
Percentage above or (below) all average	28%							

*Typical new construction in the overall market

Competitive Property - 2. 286 W Montauk Hwy, Hampton Bays- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Hwy	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to Highway.
Access onto site for trucks	2 Curb Cuts	One Curb Cut	Curb cut is very larger, so similar to subject.
Access and visibility to customers	Major Thoroughfare	Visible from Montauk Hwy	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Comp is in an upper income locale, typical for the submarket
Site			
Parking for cars and trucks	0.79 per 1,000 SF	10.00 per 1,000 SF	Superior to subject, but beyond market need
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements			
Construction Quality	A	A	Similar to subject
Exterior appearance	Excellent	Excellent	Similar to Subject
Clear Ceiling Heights	30'	18'	Lower than modern warehousing heights of 30' min. 18' typical for market.
Flexibility of design for multitenant	Superior High	Superior High	Easily divided and currently leased to multiple tenants
No./Quality of Loading Facilities	80/12'w to 14'h	6/12'0"w x 14'0"h	Similar modern roll-up doors
Loading Docks	22/Dock Heights	None	No drive-up docks
Functional Obsolescence	None (new)	Built in 2011	Some Curable Functional Obsolescence of Comp Noted

Competitive Property - 3. 1074 Pulaski St, Riverhead - Ranking							
Rating	INFERIOR			Typical*	SUPERIOR		
	High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)							
Proximity to major-thoroughfare							X
Access onto site for trucks				X			
Access and visibility to customers				X			
Proximity to complementary uses							X
Site							
Parking for cars and trucks							X
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality				X			
Exterior appearance				X			
Clear Ceiling Heights				X			
Flexibility of design for multitenant				X			
No./Quality of Loading Facilities	X						
Functional Obsolescence							
X							
Rating Conclusions							
Factor number of items	0	1	1	8	0	1	2
Times category score	0	2	4	5	6	8	10
Category Score	0	2	4	40	0	8	20
Total Competitive Property Score	74						
Percentage above or (below) all average	14%						

*Typical new construction in the overall market

Competitive Property - 3. 1074 Pulaski St, Riverhead- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Similar to Subject	Identical adjustment to the subject - Superior High
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Curb cut is very larger, so similar to subject.
Access and visibility to customers	Major Thoroughfare	Side Street	Comp is typical versus the subject
Proximity to complementary uses	Near Workforce Housing	Near Workforce Housing	Identical adjustment to the subject - Superior High
Site			
Parking for cars and trucks	0.79 per 1,000 SF	0.00 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	10,500 SF	
Construction Quality	A	C	Comp has plain metal siding
Exterior appearance	Excellent	Typical	Inferior to the Subject
Clear Ceiling Heights	30'	18'	Typical, but below modern warehousing standards
Flexibility of design for multitenant	Superior High	Superior Moderate	Not purpose built for multitenant use
No./Quality of Loading Facilities	80/12'w to 14'h	9/9'0" w x 14'0" h	Narrow roll-up doors are inferior to the subject. 9' is unusually narrow.
Loading Docks	22/Dock Highs		
Functional Obsolescence	None (new)	Built in 2008	Some Curable Functional Obsolescence of Comp Noted

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Competitive Property - 4. 32 Enterprise Zone Dr, Riverhead- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Similar to Subject	Overall Similar to Subject
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Slightly Inferior to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject
Proximity to complementary uses	Near Workforce Housing	Near Workforce Housing	Similar to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	3.71 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements		422,464 SF	7,010 SF
Construction Quality	A	B	Generally Similar Steel Frame with Vinyl Siding
Exterior appearance	Excellent	Excellent	Decorative Stone Base indicates similarity
Clear Ceiling Heights	30'	18'	Typical, but below modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Good	Purpose Built - Good	Purpose Built
No./Quality of Loading Facilities	80/12'w to 14'h	4/12'0"w x 14'0"h	Similar to Subject with respect to drive-ins, no loading docks
Loading Docks	22/Dock Highs		
Functional Obsolescence		None (new)	Built in 2017
			Minimal curable functional obsolescence noted

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Competitive Property - 5. 25 Enterprise Zone Dr, Riverhead- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Similar to Subject	Overall Similar to Subject
Access onto site for trucks	2 Curb Cuts	2 Curb Cuts	Overall Similar to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject
Proximity to complementary uses	Near Workforce Housing	Near Workforce Housing	Overall Similar to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	2.14 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements		422,464 SF	7,000 SF
Construction Quality	A	B	Generally Similar Steel Frame with Vinyl Siding
Exterior appearance	Excellent	Average	Minimal ornamentation
Clear Ceiling Heights	30'	18'	Typical, but below modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Good	Purpose Built - Good	Purpose Built
No./Quality of Loading Facilities	80/12'w to 14'h	5/10'0"w x 12'0"h	Slightly more narrow than the 12' now in demand
	22/Dock Highs		No drive-up docks
Functional Obsolescence		None (new)	Built in 2008
			Some curable functional obsolescence noted.

Competitive Property - 6. 1015 E Main St, Riverhead - Ranking							
Rating	INFERIOR			Typical*	SUPERIOR		
	High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)							
Proximity to major-thoroughfare						X	
Access onto site for trucks		X					
Access and visibility to customers				X			
Proximity to complementary uses							X
Site							
Parking for cars and trucks						X	
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality							X
Exterior appearance							X
Clear Ceiling Heights							X
Flexibility of design for multitenant					X		
No./Quality of Loading Facilities							X
Functional Obsolescence							
		X					
Rating Conclusions							
Factor number of items	0	0	2	3	3	1	4
Times category score	0	2	4	5	6	8	10
Category Score	0	0	8	15	18	8	40
Total Competitive Property Score	89						
Percentage above or (below) all average	37%						

*Typical new construction in the overall market

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Rating		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)								
Proximity to major-thoroughfare					X			
Access onto site for trucks			X					
Access and visibility to customers						X		
Proximity to complementary uses							X	
Site								
Parking for cars and trucks								X
Circulator on site for trucks				X				
Topography					X			
Building Improvements								
Construction Quality								X
Exterior appearance								X
Clear Ceiling Heights				X				
Flexibility of design for multitenant						X		
No./Quality of Loading Facilities				X				
Functional Obsolescence								
		X						
Rating Conclusions								
Factor number of items	0	1	1	5	3	3	0	
Times category score	0	2	4	5	6	8	10	
Category Score	0	2	4	25	18	24	0	
Total Competitive Property Score	73							
Percentage above or (below) all average	12%							

*Typical new construction in the overall market

Competitive Property - 7. 1500 W Main St, Riverhead- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Slightly inferior	About 7 miles east from the LIE, but near Route 25. Generally typical for the
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Slightly Inferior to Subject
Access and visibility to customers	Major Thoroughfare	Also located on Route 25	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Moderate distance from workforce dependent upon bus service
Site			
Parking for cars and trucks	0.79 per 1,000 SF	4.00 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject and Typical New Construction
Topography	Generally Level	Level	Similar to Subject and Typical New Construction
Building Improvements		422,464 SF	7,500 SF
Construction Quality	A	B	Metal Construction, slightly inferior to subject
Exterior appearance	Excellent	Good	Slightly Inferior to Subject
Clear Ceiling Heights	30'	18'	Inferior to subject, typical for submarket
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Good	Slightly inferior to subject
No./Quality of Loading Facilities	80/12'w to 14'h	5/10'0"w x 16'0" h	Inferior to subject with respect to width of roll-up doors
	22/Dock Highs		No drive-up docks
Functional Obsolescence	None (new)	Built in 2006	Curable functional obsolescence noted

Competitive Property - 8. 1044 Parkway St, Riverhead - Ranking							
Rating	INFERIOR			Typical*	SUPERIOR		
	High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)							
Proximity to major-thoroughfare							X
Access onto site for trucks			X				
Access and visibility to customers				X			
Proximity to complementary uses							X
Site							
Parking for cars and trucks						X	
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality							X
Exterior appearance							X
Clear Ceiling Heights				X			
Flexibility of design for multitenant						X	
No./Quality of Loading Facilities		X					
Functional Obsolescence							
		X					
Rating Conclusions							
Factor number of items	0	0	3	4	2	2	2
Times category score	0	2	4	5	6	8	10
Category Score	0	0	12	20	12	16	20
Total Competitive Property Score	80						
Percentage above or (below) all average	23%						

*Typical new construction in the overall market

Competitive Property - 8. 1044 Parkway St, Riverhead- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Similar to Subject	Overall Similar to Subject
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Slightly Inferior to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject
Proximity to complementary uses	Near Workforce Housing	Near Workforce Housing	Similar to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.15 per 1,000 SF	Slightly Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to subject
Building Improvements	422,464 SF	15,792 SF	
Construction Quality	A	B	Slightly Inferior to Subject
Exterior appearance	Excellent	Good	Slightly Inferior to Subject
Clear Ceiling Heights	30'	17'	Inferior to subject
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Good	Inferior to Subject
No./Quality of Loading Facilities	80/12'w to 14'h	3/9'0"w x 12'0"h	Inferior to subject overall. 9' foot wide doors have limited demand
	22/Dock Highs		
Functional Obsolescence	None (new)	Built in 2008	Curable Functional Obsolescence noted

Rating		INFERIOR			Typical*		SUPERIOR		
		High	Moderate	Slight	Neutral	Slight	Moderate	High	
Micro-Location (immediate area)									
Proximity to major-thoroughfare								X	
Access onto site for trucks					X				
Access and visibility to customers					X				
Proximity to complementary uses					X				
Site									
Parking for cars and trucks								X	
Circulator on site for trucks					X				
Topography					X				
Building Improvements									
Construction Quality					X				
Exterior appearance					X				
Clear Ceiling Heights					X				
Flexibility of design for multitenant					X				
No./Quality of Loading Facilities					X				
Functional Obsolescence									
		X							
Rating Conclusions									
Factor number of items	0	1	0	10	0	2	0		
Times category score	0	2	4	5	6	8	10		
Category Score	0	2	0	50	0	16	0		
Total Competitive Property Score	68								
Percentage above or (below) all average	5%								

*Typical new construction in the overall market

Competitive Property - 9. 25 The Green, Shirley- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large curb cut	Similar to subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	3.00 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to subject
Topography	Generally Level	Level	Similar to subject
Building Improvements			
Construction Quality	A	C	Inferior to Subject due to plain Metal construction
Exterior appearance	Excellent	Average	Average with no ornamentation
Clear Ceiling Heights	30'	14'	Low clear ceiling heights
Flexibility of design for multitenant	Purpose Built - Excellent	Below what is typical	Not designed for multi-tenant use.
No./Quality of Loading Facilities	80/12'w to 14'h	4/10'0"w x 12'0"h	Slightly inferior to subject due to 10' wide doors and no loading docks
	22/Dock Highs		
Functional Obsolescence			
	None (new)	Built in 2008	Curable Functional Obsolescence noted

Rating		INFERIOR			Typical*		SUPERIOR		
		High	Moderate	Slight	Neutral	Slight	Moderate	High	
Micro-Location (immediate area)									
Proximity to major-thoroughfare								X	
Access onto site for trucks				X					
Access and visibility to customers			X						
Proximity to complementary uses				X					
Site									
Parking for cars and trucks							X		
Circulator on site for trucks				X					
Topography				X					
Building Improvements									
Construction Quality							X		
Exterior appearance							X		
Clear Ceiling Heights							X		
Flexibility of design for multitenant								X	
No./Quality of Loading Facilities						X			
Functional Obsolescence									
		X							
Rating Conclusions									
Factor number of items	0	1	1	4	2	4	1		
Times category score	0	2	4	5	6	8	10		
Category Score	0	2	4	20	12	32	10		
Total Competitive Property Score	80								
Percentage above or (below) all average	23%								

*Typical new construction in the overall market

Competitive Property - 10A. 1 Leecon Ct, Southampton- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	Large Curb Cut	Overall Similar to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to subject, but typical for submarket
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.60 per 1,000 SF	Slightly Superior to Subject
Circulator on site for trucks	None	None	Similar to subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements			
Construction Quality	A	B	Slightly Inferior to Subject
Exterior appearance	Excellent	Good	Slightly Inferior to subject
Clear Ceiling Heights	30'	25' to 30'	Only slightly inferior to subject
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to subject
No./Quality of Loading Facilities	80/12'w to 14'h	12/12'0"w x 14'0" h	Slightly inferior to subject due to lack of loading docks, but 12' rollups mitigate
	22/Dock Highs		
Functional Obsolescence			
	None (new)	Built 2009	Curable Functional Obsolescence noted

Competitive Property - 11. 210 David Whites Ln, Southampton - Ranking							
Rating	INFERIOR			Typical*		SUPERIOR	
	High	Moderate	Slight	Neutral	Slight	Moderate	High
Micro-Location (immediate area)							
Proximity to major-thoroughfare						X	
Access onto site for trucks				X			
Access and visibility to customers				X			
Proximity to complementary uses				X			
Site							
Parking for cars and trucks				X			
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality				X			
Exterior appearance				X			
Clear Ceiling Heights				X			
Flexibility of design for multitenant		X					
No./Quality of Loading Facilities				X			
Functional Obsolescence							
			X				
Rating Conclusions							
Factor number of items	0	0	1	11	0	1	0
Times category score	0	2	4	5	6	8	10
Category Score	0	0	4	55	0	8	0
Total Competitive Property Score	67						
Percentage above or (below) all average	3%						

*Typical new construction in the overall market

Competitive Property - 11. 210 David Whites Ln, Southampton- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	2 Curb Cuts	Overall Similar to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior
Site			
Parking for cars and trucks	0.79 per 1,000 SF	0.24 per 1,000 SF	Similar to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	8,341 SF	
Construction Quality	A	B	Average Metal Construction
Exterior appearance	Excellent	Average	Plain
Clear Ceiling Heights	30'	18'	Typical, but below modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Excellent	Designed for Single Tenant	Inferior to Subject and atypical for market new construction
No./Quality of Loading Facilities	80/12'w to 14'h 22/Dock Highs	4/10'0"w x 14'0"h	
Functional Obsolescence	None (new)	Built in 2017	Effectively Similar to Subject

Competitive Property - 12. 49 Mariner Dr, Southampton - Ranking								
Rating	INFERIOR			Typical*	SUPERIOR			High
	High	Moderate	Slight		Neutral	Slight	Moderate	
Micro-Location (immediate area)								
Proximity to major-thoroughfare							X	
Access onto site for trucks			X					
Access and visibility to customers				X				
Proximity to complementary uses				X				
Site								
Parking for cars and trucks						X		
Circulator on site for trucks				X				
Topography				X				
Building Improvements								
Construction Quality							X	
Exterior appearance				X				
Clear Ceiling Heights				X				
Flexibility of design for multitenant				X				
No./Quality of Loading Facilities				X				
Functional Obsolescence								
	X							
Rating Conclusions								
Factor number of items	0	1	1	8	1	2	0	
Times category score	0	2	4	5	6	8	10	
Category Score	0	2	4	40	6	16	0	
Total Competitive Property Score	68							
Percentage above or (below) all average	5%							

*Typical new construction in the overall market

Competitive Property - 12. 49 Mariner Dr, Southampton- Comparative Analysis and Ranking				
Rating	Subject	Comp	Analysis	
Micro-Location (immediate area)				
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to	
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Inferior to Subject	
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject	
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to Subject	
Site				
Parking for cars and trucks	0.79 per 1,000 SF	2.14 per 1,000 SF	Superior to Subject	
Circulator on site for trucks	None	None	Similar to Subject	
Topography	Generally Level	Level	Similar to Subject	
Building Improvements				
Construction Quality	A	B	Good Metal Construction with Structural Steel Frame, slightly inferior to subject	
Exterior appearance	Excellent	Average	Inferior to subject, typical for submarket	
Clear Ceiling Heights	30'	20'	Inferior to subject, but typical for submarket	
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Good	Inferior to subject	
No./Quality of Loading Facilities	80/12'w to 14'h	4/10'0"w x 14'0"h	Inferior to subject due to 10' wide roll-up doors and no dock highs	
	22/Dock Highs	None		
Functional Obsolescence	None (new)	Built in 2001	Curable Functional Obsolescence noted	

Rating		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)								
Proximity to major-thoroughfare							X	
Access onto site for trucks					X			
Access and visibility to customers					X			
Proximity to complementary uses					X			
Site								
Parking for cars and trucks					X			
Circulator on site for trucks					X			
Topography					X			
Building Improvements								
Construction Quality					X			
Exterior appearance					X			
Clear Ceiling Heights							X	
Flexibility of design for multitenant						X		
No./Quality of Loading Facilities						X		
Functional Obsolescence								
	X							
Rating Conclusions								
Factor number of items	0	1	0	8	2	2	0	
Times category score	0	2	4	5	6	8	10	
Category Score	0	2	0	40	12	16	0	
Total Competitive Property Score	70							
Percentage above or (below) all average	8%							

*Typical new construction in the overall market

Competitive Property - 13. 153 Powell Ave, Southampton- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large curb cut	Effectively Similar to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.33 per 1,000 SF	Similar to Subject and Typical New Construction
Circulator on site for trucks	None	None	Similar to Subject and Typical New Construction
Topography	Generally Level	Level	Similar to Subject and Typical New Construction
Building Improvements	422,464 SF	7,500 SF	
Construction Quality	A	C	Metal with no significant structural Steel Frame
Exterior appearance	Excellent	Average	Plain Metal Siding
Clear Ceiling Heights	30'	28'	Slightly Inferior to subject and modern warehouse standards
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to Subject
No./Quality of Loading Facilities	80/12'w to 14'h	5/10'0"w x 10'0"h	Inferior due to 10' doors
	22/Dock Highs	None	None
Functional Obsolescence	None (new)	Built in 2014	Moderate Curable Functional Obsolescence Noted

Rating		INFERIOR			Typical*	SUPERIOR		
		High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)								
Proximity to major-thoroughfare								X
Access onto site for trucks			X					
Access and visibility to customers							X	
Proximity to complementary uses				X				
Site								
Parking for cars and trucks								X
Circulator on site for trucks				X				
Topography				X				
Building Improvements								
Construction Quality								X
Exterior appearance							X	
Clear Ceiling Heights				X				
Flexibility of design for multitenant		X						
No./Quality of Loading Facilities			X					
Functional Obsolescence								
		X						
Rating Conclusions								
Factor number of items	0	1	3	4	2	3	0	
Times category score	0	2	4	5	6	8	10	
Category Score	0	2	12	20	12	24	0	
Total Competitive Property Score	70							
Percentage above or (below) all average	8%							

*Typical new construction in the overall market

Competitive Property - 14. 152 Tuckahoe Ln, Southampton- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Short Distance from	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Curb Cut	Inferior to Subject
Access and visibility to customers	Major Thoroughfare	Visible from Rt 27	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	2.62 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	14,860 SF	
Construction Quality	A	B	Good Steel frame with metal siding
Exterior appearance	Excellent	Average	Plain Metal Siding
Clear Ceiling Heights	30'	16'	Typical for market, but inferior to modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Excellent	Single-Tenant Design	Inferior to subject and submarket typical new construction
No./Quality of Loading Facilities	80/12'w to 14'h	6/9'0"w x 12'0" h	Inferior to subject and submarket typical new construction (9' wide roll-ups)
	22/Dock Highs		None
Functional Obsolescence	None (new)	Built in 2016	Moderate Curable Functional Obsolescence Noted

Competitive Property - 15. 2 Windmere Ct, Eastport - Ranking							
Rating	INFERIOR			Typical*		SUPERIOR	
	High	Moderate	Slight	Neutral	Slight	Moderate	High
Micro-Location (immediate area)							
Proximity to major-thoroughfare						X	
Access onto site for trucks				X			
Access and visibility to customers				X			
Proximity to complementary uses				X			
Site							
Parking for cars and trucks				X			
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality						X	
Exterior appearance							X
Clear Ceiling Heights					X		
Flexibility of design for multitenant					X		
No./Quality of Loading Facilities						X	
Functional Obsolescence							
						X	
Rating Conclusions							
Factor number of items	0	0	0	6	2	3	2
Times category score	0	2	4	5	6	8	10
Category Score	0	0	0	30	12	24	20
Total Competitive Property Score	86						
Percentage above or (below) all average	32%						

*Typical new construction in the overall market

Competitive Property - 15. 2 Windmere Ct, Eastport- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Highway	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large Curb Cut	Similar to subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to subject, but typical for submarket
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.22 per 1,000 SF	Similar to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	16,444 SF	
Construction Quality	A	B	Metal Construction with Steel Frame
Exterior appearance	Excellent	Good	Some ornamentation
Clear Ceiling Heights	30'	22'	Slightly above submarket typical height, but below modern standards
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to subject
No./Quality of Loading Facilities	80/12'w to 14'h	4/12'0"w x 14'0" h	Slightly inferior to subject due to lack of dock highs
	22/Dock Highs		
Functional Obsolescence	None (new)	Built in 2019	No Curable Functional Obsolescence Noted

Competitive Property 16 - 16. 77 Industrial Rd, Wainscot - Ranking							
Rating	INFERIOR			Typical*	SUPERIOR		
	High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)							
Proximity to major-thoroughfare						X	
Access onto site for trucks				X			
Access and visibility to customers				X			
Proximity to complementary uses				X			
Site							
Parking for cars and trucks						X	
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality						X	
Exterior appearance							X
Clear Ceiling Heights							X
Flexibility of design for multitenant		X					
No./Quality of Loading Facilities		X					
Functional Obsolescence							
		X					
Rating Conclusions							
Factor number of items	0	0	3	5	0	3	2
Times category score	0	2	4	5	6	8	10
Category Score	0	0	12	25	0	24	20
Total Competitive Property Score	81						
Percentage above or (below) all average	25%						

*Typical new construction in the overall market

Competitive Property - 16. 77 Industrial Rd, Wainscott- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Highway	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	2 Curb Cuts	Similar to Subject
Access and visibility to customers	Major Thoroughfare	Side Street	Inferior to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	3.24 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements			
Construction Quality	A	B	Good quality construction
Exterior appearance	Excellent	Excellent	Excellent Appearance
Clear Ceiling Heights	30'	10' to 40'	Similar to Subject
Flexibility of design for multitenant	Purpose Built - Excellent	Not divisible	Designed as a film studio, significant renovations required to subdivide
No./Quality of Loading Facilities	80/12'w to 14'h 22/Dock Highs	3/10'0"w x 16'0" h	Overall inferior given the size
Functional Obsolescence			
	None (new)	Built in 2000	Older, film studio acquired by the town of Southampton

Competitive Property - 17. 200 Rogers Way, Westhampton Beach (The Hampton Business District) - Ranking		INFERIOR			Typical*		SUPERIOR		
Rating		High	Moderate	Slight	Neutral	Slight	Moderate	High	
Micro-Location (immediate area)									
Proximity to major-thoroughfare								X	
Access onto site for trucks					X				
Access and visibility to customers					X				
Proximity to complementary uses					X				
Site									
Parking for cars and trucks								X	
Circulator on site for trucks					X				
Topography					X				
Building Improvements									
Construction Quality								X	
Exterior appearance								X	
Clear Ceiling Heights								X	
Flexibility of design for multitenant						X			
No./Quality of Loading Facilities								X	
Functional Obsolescence									
								X	
Rating Conclusions									
Factor number of items	0	0	0		5	1	4	3	
Times category score	0	2	4		5	6	8	10	
Category Score	0	0	0		25	6	32	30	
Total Competitive Property Score	93								
Percentage above or (below) all average	43%								

*Typical new construction in the overall market

Competitive Property - 17. 200 Rogers Way (The Hampton Business District)- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Highway	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large Curb Cut	Similar to Subject
Access and visibility to customers	Major Thoroughfare	Visible from Old Riverhead Rd	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.72 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements			
Construction Quality	A	A	Similar to Subject
Exterior appearance	Excellent	Excellent	Similar to Subject
Clear Ceiling Heights	30'	22'	Higher than typical new construction, below modern warehouse minimums
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to Subject
No./Quality of Loading Facilities	80/12'w to 14'h	1/9'0"w x 9'0"h	Only 1 drive-in door is atypical, but facilities with drive-up docks for
	22/Dock Highs	7 with levelers	tractor trailers are rare. Overall above moderately superior
Functional Obsolescence	None (new)	Built 2017	No Curable Functional Obsolescence Noted

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Competitive Property - 18. 215 Rogers Way (The Hampton Business District)- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Highway	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large Curb Cut	Similar to Subject
Access and visibility to customers	Major Thoroughfare	Visible from Old Riverhead Rd	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to Subject
Site			
Parking for cars and trucks	0.79 per 1,000 SF	1.75 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	65,776 SF	
Construction Quality	A	A	Similar to Subject
Exterior appearance	Excellent	Excellent	Similar to Subject
Clear Ceiling Heights	30'	18'	Typical for market, but inferior to modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to Subject
No./Quality of Loading Facilities	80/12'w to 14'h	15/9'0" w x 9'0" h	Narrow roll-up doors and no loading docks is inferior to the subject, and atypical for the submarket
	22/Dock Highs		
Functional Obsolescence	None (new)	Built in 2019	No Curable Functional Obsolescence Noted

Competitive Property - 19. 220 Rogers Way, Westhampton Beach (The Hampton Business District) - Ranking							
Rating	INFERIOR			Typical*	SUPERIOR		
	High	Moderate	Slight		Neutral	Slight	Moderate
Micro-Location (immediate area)							
Proximity to major-thoroughfare						X	
Access onto site for trucks				X			
Access and visibility to customers				X			
Proximity to complementary uses				X			
Site							
Parking for cars and trucks						X	
Circulator on site for trucks				X			
Topography				X			
Building Improvements							
Construction Quality							X
Exterior appearance							X
Clear Ceiling Heights				X			
Flexibility of design for multitenant					X		
No./Quality of Loading Facilities					X		
Functional Obsolescence							X
Rating Conclusions							
Factor number of items	0	0	0	6	2	2	3
Times category score	0	2	4	5	6	8	10
Category Score	0	0	0	30	12	16	30
Total Competitive Property Score	88						
Percentage above or (below) all average	35%						

*Typical new construction in the overall market

Competitive Property - 19. 220 Rogers Way (The Hampton Business District)- Comparative Analysis and Ranking			
Rating	Subject	Comp	Analysis
Micro-Location (immediate area)			
Proximity to major-thoroughfare	2 Miles 2 LIE	Near Sunrise Highway	LIE is superior to Sunrise Hwy due to larger number of lanes. Comp is similar distance to
Access onto site for trucks	2 Curb Cuts	1 Large Curb Cut	Similar to Subject
Access and visibility to customers	Major Thoroughfare	Visible from Old Riverhead Rd	Similar to Subject
Proximity to complementary uses	Near Workforce Housing	Not Near Workforce Housing	Inferior to Subject
Site	422464		
Parking for cars and trucks	0.79 per 1,000 SF	2.14 per 1,000 SF	Superior to Subject
Circulator on site for trucks	None	None	Similar to Subject
Topography	Generally Level	Level	Similar to Subject
Building Improvements	422,464 SF	70,000 SF	
Construction Quality	A	A	Similar to Subject
Exterior appearance	Excellent	Excellent	Similar to Subject
Clear Ceiling Heights	30'	18'	Typical for market, but inferior to modern warehousing standards
Flexibility of design for multitenant	Purpose Built - Excellent	Purpose Built - Excellent	Similar to subject
No./Quality of Loading Facilities	80/12'w to 14'h	3/9'0"w x 9'0" h	Narrow roll-ups inferior to market standards, but 9 dock highs is superior
	22/Dock Highs	9 w/levelers	to market norms and similar to the subject. Overall, slightly superior.
Functional Obsolescence	None (new)	Built in 2015	No Curable Functional Obsolescence Noted

SUMMARY OF COMPETITIVE SET RATINGS		
Competitive Property	Overall Score	% Above Average
1. 63 Clinton St	81	25%
2. 286 W Montauk Hwy	83	28%
3. 1074 Pulaski St	74	14%
4. 32 Enterprise Zone Dr	94	45%
5. 25 Enterprise Zone Dr	80	23%
6. 1015 E Main St	89	37%
7. 1500 W Main St	73	12%
8. 1044 Parkway St	80	23%
9. 25 The Green	68	5%
10A. 1 Leecon Ct	80	23%
11. 210 David Whites Ln	67	3%
12. 49 Mariner Dr	68	5%
13. 153 Powell Ave	70	8%
14. 152 Tuckahoe Ln	70	8%
15. 2 Windmere Ct	86	32%
16. 77 Industrial Rd	81	25%
17. 200 Rogers Way	93	43%
18. 215 Rogers Way	86	32%
19. 220 Rogers Way	88	35%
Total Competitive Set	1,511	22%
Comp Set Avg Ranking	80	22%
Subject Property	102	57%

4.2 FORECAST NEW CONSTRUCTION

4.2.1 PLANNED PROJECTS IN EASTERN SUFFOLK SUBMARKET

There are currently two projects planned in Eastern Suffolk County. One is a 300,000 square foot warehouse proposed at 1213 Pulaski Street in Riverhead, NY. Another consists of 2 buildings of 12,000 and 20,000 square feet each in the Cutchogue section of Southold in the North Fork.

1213 Pulaski Street, Riverhead, NY

We interviewed the listing broker, Matthew Shane with All Island Commercial (516-279-8828), who has been representing this property for about 2 years. The site is currently listed for sale for \$2,688,000 and has over 35 acres of land. The property is zoned Industrial C, similar to the subject, but is largely surrounded by commercial uses to the east, parkland to the north, industrial and residential uses to the north and west, and miscellaneous used beyond the LIRR tracks to the south. The site is located in SLOSH Zone 2 (Sea, Lake, and Overland Surge from Hurricanes Model), which while not directly related to FEMA flood zones, requires some construction modification. Discussions with the Riverhead Planning Department indicate no site plan approval has been made. The asking price equates to \$8.96/SF. Overall, the uncertainty of this project and the more length approval process has led us to disregard this project.

8594 Cox Lane, Cutchogue, NY

A owner is proposing a development of two approximately 12,000 SF warehouse facilities demised for 1 or 2 tenants each. The asking rent is \$15.00/SF industrial gross. John Kalin, listing broker, indicates the project was recently conceived and no approvals have been sought with a delivery time not before 2022.

4.2.2 INFERRED ANALYSIS BASED ON HISTORICAL TRENDS

The following observations and conclusions were reached through inferred analysis:

- Since 2015, 7 new warehouse/distribution facilities were built in the Eastern Suffolk Submarket, totaling 192,431 square feet or 4.3% of the current total of 4,802,623 square feet. This is equivalent to 38,486 square feet per year.
- We note that this increase in supply was despite the market, Suffolk County, and Eastern Suffolk County demonstrating only modest increases in employment through 2019 prior to COVID-19. Within Eastern Suffolk County, 828 jobs were added per year.
- Based on data provided by Moody's and Oxford Economics, the mid-range forecast for increases in employment in the Eastern Suffolk Submarket are 1,364 jobs per year.
- Considering the foregoing, a forecast of average annual increase in supply is presented as follows:

Estimate of New Construction by Historical Comparison			
A	Total Increase in Warehouse/Distribution Space 2015-2020 (SF)	192,431	Step 3
B	Average Increase in Warehouse/Distribution Space 2015-2020 (SF)	38,486	Step 3
C	Employment Growth per Year 2015-2020	828	Step 3
D	Forecasted Employment Growth (Mid-Range Estimate) 2021-2026	1,364	Step 3
E	Ratio of Increase	64.7%	D vs C
F	Inferred Forecasted Annual Increase in Supply	63,400	B x (D / C)

4.2.3 RESIDUAL DEMAND FORECAST

The following table demonstrates a forecast based upon the previously described factors, most specifically increases in employment. This model does not take into account any specific planned increase in supply beyond what is inferred based on employment, as no definitive projects are on the horizon.

Residual Demand Analysis of Warehouse and Distribution Space: Mid-Range Demand Forecast Using the Employment Ratio Method of Eastern Suffolk County								
No.	Forecast New Demand	2020	2021	2022	2023	2024	2025	Comments/Source
1	Total employment in Eastern Suffolk County	83,429	84,793	86,157	87,521	88,884	90,248	
2	Forecast yearly increase of new employment (all categories) in Eastern Suffolk County		1,364	1,364	1,364	1,364	1,364	
3	Ratio of occupied warehouse and distribution square feet per total jobs in metro area	53.7	54.5	55.4	56.3	57.2	58.0	Actual current year: Line 4/Line 1
4	Total demand for space in the Eastern Suffolk County Submarket (square feet)	4,476,045	4,623,579	4,773,506	4,925,825	5,080,536	5,237,639	Line 1 x Line 3
5	Plus demand for frictional vacancy @ 5% of total supportable demand	235,581	243,346	251,237	259,254	267,397	275,665	
6	Total supportable (adjusted) demand (square feet)	4,711,626	4,866,925	5,024,743	5,185,079	5,347,933	5,513,304	Line 4 + Line 5
Competition Analysis								
7	Total office-warehouse/distribution space (square feet)	4,802,623	4,802,623	4,802,623	4,802,623	4,802,623	4,802,623	Total Current Warehouse/Distribution Space
8	Current building under construction in Submarket				None			
9	Planned new space				None			
10	Total competitive supply	4,802,623	4,802,623	4,802,623	4,802,623	4,802,623	4,802,623	
Residual Demand Analysis								
11	Market residual demand in Far North broad market area occupancy rate	(90,997)	64,302	222,120	382,456	545,310	710,681	Total Supportable Demand (Line 6) - Total Competitive Supply (Line 10)
12	Estimated average market occupancy rate	93.2%	96.3%	99.4%	102.6%	105.8%	109.1%	Occupied Demand (Line 4) ÷ Total Supply (Line 10)
13	Forecasted Increase in Supply per Year		64,302	157,818	160,336	162,854	165,372	

4.2.3 RECONCILED FORECAST IN SUPPLY

The inferred method indicates an average annual increase of 64,300 square feet per year, while the forecasted increase based on the mid-range employment forecast is an average of 142,136 square feet per year (710,681 / 5). We conclude to the latter given the greater depth of analysis.

STEP 5: FORECAST SUBJECT MARKET PENETRATION

5.1 FORECAST CAPTURE RATE

We consider the general property productivity rating utilized in Step 1 in addition to the rating against competitive properties in the submarket.

STEP 5.1(1) CAPTURE BY GENERAL PRO RATA SHARE ANALYSIS

In this analysis, we assume the subject will be delivered in 2023 as projected by the developer, and adjust the pro-rata share by the property productivity rating to which we concluded in Step 1.

Analysis of the Pro Rata Share of Subject Property Adjusted for Property General Rating and New Competition					
	2021	2022	2023	2024	2025
Current warehouse and distribution space in Eastern Suffolk submarket (Mid-Range Forecast from Step 3)	4,963,587	5,083,865	5,205,403	5,328,200	5,452,256
Forecasted Increase in Supply (Residual Method from Step 4)	64,302	157,818	160,336	162,854	165,372
Total warehouse and distribution space in Eastern Suffolk submarket	5,027,889	5,241,683	5,365,739	5,491,054	5,617,627
Subject size			422,464		
Subject pro rata share			7.87%		
Plus adjustment for property rating (Step 1.2)			43.8%		
Subject's adjusted capture rate			11.32%		

STEP 5.1(1) CAPTURE BY SURVEYED PRO RATA SHARE ANALYSIS

This is based on the comparison of the subject's proposed improvements to all competitive properties built since 2000 in the submarket.

Analysis of the Pro Rata Share of Subject Property Adjusted for Property Surveyed Rating and New Competition					
	2021	2022	2023	2024	2025
Current warehouse and distribution space in Eastern Suffolk submarket (Mid-Range Forecast from Step 3)	4,963,587	5,083,865	5,205,403	5,328,200	5,452,256
Forecasted Increase in Supply (Residual Method from Step 4)	64,302	157,818	160,336	162,854	165,372
Total warehouse and distribution space in Eastern Suffolk submarket	5,027,889	5,241,683	5,365,739	5,491,054	5,617,627
Subject size			422,464		
Subject pro rata share			7.87%		
Plus adjustment for property rating (Step 4.1.(3))			56.9%		
Subject's adjusted capture rate			12.36%		

We have reconciled to a capture rate of 12% of projected increase in supply plus forecasted increase in supply due to construction. We note that, as the subject is a significant proportion of the submarket's available space, the capture rate effectively reflects the subject's superiority within the submarket.

STEP 3.2 PENETRATION AND CAPTURE PROJECTION

The following summarizes our capture projection. The subject would be completed in phases in 2023 and 2024. Due to the subject's superior rating versus the submarket and competitive set as a whole, we project an overall strong capture rate that, beyond what projection calculations would indicate, is effectively 72% of the projected new demand for warehouse/distribution space within the submarket.

Warehouse/Distribution Market (Capture) Penetration--Mid-Range Forecast for Subject Property							
Line		2021	2022	2023	2024	2025	Comments
1	Total demand in East Suffolk Submarket	5,027,889	5,241,683	5,365,739	5,491,054	5,617,627	Average of two fundamental methods (demand for occupied space)
2	Increase in Supply		213,794	124,056	125,315	126,574	
3	Subject capture rate			12.0%	12.0%	12.0%	Capture rate reconciled estimate
4	Indicated amount of occupied square feet in subject property (mid-range forecast)			643,889			Hypothetical indicator of Strong Demand
5	Adjustment for phased absorption			0.33	0.33	0.33	Phased due to Subject Size
6	Phased Absorption			140,821	140,821	140,821	
	Subject size square feet -->	422,464					
	Total Increase in Demand	589,738					
	Subject Capture of Total	72%					

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our 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.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of New York.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Jon DiPietra, MAI has and Robert B. Zapp, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Jon DiPietra, MAI has not and Robert B. Zapp, MAI has made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person signing this certification.
14. Jon DiPietra, MAI has not and Robert B. Zapp, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report 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 appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal 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 opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
- h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed 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.
- i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such 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. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and 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 analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary

compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.



Third-party reports by a true third party.

BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

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- Portfolio Valuation
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- Appraisal Review
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- Lease and Cost Analysis
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- Arbitration & Consulting
- Feasibility Studies
- Highest and Best Use Studies
- Evaluation
- Investment analysis
- Tax appeals
- Litigation Support

Advisory

- ASC 805 Business combinations
- ASC 840 Leases
- Purchase Price Allocations
- Portfolio Valuations for reporting net asset values (NAV)
- Public and non-traded REIT valuations
- Valuations for litigation and litigation support
- Sale-leaseback valuation analysis
- Valuations for bankruptcy/fresh start accounting
- Cost segregation analysis

Assessment

- Environmental due diligence
- Property condition consulting
- Small loan services
- Energy consulting
- Environmental consulting
- Zoning



VALUATION



ADVISORY



ASSESSMENT



ZONING

ADDENDA

Glossary	A
Letter of Engagement	B
Appraiser Qualifications and Licenses.....	C
Riverhead Planning Dept. Document	D

GLOSSARY

Assessed Value: The value of a property according to the 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

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

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.¹

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP).
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed.).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed.).¹

Condominium Ownership: 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.³

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible:

1. Worthy of belief, supported by analysis of relevant information. Credibility is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).¹

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are 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 to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real property contribute to property value.¹

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.¹

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: 1) The time a property remains on the market. 2) 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed.).¹

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.).¹

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value.¹

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or 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.¹

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA): 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)¹

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.¹

Insurable Value: A type of value for insurance purposes.¹

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), future economic benefits (such as revenues or reduced future costs). (IAS 38)¹

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.)¹

Intended Use: 1) The valuer's intent as to how the report will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.)¹

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.)¹

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income

patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)¹

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 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. This definition can also be modified to provide for valuation with specified financing terms.¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area:
Load Factor =

$$\frac{\text{Rentable Area} - \text{Useable Area}}{\text{Useable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market

value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that 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:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and each acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Market Value "As If Complete" On The Appraisal Date:

Market value as if complete on the effective date of the appraisal 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: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: 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. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time).³

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

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.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016–2017 ed.)¹

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit.”

Use Value:

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

¹Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ²Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” Journal of Real Estate Appraisal, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. ⁶U.S. Treasury Regulations

LETTER OF ENGAGEMENT



December 29, 2020

Mr. Scott Johns, Manager
HK Ventures LLC
147 Steamboat Road
Great Neck, NY 11024
seth@linxind.com
516-477-4368

RE: 4285 Middle Country Road
Calverton, New York

Dear Mr. Johns:

We are pleased to submit this proposal and our terms and conditions for the appraisal of the above-referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:	Provide a fundamental demand study of the above-referenced property.
Intended Use:	Asset valuation
Intended Users:	HK Ventures LLC and its related entities, successors, and/or assigns
Scope of Work:	The appraisal will include any approach to value that is applicable and necessary to the assignment.
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), December 2010 Interagency Appraisal and Evaluation Guidelines, and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
Fee:	\$10,000
Retainer:	A retainer in the amount of one-half of our fee is due and payable upon acceptance of the terms of this letter. The balance is due upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the full fee is considered earned upon delivery of our draft report.
Report Copies:	PDF delivery of appraisal conclusions and/or report. Hard copies will be furnished upon request.

NEW YORK

P + 212.682.0400

112 MADISON AVENUE
+ 11TH FLOOR
NEW YORK, NY 10016

BBGRES.COM

VALUATION + ADVISORY + ASSESSMENT + ZONING

Delivery Date:

Delivery of the appraisal conclusions and/or report will be 3 weeks, pending timely receipt of your written authorization to proceed, **the retainer**, and all necessary information.

Acceptance Date:

Date of execution

The attached terms and conditions of the engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such terms and conditions of the engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the terms and conditions of the engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



Jon DiPietra, MAI
Managing Director
As Agent for BBG, Inc.

AGREED AND ACCEPTED



Client Signature

12/30/2020

Date

APPRAISER QUALIFICATIONS AND LICENSES

Profile

Robert Zapp, MAI is a director with the New York City office of BBG. Mr. Zapp has broad experience with a wide variety of asset classes, including shopping centers, regional malls, office buildings, affordable and market rental apartments, condominium developments, hotels and self-storage facilities.

Specialized advisory services include highest and best use studies for the New York City Economic Development Corporation regarding the Coney Island Amusement Park District and the James A. Farley Building, site selection for expansion of the Port of Newark for the Port Authority, with many similar projects of a smaller scale for numerous governmental agencies and public-private partnerships.

Litigation experience includes rental redetermination studies, high profile foreclosure cases such as the Kyle Canyon Gateway master planned community in Las Vegas, NV, matrimonial disputes, and numerous condemnations and right-of-way appraisals.

Mr. Zapp has extensive experience with Argus Enterprise, and has provided valuation services to many prominent REITs, insurance companies, and pension funds throughout the country. While Mr. Zapp has appraised property in 25 states over his 16-year career, his predominant focus is the Washington, DC to Boston corridor.

Mr. Zapp began his career in 2004 at Metropolitan Valuation Services in New York City, one of the largest independent commercial appraisal firms in New York City. In 2007, he joined Grubb & Ellis (now Newmark Knight Frank). In 2010, he rejoined Metropolitan Valuation Services. He opened the Washington, DC office of Integra Realty Resources in 2018, and joined BBG in December 2019.

Professional Affiliations

Appraisal Institute

Designated Member

General Certified Appraiser:

State of New York: 46000048382

State of Maryland: 32405

State of Connecticut: 0001612

Commonwealth of Virginia: 4001017256

District of Columbia: GA12105

Education

Loyola University Chicago

Bachelor of Arts



VALUATION



ADVISORY



ASSESSMENT



ZONING

UNIQUE ID NUMBER

46000048382

FOR OFFICE USE ONLY
Control
No. 1523490

*State of New York
Department of State*

DIVISION OF LICENSING SERVICES

**PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE
EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.**

EFFECTIVE DATE

MO. DAY YR.
04 07 20

EXPIRATION DATE

MO. DAY YR.
04 06 22

ZAPP ROBERT B
C/O METROPOLITAN VALUATION SER
30 QUAKER RIDGE RD
SHELTON, CT 06484

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A
R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused
its official seal to be hereunto affixed.

**ROSSANA ROSADO
SECRETARY OF STATE**

Profile

Jon is currently Managing Director of BBG in New York City, offering 19 years of experience analyzing all major property types throughout the Tri-State Area. Developing a specialty in Market Analysis, Jon has built a broad client base and has completed assignments conducted on behalf of foreign and domestic investment firms including major REITS, leading financial institutions, individual investors, leading law firms, and government agencies. He has been admitted as an expert witness in the New York State Supreme Court (NY County) and has prepared numerous assignments in support of litigation.

Jon began his career as an appraiser in 2001. Gaining training and education, Jon joined Neglia Appraisals in Brooklyn as a commercial appraiser. Later, he was an Assistant Vice President at Sovereign Bank, where he served on the management team of the Appraisal Department. Jon joined Leitner Group (now BBG) in 2007.

Continuing his commitment to the professional development of the next generation, Jon serves as Chairman of the Internship Committee of American Immobiliare, a not-for-profit organization based in New York City which provides a forum for professionals in commercial real estate and has served on the Board of the Metro NY Chapter of the Appraisal Institute.

Assignments of note include: 7 World Trade Center, a 52-story Class-A office building; 650 Fifth Avenue, Nike's new global flagship store; Hallett's Point, a seven building, 2.4 million square foot multi-use development, the TSX Broadway (redevelopment of the Doubletree Hotel into mixed-use hotel, retail and entertainment space), boutique hotel assets in New York including Hotel Indigo and NoMo Soho, several developments with Hudson Yards as well as the Nassau Coliseum redevelopment project.

Professional Affiliations

Appraisal Institute
MAI Designation

General Certified Appraiser:
State of New York (License # 46-46386)
State of Maryland (License # 33247)
State of Connecticut (License #RCG.0001527)
State of New Jersey (License #42RG00262700)
State of Pennsylvania (License #GA003588)

Education

The University of Phoenix
Bachelor of Science, Business Finance



VALUATION



ADVISORY



ASSESSMENT



ZONING

UNIQUE ID NUMBER
46000046386

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control
No. **1522991**

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE
EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE
MO. **03** DAY **13** YR. **20**

DIPETRA JON A
C/O JON DIPETRA APPRAISER
171 68TH ST
BROOKLYN, NY 11220

EXPIRATION DATE
MO. **03** DAY **12** YR. **22**

HAS BEEN DULY CERTIFIED TO TRANACT BUSINESS AS A
R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused
its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

RIVERHEAD PLANNING DEPT. DOCUMENT



TOWN OF RIVERHEAD PLANNING BOARD

200 HOWELL AVENUE, RIVERHEAD, NEW YORK 11901-2596
(631) 727-3200, EXT. 240, FAX (631) 727-9101

Stanley Carey, Chairman
Ed Densieski, Vice-Chair/Secretary

Richard M. O'Dea, Member

Joseph H. Baier, Member
George Nunnaro, Member

November 19, 2020

Keith Brown, Esq.
538 Broadhollow Rd., Suite 301W
Melville, NY 11747

Resolution 2020-075
Adopts Final Scope Pursuant to SEQRA for the Site Plan Application of
HK Ventures - Calverton
4285 Middle Country Road, Calverton, NY
SCTM No. 600-116-1-2

WHEREAS, the Riverhead Planning Board is in receipt of a site plan application approval to develop a vacant parcel of industrially zoned land with a commercial/industrial complex consisting of a total of 423,964 sq. ft. of floor area to be divided into individual tenant spaces, along with a 1,500 sq. ft. commissary for use by the tenants of the complex, as well as parking, lighting, landscaping, stormwater management, sanitary systems, and a new curb cut to serve as ingress and egress to and from Middle Country Road (NY State Route 25); and

WHEREAS, the subject parcel is a 30.28 acre parcel of land located at 4285 Middle Country Road, Calverton, NY is located at 1792 Middle Road, Calverton, NY, on a piece of real property more particularly identified as SCTM No. 600-116-1-2; and

WHEREAS, by Resolution No. 2020-031, dated May 21, 2020, the Riverhead Planning Board classified the proposed action as a Type 1 Action pursuant SEQRA (6NYCRR Part 617.4(b)(6)), as the action proposed land disturbance in excess of 10 acres, and authorized the Planning Department to circulate a request to involved agencies for the Planning Board to assume Lead Agency status for the purposes of SEQRA review; and

WHEREAS, by Planning Board Resolution No. 2020-050, dated August 6, 2020, the Riverhead Planning Board assumed Lead Agency status and issued a Positive Declaration pursuant to SEQRA, as the proposed development presented the potential for significant negative impacts on the health, welfare, and environment; and

WHEREAS, on September 21, 2020, the applicant submitted a Draft Scope entitled "Draft Scope, Draft Environmental Impact Statement, HK Ventures, LLC – Proposed Industrial Park," prepared by P.W. Grosser Consulting, Inc., dated September 11, 2020; and

WHEREAS, the Planning Board held a public scoping session at its regular meeting on November 5, 2020, via Zoom, pursuant to the Governor Cuomo’s Executive Order 202.1 regarding the “Open Meetings Law,” which authorized public meeting to be held remotely via conference call or other similar service provided that the public has the ability to view or listen to such proceedings; and

WHEREAS, all comments that have been received have been reviewed, analyzed, and assembled into a Final Scope. Now, therefore be it

RESOLVED, that the Planning Board of the Town of Riverhead hereby finds the contents of this attached Final Scope to be in an acceptable form to prepare a Draft Environmental Impact Statement on; and be it further

RESOLVED that the Clerk for the Planning Board is hereby authorized to forward a certified copy of this resolution to the Town Clerk, the NYSDEC Environmental News Bulletin, and to the applicant or his agent; and be it further

RESOLVED, that all Town Hall Departments may review and obtain a copy of this resolution from the electronic storage device and if needed, a certified copy of same may be obtained from the Office of the Town Clerk.

Very truly yours,

Stanley Carey,
Chairman, Riverhead Planning Board

A motion was made by Mr. XXX and seconded by Mr. XXX that the aforementioned resolution be approved:

THE VOTE

BAIER	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO	O’DEA	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
NUNNARO	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO	DENSIESKI	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
		CAREY	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO			

**THIS RESOLUTION WAS WAS NOT
THEREFORE DULY ADOPTED**

CC: Building Department
Town Clerk
Richard Ehlers, Attorney to the Planning Board
Jaclyn Perantau, Key Civil Engineering, Applicant’s Design Professional
Kim Gennaro-Oancea, PW Grosser Consulting, Applicant’s Environmental Consultant
Nora Brew, Walden Environmental, Town’s Environmental Consultant
Ray DiBiase, LK McLean, Town’s Environmental Consultant

FINAL SCOPE FOR
DRAFT ENVIRONMENTAL IMPACT STATEMENT

HK VENTURES, LLC – PROPOSED INDUSTRIAL PARK
4285 MIDDLE COUNTRY ROAD
CALVERTON, TOWN OF RIVERHEAD, NY
SCTM NO.: DISTRICT 0600, SECTION 116, BLOCK 1, LOT 2

November 19, 2020

Introduction

This document is the Final Scope for the Draft Environmental Impact Statement (DEIS) for a site plan application to the Town of Riverhead Planning Board that includes the development of a vacant parcel of industrially zoned land with a commercial/industrial complex consisting of a total of 423,964 square feet (SF) of floor area to be divided into individual tenant spaces, which includes a 1,500 sq. ft. commissary for use by the tenants of the complex. The proposed development would be situated on an approximately 30.25 acre-parcel located at 4285 Middle County Road and zoned Industrial C (Ind C) in the hamlet of Calverton. The subject property is designated Suffolk County Tax Map (SCTM) No. 600-116-1-2.

The proposed action is subject to the following permits and approvals from the following Departments and Agencies:

- **Town of Riverhead Planning Board** – Site Plan Approval
- **Town of Riverhead Town Board** – Water District Extension
- **Town of Riverhead Zoning Board of Appeals** – Area variance
- **Town of Riverhead Building Department** – Building Permits
- **Town of Riverhead Water District** – Water Connection
- **Town of Riverhead Fire Marshal** – Fire Marshal Permit to Construct & Fire Alarm/Suppression Systems
- **Suffolk County Department of Health Services (SCDHS)** – Article 6 Permit
- **Suffolk County Planning Commission** – General Municipal Law Planning Review
- **New York State Department of Transportation (NYSDOT)** – Highway Work Permit
- **New York State Department of Environmental Conservation (NYSDEC)** – State Pollution Discharge Elimination System (SPDES) permit & Stormwater Pollution Prevention Plan (SWPPP)
- **PSEG** – Electrical Connection
- **National Grid** – Natural Gas Connection

The proposed application was filed with the Planning Board on February 2, 2020, with additional information submitted by HK Ventures, LLC (Applicant) on July 9, 2020, including revised Site

Development Plans, Stormwater Pollution Prevention Plans and Report, and revised solid waste calculations, as prepared by Key Civil Engineering, P.C.; Traffic Impact Study and Traffic Mitigation Plan, as prepared by Stonefield Engineering & Design, LLC.; Revised Ecological Letter Report, as prepared by Land Use Ecological Services; Phase IA Documentation/Assessment Report, as prepared by Carol S. Weed, MA; Service Availability Request Letters from Emtec Consulting Engineers to PSEG Long Island and National Grid; Application for Water Extension to the Riverhead Water District; Soil and Materials Management Plan (SMMP) and Land Use, Zoning and Consistency with Land Use Plans assessment, as prepared by P.W. Grosser Consulting, Inc.; and Marketing Analysis, as prepared by Zere Real Estate Services, Inc.

The Planning Board, after coordinated review, classified the action as “Type I” and assumed lead agency on July 16, 2020. After review of Part 1 of the Full Environmental Assessment Form (FEAF) filed with the original application submitted by the Applicant in February 2020, and also the supplemental information filed in July 2020, the Planning Board prepared an FEAF, Parts 2 and 3/Determination of Significance, for the proposed application. The Parts 2 and 3/Determination of Significance identifies one or more significant adverse impacts that may result from the proposed project, and thus, a Positive Declaration was issued by the Planning Board, as lead agency, on August 6, 2020.

To ensure that the DEIS will address all significant issues, in accordance with the New York State Environmental Quality Review Act (SEQRA) regulations set forth at 6 NYCRR §617.8, formal scoping is being undertaken. This Final Scope provides a description of the proposed action and the proposed content for the DEIS, based upon the FEAF Part 2 and FEAF Part 3/Determination of Significance, and FEAF Part 3 Attachment, as prepared by the Town Planning Board. This Final Scope has been prepared in accordance with 6 NYCRR §617.8(e) and sets forth the following:

- Brief description of the proposed action;
- Potentially significant adverse impacts;
- Extent and quality of information needed to adequately address potentially significant adverse impacts;
- Initial identification of mitigation measures; and
- Reasonable alternatives to be considered.

The proposed organization and overall content of the DEIS is also included herein.

Brief Description of the Proposed Project

The subject property is comprised of approximately 30.25 acres of undeveloped, former agricultural land on the south side of Middle County Road and approximately 405 feet east of Fresh Pond Avenue. The subject property is located within the Industrial C zoning use district. Pursuant to Riverhead Town Code §301-121, the intent of the Industrial C (Ind C) Zoning Use District is to allow a mix of light industrial, warehouse development, and office campuses in the area between Enterprise Park and the terminus of the Long Island Expressway. The Ind C Zoning Use District is intended for

moderate-sized businesses generally defined as those with less than 40 employees. In addition, the district allows and encourages commercial recreation businesses. The use of generous landscaping and open space buffers is intended to help protect the rural appearance and minimize views of development from the expressway and arterial roads.

The proposed development would convert the property to a mix of light industrial and indoor manufacturing uses, with an assumed retail space limited to 10 percent for each tenant, subject to the Industrial C zoning use district accessory use limitations, as there is no as-of-right retail use permitted within the Industrial C zoning use district. A cafeteria/commissary for all tenants is also incorporated into the proposed design, which is anticipated to reduce traffic leaving and entering the site for meals and on-site consumption. The proposed development* would not include any outdoor storage of materials or vehicles.

The proposed development is to be constructed over two phases: the first phase is proposed for completion in 2022 and the second phase in 2024. Phase 1 would include the first 226,844 SF of the overall 423,964 SF industrial park and would consist of four (4) buildings on the north side of the parcel to be occupied by various tenants, which includes a 1,500 SF cafeteria as an ancillary offering intended to serve employees of the various tenants. Phase 2 would include remaining 197,120 SF and would consist of the remaining four (4) buildings on the southern portion of the parcel.

The proposed development includes a new curb cut on Middle Country Road (NYS 25) for a full access driveway with minor striping modifications in the NYSDOT Right-of-Way for NYS 25. The Town of Riverhead requires one (1) parking stall per 400 square feet of gross floor area for an industrial establishment and one (1) parking stall per 10,000 square feet of gross floor area for a warehouse. For both phases of the proposed industrial park, the total required parking is 332 required spaces. The proposed site plan includes 332 total parking spaces, inclusive of 16 ADA-accessible parking spaces.

The subject property is located within Groundwater Management Zone III, which is characterized as a deep recharge zone. Pursuant to the regulations contained in Article 6 of the Suffolk County Sanitary Code (SCSC), the maximum permitted sanitary discharge for the use of on-site sanitary systems is 300 gallons per day per acre (43,560 square feet) (i.e., approximately 9,076 gpd for the $30.25 \pm$ -acre site). Based on SCDHS design flow factors for General Industrial use (0.04 gpd/SF), the projected sanitary discharge from Phase 1 of the proposed development (226,844 SF) would be approximately 9,074 gpd. Upon implementation of Phase 2 (year 2024), which includes an additional 197,120 SF, the projected sanitary discharge would increase by approximately 7,886 gpd. Accordingly, to proceed with Phase 2, the Applicant would be required to purchase available sanitary credits under the Article 6 Transfer of Developments (TDR) program. Based on the proposed density, Phase II would require 26.3 credits (7,884 gpd over the permitted sanitary density / 300 gpd per credit) and would proceed only after such credits are obtained.

It is noted that, subsequent to the issuance of a Positive Declaration, the Applicant evaluated the feasibility of constructing an on-site STP as an alternative method of handling on-site sanitary waste. It was determined that an STP can be accommodated on-site with the expected changes in *Appendix*

A of the Standards For Approval of Plans and Construction for Sewage Disposal Systems for Other Than Single-Family Residences (i.e., Appendix A on-site STPs will be permitted to accommodate up to 30,000 gpd at reduced setbacks of 10 feet to commercial buildings and commercial property lines) (hereinafter, the “Appendix A changes”). As such, the proposed action is expected to be modified from the current plan of utilizing on-site systems to an on-site STP upon adoption of the Appendix A changes by the Suffolk County Legislature. The DEIS will evaluate environmental impacts associated with constructing an on-site STP in accordance with applicable Suffolk County Health Department regulations and requirements.

All stormwater generated on-site will be accommodated and recharged via an integrated system of recharge basins, drywells, pervious pavers and stone swales. The recharge basin and drywells have been designed to handle stormwater runoff for a 100-year storm event (8.77" rainfall over a 24-hour period), in accordance with the Town of Riverhead requirements. Specifically, the proposed design would accommodate a nine-inch (9") rainfall over a 24-hour period.

The proposed plan includes generous landscaping along the frontage, side and rear yards, as well as contiguous open space. The proposed landscape design includes a minimum 31 feet of planting buffer along the frontage, and along the side and rear yards are planting buffers of 40 feet minimum. Further, approximately 21.56 percent of the property would be contiguous landscaping, with an average front yard landscape buffer of 42.5 feet.

The proposed action also includes primary and accessory uses that are permitted in the Ind C zoning district. The proposed development plan complies with the bulk and dimensional requirements for the Ind C zoning district, with exception to the maximum impervious surface area, which exceeds the maximum 60 percent requirement by approximately 13 percent (i.e., 72.85 percent). The additional impervious surface area (inclusive of buildings and pavement) is due to the pavement area necessary for the truck circulation and turning movements. The building coverage is less than the 40 percent permitted, with 32.17 percent proposed.

The proposed building would include exterior site lighting and wall-mounted fixtures. Based on the preliminary design, the proposed exterior site lighting would consist of pole-mounted light fixtures at 16 feet in height and equipped with housing shields to direct light downward. The proposed wall-mounted fixtures would be mounted at 20 feet above grade level and equipped with housing shields. All lighting is proposed to be LED and dark sky compliant in accordance with Town regulations.

In order to develop the site as proposed, the following approvals are required:

Agency	Permit/Approval
Town of Riverhead Planning Board	Site Plan Review and Approval
Town of Riverhead Town Board	Riverhead Water District Extension 37R – Calverton
Town of Riverhead Board of Zoning Appeals	Area Variance
Town of Riverhead Building Department	Building Permits
Town of Riverhead Fire Marshal	Fire Marshal Construction Permits & Fire

Agency	Permit/Approval
	Alarm/Suppression Systems Permits
Town of Riverhead Water Department	Water Connection
Suffolk County Department of Health Services	Article 6 Permit
Suffolk County Planning Commission	Referral
New York State Department of Transportation	Highway Work Permit
New York State Department of Environmental Conservation	State Pollutant Discharge Elimination System (SPDES) General Permit for Stormwater Discharge during Construction Activities
PSEG Long Island/National Grid	Electric and Natural Gas service connections

The section of the DEIS entitled *Description of the Proposed Action* will provide a thorough description of the existing conditions on the 30.25±-acre subject property and the proposed action. The *Description of the Proposed Action* section of the DEIS will specifically include information relating to the following:

- Project location, setting, land use, and zoning, with appropriate maps and aerial photographs.
- Summary of the surrounding land uses and zoning.
- Physical characteristics of the site, including property acreage, site cover types (e.g., pervious and impervious areas), and existing structures.
- Project layout and design, including information about the proposed development, zoning compliance, changes in site cover types, site landscaping and screening, access, circulation, and parking.
- Infrastructure requirements, including water supply, sanitary waste disposal, drainage, and utilities.
- Solid waste management, solid waste generation, and the proposed plans for on-site minimization and recycling, for handling and disposal by a licensed private carrier.
- Project objectives and benefits.
- Projected construction schedule and description of project phasing, including sufficient details of the impacts of constructing Phase II after Phase I is constructed and in operation.
- Required local, county and state approvals.
- An Marketing Analysis with research resources demonstrating a need/demand for the proposed development, with analyses of other similar industrial parks such as the Hauppauge

Industrial Park and Hampton Business District near Gabreski Airport as well as an analysis of vacancies in Riverhead, conducted by a qualified entity without ties to the proposed development project.

Potentially Significant Adverse Impacts

The DEIS will be prepared in accordance with the Final Scope promulgated by the lead agency and in accordance with 6 NYCRR §617.9(b). Based upon review of the site, architectural plans and elevations, site plans and the FEA Part 1 prepared by the Applicant, the Planning Board prepared a FEA - Parts 2 and 3/Determination of Significance, for the proposed application which indicates that one or more significant adverse impacts may result from the proposed project. The Planning Board issued a Positive Declaration on August 6, 2020, specifically identifying as potential moderate to large impacts to Land, Groundwater, Agricultural Resources, Plants and Animals, Aesthetic Resources, Historic and Archaeological Resources, Transportation and Energy.

The DEIS will fully address the identified potential significant adverse impacts, as well as other relevant issues. Where the impact analyses conducted in the DEIS indicate the potential for significant adverse impacts, the DEIS will set forth measures to mitigate those impacts.

The proposed outline of the DEIS is set forth below, followed by a description of each section.

Natural Environmental Resources

Soils and Topography

This section of the DEIS will identify the existing soil type(s) on the subject property, based upon the Suffolk County Soil Survey and any available test hole data. The Soil and Materials Management Plan, as prepared by PW Grosser Consulting, Inc. will also be summarized. The potential impacts to soils will be discussed in terms of soil constraints and the loss of prime agricultural soils will be evaluated. This section will discuss the impacts of removing existing vegetation on-site and analyze the impacts to erosion resulting from the loss of existing vegetation. This section will also describe the actions that would be undertaken after soil sampling (to be performed prior to construction) should impacted soils be identified as present on-site. An engineered cut/fill analysis will be provided in this section to determine the volume of natural material that will be excavated and removed from the site, and will detail the methods by which the materials will be excavated and removed from the site. The topographic conditions will be evaluated, and a topographic map will be provided. Construction-related impacts will also be discussed, including truck trips for soil removal and associated truck routes. Mitigation measures for erosion, sedimentation, dust generation, and soil limitations/constraints, to the extent necessary, including a Community Air Monitoring Plan (CAMP), will be included in this section.

Water Resources

This section of the DEIS will describe the groundwater conditions, including depth to groundwater and groundwater quality beneath the subject property, based upon relevant documentation. The Groundwater Management Zone (as classified under Article 6 of the SCSC) within which the subject property is located, and site drainage characteristics will be described. Groundwater flow direction based upon Suffolk County Groundwater Contour Maps and/or other published sources (including groundwater investigation data obtained from local, state or federal regulatory agencies) will be identified and an assessment of the potential impacts to downgradient resources will be included. The location of private and public supply wells will also be determined. This section will also include calculations of projected sanitary flow and consistency with the SCSC and the TDR program only if the proposed plan includes the use of on-site sanitary systems. As noted, the proposed action is expected to be modified for an on-site STP in accordance with the expected Appendix A changes and the STP would eliminate the need to purchase available sanitary credits under the Article 6 TDR program. The DEIS will evaluate environmental impacts associated with constructing an on-site STP in accordance with applicable Suffolk County Health Department regulations and requirements. The potential nitrogen loading as a result of the proposed action (considering all potential sources of nitrogen, including the discharge point for sanitary wastewater as well as landscaping maintenance/fertilizer application) will be determined using mass-balance modeling methods, and will take into account potential impacts to nearby public and private wells. An evaluation of alternative sanitary disposal methods will also be performed and a comparative analysis of the nitrogen inputs from sanitary effluent will be presented only if the proposed plan includes the use of on-site sanitary systems rather the construction of an on-site STP.

Groundwater quantity (i.e., water usage) will also be evaluated, including the application to extend the Riverhead Water District water main and availability of water supply to service the development. A comprehensive analysis of the capacity and ability for the Riverhead Water District to serve the proposed development will be included, and will take into account the impacts to neighboring residential properties during peak water demand times. The existing and projected potable water usage for consumption, and for irrigation supply, will be provided. Drainage and post-development stormwater management will also be discussed and evaluated in accordance with the relevant standards, including an evaluation of additional stormwater management options, such as storage in subsurface chamber systems, creation and utilization of rain gardens or bioswales, and alternate locations for recharge basins. The analysis will include on-site soil conditions throughout the site to support the stormwater management system design, including soil borings throughout the Phase 1 and Phase 2 areas of construction and will be evaluated to establish the basis for the overall project stormwater design. The proposed SWPPP and construction-phasing plan will also be presented. This section will also include a discussion and evaluation of the potential impacts to any nearby wetlands and the Peconic Estuary watershed. Finally, as required for inclusion in a DEIS, the effects of climate change as it relates to sea level rise and flooding will be addressed. Mitigation measures which may reduce potential water quality or quantity impacts will also be identified, as necessary.

Ecological Resources

This section of the DEIS will address the existing ecological resources on the subject property. As part of the DEIS, a qualified biologist/ecologist will inspect the site to determine the vegetation, wildlife, and general habitat character. An inventory of flora and fauna, as observed, will be prepared

and included in this section of the DEIS, and an assessment of the species that could be expected to utilize the subject site will be performed. Protected native plants, plant and animal species listed as endangered, threatened, and special concern (or with other protective status), including but not limited to the Northern Long Eared Bat and Tiger Salamander, will be identified. Consultations with the New York Natural Heritage Program will be undertaken for site information related to habitats, plant and animal species. This section of the DEIS will include the quantitative impacts to habitats as well as a qualitative assessment of the impacts to any threatened or endangered plants and animal species identified in the area of the site. Mitigation measures to reduce potential impacts will be identified.

Human Resources

Land Use and Zoning

This section of the DEIS will generally describe the land uses and zoning within the Calverton area, as well as a detailed description of the uses and zoning on the subject site and in the surrounding area within 1,000 feet of the subject property. Photographs of the site and surrounding properties, as well as land use and zoning maps, particularly the Sky Materials Construction and Demolition Debris (C&D) processing facility to the west of the subject parcel, will also be included. A description of the prevailing zoning, including the bulk and dimensional standards, and supplementary guidelines for development, and consistency therewith will also be included. All proposed principal and accessory uses will be described. This section of the DEIS will also discuss the market and tax analyses for the proposed development.

This section will provide clarification as to the proposed use of the site, in the context of permitted, specially permitted, and accessory uses within the Industrial C zoning use district. This section will clarify what is meant by “assumed retail space limited to 10 percent for each tenant,” as retail is considered an accessory use to a wholesale business, and is not an as of right use within the Industrial C zoning use district, and will demonstrate how the proposed accessory use would be consistent with zoning. This section will also clarify how the 10% retail space factors into the 75% warehouse/25% industrial split for the proposed building/tenant spaces noted on the site development plans.

Being that the subject parcel shares its western property boundary with an active C&D processing facility, a comprehensive analysis of this shared property boundary must be performed, including the following:

- Detailing any environmental issues or violations associated with Sky Materials operations and the potential impacts on the proposed development of HK Ventures.
- An evaluation of how the Sky Materials site reclamation plan or any remediation required may impact the proposed site development, including a slope stability analysis.

Transportation

This section of the DEIS will describe the existing traffic conditions and evaluate the effects of the proposed action on the surrounding area roadways and parking. This section will include the previously filed Traffic Impact Study (TIS), as prepared by Stonefield Engineering & Design LLC, dated July 8, 2020, for the proposed action, as well as additional analyses to be performed including traffic counts, and the potential construction-related traffic impacts as it relates to projected truck traffic and the ability to safely construct Phase II after Phase I is operational. Specifically, the updated TIS will include the following additional tasks:

- Obtain traffic count data through available NYSDOT, County, and other sources; or perform manual intersection turning movement counts during the weekday morning and evening commuter peak hours and the during the Saturday midday recreation peak hours at the following intersections:
 - NY 25/Middle Country Road and Edwards Avenue
 - Middle Country Road and Fresh Pond Avenue
 - Middle Country Road and Burman Boulevard
 - Edwards Avenue/Nugent Drive (County Road 94) at eastbound LI Expressway exit ramp.
- Tabulate traffic count data, identify peak hour factors, and adjust data for seasonal variations.
- Confirm with Town Planning Staff to identify Other Planned Developments in the nearby area that may affect the study intersections.
- Develop future No Build volumes for the study intersections. The volumes will be adjusted to future levels using an annual growth factor obtained from the NYSDOT. Volumes generated by Other Planned Developments including EPCAL and the Sky Materials property located directly to the west of this site, will be added, as appropriate.
- Perform trip generation calculations for the proposed Industrial development using statistical data contained in ITE Trip Generation, 10th Edition or related empirical data. Perform trip generation calculations or obtain existing information for the Other Planned Developments in the project area. For industrial uses, site-generated traffic in the morning peak period should be very close to that generated in the evening period.
- Prepare a trip distribution and assignment of site-generated traffic based on roadway network and existing travel patterns established by the turning movement counts. The estimates should reflect permitted uses in the Industrial C Zoning use district such as offices, commercial sports and recreation facilities and other uses. The ITE’s Trip Generation Handbook, Chapter 6, should be utilized in determining mixed-use trip generation.
- Analyze the most intense trip generating uses of the property permitted under the current zoning.
- Analyze the most parking-intensive uses of the property permitted under the current zoning.
- Provide an analysis of any proposed mitigation of conflicting traffic movements.
- Perform intersection capacity analyses for the study intersections identified above and the site access driveways. Analyses will be performed using HCS software in order to provide level

of service results at the intersections and site access locations. The analyses will be completed for Existing, No Build, and Build Conditions for weekday AM, PM, and Saturday peak hours.

- Identify impacts at study intersections and develop mitigation measures, if necessary. Review the location and configuration of the proposed site access points, and make appropriate recommendations to optimize capacity and safety.
- In addition to the proposed site access direct to NY 25, due to the following concerns and in accordance with NYSDOT Access Management guidelines, analyze an alternative access scenario which, by means of cross access through the adjacent Tractor Supply site, provides access to NY 25 opposite Fresh Pond Avenue.
 - The proposed site access to NY 25 is 400' from the Fresh Pond Avenue intersection. Accident potential will be reduced by enabling westbound left turns to enter both sites, and northbound left turns to exit them, at a single access point on the State highway.
 - Evaluate the feasibility of a roundabout at the NY 25/Fresh Pond Avenue intersection before considering a traffic signal.
- Obtain traffic accident data for the latest available three-year period for the study intersections and the roadway links between them. Summarize the accident history by type of accident, time, severity, pavement condition and apparent contributing factors. Note any significant trends, and identify countermeasures to mitigate them.
- Analyze the potential impacts to the Middle Country Road transit access.
- Proposed roadway improvements should accommodate bike lane installation on NY 25 as determined by NYSDOT.
- Analyze the proposed NYSDOT transportation improvements to the Middle Country Road and Edwards Avenue intersection, and provide an analysis of the timing of these improvements in relation to the start and completion of the proposed HK Ventures buildout.

Aesthetic Resources

This section of the DEIS will describe the existing viewshed and general consistency or compatibility with existing elements of the community will be described. As part of the assessment of impacts on visual resources, to-scale 3D computer-generated imagery, including renderings of the site and proposed buildings, landscaping, and lighting will be prepared by the project architect to depict post-development viewshed changes, and an assessment of the impacts to the viewshed from all publicly accessible vantage points, including Middle Country Road and the bike path to the south will be performed. The proposed lighting plan and consistency with the Town Code (Chapter 301) will also be included. Measures to mitigate impacts will be identified, as appropriate. The proposed recharge basins along Middle Country Road, which seem to conflict with the rural character of this area, shall be included in the aesthetic impacts section.

Historic and Archaeological Resources

This section of the DEIS will identify the potential historic and archaeological resources based upon published resources, including those in the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) Cultural Resources Information System (CRIS), other source locations and the work performed to date by the project archaeologist, including consultations with OPRHP. As part of this analysis, the findings of the archaeological Phase IA and IB assessments, and any

additional work that may be required in consultation with OPRHP, will be summarized. Mitigation to reduce impacts, if any, will be included. If the Phase 1B assessment indicates that further investigation is needed, a Phase 2 analysis will be performed, and will include a plan as applicable to preserve the integrity of any sensitive archaeological areas.

Construction-Related Impacts

This section will address the phased construction. A phased construction plan will be presented and the ability to safely construct Phase 2 after Phase 1 is operational will be assessed. Construction-related impacts as they relate to erosion, sedimentation, traffic generation (including trucks), and stormwater management will also be analyzed. This section will also address the existing on-site buildings and the pre-construction testing of materials prior to disposal. Community Air Monitoring Plan (CAMP) requirements for air monitoring during excavation and earth moving activities during site construction will be detailed in this section, as well as plans and locations for on-site soil and materials storage and management. This section will also describe any differences in the construction and material management methods proposed for Phase 1 and Phase 2.

Energy Resources

This section of the DEIS will describe the proposed energy sources, expected levels of consumption and means to reduce consumption. An analysis of alternative energy sources, including but not limited to solar panels and geothermal heating, will also be included. Consultations with the service providers (PSEG LI and National Grid) will be undertaken, including an analysis to confirm that the utility providers can meet the potential energy demands of the proposed use, assuming maximum site buildout, and the findings and recommendations of these providers will be included. An evaluation of incorporating additional energy conservation measures into building design (such as LEED certified construction) shall be included. The need for emergency backup power at the proposed site will also be included.

Other Required Sections

Unavoidable Adverse Effects - This section enumerates those short and long-term impacts that cannot be mitigated.

Irrecoverable and Irreversible Commitment of Resources - A brief discussion of natural resources consumed as a result of project implementation is presented in this section.

Growth-Inducing Aspects - The potential growth-inducing aspects of the project will be presented in this section.

Cumulative Impacts – A discussion of the cumulative impacts of current and proposed development, including solar farms, within the Calverton area will be presented in this section

Extent and Quality of Information Existing and Needed

In order to conduct the analyses of potential adverse impacts, available information will be collected

and reviewed, and empirical information will be developed. While it is not possible to determine all information sources to be used, the following represent sources/research that have been preliminarily identified as necessary to perform the required analyses in the DEIS.

Soils and Topography

- USDA, Suffolk County Soil Survey
- USGS Topographic Map
- Boundary and Topographic Survey, as prepared by Gallas Surveying Group
- Proposed Site Development Plans, as prepared by Key Civil Engineering
- Soil Boring Logs
- Cut/Fill Estimates
- Construction vehicle trip generation information

Water Resources

- USGS Water Table map and monitoring well data, as available
- Suffolk County Groundwater Contour Maps
- Soil Boring Logs
- Published groundwater investigation data from local, state and/or federal regulatory agencies
- Phase I Environmental Site Assessment, as prepared by H2M Engineering
- Soil and Materials Management Plan, as prepared by P.W. Grosser Consulting, Inc.
- Relevant plans, standards and regulations, including the SCDHS Suffolk County Sanitary Code, *New York Standards and Specifications for Erosion and Sediment Control*, *New York State Stormwater Management Design Manual*, Town of Riverhead Town Code (Chapter 275), *Suffolk County Subwatersheds Wastewater Plan*, and the *Suffolk County Comprehensive Water Resources Management Plan*.
- Nitrogen Mass Balance Calculations
- BURBS model and analysis
- Consultations with Town of Riverhead Water Department
- NYSDEC Freshwater and Tidal Wetland maps
- U.S. Fish and Wildlife Service – National Wetlands Inventory
- Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map
- Peconic Estuary Watershed Map

Ecological Resources

- Correspondence with the New York Natural Heritage Program
- Observation data from field investigations
- Published material regarding the potential presence of protected native plants, plant and animal species listed as endangered, threatened, and/or special concern (or with other protective status) and significant habitat areas on or in the vicinity of the project site

Land Use and Zoning

- Available and relevant zoning codes and maps
- Site and Area Inspections
- Photographs of Site and Surrounding Area
- Town of Riverhead Town Code Chapter 301
- Marketing Analysis
- Post-Development Tax Analysis

Transportation

- Manual traffic counts or data collection from NYSDOT, County and other sources
- Most-recent three-year accident data
- The Institute of Transportation Engineers, Trip Generation Manual, 10th Edition
- The Institute of Transportation Engineers, Parking Generation Manual, 5th Edition
- The Institute of Transportation Engineers, Trip Generation Handbook, Chapter 6
- Highway Capacity Manual, latest edition
- Consultations with NYSDOT
- Consultations with Suffolk County Department of Public Works

Aesthetic Resources

- Architectural floor plans and elevations
- Computer-generated 3D imagery from viewpoints to the north and south of the site.
- Site and area inspections
- Town of Riverhead Town Code Chapter 301

Historic and Archaeological Resources

- Consultations with NYS OPRHP
- Phase IA Documentation/ Assessment (sources are not limited to CRIS, New York State Library, New York City Public Library, and the USGS ESRI Historical Topographic Map Collection)
- Phase IB Archaeological Survey

Construction-Related Impacts

- Proposed Site Development Plans
- Preliminary Construction Schedule for Phases 1 and 2
- Construction-related traffic assessment
- Soil and Materials Management Plan
- Construction debris estimates, as prepared by Key Civil Engineering

Energy Resources

- Consultations with PSEG LI and National Grid

- Projected energy loads / demands

Initial Identification of Mitigation Measures

As the DEIS analyses have not yet been conducted, no specific mitigation measures have yet been developed. Nonetheless, where the impact analyses conducted in the DEIS indicate the potential for significant adverse impacts, the DEIS will set forth measures to mitigate those impacts within the topic sections, as presented herein.

Reasonable Alternatives to Be Considered

Pursuant to 6 NYCRR Part 617, the DEIS must contain a description and evaluation of reasonable alternatives to the proposed action that are feasible, considering the objectives and capabilities of the project sponsor. This DEIS will analyze the impacts of the following alternatives and compare (quantitatively and qualitatively) these impacts to those associated with implementation of the proposed action, based upon the specific issues outlined above:

- No-Action (site remains as it currently exists)
- Maximum Buildout Plan with As-of-Right Uses – This alternative would include a maximum build out scenario for the most intense, as-of-right, land uses with respect to water demand, traffic and parking, that are permitted under the current zoning of the property. This alternative is intended to assess the full magnitude of the potential impact to the Riverhead Water District Extension 37R – Calverton, as well as the maximum impact on surrounding roadways as well as on-site parking demands.
- Proposed Development Plan with Alternative Water Source – This alternative would include the development program, as proposed, with an on-site supply well to meet the water demands of the overall project.
- Completing construction of the proposed facility in a single phase, rather than as a phased development.
- Proposed development with on-site septic systems vs. on-site STP for sanitary wastewater discharge.
- Alternate locations for on-site stormwater recharge basins (not visible from Middle country Road or the EPCAL recreational bike path) and incorporation of additional measures for on-site stormwater management, including rain gardens or bioswales.
- Establishing cross-access across the Sky Materials site to the west in order to bring traffic to the intersection of Middle Country Road and Fresh Pond Avenue.

Proposed Organization and Overall Content of the DEIS

The DEIS will conform with the basic content requirements as contained in 6 NYCRR Part 617.9 (b)(3). The proposed outline of the DEIS is as follows:

Executive Summary

1.0 Description of the Proposed Action

- 1.1 Project Location and Site Conditions
- 1.2 Project Design and Layout
- 1.3 Project Objectives and Benefits
- 1.4 Construction and Operations
- 1.5 Required Permits and Approvals

2.0 Natural Environmental Resources

2.1 Soils and Topography

- 2.1.1 Existing Conditions
- 2.1.2 Potential Impacts
- 2.1.3 Proposed Mitigation

2.2 Water Resources

- 2.2.1 Existing Conditions
- 2.2.2 Potential Impacts
- 2.2.3 Proposed Mitigation

2.3 Ecological Resources

- 2.3.1 Existing Conditions
- 2.3.2 Potential Impacts
- 2.3.3 Proposed Mitigation

3.0 Human Environmental Resources

3.1 Land Use and Zoning

- 3.1.1 Existing Conditions
- 3.1.2 Potential Impacts
- 3.1.3 Proposed Mitigation

3.2 Transportation

- 3.2.1 Existing Conditions
- 3.2.2 Potential Impacts
- 3.2.3 Proposed Mitigation

3.3 Aesthetic Resources

- 3.3.1 Existing Conditions
- 3.3.2 Potential Impacts
- 3.3.3 Proposed Mitigation

3.4 Historic and Archaeological Resources

- 3.4.1 Existing Conditions
- 3.4.2 Potential Impacts
- 3.4.3 Proposed Mitigation

3.5 Construction-Related Impacts

- 3.5.1 Proposed Construction Schedule and Activities
- 3.5.2 Potential Impacts
- 3.5.3 Proposed Mitigation

3.6 Energy Resources

- 3.6.1 Existing Conditions

3.6.2 Potential Impacts

3.6.3 Proposed Mitigation

4.0 Other Required Sections

4.1 Adverse Impacts That Cannot Be Avoided (Short-Term and Long-Term)

4.2 Irrecoverable and Irreversible Commitment of Resources

4.3 Growth-Inducing Impacts

5.0 Alternatives and Their Impacts

5.1 Alternative 1: No-Action

5.2 Alternative 2: Maximum Build Out Plan with As-of-Right Uses

5.3 Alternative 3: Proposed Development Plan with Alternative Water Source

5.4 Alternative 4: Completing Construction in a Single Phase Rather Than Phased Development.

5.5. Alternative 5: Proposed Development Plan with On-Site Septic Rather Than On-Site STP.

5.6. Alternative 6: Proposed Development With Alternate Locations for Recharge Basins.

5.7. Alternative 7: Proposed Development With Cross Access Across Sky Materials Site to the West.

6.0 References



REAL ESTATE PROPERTY TAX PROJECTION REPORT

HK Ventures Industrial Park
4285 Middle Country Road, Calverton

Prepared: 3/24/2021
Tax Years: 2021/22

Prepared For:
Mr. Scott Johns
The Linxwood Group

Prepared By:
Cronin & Cronin Law Firm, PLLC
200 Old Country Road, Suite 470
Mineola, New York 11501



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March 24, 2021

Mr. Scott Johns
The Linxwood Group
147 Steamboat Road
Great Neck, NY 11024

Re: HK Ventures Industrial Park
4285 Middle Country Road, Calverton

Dear Scott,

As per your request, the following is a projection of the real estate taxes and a comparison to the actual taxes for the above-noted property.

The Town of Riverhead is required under the Real Property Tax Law to assess all properties based upon their physical condition on March 1 of each tax year with a valuation date of July 1 of the previous year. Accordingly, for purposes of this projection, we are estimating the value of the subject property as of March 1, 2021 with a valuation date of July 1, 2020.

All estimates are based on the current New York State law and the facts as provided to our office. The real estate tax projection does not take into account any exemptions that the property may receive. If the physical plans change, the applicable law may also change and the estimate of real estate taxes will no longer be valid.

The courts have consistently ruled that the income approach is the preferred method for valuing commercial property in New York State. We have performed an analysis based on upon the projected rentals, as well as surrounding market rent to arrive at the estimated taxable assessed value of the property. A change in the projected rental income would impact our analysis.

We have enclosed charts illustrating the current taxes as well as the projected revenue relying upon our projected taxes that will be generated to the various taxing entities. Please note we have projected low, most likely/probable, and high versions of the taxes.

Should you require anything further, please do not hesitate to contact me.

Very truly yours,

Brad W. Cronin

BRAD W. CRONIN

Table of Contents

Section 1 – Property & Assessment Information	4-6
Purpose, Use, and Scope of Report.....	4
Property Description.....	4
Critical Study Dates	4
Tax Cycle, Fiscal Periods & Payment Dates	5
Suffolk County - Reassessment Program.....	5
Existing and Future Exemptions.....	6
Industrial Development Agency Financing	6
Section 2 – Assumptions & Disclaimer	7-8
Assumptions	7
Disclaimer.....	7
Additional Assumptions	8
Section 3 – Assessment Analysis, Tax Rate Increase & Comparable Properties.....	9-10
Assessment Analysis.....	9
Tax Rate Increase.....	9
Comparable Properties.....	10
Section 4 – Property Description & Tax Projection	11-12
Property	11
Property Description.....	12
Tax Projection	12
Payment-in-Lieu-of-Taxes	13
Tax Estimate with PILOT	14-15

SECTION 1 **Property & Assessment Information**

Purpose, Use, and Scope of Report

The purpose of this report is to provide the client with basic property tax information about the properties described below.

Property Description

Property Name: HK Ventures Industrial Park

Assessing Jurisdiction: Town of Riverhead

General Description: Approximately 30.50 acres of vacant land to be developed with approximately 421,000 sf of industrial/warehouse space.

Parcel Numbers: 0600/116/1/2

Year Built: Est. 2021

Number of Units: Current: 30.50 acres
Estimated: 421,000 sf

Land Area: 30.50 acres

Critical Study Dates:

Study Prepared: March 25, 2021

Tax Year under Analysis: 2021/22

Tax Cycle, Fiscal Periods & Payment Dates

Tax Year: 2021/22

Fiscal Period: December 1, 2021 through November 30, 2022

Assessment Cycle

Assessment Date: Physical Condition: March 1, 2021
Valuation Date: July 1, 2020

Assessment Equalization Rate: 12.30%

Appeal Deadline: Application: May 18, 2021 (3rd Tuesday in May)
Petition: July 30, 2021

Tax Bill/Notices: Early December

Number of Tax Bill Installments: Two

Tax Bills Due: First Half: Payable January 10th without penalty
Second Half: Payable May 31st without penalty

Suffolk County – Reassessment Program

The Town of Riverhead does not engage in annual revaluations and has not performed a town wide revaluation of all the parcels in over fifty years. A subject sale at a price above the current assessment would not result in an increased assessment since both the New York Supreme Court and the U.S. Supreme Court have ruled that reassessing a property based upon a sale under these circumstances is selective reassessment in violation of the “Equal Protection Clause” of their respective Constitutions.

The jurisdiction is able to increase your assessment based upon new construction, a physical change to the property, a change in zoning, or other similar change in use or condition.

Existing & Future Exemptions

New Construction – 485B

If construction is begun on any the property in excess of ten thousand dollars and the assessment is increased, the property may be eligible for a new construction exemption under the Real Property Tax Law Section 485-b. The exemption would apply to the increase in the building assessment. It reduces the assessment for new improvements to the property by 50%, then reduces that percentage by 5% each year (45% exempt in Year 2, 40% Year 3, etc.). While this can be a significant exemption, the County, Town and School District can opt out of the program, thereby reducing the benefit.

Currently, only the County participates in the program for this property. The Town and School District has opted out of the program. The County taxes are only a small portion of the taxes, representing approximately 2.05% of the tax rate and approximately 1% of the total taxes.

This report does not take into account the New Construction Exemption due to the minimal impact it will have on the property taxes.

Industrial Development Agency Financing

This property may be eligible for financing through either the Town of Riverhead or Suffolk County Industrial Development Agencies. The mission of these programs is to promote economic development in the County and Town. They can provide substantial real estate tax benefits.

IDA agreements generally cover a 10 to 15-year term.

Riverhead Industrial Agency typically confers with the Assessors of the Town for parameters regarding the projected assessment for the property then applies a percentage exemption against the assessment to arrive at an exact dollar Payment In Lieu of Taxes (PILOT) to be made for each year the property is in the IDA program. The PILOT amount due is contractually set in the agreement therefore there are no rights to appeal the amount during the term of the agreement, even if the assessment is reduced during that time. The PILOT applies to the County, Town and School tax payment. Special district levies are not included in the PILOT payments and are based upon the assessment for the property.

The County bases the exemption on the property assessment. In most cases, the property owner obtains a 50%-100% exemption on any increase in assessment in the first year of the PILOT. The percentage of the exemption decreases over the term of the PILOT.

SECTION 2

Assumptions & Disclaimer

Assumptions

The underlying assumptions relied upon to project the future real estate taxes for the above-noted property include, but are not limited to:

1. That the legal descriptions, parcel numbers, and financial information supplied by the client are accurate;
2. That the proposed building square footage and property use provided to our office by the client is accurate;
3. A market study of comparable rentals in the vicinity performed by our office;
4. That the anticipated tax rate for each tax year will increase by approximately 3% to 5% for Town, County, School and Special District taxes, with 4% being the most likely percentage increase. This estimate takes into consideration the 2% tax cap. The tax cap can be overridden by local governments, exempts pension costs and applies only to municipal budgets, not to the tax rate;
5. That the property will consist of 8 multi-tenanted buildings totaling approximately 421,000 square feet;
6. That the primary use of the property will be industrial;
7. That the proposed rental income provided by the client is accurate;
8. That the property is not located within the Calverton Sewer District and will not be subject to additional sewer charges.

Disclaimer

The foregoing represents our best opinion based upon the facts and figures given to us. Our opinion is not meant to be a legal representation and/or warranty. It represents our best estimate of what an assessment should be and not what an Assessor may arbitrarily choose to place on the subject property, which, of course, is subject to a tax certiorari proceeding.

Additional Assumptions for New Building:

The underlying assumptions relied upon to project the future real estate taxes for the above-noted property include, but are not limited to:

1. That the property will consist of 8 building located on the same tax lot;
2. That the property will be developed with approximately 421,000 sf of industrial space for multi-tenant use;
3. A market study of comparable rentals in the vicinity performed by our office;
4. The projection is estimating the project “as if” complete on March 1, 2021;
5. That the property will be fully completed and fully taxable as of March 1, 2021 for the 2021/22 tax year;
6. That the property will not be obtaining financing through either the Town of Riverhead or County of Suffolk Industrial Development Agencies;
7. That the 2020/21 tax rate will increase by approximately 4% for Town, County, School and Special District taxes. This estimate takes into consideration the 2% tax cap. The tax cap can be overridden by local governments, exempts pension costs and applies only to municipal budgets, not to the tax rate;
8. That the laws governing the assessing of Real Property as they currently exist in New York State will be in effect when the construction is completed.

SECTION 3

Assessment Analysis & Tax Rate Increase

Assessment Analysis

In general, the courts in New York have held that for income producing property, the Income Capitalization Approach is the most trusted method of valuation. We therefore look to market, as well as the actual income and expenses, at a location and value the property by applying those figures in an Income Capitalization analysis. The Income Capitalization analysis is the foundation of the majority of our negotiations with the respective taxing jurisdictions for tax certiorari purposes.

While the Income Capitalization Approach is the trusted method of valuation, the courts have held that if there is a recent, arm's length, subject sale of the property that cannot be explained away as abnormal, the sale price is the best indication of value. The courts have put the most weight on the sale price as an indication of the market and held that the subject sale supersedes the Income Capitalization Approach in these circumstances. New York Courts have also found that there is often a business component that can inflate a sale price making the sale not reflective of the market for assessment purposes to some degree. So while a subject sale can be critical in our negotiations, there are many factors we will review to determine if the sale is reflective of the market or rather a more complicated business that should not dictate the real estate value.

Since the Town of Riverhead does not engage in annual revaluations and has no plans in the foreseeable future to perform a revaluation, absent a physical change to the property or in zoning, the assessment should remain stable and unchanging. The increase in your taxes over time would, therefore, be a result of a tax rate increase as indicated on the projections in this report.

Our assessment analysis is based upon the review of comparable properties in the area, the current market rent, the history of the practices and assessments for the subject property, as well as the rent provided to us in your pro forma analysis report.

Tax Rate Increase

We analyzed the historical tax rate increase in the Town of Riverhead over the past five years. The anticipated tax rate for the 2021/22 and subsequent tax years could increase by approximately 3% to 5% for Town, County, School and Special District taxes, with 4% being the most likely percentage increase.

Tax Cap: There is a 2% tax cap in New York State. The tax cap can be overridden by local governments, exempts pension costs, and applies only to municipal budgets- not to the tax rate.

Comparable Properties

The following three properties are located in the same area as the subject properties and were used in our Assessment Analysis:

Comp 1: Property Address: 538 Edwards Ave, Calverton
 Tax Map # 600/117/2/2.3
 Property Type: Industrial
 Assessment: 316,300
 Full Market Value: \$2,799,188
 SF: 28,000
 Value per SF: \$100
 Taxes 2020/21: \$60,321.58
 Taxes per SF: \$2.15

Comp 2: Property Address: 558 Edwards Ave, Calverton
 Tax Map # 600/117/2/2.8
 Property Type: Industrial
 Assessment: 251,200
 Full Market Value: \$2,042,277
 SF: 19,850
 Value per SF: \$103
 Taxes 2020/21: \$47,906.35
 Taxes per SF: \$2.41

Comp 3: Property Address: 301 Scott Ave, Calverton
 Tax Map # 600/135.20/1/6
 Property Type: Industrial
 Assessment: 383,400
 Full Market Value: \$3,117,074
 SF: 34,000
 Value per SF: \$92
 Taxes 2020/21: \$265,609.23
 Taxes per SF: \$7.81

This property is located in the Calverton Sewer District, and the taxes include a Sewer Rent. Without the Sewer Rent, the taxes would be \$73,075 or \$2.15 psf.

SECTION 4
Property Description & Tax Projection

4285 Middle Country Road
Calverton

HK VENTURES INDUSTRIAL PARK

PROPERTY DESCRIPTION

Property Address	4285 Middle Country Road, Calverton
Assessing Jurisdiction	Town of Riverhead
Tax Map #	600/116/1/2
Property Type	Vacant Land to be developed with Industrial
Year Built	Est. 2021
Building Square Footage	Proposed 421,000
Land Acreage	30.50 Acres
Assessment 2020/21	123,500
Equalization Rate 2020/21	12.30%
Full Market Value 2020/21	\$1,004,065
Taxes 2020/21	\$23,552.78
Tax Rate 2020/21	208.804/1000

TAX PROJECTION

Low Estimate:	Year	Est. Tax Rate	Est. Taxes	Est. Taxes PSF
	2021/22	217.156	\$1,130,000	\$2.68

Most Likely to Occur: (Based on Historical Data)	Year	Est. Tax Rate	Est. Taxes	Est. Taxes PSF
	2021/22	217.156	\$1,215,000	\$2.89

High Estimate:	Year	Est. Tax Rate	Est. Taxes	Est. Taxes PSF
	2021/22	217.156	\$1,300,000	\$3.09

PAYMENT-IN-LIEU-OF-TAXES AGREEMENT

If eligible for an IDA Agreement, the Town of Riverhead IDA or Suffolk County IDA will negotiate the terms of the agreement with the property owner.

There are several different forms that the PILOT agreement can take. We have provided three scenarios based on an estimated full tax amount of \$1,215,000.

Please note that the Town of Riverhead IDA may propose a fixed payment schedule. This schedule will be modeled on the assessed value, but the payment amounts will be set.

Additionally, please be aware that under the PILOT agreement, the exemption does not apply to Special Districts. The property is fully-taxable for these districts and is included in our estimate of taxes both with and without a PILOT agreement.

The estimates set forth below rely on the following assumptions:

- The tax rate, including the rate for special districts, will increase by approximately 3.5% increase in the tax rate each year;
- The new assessment is estimated to be approximately 5,600,658;
- X represents the original AV of 135,600 and will be fully taxable for each tax year
- Y represents the estimated increase in assessment, 5,465,058, that would be eligible for an exemption under the PILOT agreement;
- The taxes for Special Districts, which is not exempt under the PILOT agreement, will amount to approximately \$27,870 in the first year and is included in our estimate of taxes under the PILOT agreement;

TAX ESTIMATE WITH PILOT AGREEMENT

PILOT SCHEDULE - Sample A

10-Year Pilot with 100% abatement for the first year

<u>Year</u>	<u>X</u>	<u>Y</u>	<u>% Y Taxed</u>	<u>Y Taxed</u>	<u>Total Taxable</u>	<u>Total Rate</u>	<u>Est Taxes If NO PILOT</u>	<u>Estimated Taxes with PILOT</u>
1	135,600	5,465,058	0%	0	135,600	21.7156	\$1,216,217.38	\$56,642.69
2	135,600	5,465,058	10%	546,506	682,106	22.4757	\$1,258,784.99	\$153,307.80
3	135,600	5,465,058	20%	1,093,012	1,228,612	23.2623	\$1,302,842.47	\$285,803.45
4	135,600	5,465,058	30%	1,639,517	1,775,117	24.0765	\$1,348,441.95	\$427,385.99
5	135,600	5,465,058	40%	2,186,023	2,321,623	24.9192	\$1,395,637.42	\$578,529.20
6	135,600	5,465,058	50%	2,732,529	2,868,129	25.7913	\$1,444,484.73	\$739,728.89
7	135,600	5,465,058	60%	3,279,035	3,414,635	26.6940	\$1,495,041.70	\$911,503.86
8	135,600	5,465,058	70%	3,825,541	3,961,141	27.6283	\$1,547,368.16	\$1,094,396.91
9	135,600	5,465,058	80%	4,372,046	4,507,646	28.5953	\$1,601,526.04	\$1,288,975.89
10	135,600	5,465,058	90%	4,918,552	5,054,152	29.5962	\$1,657,579.45	\$1,495,834.75
11	135,600	5,465,058	100%	5,465,058	5,600,658	30.6320	\$1,715,594.74	\$1,715,594.74

PILOT SCHEDULE - Sample B

10-Year Pilot with 50% abatement for the first year

<u>Year</u>	<u>X</u>	<u>Y</u>	<u>% Y Taxed</u>	<u>Y Taxed</u>	<u>Total Taxable</u>	<u>Total Rate</u>	<u>Est Taxes If NO PILOT</u>	<u>Estimated Taxes with PILOT</u>
1	135,600	5,465,058	50%	2,732,529	2,868,129	21.7156	\$1,216,217.38	\$636,430.04
2	135,600	5,465,058	55%	3,005,782	3,141,382	22.4757	\$1,258,784.99	\$706,046.40
3	135,600	5,465,058	60%	3,279,035	3,414,635	23.2623	\$1,302,842.47	\$794,322.96
4	135,600	5,465,058	65%	3,552,288	3,687,888	24.0765	\$1,348,441.95	\$887,913.97
5	135,600	5,465,058	70%	3,825,541	3,961,141	24.9192	\$1,395,637.42	\$987,083.31
6	135,600	5,465,058	75%	4,098,794	4,234,394	25.7913	\$1,444,484.73	\$1,092,106.81
7	135,600	5,465,058	80%	4,372,046	4,507,646	26.6940	\$1,495,041.70	\$1,203,272.78
8	135,600	5,465,058	85%	4,645,299	4,780,899	27.6283	\$1,547,368.16	\$1,320,882.54
9	135,600	5,465,058	90%	4,918,552	5,054,152	28.5953	\$1,601,526.04	\$1,445,250.96
10	135,600	5,465,058	95%	5,191,805	5,327,405	29.5962	\$1,657,579.45	\$1,576,707.10
11	135,600	5,465,058	100%	5,465,058	5,600,658	30.6320	\$1,715,594.74	\$1,715,594.74

PILOT SCHEDULE - Sample C

15-Year Pilot with 100% abatement for years 1 through 6

<u>Year</u>	<u>X</u>	<u>Y</u>	<u>% Y Taxed</u>	<u>Y Taxed</u>	<u>Total Taxable</u>	<u>Total Rate</u>	<u>Est Taxes If NO PILOT</u>	<u>Estimated Taxes with PILOT</u>
1	135,600	5,465,058	0.00%	0	135,600	21.7156	\$1,216,217.38	\$56,642.69
2	135,600	5,465,058	0.00%	0	135,600	22.4757	\$1,258,784.99	\$58,625.18
3	135,600	5,465,058	0.00%	0	135,600	23.2623	\$1,302,842.47	\$60,677.07
4	135,600	5,465,058	0.00%	0	135,600	24.0765	\$1,348,441.95	\$62,800.76
5	135,600	5,465,058	0.00%	0	135,600	24.9192	\$1,395,637.42	\$64,998.79
6	135,600	5,465,058	0.00%	0	135,600	25.7913	\$1,444,484.73	\$67,273.75
7	135,600	5,465,058	10.00%	546,506	682,106	26.6940	\$1,495,041.70	\$212,169.67
8	135,600	5,465,058	20.00%	1,093,012	1,228,612	27.6283	\$1,547,368.16	\$367,125.89
9	135,600	5,465,058	30.00%	1,639,517	1,775,117	28.5953	\$1,601,526.04	\$532,669.14
10	135,600	5,465,058	40.00%	2,186,023	2,321,623	29.5962	\$1,657,579.45	\$709,350.69
11	135,600	5,465,058	50.00%	2,732,529	2,868,129	30.6320	\$1,715,594.74	\$897,747.42
12	135,600	5,465,058	60.00%	3,279,035	3,414,635	31.7041	\$1,775,640.55	\$1,098,462.98
13	135,600	5,465,058	70.00%	3,825,541	3,961,141	32.8138	\$1,837,787.97	\$1,312,128.88
14	135,600	5,465,058	80.00%	4,372,046	4,507,646	33.9623	\$1,902,110.55	\$1,539,405.78
15	135,600	5,465,058	90.00%	4,918,552	5,054,152	35.1509	\$1,968,684.42	\$1,780,984.70
16	135,600	5,465,058	100%	5,465,058	5,600,658	36.3812	\$2,037,588.37	\$2,037,588.37

ASSUMPTIONS

DESCRIPTION	UOM	VALUE	SOURCE
LABOR RATE	\$	\$90.00	2016 SAYLOR COST CATALOG
TOTAL GSF	SF	421,037	DRAWINGS
BENCHMARK WAREHOUSE	COST PER SF	\$120.00	RSMeans
CONSTRUCTION DIFFICULTY FACTOR	NY BASED	5.00%	vs NATIONAL AVE
ESCALATION	% PER ANNUM	4.00%	8 YEARS ADDED TO 2013, TOTAL 32%
LABOR \$ PROJECT	% OF PROJECT	38.18%	CALCULATED AS 38% OF TOTAL COST

BASIS OF ESTIMATE

PHASE	MONTHS	AREA ALLOCATION	TOTAL	LABOR	HOURS
1	18	53.43%	\$29,621,405	\$11,309,991	125,667
2	6	23.41%	\$12,977,395	\$4,955,005	55,056
3	8	23.16%	\$12,839,142	\$4,902,218	54,469
		Total	\$55,437,942	\$21,167,214	235,191

ROM & LABOR REPORT

ESTIMATED CONSTRUCTION COST	LOW	HIGH
ROM RANGE	\$50,000,000	\$70,000,000
\$ PER SF	\$119	\$166
TRADE LABOR HOURS	210,000	260,000
JOBs CREATED	50	60

range of total hours in direct work

range of new jobs created on project

X 2.5 YEARS FOR 3 PHASES, TOTALING