

GERALD ALCOCK COMPANY, L.L.C.

Real Estate and Business Appraising

APPRaisal OF
10.73 Acres of Vacant Land, Located at the Corner of
Fuller and Maiden Lane, Section 28,
City of Ann Arbor, Washtenaw County, Michigan

As of January 19, 2004
For City of Ann Arbor

WRW

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Janne M. Stockman

February 2, 2004

Mr. William R. Wheeler
Director, Public Services Department
City of Ann Arbor
100 North Fifth Avenue, PO box 8647
Ann Arbor, MI 48107-8647

RE: Appraisal of about 10.73 acres of vacant land (8109-09-28-101-004), located at the corner of Fuller and Maiden Lane, City of Ann Arbor, Washtenaw County, Michigan

Dear Mr. Wheeler:

As requested in your engagement letter, we have completed an appraisal of the above referenced property, and the findings are submitted in this report. The purpose of this appraisal is to express an opinion of the current market value of the fee simple title interest in the above noted real estate put to its highest and best use. The effective date of this valuation is January 19, 2004, the date of our inspection.

This appraisal cannot be completely understood without reading the "General Assumptions and Limitations of Appraisal" and "Extraordinary Assumptions" sections of this report. Any reader of this report is advised to thoroughly read and understand said sections before relying on any information, analyses, or conclusions presented herein.

The appraisers prepared this report and the value estimates herein in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This is a Complete Appraisal and a Summary Report; the "Required Statements" section of this report offers descriptions of these terms. The appraisers remind the reader that the level of presentation in many parts of the report is limited to summary descriptions rather than detailed descriptions.

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The purpose of this appraisal is to assist our client, the City of Ann Arbor, in estimating the value of the property for potential disposition and internal planning.

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Director, Public Services Department
City of Ann Arbor
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February 2, 2004
Mr. William R. Wheeler
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It is the appraisers' opinion that the "as is" market value of the fee simple title to the subject property as of the effective date of January 19, 2004 is,

Four Million Two Hundred Fifty Thousand Dollars
(\$4,250,000)

The above value is subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report and the following "Extraordinary and Hypothetical Assumptions" to this report."

1. We have not been provided with a current professional survey of the subject property. We have thus relied on our scaling of aerial photographs in order to estimate the site size and configuration. It is an assumption of this analysis that site size and configuration, as estimated and used herein, generally conform to actual conditions; and
2. We have not been provided with professional soil borings for the subject site. The value estimated herein presumes that the subject's soils are suitable for residential-type construction; and
3. As discussed within the Highest and Best Use section of this report, the property is being valued as though it were available to the private sector for residential development. It is presently zoned public lands and will remain so in the event of a sale to the University of Michigan. Therefore, this assumption is hypothetical, or contrary to fact.

This letter of transmittal is not an appraisal report; however, it is part of the following appraisal, which reveals the data used and methods applied in estimating the value. This letter and report must not be separated because together they provide the necessary detail and analysis for explaining and supporting the value opinion for the subject property.

The attached report, comprising 12 sections and 6 exhibits, is an explanation of the method of valuation.

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Respectfully submitted,

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1. We have not been provided with a current professional survey of the subject property. We have thus relied on our scaling of aerial photographs in order to estimate the site size and configuration. It is an assumption of this analysis that site size and configuration, as estimated and used herein, generally



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EXECUTIVE SUMMARY

Location: The subject property is located at the southeast corner of Fuller and Maiden Lane, within the North 1/2 of Section 28, City of Ann Arbor, Washtenaw County, Michigan.

Mailing Address: Not yet assigned

Property Owner: City of Ann Arbor

Type of Report: This is a Summary Report.

Type of Appraisal: This is a Complete Appraisal.

Current Use: Vacant and Parking

Site: The subject site is triangular in shape and contains approximately 10.73 acres or 467,453 square feet¹. There is extensive frontage along south side of Fuller and also some frontage along Medical Center Drive. Topography is generally level and slightly above street grade. The property is bounded to the north by Fuller Road, to the south by NYC Rail Road, and to the east, the by the Huron River. A small (0.67-acre) triangular portion of the site is separated by Medical Center Drive. Although the central portion of the site is improved with a parking area, the majority is vacant with shrubs, grass cover and some mature trees. Dense tree clusters are found along the railroad frontage and well as near the Huron River to the east. A small portion of the eastern portion of the site is located within a floodplain.

Improvements: The center of the site is improved with a bituminous-surfaced parking lot with ingress and egress drives. The majority of the site is vacant and unimproved.

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Utilities: All customary municipal utilities.

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Property Owner: City of Ann Arbor

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Current Use: Vacant and Parking



Estimated
Market Value: "As Is"

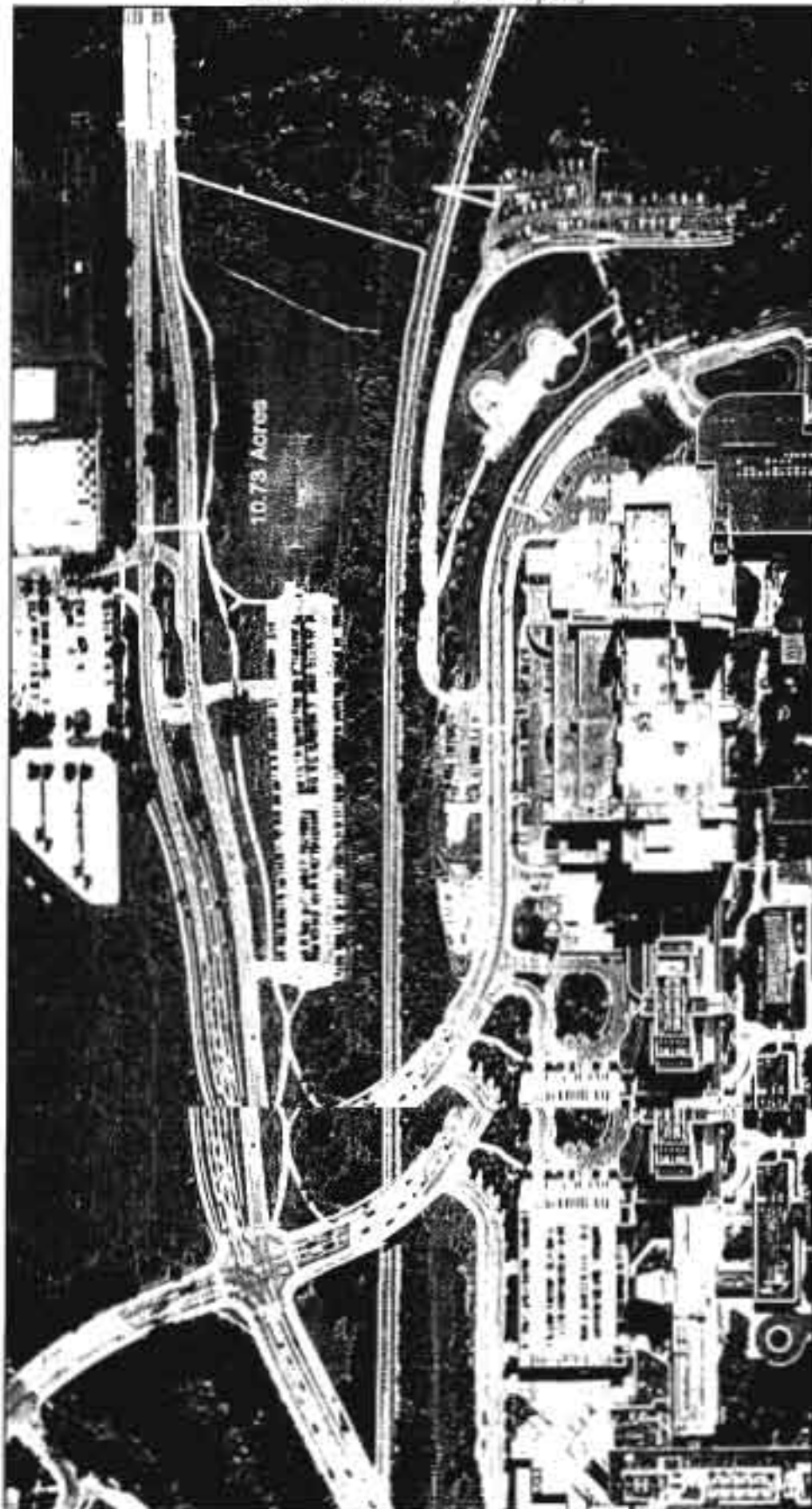
01-19-2004 \$4,250,000

General Assumptions:

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Aerial View of Subject Property



Photograph Taken by Aerialdata, 2003



IDENTIFICATION OF PROPERTY

REAL PROPERTY

Address

The subject property has not yet been assigned an address.

Tax Identification Numbers

8109-09-28-101-004

Legal Descriptions

The subject property is owned by the city of Ann Arbor and tax exempt. The legal description is limited to some boundary lines and does not quantify the actual size. As such, the appraisers recommend a survey with legal description to verify the estimated area. The legal description as presented on the assessor's card is as follows:

Part of the North 1/2 Section 28, T2S R6E BD NLY & WLY by Fuller St. S by NYC RR Row & ELY Huron River.

PERSONAL PROPERTY AND FIXTURES

This appraisal excludes all personal property or trade fixtures.

LEASE(S) AND TITLE INTEREST APPRAISED

Based on conversation with William Wheeler, Director, Public Services Department, City of Ann Arbor, there is a lease agreement between the city of Ann Arbor and the University of Michigan (UM), which allowed UM to construct an outdoor parking lot.

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CLIENT

The appraisers were engaged by the City of Ann Arbor, by and through Mr. William Wheeler, to prepare this appraisal report.

PROPERTY OWNER

To the best of the appraisers knowledge, the subject property is currently owned by the City of Ann Arbor

OCCUPANCY

The property is partially vacant and partially improved with a parking lot used by both UM and the City of Ann Arbor.

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To the best of the appraisers knowledge, the subject property is currently owned by the City of Ann Arbor

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PURPOSE, DEFINITION OF MARKET VALUE, INTENDED USE AND USERS OF REPORT, AND SCOPE OF APPRAISAL

PURPOSE

The purpose of this appraisal is to estimate the current market value as of the effective date of the fee simple title to the appraisal property, identified in the foregoing section of this report, subject to the conditions and limitations stated in this report.

Fee simple title. A title that signifies ownership of all the rights in a parcel of real property, subject only to the limitations of the four powers of government.²

DEFINITION OF MARKET VALUE

As used herein, the definition of market value is as follows:

'The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.'

Implicit in this definition is the consummation of a sale as of a specified date and by the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. both parties are free to transact, and acting in their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

SCOPE OF APPRAISAL

PURPOSE

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Fee simple title. A title that signifies ownership of all the rights in a parcel of real property, subject only to the limitations of the four powers of government.²



INTENDED USE AND USERS OF REPORT

The purpose of this appraisal is to assist our client, the City of Ann Arbor, in estimating the value of the property for potential disposition and internal planning.

It is not intended for any other use and may not be used or relied upon by anyone other than our client for any purpose whatsoever without the express written consent of the appraisers.

SCOPE

The scope of this appraisal encompasses the necessary research and analysis to prepare a report in accordance with its intended uses as set forth in the above subsection and with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In the appraisal of the subject property, the appraisers employed the following data sources:

Physical Data

The property was inspected on the date noted at the "Narrated Dates" subsection of this report. Mr. William Wheeler, was interviewed regarding various aspects of the property including ownership history, boundary lines, leases, and existing improvements. In addition, the appraisers secured current assessment, special assessment, and zoning data pertinent to the subject property. The following are additional sources, which were used to provide information pertaining to the subject property:

1. City of Ann Arbor Assessor's Office
2. City of Ann Arbor Planning Department

Area and Neighborhood Data

The appraisers conducted a physical inspection of the area within which the subject is located to obtain area and neighborhood data. Additionally, governmental sources were contacted in order to obtain information pertaining to such things as adequacy

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The appraisers conducted a physical inspection of the area within which the subject is located to obtain area and neighborhood data. Additionally, governmental sources were contacted in order to obtain information pertaining to such things as adequacy of infrastructure, availability of utilities, employment statistics, zoning, flood hazards, environmental hazards, and anticipated development trends. Government officials, and real estate brokers conducting business in the area of the subject were contacted regarding supply, demand, and market trends.

Market Data Sources

Physical data for each individual comparable sale may be found at the "Market Data" exhibit section of this report. Each comparable was (at a minimum) inspected from the roadway. Local real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the area.



The steps the appraisers used to develop the value estimates stated herein proceed from the Highest and Best Use analysis set forth at the "Analysis of Value" section of this report.

The General Underlying Assumptions and Limiting Conditions to which this report and its value conclusions are subject are set forth in the section bearing that title and must be thoroughly read and understood by anyone using this report.



DESCRIPTION OF PROPERTY

WASHTENAW COUNTY/ANN ARBOR AREA DATA

The following discussion will provide an overview of the major demographic and economic characteristics of Washtenaw County and the Ann Arbor area, which is recognized as the commercial core of Washtenaw County and is also a Metropolitan Statistical Area, or MSA, tracked by SEMCOG, the Southeastern Michigan Council of Governments.

Population

The city of Ann Arbor had a 1990 population of 109,608 persons, which, by 2000, had increased 4.0 percent to 114,024 persons. Washtenaw County's population in 1990 was 282,937 persons, increasing by 14.1 percent to 322,895 persons by 2000. The population increase in the City accounts for an approximate 8.0 percent of the countywide population increase between 1990 and 2000.

For 2003, the population in the city of Ann Arbor is 114,798 persons, which is a slight increase from the 2000 population count. Washtenaw County has a 2003 population of 339,420 persons, which represents an overall increase of 5.1 percent from 2000. The significant increase in County population is due to the exponential growth of residential development in Ann Arbor's surrounding Townships.

Table 1, Population and Growth

	1990	2000	% Change	2003	% Change	2030 (Forecast)	% Change
City of Ann Arbor	109,608	114,024	4.0%	114,798	0.7%	116,270	2.0%
Washtenaw County	282,937	322,895	14.1%	339,420	5.1%	448,020	38.8%

Source: SEMCOG

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Source: SEMCOG

SEMCOG forecasts the population in the city of Ann Arbor to increase to 116,270 persons by the year 2030, which would be a 2.0 percent increase from 2000. The County population is forecast to increase to 448,020 persons by the year 2030, which would be a 38.8 percent increase from 2000 and an annual growth rate of approximately 1.1 percent.

Based on the foregoing, it would appear that population levels in Washtenaw County are forecasted to increase over the next several years at a moderate rate, lesser than has occurred in recent history. Of course, these are only projections and actual increases could well outpace demographer's forecasts.



Households

The number of households in the city of Ann Arbor in 1990 was 41,660, which increased by 9.7 percent, to 45,693, by 2000. Washtenaw County had a 1990 household count of 104,528, which increased by 19.9 percent, to 125,332, in 2000.

Table II, Households and Growth

	1990	2000	% Change	2000	% Change	2000	% Change
City of Ann Arbor	41,660	45,693	9.7%	46,495	1.8%	53,213	16.5%
Washtenaw County	104,528	125,327	19.9%	132,772	5.9%	187,253	49.4%

Source: SEMCOG

In 2003, households in both the City and County had increased by 1.8 and 5.9 percent respectively. The modest increase in the city of Ann Arbor is attributed the lack of the available development within the city limits.

For the County, a similar pattern is observed in households as was shown in population data: they are forecasted to increase at a lesser annual rate than occurred between 1990 and 2000. As for the City, households are anticipated to increase from 2000 to 2030 at a much greater rate than forecasted population increases.

Though household growth in the city and county from 1990 to 2000 increased at a faster rate than the population, this fact is at least partially explained by the declining trend in household size, as opposed to a mere increase in the number of households moving into the area. This phenomenon is duplicated at the national level as well.

New Housing Starts, Ann Arbor and its Surrounding Townships

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New Housing Starts, Ann Arbor and its Surrounding Townships

The number of residential building permits (for new construction) issued in the city of Ann Arbor, Pittsfield Township, and Washtenaw County has been strong over the last several years, particularly for the city of Ann Arbor, Scio, Pittsfield and Ypsilanti Townships, and the County as a whole, as shown at Table III.



	Washtenaw County	City of Ann Arbor	Ann Arbor Township	Pittsfield Township	Scio Township	Ypsilanti Township
Single-Family Permits						
1995	1,684	191	56	457	91	238
1996	1,905	172	55	590	93	261
1997	1,793	146	56	441	108	128
1998	2,044	157	21	508	239	232
1999	2,219	180	28	369	237	462
2000	1,734	118	17	257	255	286
2001	1,743	72	11	239	173	438
2002	1,778	33	11	172	199	508
Multiple-Family Permits						
1995	347	46	19	51	0	164
1996	744	291	6	438	0	4
1997	875	385	0	187	184	0
1998	1,021	320	0	96	208	292
1999	446	169	0	64	0	2
2000	334	236	0	0	0	8
2001	655	198	0	179	140	36
2002	432	139	0	124	114	4

The presented statistics indicate continued population and housing growth in Washtenaw County and the city of Ann Arbor, which would in turn imply ongoing demand for a wide variety of development in the subject area.

Median Household Income

Median household income levels for the city of Ann Arbor and Washtenaw County are illustrated below at Table IV, "Median Household Income."

As indicated below, median household income in the City increased by an astonishing 65.1 percent from 1990 to 2000. This pattern was duplicated on the countywide level, with income increasing 64.8 percent from 1990 to 2000.

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Table IV, Median Household Income

	1990	2000	% Change	1990	2000
City of Ann Arbor	\$33,491	\$55,308	65.1%	\$67,500	22.0%
Washtenaw County	\$36,340	\$59,875	64.8%	\$73,188	22.2%

Source: Claritas, Inc.

Demographers forecast a continuing pattern of healthy income increases --though



not as dramatic as from 1990 to 2000 --from 2000 to 2005, both on a citywide and countywide level.

Retail Sales Per Household

According to an annual estimate published by *Sales and Marketing Management Magazine*, total retail sales per household in Ann Arbor and Washtenaw County have outpaced those of the Detroit MSA and the State of Michigan over the past several years.

Table VI, Retail Sales Per Household

	1990	2002	Change	2007 Projection	% Change
City of Ann Arbor	\$30,535	\$42,301	38.5%	\$55,869	32.1%
Washtenaw County	\$22,667	\$48,314	113.2%	\$67,485	39.7%
Detroit MSA	\$20,574	\$37,719	83.3%	\$45,860	21.6%
Michigan	\$19,765	\$33,989	72.0%	\$40,747	19.9%

As shown above, this trend is expected to continue into the foreseeable future.

Employment

The employment base of Washtenaw County is centered on the health care, education, and automotive high technology. Economic stability is provided to a great extent by two universities, The University of Michigan in Ann Arbor and Eastern Michigan University located in neighboring Ypsilanti. These facilities are major employers which are not as economically sensitive to the fluctuations of Detroit's automotive industry.

The public sector accounts for a substantial percentage of total industry employment employers which are not as economically sensitive to the fluctuations of Detroit's automotive industry.

The public sector accounts for a substantial percentage of total industry employment in Washtenaw County, primarily because of the presence of the University of Michigan, the U of M Medical Center, and Eastern Michigan University.

Of course, both public and private sector employment will be only further enhanced by the University of Michigan's \$225-million Life Sciences Institute project, currently under construction on Huron Street, directly behind the Power Center for the Performing Arts. This project, which will put the University at the leading edge of the biotechnology industry, is anticipated for completion sometime in 2004.

The top private industry employers in the county are highlighted in the table below.



Table VII, Washtenaw County's Largest Employers

Employer	Full-Time Employers	Type of Business
University of Michigan	14,996	Public university
Visteon Corporation	7,500	Automotive supplier
University of Michigan Health System	7,398	Healthcare
General Motors Corporation	5,579	Automotive Manufacturing
Trinity Health	4,405	Healthcare
US Government	2,549	Federal Government
Eastern Michigan University	2,071	Public university
State of Michigan	1,954	State government
Ann Arbor Public Schools	1,851	Public school district
Borders Group, Inc.	1,800	Retailer of books and music
Washtenaw County Government	1,300	County government
ProQuest Company	1,055	Information databases
City of Ann Arbor	912	City government
Interfirst Wholesale Mortgage Lending	706	Wholesale mortgage lending
Ypsilanti Public Schools	653	Public school district
US Postal Service	626	Postal service
NSK Corporation	568	Manufacture of ball bearings
Chelsea Community Hospital	561	Healthcare
Coffins & Aikman Corporation	550	Automotive supplier
Dominos Pizza, LLC	525	Pizza delivery and carryout

Source: Crain's Detroit Business (January 2003)

Unemployment

Unemployment levels in the city of Ann Arbor and Washtenaw County have

Unemployment

Unemployment levels in the city of Ann Arbor and Washtenaw County have consistently been at least two to three percentage points lower than State unemployment levels. The following chart illustrates these trends.



Table IX, Unemployment Trends

	1997	1998	1999	2000	2001	2002
City of Ann Arbor						
Labor Force	64,475	63,550	69,800	69,925	70,250	70,350
Employment	63,350	62,300	68,725	68,950	68,925	68,600
Unemployment	1,150	1,250	1,075	975	1,325	1,750
Rate	1.8%	2.0%	1.5%	1.4%	1.9%	2.5%
Washtenaw County						
Labor Force	164,450	162,125	177,925	178,225	179,225	179,625
Employment	161,000	158,350	174,700	175,300	175,200	174,375
Unemployment	3,425	3,775	3,225	2,925	4,025	5,250
Rate	2.1%	2.3%	1.8%	1.6%	2.2%	2.9%
State of Michigan						
Labor Force	4,879,000	4,807,000	5,136,000	5,201,000	5,241,000	5,168,000
Employment	4,677,000	4,572,000	4,942,000	5,016,000	4,979,000	4,850,000
Unemployment	202,000	235,000	194,000	185,000	262,000	318,000
Rate	4.1%	4.9%	3.8%	3.6%	5.0%	6.2%

The preceding chart also indicates that the city of Ann Arbor, Washtenaw County, and the State of Michigan each experienced decreases in unemployment between 1997 and 2000.

The above data indicates an improving local economy over the last several years through 2000. However, the national and regional economies have declined somewhat in the later part of 2001. As a result, unemployment rates were up for the State, County, and City of Ann Arbor during 2001 and 2002.

Washtenaw County and the greater Ann Arbor have historically been insulated from cyclical economic conditions owing to their more diverse employment base. The area continues to have one of the lowest unemployment rates in the State. It is worthwhile noting that, on average, unemployment levels in the city of Ann Arbor have consistently been at least two to three percentage points lower than State unemployment levels.

Transportation

The juncture of Interstate-94 and US-23 is located in Washtenaw County at the southeastern fringe of the city of Ann Arbor. Interstate-94 is a major east-west interstate that provides access to the cities of Detroit and Chicago, along with the western Michigan cities of Jackson, Kalamazoo, and Battle Creek. US-23 is a major north-south highway which provides access to the cities of Flint, Saginaw, and Toledo, Ohio.



Detroit Metropolitan Airport is about 15 miles from the eastern border of Washtenaw County. Willow Run Airport, in Ypsilanti Township, provides air cargo and charter services. The Ann Arbor Municipal Airport, found at the southern border of the city, as it connects to Pittsfield Township, provides general aviation services.

Conclusion

Growth in Washtenaw County/Ann Arbor MSA is projected to continue at a healthy rate for the next several years. Though not as dramatic as the growth that occurred between 1990 and 2000, it is nevertheless reflective of a positive, stable economy.

The employment characteristics of the area indicate a diverse employment base, with a high percentage of professional occupations. The MSA has experienced increasing employment rates due to job growth and unemployment rates and historically running well below State levels. The overall employment outlook remains positive, with all private-sector service industries and the public sector expected to provide increased job opportunities.

From an overall demographic perspective, the Washtenaw County/Ann Arbor MSA may be characterized as a relatively affluent area, expected to continue its long-term pattern of growth through the intermediate term.

NEIGHBORHOOD DESCRIPTION

As indicated at exhibit A, "Location Maps," the subject property is located at the southeast corner of Fuller and Maiden Lane, within the North 1/2 of Section 28, City of Ann Arbor, Washtenaw County, Michigan. It is found contiguous to the western shore of the Huron River and in front of the University of Michigan Medical Center and the University of Michigan Central Campus.

The immediate area is heavily influenced by and associated with the University of Michigan Medical Center as well as the Veterans Administration Hospital, which is east of the subject. Nearby uses include city parklands to the north and east as well as multi-family and single

The immediate area is heavily influenced by and associated with the University of Michigan Medical Center as well as the Veterans Administration Hospital, which is east of the subject. Nearby uses include city parklands to the north and east as well as multi-family and single family residential units. To the southwest is the University of Michigan Turner Geriatric Clinic as well as the Kellogg Eye Institute. The subject is extremely proximate to all centrally located university facilities, both educational and recreational, and the U of M bus routes which connect the central campus to the north campus facilities including the School of Art & Architecture, the School of Music and the School of engineering.

Uses along Maiden Lane are primarily residential mixed with some single tenant office as well as commercial. Further north on Maiden Lane are apartments, a strip shopping center, formerly anchor by Kroger, as well several smaller commercial establishments. This area is known as Ann Arbor's historic "Lower Town" neighborhood, which dates back to the 1830s. In the last five to 10 years, the University of Michigan has been acquiring much of the land on Wall Street, a thoroughfare formerly dominated by residential development. Many of the former homes on Wall Street have been demolished to accommodate



University surface parking needs. It has also been rumored that the University plans to construct several institutional structures on these parcels, which would further reduce the residential base of this neighborhood as well as the City's tax base. Further demographic information is given at "Area Data," exhibit F.

SITE AND SITE IMPROVEMENTS

As depicted at the aerial photograph below, the subject site is triangular in shape and contains approximately 10.73 acres or 467,453 square feet⁴. There is extensive frontage along south side of Fuller and also some frontage along Medical Center Drive. Topography is generally level and slightly above street grade.



The property is bounded to the north by Fuller Road, to the south by NYC Rail Road, and to the east, the by the Huron River. A small (0.67-acre) triangular portion of the site is separated by Medical Center Drive. Although the central portion of the site is improved

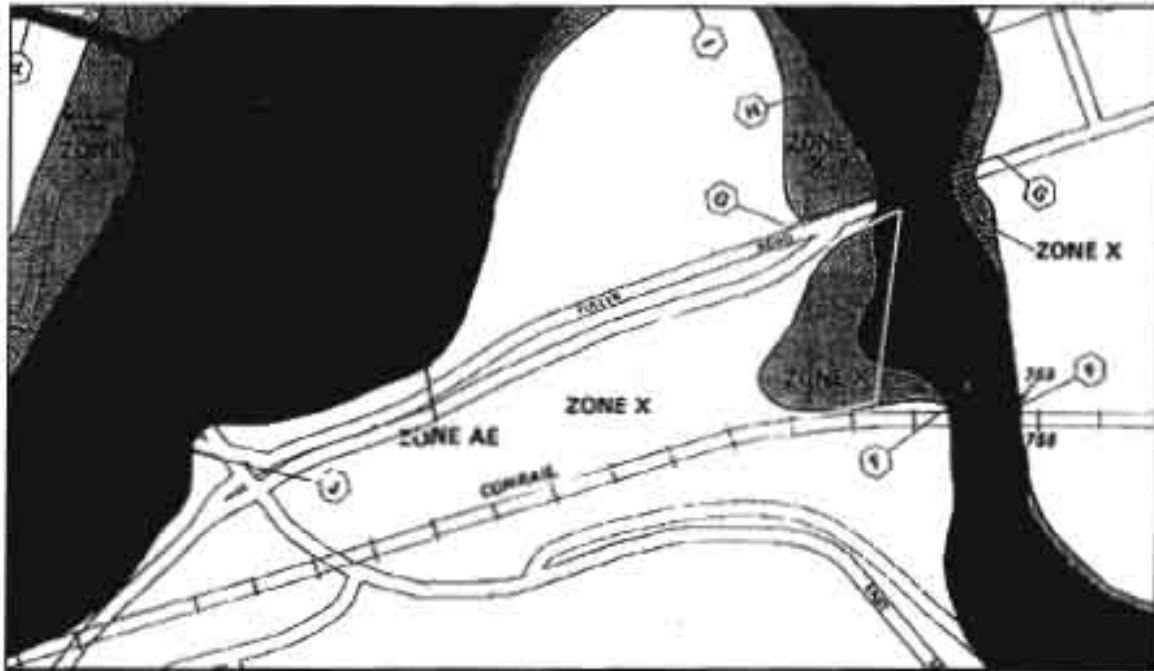
The property is bounded to the north by Fuller Road, to the south by NYC Rail Road, and to the east, the by the Huron River. A small (0.67-acre) triangular portion of the site is separated by Medical Center Drive. Although the central portion of the site is improved with a parking area, the majority is vacant with shrubs, grass cover and some mature trees. Dense tree clusters are found along the railroad frontage and well as near the Huron River to the east. A small portion of the eastern portion of the site is located within a floodplain. The site appears to be functionally adequate with good access, road frontage and overall good curb appeal.

⁴ The appraisers estimated site size by scaling aerial photographs. This estimate is subject to verification by a survey.



Flood Hazard

As indicated at Federal Emergency Management Agency (FEMA) Flood Hazard Insurance Rate Map, Community Panel #260213 0005 D, dated January 2, 1992, and set forth below, some parts of the western portion of the subject site are located within a designated flood hazard area.



ASSESSED VALUATION AND TAXES

The subject property is owned by the city of Ann Arbor and is therefore tax exempt.

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ZONING

As shown at Exhibit C, "Zoning Map & Excerpts from Zoning Ordinance," the subject property is presently zoned PL, Public Land. As presented within the "Highest and Best Use" section, this appraisal assumes that in the private sector an R4C rezoning would be granted for residential development. Zoning excerpts describing the R3 through R4C are presented within the exhibit section.



ANALYSIS OF VALUE

Current Market Conditions And Trends

Since the subject property is zoned Public Land, potential uses in the private sector will be examined. The most likely uses based on surrounding developments, lot characteristics, potential for rezoning, and demand in the market are office and multi-family. As such, the appraisers will examine in detail market condition for both office and multi-family in order to determine what the highest and best use of the subject property would be in the private sector.

Status of the Local Office Market

There are six major sub-markets of the Ann Arbor office market: the Plymouth Road, or North market; Briarwood area, or South market; the McAuley Healthcenter market; the Central Business District, or Downtown market; and the East and West markets.

The North market is defined as all areas north of the Huron River to the city limits, and, just outside the city limits in Ann Arbor Township, on Plymouth Road, west of Dixboro Road. The University of Michigan North Campus, which services the schools of Engineering, Architecture, and Art and Music, attracts engineering and research and industrial firms to this submarket. Its good access to US-23 and M-14 is a strong attraction to many tenants.

According to Swisher Realty Company, a large Ann Arbor-based real estate firm which has tracked area office activity for the last 10 years, total office inventory as of January, 2004 was 10.2 million square feet among 282 buildings. The overall vacancy rate was 10.3%, up 0.4% from the 9.91% vacancy of January 2003. The appraisers note, however, that these figures include roughly 2.6 million square feet of 'flex' space, predominantly found in the South market, south of Interstate-94. Vacancies in this submarket are over 14% thus significantly increasing overall market vacancies. In terms of strictly general offices, overall vacancies are at 8.76%.
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According to Swisher, 'a little over 110,000 square feet of new office and flex product came on line in 2003, whereas 100,000 square feet were added in 2002 and

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There are six major sub-markets of the Ann Arbor office market: the Plymouth



lease. So, with 265,000 square feet of sublease space available as of January 2004, the sub-lease market has a significant impact on the overall leasing market. In other words, 'landlords find themselves competing with a number of viable sublease opportunities.' Nonetheless, while there is a fair amount of available sub-lease space, it is our experience that most tenants prefer to configure their own suites -- as opposed to reconfiguring an existing suite-- in order to better meet their own functional requirements. Too, most tenants just prefer new space to used space.

Although only 110,000 square feet of newly constructed office and flex space came on line in 2003, 2004 signals and end to this trend with four new buildings totaling over 600,000 square feet slated for completion. These projects are summarized below.

1.	Dominos's Farms	226,000 Sq.Ft.
2.	MAV (S. State Commons)	120,000 Sq.Ft.
3.	Guenther Building	32,000 Sq.Ft.
4.	Avis Farm	255,000 Sq.Ft.

The appraisers note that the Avis Farm South's building will be occupied by ABN AMRO Mortgage Group. MAV reports that 82,000 square feet of its new building is pre-leased, and Domino's is actively negotiating with an office tenant who would occupy all of its new phase.

Status of Campus Apartment Market

While there was an overbuilding of apartments at the fringe of Ann Arbor's city limits in the late 1980s, the Campus area was essentially unaffected by this building boom. This is primarily due to the fact that while enrollment levels at the University have steadily increased, there has been no available development land in the Campus area since the late 1960s. As such, demand has traditionally exceeded supply, resulting in high rents and low vacancies for prime campus-location apartments.

Construction Trends

As noted, there is an extremely limited supply of available land near either of the U of M Campuses, resulting in very high acquisition costs for those few parcels that are even suitable for construction.

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As noted, there is an extremely limited supply of available land near either of the U of M Campuses, resulting in very high acquisition costs for those few parcels that are even suitable for construction.

Within the last five years, there have been only five new multiple-family projects initiated near either of the University's Campuses. All five were built adjacent to the Central Campus, and represent the only new multiple-family construction near the University in the last 35 years or so. Among the five structures, a total of 73 new units were built.

Three of the five were constructed by John Stegeman, of Campus Rentals, and were built offering more luxurious accommodations than have traditionally been found in the older rental stock more typical of the Campus rental market. The most recent development is the Corner House Apartments on S. State Street built by CMB Property Management. This is



an eight story upscale development with two and three bedroom apartments containing a total of 56 units.

The fifth building, developed by Jack Schwarz, is not as luxurious as the Stegeman or CMB structures but is still far superior to most Campus-area rental stock in that it is newer and more functionally efficient than most buildings, and also offers on-site parking.

Competition

According to Ann Arbor Planning Department representatives, the only new multi-family project in the planning phase as of the date of this writing is a 135 to 145-unit development at 1756 Broadway. This project will be built under a PUD agreement approved by the city, permitting a density of over 30 units per acre.

Furthermore, it is worthwhile to note that, owing to the magnitude of the financial investment required to construct new properties --with both high land acquisition and construction costs-- it is extremely unlikely that any new product will appear on the horizon in the near term. In fact, to the best of our knowledge, there has been no additional new construction proximate to either North Campus or Central Campus since the completion of the five buildings cited above.

Of course, outside the private sector, the University also provides student housing in the form of dormitories. According to the University's Housing Department, there are approximately 9,600 dormitory units serving the student body, all of which have historically been 100 percent occupied for well over 20 years.

The University is presently in the process of authoring a comprehensive housing plan, which is anticipated for completion in early 2004. This study will make recommendations as to the need for additional dormitory housing, as well as addressing issues of renovation required in the existing dormitory stock. Of course, until the study is published, its unclear whether there will be new dormitory stock constructed at any point in the foreseeable future.

Even if the panel does recommend a new structure or structures, it is highly stock. Of course, until the study is published, its unclear whether there will be new dormitory stock constructed at any point in the foreseeable future.

Even if the panel does recommend a new structure or structures, it is highly unlikely that any new facilities would open before the next four to five years. Furthermore, if new structures were to be made available to the student body, considering the age and functional inadequacy of the existing dormitory facilities on both campuses, its highly probable that some of those structures would be closed for long-term renovation.

Vacancy and Rent Trends

In order to research both vacancies and rent trends for the local Campus apartment market, the appraisers have conducted a survey of several larger local property owners and professional management companies in the Ann Arbor area.



A summary of these findings is set forth on the following page at Table I, "Alcock Company Fall 2003 Campus-Area Rental Survey. Our company conducts fall rental surveys because this time frame is the best representative of occupancy for the school year.

Alcock Company - Surveyed Fall 2003 Campus-Area Rental Survey				
Owner/Mgmt. Company	Total # of Units	Units Vacant as of 9/20/03	% Vacant 9/20/03	Average Rent Inc's
Campus Management	202	3	1.49%	Stable
Varsity Management	214	2	0.93%	0 - 1%
Bartonbrook Properties	140	1	0.71%	5%
Grey House Management	250	7	2.80%	3 - 4%
PMSI	80	0	0.00%	3 - 5%
Wilson White Company	181	8	4.42%	Stable
Arbor Properties	39	4	10.26%	Stable
Amvest	91	12	13.19%	Stable
Bell Property Management	49	0	0.00%	0 - 3%
Metro Property Management	100	6	6.00%	1 - 2%
Totals	1,346	43	3.19%	

As indicated above, we have surveyed a total of 10 management companies, with just over 1,300 rental units in total. These owners and managers report an aggregate market vacancy of roughly 3.19% as of September, 2003. We also note that most of our respondents indicate either zero or modest rent increases from last year to this year.

with just over 1,300 rental units in total. These owners and managers report an aggregate market vacancy of roughly 3.19% as of September, 2003. We also note that most of our respondents indicate either zero or modest rent increases from last year to this year.

This is a significant change in the local Campus rental market, which has historically had zero to one percent market-wide vacancies since the early 90s. Last year heralded the signs of a slight market softening, with mid-September vacancies at 3.37%, which ultimately decreased to 2.04% as of January, 2003. As of January of 2004 most management companies indicate vacancy around 3%.

Landlords surveyed note that absorption for the Fall 2003 rental season has been much slower than that of prior years, thus resulting in eleventh-hour concessions to tenants in August and early September. Most observe that weak economic conditions have resulted in students doubling up in rooms, thus reducing market demand for available rental units. Furthermore, many



international students formerly matriculating at the University have had substantial difficulties in renewing their student visas following from the events of September 11th.

Collection losses, which are an integral component of the student leasing equation, tend to be rather low in Campus apartments because most investors demand strict contractual guarantees on the part of the students' parents or legal guardians. Based on conversations with local property managers, area collection losses, even among more dated rental stock, infrequently exceed one to two percent of potential gross rents.

We also remind the reader that, in most communities in the Metro Detroit area, overall vacancies—without consideration of collection loss—range on average from about 5% to 10% of potential gross rents. So, while the subject's market is indeed weaker than it has been in prior years, it is still considered to be a strong and viable market segment by comparison to other apartment communities.

In summary, the subject location—which is to say, the greater Ann Arbor market—is in an area of tremendous growth. The local economy remains one of the strongest in Southeast Michigan and the Midwest. As such, the area is anticipated for long-term gains in population, households, and income, which bodes well for future demand for tracts of land such as the subject.

HIGHEST AND BEST USE OF PROPERTY

As defined by the Appraisal Institute, highest and best use is

'The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.'⁵

The use to which land can be put and the intensity to which it can be developed have a direct bearing on its value. The purpose of the highest and best use analysis, therefore, is to identify the most probable and profitable use of the property so that a value may be estimated predicated on that use.

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This definition reflects the importance of determining the subject property's most productive use as it relates to value. Certain criteria - physically possible, legally permissible, financially feasible, and maximally productive - are considered in order to determine its highest and best use.

The city of Ann Arbor is contemplating a sale to the University of Michigan. The property is now zoned for Public Lands and as such that zoning would continue if purchased by the University. Nevertheless, in valuing property contemplated for acquisition by a public

⁵ Appraisal Institute, *The Appraisal of Real Estate*, Tenth Edition, Chicago, Illinois, p. 275.



entity, the appraisers value the property predicated on its economic worth in the private sector.

As to the physically possible, the subject property could be developed with either multi-family or office uses based on surrounding developments. The subject parcel has adequate road access. The topography and size of the parcel are adequate for development and all standard municipal utilities are available to the site. Overall, the physical characteristics of the site permit a wide variety of development potentials.

However, as described in the previous section, the multi-family market is considerably stronger in the area with an overall vacancy rate of 3.2% and limited supply anticipated over the next 12 months. The office market is somewhat weaker with a 10.3% vacancy rate and more supply coming on-line.

To determine the potential legal use in the private sector, the appraisers have studied the master plan, surrounding uses and have interviewed Karen Hart, Planning Director for the City of Ann Arbor. It is Ms. Hart's belief that if a private owner petitioned for rezoning, the most likely alternatives would be R3, R4B and R4C. A summary chart of these zoning districts is presented below.

<u>District</u>	<u>Maximum Density(based on 10 acres)</u>
R3, Townhouse Dwelling	101 Units
R4B, Multiple Family Dwelling	150 Units
R4C, Multiple Family Dwelling	200 Units

These are maximum allowed units under ideal situations. It is the appraisers' experience that most developments never achieve the maximum as allowed under the district but somewhere between 85% to 93%. Therefore, the property will be valued based on the hypothetical assumption that it has an R4C zoning with a maximum achievable density. Based on the estimated size of 10.73 acres and a density of 20 units per acre, total potential units are 215. At 90% of potential units, the appraisers estimate a total of 193 developable units under the R4C District.

Given the strength of the local economy as well as projected population, household, and income growth for the area, multiple family uses are considered financially feasible for the subject property. Therefore, the highest and best for the subject property in the private sector is for multiple family use of approximately 18 units per acre.

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METHODS OF VALUATION AND DATES OF REPORT

There are three generally recognized approaches to valuing real property. They are the cost approach, the market comparison approach and the income approach. The three approaches and their appropriateness in this valuation are separately discussed below.

In the cost approach, the cost of replacement or reproduction of the building and all other improvements to the land are estimated. Depreciation, if any, from all causes is then estimated and deducted from reproduction or replacement cost to give net depreciated reproduction or replacement cost of improvements. In valuing income-producing properties, this approach generally sets an upper limit to value. This is based on the tenet known in appraising as the *principle of substitution* which, "... states that a prudent purchaser would pay no more for real property than the cost of acquiring or developing an equally desirable substitute ..."⁶

The sales or market comparison approach is defined as, "[an] appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions ... It is a process of correlations and analysis of similar recently sold properties ..."⁷

In the remaining approach, the income approach, gross income, operating expenses and net operating income before allowances for depreciation charges and debt service are estimated. The estimated net operating income is then capitalized by the use of a market related capitalization rate into an indication of value. This theory assumes that the value of the property arises from its potential for producing income to an investor.

The market value of the subject parcel will be estimated through use of the sales comparison approach, the appropriate technique for valuing vacant parcels of development land.

Effective Dates

The date of the appraisal report is February 2, 2004. The valuation date, or the effective date of the appraisal, is January 19, 2004.

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⁶ Real Estate Appraisal Terminology. The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, 1975, Ballinger Publishing Company, Cambridge, Massachusetts, p. 201.

⁷ Terminology, p. 30.



SALES COMPARISON APPROACH AND CONCLUSION OF VALUE

In the sales comparison approach, several units of comparison can be used depending upon the type of property that is being appraised. A typical unit of comparison most recognized by the market for multiple family development land is the sale price per unit. This is the unit of comparison used in this analysis. The significant items of comparison are the transaction and physical items shown as follows:

Transaction Items

- Buyer Expenditures
- Property Rights
- Financing Terms
- Conditions Of Sale
- Market Conditions

Physical Items

- Location
- Topography, Views, Shape
- Soil Conditions
- Zoning
- Utilities
- Size

The adjustments to the comparable properties are clearly delineated at Table X--where an element of comparison was considered superior to the subject, the comparable sale price was adjusted downward; where an element of comparison was considered inferior to the subject, the sale price was adjusted upward. The only exception to the foregoing statement is the size adjustment, whereby, as the number of units being purchased increases, the price-per-unit being paid typically decreases.

The appraisers have documented five comparables --each of which are outlined in terms of the significant elements of comparison selected by the appraisers--in Table X, "Land Sales Adjustment Grid." These sales are more fully detailed at Exhibit D, "Market Data."

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Physical Items

- Location
- Topography, Views, Shape
- Soil Conditions
- Zoning
- Utilities
- Size



Table X, Land Sales Adjustment Grid

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price		\$3,250,000	\$440,000	\$1,000,000	\$1,000,000	\$1,100,000
Date of Sale		11/03	04/03	09/01	03/00	04/02
Buyer Expenditures		\$0	\$0	\$0	\$25,000	\$0
Property Rights Transferred		0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	-10%	0%	0%
Financing		0%	0%	0%	0%	0%
Market Conditions		0.50%	2.00%	7.00%	11.25%	5.00%
Adjusted Price		\$3,266,250	\$448,800	\$970,000	\$1,140,313	\$1,155,000
Number of Units		140	22	36	62	46
Adjusted Price Per Unit		\$23,330	\$20,400	\$26,944	\$18,392	\$25,109
Location	Fuller	Broadway	Cardinal Av.	W. Liberty	Maiden Ln.	Eisenhower
Municipality	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Topography & Views	Level/Open	Rolling/Wds	Sloping & Clear	Rolling & Wds	Lvl/Clear	Level & Clear
Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	18 Units/Per Ac	30 un/ac	5.8 un/ac	8.1 un/ac	19.4 un/ ac	15 un/ac
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Site Size (# of Units)	10.73 Ac/193 Units	5.42 Ac/140 Units	3.8 Ac/22 Units	4.45Ac/36 Units	3.19 Ac/62 Units	3.12 Ac/46 Units
Adjustment		0.0%	-5.0%	-5.0%	-5.0%	-5.0%
Net Adjustments		0.0%	-5.0%	-5.0%	-5.0%	-5.0%
Adjusted Sale Price Per Unit		\$23,330	\$19,380	\$25,597	\$17,473	\$23,853

Index of Comparable Land Sales

1. 1756 Broadway, Ann Arbor
2. West Side of Cardinal Ave., Ann Arbor
3. 2060 W. Liberty, Ann Arbor
4. 1021 Maiden Lane, Ann Arbor
5. SWC Eisenhower & Signature, Ann Arbor

High	\$25,597
Mean	\$21,927
Median	\$23,330
Low	\$17,473

Adjustments:

Buyer Expenditures - Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. These costs may include demolition, **Adjustments:**

Buyer Expenditures - Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. These costs may include demolition, renovation, environmental costs, or legal and zoning costs. Sale 4 had additional expenditures of \$25,000 for demolition costs.

Date of Sale		11/03	04/03	09/01	03/00	04/02
Buyer Expenditures		\$0	\$0	\$0	\$25,000	\$0
Property Rights Transferred		0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	-10%	0%	0%
Financing		0%	0%	0%	0%	0%
Market Conditions		0.50%	2.00%	7.00%	11.25%	5.00%
Adjusted Price		\$3,266,250	\$448,800	\$970,000	\$1,140,313	\$1,155,000
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Municipality	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Topography & Views	Level/Open	Rolling/Wds	Sloping & Clear	Rolling & Wds	Lvl/Clear	Level & Clear
Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	18 Units/Per Ac	30 un/ac	5.8 un/ac	8.1 un/ac	19.4 un/ ac	15 un/ac
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%



concessions relating to Liberty Street road widening, with costs borne by the City. As such, a 10% downward adjustment is made to reflect these advantages.

Terms of Sale/Financing -- All sales were purchased on the basis of cash or land contracts considered to be cash equivalent terms for this market. Thus, no adjustments are necessary.

Market Conditions -- All of the sales have occurred within the past three years since the date of valuation. As discussed in the "Current Market Conditions and Trends" subsection of this report, the local real estate market has steadily improved over the past several years with increased demand. As such, upward market condition adjustments are made at a rate of 3% per year or 0.25% per month.

Location -- The subject property is located at Fuller and Maiden Lane within the University of Michigan North Campus. As such, it is an ideal location for multiple family development where there are very few available sites for future development. All five sales are similarly located and as such no adjustments are made.

Topography, Views, Shape -- The subject property has level topography with wooded areas to along the south and eastern boundary lines. All of the comparables have similar natural features with rolling to level topography and some wooded areas or natural lowlands. Partially wooded building sites are in greater demand throughout the Ann Arbor area. Given the similarities no adjustments are made.

Zoning -- All of the comparable parcels had similar multiple dwelling residential zoning districts. As discussed earlier, the subject property in the private sector is assumed to receive a zoning for a development density of 18 units per acre. The comparables show developed densities ranging from 5.85 units to 19.4 units per developable acre. There is no discernible price differential for density within the range indicated by the comparables when compared on a per unit basis. Therefore, no adjustments are applied.

Utilities -- The subject and all of the comparables are serviced by the same utilities. Therefore, no adjustments are required.

Size -- The subject site is 10.73 acres and will accommodate approximately 193 units under the presumed zoning and development density. The sales range from 3.12 to 5.42 acres and have been developed with or will accommodate 22 to 140 units. Since smaller parcels with

Size -- The subject site is 10.73 acres and will accommodate approximately 193 units under the presumed zoning and development density. The sales range from 3.12 to 5.42 acres and have been developed with or will accommodate 22 to 140 units. Since smaller parcels with less number of units sell at a greater price per unit, those sales ranging from 22 to 62 units trends downward by 5%. Sales with 140 units are on the basis of cash or land contracts considered to be cash equivalent terms for this market. Thus, no adjustments are necessary.

Market Conditions -- All of the sales have occurred within the past three years since the date of valuation. As discussed in the "Current Market Conditions and Trends" subsection of this report, the local real estate market has steadily improved over the past several years with increased demand. As such, upward market condition adjustments are made at a rate of 3% per year or 0.25% per month.

Location -- The subject property is located at Fuller and Maiden Lane within the University of Michigan North Campus. As such, it is an ideal location for multiple family development where there are very few available sites for future development. All five sales are similarly located and as such no adjustments are made.



Taking into consideration the subject's location, size, physical features, current market conditions, and the available market data, the appraisers conclude that \$22,000 per unit is the value of the subject property. Applying the presumed density of 18 units per acre yields a potential for 193 units on the subject site. Thus, the final value conclusion is \$4,250,000.

$$193 \text{ potential units} \quad \times \quad \$22,000 \text{ per unit} \quad = \quad \$4,250,000 \text{ (rounded)}$$

As a test of reasonableness we look at the five sales and their adjusted sales price per acre after adjusted for market conditions only. These are summarized below.

<u>Comparable</u>	<u>Density</u>	<u>Adjusted Sales Price</u>
Sale 1	30 Units/Ac	\$603,000
Sale 2	5.8 Units/Ac	\$118,000
Sale 3	8.1 Units/Ac	\$218,000
Sale 4	19.4 Units/Ac	\$357,000
Sale 5	15.0 Units/Ac	\$370,000

Density adjustments are appropriate when analyzing on a price per acre basis. The sale with the highest density results in the highest value of \$603,000 per acre. The two sales with the least density are at the low end of the range. The two most similar sales to the subject are 4 and 5 with adjusted sale prices of \$357,000 and \$370,000 per acre. Therefore, our concluded value of \$4,250,000 or \$396,000 per acre appears reasonable and market supported.

In summary, the appraisers conclude that the "as is" market value of the subject property as of January 19, 2004, is:

Four Million Two Hundred Fifty Thousand Dollars

(\$4,250,000)

The above value is subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report and the following "Extraordinary and Hypothetical Assumptions" to this report."

1. We have not been provided with a current professional survey of the subject at the eponymously titled section of this report and the following "Extraordinary and Hypothetical Assumptions" to this report."

1. We have not been provided with a current professional survey of the subject property. We have thus relied on our scaling of aerial photographs in order to estimate the site size and configuration. It is an assumption of this analy-

$$193 \text{ potential units} \quad \times \quad \$22,000 \text{ per unit} \quad = \quad \$4,250,000 \text{ (rounded)}$$

As a test of reasonableness we look at the five sales and their adjusted sales price per acre after adjusted for market conditions only. These are summarized below.

<u>Comparable</u>	<u>Density</u>	<u>Adjusted Sales Price</u>
Sale 1	30 Units/Ac	\$603,000
Sale 2	5.8 Units/Ac	\$118,000
Sale 3	8.1 Units/Ac	\$218,000
Sale 4	19.4 Units/Ac	\$357,000
Sale 5	15.0 Units/Ac	\$370,000



so in the event of a sale to the University of Michigan. Therefore, this assumption is hypothetical, or contrary to fact.

SALES HISTORY ANALYSIS

To the best of our knowledge, title to the subject property has been held by the City of Ann Arbor in excess of three years. No other title transfers are known.

Estimated Marketing Period And Exposure Period

As used herein, the definition of exposure time is as follows.

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal: a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal...⁸

A review of large multi-use sales in our company database indicates that marketing times can range from five to 12 months depending on the age, size, and location of the facility. Given the current market conditions and location of the property, the appraisers consider an exposure time of nine to 12 months to be a reasonable estimate for the subject property.

As used herein, the definition of marketing period is as follows.

The time it takes an interest in a real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal...⁹

Exposure time is retrospective. Marketing period is prospective and thus should consider current market trends and conditions as well as historical evidence. The trend for residential real estate is stable in Southeastern Michigan. Assuming the subject property was aggressively marketed by a competent broker at a listing price close to the estimated market value, the appraisers estimate a marketing period of nine to 12 months.

SALES HISTORY ANALYSIS

To the best of our knowledge, title to the subject property has been held by the City of Ann Arbor in excess of three years. No other title transfers are known.

Estimated Marketing Period And Exposure Period

As used herein, the definition of exposure time is as follows.

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal: a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal...⁸



GENERAL ASSUMPTIONS AND LIMITATIONS OF APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraiser(s) is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

APPRAISAL IS NOT A SURVEY

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted in this appraisal report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, surveys, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships or location. Sizes and dimensions should not be scaled from them. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

The legal description given to the appraiser is presumed to be correct, but it has not been confirmed by a survey.

APPRAISAL IS NOT A LEGAL OPINION

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither make a detailed examination of it nor do we give any legal opinion.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither make a detailed examination of it nor do we give any legal opinion.

This appraisal is for no purpose other than property valuation, and the appraiser(s) is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

APPRAISAL IS NOT A SURVEY

It is assumed that the utilization of the land and improvements is within the boundaries of



based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

APPRAISAL IS NOT AN ENGINEERING OR PROPERTY INSPECTION REPORT

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in this report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

APPRAISAL IS NOT AN ENGINEERING OR PROPERTY INSPECTION REPORT

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.



tain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

The appraiser(s) has observed those parts of the mechanical equipment and systems that constitute an integral part of the property and that are generally visible. From such observation, the appraiser(s) has reported any apparent conditions that the appraiser believes might bear on the conclusions of this report. The appraiser(s) has not, however, tested such mechanical equipment and systems, and thus assumes no responsibility for their operating performance (unless specifically so stated in this appraisal).

The appraiser(s) has not made a specific compliance survey and analysis of the subject to determine whether or not it is in conformity with the Americans with Disabilities Act ("ADA"). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of ADA. If so, this fact could have a negative impact upon the value of the property. The appraiser has no direct evidence relating to this issue and did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

APPRAISAL IS NOT AN ENVIRONMENTAL ISSUES OR A HAZARDOUS MATERIALS REPORT

No toxic materials or environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser(s) hereby reserves the right to alter, amend, revise or rescind any of the value opinion(s) based upon subsequent or subsequently-revealed toxic materials or environmental impact studies, research or investigations, or due to stigma associated with potential environmental hazards.

No toxic materials or environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser(s) hereby reserves the right to alter, amend, revise or rescind any of the value opinion(s) based upon subsequent or subsequently-revealed toxic materials or environmental impact studies, research or investigations, or due to stigma associated with potential environmental hazards.

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos, radon gas, PCB's, lead-based paint, contaminants such as petroleum products, or hazardous chemicals escaping from underground storage tanks, other potentially hazardous materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature which we would believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground, and general environment associated with the



property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dumpsite and that there are no underground tanks (or any underground source) leaking toxic or hazardous materials or substances into the groundwater or the environment unless otherwise noted in the report.

APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY WITH LIMITED DATA

As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser(s) (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser(s) to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point which they believe to be important to their decision-making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s).

The comparable sales data relied upon in this appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

The comparable sales data relied upon in this appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for the report.

APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY WITH LIMITED DATA

As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser(s) (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser(s) to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and



Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of our incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

RESTRICTIONS UPON DISCLOSURE AND USE OF THE APPRAISAL

Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the appraiser.

The appraisal report may not be used for any purpose except substantiation of the value estimated without written permission from the appraiser. All valuations in this appraisal report are applicable only under the stated program of use. The valuation of a component part of the property is applicable only as a part of the whole property.

Neither the name of Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be included in any prospectus, or used in any activities or transactions such as offerings or representations in connection with a real estate syndicate or syndicates, a real estate investment trust or trusts, or any securities-related exposures.

Neither this appraisal report nor any part of it may be submitted to the Securities and connection with a real estate syndicate or syndicates, a real estate investment trust or trusts, or any securities-related exposures.

Neither this appraisal report nor any part of it may be submitted to the Securities and Exchange Commission nor to any state securities regulatory agency without the express written permission of the appraiser(s).

Neither the name of the Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be used for activities or transactions that are subject to the Employee Retirement Income Security Act of 1974, as amended, without the express written permission of the appraiser(s).



APPRAISAL REPORT LIMITATIONS

Appraisal reports are technical documents addressed to the specific needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important to us.

Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

The appraiser should be contacted with any questions before this report is relied on for decision-making.



APPRAISER'S CERTIFICATIONS

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions,
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved,
4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment,
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results,
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal,
7. my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation (USPAP),
8. I certify that, to the best of my knowledge and belief, the reported analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute,
9. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives,
10. I have made a personal inspection of the property that is the subject of this report,
11. This appraisal assignment was not based upon a request minimum valuation, a specific valuation, or the approval of a loan,
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11. This appraisal assignment was not based upon a request minimum valuation, a specific valuation, or the approval of a loan,

-
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 2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions,
 3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved,
 4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment,
 5. my engagement in this assignment was not contingent upon developing or reporting predetermined results.



APPRAISER'S CERTIFICATIONS

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions,
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved,
4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment,
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results,
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal,
7. my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation (USPAP),
8. I certify that, to the best of my knowledge and belief, the reported analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute,
9. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives,
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10. I have made a personal inspection of the property that is the subject of this report,
11. This appraisal assignment was not based upon a request minimum valuation, a specific valuation, or the approval of a loan,
12. No one provided significant real property appraisal assistance to the person signing 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions,
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved,
4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment,
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results,



REQUIRED STATEMENTS

LICENSURE

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Consumer and Industry Services, Licensing Division, P.O. Box 30018, Lansing Michigan 48909. The appraisers are currently and properly licensed.

USPAP COMPETENCY PROVISION

The appraisers have experience with this property and the local market. This appraisal complies with the Competency Provision of the USPAP.

SUMMARY REPORT

This report is classified as a Summary Appraisal Report under the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, Standards Rule 2-2(b). Broadly defined, a Summary Appraisal Report gives the contents of the report in a summary form and connotes a concise level of detail in the presentation of information.

COMPLETE APPRAISAL AND UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) DEPARTURE PROVISION

The USPAP Departure Provision permits limited exceptions to sections of the Uniform Standards that are classified as guidelines rather than binding requirements. The Departure Provision does not apply to this appraisal, and it is therefore classified as a Complete Appraisal.

NARRATED DATES

Date of Appraisal Report

The date of this appraisal report is February 2, 2004

Date of Appraisal Report

The date of this appraisal report is February 2, 2004

Effective Date(s) of Value

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Consumer and Industry Services, Licensing Division, P.O. Box 30018, Lansing Michigan 48909. The appraisers are currently and properly licensed.

USPAP COMPETENCY PROVISION

The appraisers have experience with this property and the local market. This appraisal complies with the Competency Provision of the USPAP.

SUMMARY REPORT



PROFESSIONAL QUALIFICATIONS

MARCEL H. VIDOVIC, MAI

Principal with the Gerald Alcock Company, LLC since 2003 and an associate since 1991 preparing and managing valuation and consulting assignments.

Valuations have been performed on various properties including, but not limited to, retail shopping centers, general commercial properties, single and multi-tenant industrial buildings, high-tech office properties, professional and medical office buildings, mixed-use facilities, residential subdivisions, and vacant land for a variety of uses. Assignments for special purpose properties include all types of lodging facilities, gas station and convenience stores, car washes, bowling alleys, and self-storage facilities. Primary focus is in hotel valuations with approximately 88 appraisals over the past five years.

Consulting assignments include appraisal reviews, lease recommendations, market studies, hotel feasibility studies, and buy-sell negotiations.

Assignments have been performed for financing, disposition and acquisition, estate planning, tax appeal, condemnation, internal corporate planning, foreclosure due diligence, and litigation support. Valuations and market studies have been completed for proposed, partially completed, renovated, and existing structures.

Clients served include commercial banks, life insurance companies, mortgage bankers, law firms, accountants, investment firms, developers, as well as private and public agencies.

EDUCATION:

Michigan State University

-Bachelor of Science, 1985

Lansing Community College

Continuing Education

-CCIM Course 1, 2000

Lansing Community College

Continuing Education

- CCIM Course 1

- Real Estate Finance

Appraisal Institute

- Real Estate Appraisal Principles

- Standards of Professional Practice, Part A & B, 1996

- Standards of Professional Practice, Part C, 2001

- Residential Valuation

- Basic Valuation Procedures

- Capitalization Theory & Techniques Part A & B

- Report Writing and Valuation Analysis

- Advanced Applications



Seminars Completed:

Hotel/Motel Valuation, 1994
Small Hotel/Motel Valuation, 1997
Non-Residential Demonstration Report Writing, 1998
Attacking and Defending an Appraisal for Litigation, 1999
Appraisal Review – General, 2001
Effective Report Writing, 2002
Regression Analysis in Appraisal Practice, 2003
Rates and Ratios, 2003
Uniform Appraisal Standards for Federal Land Acquisitions

COURT EXPERIENCE

Qualified as expert witness in Michigan Tax Tribunal, Washtenaw County Circuit and Oakland County Circuit Court.

PROFESSIONAL AND TRADE AFFILIATIONS

Michigan State Certified General Appraiser
Member, Appraisal Institute (MAI)
Licensed Broker, State of Michigan
Licensed Builder, State of Michigan

QUOTED IN THE FOLLOWING ARTICLES

Crane's Detroit Business (The lodging market in Romulus)
The Flint Journal (Hotel Development in Genesee County)



GERALD V. ALCOCK, MAI

EDUCATION

Bachelor of Arts in Economics, DePauw University in Indiana, 1951; Master of Business Administration in Finance, The University of Chicago, 1956; Graduate of the Stonier Graduate School of Banking at Rutgers - The State University (New Jersey) in 1968; American Institute of Real Estate Appraisers courses - including Urban and Industrial Properties, Capitalization and Investment Analysis, and Condemnation Appraisal Practice. Literacy in German.

BUSINESS EXPERIENCE

1952-55	Following release from Marine Corps in 1952, employed by Harris Trust and Savings Bank, Chicago, Illinois, in Trust Department.
1955-57	Employed by State Bank and Trust Company, Evanston, Illinois, in Mortgage Department.
1957-62	Head of Mortgage Department, Ann Arbor Bank and Trust Company (now Citizens Trust Company), Ann Arbor, Michigan.
1962-77	Vice President in charge of Real Estate Division comprising Mortgage, Property Management, Sales Departments, Ann Arbor Trust Company, Ann Arbor, Michigan.
1977-	Founder/President of Gerald Alcock Company, Real Estate and Business Consulting
Present	and Appraising, Ann Arbor, Michigan.

LICENSURE AND REGISTRATION

Licensed Real Estate Broker in Michigan

LICENSURE AND REGISTRATION

Licensed Real Estate Broker in Michigan

LICENSURE AND REGISTRATION

Licensed Real Estate Broker in Michigan

Licensed Residential Builder in Michigan

Michigan Certified Real Estate Appraiser

Private Pilot



PRESENT PROFESSIONAL AND TRADE ASSOCIATIONS

Member, Appraisal Institute (MAI), Certificate No. 4494.

Regional Ethics and Counseling Panel, Appraisal Institute

Member -- Ann Arbor Area Board of Realtors
Michigan Real Estate Association.
National Association of Realtors.

PAST PROFESSIONAL, TRADE AND TEACHING ASSOCIATIONS

Member of Board of Directors of Michigan Chapter of American Institute of Real Estate Appraisers.

Senior Real Property Appraiser (SRPA.), Society of Real Estate Appraisers.

President, Washtenaw County Chapter No. 167, Society of Real Estate Appraisers.

Advisory Council, Real Estate Program, College of Business, Eastern Michigan University.

Guest lecturer, University of Michigan Law School, School of Business Administration, College of Architecture and Urban Planning; guest lecturer, Washtenaw Community College and Jackson Community College.

Visiting lecturer, Eastern Michigan University School of Business (Business Finance, and Principles of Appraising).

Former member, Ann Arbor Board of Education Advisory Committee on School Buildings and Sites Needs.

Member, Michigan and National Appraisal Review Committees and Special Review Panel of American Institute of Real Estate Appraisers.

Member, Michigan and National Appraisal Review Committees and Special Review Panel of American Institute of Real Estate Appraisers.

Member, Ann Arbor Area Chamber of Commerce Local and Regional Planning Committee.

Regional Ethics and Counseling Panel, Appraisal Institute

Member -- Ann Arbor Area Board of Realtors
Michigan Real Estate Association.
National Association of Realtors.

PAST PROFESSIONAL, TRADE AND TEACHING ASSOCIATIONS

Member of Board of Directors of Michigan Chapter of American Institute of Real Estate Appraisers.



COURT EXPERIENCE

Qualified as expert witness in Michigan Tax Tribunal, Washtenaw County Circuit and Probate Courts, Lenawee County Circuit Court, and Federal Court. Appointed umpire by Washtenaw County Circuit Court.

PAPERS AND TECHNICAL CONTRIBUTIONS

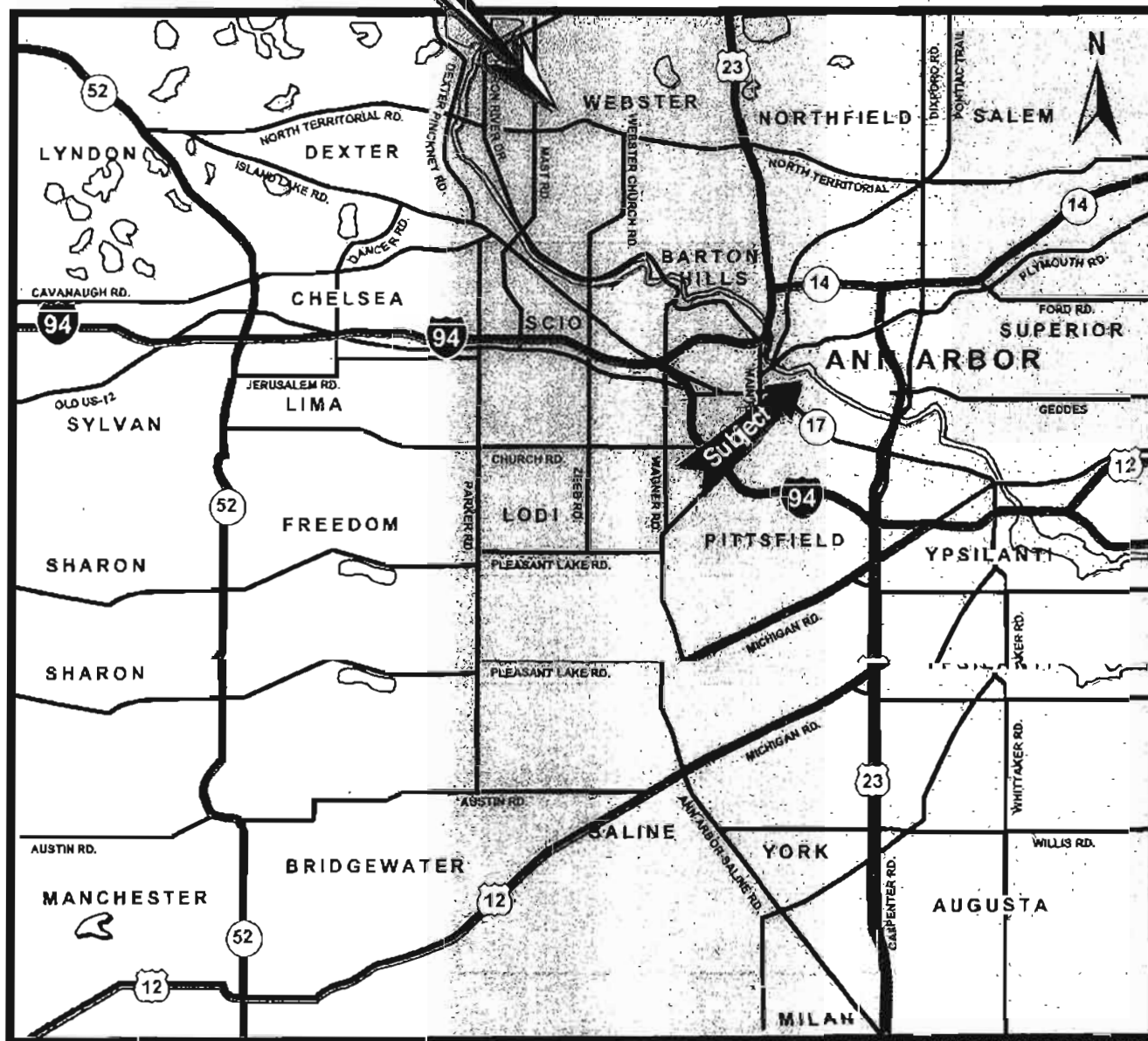
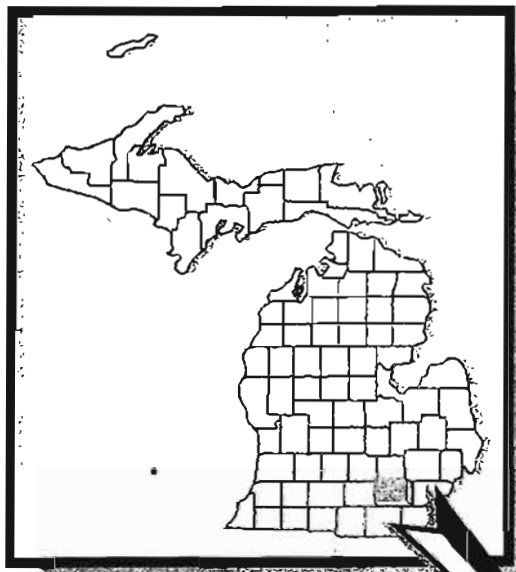
The Development of a Great Lakes Marine Lease Fee Schedule in Michigan, produced for Michigan Department of Natural Resources, prepared by Gerald Alcock Company and Applied Environmental Research, Ann Arbor, a Division of Smith, Hinchman and Grylls, Inc., 1979.

The Use of Less-Than Fee Simple Acquisition as a Land Management Tool for Coastal Programs, prepared for National Oceanic and Atmospheric Administration of the United States Department of Commerce by Applied Environmental Research, Ann Arbor, 1978. Technical Contributor: Gerald V. Alcock.

Apartment Project Construction Lending by Commercial Banks, June, 1968.

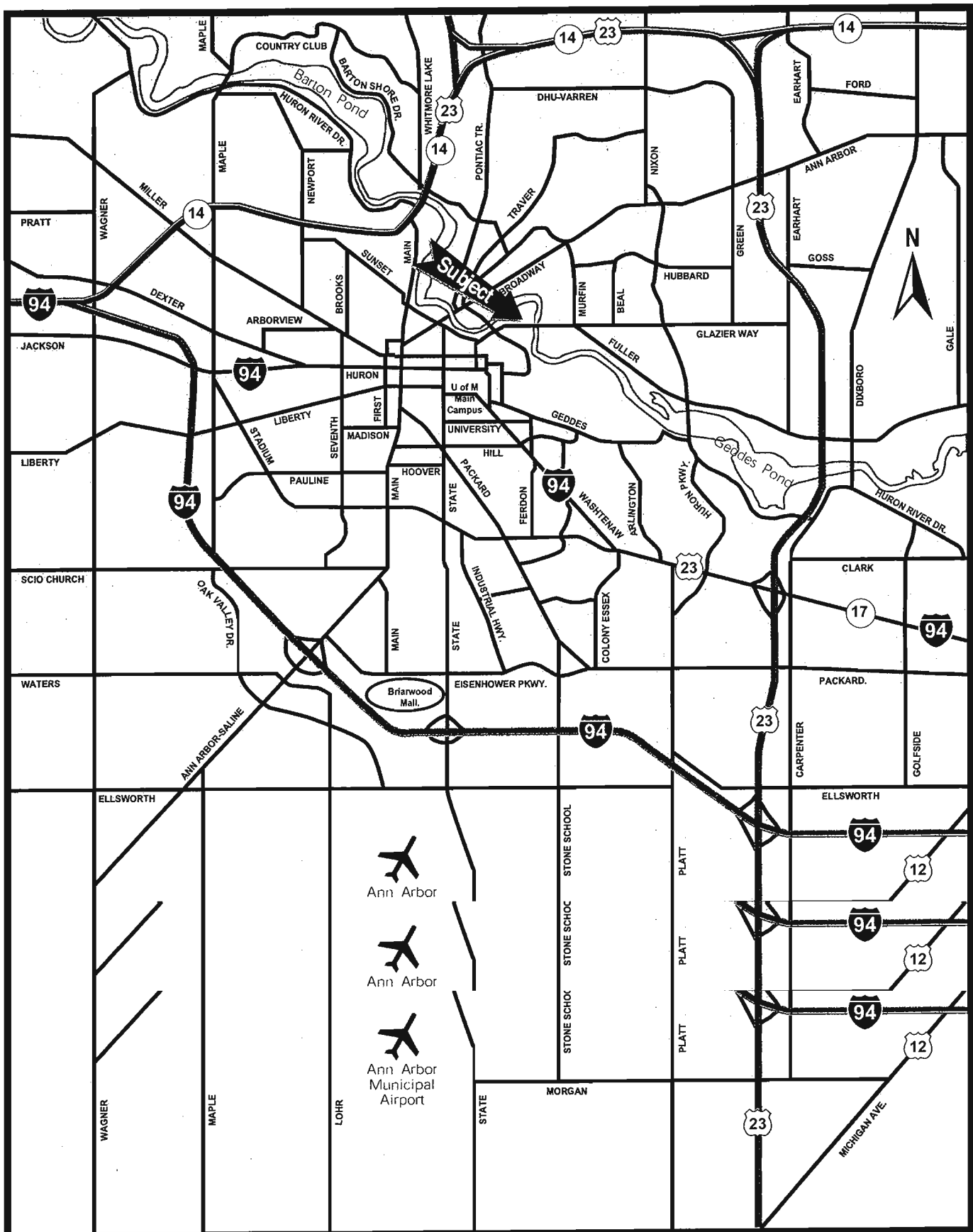


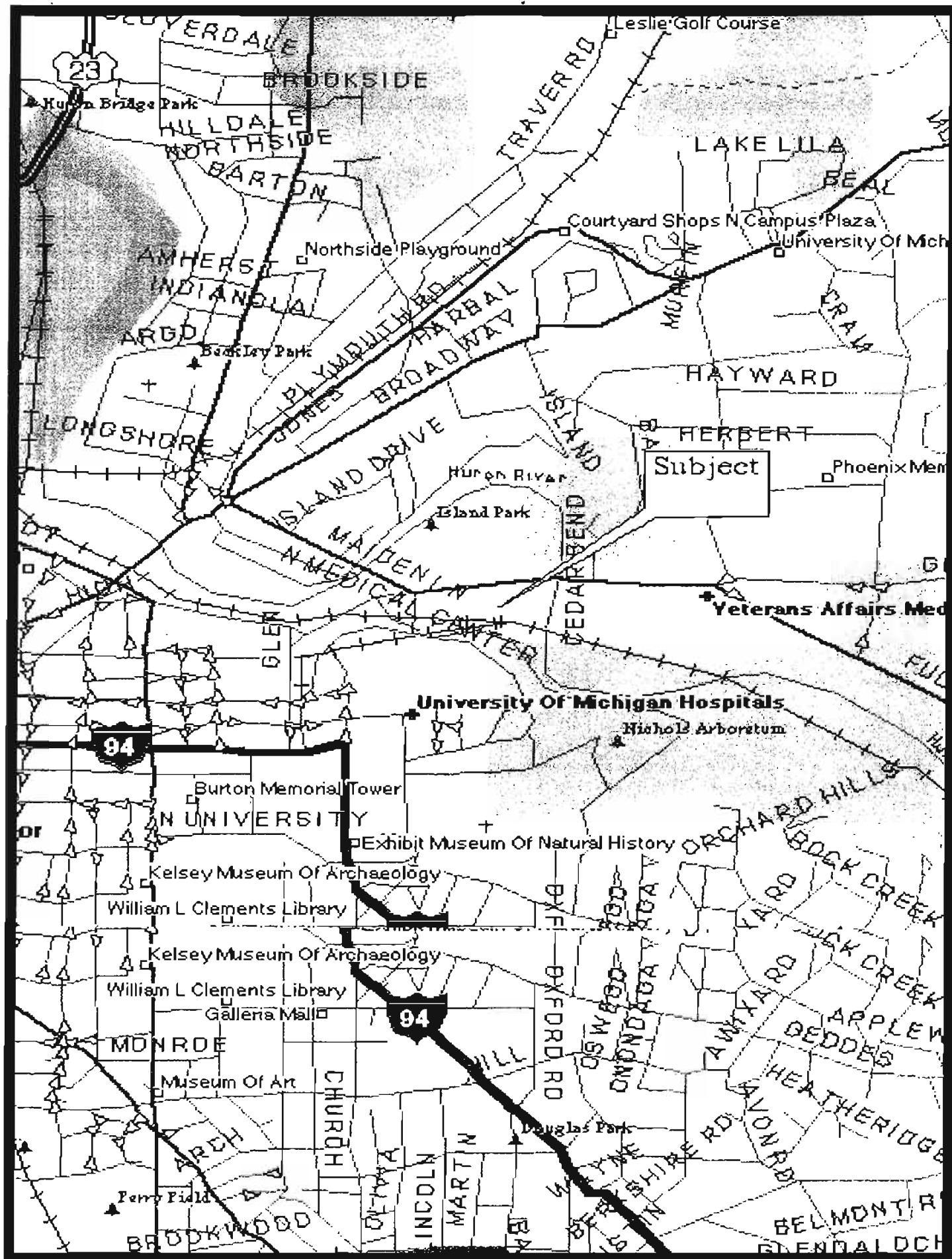
Location Maps



Location Map

Ann Arbor, Michigan





Location Map



Tax Plat Map

Tax Plat Map

FULLER RD

CITY OF ANN ARBOR

NICHOLS DR.

E. MEDICAL CENTER DR.

EAST

PARKING M29

1500 E. MEDICAL CAMPUS DR.

REPLACEMENT
HOSPITAL

MEDICAL

CAMPUS

DR.

CHILDREN'S
HOSPITAL

CA. IRRE PLACE

INTERNS
RESIDENCE

PARKING
M13P

OUT PATIENT
CLINIC
1801 GATHERING PL.

CENTER FOR
CONTINUING
MEDICAL
EDUCATION
TOWNSLEY

C.S. MOTT

C.S. MOTT

C.S. MOTT
CHILDRENS
HOSPITAL

PARKING
M41W

1505 SIMPSON DR.

WOMEN'S
HOSPITAL

PARKING
M41

SIMPSON DR. E.

PARKING
STRUCTURE

PARKING
STRUCTURE

PARKING
STRUCTURE

1800 E. MEDICAL CAMPUS DR.

NICHOLS
TAKE
NICHOLS
TAKE
NICHOLS
TAKE

SIMPSON DR.

EAST

(101)

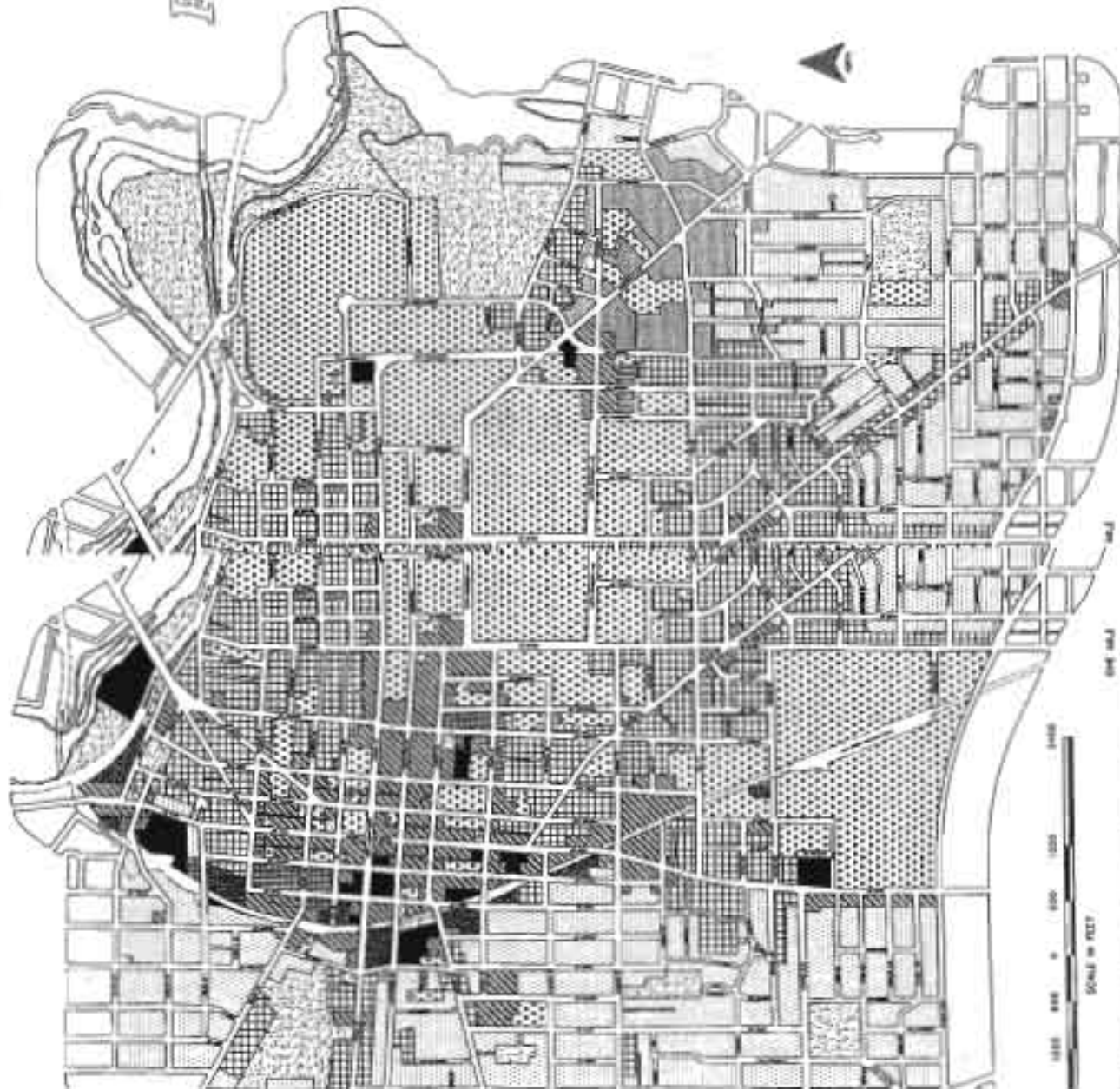


Zoning Map & Excerpts from Zoning

Map 6

Future Land Use

- Single and Two-Family
- Single and Two Family/
Group Housing
- Multiple Family
- Residential - Office
- Parks and Open Space
- Institutional (Public
and Semi-Public)
- Commercial - Office
- Industrial
- Development Sites



ANN ARBOR CITY ZONING MAP

see map 0921

FULLER

SUBJECT

PL

CONSOLIDATED RAILROAD

PL

STATISTICAL BOUNDARY

PL

PL

R4C

WASHINGTON

R4C

R4C

R4C

R4C

AG

R4C

R4C

R4C

R4C

R4C

AG

R4C

CONSOLIDATED RAILROAD

see map 0928SE

PL

STAT

see map 0928NW

OBSERVATORY

see map 0927

map 0928NW

map 0927

ZONING DISTRICT CLASSIFICATIONS

AG Agricultural-Open Space

R1A Single-Family Dwelling

R1B Single-Family Dwelling

R1C Single-Family Dwelling

R1D Single-Family Dwelling

R2A Two-Family Dwelling

R2B Two-Family Dwelling and
Student

R3 Townhouse Dwelling

R4A Multiple-Family Dwelling

R4B Multiple-Family Dwelling

R4C Multiple-Family Dwelling

R4C/D Multiple-Family Dwelling

R4D Multiple-Family Dwelling

R5 Motel-Hotel

R6 Mobile Home Park

P Parking

P Parking

P Parking

O Office

PL Public Land

RE Research

C1 Local Business

C1A Campus Business

C1B Community Convenience
Center

C1A/R Campus Business/
Residential

C2A Central Business

C2A/R Commercial/Residential

C2B Business Service

C2B/R Business Service/Residential

C3 Fringe Commercial

M1 Limited Industrial

M1A Limited Light Industrial

M2 Heavy Industrial

PUD Planned Unit Development

ORL Office/Research/Limited
Industrial

PUD Planned Unit Development

ORL Office/Research/Limited
Industrial

PUD Planned Unit Development

ORL Office/Research/Limited
Industrial

5:10.5. R3 townhouse dwelling district.

(1) *Intent.* Multiple-family townhouse residential district intended to permit dwelling units to be arranged side by side in a low-density, multiple-family fashion. Such developments are most appropriate in the established areas for in-fill purposes and perimeter areas of the city for large new developments and should provide the physical and social amenities of open space, recreational facilities and compatibility with other residential land uses.

(2) *Permitted principal uses.*

(a) Townhouse.

(b) Any permitted principal use or special exception use in the R2A 2-Family Dwelling District, subject to all the regulations that apply in that district.

(c) Child care centers and nursery schools.

(3) *Permitted accessory uses.*

(a) Maintenance and management buildings incidental to the terrace-family dwelling development provided they are also located as not to be detrimental to the residential environs.

(b) Social clubs and community recreation buildings, except where a principal activity thereof is a service customarily carried on as a business.

(c) Child care centers and nursery schools.

(d) Those allowed in R1 districts.

(Ord. No. 6-84, 4-9-84; Ord. No. 19-93, § 6, 10-18-93)

(d) Those allowed in R1 districts.

(Ord. No. 6-84, 4-9-84; Ord. No. 19-93, § 6, 10-18-93)

(d) Those allowed in R1 districts.

(Ord. No. 6-84, 4-9-84; Ord. No. 19-93, § 6, 10-18-93)

5:10.8. R4B, R4C, R4C/D, R4D multiple-family dwelling districts.

(1) *Intent.* The multiple-family dwelling districts are intended to permit dwelling units to be arranged one above the other or side by side.

(a) The R4B multiple-family dwelling district should be located in intermediate areas of the city, situated on small tracts of land in established areas for in-fill purposes or medium sized tracts of land for moderate-sized developments.

(b) The R4C multiple-family dwelling district is intended to be located in the central area of the city, in close proximity to the central business district and The University of Michigan Campus.

(c) The R4C/D multiple-family dwelling district is intended to permit high-density, multiple-family development within the downtown area. The PUD (planned unit development) is also an appropriate zoning district for this type of residential use within the downtown area.

(d) The R4D multiple-family dwelling district is intended to permit a higher density in the form of high-rise buildings on substantial tracts of land located in areas other than the central business district. The elements of land use planning and site design should be such as to ensure that the impact of such intensity of land use on adjacent property and on the community as a whole is minimized. Some of the criteria used in determining the location of this zoning district is:

1. The presence of natural land features that may be used to advantage in scaling down the potential impact.

1. The presence of natural land features that may be used to advantage in scaling down the potential impact.

1. The presence of natural land features that may be used to advantage in scaling down the potential impact.

2. The location of such a district would enhance the bypasses and entrance ways to the city and thereby provide a community focal or identity point.

3. The location of such a district would provide housing opportunities near outlying centers of a commercial, service or employment nature.

(b) Rooming and boarding houses and emergency shelters.

(c) Any permitted principal use or special exception use of the R1C single-family dwelling district, R2A and R2B two-family dwelling districts and R3 townhouse dwelling district, subject to all the regulations of the district in which such use first occurs.

(d) Convalescent and nursing homes, and homes for the elderly, subject to provide 400 square feet of lot area per occupant.

(e) Hospitals, as a special exception use pursuant to section 5:104, provided that there is a minimum of 1,500 square feet of lot area per bed.

(3) *Permitted accessory uses.*

(a) Those allowed in the R3 district.

(Ord. No. 6-84, 4-9-84; Ord. No. 19-93, § 9, 10-18-93)

(d) Convalescent and nursing homes, and homes for the elderly, subject to provide 400 square feet of lot area per occupant.

(e) Hospitals, as a special exception use pursuant to section 5:104, provided that there is a minimum of 1,500 square feet of lot area per bed.

(3) *Permitted accessory uses.*

(a) Those allowed in the R3 district.

5:24. Establishment of area, height and placement regulations.

(1) Except as otherwise provided herein, regulations governing lot size, lot area per dwelling unit, required usable open space, required setback lines, building height, and other pertinent factors are as shown in the schedule of area, height and placement regulations.

(2) The determination of the permitted number of dwelling units in the "R" residential dwelling districts shall be made in the following manner: The gross lot area of the parcel in question is divided by the "minimum lot area per dwelling unit" for the type of unit desired (or by the average for a variety of types) with the quotient being the number of dwelling units permitted. Gross lot area does not include the area of dedicated public streets, area to be dedicated to the public as a public street, or the area of private streets in the R1 and R2 districts.

Maximum Permitted Density Dwelling Units Per Acre

TABLE INSET:

District	Dwelling Units per acre
R3 (Townhouse).....	10
R4A (Multifamily).....	10
R4A/B (Multifamily).....	10
R4B (Multifamily).....	15
R4C (Multifamily).....	20
R4C/D (Multifamily).....	75
R4D (Multifamily).....	25

(3) Where more than 1 residential structure is to be constructed on a lot zoned R1 or R2, or where dwellings are served by a private street under the provisions of Chapter 47, the following placement regulations shall be applied in addition to section 5:26 [and] to section 5:31.
a lot zoned R1 or R2, or where dwellings are served by a private street under the provisions of Chapter 47, the following placement regulations shall be applied in addition to section 5:26 [and] to section 5:31.
a lot zoned R1 or R2, or where dwellings are served by a private street under the provisions of Chapter 47, the following placement regulations shall be applied in addition to section 5:26 [and] to section 5:31.

(a) The minimum spacing between buildings shall be twice the minimum required side setback dimension of the zoning district in which the lot is located.

(b) A minimum rear setback of 30 feet must be provided between the rear of a residential structure and the adjacent (nearest) property line.

(c) A minimum front setback of 10 feet must be provided between all structures and the private street pavement.

5:33 R4B	2,900	55%	Setback as provided in section 5:62, otherwise:				30		14,000	120
			25	12	26	30				
			and building spacing as provided in section 5:30.							
(Ord. No. 18-64, 4-20-64; Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:34 R4C	2,175	40%	Setback as provided in section 5:62, otherwise:				30		8,500	60
			25	12	26	30				
			and building spacing as provided in section 5:30.							
(Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:35 R4C/D	580	40%	Setback as provided in section 5:62, otherwise:						14,000	120
			25	10	30	30				
			and building spacing as provided in Section 5:30.							
(Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:36 R4D	1,740	50%	Setback as provided in section 5:62, otherwise:				60		83,000	200
			40	30	60	30				
			and building spacing as provided in section 5:30.							
(Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:37 R5	900 per BR	None	50	25	50	15	40	4	20,000	100
(Ord. No. 6-70, 3-16-70; Ord. No. 28-75, 6-30-75; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:38 R6	10 times the usable	None	40	20	40	30	15; 12 for accessory	1	170,000	100
5:38 R6	10 times the usable	None	40	20	40	30	15; 12 for accessory	1	170,000	100
5:38 R6	10 times the usable floor area for each dwelling unit	None	40	20	40	30	15; 12 for accessory structures	1	170,000	100
(Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										

TABLE INSET:

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	be 350 sq. ft. per occupant.							
		Building spacing as provided in section 5:30.						

(Ord. No. 18-64, 4-20-64; Ord. No. 6-70, 3-16-70; Ord. No. 32-74, 8-19-74; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85; Ord. No. 42-88, 9-6-88)

TABLE INSET:

		Minimum								
	Minimum	Usable	Required Setback Line Minimum						Minimum Gross Lot	
	Lot	Open Space	Dimensions in Feet				Maximum Height		Size	
	Area Per	in								
	Dwelling	Percentage		Size						
Zoning	Unit in	of		Least	Total				Area	Width
District	Sq. Ft.	Lot Area	Front	One	of Two	Rear	In Feet	In Stories	in Sq. Ft.	in Ft.
5:32 R3	4,300	65%	Setback as provided in section 5:62, otherwise:				30		21,780	120
			40	20	40	40				
			and building spacing as provided in section 5:30.							
(Ord. No. 18-64, 4-20-64; Ord. No. 6-70, 3-16-70; Ord. No. 19-80, 9-8-80; Ord. No. 8-85, 3-4-85)										
5:32A R4A	4,300	65%	Setback as provided in section 5:62, otherwise:				30		21,780	200
			40	20	40	40				
5:32A R4A	4,300	65%	Setback as provided in section 5:62, otherwise:				30		21,780	200
			40	20	40	40				
			and building spacing as							
42-88, 9-6-88)										

TABLE INSET:

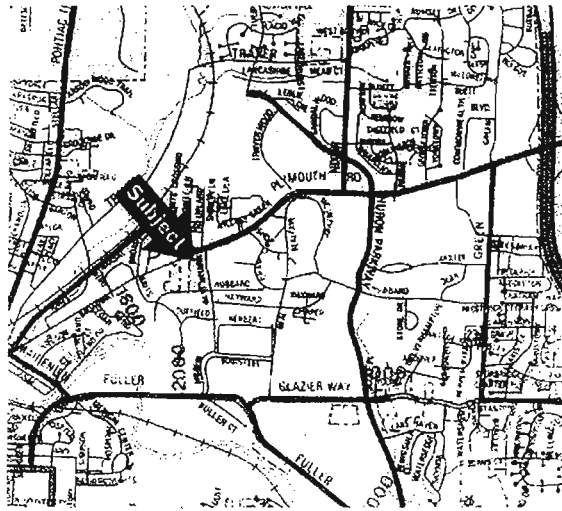
		Minimum				
	Minimum	Usable	Required Setback Line Minimum			Minimum Gross Lot
	Lot	Open Space	Dimensions in Feet	Maximum Height		Size
	Area Per	in				
	Dwelling	Percentage		Size		



Market Data

Market Data

MARKET DATA
Pending Vacant Multi-Family Development Land Sale



Location Map Date: 10/27/2003

Location: 1756 Broadway, Ann Arbor, Washtenaw County, Michigan

Pending Sale Date: November 2003

Sale Price: \$3,250,000 Cash

Purchaser: Intergroup Realty

Seller: Suzanne LeClaire et al

Site: The parcel is 5.42 acres in size and mostly rectangular in shape. It has approximately 251.9 feet of frontage on the south side of asphalt-paved Broadway, which has been re-routed past the subject property. Access to the site is via an entrance drive onto Plymouth Road. The site also has 230.4 feet of frontage on the north side of Hubbard. Topography of the parcel is rolling and gradually sloping upward from the north to the south. The rear half of the site is thickly covered with trees and brush. The parcel is single-family home and a detached garage, both of which will be demolished to accommodate new construction.

*Parcel will be hooked up to municipal utilities after annexation to the City.

Zoning: R-3, Single Family Urban Residential; to be PUD upon annexation to City

Utilities: Well and Septic*

Tax Code: 81-09-22-260-001

Exposure Time: This property was never exposed to the open market

Occupancy: Vacant

Tax Code: 81-09-22-260-001

Exposure Time: This property was never exposed to the open market

Occupancy: Vacant

Tax Code: 81-09-22-260-001

Exposure Time: This property was never exposed to the open market

Occupancy: Vacant

Comments: This parcel will be improved with a total of 135 to 145 rental units, under a PUD agreement approved by the city, permitting a density of over 30 units per acre.

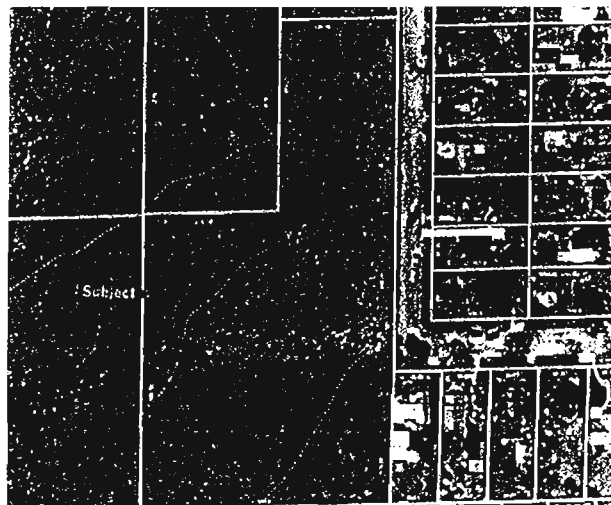
Source: Confidential

Indicators: \$ 599,631 per acre

\$ 13.77 per square foot

\$ 22,414 per unit

MARKET DATA
Vacant Multi-Family Development Land Sale



Plat Map Date:

Common Name: Mallett's Wood

Location: WS Cardinal Avenue, Ann Arbor, Washtenaw County, Michigan

Sale Date: April 2003

Sale Price: \$440,000 Cash to mortgage

Purchaser: Mallett's 2, L.L.C.

Seller: Mallett's Wood, L.L.C.

Site: The irregular shaped site contains 3.8 acres, net of off-site detention pond and conveyance of parkland associated with the first phase of Mallett's Wood Site Condominium. The subject site is contemplated as Phase II of Mallett's Wood, formerly approved for development to 22 side-by-side townhouse style single-family units. The developer contemplates petitioning for an increased density level of 44 units housed in 11 four-plex buildings and reports informal presentation to the planning commission yielded tacit support to date. The sale price is predicated upon development to 22 units as formerly approved, but now expired.

Zoning: PUD, Planned Unit Development

Utilities: All Municipal

Tax Code: 8109-12-10-103-061

Occupancy: Vacant

Comments: The sale price appears to reflect fair market value despite a connection between the selling party and the purchasing party. If a denser development level were approved as

Occupancy: Vacant

Comments: The sale price appears to reflect fair market value despite a connection between the selling party and the purchasing party. If a denser development level were approved as

Occupancy: Vacant

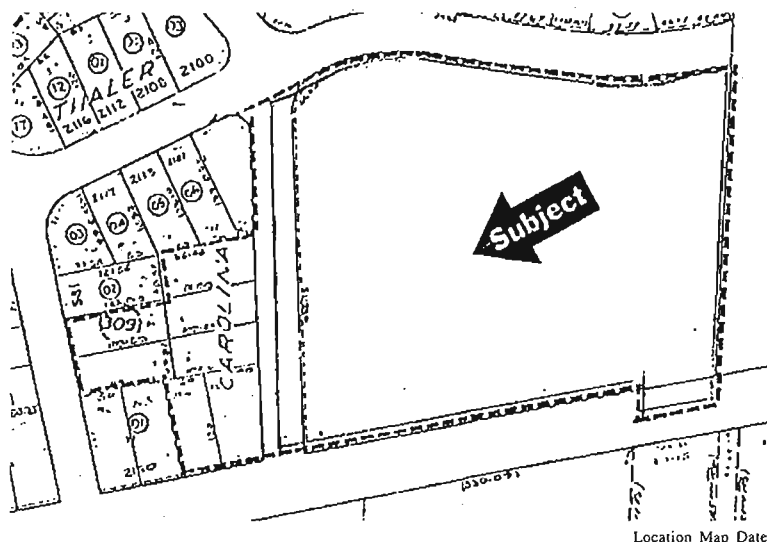
Comments: The sale price appears to reflect fair market value despite a connection between the selling party and the purchasing party. If a denser development level were approved as contemplated, the value of the property would be enhanced.

Source: Warranty Deed, Purchaser Frederick, Herrmann, 734-761-3030

Indicators: \$ 20,000 per unit

\$ 115,789 per net acre

MARKET DATA
Vacant Multi-Family Development Land Sale



Location: 2060 West Liberty Street, Ann Arbor, Washtenaw County, Michigan

Sale Date: September 2001

Sale Price: \$1,000,000 Cash

Purchaser: Peters Building Company

Seller: Doug F. Ziesemer and Lauren R. Zahn

Site: The site is irregular in shape and contains a total area of 4.45 acres. Topography is rolling with some scattered trees. The property was recently annexed into the city of Ann Arbor.

Zoning: R-3, Multiple Family Dwelling

Utilities: All Municipal

Tax Code: 09-30-309-009

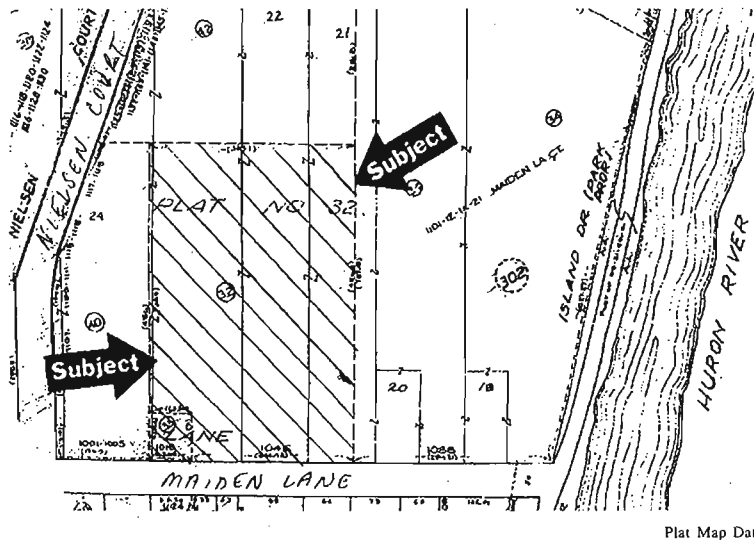
Occupancy: Vacant

Comments: Located on the north side of East Liberty, just east of West Stadium Boulevard. The site is purchased for the development about 36 condominiums. As part of the sale package, the purchaser will receive certain advantages that are atypical of raw land purchases. These include: (1) an approximate \$30,000 in engineering fees incurred by the sellers in connection with site layout; (2) the laying of a new 12-inch sewer main 50 feet into the parcel; and (3) the construction and landscaping of a detention area on the site, both of which (2 & 3) are City concessions relating to Liberty Street road widening, with costs to be borne by the City.

Source: City of Ann Arbor Assessment Department

Indicators: \$ 224,719 per acre
\$ 27,778 per unit

MARKET DATA
Vacant Multi-Family Development Land Sale



Location: 1021 Maiden Lane, Ann Arbor, Washtenaw County, Michigan

Sale Date: March 2000

Sale Price: \$1,025,000 Cash

Purchaser: Creative Land Design, Inc.

Seller: Neilsen Flower Shop

Site: The site is a combination of two separate parcels which together contain a total of 3.19 acres. It is rectangular in shape, with 305.1 feet of frontage on Maiden Lane and a depth of about 456 feet. Topography is level and above road grade. There are currently several buildings on site: a retail structure and several greenhouses, which will require demolition prior to construction. Demolition charges are estimated at \$25,000.

Zoning: AG, Agricultural; being rezoned to R4C

Utilities: All Municipal

Tax Code: 81-09-21-302-032 and -033

Occupancy: Owner Occupied

Comments: The purchasers have successfully rezoned the parcel to R4C, Multiple-Family Dwelling District, in order to accommodate 62 developable units, which has also been approved.

In addition to the \$1,000,000 sales price, the purchasers will expend an approximate \$25,000 in demolition charges, resulting in a total consideration of \$1,025,000.

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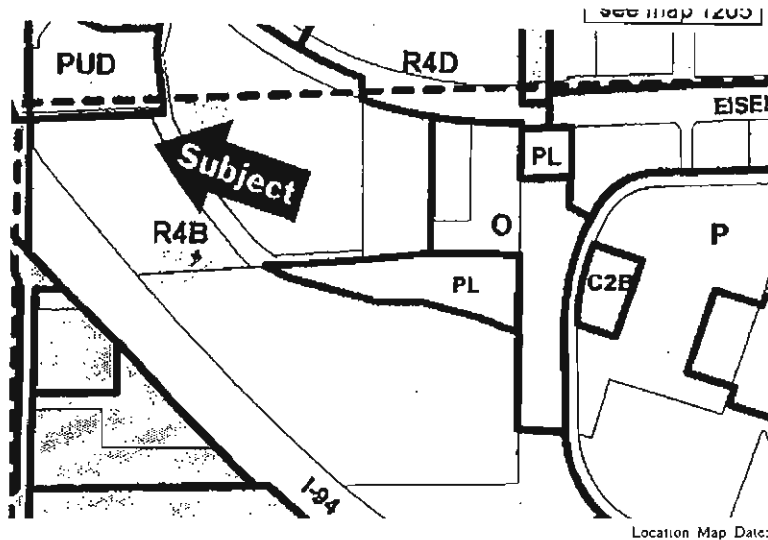
The site is being developed with Neilsen Square consisting of 62 townhouses. The proposed units range from 1,367 sf to 1,925 sf with base prices from \$195,990 to \$249,990.

Source: Peter Allen, listing broker, 734-996-8821

Indicators: \$321,317 per acre

\$16,532 per unit

MARKET DATA
Vacant Multi-Family Development Land Sale



Location: SWC Eisenhower & Signature, Ann Arbor, Washtenaw County, Michigan

Sale Date: April 2002

Sale Price: \$1,100,000 Cash

Purchaser: Cambridge Condominium Associates, LLC

Seller: Signature Villas

Site: The site is 3.12 acres in size. It has frontage on the south side of Eisenhower and the west side of Signature Boulevard from which the property is accessed. Topography is generally level and clear.

Zoning: R-4B, Multiple Family Residential (15 units per acre)

Utilities: All Municipal

Tax Code: 09-12-08-201-001 (Split from 09-12-08-200-014)

Occupancy: Vacant

Comments: There is a deed restriction on the property disallowing apartment use for the site. The maximum zoning density for the site is 15 units per acre which yields a potential for 46 units on the site. According to the listing agent, the purchasers envision developing 44 units on site.

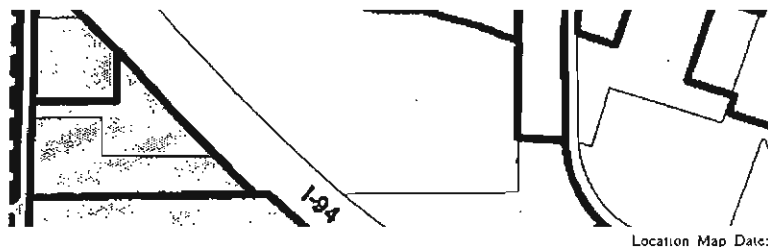
Source: Cam McCausland, Colliers International, 734-994-3100

Indicators: \$ 352,564 per acre

Source: Cam McCausland, Colliers International, 734-994-3100

Indicators: \$ 352,564 per acre

\$ 25,000 per unit



Location: SWC Eisenhower & Signature, Ann Arbor, Washtenaw County, Michigan

Sale Date: April 2002

Sale Price: \$1,100,000 Cash

Purchaser: Cambridge Condominium Associates, LLC



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Area Data



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Community Profile for Washtenaw County**Population and Households Overview**

Component	1990 Census	2000 Census ¹	Jan 2004 SEMCOG	2030 Forecast
Household Population	261,256	301,468	320,411	424,957
Group Quarters Population	21,681	21,302	21,649	23,063
Total Population	282,937	322,770	342,060	448,020
Households	104,528	125,232	134,634	187,253
Housing Units ²	111,256	130,974	140,843	n/a
Household Size	2.50	2.41	2.38	2.27

¹ - Revisions to 2000 total population and housing units by the U.S. Census Bureau have also been applied to 2000 household population and households.

Population by Age

Age Groups	1990 Census	2000 Census	2030 Forecast
Age 0-4	19,160 (7%)	20,130 (6%)	26,985 (6%)
Age 5-17	41,936 (15%)	51,158 (16%)	66,884 (15%)
Age 18-34	111,602 (39%)	108,812 (34%)	122,577 (27%)
Age 35-64	89,013 (31%)	116,524 (36%)	158,943 (35%)
Age 65+	21,226 (8%)	26,271 (8%)	72,631 (16%)
Total Population	282,937	322,770 ²	448,020

² - 2000 total population does not equal the sum of the age populations due to revisions to total population by the U.S. Census Bureau.

Population by Race and Hispanic Origin

Race	1990 Census	2000 Census	2000 Census Alone or Combined
White	236,390 (84%)	249,916 (77%)	256,980 (77%)
Black	31,720 (11%)	39,697 (12%)	43,069 (13%)
American Indian	1,076 (0%)	1,161 (0%)	3,203 (1%)
Asian	11,645 (4%)	20,338 (6%)	22,666 (7%)
Pacific Islander	79 (0%)	126 (0%)	385 (0%)
Black	31,720 (11%)	39,697 (12%)	43,069 (13%)
American Indian	1,076 (0%)	1,161 (0%)	3,203 (1%)
Asian	11,645 (4%)	20,338 (6%)	22,666 (7%)
Pacific Islander	79 (0%)	126 (0%)	385 (0%)
Other Race	2,027 (1%)	3,364 (1%)	5,638 (2%)
Multi-Racial	n/a	22,695 (7%)	n/a
Total Population	282,937	322,770 ³	331,941 ⁴

Hispanic Origin 5,731 (2%) 8,839 (3%) n/a

Not of Hispanic Origin 277,206 (98%) 314,056 (97%) n/a

³ - 2000 total population does not equal the sum of the racial populations due to revisions to total population by the U.S. Census Bureau.

⁴ - 2000 total here will exceed total population as those persons marking more than one race are counted in each race category they marked.

Population Age 25 or Older by Education

Highest Level of Educational Attainment	1990 Census	2000 Census
Did Not Graduate High School	21,387 (13%)	16,716 (8%)
Graduated High School	32,406 (10%)	33,752 (17%)

Some College, No Degree	33,027 (20%)	40,063 (20%)
Associate Degree	10,379 (6%)	11,857 (6%)
Bachelor's Degree	35,249 (21%)	48,034 (24%)
Graduate or Professional Degree	34,766 (21%)	46,992 (24%)
Total Population Age 25 or Older ⁵	166,406	196,408

5 - The 100% count of total population age 25 or older shown here may not equal the sum of the sample data.

Births by Race of Mother

Race of Mother	Annual Average 1992-1995	Annual Average 1996-1999	2000
White	2,954 (75%)	2,854 (73%)	2,996 (72%)
Black	612 (16%)	577 (15%)	596 (14%)
American Indian	12 (0%)	14 (0%)	19 (0%)
Asian or Pacific Islander	241 (6%)	305 (8%)	354 (9%)
Other or Unknown	124 (3%)	173 (4%)	168 (4%)
Total Births	3,943	3,923	4,133

Deaths by Race

Race	Annual Average 1992-1995	Annual Average 1996-1999	2000
White	1,360 (87%)	1,462 (87%)	1,632 (86%)
Black	192 (12%)	201 (12%)	230 (12%)
American Indian	4 (0%)	4 (0%)	2 (0%)
Asian or Pacific Islander	13 (1%)	19 (1%)	27 (1%)
Other or Unknown	1 (0%)	2 (0%)	4 (0%)
Total Deaths	1,570	1,688	1,895

Households by Type

Households	1990 Forecast	2000 Forecast	2030 Forecast
With Children	33,383 (32%)	39,140 (31%)	54,463 (29%)
Without Children	71,163 (68%)	86,192 (69%)	132,790 (71%)

Income Quartile 1 - Low ⁶	23,009 (22%)	25,455 (20%)	32,092 (17%)
Income Quartile 2	26,893 (26%)	29,624 (24%)	39,173 (21%)
Income Quartile 3	25,808 (25%)	31,476 (25%)	51,377 (27%)
Income Quartile 4 - High	28,836 (28%)	38,777 (31%)	64,611 (35%)
Total Households	104,546	125,332	187,253

6 - Indicates the number of households in the community whose household income is within each household income quartile of Southeast Michigan.

Income Quartile 4 - High	28,836 (28%)	38,777 (31%)	64,611 (35%)
Total Households	104,546	125,332	187,253

6 - Indicates the number of households in the community whose household income is within each household income quartile of Southeast Michigan.

Household Income

White	2,954 (75%)	2,854 (73%)	2,996 (72%)
Black	612 (16%)	577 (15%)	596 (14%)
American Indian	12 (0%)	14 (0%)	19 (0%)
Asian or Pacific Islander	241 (6%)	305 (8%)	354 (9%)
Other or Unknown	124 (3%)	173 (4%)	168 (4%)
Total Births	3,943	3,923	4,133

Deaths by Race

Race	Annual Average 1992-1995	Annual Average 1996-1999	2000
White	1,360 (87%)	1,462 (87%)	1,632 (86%)
Black	192 (12%)	201 (12%)	230 (12%)

Median Household Income (In 1999 Dollars)	\$ 48,655	\$ 51,990
Households in Poverty	12,140 (12%)	13,520 (11%)
Persons in Poverty	31,777 (11%)	33,450 (10%)

7 - The 100% count of total households shown here may not equal the sum of the sample data.

8 - Revision to 2000 total households by the U.S. Census Bureau is shown here.

Housing Tenure

Tenure	1990 Census	2000 Census
Owner Occupied Units	57,787 (52%)	74,830 (57%)
Median Housing Value (In 2000 dollars)	\$ 126,749	\$ 174,300
Renter Occupied Units	46,741 (42%)	50,497 (39%)
Median Contract Rent (In 2000 Dollars)	\$ 647	\$ 633
Vacant Units	6,728 (6%)	5,742 (4%)
Total Housing Units	111,256	130,974⁹

9 - 2000 total housing units, as revised by SEMCOG, does not equal the sum of occupied and vacant units due to revisions to households by the U.S. Census Bureau.

Housing Units by Structure Type

Structure Type	1990 Census	2000 Census
One-Family Detached	57,186 (51%)	71,200 (54%)
One-Family Attached	6,316 (6%)	8,794 (7%)
Two-Family / Duplex	3,817 (3%)	4,039 (3%)
Multi-Unit Apartments	38,877 (35%)	41,458 (32%)
Mobile Homes	4,073 (4%)	5,538 (4%)
Other Units	987 (1%)	40 (0%)
Total Housing Units	111,256	130,974¹⁰

10 - The 100% count of 2000 total housing units shown here may not equal the sum of the 2000 sample data. Revision to 2000 households by the U.S. Census Bureau has been applied to the 2000 total housing units shown here.

Residential Building Permits

Structure Type	Annual Average 1992-1996	Annual Average 1997-2001	2002	2003
Single Family / Detached				
Condo	1,555	1,907	1,878	1,854
Townhouse / Attached				
Condo	0	158	429	279
Two-Family / Duplex	52	37	12	10
Multi-Family / Apartments	334	471	120	297
Total New Units	1,941	2,573	2,439	2,440
Two-Family / Duplex	52	37	12	10
Multi-Family / Apartments	334	471	120	297
Total New Units	1,941	2,573	2,439	2,440
Total Units Demolished	30	42	43	38
Net Total	1,911	2,531	2,396	2,402
Renter Occupied Units			46,741 (42%)	50,497 (39%)
Median Contract Rent (In 2000 Dollars)			\$ 647	\$ 633
Vacant Units			6,728 (6%)	5,742 (4%)
Total Housing Units			111,256	130,974⁹

9 - 2000 total housing units, as revised by SEMCOG, does not equal the sum of occupied and vacant units due to revisions to households by the U.S. Census Bureau.

Housing Units by Structure Type

Structure Type	1990 Census	2000 Census
One-Family Detached	57,186 (51%)	71,200 (54%)
One-Family Attached	6,316 (6%)	8,794 (7%)
Two-Family / Duplex	3,817 (3%)	4,039 (3%)

Real Estate	5,702 (3%)	5,489 (3%)	5,962 (3%)	6,009 (3%)
Services	99,553 (52%)	102,510 (53%)	102,562 (53%)	103,302 (54%)
Public Administration	6,172 (3%)	6,394 (3%)	6,393 (3%)	6,388 (3%)
Total Employment	191,340	194,421	194,881	192,345

11 - The data represents employment covered by unemployment insurance programs. "n/a" indicates data blocked due to confidentiality concerns of ES-202 files. Click here for a detailed description of the difference between Current Employment Estimates and Forecast Employment.

Employment by Industrial Class ¹²

Industrial Class	1990 Forecast	2000 Forecast	2030 Forecast
Agriculture, Mining, and Natural Resources	4,550 (2%)	4,549 (2%)	5,074 (2%)
Manufacturing	37,363 (17%)	34,517 (15%)	44,308 (15%)
Transportation, Communication, and Utility	6,912 (3%)	8,916 (4%)	11,068 (4%)
Wholesale Trade	6,177 (3%)	6,618 (3%)	9,903 (3%)
Retail Trade	33,166 (16%)	38,888 (17%)	49,573 (17%)
Finance, Insurance, and Real Estate	10,970 (5%)	10,729 (5%)	14,319 (5%)
Services	110,208 (52%)	119,998 (52%)	144,626 (50%)
Public Administration	4,549 (2%)	7,960 (3%)	11,098 (4%)
Total Employment	213,895	232,175	289,969

12 - The data represents all (covered and non-covered) employment. "n/a" indicates data blocked due to confidentiality concerns of ES-202 files. Click here for a detailed description of the difference between Current Employment Estimates and Forecast Employment.

Vehicles Available Per Household

Number of Vehicles Available	1990 Census	2000 Census
None	7,482 (7%)	8,527 (7%)
One	36,791 (35%)	45,755 (37%)
Two	41,532 (40%)	51,198 (41%)
Three or More	18,723 (18%)	19,847 (16%)
Total Households ¹³	104,528	125,232 ¹⁴

13 - The 100% count of total households shown here may not equal the sum of the sample data.

14 - Revision to 2000 total households by the U.S. Census Bureau is shown here.

Commuting to Work

Means of Transportation to Work	1990 Census	2000 Census
Drove Alone	109,353 (74%)	128,514 (76%)
Carpool or Vanpool	14,292 (10%)	14,386 (9%)
Public Transportation	4,529 (3%)	5,494 (3%)
Walked to Work	13,747 (9%)	12,445 (7%)
Drove Alone	109,353 (74%)	128,514 (76%)
Carpool or Vanpool	14,292 (10%)	14,386 (9%)
Public Transportation	4,529 (3%)	5,494 (3%)
Walked to Work	13,747 (9%)	12,445 (7%)
Drove Alone	109,353 (74%)	128,514 (76%)
Carpool or Vanpool	14,292 (10%)	14,386 (9%)
Public Transportation	4,529 (3%)	5,494 (3%)
Walked to Work	13,747 (9%)	12,445 (7%)
Other Means	1,982 (1%)	2,334 (1%)
Worked at Home	4,824 (3%)	5,996 (4%)
Total Workers Age 16 or Older	148,727	169,169
Mean Travel Time to Work (In Minutes)	19	22

Land Use / Land Cover

Land Use Type	1990 Acres	1995 Acres
Single-Family Residential	51,034 (11%)	55,453 (12%)
Multi-Family Residential	2,764 (1%)	2,935 (1%)
Commercial and Office	3,158 (1%)	3,383 (1%)

Cultivated, Grassland, and Shrub	280,842 (61%)	274,873 (59%)
Woodland and Wetland	92,774 (20%)	92,021 (20%)
Extractive	1,770 (0%)	2,274 (0%)
Water	9,821 (2%)	9,933 (2%)
Total Acres ¹⁵	462,283	462,238

15 - 1990 and 1995 total acres may not be the same due to rounding errors and precision differences between 1990 and 1995 GIS layers.

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Community Profile for Ann Arbor

Population and Households Overview

Component	1990 Census ¹	2000 Census	Jan 2004 SEMCOG	2030 Forecast
Household Population	96,861	101,635	102,020	103,426
Group Quarters Population	12,747	12,389	12,366	12,844
Total Population	109,608	114,024	114,386	116,270
Households	41,660	45,693	46,742	53,213
Housing Units	44,013	47,218	48,301	n/a
Household Size	2.33	2.22	2.18	1.94

1 - Revisions to 1990 total population and households by the U.S. Census Bureau have also been applied to 1990 household population and housing units by SEMCOG.

Population by Age

Age Groups	1990 Census	2000 Census	2030 Forecast
Age 0-4	6,357 (6%)	5,744 (5%)	4,746 (4%)
Age 5-17	12,554 (11%)	13,365 (12%)	10,703 (9%)
Age 18-34	52,662 (48%)	51,358 (45%)	46,129 (40%)
Age 35-64	30,138 (28%)	34,540 (30%)	34,374 (30%)
Age 65+	7,881 (7%)	9,017 (8%)	20,318 (17%)
Total Population	109,608 ²	114,024	116,270

2 - 1990 total population does not equal the sum of the age populations due to revisions to total population by the U.S. Census Bureau.

Population by Race and Hispanic Origin

Race	1990 Census	2000 Census	2000 Census Alone or Combined
White	89,841 (82%)	85,151 (75%)	88,113 (75%)
Black	9,905 (9%)	10,070 (9%)	11,333 (10%)
American Indian	386 (0%)	332 (0%)	989 (1%)
Asian	8,395 (8%)	13,566 (12%)	14,855 (13%)
Pacific Islander	29 (0%)	41 (0%)	156 (0%)
Black	9,905 (9%)	10,070 (9%)	11,333 (10%)
American Indian	386 (0%)	332 (0%)	989 (1%)
Asian	8,395 (8%)	13,566 (12%)	14,855 (13%)
Pacific Islander	29 (0%)	41 (0%)	156 (0%)
Other Race	1,036 (1%)	1,384 (1%)	2,358 (2%)
Multi-Racial	n/a	3,480 (3%)	n/a

Component	1990 Census ¹	2000 Census	Jan 2004 SEMCOG	2030 Forecast
Household Population	96,861	101,635	102,020	103,426
Group Quarters Population	12,747	12,389	12,366	12,844
Total Population	109,608	114,024	114,386	116,270
Households	41,660	45,693	46,742	53,213
Housing Units	44,013	47,218	48,301	n/a
Household Size	2.33	2.22	2.18	1.94

1 - Revisions to 1990 total population and households by the U.S. Census Bureau have also been applied to 1990 household population and housing units by SEMCOG.

Some College, No Degree	9,075 (15%)	8,727 (13%)
Associate Degree	3,076 (5%)	2,529 (4%)
Bachelor's Degree	17,245 (28%)	19,302 (30%)
Graduate or Professional Degree	22,007 (36%)	25,508 (39%)
Total Population Age 25 or Older ⁵	60,743	64,380

5 - The 100% count of total population age 25 or older shown here may not equal the sum of the sample data.

Births by Race of Mother

Race of Mother	Annual Average 1992-1995	Annual Average 1996-1999	2000
White	1,020 (72%)	962 (70%)	947 (71%)
Black	169 (12%)	140 (10%)	153 (11%)
American Indian	5 (0%)	7 (1%)	4 (0%)
Asian or Pacific Islander	181 (13%)	196 (14%)	184 (14%)
Other or Unknown	44 (3%)	65 (5%)	44 (3%)
Total Births	1,419	1,370	1,332

Deaths by Race

Race	Annual Average 1992-1995	Annual Average 1996-1999	2000
White	445 (87%)	462 (86%)	529 (87%)
Black	57 (11%)	60 (11%)	62 (10%)
American Indian	1 (0%)	2 (0%)	0 (0%)
Asian or Pacific Islander	9 (2%)	13 (2%)	14 (2%)
Other or Unknown	0 (0%)	2 (0%)	2 (0%)
Total Deaths	512	539	607

Households by Type

Households	1990 Forecast	2000 Forecast	2030 Forecast
With Children	10,810 (25%)	11,110 (24%)	9,900 (19%)
Without Children	31,696 (75%)	35,003 (76%)	43,313 (81%)
Income Quartile 1 - Low ⁶	10,763 (25%)	11,975 (26%)	13,928 (26%)
Income Quartile 2	11,033 (26%)	10,134 (22%)	9,574 (18%)
Income Quartile 3	9,112 (21%)	9,858 (21%)	11,546 (22%)
Income Quartile 4 - High	11,598 (27%)	14,146 (31%)	18,165 (34%)
Total Households	42,506	46,113	53,213

6 - Indicates the number of households in the community whose household income is within each household income quartile of Southeast Michigan.

Income Quartile 4 - High	11,598 (27%)	14,146 (31%)	18,165 (34%)
Total Households	42,506	46,113	53,213

6 - Indicates the number of households in the community whose household income is within each household income quartile of Southeast Michigan.

Income Quartile 4 - High	11,598 (27%)	14,146 (31%)	18,165 (34%)
Total Households	42,506	46,113	53,213

6 - Indicates the number of households in the community whose household income is within each household income quartile of Southeast Michigan.

Household Income

Income Categories as Reported in Each Census	1990 Census	2000 Census
Less than \$10,000	5,656 (14%)	4,724 (10%)
\$10,000 to \$14,999	3,527 (8%)	2,543 (6%)
\$15,000 to \$24,999	6,566 (16%)	5,221 (11%)
\$25,000 to \$34,999	6,095 (15%)	4,894 (11%)
\$35,000 to \$49,999	6,395 (15%)	6,873 (15%)
\$50,000 to \$74,999	7,255 (17%)	8,046 (18%)
\$75,000 to \$99,999	3,139 (7%)	5,024 (11%)
\$100,000 to \$149,999	2,157 (5%)	5,129 (11%)

Median Household Income (In 1999 Dollars)	\$ 44,684	\$ 46,299
Households in Poverty	6,025 (14%)	6,856 (15%)
Persons in Poverty	15,624 (14%)	16,922 (15%)

7 - The 100% count of total households shown here may not equal the sum of the sample data.

8 - Revision to 1990 total households by the U.S. Census Bureau is shown here.

Housing Tenure

Tenure	1990 Census	2000 Census
Owner Occupied Units	17,996 (41%)	20,685 (44%)
Median Housing Value (In 2000 dollars)	\$ 153,683	\$ 181,400
Renter Occupied Units	23,661 (54%)	25,008 (53%)
Median Contract Rent (In 2000 Dollars)	\$ 750	\$ 696
Vacant Units	2,353 (5%)	1,525 (3%)
Total Housing Units	44,013 ⁹	47,218

9 - 1990 total housing units, as revised by SEMCOG, does not equal the sum of occupied and vacant units due to revisions to households by the U.S. Census Bureau.

Housing Units by Structure Type

Structure Type	1990 Census	2000 Census
One-Family Detached	17,728 (40%)	19,725 (42%)
One-Family Attached	4,123 (9%)	5,065 (11%)
Two-Family / Duplex	2,044 (5%)	2,194 (5%)
Multi-Unit Apartments	19,577 (44%)	20,104 (43%)
Mobile Homes	59 (0%)	126 (0%)
Other Units	479 (1%)	0 (0%)
Total Housing Units	44,013 ¹⁰	47,218 ¹¹

10 - Revision to 1990 households by the U.S. Census Bureau has been applied to the 1990 total housing units shown here.

11 - The 100% count of 2000 total housing units shown here may not equal the sum of the 2000 sample data.

Residential Building Permits

Structure Type	Annual Average 1992-1996	Annual Average 1997-2001	2002	2003
Single Family / Detached				
Condo	185	135	42	22
Townhouse / Attached				
Condo	0	74	273	65
Two-Family / Duplex	30	20	6	6
Multi-Family / Apartments	93	168	0	70
Total New Units	308	397	321	163
Two-Family / Duplex	30	20	6	6
Multi-Family / Apartments	93	168	0	70
Total New Units	308	397	321	163
Two-Family / Duplex	30	20	6	6
Multi-Family / Apartments	93	168	0	70
Total New Units	308	397	321	163
Total Units Demolished	6	12	4	6
Net Total	302	385	317	157

Current Employment Estimates by Industrial Class ¹²

Industrial Class	1999	2000	2001	2002
Agriculture, Mining, and Natural Resources	320 (0%)	324 (0%)	367 (0%)	228 (0%)
Manufacturing	6,026 (6%)	6,619 (6%)	6,431 (6%)	6,643 (7%)
Transportation, Communication, and				

Real Estate	4,021 (4%)	3,830 (4%)	4,036 (4%)	4,138 (4%)
Services	68,241 (68%)	70,059 (68%)	69,629 (68%)	70,031 (69%)
Public Administration	2,169 (2%)	2,422 (2%)	2,232 (2%)	2,249 (2%)
Total Employment	100,604	103,354	102,328	101,645

12 - The data represents employment covered by unemployment insurance programs. "n/a" indicates data blocked due to confidentiality concerns of ES-202 files. Click here for a detailed description of the difference between Current Employment Estimates and Forecast Employment.

Employment by Industrial Class ¹³

Industrial Class	1990 Forecast	2000 Forecast	2030 Forecast
Agriculture, Mining, and Natural Resources	780 (1%)	626 (1%)	441 (0%)
Manufacturing	7,119 (6%)	7,165 (6%)	8,368 (6%)
Transportation, Communication, and Utility	2,559 (2%)	2,743 (2%)	3,334 (3%)
Wholesale Trade	2,884 (3%)	2,863 (2%)	3,462 (3%)
Retail Trade	18,704 (17%)	19,412 (16%)	19,906 (15%)
Finance, Insurance, and Real Estate	7,494 (7%)	7,336 (6%)	7,026 (5%)
Services	71,487 (63%)	79,965 (64%)	84,264 (64%)
Public Administration	2,282 (2%)	4,268 (3%)	5,504 (4%)
Total Employment	113,309	124,378	132,305

13 - The data represents all (covered and non-covered) employment. "n/a" indicates data blocked due to confidentiality concerns of ES-202 files. Click here for a detailed description of the difference between Current Employment Estimates and Forecast Employment.

Vehicles Available Per Household

Number of Vehicles Available	1990 Census	2000 Census
None	3,806 (9%)	4,361 (10%)
One	17,869 (43%)	20,287 (44%)
Two	15,031 (36%)	16,331 (36%)
Three or More	4,951 (12%)	4,695 (10%)
Total Households ¹⁴	41,660 ¹⁵	45,693

14 - The 100% count of total households shown here may not equal the sum of the sample data.

15 - Revision to 1990 total households by the U.S. Census Bureau is shown here.

Commuting to Work

Means of Transportation to Work	1990 Census	2000 Census
Drove Alone	36,316 (62%)	37,687 (63%)
Carpool or Vanpool	5,388 (9%)	4,746 (8%)
Public Transportation	3,354 (6%)	3,968 (7%)
Walked to Work	10,022 (17%)	9,505 (16%)
Drove Alone	36,316 (62%)	37,687 (63%)
Carpool or Vanpool	5,388 (9%)	4,746 (8%)
Public Transportation	3,354 (6%)	3,968 (7%)
Walked to Work	10,022 (17%)	9,505 (16%)
Other Means	1,395 (2%)	1,645 (3%)
Worked at Home	2,273 (4%)	2,637 (4%)
Agriculture, Mining, and Natural Resources	780 (1%)	626 (1%)
Manufacturing	7,119 (6%)	7,165 (6%)
Transportation, Communication, and Utility	2,559 (2%)	2,743 (2%)
Wholesale Trade	2,884 (3%)	2,863 (2%)
Retail Trade	18,704 (17%)	19,412 (16%)
Finance, Insurance, and Real Estate	7,494 (7%)	7,336 (6%)
Services	71,487 (63%)	79,965 (64%)
Public Administration	2,282 (2%)	4,268 (3%)
Total Employment	113,309	124,378

13 - The data represents all (covered and non-covered) employment. "n/a" indicates data blocked due to confidentiality concerns of ES-202 files. Click here for a detailed description of the difference between Current Employment Estimates and Forecast Employment.

Cultivated, Grassland, and Shrub	1,829 (11%)	1,445 (8%)
Woodland and Wetland	1,717 (10%)	1,571 (9%)
Water	506 (3%)	505 (3%)
Total Acres ¹⁶	17,015	17,015

16 - 1990 and 1995 total acres may not be the same due to rounding errors and precision differences between 1990 and 1995 GIS layers.

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Engagement Letter

GERALD ALCOCK COMPANY, L.L.C.
Real Estate and Business Appraising

Transmission by U.S. Mail and Facsimile

January 8, 2004

Mr. William R. Wheeler
 Director, Public Services Department
 City of Ann Arbor
 100 North Fifth Avenue, PO Box 8647
 Ann Arbor, MI 48107-8647

Re: Appraisal of Parcel Number 8109-09-28-101-004
 Southwest of Fuller Street and the Huron River

Dear Mr. Wheeler:

As you requested, this letter summarizes our proposal to provide you with a Complete Appraisal in the form of a Summary Report for the referenced property. The title interest of the real estate to be appraised is fee simple.

Our report will be in quadruplicate in narrative form and will comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation.

→ Our fee will be \$4,320 if we deliver the report within three weeks of order. ←
 Our fee will be \$3,600 if we deliver the report within five weeks of order.

Our statement of General Assumptions and Limitations of Appraisal to which the report will be subject, will be the same as the statement enclosed with our Ellsworth Road appraisals.

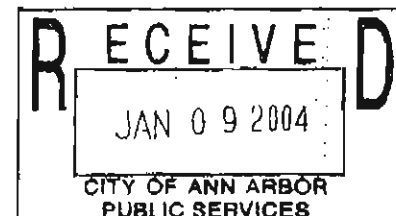
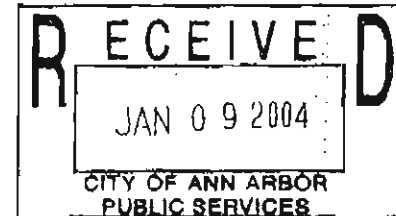
If you have any questions or comments concerning this proposal, please call the report will be subject, and we will be happy to proceed by signing Ellsworth Road appraisals.

If you have any questions or comments concerning this proposal, please call me or Michael Williams, MAI. You may authorize us to proceed by signing and returning the enclosed copy of this letter.

January 8, 2004

Mr. William R. Wheeler
 Director, Public Services Department
 City of Ann Arbor
 100 North Fifth Avenue, PO Box 8647
 Ann Arbor, MI 48107-8647

Re: Appraisal of Parcel Number 8109-09-28-101-004
 Southwest of Fuller Street and the Huron River



Senders
 Wendy S. Chapman
 John M. Sweeney
 Michael E. Vidovic, MAI
 Michael T. Williams, MAI

Gerald V. Alcock, MAI
 President
 Brian P. Campbell, CPA
 Controller

Leslie D. Alcock
 Stephen J. Simpson
 Karen L. Paul
 Glen R. Loman
 David A. Williams, PGA
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 Kenneth G. Stockman

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