



## GENERAL MARKET CONDITIONS

Interest rates remain low, and continue to place downward pressure on capitalization rates across many real estate asset classes. In some cases, the market has responded with pre-recession valuations for leased fee investments.

Also, we've seen inventory expansions across a wide spectrum of property types, such as those listed on Page 2 of our newsletter. Some of the largest developments have centered on educa-

tion and health services.

Private sector job growth was up 2.4% in the Capital Region, and unemployment dropped a full point to 5.1% as of Feb-2015. Albany County posted a state second-best 4.8% unemployment rate, with Saratoga County at 4.9%.

After years of decline, the Albany CBD – a center for business and government – is showing signs of rebounding, with a wave of new public-sector and private-sector projects currently in various stages

of planning and development. The long-anticipated construction of a convention center is now coming to fruition.

These and other area trends point to improving market conditions for the region as a whole.

Continued low commercial lending rates, sustained job growth and a strong local economy with completion of major planned development could help to shape our local real estate market for many years to come. □

### Capitalization Rates

#### 2014-2015 Cap Rates

- **Retail**  
6.33% - 9.57%
- **Office**  
7.37% - 10.37%
- **Apartments \***  
6.18% - 8.38%

\* Apts. continue to be the strongest R.E. segment.

Cap rates are extracted from local sales and may include allocations for mgt. and reserves. All cap rates are historically based and may not reflect future market conditions. Sample size is minimum five sales for each type.

## RESEARCH TOOLS & MARKET STATISTICS

As appraisers, we rely on many sources of information to complete an appraisal or consulting assignment. Commonly used published resources include broker surveys and reports, national sur-

veys by RealtyRates.com and PwC, market reports and sales data by CoStar and LoopNet, regional MLS services, and news media to name a few.

For example, we ran a survey using CoStar that



revealed 4.1% retail vacancy, and almost 1.0 mil sq.ft. of new leasing. □

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### **HOT** Local Real Estate:

**Hot spots:** Wolf Road corridor, hospital campuses (Albany Med., St. Peters, Samaritan and Ellis), State Street (Albany CBD), Erie Blvd (Schenectady), RT 9 (Latham), Malta (I-87 Exit 12 and Luther Forest), and Saratoga Springs (downtown and Broadway corridor).

**By Property Type:** College campuses, apartments and student housing, hotels, medical-related, auto dealerships, and adaptive reuses (former retail, industrial and office buildings.)□

## SAMPLE PROPERTIES RECENTLY APPRAISED



Going Concern Valuations



Auto Dealerships



Flag Hotels

## RECENT SALES ACTIVITY

1). **Multi-Family:** Apartments remain among the hottest real estate asset classes for equity and debt investors, with a wide range of sizes, pricing and cap rates. Recent transactions include deals that were bid above ask price. Meanwhile, cap rates for stable investments remain aggressive and observed to start in the low 6s.

2). **Shell Buildings:** A number of “shell” buildings have been purchased with specific intent of adaptive re-use. This is a positive sign for the market as a whole.

3). **Retail:** Recent sales include free-standing net leased properties, small plazas and anchored shopping centers.

4). **CBD Office:** 39 North Pearl Street and 677 Broadway both sold in the past year or so. These and smaller transactions demonstrate pricing for good quality CBD properties between approx. \$110 and \$190 per sq.ft.

5). **Medical Office :** Class A medical office on New Scotland Ave recently sold for \$250 psf. The buyer was a

REIT and the sale can be verified through its SEC filing.

5). **Land:** Recent and pending land sales in the community include land for multi-family development with pricing between approximately \$10,000 and \$25,000 per proposed unit. Student housing is another hot asset, with a Dec-2014 sale in Albany County priced at \$5,000 per bed. Speculation land purchases are less common, but one sale at 144 Wolf Road is worth mention, with a unit price around \$700,000 per acre.□

### Newsletter Features:

- General Market Conditions
- Market-Extracted Capitalization Rates
- Research Tools & Market Statistics
- **HOT** Local Real Estate
- Sample Properties Appraised
- Recent Sales Activity

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