



**Attachment 7
Appraisal**



June 13, 2023

Mr. Larry Seamans
President & CEO
FamilyAid
3815 Washington St
Boston, MA 02130

RE: 1650 Washington Street – Update on Discussions with East
Washington Realty Trust (Owner)

Dear Larry:

The purpose of this letter is to provide a detailed update regarding the discussions I, as FamilyAid's real estate consultant/broker, have had with the Owner of 1650 Washington St in Newton regarding the non-binding letter of intent dated 5/16/2023, as well as to provide additional information to support the negotiated economics and fair market value of the Premises.

There are several points that were highlighted/emphasized to me and, in turn, I need to emphasize to FamilyAid. They are outlined as follows:

- The most important point to convey is that time is of the essence with FamilyAid's approval process. The primary ownership contact ("owner") has relayed on multiple occasions that the investors are anxious to lease the space. That said, the lease must be executed by June 29, 2023 or they will move on to other, higher offers that they have in hand (see below).
- The owner has stated multiple times that there are two written offers from well-financed healthcare- related parties at rates in the \$57 - \$58/SF range without tenant improvement allowances. The owner showed the offers to me, and I believe these to be legitimate based on discussions with other brokers.

Alison Cavanaugh
Senior Managing Director
Newmark
225 Franklin Street
Boston, MA 02110
t 617-863-8541
ali.cavanaugh@nrmk.com

Other health related organizations (mental health facilities, substance abuse/rehabilitation centers, offices/organizations affiliated with Newton Wellesley Hospital etc) continue to contact the owner regarding the space availability.

- The owner accepts the lowest possible economic terms for 1650 Washington Street because of Family Aid's mission and executive team. The rental rate and concessions we negotiated (as outlined below) will reduce income by approximately \$4.65 Million over the fifteen year term. There is no room for further negotiation on the overall economic package and the Owner is firm on the deadline for lease execution.
- To support the fair market value for 1650 Washington St, I completed a review of applicable lease comparables in the immediate area of the building and I do support that the negotiated economics are in line with market rental rates and concessions.

It is worth noting that there are two nursing home to medical use conversions in the Newton/Wellesley area – 1650 Washington St and 188 Florence Street. Other medical lease comparables of size were reviewed as well. Office lease comparables are *not* applicable.

- Pursuant to your request to explore structuring the rent and tenant improvement differently, the owner is willing to using the tenant improvement allowance to offset the annual rental cost. This reduces the rental rate by approximately \$4.00/SF per year (Year 1 would decrease to \$46.00/SF), which, again, is in line with market rental rates. If this concept is acceptable, I will request it be incorporated into the lease document.

Please review and let me know if you have additional questions or comments.

Best,



Alison Cavanaugh

**1650 Washington Street, Newton, MA
Lease Comparables
Exhibit to Letter dated June 13, 2023**

	Address	Former Use	Current Use	Bldg Size	Term	Lease Commencement	Rent	Tenant Improvement Allowance	Comments
	1650 Washington St	Nursing Home	TBD – Transitional Housing	30,996 SF	15 Years	TBD – Target of November 2023	\$50/SF NNN + 2% annual increases	\$60/SF	FamilyAid economics The TIA could be applied in equal installments for a \$46/SF NNN year 1 rental rate
	188 Florence St, Chestnut Hill	Nursing Home	Drug and Alcohol Rehab.	32,268 SF	10 Years	May 2023	\$50/SF NNN + 3% annual increases	As Is	Most applicable. Most recent. Third party Lease. Better location, but proximate.
	75 Norumbega Road, Weston	Assisted Living	Drug and Alcohol Rehab	95,591 SF	10 Years	2021 (estimated)	\$45/SF NNN + 3% annual increases	Limited allowance	Owner/user occupied. Able to lease to itself at a discount.

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	<p>173 & 195 Worcester Street, Wellesley</p>	<p>Office</p>	<p>Medical</p>	<p>22,516 SF</p>	<p>10 Years</p>	<p>2022</p>	<p>\$49/SF Gross + \$1/SF annual increases</p>	<p>\$53/SF</p>	<p>Newton Wellesley Hospital</p>
	<p>20 Guest Street, Brighton</p>	<p>Office</p>	<p>Medical/ Physical Rehab</p>	<p>10,098 SF</p>	<p>5 Years</p>	<p>2022</p>	<p>\$50.50/ SF Gross + 2% annual increases</p>	<p>As Is</p>	<p>Spaulding Rehab 5 year renewal</p>
	<p>Two Brookline Place, Brookline</p>	<p>Medical</p>	<p>Medical</p>	<p>169,446 SF</p>	<p>15 Years</p>	<p>2021</p>	<p>\$55/SF NNN + 2.5% annual increases</p>	<p>\$65/SF</p>	<p>Hospital</p>