



Land Value Estimates and Forecasts for Reston

Prepared for Reston Community Center | April 2013



LAND VALUE ESTIMATES AND FORECASTS FOR RESTON COMMUNITY CENTER

Purpose of the Analysis

RCLCO (Robert Charles Lesser & Co), a national independent real estate consulting and economic analysis firm, was retained to prepare independent estimates of ranges of land value per acre for four categories of vacant land within Reston, currently and through 2017. We understand that these estimates will be used as inputs into decision-making regarding future expansion of the Reston Community Center, including the potential for building on a new site.

The four categories of land within Reston that were analyzed are:

- Land within one-half mile of Silver Line stations
- Land within one-half to one mile of Silver Line stations
- Acreage at Baron Cameron Park, assuming it were developable for uses similar to properties in the surrounding area
- Underutilized land, assuming it were vacant, at a Reston village center such as Tall Oaks Village Center

Sources of Information

RCLCO compiled information from Costar on the approximately 30 sales in their database in Reston from 2000 through March 2013.

We also compiled data on land real property assessments for a sample of approximately 200 properties (mostly developed) in Reston that are within one mile of a Silver Line station or were deemed to be relevant to estimating land values at Baron Cameron Park and in a village center such as Tall Oaks Village Center.

We also took account of RCLCO's forecasts of changes in property values by category that we prepared for RCLCO's recently prepared Forecast of Tax Revenues for Reston Community Center.

Methodology and Conclusions

RCLCO undertook the following analysis. The results are shown in the attached Exhibit 1.

1. We compiled information from Costar on sales of undeveloped sites within Reston, and sales price per acre, and classified the sales by location (including distance from Silver Line stations), zoning, size, date of sale, proposed use, and other considerations.
2. Because of the limited number of comparable sales of undeveloped sites within Reston, we also compiled 2013 land assessment data, and calculated assessed land value per acre, for a sample of relevant, mostly developed, properties. These properties were also classified by location (including distance from Silver Line stations and from Baron Cameron Park and Tall Oaks Village Center), zoning, size, and other considerations.
3. Recognizing that assessments of land value are not necessarily equivalent to actual selling price of sites, we also analyzed the relationship of land assessment in effect at the time of sale to land sale price for sales of vacant sites in Reston since 2000.
4. We took account of all of the information and analysis in Steps 1-3 to estimate the range of current market values per acre for each of the four categories of vacant land. In general, we aimed to determine value ranges for sites in the range of five to eight acres. All things being equal, which they rarely are, values per acre are typically higher for smaller sites and lower for larger sites. Given that we were not estimating values for specific sites, and because of the wide range of sales prices and assessed land values per acre that we found in our research, the value ranges that we estimated are necessarily very wide. We do believe that they provide a reasonable range of values within which the value of a particular site in each of the four categories of land is likely to fall. However, despite these wide ranges, it is certainly possible that a particularly desirable site will have a higher value than the ranges we have provided. It is also possible that a less desirable site, or an owner with particular motivation to sell, might result in a lower value than the ranges we provided.
5. Finally, we forecasted changes in the current values through 2017, based primarily on RCLCO's forecasts of changes in property values by category that we prepared for our Forecast of Tax Revenues for Reston Community Center and our judgment as to the property types that would be most relevant to each land category that we were analyzing.

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6. In addition to the Critical Assumptions and General Limiting Conditions appended to this report, it is important to note that this analysis reflects RCLCO's estimates based on the information we compiled, and does not constitute a complete valuation analysis or appraisal.
 7. It is also important to note that these estimates do not include the considerable costs, challenges, and risks associated with obtaining rezoning approvals that would be necessary to build a facility on any site that were to be acquired.

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This engagement was conducted by Leonard Bogorad, Managing Director. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCO advisory services, please call 240.644.1300.

CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from public sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing conclusions and making the appropriate recommendations. However, given the fluid and dynamic nature of the economy and real estate markets, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that, in the future, the economy and real estate markets will grow at a stable and moderate rate. However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Our analysis does not necessarily take into account the potential impact of major economic "shocks" on the national and/or local economy and does not necessarily account for the potential benefits from a major "boom." Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. The future is always difficult to predict, particularly given changing consumer and market psychology. Therefore, we recommend the close monitoring of the economy and the marketplace. The project and investment economics should be "stress tested" to ensure that potential fluctuations in the economy and real estate market conditions will not cause failure.

In addition, we assume that economic, employment, and household growth will occur more or less in accordance with current expectations, along with other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth); or in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should any of the above change, this analysis should probably be updated, with the conclusions and recommendations summarized herein reviewed accordingly (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand. Finally, we assume that major public works projects occur and are completed as planned.

Reasonable efforts have been made to ensure that the data contained in this study were accurate and timely information and are believed to be reliable. **GENERAL LIMITING CONDITIONS** This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO except as provided for in the Virginia Freedom of Information Act. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO except as provided for in the Virginia Freedom of Information Act. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

RESTON COMMUNITY CENTER

Exhibit 1

**ESTIMATED RANGE OF LAND VALUES PER ACRE
2013 - 2017**

	2013	2014	2015	2016	2017
Within 1/2 Mile of Silver Line Stations	\$600,000 - \$2,000,000	\$600,000 - \$2,010,000	\$600,000 - \$2,020,000	\$610,000 - \$2,060,000	\$630,000 - \$2,110,000
Within 1/2 to 1 Mile of Silver Line Stations	\$500,000 - \$1,200,000	\$500,000 - \$1,200,000	\$500,000 - \$1,200,000	\$510,000 - \$1,220,000	\$520,000 - \$1,250,000
Baron Cameron Park (Based on Nearby Areas)	\$300,000 - \$500,000	\$320,000 - \$530,000	\$340,000 - \$560,000	\$350,000 - \$580,000	\$360,000 - \$600,000
Village Center such as Tall Oaks	\$400,000 - \$500,000	\$410,000 - \$520,000	\$420,000 - \$540,000	\$430,000 - \$550,000	\$440,000 - \$570,000

SOURCE: RCLCO