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| Land Valuation |

Methodology

Land is most often valued using the Sales Comparison Approach. The opinion of market value is based on an analysis of sales, listings and pending sales of properties similar to the subject property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. Commercial land in the area is typically valued based on price per net square foot of land area (after deducting any unusable portions), which is the foremost unit of comparison used by buyer and sellers in this market area. Therefore, sales price per square foot is used as the basis for estimating the subject’s land value.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The main elements of comparison that are considered in sales comparison analysis are as follows: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Sale Adjustments

When applicable, the comparables are adjusted for property rights conveyed, financing terms, conditions of sale, market conditions, location, and physical characteristics. After adjustments, analysis reflecting market behavior is used to determine which comparables are superior or inferior to the subject after considering the remaining characteristics that could not be accounted for in the adjustment process. This analysis establishes value parameters for the subject, allowing for a final conclusion of value. No specific adjustments to the surveyed retail pad transactions (primary data) or land sales (secondary data) were considered or deemed necessary, with our valuation discussion provided following.

Retail Pad Transaction 1 was adjusted upward / downward …. Etc. etc.

No other specific adjustments were made to the comparables’ Land Sale prices; although qualitative economic and property characteristics adjustments are addressed in the following analysis.

Comparable Sales Data

A search of data sources and public records, a field survey, interviews with knowledgeable real estate professionals in the area, and a review of our internal database were conducted to obtain and verify comparable ground lease transactions and/or sales and listings of vacant land properties.

The subject is a ground leased parcel, and as such, carries specific attributes that would lead the appraiser to survey similar such ground leased retail pad transactions from the immediate to expanded market area. By capitalizing the ground rent for each of these long-term lease transactions, an indication of the inferred fee simple land value is derived. This method is considered to provide the best support as the subject’s current fee simple equivalent land value. The selected primary retail pad transactions are summarized on a following page, along with a location map.

Due to the extended time period associated with the retail pad transactions (20\_\_ to 20\_\_), we also provided secondary data represented by more typical fee simple land sales from the immediate Vancouver, WA market. The opinion of underlying land value via the primary ground lease data set is then tested for reasonability against the secondary land sales set.

Primary Analysis: Retail Pad Transactions

The ground lease comparables indicate inferred fee simple prices ranging from $32.92 to $44.44 per SF and range in size from 25,000 to 51,262 SF, which are considered reasonable in determining its market value. Ground lease pad transactions are somewhat rare, and therefore, only three were from 20\_\_\_ to present. However, for greater clarity, we included historical transactions from the immediate submarket from 20\_\_ to 20\_\_\_. Our presentation of the retail pad transactions is presented in the chart at the end of this subsection.

Insert Data Analysis merge of individual comparables here

Additional Quantitative Analysis

In addition to the preceding, an adjustment grid for the comparable sales is provided as additional analysis following the summary chart. The adjusted comparables indicate an adjusted unit prices of between $8.01 and $9.50 per SF with an average price of $8.54 per SF and median price of $8.45 per SF. Note that a market conditions adjustment of 3.0% per year was applied in this analysis. The adjusted value range provides additional support for the following final land value conclusion.

Recent Subject Pad Transaction Activity

Not applicable.

- Or -

Copy from Subject Ownership & Sales History section

Overall, the subject’s recent pad transaction price appears to be reasonably bracketed and supported by the preceding comparable land sale analysis, and therefore is considered at market.

Secondary Pad Transaction Activity

During our research, two additional, current retail pad transactions / listings were noted during our research, and these are analyzed as follows:

Provide discussions on any relevant current transactions and/or listings and how they relate to the subject land.

Secondary Analysis: Land Sales

Also provided at the end of this section is a chart which summarizes more typical fee simple commercial land sales from the Portland area. These selected commercial land sales occurred between 20\_\_ and 20\_\_, range in size from 10,925 SF to 40,075 SF, and sold for between $22.08 and $41.58 per SF.

Land Sale 1 at $41.58 per SF actually reflects the subject parcel site the July 2015 purchase for the intended development of a Chick-Fil-A restaurant. The sale did not appear to include all the cross parking / access easements, but given that the buyer appeared to be well on their way to securing their ground lease tenant it is not surprising to see such a premium paid for the sites.

Relative to the supplemental commercial land sales which ranged from $22.08 to $30.00 per SF, it would appear that subject Land Sale 1 is on the high side. However, relative to the noted retail pad transactions, the subject’s original land purchase appears high, but still supportable. In any event, only weak emphasis is placed on the land sales data set, with primary emphasis placed on the analyzed retail pad transactions.

Concluded Market Land Value

The appraiser has considered the characteristics of each comparable, with emphasis on the lower range indicated by primary Retail Pad Transactions 1, 2 and 3 ($32.92, $33.39 and $35.02 per SF), and good secondary bracketing support provided Retail Pad Transactions 5 and 6 ($31.75 and $34.72 per SF). Therefore, a concluded unit value of **$\_\_\_\_\_\_ per SF** considered reasonable for use in this analysis.

Based on the preceding, it is the appraiser’s opinion that the **concluded market value of the fee simple interest for the subject land** (effective site size = ${netsf} SF; rounded to the nearest $5,000):

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| **Concluded Market Land Value** | | **$\_\_\_\_\_\_ / SF** | | **$\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |





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| **Land Sales Location Map** |
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Insert Land Sale Aerial Plats or Comp Write-ups