|  |
| --- |
| Reconciliation |

Summary of Value Indications

The reconciliation of value indications is the final step in the appraisal process and involves the reviewing and weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject project. The reconciliation criteria are appropriateness, accuracy, and quantity of evidence.

Only the Sales Comparison and Income Capitalization Approaches to value were utilized in this assignment, each involving separate and distinct techniques. The Cost Approach was omitted due to its inapplicability in this assignment. Based on the two selected methods of appraisal, the estimated **stabilized market values** of the fee simple interest in the **subject property** (assuming the curing of the noted items of deferred maintenance) are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Valuation Approach** |  |  | **Value Conclusion** |
| **COST APPROACH** |  |  | **Not Applicable** |
| **SALES COMPARISON APPROACH** |  |  | **$\_\_\_\_\_\_\_\_\_\_\_** |
| **INCOME APPROACH** |  |  | **$\_\_\_\_\_\_\_\_\_\_\_** |

**Option 1 – Concluded As Is (Deferred Maintenance / Repairs)**

Concluded Stabilized Market Value

Due to the subject status as an owner-occupied property, the mostly likely potential purchaser would be a partial owner-user (as is currently the case). Hence, primary emphasis is placed on the Sales Comparison Approach. Overall, the market data presented and analyzed via the Income Approach provided reasonably good back-up support for the Sales Comparison Approach, but only secondary emphasis is placed on this approach due to the lack of a long-term leases for the property.

Based on the research, analyses and conclusions contained within this report, it is the appraiser’s opinion that the **concluded stabilized market value** of the fee simple interest in the **subject property** (assuming the curing of the noted items of deferred maintenance) is as follows:

|  |  |
| --- | --- |
|  |  |
| **Concluded Stabilized Market Value** | **$\_\_\_\_\_\_\_\_\_\_\_\_** |

Concluded As Is Market Value

The subject stabilized value conclusion assumed that the noted deferred maintenance (carpeting and interior paint, plus contingency, etc.) has been cured. Based on the conclusions contained within the Improvements Description, the total cost of cure these items was estimated at $50,000 which will be taken as a deduction against the concluded stabilized value in arriving at the final as is market value.

Based on the preceding, the **final concluded as is market value** of the fee simple interest in the subject property, as of ${eff\_date\_vale}, is as follows:

|  |  |
| --- | --- |
|  |  |
| Concluded Stabilized Market Value | $\_\_\_\_\_\_\_\_\_\_\_ |
| **Less: Cost to Cure Deferred Maintenance** | ($100,000) |
| **Concluded As Is Market Value** | **$\_\_\_\_\_\_\_\_\_\_\_\_** |

The above-cited as is market value equates to $\_\_\_\_.\_\_\_ per SF GBA, and while falling near the lower end of the range indicated by the comparables provided in the Sales Comparison Approach, and is still considered reasonable given the subject’s physical and locational characteristics. Further, this concluded as is market value matches the pending subject sale price, which suggests the pending sale price is at market.

Extraordinary Assumptions:

* None.

Hypothetical Conditions:

* None.

Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of +12 months, respectively, are considered reasonable and appropriate for the subject property.

SWOT ANALYSIS

Strengths:

* Newer, good quality construction in good condition (less repair and maintenance expenses).
* Good, nearby highway access and retail proximity location within an established, newer industrial park.
* High demand, smaller warehouse bays ideal for a variety of small light manufacturing or wholesale warehouses uses.
* Smaller project site, is attractive to a wide pool of potential purchasers – including both investors and small, likely partial owner-users.
* Current leases are longer term agreements with national tenants, with investor purchasers being attracted to the stability of the project cash flow.

Weaknesses:

* None.

Opportunities:

* Good long-term potential for a sale to an owner that may pay a premium for the property upon roll-over of the tenant leases.

Threats:

* Current COVID-19 crisis has shaken the market and may have unforeseen consequences (please refer to the Market Overview discussion).
* Mortgages of all kinds continue may be more difficult to obtain due to the pandemic, and by extension, investor required rates of return have to rise in correspondence with this added financing risk, as well as the greater economic risk.