

HYPOTHETICAL APPRAISAL REPORT

**“AS IF VACANT” DEVELOPMENT PARCELS
AS PART OF IMAGINE CLEARWATER STRATEGY
OSCEOLA AVENUE NORTH AND SOUTH OF CLEVELAND STREET
CLEARWATER, FLORIDA**

DATE OF VALUATION

JANUARY 15, 2021

PREPARED FOR

**MR. ROBERT BRZAK
CITY OF CLEARWATER
REAL ESTATE SERVICES COORDINATOR
100 S. MYRTLE AVENUE, SUITE 220
CLEARWATER, FLORIDA 33756**

E-MAIL: ROBERT.BRZAK@MYCLEARWATER.COM

PREPARED BY

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January 20, 2021

Mr. Robert Brzak
City of Clearwater
Real Estate Services Coordinator
100 S. Myrtle Avenue, Suite 220
Clearwater, Florida 33756
E-Mail: Robert.Brzak@Myclearwater.Com

RE: "As If Vacant" Development Parcels
As Part Of Imagine Clearwater Strategy
Osceola Avenue North and South Of Cleveland Street
Clearwater, Florida

Dear Mr. Brzak:

At your request, I have made a hypothetical appraisal of the current market value of the fee simple estate of the above referenced real property "as if vacant". The property and methods utilized in arriving at the final value estimate are fully described in the attached report, which contains 37 pages and Addenda.

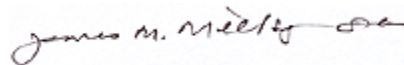
This Appraisal Report has been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation. The Appraisal Report and final value estimate are subject to all attached Contingent and Limiting Conditions.

I have made a careful and detailed analysis of the subject properties and after analyzing the market data researched for this report, I estimate that the market value of the referenced real properties only and subject to the stated limitations, definitions and certifications as of January 15, 2021, was:

<u>City Hall</u>	<u>Imagine Clearwater</u>	<u>Pierce/Osceola</u>
A: \$ 7,500,000	No Height \$9,300,000	\$5,500,000
B: \$ 7,600,000	Height Res. \$5,700,000	
C: \$15,400,000		

Respectfully submitted,

JAMES MILLSPAUGH & ASSOCIATES, INC.



James M. Millspaugh, MAI
JMM:sg

JAMES M. MILLSPAUGH, MAI
State-Certified General Real Estate Appraiser RZ58

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IDENTIFICATION OF THE PROPERTY:

The City Hall parcels are located on the bluff at the northwest corner of Osceola and Pierce Street about 250' south of Cleveland Street. These parcels are legally described in brief as parts of Lots 3-5, Block A, John R. Davey Subdivision, Plat Book 41, Page 7 and are described in general by the Clearwater Engineering Department as City Hall A comprising 1.16 acres (165' x 307') at the bluff and fronting Pierce Street while City Hall B comprises 1.58 acres (232' x 297') at the northwest quarter of Osceola and Pierce Street. City Hall C is the combination of both A and B.

The Imagine Clearwater parcel fronts the west side of Osceola roughly 100' north of Cleveland Street and has been known as part of the Harborview Center building located adjacent south to the downtown library. The basic site is legally described in brief as part of Edward Mills Subdivision, Plat Book 9, Page 36, plus part of Rompon's and Baskin's Corrected Map of Causeway Business District, Plat Book 57, Page 1. This has also been identified by the Clearwater Engineering Department to comprise 1.5 acres MOL with 347' of Osceola frontage to a 200' depth plus a 301' width along its western boundary.

The southwest corner of Pierce Street and Osceola Avenue is part of the former Clearwater Marine Aquarium parcel now identified as Metes and Bounds Parcels #13/05 and #13/06 located in the SW/4 of the NE/4 of Section 16, Township 29 South, Range 15 East. The lift station pad at the southwest site corner is now being retained by the City of Clearwater.

CENSUS TRACT LOCATION/ZIP CODE: #259/33756

FLOOD ZONE LOCATION: Pinellas County, Florida
Map No. 12103C0108H
Effective Date: May 17, 2005

The bluff section of the sites are located in a zone X, which is not a special flood hazard district, while any lower-level portion is located in a velocity zone flood hazard district where finished floor areas must be above 14'. Any impact from these regulations would be reflected in the sale of similarly located property.

ENVIRONMENTAL AUDIT DATA:

The Appraisal has been performed without benefit of an environmental audit and presumes that no problems exist, however, I reserve the right to review and/or alter the value reported herein should a subsequent audit reveal problems.

OBJECTIVE AND INTENDED USE/USERS OF THE APPRAISAL:

The objective of the appraisal report is to estimate a current market value of the various parcels as if vacant and available for redevelopment in fee simple interest and as of January 15, 2021 (date of inspection). This hypothetical “as if vacant” status is required for analysis of pending municipal activities for the required demolition and public approval through referendums for the redevelopment of the adjacent waterfront parcels/park plans. It is my understanding that the intended use of the report is for guidance to city representatives in marketing the subject parcels to the development community and the City representatives are the only intended users. I appraised the Harborview Center and City Hall parcels in January 2019 and the Pierce/Osceola parcel in March 2015 with an update in February 2017.

EXPOSURE PERIOD ESTIMATE:

This is the past period of time required to have sold the subject parcels at my value estimate on the appraisal date. Given that the date of value precedes actual demolition and development of the public space west of the bluff, **this report simply reflects current values impacted by the future public spaces.** Clearly, once these hypothetical conditions are removed and the public space is completed, the then-current value will likely change in respect to the physical improvements and the ensuing economic climate. From a historical perspective, the Beachwalk Promenade was a proximate example for a drastically new public facility along the public beach that, in turn, sparked significant new lodging/food service space. That effort was guided by the “Beach By Design” blueprint that currently continues to promote redevelopment throughout the beach market. The recent announcement of the Seminole Street boat ramp expansion/upgrade has also prompted proximate land acquisitions located west of N. Ft. Harrison Avenue while the earlier success of the Garden Trail apartments and the Habitat For Humanity homes has also sparked added development activity near Seminole Street. Another proximate example includes downtown Dunedin that grew exponentially after SR #580 was shifted off Main Street and the former railroad was shifted to a recreational trail. This transformation required a notably longer redevelopment that like Clearwater Beach, continues currently.

In terms of downtown Clearwater, it has been a slow transfer from a former banking, legal and business center in the 1960s and 1970s to the current period when housing and support services have become the major driving force. The beauty of the bluff has remained but only has drawn major interest during special events and an uneven success of the residential condos viewing into Clearwater Harbor. The proposed enhancement to the public waterfront will likely be a positive but not without population/job growth that remains positive but gradual in early 2021.

In summary then, the exposure period for the current value estimate can be considered pioneering to some extent as a critical mass does not yet exist. The Church of Scientology (COS) is a major factor here but has failed to significantly add to the permanent population/job growth. **Essentially, they have replaced former people and entities that were attracted here in past decades but have not moved the needle so-to-speak of the area reputation/demand. As such, it appears that the exposure period would be in the longer term foreseeable future of two to five years.**

STATEMENT OF OWNERSHIP AND RECENT SALES HISTORY:

The subject sites are owned by the City of Clearwater. The City Hall was developed in the 1960s after the site purchase and the Imagine Clearwater parcel (Harborview Center) had formerly been the Maas Brothers department store that closed in the early 1990s, was purchased by the City and later renovated for mixed-use (retail, restaurant and meeting space) that most recently housed the Clearwater Marine Aquarium's Dolphin Tale exhibit. That use has been one of the most popular to date with that impact now fading as the attraction diminished and their new facilities expanded on Island Estates.

The past successes for the location then were primarily retail in concept while the adjacent east former bank building was converted for residential condos in a mid-rise building whose view of the harbor could be blocked if a similar height structure was developed here. As such, there have been no recent transfers of the properties that would impact the current market value while the noted retail concepts may ultimately benefit the site redevelopment.

The Pierce/Osceola parcel was purchased by the City of Clearwater in April 2017 for \$4,250,000 (recorded O.R. Book 19600, Page 0651). That transaction included an approximate rectangle with Osceola frontage at 148.2', Pierce frontage the 375' and a total land area of 60,314 SF or 1.38 Acres MOL. The western section has a slight slope and was improved with a City lift station while the usable site now has been reduced to 148.025' x 375' or 55,509 SF or 1.27 Acres MOL that excludes the lift station parcel.

SCOPE OF THE APPRAISAL:

The extent of my research effort has focused on the proximate downtown and beach markets in particular and the greater Clearwater market in general. I have also considered the massive success of redevelopment in the region's two largest downtowns (Tampa and St. Petersburg), plus the smaller downtowns in Safety Harbor, Dunedin, Palm Harbor and Tarpon Springs that have enjoyed increased demand/value over the past two decades. Largo has made multiple attempts for redevelopment in their downtown while the suburban markets there continue to attract the majority of the activity. At the point in early 2021, the City is contemplating to move municipal offices back to downtown.

Specifically, I have researched the public records through the Property Appraiser's and Clerk's data, the local MLS, several business periodicals, my newspaper clipping files plus several Internet real estate news portals. The report will include a Land Sales Comparison analysis for the sites under the hypothetical assumptions including demolition of the improvements and the expectation of the proposed Imagine Clearwater enhancement of public spaces.

DEFINITION OF MARKET VALUE:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

(3) A reasonable time is allowed for exposure in the open market;

(4) Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

1 Federal Deposit Insurance Corporation, 12 CFR, Part 323, RIN 3064-AB05, August 20, 1990, Section 323.2, Definitions.

STANDARD CONTINGENT AND LIMITING CONDITIONS:

This Appraisal is subject to the following limiting conditions and contingencies:

This Appraisal Report in no way represents a guaranty or warranty of estimated market value as reported herein. The Appraisal Report represents the opinion of the undersigned as to "one figure" based upon the data and its analysis contained herein.

The legal description furnished is assumed to be correct and unless otherwise noted, no survey or title search has been made. No responsibility is assumed by the Appraiser(s) for these or any matters of a legal nature and no opinion of the title has been rendered. The property is appraised as though under responsible ownership and management. The Appraiser(s) believe(s) that information contained herein to be reliable, but assume(s) no responsibility for its reliability.

The Appraiser(s) assume(s) there are no hidden or unapparent conditions of the property, subsoil, or structure which would affect the value estimate. Unless otherwise noted, the Appraiser(s) has not commissioned termite or structural inspection reports on any improvements nor subsoil tests on the land.

The attached photos, maps, drawings, and other exhibits in this report are intended to assist the reader in visualizing the property and have been prepared by the Appraiser(s) or his staff. These exhibits in no way are official representations/surveys of the subject property.

Any distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by the Appraiser; nor does he/she have any knowledge of the existence of such materials on or in the property. The Appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde insulation or other potentially hazardous waste material may have an effect on the value of the property. The Appraiser urges the client to retain an expert in the field if desired.

The Appraiser(s) will not be required to appear in court unless previously arranged. The Appraiser's duties pursuant to his employment to make the Appraisal are complete upon delivery and acceptance of the Appraisal Report.

Possession of this report or copy thereof does not carry the right of publication. Neither all nor any part of the contents of this report (especially any; conclusions as to value, the identity of the Appraiser(s), or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

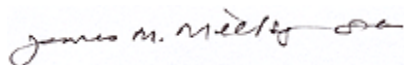
The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser(s) has (have) not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the Appraiser(s) has (had) no direct evidence relating to this issue, the Appraiser(s) did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. As of the date of this report, I, James M. Millspaugh, have completed the requirements under the continuing education program of the Appraisal Institute.
2. I have personally inspected the subject property and have considered all factors affecting the value thereof, and to the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct, subject to all attached Contingent and Limiting Conditions.
3. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
4. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
5. My fee for this appraisal report is in no way contingent upon my findings. The undersigned further certifies that employment for this appraisal assignment was not based on a requested minimum valuation or an approval of a loan.
6. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
7. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation and may be subject to peer review. Further, I have met USPAP's competency provision and am capable of completing this appraisal assignment.
8. No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this appraisal report.
9. In my opinion, the estimated current hypothetical market value of the fee simple estate of the subject real properties only and subject to the stated limitations, definitions and certifications as of January 15, 2021, was:

<u>City Hall</u>	<u>Imagine Clearwater</u>	<u>Pierce/Osceola</u>
A: \$ 7,500,000	No Height \$9,300,000	\$5,500,000
B: \$ 7,600,000	Height Res. \$5,700,000	
C: \$15,400,000		



James M. Millspaugh, MAI
State-Certified General Real Estate Appraiser RZ58

AREA DESCRIPTION:

The downtown core district extends from Myrtle to the bayfront and from Drew to Chestnut Streets. While the main composition in early 2021 continues to be governmental and institutional/church in nature with a dwindling supply of private office/retail, several bright spots have occurred during the past several years. Further, there has been no apparent major lasting value impact from the COVID-19 pandemic.

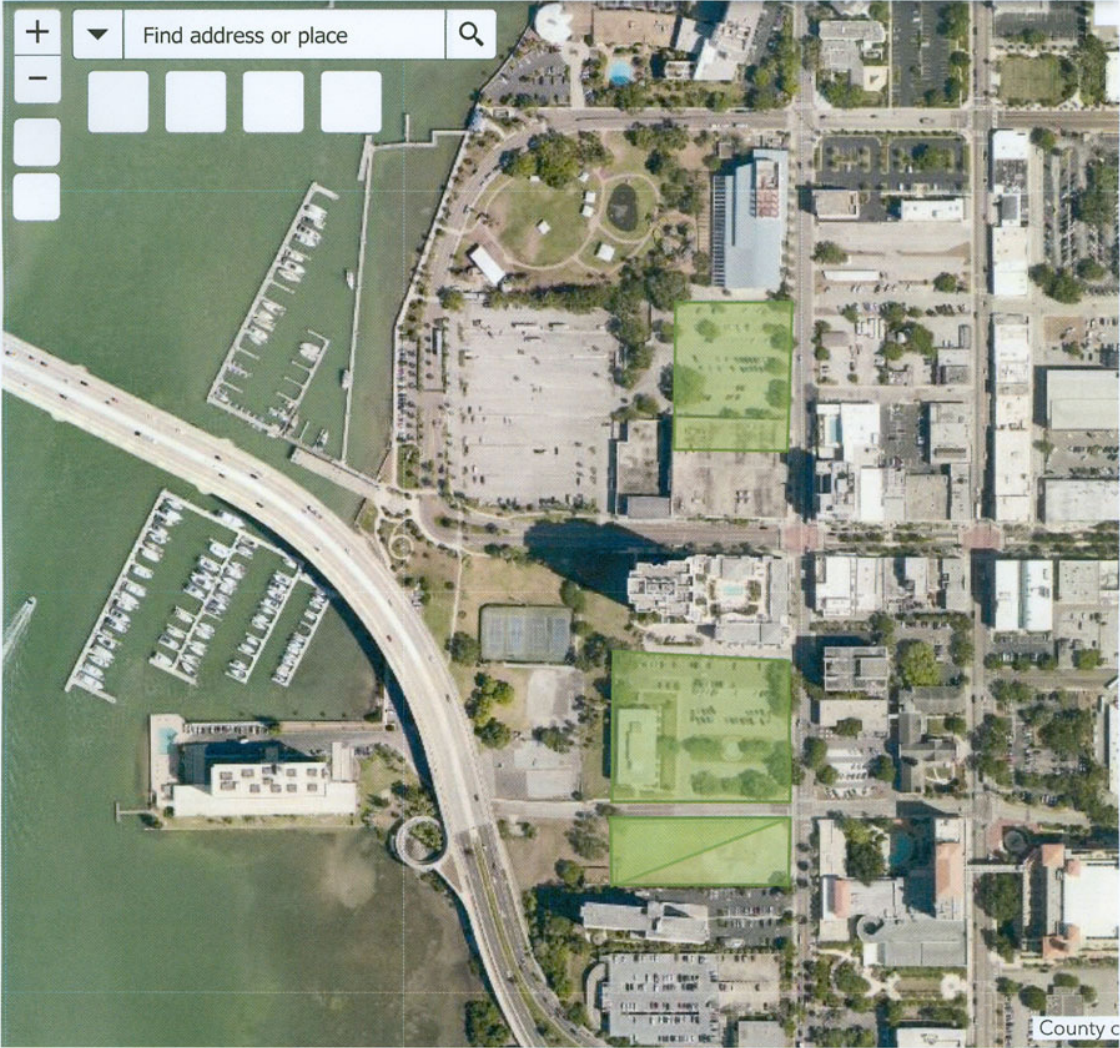
They include the new Eye Clinic sponsored by a leading local physician at Chestnut/S. Ft. Harrison directly across from a proposed mixed-use where planning continues currently, a major redevelopment of the Capitol Theatre on Cleveland Street, plus a new Walgreen's at Myrtle/Chestnut-Court, a conversion of the former AmSouth Bank building at Osceola/Cleveland to 51 residential condos known as Skyview plus street-level office/retail space and the past success of the Dolphin Tale exhibit held in the Harborview Center and operated by the Clearwater Marine Aquarium. This entity also had acquired the SW corner of Osceola and Pierce Street for potential support of a downtown aquarium proposed for the city hall parcel with that proposal not advancing after receiving substantial objections and not being found feasible. Other promising news has included the total sell-out of the Water's Edge condo complex and the Station Square condos on Cleveland Street after both going through foreclosures. Further, the Nolen complex viewing Prospect Lake on Cleveland Street was completed during 2018 and sold to an investor once the lease-up was well underway. The retail space there has yet to be leased-up. This proximate activity has also prompted a near full occupancy of retail space on Cleveland between Ft. Harrison and Osceola while excess space to the east along Cleveland continues to languish on the market but has been mostly purchased by COS members for future retail use. The South Ft. Harrison retail space continues to have only average occupancy and a 10,000 SF modern office building located near Chestnut had received little or no purchase interest. The three office towers continue to have improving occupancy after suffering through the County's former consolidation efforts. Two of these buildings were acquired in 2016 from the long-term owner's estate.

The City has invested major funds here during the past decade after the bridge re-alignment shifted beach traffic off Cleveland Street. They have included the waterfront marina, streetscaping on Cleveland with upgraded lighting/signage throughout, the Prospect Lake master drainage pond and adjacent Nolen mixed-use complex, development support for the Marriott and various Cleveland Street businesses. All of these investments/efforts are beginning to recreate the district as a traditional city center and one close to the important beach tourist market that is also progressing through a major public and private upgrade. The 2019 tourism business had



AIRS Aerial Image Retrieval System

Pinellas County Main '1

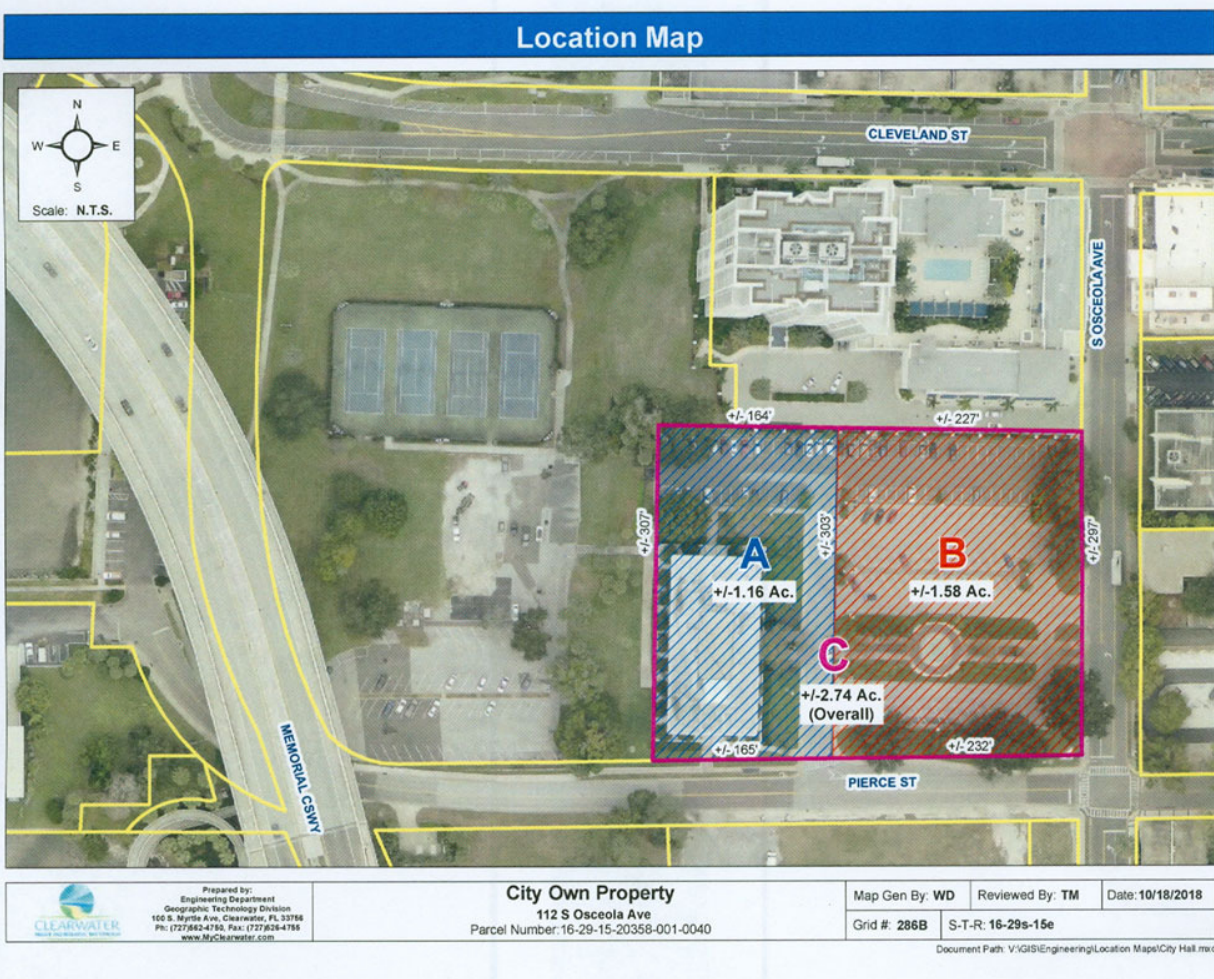


been at a historical high point as evidenced by some 1,500 new hotel rooms being completed during 2015-2019 with most of the remaining major development sites having been acquired during 2018. Two of these sites (278 rooms) are currently under development for two hotels and a 50 slip marina along the bayfront and two smaller hotel sites (below 100 rooms each) are pending development once the market stabilizes after the pandemic.

The non-bluff multifamily market has included a successful townhome complex on S. Ft. Harrison near Druid, a failed townhome complex at the Publix Center, a failed mid-rise on S. Myrtle, the failed Station Square Condos and a failed multi-story conversion at MLK, Jr. Blvd and Cleveland. This complex (The Strand) was acquired in late 2016 and is now known as 1100 APEX that is beginning lease-up and the Garden Trail Apartments were completed at N. Garden and Seminole. Further, a fairly long list of multi-family sites exists around downtown with one being a major bluff site north of Drew Street and one at the marina north of the Seminole Street boat ramps with it currently under development as Marina Bay 880 condos.

While the downtown core then shows growing recent promise, the district in general has some notable weak spots that may require the longer-term (2-5 years or beyond) foreseeable future to experience a stable supply/demand. Overall, it appears the governmental/institutional demand will continue to be a positive and driving influence for the district plus notable shifts of business/personal demand from tax heavy centers around the US. The downtown is also now noted as an **Opportunity Zone** with attractive tax benefits.

The Imagine Clearwater strategic plan primarily includes enhancement to the public spaces west of the bluff to benefit City-owned and proximate privately owned parcels to the east in the downtown core district. The plan accentuates that “the waterfront must be anchored by a dynamic new open space”. These would include the Civic Gateway grand entry adjacent to the previous Harborview Center along Cleveland on a monumental stairway leading to “The Green”, “Coachmen Garden” and “The Estuary” all connected by “The Bluff Walk”. The hoped-for impact should be similar to Straub Park in St. Petersburg near the new pier and waterfront marina basin and cross-bay ferry plus the riverfront in downtown Tampa near the convention center. If successful, this municipal infrastructure should have a positive impact on the downtown core plus most long-term investors here are looking beyond the 2020 COVID-19 pandemic slowdown and generally expect a return to normal business pattern as reflected in the 2019 year.



SITE DATA:

The City Hall parcel is reported to include 397' of Pierce Street frontage and 297' of Osceola Avenue frontage that totals 2.74 acres totally or 119,354 SF MOL. The site is generally above the 28' bluff elevation and ranges to 32'. It is essentially even with adjacent lands along Osceola but it is well above the 8'-10' elevation of the public lands along Pierce Street. As such and given the existing stormwater system the site does not appear to have any major drainage concerns with the planned "Estuary" near the seawalled shoreline designed as a stormwater facility.

Public and private utilities are available at no major off-site costs, the roadways are two-lane with a center turn-lane on Osceola with all standard improvements and traffic flow is well managed by signals on Osceola and Cleveland and Court Streets plus Pierce Street and S. Ft. Harrison Avenue. None of these roadways carry heavy/retail oriented traffic counts with the most active being the Court/Chestnut routes to Clearwater Beach. The 2017 Forward Pinellas Traffic Count Map notes 17,000 to 19,500 counts for these one-way roads while Myrtle south of Cleveland (US 19-A) was at 16,900, S. Ft. Harrison south of Druid was at 14,862, and Cleveland Street east of Myrtle was at 5,000. Traditionally, downtowns (including Clearwater) in Pinellas have excess public parking curbside/grade level lots plus parking garages that are provided to add to visitor convenience.

Surrounding uses include the modern Water's Edge condo homes to the north with structured parking and ground level retail on Osceola Avenue. Across Osceola is the rehabbed Capitol Theater, the County Utilities building in a six-story structure with grade level parking, plus a local church complex and then the COS Ft. Harrison Hotel and Flag Service building beyond on S. Ft. Harrison Avenue. Directly south is the vacant Pierce/Osceola parcel with former 13- story ALF converted to residential units by the COS beyond. There are large public lands (part of Imagine Clearwater) down the bluff to the seawall to the west with private condos and public boat slips beyond. That area is also transversed by the fixed span Causeway bridge that has an approximate 75' elevation at the shoreline and even with the City Hall parcel. None of the adjacent uses are considered to be detriments to the subject parcels or the area in general where the vast majority of the buildings extending to South Fort Harrison have been attractively upgraded.

Location Map



Prepared by:
Engineering Department
Geographic Technology Division
100 S. Myrtle Ave., Clearwater, FL 33756
Ph: (727)562-4755, Fax: (727)562-4755
www.MyClearwater.com

Imagine Clearwater Redevelopment Parcel

Map Gen By: WD

Reviewed By: TM

Date: 10/18/2018

Grid #: 286B

S-T-R: 16-29s-15e

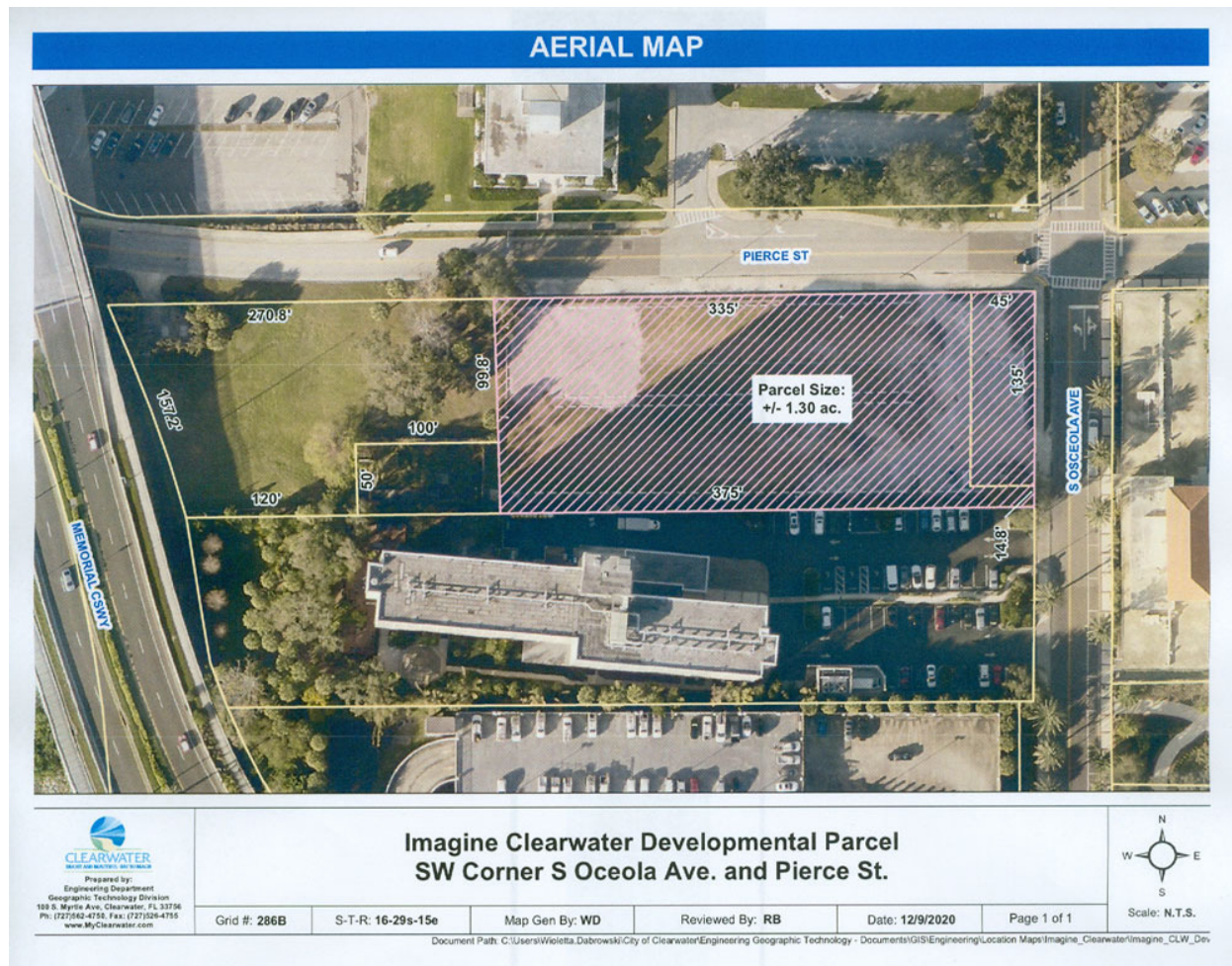


Scale: N.T.S.

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The Imagine Clearwater parcel (part of former Harborview Center) is located roughly 100' north of Cleveland Street with that 100' and the diagonal southern dimension of this parcel reserved for the Civic Gateway in the form of an iconic stairway leading to the proposed band shell to serve major events. This parcel then is to have 347' of Osceola frontage to an approximate 200' depth and a 301' western width and a total land area of 1.5 acres MOL or 65,340 SF. The elevations are from roughly 30' on Osceola to near 18'-20' at the edge of the bluff. The same utilities and public infrastructure exists for this parcel with Cleveland also having a center turn lane. Surrounding uses include the public library to the north, the recently converted 10-story Skyview condo with Cleveland Street retail to the east and a rear located parking deck plus grade level parking beyond to the north along with several upgraded mid-rise office buildings owned by the COS. This segment of the downtown includes a small grouping of less attractive older buildings fronting N. Ft. Harrison that are not a serious detriment but would likely require excessive prices to be acquired by adjacent owners for further redevelopment. As such, there are no known major value detriments for the subject or the immediate locale.

The Pierce/Osceola parcel has roughly 148' x 375' dimensions that per the legal description calculate to a 55,509 SF total site size or 1.27 Acres MOL. All public infrastructure and surrounding improvements are equal or typical of the City Hall parcel. The former lift station segment plus lower lands to the west are to be retained by the City.



ASSESSMENT AND TAX DATA:

Both the City Hall and Imagine Clearwater parcels include excess land and the City Hall improvements that do not match this assignment. The Pierce/Osceola parcel is assessed at \$2,402,418 excluding the lift station pad. None of the assessments are considered relevant as they are in public ownership.

DESCRIPTION OF THE IMPROVEMENTS:

The City Hall and supporting parking lot was developed in 1966 and reportedly are now slated for demolition. Per the Property Appraiser data, the building includes 24,614 SF of monumental quality in three stories and has been judged obsolete by city staff that has vacated the building and secured rental space in a downtown office tower.

ZONING AND LAND USE DATA:

The subject sites and the entire CBD are zoned D for Downtown and classified for CBD or Central Business District on the Comprehensive Land Use Plan. The zoning intention is to create a mixed-use development of residential, retail, office, beverage sales, restaurants, hotels/motels, etc. amongst public/institutional uses, which would customarily be found in a downtown area. The regulation creates a wide latitude of density, height and uses for larger assembled properties and the City has created multi-family density pools that are also available. The subject is located in the Downtown Core District where no height restriction exists and density is at 75 multi-family units per acre or 95 hotel units per acre with a maximum FAR of 4.0. Per the current request of the City Staff, the height of the Imagine Clearwater segment would be restricted to 86' above grade of the library in one scenario and then unlimited per code in another. Other specific requirements for the report include valuing City Hall A (1.16 acres) and City Hall B (1.58 acres) separately and then combined per the zoning regulations on all three configurations. Of interest to the assignment is a historical precedent that Water's Edge received extra density from the downtown unit density pool. The Pierce/Osceola parcel has been reduced in size by the western segment that is improved with a City lift station infrastructure.

HIGHEST AND BEST USE: (Defined in Addenda)

It is clear that the waterview potential is the major attraction for the subject bluff parcels as witnessed by the long-term historical demand. While many of the past projects have suffered financial problems after construction was complete, all ultimately sold out at the prevailing market prices. The best example is the Water's Edge condo fronting Osceola and Cleveland. It included 153 units with an average size of 1,976 SF with those located around the parking garage being notably smaller. The property also included Osceola Street level 10,000 SF of retail space. It was developed at an 82.2 per acre density on a 1.86 acre sized site with a total of 24 floors in the condo tower with a 3.73 FAR. This complex was originally priced near \$400.00 PSF on average during the 2007 construction. Subsequent to the legal problems, the complex sold out at roughly \$240.00 PSF average in 2010-2012 while re-sales in 2013, 2014 and the first two months of 2015 ranged from \$174.00-\$378.00 PSF and averaged roughly \$280.00 PSF for 14 transactions including two penthouses. 2016 closings (15) averaged \$276.00 PSF while 12 sales in 2017 averaged \$294.00 PSF, 10 sales in 2018 averaged \$297.00 PSF, 2019 sales averaged \$296.00 PSF and 11 sales in 2020 averaged \$361.00 PSF. As such, turnovers have been fairly consistent in volumes and average pricing with steady price increases. When originally developed, the site cost was allocated by the developer at \$56,139 per unit representing roughly 7.1% of the original average retail price of \$790,300 before the foreclosure.

The other major downtown complex that benefited from the high density zoning and density pool was the Station Square on Cleveland Street. It was developed with 126 units on top of a five-level parking garage that also included 100-spaces for public use that the city reimbursed at the contracted costs. The complex included 209,500 SF of gross living area plus 10,000 SF of first floor retail space on a 42,365 SF site that indicated a 4.95 FAR plus an approximate 130 PA density. The zoning allowed roughly 68 units with the balance being provided by the density pool and public parking incentive. The 2008-built building included 15 story total with 10 for the condos mounted on a five-story parking structure. This property also had financial problems and after foreclosure, the units sold during 2013-2015 at a \$136.00 PSF average for 1,100 to 2,600 SF and prices ranging from \$150,000-\$343,000. Six sales in 2020 averaged \$185.00 PSF. As such, this non-waterfront view property sold out at roughly 55% of the Water's Edge building during the same time period.

Subsequent to these examples, the two most proximate speculative developments included Victoria Place in Dunedin viewing into the city Marina and St. Joseph sound beyond a two-story grade level motel. The upper floor units then had favorable views with the balance simply having a popular location. This project included 30 condos over a parking garage plus 10,000 SF of grade level tourist retail spaces. The sellout followed the C.O. with unit pricing averaging \$362.00 PSF plus \$181.00 PSF for the base retail space sold to an investor. The site was valued by parties at \$2,000,000 or roughly 9.9% of the \$20,301,000 sell-out.

The other example includes the Belleview Place redevelopment of the former Bellevue Biltmore Hotel in Belleair that borders the Belleair Country Club golf courses and views into Clearwater Harbor from a bluff setting where roughly 60% of the planned units had restricted or no waterview but a highly desirable location. The original land price is difficult to pinpoint due to the long-term approval process and related legal costs. The result is a six-phase development of four mid-rise condos, townhomes plus a boutique historical hotel rehab of the previous structure. The first mid-rise of 26 units sold out at an average of \$430.55 PSF during 2018, with phase three closing out in 2020 at a \$517.00 PSF average and phase four under construction with only four units remaining at year-end 2020. The units include a \$3,750 benefit for golf course membership.

There is also a pending mixed-use complex on S. Ft. Harrison from Court to Chestnut that is tentatively planned for a hotel over parking deck with street-level retail and then condos above to benefit from the harbor view. At this point, no formal plans have been submitted while the land assemblage transactions have been completed. This proposal then if built would be the third complex to benefit from the zoning intensity in the downtown core.

Otherwise, the downtown Clearwater height scenario includes the office towers from 9 to 12 stories with one over a parking deck plus the former 1100 building has been converted to mix-use apartment/retail concept. It is 15 stories and had been built in 1972. The former ALF to the south of Pierce/Osceola is 13 stories and the existing Oak Bluffs is 15 stories with the Prelude 80 Condo on Rogers Street to the south being 15 stories. Essentially then, the Clearwater buildings are generally low-rise in character except for several early 1960s towers for office and subsidized housing (Prospect and Barbie Towers). When considering the past and recent trends, a true high rise on the City Hall parcel is not without precedent. While many of the largest towers had financial problems resulting from the shifting economy and related uneven financial markets, this scenario has not been common along the Gulf Beaches for the past decade and is

not likely there currently due to the continued demand for condos and hotel rooms in particular on Clearwater Beach. As such, a 75 PA density for the 2.74 acre City Hall C parcel would support 206 units before factoring in any density from the zoning or recognition of public parking spaces to meet the demand for the pending improvements for Imagine Clearwater along the bayfront. This site with roughly 300' of frontage toward the water would yield a similar ratio of prime units as Water's Edge while creating two phases with 150' of frontage would severely restrict the view potential in buildings perpendicular to the bayfront. An added benefit for a higher parking deck would be rising above the 75' height of the bridge. This described scenario then appears to support one large single building versus the two narrow structures. The offset for this scenario then, is the difficulty of securing financing for a single large building in spite of the view and the lavish public space being proposed. This in turn decreases the per unit land value due to the extraordinary risk and decrease in potential bidders for the property in the local market where past development has had mixed results.

Further, the Marina Bay 880 condo complex under development at Osceola Avenue and Seminole Street boat ramp includes mid-rise buildings with Clearwater Harbor views beyond a wet slip marina. There are two 8-story buildings over parking including 87 units plus 8 grade-level townhomes across the basin that are to be finished in June 2021.

There is also another waterview condo complex proposed on Edgewater Drive north of Sunset Point Road that will view into Clearwater Harbor beyond Edgewater Drive. This complex has received development approval but is not yet under construction. It will include some 80 units with six floors plus six 2-story penthouses.

The Skyview located at 5 Osceola Avenue was developed in an 8-story former bank building into 51 potential units that were redesigned in 33 units with several ranging from 2,732-20,826 SF. The dominant size averaged 1,470 SF ranging from roughly 900-1,500 SF. The development FAR then was near 3.0 with a new parking garage.

A favorable aspect of the current economy is the tax advantage for Florida versus New York, Chicago and California cities where projections include fleeing residents and businesses alike. This plus the **Opportunity Zone** for downtown Clearwater in the 2017 IRS tax overhaul would likely offset the noted risk factors to some extent.

Overall then, it appears that for potential condo development for the City Hall parcels would likely range from 75 to 85 units PA or from 206 to 232 units or say 220 units. A further advantage would include the city contribution of a large segment of a parking garage for public use that would elevate the building well above the city norm and likely near the Water's Edge height.

The value conclusion on a per unit basis would also apply to the smaller or Imagine Clearwater parcel where the 1.5 acres would support from 112 (1.5×75 equals 112) to 127 ($1.5 \times 85 = 127.5$) units or say 120 units for the no height restriction. The 86' height restriction would likely allow a seven-story building versus the 20+ stories for the 4.0 FAR. As such, the height restriction would likely be roughly 1/3 of the units or say 40 units.

Lodging units are an option here per the zoning but do not appear likely due to the mass of new/pending units on the beach plus at least one pending for the downtown at the courthouse on S. Ft. Harrison Avenue. I'm also apprised of two additional potential hotels in downtown near the office towers that at some future point may become a reality. The largest room night demand in downtown appears to be the COS that has controlled the vast majority of the long-term properties for the past several decades. Their membership growth plus demand from the Eye Clinic and Morton Plant Hospital appears likely to have increased downtown room night demand that may be met by the Courthouse proposal. As such, this concept does not appear likely for the subject parcels plus currently effective retail demand in downtown is only supporting the daily lunch crowd, COS members and a small variety of existing businesses and residents. While many of the recent mixed-use complexes added retail space, the leasing history has been spotty at best. These extra retail space requirements are likely a net negative for most projects as the sale/rental values do not appear to support the costs. The only proximate successful exception known to me was the Victoria Place facility in Dunedin where investors purchased the shell and conducted the lease-up in one of north Pinellas' best day-trip tourist markets that yielded no apparent loss to the developer. Additionally, the Nolen retail component has had no success while the APEX 2000 has a small amount of space including a new restaurant that opened recently.

The City Hall and Imagine (former Harborview Center) are considered to be the most prime of the three parcels due to their added site width (frontage) and exposure to the potential public space. The Pierce/Osceola parcel has similar development potential but is restricted by the relatively narrow width and exposure to the bridge. The size at 55,509 SF or 1.27 acres at 75 units per acre would support roughly **95 units**.

LAND VALUE ESTIMATE: City Hall C

This estimate considers the best known transactions in the greater Clearwater/Clearwater Beach district that would impact the subject value currently. The hypothetical conditions of complete demolition and approval but not completed public infrastructure have been factored in this analysis and could eventually improve the current demand/value. Quite obviously, a downturn in the economy (local, national and worldwide) would negatively impact these conclusions but that element has been considered in recognizing the development risk position. The sales are described below on separate detail sheets and then analyzed and adjusted in relation to the subject. Unless otherwise noted, they sold for cash or terms equivalent and did not require adjustment for cash equivalency. The sales are analyzed on a per unit and PSF basis that are the most common for vacant multi-family development properties.



LAND SALE #L-1

Location: East side of Island Way approximately 350' north of Windward Passage, Clearwater (Island Estates)

Legal Description: Lots 4-5, Island Estates of Clearwater, Unit 2, Plat Book 51, Page 32

Date of Sale: October 2015

Sales Price: \$1,800,000

Size: 196' x 200' MOL; .90 acres MOL

Price PSF: \$45.92

Price Per Unit: \$66,667

Grantor/Grantee: The Cepcot Corp./ARLIS Construction, USA, LLC

Recording Data: O.R. Book 18974, Page 1452

Sale Confirmed With: M. Chenault, Broker

Zoning: HDR, High Density Residential, Clearwater
(30 per acre maximum density)

Comments: This site had sold in December 2011 as a bank sale at \$1,250,000 and then resold to a foreign-based developer at the \$1,800,000 figure. As of late 2020, the site had not been developed and had been used in the interim for overflow parking by the Clearwater Marine Aquarium. The property had been on the market for roughly one year and was recently reduced to \$2,900,000/\$107,407 per unit or basically \$74.00 PSF. It is now pending sale near that level to a local developer for the previously approved 27 units, seven floor condo over parking that had represented the maximum density. The site fronts a navigable canal viewing across single-family residences plus is located directly across from the recently built Publix.

LAND SALE #2

Location: 7616 W. Courtney Campbell Causeway, Tampa

Legal Description: Part of Government Lot 1, located in Section 14, Township 29 south, Range 17 east (Folio # 094637.0100)

Date of Sale: April, 2016

Sales Price: \$11,750,000

Size: 4.7 Acres uplands, 5.31 Acres total (including wetlands)

Price PSF: \$57.27

Price per Unit: \$36,378

Grantor/Grantee: NAIDIP Tampa Bay, LLC/Seazen Rocky Point, L.P.

Recording Data: O.R. Book 24045, Page 1927

Sale Confirmed With: E. Ross, Broker

Zoning: P.D. Planned Development, Tampa

Comments: This marginally improved property (Chart House Restaurant of 12,678 SF built in 1995) was purchased for the development of a 323-unit apartment complex in three and six-story buildings including structured parking for 520 spaces. The site had been approved for a mixed use (multi-family, hotel and office) of 555,553 SF at a 2.375 FAR but will be developed at a 1.85 FAR due to this experienced buyer's assessment of the market demand. The site had some 695' of waterfrontage lined with mangroves and also allows a 33-space docking facility. Rocky Point is extensively developed with mixed hotel, office, retail and residential uses. The parcel had been listed for sale at \$13,950,000 and sold in roughly six months.

LAND SALE #L-3

Location: Southwest end of Skiff Point, Clearwater

Legal Description: Lots 33-34, Island Estates, Unit 5A, Plat Book 60, Page 51

Date of Sale: September 2016

Sales Price: \$1,100,000

Size: 87.3' frontage, 120 – 130' depth and 182.8' along the seawall;
17,760 SF or .41 acres

Price PSF: \$61.94

Price Per Unit: \$91,667

Grantor/Grantee: DDB Real Estate Investors, LLC/Farhad Nikjeh

Recording Data: O.R. Book 19361, Page 0145

Sale Confirmed With: C. Bjurquist, Grantor Broker

Zoning: MHDR, Medium High Density, Clearwater

Comments: This seawalled site has a cul-de-sac street location with the favored southwestern view into the adjacent waterway across from Clearwater Beach. This parcel had been a bank sale purchased in the late 2000s at \$485,000. It had been site planned for a 12-unit condo with four floors over parking and unit sizes from 2,318 to 2,765 SF and had been on the market during the prior several years at \$1,200,000. This buyer was an investor/developer of small condo complexes. The proposed units had been priced from \$750,000 to \$1,000,000 with four contracts falling in the \$800,000 to \$950,000 range and supporting an average price near \$350.00 PSF prior to this sale. The land price then represented an approximate 10.5% ratio to the projected gross sales ($\$1,100,000/\$10,500,000 = .105$). This buyer/investor during late 2018 had been attempting to sell the entitled site at \$200,000 per unit but during early Fall 2019 lowered the price to \$1,900,000/\$158,333 per unit and then to \$1,750,000/\$145,833 per unit in Fall 2020. The broker currently reports a pending contract with a 90-day closing.

LAND SALE #4

Location: Court, Chestnut, S. Ft. Harrison and Garden assemblage

Legal Description: Lots 28-33, Lot 34 and 52 S. of Court Street plus Lots 47-51, Court Square Subdivision, Plat Book 5, Page 53

Date of Sale: September 2017, January 2018 and April 2018

Sales Price: \$4,650,000 aggregate

Size: 43,775 SF platted plus vacations to potentially total 72,450 SF MOL

Price PSF: \$64.18-\$106.23 PSF

Grantor/Grantee: Besim Enterprises, et al./IBP Funding

Recording Data: O.R. Book 19788, Page 2678, Book 19920, Page 0869, Book 20000, Page 2284

Sale Confirmed With: K. Fuller, Broker

Zoning: D, Downtown, Clearwater

Comments: This assemblage required roughly 3 years to complete and included an older one story restaurant with parking, a three-story historic office building with parking and an older gasoline station. The latter had contamination/code violation problems that delayed the final closing. The City favored the effort due to the prime location that appeared ideal for a multi-story mixed-use complex with parking deck, ground-level retail, hotel and potential upper floor condos. The street/alley vacations are key to the concept and enticed the developers to proceed for what would be the first high rise after the Water's Edge complex at Cleveland and Osceola in the mid-2000s. The ultimate size of the parcel can be increased by highly likely vacations of an alleyway and dead-end street (Markley) that totals 12,275 SF plus an excess Court Street remnant and parking area of some 16,400 SF. There is also some potential for reducing the 100' right-of-way for S. Garden Avenue that is considered the least likely of the vacations.

LAND SALE #5

Location: 19337 US Highway 19, Clearwater, east side approximately 500' north of Harn Boulevard

Legal Description: Lots 2, 3 and Tract A, Arbor Shoreline Subdivision, Plat Book 137, Page 41-44

Date of Sale: October 2017

Sales Price: \$14,000,000

Size: 746,880 SF or 17.46 Acres MOL

Price PSF: \$18.74

Price Per Unit: \$38,889

Grantor/Grantee: Wilder, LLC./Bayside Apartments Owner, LLC,.

Recording Data: O.R. Book 19873, Page 0811

Sale Confirmed With: J. Gerlach, Broker

Zoning: US 19 Corridor, Clearwater

Comments: This site was improved with the waterview section of the Arbor Shoreline Office Complex that fronted Tampa Bay. The one and five-story buildings included some 137,000 SF built in 1981 plus supporting surface parking lots. The US 19 limited access roadway and the weak market in the 2010s to 2016 negatively impacted the viability of this complex that was acquired when having poor occupancy and requiring major upgrades to remain competitive. This purchaser had planned a new four-story apartment complex of 360 units accessed via easement off the US 19 service road. The demolition at the \$2.00-\$3.00 PSF cost will mostly be offset by the traffic impact fee credits while the extensive tree cover replacement represented an added development cost. The site was above the flood plain, had no wetland areas and allowed two of five proposed buildings plus the common areas to have Tampa Bay views.

LAND SALE #6

Location: SE corner of Edgewater Drive and Sunnydale Drive, Clearwater

Legal Description: Part of Lots 1-3, Sunnydale Subdivision, Plat Book 31, Page 12 plus part of Lots 2, 3, 5-8, Sunset Point and Replat, Plat Book 4, Page 56

Date of Sale: May, 2018

Sale Price: \$4,080,000

Size: 258' Edgewater frontage, 341' Sunnydale frontage plus 295' Sunset Point frontage; 124,319 SF or 2.85 Acres MOL

Price PSF: \$32.82

Per Unit: \$52,308

Grantor: S.O.S. of Tampa Bay, Inc./Edgewater Valor Capital, LLC.

Recording Data: O.R. Book 20069, Page 0904 and O.R. Book 20069, Page 0907

Sale Confirmed With: E. Ross, Broker

Zoning: T, Tourist, Clearwater RFH-Resort Facility High Land Use (30 per acre max M-F density) plus M.D.R. (Medium Density, Residential) (15 per acres) on .478 acres (78 total maximum)

Comments: This cleared site wraps around a former gas station at the NE corner of Sunset Point Road with views into Clearwater Harbor across Edgewater Drive plus into Stephenson's Creek across Sunset Point Road. The site had been on the market and under contract for several townhome complexes but was purchased here by a downtown Clearwater developer planning a mid-rise condo.

LAND SALE #7

Location: 708 N. Osceola Avenue, Clearwater (west side approximately 117' south of Seminole Street)

Legal Description: Metes and Bounds Parcel #42/03 located in the NW/4 of the SE/4 of Section 9, Township 29 South, Range 15 East

Date of Sale: May, 2018

Sale Price: \$2,080,000

Size: 135' x 295 MOL; .92 Acres MOL

Price PSF: \$51.87

Per Unit: \$65,000

Grantor: 708 Osceola Ltd. Ptshp./708 Holdings, LLC.

Recording Data: O.R. Book 20044, Page 0262

Sale Confirmed With: B. Andrus, Broker

Zoning: D, Downtown CBD Land Use, Old Bay Character District

Comments: This bluff pad-type parcel has an excellent view of the Seminole Street boat ramps and Clearwater Harbor beyond. It was acquired in a package of sites on either side of Seminole Street by an unannounced group attempting to control the lands surrounding the public boat ramp and adjacent north marina basin. It was improved with an older apartment complex housed in six buildings surrounding an open courtyard. The parcel had a maximum allowed multi-family density of 32 units with a 55' maximum height. At the same point in time a related entity purchased the northwest corner of N. Ft. Harrison and Seminole Street in two parcels having the same zoning/land use for \$2,134,000/\$24.64 PSF or at roughly 48% of the view parcel. This \$24.64 PSF sale had a distant view into the marina basin and beyond into Clearwater Harbor.

LAND SALE #8

Location: Northeast corner of East Shore Drive and Papaya Street, Clearwater Beach

Legal Description: Lots 8-12 inclusive, Block C, Clearwater Beach Park 1st Addition Replat, Plat Book 21, Page 21 plus east adjacent submerged lands together with Lots 10-11, Block B, Clearwater Beach Park 1st Addition, Plat Book 21, Page 21.

Date of Sale: August 2018

Sales Price: \$10,500,000

Size: 315' x 133.5' average plus 100' x 116' remote non-water across East Shore Drive; 53,653 SF uplands plus submerged lands

Price PSF: \$195.70

Price Per Unit: \$78,358

Grantor/Grantee: Louis Development, LLC/NESC, LLC

Recording Data: O.R. Book 20161, Page 2669

Sale Confirmed With: Grantor Rep.

Zoning: T, Tourist Clearwater RFH - Resort Facility High

Comments: This cleared seawalled parcel fronts Clearwater Harbor directly across from Island Estates and within the hotel district on Clearwater Beach. It had an approved site plan and density for a 134-room hotel plus a 50-slip marina. Development never advanced with this buyer receiving the entitlements and subsequently requesting a modest increase in the number of hotel rooms, part of which came from the beach density pool.

LAND SALE #9

Location: Northeast corner of Coronado Drive and 5th Street, Clearwater Beach

Legal Description: Lots 8, 9, 9-A and 10-14 Columbia Subdivision No. 3, Plat Book 27, Page 46, together with Lots 12-14, Block A, Columbia Subdivision No. 2, Plat Book 21, Page 79

Date of Sale: November 2018

Sales Price: \$8,800,000

Size: .962 Acres MOL

Price PSF: \$210.00

Price Per Unit: \$61,111

Grantor/Grantee: Dias Development, LLC./NPCW, LLC.

Recording Data: O.R. Book 20339, Page 0924

Sale Confirmed With: Grantor Rep.

Zoning: T, Tourist with development order for 144 room hotel

Comments: This site was improved with surface parking that provided cash flow to carry the property until it becomes feasible to develop. The site also includes waterfront seawall space across Hamden Drive to allow boat access for future development and added income currently for boat storage. This parcel had sold previously in February 2016 for \$5,800,000 to speculators. It was purchased here by a Sarasota area developer along with an East Shore Drive site that had been entitled for a waterfront hotel and adjacent marina. The resale of the site indicates a 51.7% increase over roughly 2.5 years or roughly 20% annually.

LAND SALE #10

Location: South side Gulf to Bay Boulevard, approximately 100' west of Bayview Avenue, Clearwater

Legal Description: Lot 1 less E 50' plus Lot 2 less W 153.92' and Lot 18 plus vacated Rogers Street, WM. Brown's Bayview Subdivision Plat Book H-1, Page 13

Date of Sale: October 2019

Sale Price: \$4,700,000

Size: 197.5' x 877' total 5.45 Acres total including 1.68 Acres submerged, 3.77 Acres upland

Price PSF: \$28.62

Price Per Unit: \$17,736

Grantor/Grantee: Wilder Corp. of Delaware/ BVT – Bainbridge Bayview Owner LLP.

Recording Data: O.R. Book 20716, Page 1134

Data Confirmed With: M. M. Gfesser, Grantee Rep.

Zoning: US 19, Clearwater

Comments: This site had been cleared of the previous 58-space Bayside Gardens Trailer Park and offered for sale/redevelopment for about one year at \$6,000,000. This buyer had a conditional development approval contract with reported current plans for a structured parking facility with roughly 265 units that will offer bay views for most apartments. The narrow/deep configuration is ideal for the concept as the east adjacent properties would not block views into Tampa Bay or beyond the Bayside Bridge. The \$17,736 per unit price is considerably below the Arbor Shoreline-Bainbridge purchase made in October 2017 at \$14,000,000/\$38,889 per unit that allowed on grade buildings and parking versus this site that required structured parking that allows a 70/acre density. The Arbor Shoreline site was developed at a 20.6 PA density (recorded O. R. Book 19873, Page 0 811).

LAND SALE #11

Location: 2975 Gulf to Bay Boulevard, Clearwater

Legal Description: West 153.92' of Lot 2, east 46.08' of Lot 3, east 70' of Lot 15 and Lots 16-17, W. M. Brown's Subdivision of Bayview Plat Book 1, Page 13 plus adjacent submerged lands in Tampa Bay

Date of Sale: November 2019

Sale Price: \$12,050,000

Size: L-shaped uplands 7.37 acres plus 6.5 acres submerged lands

Price PSF: \$37.53

Price Per Unit: \$30,200

Grantor/Grantee: Kirkpatrick Trust/ D. D. Gulf to Bay, LLC.

Recording Data: O.R. Book 20780, Page 2197

Data Confirmed With: D. Kirkpatrick, Grantor Rep.

Zoning: US 19, Regional Center, Clearwater

Comments: This parcel was marginally improved with a 1950s era trailer park where the tenants had been relocated prior to this transaction. There was an east-west road right-of-way that was to be vacated with the buyer required to seek the vacation. The site has been planned for a 399 unit apartment complex housed in two on-grade buildings separated by a parking garage. The wide section of the lot allowed excellent views of old Tampa Bay.

LAND SALES RE-CAP CHART

Sale #	Date Of Sale	Sales Price	Size In SF	# of Units	Overall Price PSF	Price Per Unit
L-1	10/15	\$ 1,800,000	39,200	27	\$ 45.90	\$ 66,667 C
L-1	12/20	\$ 2,900,000	39,200	27	\$ 74.00	\$107,407 C
2	4/16	\$11,750,000	204,732	323	\$ 57.27	\$ 36,378 A
L-3	9/16	\$ 1,100,000	17,760	12	\$ 61.94	\$ 91,667 C
L-3	12/20	\$ 1,750,000	17,760	12	\$ 98.54	\$158,333 C
4	9/17	\$ 4,650,000	43,775	N/A	\$106.23	N/A MU
4	9/17	\$ 4,650,000	72,450	N/A	\$ 64.18	N/A MU
5	10/17	\$14,000,000	746,880	360	\$ 18.74	\$ 38,889 A
6	5/18	\$ 4,080,000	124,319	78	\$ 32.82	\$ 52,308 C
7	5/18	\$ 2,080,000	40,100	32	\$ 51.87	\$ 65,000 C
8	8/18	\$10,500,000	53,653	134	\$195.70	\$ 78,358 H
9	11/18	\$8,800,000	41,905	144	\$210.00	\$ 61,111 H
10	10/19	\$ 4,700,000	164,221	265	\$ 28.62	\$ 17,736 A
11	11/19	\$12,050,000	321,037	399	\$ 37.53	\$ 30,200 A

A: Apartment | C: Condo | H: Hotel | MU: Mixed Use

LAND SALES ANALYSIS AND CONCLUSIONS:

Prior to analyzing these current transactions, the details of the Water's Edge acquisition are noted for reference to the adjacent location and ultimate mixed-use development that appears likely for the subject City Hall C parcel. The developer acquired the Water's Edge site plus the southwest corner of Pierce and Osceola from the First Baptist Church for \$15,000,000 and allocated the price to Phase 1-Water's Edge at \$8,589,230 for 81,060 SF or \$105.95 PSF plus \$56,139 per unit and \$6,410,770 to the Pierce/ Osceola parcel or roughly the same PSF price. That sale occurred at the peak of the early to mid-2000s market. In reality, that allocation was likely misleading as the Pierce Street parcel was relatively narrow with less intensive potential.

CITY HALL PARCELS A, B AND C:

The condo site Sales (#1, #2, #6 and #7) range in price from \$52,300-\$65,000 per unit along the northern waterfront at Seminole Street to Sunset Point Road with the 880 Marina Bay land cost similar but slightly lower than the proximate Land Sale #5. Land Sale #6 was located across the roadway from Clearwater Harbor while the 880 Marina Bay location has a prime water frontage on Clearwater Harbor and benefits from the adjacent marina basin. That complex is of similar size at 95 units as the Edgewater Drive parcel near 80 units. The 880 Marina Bay land acquisition included the existing Marina that if valued at from \$30,000-\$35,000 per slip would indicate a per unit price at roughly \$55,000. Condo Sale #1 and #3 during 2015-2016 ranged from \$66,667-\$91,667 with current contract pricing near the \$107,407-\$158,333 for relatively small projects offering waterviews and docking space. None of these examples are perfect fits for the City Hall parcel as a high rise similar to Water's Edge. The price for that original transaction for Water's Edge was at roughly \$8,600,000 when pricing was near \$400.00 PSF. The Bellevue Place pricing is now near \$500.00 PSF with the Marina Bay mid-rise buildings at a reported \$425.00 PSF average. On that basis then current retail pricing here would be expected near \$500.00 PSF or 25% higher than the original. Therefore, the original at roughly \$56,000 per unit price would adjust up at 25% to \$70,000 per unit. That appears to be realistic by comparison to the smaller scale mid-rise pricing near the low to mid \$50,000 range. While the smaller examples are not the best data for the downtown bluff location, added height and obvious municipal support are believed to justify the higher value metric. Therefore, it appears that the 220 units at the \$70,000 figure represents fair market value for the entire City Hall parcel. While the improvements are in place, they have been assumed to be demolished for this report with the building square footage creating traffic impact fee credits for any new development.

City Hall C Parcel

220 units @ \$70,000 per unit = \$15,400,000

The City Hall A value has the most prominent view with wide frontage along Clearwater Harbor. The smaller scale then would likely yield a higher price point due to reduced developer risk for roughly 93 units. Condo Sale# 7 at \$65,000 plus the pending Sale #L-3 near \$150,000 per unit influence this concept as well as the 880 Marina Bay near the mid-\$50,000 per unit range along with Condo Sale #6.

From a review of this data along with the added height and likely municipal support, I would value this parcel near the \$80,000 per unit metric.

City Hall A Parcel

93 units @ \$80,000 per unit = \$7,440,000

ROUNDED TO = \$7,500,000

The City Hall B parcel that has only a partial waterfront view but proximity to the new space in downtown center of activity would be at roughly 75% of the prime frontage or \$60,000 per unit for the 127 units.

City Hall B Parcel

127 units @ \$60,000 per unit = \$7,620,000

ROUNDED TO = \$7,600,000

From the lodging unit perspective the two beach examples at from the low to mid \$60,000 per room metric would indicate the subject at roughly 75% of the \$62,500 average or \$46,875 per room. The 95 per acre density would allow up to 260 rooms (2.74 @ 95 = 260) or potentially two hotels with a potential total value of roughly \$12,000,000 (260 rooms @ \$46,875 = \$12,187,500) that falls below the condo concept as supported by the adjacent Water's Edge complex.

From the apartment concept, the recent sales along Tampa Bay fell in the \$30,000-\$40,000 per unit range with the implied structured parking here likely supporting something near \$40,000 per unit due to the superior view into Clearwater Harbor versus Tampa Bay. The 75 per acre density then for the 2.74 acres would indicate an approximate 200 unit complex that is popular with apartment developers as a minimum. This use, however, would only yield an approximate \$8,000,000 total value for the City Hall parcel that falls well below the condo concept.

The City Hall A, B and C summary then would be as follows:

City Hall A: \$ 7,500,000/\$80,000 Per Unit

City Hall B: \$ 7,600,000/\$60,000 Per Unit

City Hall C: \$15,400,000/\$70,000 Per Unit

IMAGINE CLEARWATER: LIBRARY

This parcel unrestricted would have the same relative value as the City Hall A concept at \$80,000 per unit for the gross density at 116 units with the height restrictions reducing the gross density to 60 units that due to the smaller scale would be valued at roughly \$95,000 per unit.

Imagine Clearwater Library Parcel:

No Height: \$9,300,000/\$80,000 per unit

86' Height: \$5,700,000/\$95,000 per unit

IMAGINE CLEARWATER: PIERCE/OSCEOLA PARCEL

While this parcel is considered to be the least valuable for condo use, it simply may be the last parcel acquired of this group. By comparison to the City Hall values at \$80,000 per unit for the similar sized City Hall A section, this parcel appears to have a \$55,000-\$60,000 per unit value at roughly \$5,500,000 (95 Units @ \$57,500 = \$5,462,500). Alternately, if lodging was viewed as being likely the beach sales appear to support a \$40,000-\$45,000 per room value or a rounded \$5,100,000 (120 rooms @ \$42,500 per room = \$5,100,000). Apartment values would appear realistic at \$35,000-\$40,000 per unit or a rounded \$3,600,000 (95 units @ \$37,500 per unit = \$3,562,500). Parking is also a practical potential use here but financial feasibility use does not appear likely in spite of being cost driven for public uses. In conclusion then, the condo value metric represents my final conclusion.

Imagine Clearwater: Pierce/Osceola Parcel

\$5,500,000/\$57,500 Per Unit

ADDENDA

QUALIFICATIONS OF THE APPRAISER
JAMES M. MILLSPAUGH, MAI

APPRAISAL EXPERIENCE:

Appraisal experience in Pinellas County, Florida since 1968 when associated with Ross A. Alexander, MAI of Clearwater. Formed James Millspaugh & Associates, June 1980, in Clearwater. The firm concentrates the majority of its appraisal activities in Pinellas County with experience throughout the Tampa/St. Petersburg/ Clearwater MSA.

APPRAISAL PLANT DATA:

In addition to maintaining its location near the main Pinellas County Courthouse complex for easy access to governmental offices and the official public records maintained in the Clerk's office for in-depth background research, the firm maintains Marshall Valuation Service Cost Data, online real estate transactions from RealQuest as provided by CoreLogic and MLS sales data provided by MFR.MLSMatrix plus national surveys on lodging, food service, offices, industrial parks, mini-storage, shopping center markets, investor return rates and others.

COMMERCIAL APPRAISAL ASSIGNMENTS performed include golf courses, postal facilities, commercial buildings, shopping centers, warehouse/manufacturing buildings, mobile home and R.V. parks, financial institutions, nursing homes, motels, timeshares, restaurants, houses of worship, office buildings, apartment buildings, commercial and residential condominium projects (both proposed and conversions), marinas, theaters, fraternal buildings, school facilities, seaport facilities, railroad corridors, easements, leasehold and leased fee estates, life estates, vacant sites, including environmentally sensitive lands, and condemnation cases involving partial and total takings. Feasibility/market studies have been performed for industrial, office, retail, residential and timeshare markets.

APPRAISAL EDUCATION:

American Institute of Real Estate Appraisers (AIREA) courses successfully completed:

I-A: Basic Principles, Methods and Techniques - 1973

VIII: Single Family Residential Appraisal - 1973

I-B: Capitalization Theory and Techniques - 1974

II: Urban Properties - 1975

IV: Condemnation - 1978

: Standards of Professional Practice - 1992, Parts A & B

Society of Real Estate Appraisers (SREA) courses successfully completed:

301: Special Applications of Appraisal Analysis – 1980

JAMES M. MILLSPAUGH, MAI

(Qualifications Continued)

RECENT SEMINARS ATTENDED: Sponsored by The Appraisal Institute

Valuation of Wetlands, 2004.

Commercial Highest and Best Use – Case Studies., 2005.

Uniform Standards (Yellow Book) for Federal Land Acquisitions, 2007.

Condominiums, Co-Ops and PUDS, 2007.

Analyzing Distressed Real Estate, 2007.

Appraisal Curriculum Overview, Two-Day General, 2009.

Cool Tools: New Technologies for Real Estate Appraisers, 2010.

Valuation of Detrimental Conditions, 2010.

Analyzing Tenant Credit Risk/Commercial Lease Analysis, 2011.

Fundamentals of Separating Real and Personal Property and Intangible Business Assets, 2012.

Marketability Studies: Advanced Considerations and Applications, 2013.

Lessons From the Old Economy: Working in the New, 2013.

Critical Thinking in Appraisals, 2014.

Litigation Appraising, 2015.

Webinars on the FEMA 50% Rule, Wind Turbine Effects on Value and Contamination and The Valuation Process, 2015.

Business Practice and Ethics, 2017.

Parking and its Impact on Florida Properties, 2018.

Solving Land Valuation Puzzles, 2018.

Insurance Appraisals, 2018.

Evaluating Commercial Leases, 2019.

Artificial Intelligence, AVMs and Blockchain, 2019.

Appraising Donated Real Estate Conservation Easements, IRS, 2020.

Florida State Law Update, 2020.

National USPAP Update, 2020.

EDUCATION:

Bachelor of Science in Business Administration, University of Florida

Associates of Arts, St. Petersburg Junior College

PROFESSIONAL AFFILIATIONS AND CERTIFICATION

Member: Appraisal Institute with the MAI designation, Certificate #6087, awarded April, 1980. Mr. Millspaugh is a past President of The Gulf Atlantic Florida Chapter of the AI (formerly Florida Chapter No. 2), served as an admissions team leader for the West Coast Florida Chapter, is the past Chairman for the National Ethics Administration Division of the Appraisal Institute and served as the Region X Member of the Appellate Division of the Appraisal Institute. Mr. Millspaugh is a State-Certified General Real Estate Appraiser (RZ58) and has served as a pro-bono expert witness for the Florida Real Estate Appraisal Board.

Member: Pinellas Realtors Organization, National Association of Realtors

Note: The AIREA and SREA merged into one organization on January 1, 1991, that is now known as the AI - Appraisal Institute

STANDARD DEFINITIONS

HIGHEST AND BEST USE:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximal productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an assets existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards For Federal Land Acquisitions)

FEE SIMPLE ESTATE: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

LEASEHOLD INTEREST: The right held by the lessee to use and occupy real estate for a stated term and under conditions specified in the lease.

LEASED FEE INTEREST: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

REPLACEMENT COST: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design and layout.

REPRODUCTION COST: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.

2. Appraisal Institute, The Dictionary of Real Estate Appraisal - Sixth Edition, 2015. pages 109, 90, 128, 197 and 198.