

APPRAISAL REPORT

**FORMER AUTO INSPECTION FACILITY
2150 RANGE ROAD
CLEARWATER, FLORIDA 33765**

DATE OF VALUATION

NOVEMBER 13, 2020

PREPARED FOR:

**MR. ROBERT BRZAK
CITY OF CLEARWATER
REAL ESTATE SERVICES COORDINATOR
CLEARWATER, FLORIDA 33756
E-MAIL: ROBERT.BRZAK@MYCLEARWATER.COM**

PREPARED BY:

**JAMES M. MILLSPAUGH, MAI
JAMES MILLSPAUGH & ASSOCIATES, INC.
110 TURNER STREET
CLEARWATER, FL 33756-5211**

JAMES MILLSPAUGH & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS
LICENSED REAL ESTATE BROKER

110 TURNER STREET, CLEARWATER, FLORIDA 33756-5211 PHONE: (727) 461- 2648 FAX: 442-8922

E-MAIL: jim@millspaugh-appraisals.com | WEBSITE: www.millspaugh-appraisals.com

November 27, 2020

Mr. Robert Brzak
City of Clearwater
Real Estate Services Coordinator
Clearwater, Florida 33756
E-Mail: Robert.Brzak@Myclearwater.Com

Re: Former Auto Inspection Facility
2150 Range Road
Clearwater, Florida 33765

Dear Mr. Brzak:

At your request, I have made a appraisal report of the market value of the fee simple estate of the above referenced real property only. The property and methods utilized in arriving at the final conclusion are fully described in the attached report, which contains 22 pages and Addenda.

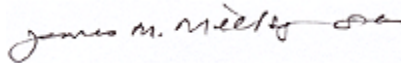
This Report has been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation. The report and final conclusion are subject to all attached Contingent and Limiting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

I have made a careful and detailed analysis of the subject property and after analyzing the market data researched for this report, it is my conclusion that the estimated market value of the referenced real property only subject to the stated limitations, definitions and certifications as of November 13, 2020, was:

FIVE HUNDRED EIGHTY THOUSAND DOLLARS
(\$580,000)

Respectfully submitted,

JAMES MILLSPAUGH & ASSOCIATES, INC.



James M. Millspaugh, MAI
JMM:sg

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

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	
Table of Contents	
Site Photographs	

DESCRIPTIONS, ANALYSES AND CONCLUSIONS

Identification of the Property	1
Census Tract Location/Zip Code	1
Flood Zone Location	1
Environmental Audit Data	1
Objective and Intended Use/Users of the Appraisal	2
Exposure Period Estimate	2
Statement of Ownership and Recent Sales History	2
Scope of the Appraisal	2
Definition of Market Value	3
Standard Contingent and Limiting Conditions	3
Certification	6
Area Description	7
Site Data	9
Assessment and Tax Data	9
Zoning and Land Use Data	10
Description of the Improvements	10
Highest and Best Use	12
Income Approach	13
Sales Comparison Approach	15
Sales Comparison Analysis and Conclusions	21
Reconciliation	22

ADDENDA

Qualifications of the Appraiser	
Standard Definitions	
Comparable Rental Data	

EXISTING CONDITIONS

FORMER AUTO INSPECTION FACILITY
2150 RANGE ROAD
CLEARWATER, FLORIDA 33765

DATE OF PHOTOGRAPHS: NOVEMBER 13, 2020



FRONT BUILDING VIEW FROM ENTRANCE LANE



BACK BUILDING VIEW FROM DRIVE LANE

EXISTING CONDITIONS

FORMER AUTO INSPECTION FACILITY
2150 RANGE ROAD
CLEARWATER, FLORIDA 33765

DATE OF PHOTOGRAPHS: NOVEMBER 13, 2020



ACCESS LANE VIEW FROM RANGE ROAD



RANGE ROAD STREET SCENE LOOKING EAST BEYOND SUBJECT ON LEFT

IDENTIFICATION OF THE PROPERTY:

The site fronts the north side of Range Road approximately 650' west of Belcher Road near the eastern boundary of the Clearwater Industrial Park market and borders the active railroad right-of-way. It is legally described in brief by the Property Appraiser's office and in detail at O. R. Book 13004, Page 1614.

Part of lots 14-15, Pinellas Groves Subdivision in the NE/ 4 of the
NE/ 4, Section 12, Township 29 South, Range 15 East.

CENSUS TRACT LOCATION/ZIP CODE:

#267.03/34765

FLOOD ZONE LOCATION:

Pinellas County, Florida

Map #: 12103C0126G

Effective Date: 9/03/03

The subject and adjacent lands located south of the railroad right-of-way are located in a zone X, that is not a special flood hazard area.

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. The past use as an auto inspection station that had automobile lifts plus the current use for storage/maintenance of municipal fire equipment would prompt a level one audit at a minimum.

OBJECTIVE AND INTENDED USE/USERS OF THE APPRAISAL REPORT:

The objective of the appraisal report is to estimate a current market value in fee simple of the real property only (no movable personal property or equipment value) as of November 13, 2020 (date of inspection and photographs). It is my understanding that the intended use of the report is for guidance to city officials in a potential sale of the property and that the intended users are city representatives and no others.

EXPOSURE PERIOD ESTIMATE:

This is the past period of time required to have sold the subject property at my value estimate on the appraisal date. Given the continued strong light industrial market during the past several years and in particular during the COVID-19 pandemic beginning in the first quarter 2020, this period would have been in the one to three months range. Light industrial demand has accelerated in 2020 with the modest interest rates increasing the purchase demand and not negatively impacting leasing. Further, there is no expected change for this scenario during the short-term (0-1 years) foreseeable future.

STATEMENT OF OWNERSHIP AND RECENT SALES HISTORY:

This property is owned by the City of Clearwater that acquired title in August 2013 at a \$635,000 recorded purchase price (O. R. Book 13004, Page 1614).

SCOPE OF THE APPRAISAL:

The extent of my research effort for this property has focused on the proximate north county light industrial market for the sale/lease of similar facilities while I am familiar with and have considered data located throughout Pinellas County. Specifically, I have researched the public records through the Pinellas Clerk's and Property Appraiser's data bases, the local MLS data, various business periodicals and my newspaper clipping files. I have inspected the noted market area, viewed the comparable leases and sales comparisons and verified the details of these transactions with a related party. The report will include Income and Sales Comparison approaches, which are the most reliable for this property type.

DEFINITION OF MARKET VALUE: ¹

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 U.S. 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 Report 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 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 ureaformaldehyde 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 ureaformaldehyde 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.

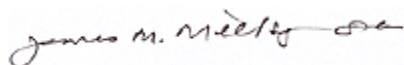
The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser(s) has (have) not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance 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 (have) 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 market value of the fee simple estate of the subject real property only as of November 13, 2020, was:

FIVE HUNDRED EIGHTY THOUSAND DOLLARS
(\$580,000)



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

AREA DESCRIPTION:

This area is Clearwater's major light industrial district and extends generally from Palmetto Street north to just below Sunset Point Road and from Belcher Road west to about ½-mile west of Hercules Avenue. It began development in the 1960s, today is approaching build-out and has benefited from increased demand due to the shifting of industrial uses from the central business and hospital districts located near downtown Clearwater. This otherwise stable industrial district suffered from the economic/market contraction from late 2008 through 2011 and stabilized during the past several years as evidenced by increased rental rates and reduced vacancy levels plus the 200,000 SF expansion of the Instrument Transformers (now General Electric) facility located west of Hercules Avenue. As such, the subject location in this district is considered to create a positive value benefit for the short and long-term outlook.

In terms of light industrial user requirements, there is above average roadway access with rail being here, but not generally in demand, and a small municipal airport is located on Hercules Avenue about ¼-mile west of the subject. Complete public utilities are generally available and major storm drainage projects on the Alligator Creek drainage basin have improved the district in general. The zoning/land use classifications have discouraged heavy industrial uses which, in turn, have benefited the surrounding housing stock, which holds an excellent labor supply. While light industrial/assembly uses are common to the district, it also includes a growing local service firm base and otherwise limited distribution warehouses. These latter uses have mostly opted for mid-County or Tampa locations and, as such, basic warehouse space here is in relative short supply.

One of the most attractive features of the Clearwater Industrial Park is its proximity to popular Clearwater and Beach residential districts where many CEOs of smaller firms prefer to live. That same rationale had also benefited the demand for proximate office space that now is negatively impacted by the Covid-19 pandemic due to the work from home (WFH) trend. Given the light industrial character of this district, the pandemic is not expected to negatively impact the subject. A pending major light industrial development on the Landings Golf Course had been announced in mid-2019 with continuing efforts currently to increase the supply of space here. At this point in early fall 2020, a city-wide referendum has stopped the development, however, it was strong evidence of the area's potential demand.



SITE DATA:

The subject site is a flag-shaped parcel having 100' of road frontage with a western depth of 414.72' to the railroad tracks, 268.76' diagonal along the tracks, then 151.38' on the east, 159.01' on the south and then 187.27' south to Range Road. Total land area per these dimensions and by the Property Appraiser is 67,405 SF or 1.55 acres MOL.

The site is basically level with a slight slope to the east, is even with adjacent lands and above the roadway and railroad parcel. As such, it has no apparent storm drainage problems and has standard public (water and sanitary sewer) plus private (electricity, telephone and cable TV) utilities available at no offsite costs. Range Road is a narrow two-lane with minimal improvements that is a local service road between Hercules Avenue and Belcher Road that has no traffic signals. Surrounding properties include a modern multi-unit shop space to the south and west with a power company storage yard beyond to the south and then older light industrial/storage yards to the north beyond the railroad tracks. This railroad line is lightly used and the only remaining active line in Pinellas County. To my knowledge there is only minor active use for any adjacent site in this market with most being located in mid-County and St. Petersburg. As such, it likely is of little benefit to the subject but does not appear to be a detriment as it acts as a dike for storm drainage problems that have been common to the north.

Overall, the flag-shape is ideal for the former auto inspection station but otherwise restricts the land use along this roadway that has among the least attractive improvements in this market. As such, the relative land value here would likely be below average for the district.

ASSESSMENT AND TAX DATA:

<u>Pinellas County Parcel #</u>	<u>Assessment</u>	
	<u>2019</u>	<u>2020</u>
12-29-15-70182-100-1501	\$715,373	\$753,360

Given the exempt status for municipal ownership, these figures are not market tested and basically reflect land values and cost levels.

ZONING AND LAND USE DATA:

The site and adjacent warehouse facilities are zoned IRT - for Industrial, Research, Technology by the City of Clearwater and classified as Industrial General - IG on the Comprehensive Land Use plan. These basic rules allow a .75 FAR (floor area ratio) and a .95 ISR (impervious surface ratio) with most uses requiring a 10,000 SF minimum lot size with 100' minimum width, setbacks of 20' front, 10' side/rear plus a 50' height maximum. Without benefit of a site survey, it appears the improvements are conforming to the regulations.

In addition to traditional light manufacturing plus wholesale/distribution, there is a list of 35 level one uses allowable for this district including extensive public/utility infrastructure, recreation uses, veterinary clinics, self storage, entertainment venues and others. These more intense uses require larger sites and parking ratios while the typical light manufacturing/warehouse function requires 1.5 spaces per 1,000 SF.

DESCRIPTION OF THE IMPROVEMENTS:

These comprise a former 1991-built one-story metal auto inspection facility that housed five drive thru lanes in 6,150 SF (82' x 75') plus support offices in 1,725 SF (23' x 75'). The basic shell is unchanged with previous inspection equipment/car lifts removed and a 38' x 50' section for three lanes on the western side of the building walled off with drywall firewalls to the roof cover. The support space includes four offices, reception with break room area, one five-piece restroom off the storage lane with two showers, two two-piece off the reception area plus a utility/electric room. The restrooms/office access appear to be ADA compliant. The following summary of building details was compiled by me during my inspection.

Foundation System: Reinforced concrete footers supporting concrete block foundation walls to level of thickened floor slab to handle heavy vehicles.

Structural Framework: Three interior and two exterior steel I-beam frame supporting steel roof and wall panels. The eave height appears to be near 16' with a slight center pitch to east and west walls. The support space has non-load bearing walls and added firewalls go to the roof but are not load bearing.

Weatherproofing: Exterior walls and roof deck on metal panels with roof insulation, multiple ceiling/wall vents fans and storm gutters on east and west sides.

Opening Components: 10 rollup (not electric) doors serving the previous five drive through lanes, one store front door into reception area and several metal grade level doors.

Utilities: Ample electrical service for extensive equipment, industrial/fluorescent lighting and outlets in warehouse, two HVAC units in support space with fluorescent lighting and outlets. The restrooms appear to be ADA compliant and there is a small sink in the reception room.

Finishes: The support space has drywall, dropped acoustical tile, vinyl base, wooden doors and trim and minor cabinetry in the reception area. Flooring is a mix of vinyl tile and carpeting in offices.

Site Improvements: These include asphalt paved front/entrance parking for 15 ± spaces, 5 wide drive lanes circling the building with curbing around the building all served by onsite storm retention pond. There is a small frame walkway for the northern grade door and fenced open area for trash containers and the back canopy that holds a used oil storage tank.

The improvements are in average condition with the basic structure comprised of mostly original components. Clearly, after the City purchase in 2003, the firewalls were added to enclose the western 1/2 of three lanes with all roll-up doors remaining. The finished support space shows its lack of recent use and requires some flooring, stained ceiling tiles but no significant deferred maintenance. The basic metal structure exhibits no damage while the east storm gutters are rusted and leaking, and several roof edges show rusting/leaking. The insulation is in reasonably good condition as is the paving/storm pond while the paving requires sealing and minor repairs.

HIGHEST AND BEST USE: (Defined in the Addenda)

After a thorough building and area inspection, it is my conclusion that the existing improvements represent this concept. They are **physically possible** being built of flexible metal construction to the 16' eave height and being supported by a well sized site to allow a .117 FAR ($7,875 / 67,405 = .117$). The layout is ideal for auto/bus service or a contractor storage yard. Further, it would be ideal for any shipper/delivery service for truck storage/service purposes. All of these concepts can benefit from the tucked away type location on a flag-shaped lot and each plus the existing improvements appear to meet or exceed the zoning requirements and as such the improvements are **legally allowed**. In terms of the **financially feasible** concept, the improvements have been in mostly steady use with the now small supply of space in a continuing healthy market, these special purpose type improvements are likely the **maximally productive** use concept.

If the site was vacant it would be in great demand of some form of light industrial concept that typically develops up to a .3-.4 FAR or from 20,000- 27,000 SF.

INCOME APPROACH:

This approach values the property on the basis of its potential rental income, related operating expenses and how the resulting Net Operating Income (NOI) would sell in the current investment market. The subject while setup for potential auto service or distribution, would require tenant improvements for most concepts plus a likely new roof cover and upgrade to the paving/site improvements. The roof at \$55,000 plus \$15,000-\$20,000 for the site work and office cosmetics at roughly \$10.00 PSF or \$17,000 would be required to attract a tenant at current market rental rates. The \$89,500 costs would require an administrative fee of 15% to a rounded \$103,000. The quoted data in the Addenda appears to support an IG - industrial gross lease rate near \$10.00 PSF or \$78,750 annually. A typical vacancy allowance in the park is realistic near 5% of gross rentals.

Operating expenses would include real estate taxes that would be reasonable at 80% of the \$90.00 gross value near \$700,000. At a projected \$560,000 assessment and the current millage rate of \$20.586 gross taxes would be roughly \$11,500 or \$11,000 if paid early. Insurance costs are estimated at \$0.75 PSF or \$5,900 and maintenance at \$0.20 PSF or \$1,600. Building reserves for replacement of HVAC (\$3,000), roofing (\$55,000), paving (\$15,000), based on a 25-year cycle would be at \$2,900 ($73,000 / 25 = 2,920$) or roughly \$0.35 PSF that is common for this type of facility. Management/leasing for a single-tenant building would be at 4%. With these inputs then a projected income/expense statement would be as follows:

Projected Income/Expense Statement
2150 Range Road, Clearwater 33765
As Of November 13, 2020
(#s Rounded To Nearest \$100)

Building Rental: 7,875 SF @ \$10.00 PSF =	\$78,700
Less: Vacancy and Collection Loss – 5%	<u>\$ 3,900</u>
Effective Gross Income	\$74,800
Operating Expenses:	
R. E. Tax	\$11,000
Insurance	\$ 5,900
Maintenance	\$ 1,600
Reserves	\$ 2,900
Management/Leasing	\$ 3,000
Total Landlord Expenses	<u>\$24,400</u>
Indicated NOI	\$50,400

The next step of the process is to estimate a cap rate from investment sales data quoted below. The cap rate is a simple ratio between NOI at the time of sale and the sales price. The vast majority of the recent market activity has been for user properties and not investors seeking cash flow. Recent examples known to me are summarized here.

Date Of Sale	Address	Sales Price	Price PSF	Cap Rate*
1/17	Oakleaf Center, Largo	\$2,137,500	\$ 51.17	8.9%
1/19	107 Dunbar Avenue, Oldsmar	\$1,400,000	\$ 64.43	7.9%
7/19	985 Harbor Lake Drive, Safety Harbor	\$1,325,000	\$ 76.11	6.8%
1/20	39701 Pipkin Road, Lakeland	\$1,565,000	\$130.03	7.9%

* Adjusted for building reserves and management

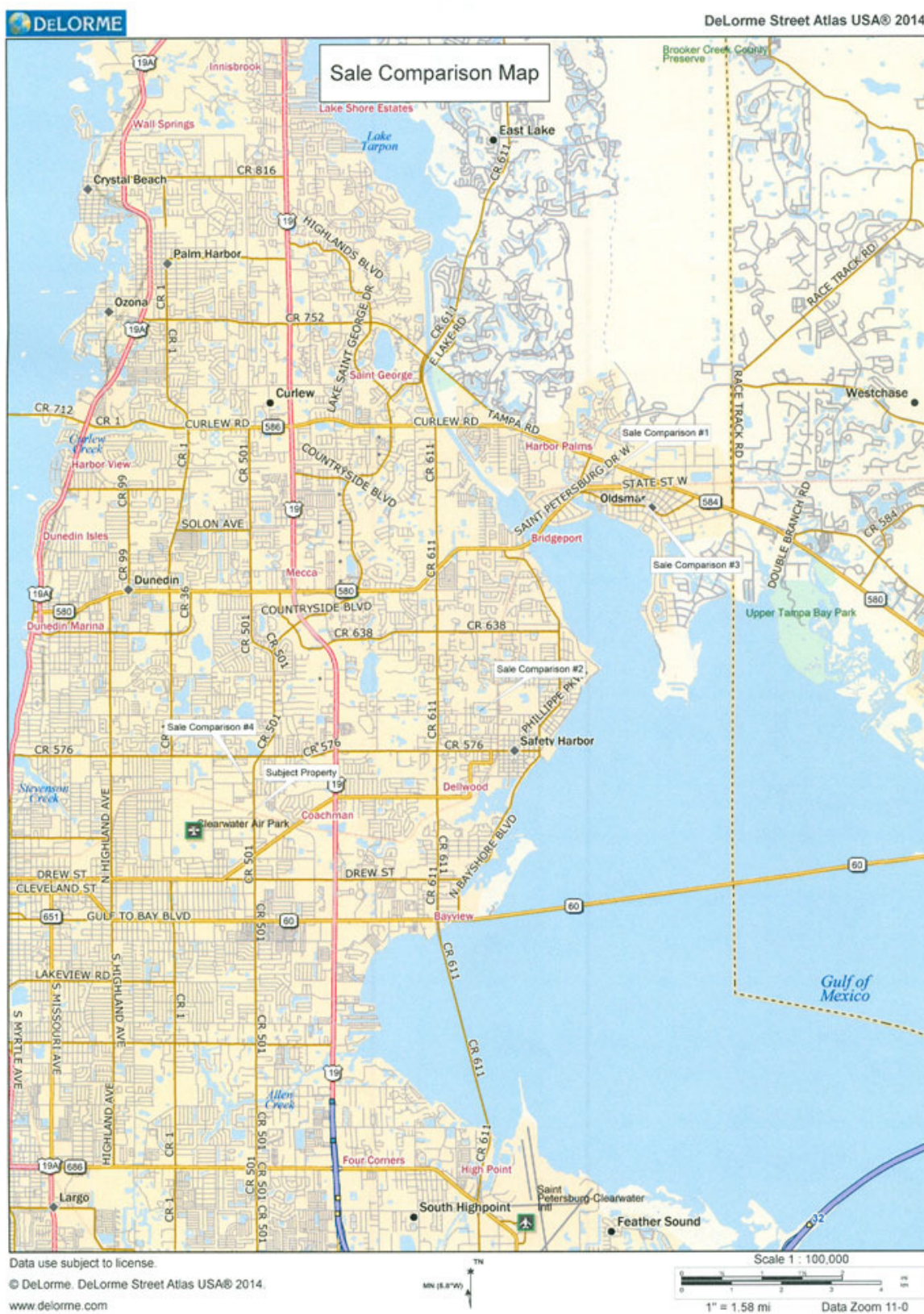
Additionally, rates quoted in the 4th quarter (3rd quarter data) Investor Survey compiled by Realtyrates.com reported for Industrial, Warehouses and Distribution Centers have ranged from 4.42%-12.61% with a 8.08% average. This is a survey of professional management, brokerage and appraisal firms active in this market segment. There was also an example of a sale/leaseback of a 94,000 SF facility at 9300 114th Avenue N., Largo (Nautical Structures), that sold at \$6,000,000 based on a \$480,000 NOI or at an 8% cap rate that reflected market rental rates for this late 1990s-built facility. The sale reflected a \$63.82 PSF price (recorded O. R. Book 21023, Page 0992). These transactions are oftentimes overpriced in relation to the actual market sales.

After review of this best available data and its relationship to the subject risk level, I would project an 7.5%-8.0% cap rate as being market level.

Projected NOI		\$50,400
-----	=	-----
Capped at 7.75%		.0775
Indicated Value =		\$650,323
Less: Repair Costs =		<u>\$103,000</u>
Indicated "As Is" Value =		\$547,323
ROUNDED TO =		\$550,000

SALES COMPARISON APPROACH:

This analysis values the property by direct comparison to the most similar property sales during the recent past. They are described here on separate detail sheets and then analyzed and adjusted below in relation to the subject. Unless otherwise noted, they sold for cash or terms equivalent and did not require adjustment for cash equivalency. The most common value metric is the overall price PSF including the underlying site.



SALE COMPARISON #1

360 MEARS BOULEVARD, OLDSMAR
OCTOBER 7, 2020

Sales Price: \$930,000 (\$744,000 C. MTG.)

Date of Sale: February 2019

Grantor/Grantee: T. F. Foley/JJBC Holdings, LLC.

Recording Data: O.R. Book 20440, Page 0463

Sale Confirmed With: L. Gilbert, Broker

Land Size and Value: 179' x 125' Plus 143' x 145'; \$400,000

Description of the Improvements: 1995-built, metal office/warehouse building including 9,400 SF of which 1,230 SF was in office space. The building was in very good condition sited on a double lot that provided side fenced storage and open front parking and building access. The building is single-tenant and was purchased by a construction service company.

Overall Price PSF: \$98.94 ($\$930,000/9,400 = \98.94)

SALE COMPARISON #2

1185 CEDAR STREET, SAFETY HARBOR
OCTOBER 7, 2020

Sale Price: \$539,000

Date of Sale: October 2019

Grantor/Grantee: Safety Harbor, LLC./Harrison Hardy Holdings, LLC.

Recording Data: O.R. Book 20739, Page 2011

Sale Confirmed With: BHHS FL Property Group, MLS

Land Size and Value: 75' x 205'; \$95,000

Description of the Improvements: 1987-built, metal office/warehouse including 6,250 SF of which 1,950 SF was in office space. There is restricted rear yard space with minor front parking (6+) and side drive lane. The building is single tenant design and was acquired by a small contractor for use. It has a cramped site on a side street across from residential uses. The improvements were in good basic condition with mostly original components.

Overall Price PSF: \$86.24 ($\$539,000/6,250 = \86.24)

SALE COMPARISON #3



500 MARLBOROUGH STREET, OLDSMAR
OCTOBER 7, 2020

Sale Price: \$535,000 (\$491,670 SBA Mtg.)

Date of Sale: October 2019

Grantor/Grantee: D.G. Dunn Estate/J. Frelland, LLC.

Recording Data: O.R. Book 20732, Page 1714

Data Confirmed With: M. Gainer, Broker

Land Size and Value: 250'x 66'; \$135,000

Description of the Improvements: 1970-built (2007 upgraded) metal office/warehouse building including 6,322 SF with some 1,848 SF of office and mezzanine storage. The site is completely fenced but crowded with the building having multiple doors and heavy electric and 21' eave height. There is minor front parking plus a fenced side yard storage area.

Overall Price PSF: \$84.63 ($\$535,000/6,322 = \84.63)

SALE COMPARISON #4

FORMER ONE BLOOD BUS DEPOT
2165 CALUMET STREET, CLEARWATER
NOVEMBER 13, 2020

Sales Price: \$759,000

Date of Sale: August 2020

Grantor/Grantee: One Blood, Inc./Depco Pump Co., Inc.

Recording Data: O.R. Book 21105, Page 0905

Sale Confirmed With: J. Tyson, Grantee Rep

Land Size and Value: 204' x 380'; \$600,000

Description of the Improvements: 1993-built, masonry storage garage having six bays plus a small 90 SF office. The eave height is estimated at 16'-18' with the structure being in good condition and fenced with extensive open yard space. The building had housed a maintenance and storage facility for large blood mobile vehicles. It was purchased in this transaction by the adjacent owner for expansion of their building and site. It was sold by bids to several interested buyers with virtually no marketing. The building had a total enclosed area of roughly 6,600 SF.

Overall Price PSF: \$115.00 ($\$759,000/6,600 = \115.00)

SALES COMPARISON RE-CAP CHART

Sale #	Date Of Sale	Sales Price	Bldg. Age In Years	Bldg. Size In SF	FAR*	Overall Price PSF
1	2/19	\$933,000	24	9,400	.22	\$ 98.94
2	10/19	\$539,000	32	6,250	.41	\$ 86.24
3	10/19	\$535,000	30	6,322	.38	\$ 84.63
4	8/20	\$759,000	27	6,600	.085	\$115.00
Subject	--	--	29	7,875	.117	--

FAR = Floor Area/Land Area

SALES COMPARISON ANALYSIS AND CONCLUSIONS:

These are good direct comparisons for the subject with each having some likely deferred maintenance similar to the subject. In terms of attracting a new tenant, the costs are required while a user for the building may not adjust for all of the noted items. As such, after valuing the subject by these comparisons, I would allow for roughly 75% of the noted costs for a logical reduction.

Sale #1- #3 are all metal buildings located in strong in-demand markets similar to the Clearwater Industrial Park. They sold in the \$84.63-\$98.94 PSF range with the subject having the lowest FAR, most open land, but a special-purpose design on a flag-shaped lot that likely offsets. From these examples then it appears the subject value would fall within the \$85.00-\$90.00 PSF range.

Sale# 4 is located in the subject park and had a reasonably similar use but was masonry with an oversize site that yielded the highest PSF metric at \$115.00 PSF. It was also purchased by the adjacent owner on a bidding situation. As such, the \$115.00 PSF figure requires downward adjustment in comparison to the subject. The building was also in generally superior condition.

After review of these good direct examples, it is my opinion that the subject value is well founded within the \$85.00-\$90.00 PSF price range before adjustment for the required repairs.

7,875 SF @ \$85.00 PSF =	\$669,375
7,875 SF @ \$90.00 PSF =	\$708,750
ROUNDED TO	\$689,000

Less: Repairs:	<u>\$ 77,000</u>
Indicated "As Is" Value:	\$612,000
ROUNDED TO	\$610,000

RECONCILIATION:

Projected Income Approach	\$550,000
Sales Comparison Approach	\$610,000

Both approaches have been based upon above average data and as such, I would conclude my final value at a mid-level figure of **\$580,000**.

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.

COMPARABLE RENTAL DATA

A 13,000 SF metal building built in 1981 was leased in summer 2019 for \$8,000 monthly on an IG basis with no escalations but base year tax and insurance stops. This is a stand-alone building including 3,000 SF of average quality office space plus a side yard storage parcel. The lease was for seven years. The lease rate for this Gateway area near Ulmerton and 49th Street off the major roads was at \$7.38 PSF. An older proximate facility in a multi-unit metal complex leased in the late 2018 at \$6.40 PSF IG, for a three-year term. The space included 12,620 SF with 2,500 SF of offices and had a secondary road frontage.

A 2016 lease renewal in a popular Oldsmar business park at Forest Lakes and Tampa Roads was at \$7,400/month for an 11,000 SF grade level masonry with metal roof warehouse for a four-year term. This lease was level but had tax and insurance stops with the initial lease rate at roughly \$8.00 PSF on an IG basis housed in a 1998-built building having two units each with small office areas. The space has a frontage location in a superior location than the subject and is of similar age.

The grade level office/warehouses space located at 146-150 Dunbar Avenue, Oldsmar includes some 48,000 SF of low clearance eave heights in three buildings. Typical unit sizes range from 1,000 SF to 10,000 SF and the buildings were masonry-built in 1999. There is current minor vacancy in fall 2020 with recent leasing ranging from \$8.50-\$9.95 PSF including 6,300 SF space at \$8.50 PSF. Renewal leases are at \$8.50 PSF and new leases are quoted at \$9.95 PSF with all on an IG basis.

The 22,700 SF grade level metal-built office/warehouse located at 425 Roberts Road, Oldsmar was leased in summer 2016 at \$5.20 PSF on an IG basis for three years at a level rate. This was a 1987-built, grade level metal office/warehouse that had been recently upgraded and had a truck well plus 25 parking spaces. The building quality and features are inferior in relation to the subject and the larger size would tend to rent at a lower rate than a 12,000 SF unit.

A six tenant modern metal warehouse complex built in 2001-2003 is leased at an average of \$9.20 PSF for spaces ranging from 8,700 SF to 18,300 SF on an IG basis for 3-5 year terms with options and annual CPI adjustment in the 2.5%-3.0% range. A Spring 2020 lease was at \$7.60 PSF. Several of the three buildings are not sprinklered but all have total HVAC. The location is mixed-light industrial adjacent to residential housing east off Starkey Road south of Ulmerton Road, Largo.

A proximate group of early 1970-built masonry warehouses includes some 36,000 SF in four buildings with the typical unit size being roughly 5000 SF. There are basic dock high storage warehouses with minimal interior build-out. Recent leasing for the 5000 SF space has been in the \$8.00-\$9.50 PSF range on an IG basis for level five-year terms. This landlord has no vacancy with the units including nominal open yard space/parking.

A 1981-built, two building complex of masonry flex-space units including 6 units in roughly 11,500 SF currently has rentals in the \$8.50-\$10.00 PSF range on an IG basis. Most units are mostly office space. Currently, a 3,760 SF office unit is for lease at \$10.50 PSF. The complex is located just off N. Belcher Road in the Clearwater Industrial Park.

A 5,080 SF, 1991-built eight bay auto repair facility with a 25± space parking lot located at 12477 66th Street N., Largo, was leased in the Summer of 2019 for \$5,250 monthly on a triple net basis. This space has a main road frontage in a light industrial district backed up by dense population. The rental rate was at \$11.90 PSF.