

AN APPRAISAL OF
**THE OFFICE BUILDING
LOCATED AT
2200 E. ATLANTIC BOULEVARD
IN POMPANO BEACH,
BROWARD COUNTY, FLORIDA**

FILE NUMBER 20-81134

PREPARED FOR
POMPANO BEACH CRA

AS OF
JULY 31, 2020

BY
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August 17, 2020

Greg Harrison, Executive Director
Nguyen Tran, Director
Pompano Beach CRA
100 W. Atlantic Boulevard
4th Floor
Pompano Beach, Florida 33060

Dear Mr. Harrison and Mr. Tran:

We have made an investigation and analysis of the office building located at 2200 E. Atlantic Boulevard, Pompano Beach, Broward County, Florida, 33062. The Subject Property consists of a 2,994 square foot, owner-occupied office building built in 1965 that currently is in fair overall condition due to deferred maintenance items. We have deducted the estimated cost to repair these items in order to value the Subject in its "as is" condition. The Subject Property will be further described both narratively and legally within the following Appraisal Report. The purpose of this investigation and analysis was to estimate the Market Value of the Fee Simple Estate of the Subject Property, "As Is", as of July 31, 2020.

This report has been prepared for our client, Pompano Beach CRA. The intended use was to assist the client in internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses or users.

The scope of work performed included a complete analysis of the Subject Property. A detailed scope of work description is contained in the report.

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned and reminded that the data presented in this appraisal report is considered the most relevant as of the date of value, however in most cases occurred before this outbreak.

Greg Harrison
Nguyen Tran
Pompano Beach CRA
August 17, 2020
Page Two

It should be noted the real estate market for this asset class (small office property) still has not had enough time to reflect any changes that may occur in the sales and rental data. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that our client keep the valuation of this property under frequent review.

Based upon the scope of the assignment, our investigation and analysis of the information contained within this report, as well as our general knowledge of real estate valuation procedures and market conditions, it is our opinion that:

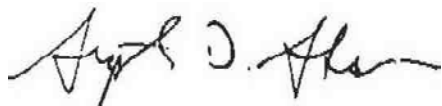
The Market Value of the Fee Simple Estate
of the Subject Property, "As Is",
as of July 31, 2020, was:

\$670,000

A description of the property appraised, together with an explanation of the valuation procedures utilized, is contained in the body of the attached report. For your convenience, an Executive Summary follows this letter. Your attention is directed to the Limiting Conditions and underlying assumptions upon which the value conclusions are contingent.

Respectfully submitted,

CALLAWAY & PRICE, INC.



Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192



James D. Murray, Jr., MAI
Cert Gen RZ2419

SDS/JDM/js/20-81134
Attachments



Executive Summary

PROPERTY TYPE	: Office building.
LOCATION	: The Subject Property is located at the southeast corner of E. Atlantic Boulevard and SE 22nd Avenue in the City of Pompano Beach, Broward County, Florida. The street address is 2200 E. Atlantic Boulevard, Pompano Beach, Florida, 33062.
DATE OF VALUATION	: July 31, 2020
DATE OF REPORT	: August 17, 2020
PROPERTY DESCRIPTION:	
LAND	: Rectangular site containing approximately 9,000 square feet, or 0.21 acres.
IMPROVEMENTS	: One-story CBS office building built in 1965 and containing 2,994 gross and net rentable square feet. The Subject is 100% occupied and in fair condition for its age. Our inspection revealed several items of deferred maintenance primarily related to the roof and air-conditioning.
ZONING	: TO-EOD, Transit Oriented, East Overlay District by the City of Pompano Beach. The property also lies within the Community Redevelopment Agency boundary area.
LAND USE PLAN	: DPTOC, Downtown Pompano Transit Oriented Corridor by the City of Pompano Beach.
HIGHEST AND BEST USE	: Continued use of existing improvements.



Executive Summary

VALUE INDICATIONS

COST APPROACH : N/A

SALES COMPARISON APPROACH : \$670,000

INCOME APPROACH : \$610,000

MARKET VALUE OF THE FEE SIMPLE ESTATE OF THE SUBJECT PROPERTY

"AS IS", AS OF JULY 31, 2020 : \$670,000



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ADDENDA

Engagement Letter

Qualifications:

 Stephen D. Shaw MAI, AI-GRS

 James D. Murray, Jr., MAI



CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The analyses, opinions, and conclusion were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and The Interagency Appraisal and Evaluation Guidelines, December 10, 2010.
9. Stephen D. Shaw, MAI, AI-GRS made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.



Certification

12. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
13. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
15. As of the date of this report, Stephen D. Shaw, MAI, AI-GRS, and James D. Murray, Jr., MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in black ink, reading "Stephen D. Shaw".

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192

A handwritten signature in black ink, reading "James D. Murray, Jr.".

James D. Murray, Jr., MAI
Cert Gen RZ2419



General Assumptions and Limiting Conditions

GENERAL ASSUMPTIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value opinion in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
4. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. No right to expert testimony is included, unless other arrangements have been completed. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
5. No rights to expert witness testimony, pre-trial or other conferences, depositions, or related services are included with this appraisal. If as a result of this appraisal process Callaway and Price, Inc., or any of its principals, its appraisal consultants or experts are requested or required to provide any litigation services, such shall be subject to the provisions of the engagement letter or, if not specified therein, subject to the reasonable availability of Callaway and Price, Inc. and/or said principals or appraisers at the time and shall further be subject to the party or parties requesting or requiring such services paying the then applicable professional fees and expenses of Callaway and Price, Inc. either in accordance with the engagement letter or arrangements at the time, as the case may be.
6. Any material error in any of the data relied upon herein could have an impact on the conclusions reported. We reserve the right to amend conclusions reported if made aware of such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusion within 30 days of delivery of this reported and should immediately notify us of any questions or errors.
7. The market value reported herein assumes that all taxes and assessments have been paid and assumes a fee simple interest unless otherwise reported. The body of the report will define the interest appraised if it differs.



General Assumptions and Limiting Conditions

8. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.
10. Our opinion of value was based on the assumption of competent marketing and management regarding the property. If there is no competent marketing and management, then the market value opinion herein may not apply.

LIMITING CONDITIONS

1. No hypothetical conditions are part of this appraisal assignment.
2. No extraordinary assumptions are part of this assignment.
3. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation stachybotrys chartarum (mold), asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, was not called to the attention of, nor did the appraisers become aware of such during their inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.



General Assumptions and Limiting Conditions

4. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers 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 appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.
5. We requested a survey and building plans indicating the areas of both the site and building improvements. Neither were available for our analysis. Therefore, we have relied upon information for the building area obtained from the Broward County Property Appraiser which appears to be reasonably accurate. The parcel size was calculated based on the legal description. If the actual site and building areas differ significantly from our estimates, the appraisal may be subject to revision.
6. The Subject building suffers from observed deferred maintenance related primarily to the poor roof condition and air-conditioning. A contractor provided a rough estimate to repair the deferred maintenance and we have relied upon this estimate in our report. If the actual items and costs differ significantly from this estimate, the appraisal may be subject to revision.



Subject Photographs



VIEW OF SUBJECT PROPERTY FROM E. ATLANTIC BOULEVARD



FRONT VIEW OF SUBJECT BUILDING



Subject Photographs



ADDITONAL FRONT VIEW OF BUILDING



VIEW OF EASTERN ELEVATION FACING SOUTH



Subject Photographs



REAR VIEW OF BUILDING



VIEW OF WESTERN ELEVATION FACING NORTHEAST



Subject Photographs



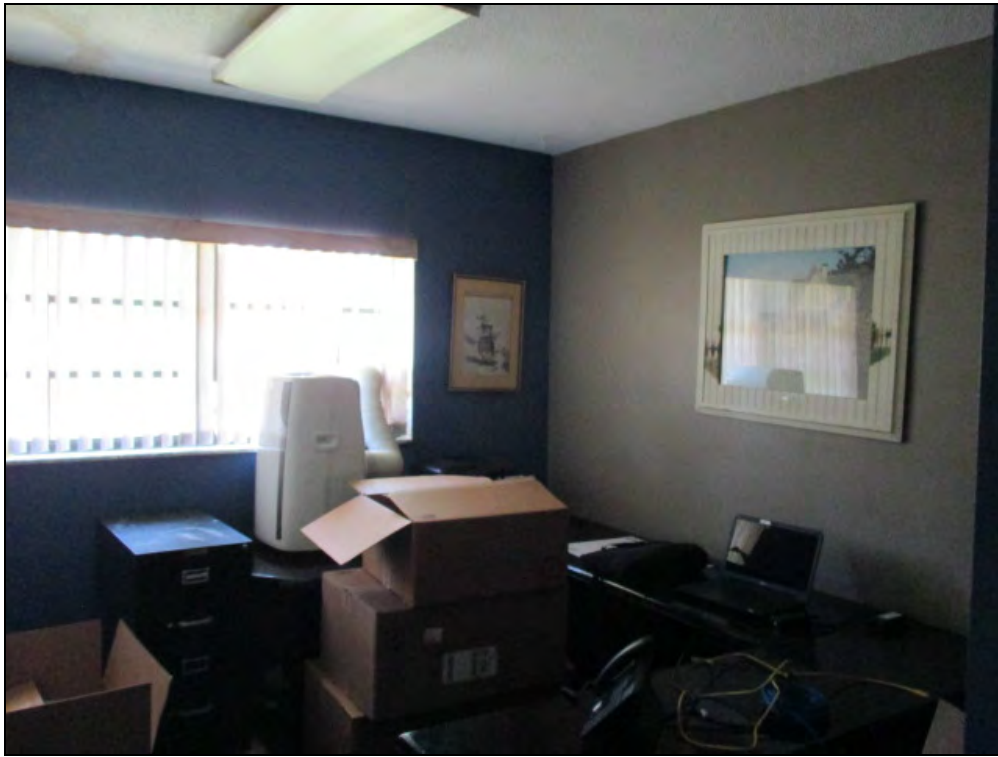
INTERIOR VIEW AT BUILDING ENTRANCE



ADDITIONAL INTERIOR VIEW



Subject Photographs



VIEW OF PRIVATE OFFICE



VIEW OF CONFERENCE ROOM



Subject Photographs



VIEW OF WOMEN'S RESTROOM



VIEW OF MEN'S RESTROOM



VIEW OF STORAGE ROOM



Subject Photographs



ADDITIONAL INTERIOR VIEW



ADDITIONAL INTERIOR VIEW



Subject Photographs



VIEW OF INTERIOR DEFERRED MAINTENANCE



VIEW OF INTERIOR DEFERRED MAINTENANCE



Subject Photographs



VIEW OF EXTERIOR DEFERRED MAINTENANCE



VIEW ALONG E. ATLANTIC BOULEVARD FACING WEST (SUBJECT ON LEFT)



Subject Photographs



VIEW FACING EAST ALONG E. ATLANTIC BOULEVARD



VIEW FACING SOUTH ALONG SE 22ND AVENUE (SUBJECT ON LEFT)



Subject Photographs



AERIAL PHOTO OF SUBJECT PROPERTY



DEFINITION OF THE APPRAISAL PROBLEM

Purpose, Date of Value, and Interest Appraised

The purpose of this investigation and analysis was to estimate the Market Value of the Fee Simple Estate of the Subject Property, "As Is", as of July 31, 2020.

Intended Use and User of Appraisal

This report has been prepared for our client and intended user, the Pompano Beach CRA. The intended use was to assist the client in internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses or users.

Market Value

"As defined in the Agencies' appraisal regulations, 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 this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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."

Source: The Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010, Pgs. 61-62.



Legal Description

All that portion of a Tract or Parcel of Land designated as “Park,” on the Plat of PINEHURST, according to the map or plat thereof as recorded in Plat Book 5, Page 13, Public Records of Broward County, Florida. Beginning at the northwest corner thereof, thence east along the north property line of said Parcel for a distance of 100.00 feet; thence south, parallel to the west line of said Parcel a distance of 90.0 feet, thence west parallel to said north line a distance of 100.0 feet, thence north along the west line of said Parcel A, a distance of 90.0 feet to the Point of Beginning; said lands lying and being in Broward County, Florida.

Folio No. 8236-01-0010

Source: Quit Claim Deed recorded as O.R. Book 46577, Page 477 (#108899723), Public Records of Broward County, Florida.

Fee Simple Estate

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Fee Simple Estate on page 90 as follows:

"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."

Exposure Time

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal+ Institute, defines Exposure Time on page 83 as follows:

1. "The time a property remains on the market."
2. "The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market."



Definition of the Appraisal Problem

There is a requirement under Standard Two to report exposure time according to the latest USPAP publication. "Exposure Time" is different for various types of property under different market conditions.

We have reviewed the exposure time on the sales contained in the Sales Comparison Approach in this appraisal. Based on that data and the current market, it is our opinion that the Subject Property would have had an exposure time of up to 12 months.

Marketing Time

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Marketing Time on page 140 as follows:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."

"Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time."

As in most markets, properties that are priced competitively and marketed professionally will sell before others which are not. The most recent Price Waterhouse Coopers (PWC) Real Estate Investor Survey, 2nd Quarter 2020 indicated marketing times ranging from 3 to 8 months with an average of approximately 4.5 months for the Southeast Florida Office Market.

We have reviewed the marketing time on the sales contained in the Sales Comparison Approach in this appraisal, as well as other sales and current listings in the market. As in most markets, properties that are priced competitively and marketed professionally will sell quicker than those which have higher or above market asking prices. Prior to the outbreak of the COVID-19 virus, it is our opinion that the Subject would have a marketing period of 12 months or less. However, this pandemic has created a great deal of market uncertainty and there is now a very strong possibility that the marketing time could take more than 12 months (say 12 to 18 months).



Hypothetical Conditions

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Hypothetical Conditions on page 113 as follows:

1. "A condition that is presumed to be true when it is known to be false."
2. "A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."

"Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

There are no hypothetical conditions on which our value estimate is based.

Extraordinary Assumptions

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Extraordinary Assumptions on page 83 as follows:

"An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the Subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis."

There are no extraordinary assumptions on which our value estimate is based.



SCOPE OF WORK

According to the 14th Edition of The Appraisal of Real Estate, page 38, "Scope of work encompasses all aspects of the valuation process, including which approaches to value will be used; how much data is to be gathered, from what sources, from which geographic area, and over what time period; the extent of the data verification process; and the extent of property inspection, if any."

The scope of work decision is appropriate when it allows the appraiser to arrive at credible assignment results and is consistent with the expectations of similar clients and the work that would be performed by the appraiser's peers in a similar situation."

The first step in the appraisal process is the identification of the appraisal problem which included the purpose and date of value, determining the interest being appraised, intended use and user of the appraisal, and identifying the real estate (legal description). This step also determines if the appraisal were subject to any extraordinary assumptions or hypothetical conditions.

The purpose of this investigation and analysis was to estimate the Market Value of the Fee Simple Estate of the Subject Property, "As Is", as of July 31, 2020.

The next step involves the inspection of the Subject Property in July 2020 by Stephen D. Shaw MAI, AI-GRS. James D. Murray, Jr., MAI, did not inspect the property. The inspection allows us to understand the physical components of the Subject Property. In addition to the inspection of the Subject Property, we also begin the data-collection process and, subsequently, an analysis of the factors that affect the Market Value of the Subject Property, including property data analysis. We gathered and reviewed information from the Broward County Property Appraiser's Office, the Pompano Beach Planning and Zoning Department, and interviews with brokers, owners and other market participants to understand and describe the Subject Property and its surroundings.

The third step in the process is a market area analysis and neighborhood analysis to determine the Highest and Best Use of the Subject Property. Through the Highest and Best Use analysis, we determine the issues that have an effect on the final opinion of value. To determine the Highest and Best Use, we rely on information obtained from the data-collection process.

The fourth step was the application of the appropriate approach for the site valuation. *No approaches were specifically omitted from this appraisal either by the client or the appraiser.* The Subject Property is a single-story professional office building built in 1965 and containing approximately 2,994 rentable square feet of leasable area. The Subject is 100% owner-occupied and in fair overall condition due to items of deferred maintenance primarily related to the poor roof condition and air-conditioning. We have estimated the total cost to cure, or repair, the improvements and have deducted this figure in the applicable approaches to arrive at a value estimate in the property's "as is" condition.



The Cost Approach is based on the assumption that a potential purchaser would pay no more for the property than the cost of constructing a substitute property with the same utility as the Subject. This approach is most reliable when the improvements are new and suffer from little depreciation. According to the Broward County Property Appraiser, the Subject building was originally constructed in 1965 and while it apparently has been maintained over the years, it suffers from significant physical deterioration including observable items of deferred maintenance. This approach does not take into consideration important factors such as supply and demand as well as buyer's and seller's motivations in the marketplace. Furthermore, considering that this approach would have been given little, if any emphasis even if it had been performed, this approach was not utilized.

The Sales Comparison Approach has as its premise a comparison of the Subject Property with others of similar design, utility and use that have sold in the recent past. To indicate a value for the Subject Property, adjustments are made to the comparables for differences from the Subject. The more similar a comparable sale is to the Subject, the fewer and smaller the adjustments will be and the more reliable the value conclusion.

The Income Capitalization Approach, as used for investment properties, has as its premise the estimation of the amount of net income, which when capitalized in a manner that is commensurate with the risk and life expectancy of the improvements, will indicate the present value of the income stream. In this method, the potential rental income that the property could command in the market is estimated, reduced by an appropriate market supported vacancy factor, and then further reduced by the operating expenses that will be borne by the property owner. The result is the net income the property is expected to earn. The net income, when capitalized by a rate which reflects the market return on investment for similar properties, produces a value indication by this approach.

The approaches utilized are then correlated into a final estimate of Market Value of the Subject in its "as is" condition. This reconciliation is a weighing of the strengths and weaknesses of each approach and to which approach or approaches reflects current market factors used by the majority of buyers and sellers.

The authenticity and reliability of representations made by others in the data gathering process are not warranted. We have taken due care in attempting to verify the data utilized in this analysis. However, the analysis of the data and conclusions derived there from are based on overall patterns in the marketplace rather than on specific representations.



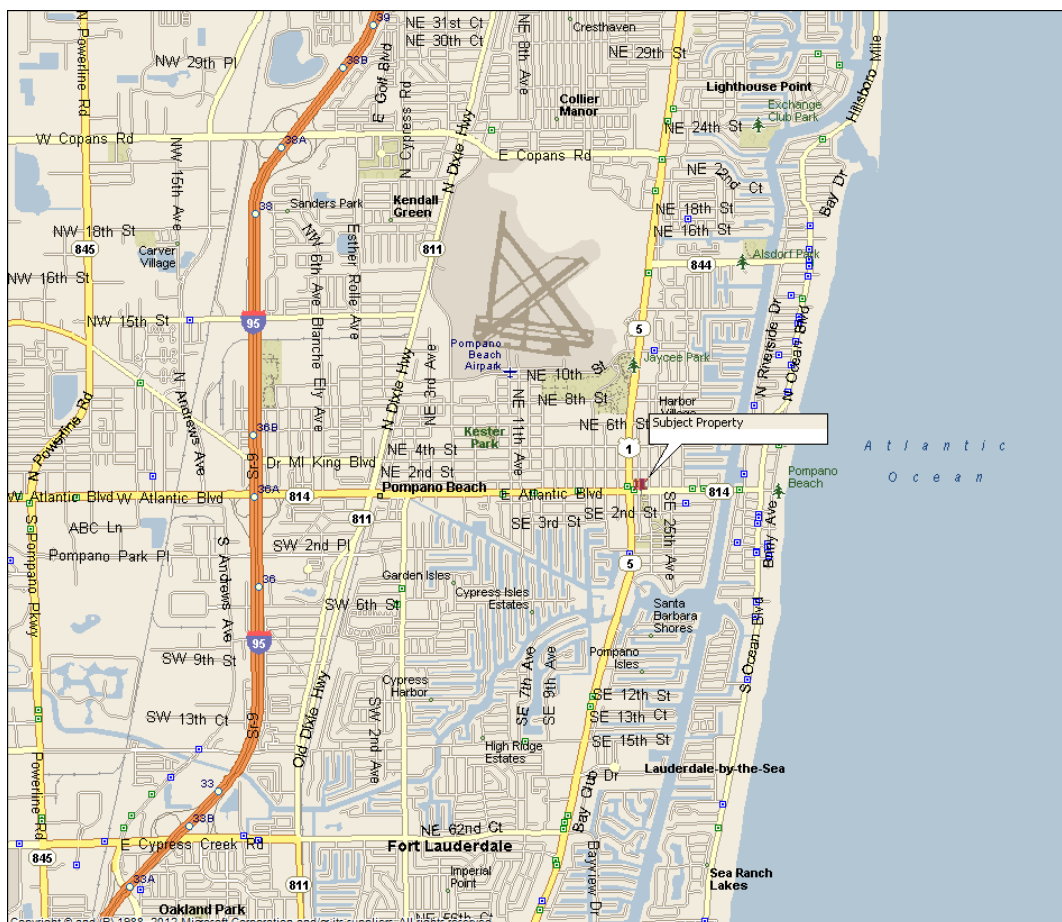
NEIGHBORHOOD DATA

Preface

The relationship of the Subject Property with surrounding properties forms the basis of neighborhood analysis. The Appraisal of Real Estate, 14th Edition on page 165 states: "The boundaries of market areas, neighborhoods, and districts identify the areas that influence a subject property's value. These boundaries may coincide with observable changes in land use or demographic characteristics. Physical features such as structure types, street patterns, terrain, vegetation, and lot sizes help to identify land use districts. Transportation arteries (highways, major streets, and railroads), bodies of water (rivers, lakes, and streams), and changing elevation (hills, mountains, cliffs, and valleys) can also be significant boundaries."

Neighborhood analysis requires the identification of boundaries. The boundaries may be defined by complimentary land uses, social factors, economic, or physical boundaries. In the case of this appraisal assignment, neighborhood boundaries are identified by physical boundaries and surrounding land uses.

Neighborhood Map





Neighborhood Data

The Subject's neighborhood is considered to include portions of the City of Pompano Beach bounded on the north by Copans Road (NW 24th Street), the south by East McNab Road and SW 15th Street, on the east by the Intracoastal Waterway, and the west by Interstate 95. Access to and through the neighborhood is very good. The primary north/south traffic arteries are Federal Highway (US Highway One), Dixie Highway, and Interstate 95. The primary east/west roadways are Atlantic Boulevard and Copans Road.

There are two railroads extending through the neighborhood including the Florida East Coast and the Seaboard Coastline. I-95 is a major interstate highway that traverses the length of Florida and the eastern coast of the United States. Dixie Highway is a four-lane roadway running through the neighborhood providing access to local traffic. U.S. Highway 1 (U.S. 1), like I-95 to the west, is an important thoroughfare providing north/south access through the neighborhood and extending up and down the country's eastern seaboard.

The neighborhood is essentially built-out with a variety of property types, but is dominated by older commercial and residential structures, with residential representing the majority of the land area. Commercial development is situated along the aforementioned thoroughfares such as Atlantic Boulevard and Copans Road, as well as Federal Highway and Dixie Highway. Uses include, but are not limited to, strip shopping centers, retail stores, low to mid-rise office buildings, etc. Most of the commercial development is older, but for the most part, has been adequately maintained. Atlantic Boulevard is considered a main commercial roadway within the Subject's neighborhood and is lined with retail and dining from Interstate 95 on the west all the way east to the beach. Additionally, Pompano Citi Centre, located 1.5 miles north of Atlantic Boulevard on Federal Highway. It features shops such as JCPenney, Macy's, Lowe's, Home Improvement and Office Depot, as well as Chili's Bar & Grill, J. Mark's, Panera Bread, and Amato's Italian Grill.

As with many areas of South Florida, some of the improvements have reached the end of their economic lives and the properties are ripe for redevelopment. Vacant land price levels had diminished significantly but during the past few years appear to have stabilized and begun to rise due to increasing demand. The City of Pompano Beach is actively renovating its beachfront and historic downtown areas. With the establishment of Opportunity Zones, two of which are in large tracts of northwest Pompano Beach, long-term private investment has been encouraged in distressed communities by providing federal tax incentives for persons to re-invest capital gains in these zones. In the Opportunity Zone east of I-95 along the north side of Atlantic Avenue, Pompano Beach has created an Innovative District for a proposed downtown.

Properties are in the process of being renovated, Flagler Avenue has been repaved, and an increasing number of properties have been, or are being, purchased for redevelopment. The end goal is to mirror what was created on the Atlantic Avenue Shopping and Arts District within the City of Delray Beach.



The City of Pompano Beach and the Pompano Beach CRA have been working to revitalize areas of the city through municipal projects and various economic incentives. In October 2016, City Vista Apartments broke ground and was completed in 2017. This development includes 111 apartments and 3,800 square feet of ground floor commercial space. The plan was for the CRA to manage the commercial space in the project. Future development in the “Innovation District” east of I-95 along the north side of Atlantic Boulevard where the City is targeting an identifiable downtown core, will include 750,000 square feet of office space, 165,000 square feet of retail, 35,000 of restaurant, 1,500 residential units and two hotels with a combined 420 rooms.

Another area of redevelopment is “Old Town” located along Atlantic Boulevard east of N. Dixie Highway. The City has completed major streetscape improvements in Old Town in addition to the renovation of existing historic commercial buildings through the CRA’s incentive programs. Currently, the CRA is proposing 15,000 square foot pedestrian and dining plaza in Old Town which will be called “The Backyard” for special events with outdoor seating and a water and fire featured fountain. The project is anticipated to be completed by fall 2020.

An early redevelopment project in the area is The Koi Residences and Marina, a 10-acre master-plan community to ultimately be developed with 350 residential units (including waterfront villas, lofts, and condominiums), and a 26-slip marina. Invesca Development Group completed the 46-unit first of three phases of the project in 2017 at 416 East Atlantic Blvd. It is being followed by the second phase of the project which broke ground in late 2017 and is currently nearing completion and preleasing units. The project is called Envy Pompano Beach and includes two 11-story rental towers that will include 213 rental units.

Numerous other projects are underway, such as Heritage at Pompano Station along N. Flagler Avenue at NE 4th Street, which will include 116 one- and two-bedroom, age-restricted rental apartments. This project broke ground in 2017 and was recently completed, with a second development phase proposed for the future. One block to the south is the proposed Old Town Square which will be comprised of a 10-story, 282-unit, mixed-use complex with ground floor retail and a 300-car garage.

Several other projects are proposed or being targeted for the area due to the focus and efforts of the City of Pompano Beach. Due to the built-up nature of the area, parcels of vacant and improved land are being assembled for eventual redevelopment and the investment atmosphere is very speculative as the area transitions through gentrification.



Neighborhood Data

Pompano Beach is home to numerous public and private schools from the elementary level through college. Its nearby high schools include Pompano High School and Blanche Ely High School, as well as well-regarded private high schools Pine Crest and Cardinal Gibbons. At the college level, there is Florida Atlantic University in Boca Raton as well as Nova Southeastern University and Broward College in Davie. The Subject neighborhood has all public services including utilities, police and fire protection and healthcare facilities.

Conclusion

The Subject neighborhood is a well-established area with a broad range of land uses, served by a good transportation network. The neighborhood consists of a mixture of low and medium density residential communities developed between the 1960s and 1970s with commercial development along the major roadways. Commercial development is concentrated along major arteries including Federal Highway (US Highway 1) and Atlantic Boulevard.

The City of Pompano Beach and the CRA are spearheading redevelopment efforts in the immediate Subject neighborhood. In our opinion, the long-term outlook for the Subject neighborhood remains very positive. Prior to Covid-19, the Subject neighborhood had seen increases in demand and exposure, with value appreciation as economic conditions continue to strengthen. The neighborhood's accessibility and desirable location in close proximity to the revitalized downtown and the area's beaches will continue to bolster its popularity.



BROWARD COUNTY OFFICE MARKET OVERVIEW

According to the *CoStar Group, Inc.*, 2nd Quarter 2020, "Fort Lauderdale Office Market Report," the Fort Lauderdale (Broward County) Office Market is showing signs of stabilization after years of steady improvement. Rent growth remains strong, with vacancy near a cycle low. A lack of supply has generated greater competition for space, and landlords have been able to negotiate higher rents as a result. Even with significant growth, rents should remain below the national average for the near term. Rents are unlikely to surpass rates in neighboring Miami, keeping Fort Lauderdale viable as a less-expensive alternative.

Until the recent Coronavirus (COVID-19) outbreak, employment gains have started to pick up again and have been surpassing the national average over the past few quarters. Like all of South Florida, Fort Lauderdale is benefiting from sizable population growth, which will help maintain job growth in the education and health services sector. The metro has a higher-than-average concentration of jobs in the professional and business services sector. Growth in these white-collar jobs has outpaced the national average over the last 10 years and is expected to continue to do so. Notably, office jobs account for a slightly higher concentration of employment in Fort Lauderdale than they do in the Miami metro.

The overall Fort Lauderdale economy also benefits from Miami's tourism spillover, and the area provides advantages from a white-collar office-market perspective. The costs of doing business are no less than the national average, but the more meaningful comparison is with nearby Miami. Fort Lauderdale's business costs are more than 10% lower than Miami's, making it a more affordable alternative that still presents many of the global connection perks of occupying space in South Florida.

Vacancies are now close to cyclical lows, which can be attributed to the lack of building and steady demand. While construction has started to pick up, it is still low compared to historical averages. An average of less 400,000 SF has been built each year over the past six years, which is about a third of the historical average. These conditions have enabled significant price appreciation and sales volume during the past three years.

A chart of the Fort Lauderdale office market statistics is shown on the following page.

**Fort Lauderdale Office Market****KEY INDICATORS**

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	18,209,394	12.6%	\$40.12	23.5%	(65,215)	0	1,677,463
3 Star	31,550,495	9.3%	\$28.83	11.9%	(72,538)	8,500	187,983
1 & 2 Star	21,610,793	6.7%	\$25.60	8.7%	(17,737)	0	28,160
Market	71,370,682	9.4%	\$30.94	14.1%	(155,490)	8,500	1,893,606

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.0%	10.3%	10.0%	13.3%	2011 Q3	6.7%	2006 Q3
Net Absorption SF	(807 K)	674,805	359,690	2,606,847	2005 Q3	(1,085,929)	2009 Q4
Deliveries SF	153 K	880,896	656,366	3,106,258	2001 Q4	7,907	2013 Q3
Rent Growth	1.7%	2.0%	0.4%	10.6%	2006 Q3	-8.8%	2009 Q3
Sales Volume	\$769 M	\$645.4M	N/A	\$1.3B	2016 Q4	\$98.3M	2009 Q3

According to the *CoStar Group, Inc.*, 2nd Quarter 2020, “Fort Lauderdale Office Market Report”, the Broward County office market had an average asking rental rate of \$30.94 per square foot on a gross basis. This reflects rent growth of approximately 1.7% from the previous 12 months. The Subject’s Fort Lauderdale submarket (south of Atlantic Boulevard) indicated an average asking rental rate of \$26.85 per square foot, a 2.0% increase from the average rate one year ago. The adjacent Pompano Beach submarket indicated an average asking rental rate of \$26.68 per square foot, a 0.4% increase during the past 12 months.

As shown above, the overall average vacancy for office properties in the Broward County market is 9.4%, which is 1.0% from 12 months ago. The Subject’s Fort Lauderdale submarket registered a 10.1% vacancy, the eighth highest vacancy rate of the county’s 11 submarkets. It is noted that the Pompano Beach submarket registered a vacancy of 9.0%.

Regarding future supply, the report indicated that neither submarket added new office space during the past year. One new office building of 54,000 square feet is currently under construction in the Fort Lauderdale submarket, while two are under construction in Pompano Beach which will add 555,000 square feet upon completion. Countywide, there are 13 properties currently under construction that will add 1.89 million square feet, or 2.7% of the total inventory. Approximately 52% of the space is reportedly preleased.

In the last 12 months, the Broward County office market registered 283 sales at an average price of \$224 per square foot, and with an average vacancy at the time of sale of 9.8%. The average cap rate was 6.9%. The properties transferred averaged 18,187 square feet of building area with an average year built of 1976.



Conclusion

Overall, demand for office product in the real estate market in Broward County has been strengthening over the last few years with decreasing vacancies and increasing rental rates. Recent data indicates a stabilization is occurring in terms of overall office occupancies. With new office area under construction in the Subject's submarket, it is anticipated that stabilization will continue as new space is delivered and is steadily absorbed. The impact on the office market due to the Covid-19 outbreak is unknowable at this time. The hope is for a quick recovery of the economy once the crisis has passed, but at this time the market has not had time to reflect any possible impacts from the virus.



PROPERTY DATA

Location

The Subject Property is located at the southeast corner of E. Atlantic Boulevard and SE 22nd Avenue in the City of Pompano Beach, Broward County, Florida. The street address is 2200 E. Atlantic Boulevard, Pompano Beach, Florida, 33062.

Location Map



Zoning

The Subject Property is zoned TO-EOD, Transit Oriented, East Overlay District by the City of Pompano Beach. The TO district is established and intended to:

1. Encourage transit use as an alternative to auto dependency by accommodating moderate- to high-intensity, compact, mixed-use, and pedestrian-oriented development within convenient walking distance of existing and planned rail stations, major transit corridors, major transit hubs, regional and neighborhood



transit hubs, and high-priority corridors for bus rapid transit or high- performance transit.

2. Bring together people, jobs, services, and public spaces and amenities in a way that allows people to safely and conveniently walk, bike, and/or take transit to meet their day-to-day housing, employment, shopping, service, and recreational needs.
3. Improve walkability within the district, as well as to adjacent areas, by providing a critical mass of housing and non-residential within walking distance of the commercial core and transit routes and facilities.
4. Enable the appropriate natural surveillance of the public realm to ensure safety and activity along district streets and create the sense of a vibrant and active urban center.
5. Ensure a compatible transition between the district's commercial/mixed-use areas and lower-intensity residential neighborhoods and between the district and adjacent residential neighborhoods, where applicable.

The TO zoning is essentially a mixed-use zoning that allows for multi-family residential development and high-activity commercial uses such as retail shops and offices. Commercial uses are confined to the lower floor(s) and multifamily units are to be developed on the higher floors.

The Subject Property is also located within the East Overlay District and the Community Redevelopment Agency boundary area. Overlay zoning districts are superimposed over portions of one or more underlying base zoning districts (and perhaps planned development districts or other overlay districts) with the intent of supplementing generally applicable development regulations with additional development regulations that address special area specific conditions, features, or plans while maintaining the character and purposes of the underlying zoning districts. Some overlay zoning districts include standards that modify or supersede standards applied by the underlying base zoning district. The current improvements are a legal use.

Land Use Plan

The Subject Property is designated DPTOC, Downtown Pompano Transit Oriented Corridor by the City of Pompano Beach which is consistent with the current zoning.

Easements and Deed Restrictions

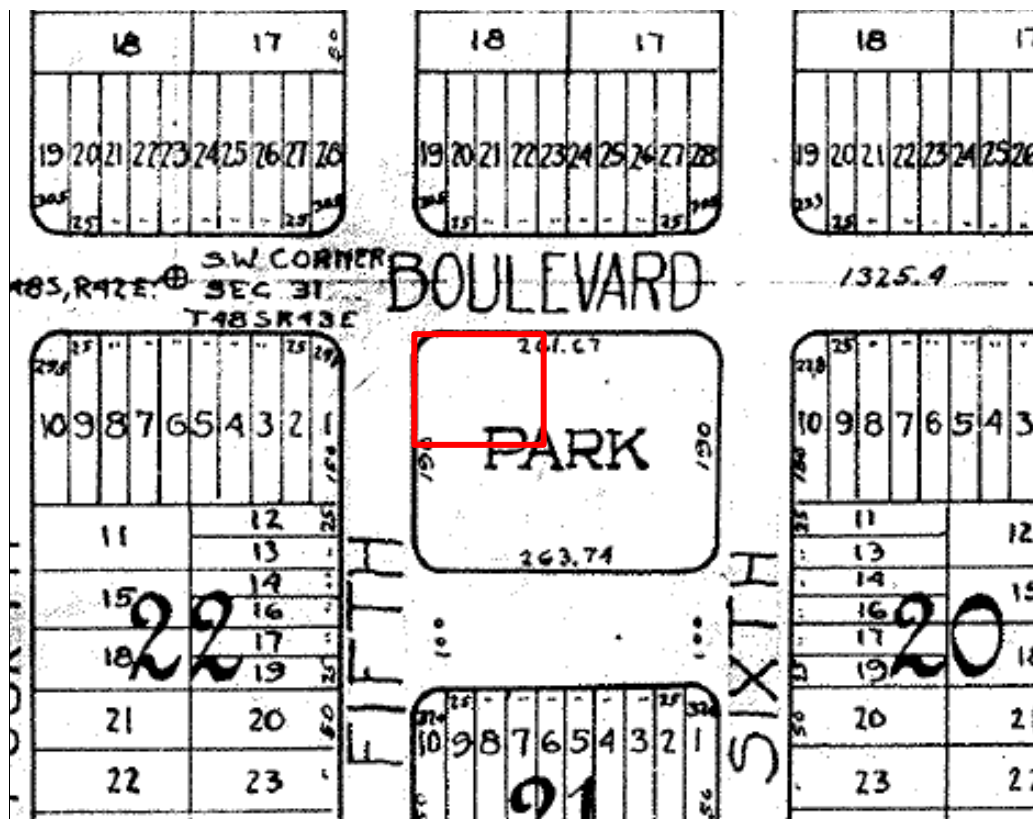
We have not been provided a survey or title search for the Subject. Based on our inspection of the public records, no adverse deed restrictions or easements were noted.



Site Size, Shape and Access

The Subject is rectangular in shape and contains 9,000 square feet, or approximately 0.21 acres. According to the legal description, the site has 100 feet of frontage along the south side of E. Atlantic Boulevard and 90 feet along the east side of SE 22nd Avenue. The site has no on-site vehicular access or parking, but adjacent street parking is available along SE 22nd Avenue and other nearby streets and public parking areas. This is relatively common in the immediate market. Traffic exposure to both roadways is considered to be very good.

Plat Map



Utilities

Public utilities available to the Subject Property include electricity by FPL, and telephone by AT&T, and/or local carrier. Public water and sewer services are available by the City of Pompano Beach.

Topography

No topographical survey, soil or sub-soil analysis was provided. No apparent drainage issues were noted upon inspection.



Flood Hazard Zone

Flood Report

Address (from parcels)	2200 E ATLANTIC BLVD
FEMA Data Source	DFIRM - Digital Flood Information Rate Map
Inside Special Flood Hazard Area?	OUTSIDE SPECIAL FLOOD HAZARD AREA OUTSIDE SPECIAL FLOOD HAZARD AREA
Risk Level	MODERATE TO LOW RISK AREAS MODERATE RISK AREAS
Flood Zone(s)	X X500
Description(s)	X = OUTSIDE FLOODPLAIN X500 = 500-YEAR FLOODPLAIN
Base Flood Elevation	-9999.000000000 -9999.000000000
NFIP Community Name	CITY OF POMPANO BEACH
County	BROWARD
State	Florida
NFIP Community Number	120055
NFIP Map Number or Community Panel Number	12011C0376H
Inside CBRA?	FALSE
CBRA Type	N/A
Map Panel Effective Date	8/18/2014
LOMA/LOMR (yes/no)	UNKNOWN - check map
LOMA/LOMR Date	UNKNOWN - check map



Census Tract

2020 FFIEC Geocode Census Report

Address: 2200 E ATLANTIC BLVD, POMPANO BEACH, FL, 33062
 MSA: 22744 - FORT LAUDERDALE-POMPANO BEACH-SUNRISE, FL
 State: 12 - FLORIDA
 County: 011 - BROWARD COUNTY
 Tract Code: 0310.02

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2020 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$74,800
2020 Estimated Tract Median Family Income	\$62,204
2010 Tract Median Family Income	\$51,406
Tract Median Family Income %	83.16
Tract Population	4526
Tract Minority %	24.41
Tract Minority Population	1105
Owner-Occupied Units	1309
1- to 4- Family Units	934



Assessed Value and Taxes

The Subject's 2019 real estate assessments and taxes are summarized below.

Assessment and Taxes						
Folio Number	Land Value	Building Value	Miscellaneous Value	Market Value	Assessed Value	Taxes
4842-36-01-0010	\$119,180	\$274,750	\$0	\$393,930	\$393,930	\$0

It is noted that the Subject Property is not liable for real estate taxes as it is owned by the municipality.

Property History

It should be noted that this office has not performed a title search, nor has a title search been provided. According to public records, the Subject Property is owned by Greater Pompano Beach Chamber of Commerce. The Subject Property was acquired from the City of Pompano Beach on December 5, 2008, via Quit Claim Deed recorded as O.R. Book 46577, Page 477. No other transfers have occurred within the last five years as far as we could determine. The Subject is not currently contracted or listed for sale to the best of our knowledge and is fully owner-occupied.



DESCRIPTION OF IMPROVEMENTS

The Subject Property is a one-story, single-tenant office building built in 1965. There are approximately 2,994 gross and net leasable square feet. The Subject is in fair condition due to some observed deferred maintenance. The property is currently 100% owner-occupied.



Land Improvements

The site is approximately 0.21 acres or 9,000 square foot of land. There is a concrete walkway on the north side of the building leading to the entrance. Additional site improvements consist of average landscaping and underground irrigation system. The site improvements are in good overall condition.

Building Improvements – Office Building

Type of Building	:	Single-tenant office building
Date of Construction	:	1965
Height	:	One-story
Type of Construction	:	CBS



Description of Improvements

Roof	:	Flat built up composition with concrete tile mansards. Our inspection revealed obvious deferred maintenance related to the poor condition of the roof and air-conditioning which needs to be replaced.
Exterior Walls	:	Painted stucco over block
Windows	:	Glass in aluminum frames
Floor	:	Commercial grade carpeting, ceramic tiles and laminate
Interior Walls	:	Primarily painted drywall
Ceilings	:	Acoustical tiles in suspended grid system or drywall
Air Conditioning & Heat	:	Central HVAC
Electricity	:	Assumed Adequate
Lighting	:	Fluorescent and incandescent fixtures
Plumbing	:	Assumed adequate
Condition & Comments	:	

The Subject Property contains 2,994 gross and rentable professional office space that was observed to be of average construction and in fair overall condition for its age. Our inspection revealed damage caused by roof leaks due to the poor condition of the roof covering. In addition to the roof, we noted other deferred maintenance related to areas of the ceiling and drywall with water damage and a crack in the exterior wall, and a nonfunctioning air-conditioning unit. We were not provided with detailed information regarding the deferred maintenance items or the costs associated with replacing the roof and repairing the damage. A general contractor has estimate the cost of a new roof, A/C and repairs at approximately \$50,000 and we have relied on this estimate.

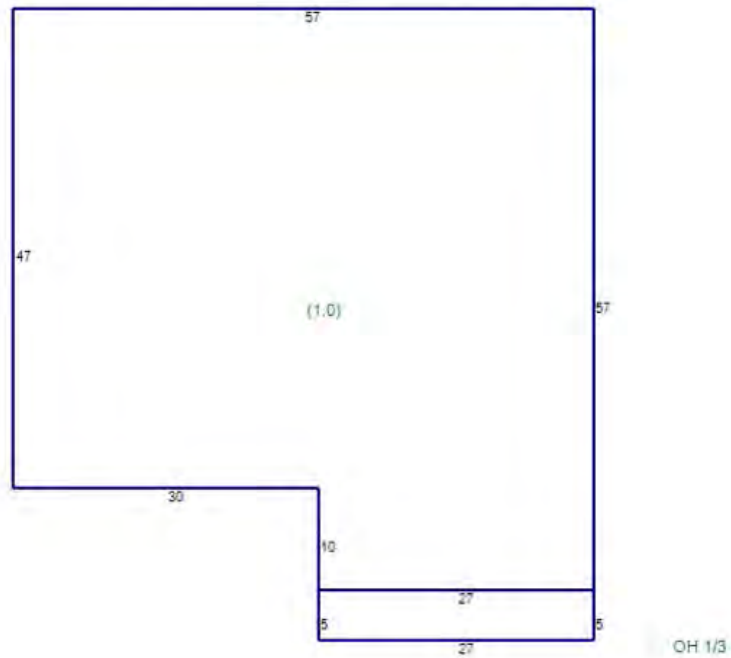
We estimated the economic life as follows:

Total Economic Life	:	50 years
Actual Age	:	55 years
Effective Age	:	30 years
Remaining Economic Life	:	20 years
Indicated Depreciation	:	60%



Description of Improvements

Building Sketch



Area Summary :

Code	Description	Area	Perimeter	Adj. Area	Adj. Perim	Factor	Stories	Level
(1.0)	One Story	2,949.00	228.00	2,949.00	228.00	1.00	1.00	1.00
OH 1/3	Overhang 1/3	135.00	64.00	44.55	64.00	0.33	1.00	1.00



HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Highest and Best Use on page 109 as follows:

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 maximum 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 asset's 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)."

To estimate the Highest and Best Use of the Subject, we have considered those uses which are legally permissible, physically possible, financially feasible, and maximally productive. Consideration was given to individual features of the land such as size, shape, location, access to roadways, and the availability of utilities. Consideration was also given to the surrounding land uses and the demand for property in the current real estate market.

In cases where properties are improved, the Highest and Best Use of the site "as though vacant" and the Highest and Best Use of the property "as improved" may be different. This is due to the principle of "contribution" which holds that if an improvement adds value to the site over and above land value, the Highest and Best Use of the property is as improved until such time as the improvements add no contributory value to the property.

Conclusion

The Subject Property is currently improved with a one-story professional office building. It is our opinion that this is the Highest and Best Use of the Subject Property, based on the following criteria:

Legally Permissible

The Subject site is zoned TO-EOD, Transit Oriented, East Overlay District by the City of Pompano Beach. This zoning category permits a very broad range of commercial and mixed uses. The Subject's current use as an office building is permitted within this district.



Physically Possible

This use is obviously physically possible because these improvements currently exist on this specific site. The building improvements are fully occupied by the owner and in fair overall condition for their age. Our inspection revealed items of deferred maintenance; however, the building remains occupied and the deferred maintenance appears to be reasonably and readily curable, primarily related to the roof condition and air-conditioning.

Financially Feasible

When determining the financially feasible use of a property "as improved" we must analyze whether the improvements add value to the site over and above the land value itself. In our opinion, the existing improvements represent a substantial monetary investment and contribute substantially to the overall property value. Evidence is shown by the current occupancy of the building by the owner which acquired the property in 2008, in addition to strong local occupancies in commercial buildings and an active sales market for similar buildings. Redesigning and replacing the existing improvements is not practical at this time, as the value of the building is greater than the value of the land alone. The Highest and Best Use of the Subject Property "as improved" will remain the same until such time as the improvements add no further contributory value to the site.

Maximally Productive

Considering that the improvements will provide a return greater than that the land itself could generate, the building improvements are the most maximally productive use and the Highest and Best Use of the Subject Property as of our appraisal date.

Potential Buyer

A possible potential buyer of the Subject would probably be an owner/user but could be an investor, as well.



SALES COMPARISON APPROACH

Preface

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Sales Comparison Approach on page 207 as follows:

"The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available."

The Subject Property is a single-tenant office building built in 1965 and containing 2,994 square feet of net rentable area. The building is of average quality and in fair condition due to deferred maintenance related to the poor roof condition and related water damage, and air-conditioning. The building is owner-occupied.

In order to estimate the value of the Subject, a search was made for sales of single-tenant office buildings or commercial buildings of similar size to the Subject, where possible. We searched the immediate area around the Subject neighborhood for similar properties that have recently sold. The Subject is located along E. Atlantic Boulevard, just east of S. Federal Highway. Our research revealed four commercial building sales during the past two years considered to be the best available for comparison to the Subject.

We analyzed the Subject Property based on a price per square foot basis, as this is the most recognized unit of comparison in this market. All of the comparables were considered with regard to property rights purchased, financing, conditions of sale, time or market conditions, location, size, age/condition, quality, and land-to-building ratio. Specific details of each sale along with a location map are located immediately following the sales summary chart.



Sales Comparison Approach

Discussion of Improved Sales

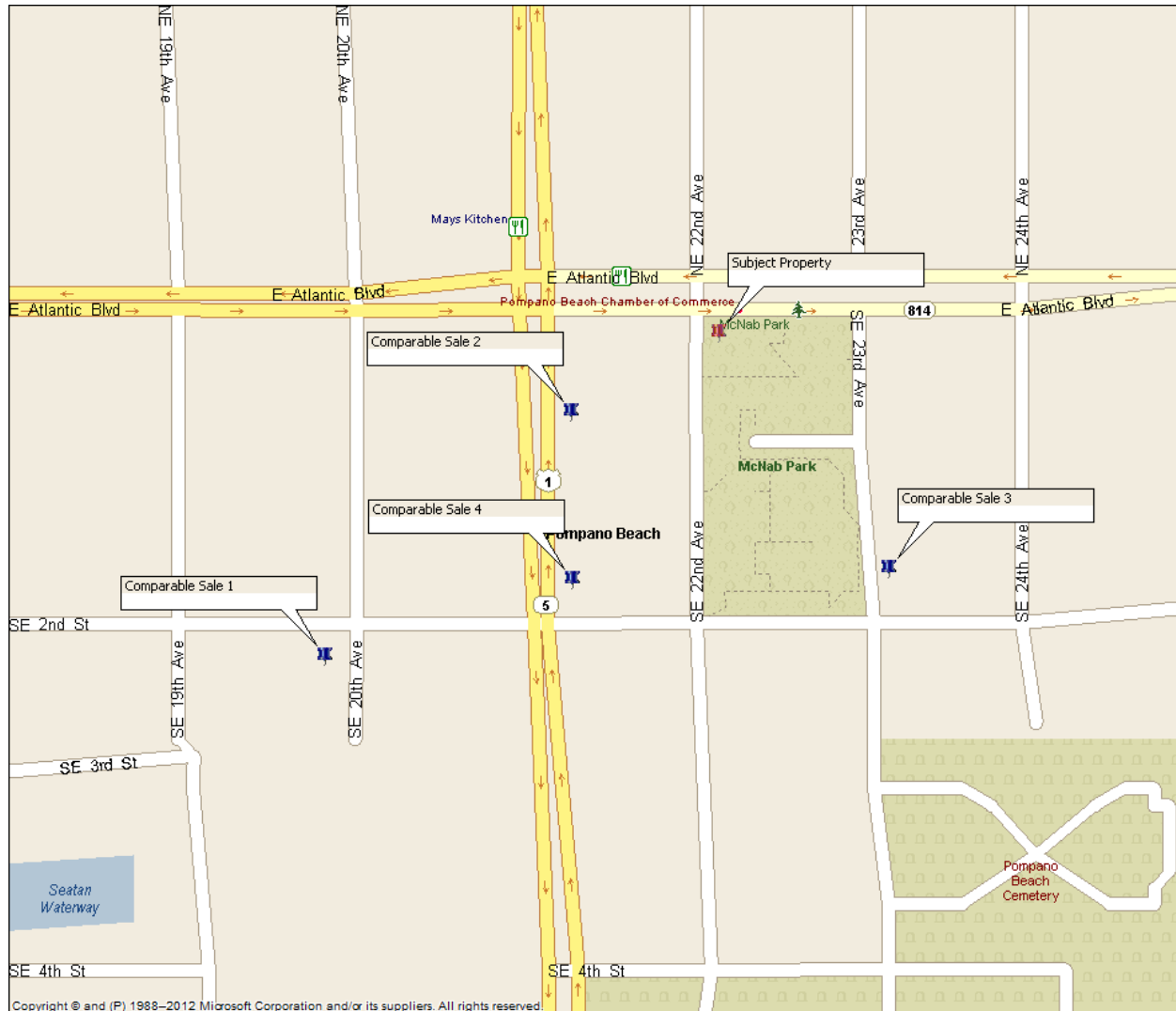
In order to estimate market value of the Subject Property, a search was made for sales of similar commercial buildings in the immediate Pompano Beach market. The following chart shows the sales that were considered the most comparable to the Subject. The incremental sale prices ranged from \$230.77 to \$268.90 per square foot and averaged \$249.82 per square foot. The building sizes ranged from 1,283 to 3,376 leasable square feet. The sales occurred from August 2018 to February 2019. More recent sales were reviewed, but not considered to be as useful for comparison to the Subject Property. The sale data for our analysis is summarized below.

IMPROVED SALES 2200 E. Atlantic Boulevard, Pompano Beach Callaway & Price, Inc. #20-81134					
Sale Number	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Record ID	-	9732	10485	10481	10482
Instrument No.	-	115611648	115504355	115440096	115278519
Property Type	Office	Office	Retail	Office	Retail
Location	2200 E. Atlantic Boulevard	1940 SE 2nd Street	18 S. Federal Hwy	28 SE 23rd Avenue	120 S. Federal Highway
City	Pompano Beach	Pompano Beach	Pompano Beach	Pompano Beach	Pompano Beach
Date of Appraisal/ Sale	July 31, 2020	Feb-19	Dec-18	Nov-18	Aug-18
Sale Price	-	\$885,000	\$690,000	\$719,000	\$345,000
Building Area	2,994	3,376	2,990	3,028	1,283
Price/Square Foot	-	\$262.14	\$230.77	\$237.45	\$268.90
Lot Size SF	9,000	8,250	4,578	6,098	2,242
Land-to-Building Ratio	3.01	2.44	1.53	2.01	1.75
Year Built	1965	1988	1954	1982	1954
Age At Time of Sale	55	31	64	36	64
Conditions of Sale		0%	0%	0%	0%
Time Adjustment		0%	0%	0%	0%
Adj. Price Per Square Foot		\$262.14	\$230.77	\$237.45	\$268.90
Location (Access & Exposure)	-	5%	-5%	5%	-5%
Size	-	0%	0%	0%	-5%
Age & Condition	-	-5%	0%	-5%	0%
Quality	-	-5%	0%	-5%	0%
Land-to-Building Ratio	-	0%	5%	0%	5%
Total Physical Adjustment	-	-5%	0%	-5%	-5%
Adjusted Price Per Square Foot	-	\$249.04	\$230.77	\$225.58	\$255.46

Average **\$240.21**
 Minimum **\$225.58**
 Maximum **\$255.46**



Improved Sales Map





Improved Sale No. 1



Property Identification

Record ID	9732
Property Type	Office, Office
Address	1940 SE 2nd Street, Pompano Beach, Broward County, Florida
Location	SW corner of SE 2nd Street & SE 20th Avenue
Tax ID	4842 36 01 3000
Legal Description	PINEHURST 5-13 B LOT 1 BLK 29

Sale Data

Grantor	Buto Volz Property LLC
Grantee	North Star Building One LLC
Sale Date	February 1, 2019
Deed Book/Page	115611648
Property Rights	Fee Simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Verification	Confirmed by Art Grady

Sale Price	\$885,000
Cash Equivalent	\$885,000

Land Data

Land Size	0.189 Acres, or 8,250 SF
Front Footage	50 ft SE 2nd Street; SE 20th Avenue
Zoning	TO, Transit Oriented

**Improved Sale No. 1 (Cont.)****General Physical Data**

Building Name	North Star Building
Building Type	Single Tenant
Gross SF	3,376
Construction Type	CBS
Stories	2
Year Built	1988
Condition	Good

Indicators

Sale Price/Gross SF	\$262.14
Floor Area Ratio	0.41
Land-to-building Ratio	2.44:1
Occupancy at Sale	100%

Remarks

The property had been a rehabilitation facility. The buyer will be an owner-user will use the property for their business North Star General Contractors.



Improved Sale No. 2



Property Identification

Record ID	10485
Property Type	Commercial, Retail Building
Address	18 S. Federal Highway, Pompano Beach, Broward County, Florida 33062
Location	East side of S. Federal Hwy., 185' +/- south of E. Atlantic Blvd.
Tax ID	4842 36 01 2520
Legal Description	Lot 15, less R/W and less E 7.5' of Blk 22, Pinehurst Sub

Sale Data

Grantor	McNab Enterprises LLC
Grantee	18 S. Federal, LLC
Sale Date	December 14, 2018
Deed Book/Page	115504355
Recorded Plat	5/13
Property Rights	Fee Simple
Conditions of Sale	Arm's length (see comments)
Financing	Cash to seller
Verification	Confirmed by Jim Murray
Sale Price	\$690,000
Cash Equivalent	\$690,000

**Improved Sale No. 2 (Cont.)****Land Data**

Land Size	0.105 Acres, or 4,578 SF
Front Footage	S. Federal Highway
Zoning	TO-EOD
Topography	Flat
Shape	Rectangle
Landscaping	Minimal

General Physical Data

Building Type	Multi-Tenant
Leasable SF	2,990
Construction Type	CBS
Roof Type	Flat, built-up
HVAC	Central
Stories	1
Year Built	1954
Condition	Average

Indicators

Sale Price/Net SF	\$230.77
Floor Area Ratio	0.65
Land-to-building Ratio	1.53:1

Remarks

This is the sale of a two-unit retail building along S. Federal Highway. The property is a free-standing facility with parking area for six spaces in the rear. The building is of average construction and was in average condition at the time of sale. A portion of it was occupied by a tile business, but subsequently was leased to full occupancy. Reportedly the property sold at auction, but it was not clear that it sold at a discount.



Improved Sale No. 3



Property Identification

Record ID	10481
Property Type	Office, Office
Address	28 SE 23rd Avenue, Pompano Beach, Broward County, Florida 33062
Location	East side of SE 23rd Avenue, 400 feet south of E. Atlantic Boulevard
Tax ID	4842 36 01 2390
Legal Description	Lot 24, in Block 20, of Pinehurst

Sale Data

Grantor	WMB Consulting, Inc.
Grantee	23rd Avenue Partners, LLC
Sale Date	November 8, 2018
Deed Book/Page	115440096
Recorded Plat	5/13
Property Rights	Fee Simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Sale History	\$405,000 in Dec. 2014
Verification	Confirmed by Jim Murray
Sale Price	\$719,000
Cash Equivalent	\$719,000

**Improved Sale No. 3 (Cont.)****Land Data**

Land Size	0.140 Acres, or 6,098 SF
Front Footage	SE 23rd Avenue
Zoning	TO-EOD, General Business
Landscaping	Average

General Physical Data

Building Type	Single Tenant
Leasable SF	3,028
Construction Type	CBS
Roof Type	Pitched, w/concrete tile covering
Electrical	Adequate
HVAC	Central
Stories	2
Year Built	1982
Condition	Good

Indicators

Sale Price/Net	\$237.45
Rentable SF	
Floor Area Ratio	0.50
Land-to-building Ratio	2.01:1
Occupancy at Sale	Owner/user

Remarks

This office building was purchased for owner occupancy. It is located within the first block south of East Atlantic Avenue. The building has a partial first floor with drive-through to rear parking lot. Building features high ceilings, open floor plan, upgraded flooring and lighting, storage area, and fenced parking area.



Improved Sale No. 4



Property Identification

Record ID	10482
Property Type	Commercial, Retail Building
Address	120 S. Federal Highway, Pompano Beach, Broward County, Florida 33062
Location	East side of S. Federal Hwy., 50'+/- north of SE 2nd St.
Tax ID	4842 36 01 2620
Legal Description	S 1/2 of Lot 26, Blk 22, of Pinehurst

Sale Data

Grantor	Mortgage Stop LLC
Grantee	Formosa Daily Health LLC
Sale Date	August 20, 2018
Deed Book/Page	115278519
Recorded Plat	5/13
Property Rights	Fee Simple
Conditions of Sale	Arm's length
Financing	Assumed mtg. of \$227,984
Sale History	\$250,000 in August 2018
Verification	Confirmed by Jim Murray
Sale Price	\$345,000
Cash Equivalent	\$345,000

**Improved Sale No. 4 (Cont.)****Land Data**

Land Size	0.051 Acres, or 2,242 SF
Front Footage	S. Federal Highway
Zoning	TO-EOD
Topography	Flat
Shape	Rectangle
Landscaping	Minimal

General Physical Data

Building Type	Single Tenant
Leasable SF	1,283
Construction Type	CBS
Roof Type	Flat, built-up
HVAC	Central
Stories	1
Year Built	1954
Condition	Average

Indicators

Sale Price/Net SF	\$268.90
Floor Area Ratio	0.57
Land-to-building Ratio	1.75:1

Remarks

This is the sale of a single-tenant, one-story retail building in a strip of small buildings along S. Federal Highway. Parking is from a few spaces in the rear of the site and public parking.



Discussion of Adjustments

As may be seen from the previous sales and sales summary chart, the incremental sale prices ranged from \$230.77 to \$268.90 per square foot and averaged \$249.82 per square foot. The sizes of the buildings ranged from 1,283 to 3,376 leasable square feet. The sales occurred from August 2018 and February 2019. We have carefully reviewed all of the comparables and considered each with regard to property rights conveyed, financing, date of sale, location, size, age and condition and occupancy.

Property Rights Conveyed

All the sales in this analysis were transferred based on Leased Fee or Fee Simple Estate, with the buyers receiving full property rights ownership. We are also unaware of any adverse deed restrictions or any other property rights limitations which would have affected the sales. Therefore, no adjustment was considered necessary for property rights conveyed.

Terms of Financing (Cash Equivalency)

Since Sales 1, 2 and 3 took place under typical financing terms, no adjustments were required, nor were any cash equivalencies performed on the sales. Sale 4 involved the assumption of a mortgage, but there was no evidence that the financing affected the purchase price. As a result, no adjustment was made to this sale.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller at the time of conveyance. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. The conditions of each sale reflected more or less typical market conditions and no atypical aspects to the sale. Sale 2 was sold at auction, but there was no clear indication that it sold at a discount. Therefore, no adjustment for this consideration has been made.

Time or Changes in Market Conditions

The next adjustment considered was for any increase or decrease in value with respect to time. The sales occurred between August 2018 and February 2019. Based on our research and experience in this market over the last several years, it is our opinion that sale price for commercial properties in the downtown Pompano Beach market have seen increases. However, recently the market has been stymied by the suddenness of the Covid-19 pandemic. The direct impact from the Covid-19 pandemic is especially difficult to determine as the market has not had time to adjust for any possible fallout. It is clear, however, that many market participants are in a "wait and see" mode at this time to see what impacts the economic shutdown will have on the market. Considering the available data, we have not applied an adjustment for changing market conditions.



Location

The Subject Property is located on the south side of Atlantic Boulevard, just east of Federal Highway in Pompano Beach. This area is typified by a mixture of commercial buildings of various ages which benefit from good exposure. All the sales are located in very close proximity to the Subject. The sales on Federal Highway (Sales 2 and 4) were considered superior due to their higher traffic volumes. Sales 1 and 3 were located along minor thoroughfares and required upward adjustments based on their inferior locations compared to the Subject Property.

Size

Typically, smaller properties will sell for more on a price per square foot basis than larger properties, all other things equal, and vice versa. The Subject Property contains 2,994 leasable square feet. The comparable sales range in size from 1,283 to 3,376 leasable square feet. In our opinion, Sale 4 had a materially smaller size when compared to the Subject and required a downward adjustment for this in our opinion. The remaining sales were considered to be generally similar.

Age & Condition

The Subject Property was built in 1965 and is 55 years old. The Subject building was observed to be in fair condition due to its deferred maintenance, but once repaired would be considered generally in average condition. Since we will making a specific deduction for the deferred maintenance, we will be assuming these items have been corrected in this portion of the analysis. Sales 2 and 4 were generally similar to the Subject in terms of age and condition. These sales were not adjusted for this factor. Sales 1 and 3, however, were superior in terms of condition and more recent construction. As a result, these two sales required upward adjustments for this consideration.

Building Quality

The Subject Property was considered to be of average construction and design. In terms of building quality and tenant appeal, Sales 1 and 3 were superior to the Subject. These sales had superior designs, and both offered significant on-site parking lots, requiring downward adjustments. Sales 2 and 4 were similar overall to the Subject Property and did not warrant adjustments.

Land-to-Building Ratio

The Subject has a land-to-building ratio of 3.01:1, although it does not have on-site parking which is typical of many properties in the downtown Pompano Beach area. Comparables 2 and 4 had inferior ratios which ranged from 1.53:1 to 1.75:1. These sales were adjusted upward based on this inferior attribute. Sales 1 and 3 had generally similar ratios and did not warrant adjustments.



Conclusion

Following adjustments, the comparable sales indicated adjusted sale prices ranging from \$225.58 to \$255.46 per rentable square foot, and average \$240.21 per square foot. Eliminating the highest and lowest indications (Sales 4 and 3, respectively), the range narrows from \$230.77 to \$249.04 per square foot, with a similar average of \$239.90 per square foot.

Based on the indications from the comparable sales, and considering the Subject's location, age and condition, it is our opinion that the indicated Market Value of the Subject Property, as repaired, via the Sales Comparison Approach was approximately \$240.00 per rentable square foot. This indicates a value calculated as follows:

$$\begin{array}{rclclcl} 2,994 & \text{Sq.Ft @} & \$240.00 & \text{Per Sq.Ft. =} & \$718,560 \\ & & & \text{Say,} & \$720,000 \end{array}$$

However, we must address the estimated costs to repair the items of deferred maintenance as discussed in the Description of Improvements section of the report. As was shown, we have estimated the repair costs at \$50,000. Therefore, the "as is" value of the Subject Property is **\$670,000**.

Value as Repaired	\$720,000
Less Repair Costs	<u>\$50,000</u>
Value "As Is"	\$670,000



INCOME APPROACH

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Income Capitalization Approach on page 115 as follows:

"Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income."

Direct Capitalization

The value estimate by the Direct Capitalization Method is based upon the capitalization of the estimated net income that can be produced by the Subject improvements. The steps involved in this valuation procedure are as follows:

1. Estimate the potential gross income that can be generated by the Subject based upon market rent levels.
2. Estimate the applicable vacancy rate and operating expenses for the Subject Property and deduct them from the potential gross income to arrive at a net operating income.
3. Estimate an appropriate overall capitalization rate based upon the current market conditions for properties similar to the Subject.
4. Capitalize the net operating income into an indication of Market Value utilizing a market oriented overall capitalization rate.

Estimate of Potential Income

In order to estimate the Subject's potential income, we have analyzed the rent on properties considered similar to the Subject. The following pages summarize some of the properties considered to be generally similar to the Subject Property.



Discussion of Market Rental Rates

The Subject is a single-tenant professional office building that currently is owner-occupied. As such, there is no lease in place.

We have research asking rents for comparable older, commercial properties (no anchor tenants) in the greater Pompano Beach area in order to determine a market rental rate. In our survey of the competitive rental market we have attempted to include buildings with similar potential utility for a prospective tenant, focusing on professional office space in proximate buildings of similar vintage, where possible.

The comparable buildings in our analysis are considered to offer a reasonable range of rents that could be expected for the Subject Property. Shown below are the quoted asking rents for similar competitive properties along Atlantic Boulevard in Pompano Beach. A location map and photographs of the rent comparables can be found on the following pages.

RENT COMPARABLES								
Comp No.	Address	Year Built	Space Available/ Total Space (Sq. Ft.)	Rental Rate Per Sq. Ft.	Lease Type	Tenant Expenses	Landlord Expenses	Total Gross Rent
1	1937 E. Atlantic Boulevard Pompano Beach	1977	2,736 14,511	\$11.00 - \$15.00	NNN	R.E. Tax Insur. & CAM \$7.95	Mgt. Only	\$18.95 \$22.95
2	2300 E. Atlantic Boulevard Pompano Beach	1978	3,572 9,705	\$21.00	Modified Gross	Electric & Janitorial	All Other	\$21.00
3	1287 W. Atlantic Boulevard Pompano Beach	1960	4,000 4,000	\$20.00	Modified Gross	Utilities	All Except Utilities	\$20.00
4	1301 E. Atlantic Boulevard Pompano Beach	1979	4,508 14,000	\$15.00	NNN	R.E. Tax Insur. & CAM \$8.37	Mgt. Only	\$23.37
5	1632-1648 E. Atlantic Boulevard Pompano Beach	1974	880 8,118	\$19.09	Modified Gross	Utilities	All Except Utilities	\$19.09
Subject Property		1965	0 2,994	\$22.00 Market	Modified Gross	Utilities Only	All Except Utilities	\$22.00





Rent Comparable 1



Rent Comparable 2



Rent Comparable 3



Rent Comparable 4



Rent Comparable 5



Commercial investment properties leasing in the Florida market are often based on an absolute net lease or partial net lease basis. An absolute net lease basis is a lease wherein all operating expenses (typically with the exception of reserves) are passed-through to the tenant on a pro-rata basis. This type of lease protects the owner/landlord from increasing overhead, and leaves him responsible for those expenses associated with vacant space only. A partial net lease basis is a lease wherein only some of the property expenses are passed through to the tenant.

Also prevalent in the market are gross leases. A gross lease differs from a net lease in that the tenant pays the landlord a set rental amount and the landlord is responsible for paying all operating expenses, typically except utilities. Modifications between these types of leases exist and are primarily the result of negotiations. Modified gross leases are leases in which the landlord pays all expenses the first year (termed the "base year") and the tenant pays all increases of the expenses over the base year. Gross leases and modified gross leases are often employed for older properties wherein the landlord needs to be more competitive than for newer properties.

As can be seen from the Rent Comparables chart, both net leases and gross leases are offered in the Subject's market, though gross leases are more prevalent. Newer, more competitive, stronger properties can get a market rent and pass-through expenses. Less competitive older properties with perhaps, unrenovated buildings typically will gravitate toward gross rents or lower base rents if passing through expenses. In our opinion, the Subject would be very competitive in the market as newly repaired given the strong demand in this area of downtown Pompano Beach and the property's very good visibility. In the current market, modified gross rents are more applicable to the Subject.

The comparable rents, presented earlier, indicate that rates ranging from a low of \$18.95 per square foot to a high of \$23.37 per square foot on a gross rental basis with an average \$20.89 per square foot.



Conclusion – Office Market Rental Rates

In our opinion, as newly repaired (new roof, A/C, etc.), the property would attract a rental rate above the average of the rent comparables on a modified gross lease basis given its very favorable location. Therefore, in our opinion, the market rent for the building should be \$22.00 per square foot on a modified gross lease basis. We have applied this rental rate in our pro forma analysis.

Gross Income Conclusion

The total potential gross income for the Subject Property is calculated below.

Base Rental Income

Market Rent	2,994 Sq.Ft.	x	\$22.00	=	\$	65,868
<hr/>						
Total Rental Income	2,994				\$	65,868

Vacancy and Collection Loss

According to the *CoStar Group, Inc.*, "Broward County Office Market Report," the Broward County Office Market currently has an overall office market vacancy of 9.4%. The Subject's Fort Lauderdale submarket currently has an office vacancy rate of 10.1% with the adjacent Pompano Beach submarket at 9.0%.

The Subject is a single-user building that currently is owner-occupied. Our own office rental survey indicated a range of occupancies from 0% (single-user building) to 92%. However, the properties our analysis were advertising office space available for lease and our inspection revealed the majority of the commercial properties in the area were well occupied. Further, the Subject is configured for a single user which is more desirable in the local market where has limited vacancy for single-tenant buildings.

Assuming proper management and marketing, and a competitive, market-oriented rental rate, and taking into consideration the Subject's age and location, as well as the general vacancy levels in the Pompano Beach market and that the Subject is a single-tenant building, it is our opinion that a vacancy and collection loss of 5% is warranted for the Subject. This also considers those periods when the Subject will be vacant, as well as including interruption of payment due to natural causes, renovations, and collection losses.



Expense Analysis

In order to estimate the operating expenses for the Subject, we have analyzed the operating expenses for similar small commercial buildings located throughout South Florida. We have relied upon the expense comparables to estimate the Subject's operating expenses as we were not provided with the Subject's historical operating statements. A breakdown of the actual operating expenses for the comparables utilized in estimating the Subject's expenses is shown in the following chart.

Expense Comparables						
Location Square Footage	SE Florida 16,854	SE Florida 22,864	SE Florida 9,130	SE Florida 9,827	SE Florida 27,001	SE Florida 9,522
Real Estate Taxes	\$3.11	\$2.28	\$2.38	\$1.89	\$2.34	\$1.95
Insurance	\$0.31	\$0.85	\$1.33	\$1.48	\$0.94	\$1.29
Repairs & Maintenance/CAM	\$2.55	\$2.31	\$1.60	\$2.77	\$2.00	\$0.60
Utilities	\$1.57	\$2.26	\$1.26	\$2.21	\$0.94	\$0.85
General & Administrative	\$0.19	\$0.66	\$1.16	\$0.04	\$0.37	\$0.00
Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.31	\$0.00
Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.63	\$0.00
Total Without Taxes	\$4.62	\$6.08	\$5.35	\$6.50	\$5.19	\$2.74
Total Including Taxes	\$7.73	\$8.36	\$7.73	\$8.39	\$7.53	\$4.69

Real Estate Taxes

Real estate taxes typically account for a sizable portion of the total property expenses. The Subject Property's 2019 real estate assessment was \$393,930, or \$131.57 per square foot of building area. The Subject owner (Chamber of Commerce) is not charged real estate taxes as it is a quasi-governmental civic entity. In order to determine a reasonable estimate of real estate taxes were the property to be sold to a market buyer, we have analyzed the assessment and taxes of nearby commercial buildings. The information is summarized in the table on the following page.



Income Approach

TAX COMPARABLES								
Comp. No.	Address	Year Built	Building Sq. Ft.	Assessed Value	2019 Taxes	Assessed Value Per Sq. Ft.	Taxes Per Sq. Ft.	Millage
1	2125 E. Atlantic Blvd.	1961	3,296	\$473,760	\$10,734	\$143.74	\$3.26	0.02266
2	2201-2209 E. Atlantic Blvd.	1956	4,932	\$921,470	\$21,329	\$186.83	\$4.32	0.02315
3	2305-2309 E. Atlantic Blvd.	1955	3,887	\$602,660	\$13,558	\$155.05	\$3.49	0.02250
4	1919-1925 E. Atlantic Blvd.	1955	3,818	\$485,140	\$11,130	\$127.07	\$2.92	0.02294
5	1905-1915 E. Atlantic Blvd.	1955	4,396	\$715,050	\$16,019	\$162.66	\$3.64	0.02240
Subject Property		1965	2,994	\$393,930	\$0	\$131.57	\$0.00	0.02273 Average

#20-81134

The year following a property transfer the assessed value is modified based on a relationship to market value. In Broward County, the percentage of the assessed values of these properties to the sale prices the year following a sale typically range from approximately 70% to 80%. Previously we concluded the Subject's value indication via the Sale Comparison Approach at \$660,000. The current assessment of \$393,930 equates to only 60% of this figure which is well supported by this range. Therefore, we have based our analysis on an assessment of 70% of \$660,000, or \$462,000, which equates to \$154.31 per square foot of building area. This figure is well within the range of the comparables on a per square foot basis. The comparables indicated millage rates ranging from 0.02240 to 0.02315, with an average of 0.02273. Applying this average to the estimated assessment (\$462,000 X 0.02273), the Subject's indicated taxes are \$10,501, or \$3.51 per square foot.

As a prudent owner would receive a 4% discount for early payment, we have derived the tax estimate for our pro forma analysis as follows:

$$\$10,501 \times 0.96 = \$10,081 \text{ estimated taxes}$$

This amount is market oriented in our opinion and will be used in our analysis.

Insurance

This expense amount represents the annual premium for insurance coverage for the Subject Property. The expense comparables indicated insurance expenses ranging from \$0.31 to \$1.48 per square foot of building area. In our opinion, an insurance expense of \$1.15 per square foot, or approximately \$3,400 (rounded), is market-oriented and will be used in our analysis.



Maintenance & Repairs

The repairs and maintenance expense (also referred to as CAM for multitenant properties) includes the cost incurred in the upkeep of the building and grounds. This expense can vary widely from project to project depending on and the age/condition of the improvements, amount of landscaping, whether miscellaneous utilities are included, etc. The comparables indicated R & M (or CAM) expenses ranging from \$0.60 to \$2.77 per square foot of building area. The routine maintenance involved in the upkeep of a property like the Subject would be expected to be fairly low given the construction and the average landscaping. Therefore, in our opinion, a repairs & maintenance expense just below the range at \$1.50 per square foot, or \$4,500, for this analysis.

Utilities

The utilities expense includes the cost of electric, water, gas, trash, etc. for common areas. For a single-user building with a modified gross lease, this would be the responsibility of the tenant and we will not make a specific deduction for utility expenses in this analysis.

General & Administrative

This expense category includes those costs associated with the day-to-day operations of the Subject Property including legal and accounting, licenses and permits, advertising and promotion, office supplies, telephone charges, et cetera. The expenses differ based on reporting and operating practices at individual properties, and may vary widely.

The comparables indicated general and administrative expenses ranging from \$0.00 to \$1.16 per square foot with an average of \$0.40 per square foot. Overall, we have assumed that a third-party management company would typically assume many of the responsibilities and expenses now assumed by the owner, and that under this scenario the G&A expenses for the Subject would be lower. As a result, we have estimated that a G&A expense of \$0.20 per square foot, or \$600, would be sufficient for the Subject Property.

Management

Income producing properties require supervision in the collection of rents, tenant relations and making sure maintenance is performed adequately. These charges are proper expenses of operation, whether they are contracted to an outside management company or provided by the property owner. This expense is usually quoted on a percentage of Effective Gross Income (EGI).



Income Approach

Management fees for commercial properties in Central Florida typically range from 3% to 5% of EGI. In our opinion, given that the Subject is a relatively small single-tenant building, a management expense of 3.00% of the Effective Gross Income is appropriate for the Subject. The Subject's management expense has been calculated as shown below.

$$\$62,575 \text{ EGI} \times 0.03 = \$1,877$$

Reserves for Replacement

Reserves are a category in which the landlord escrows a certain amount of net operating income each year to defray the costs of non-recurring structural and mechanical repairs and/or replacements. This expense is usually incurred as needed and may vary widely over the term of ownership. The owners of the Subject have not projected or reported a reserves expense. It has been our experience that this expense is not typically accounted for with small commercial buildings like the Subject, and we have not included a reserve estimate herein.

Conclusion - Expense Analysis

The expense estimates for the Subject are shown on the following chart and indicate a total annual expense of \$20,458, or approximately \$6.83 per square foot. This expense level is generally consistent with the comparables on a dollar per square foot basis.

Expense Summary - Direct Capitalization		
	Gross Amount	Per Sq. Ft. Rentable Area
Real Estate Taxes	\$10,081	\$3.37
Insurance	\$3,400	\$1.14
Repairs & Maintenance	\$4,500	\$1.50
General & Administrative	\$600	\$0.20
Management	\$1,877	\$0.63
Total	\$20,458	\$6.83



Overall Rate Selection

The Dictionary of Real Estate Appraisal, by the Appraisal Institute, Sixth Edition, 2016 defines Capitalization on page 165 as follows:

"The relationship between a single year's net operating income expectancy and the total property price or value ($Ro = Io \div Vo$)."

In estimating an overall capitalization rate appropriate for the Subject, we have considered overall rates abstracted from the market, as well as the current mortgage/equity requirements.

Abstraction of Overall Rate

The equation utilized to abstract overall rates directly from market sales is as follows:

$$Ro = I/V$$

Ro = overall rate
I = net income
V = Value (purchase price)

None of our improved sale comparables applied earlier in this report indicated overall rates as most were owner-occupied or operating data was not available. However, we have shown overall rates from sales of other small commercial properties in Broward County market area. The overall rates which we have derived from the market sales are considered to be generally comparable to the Subject.

OVERALL RATE CHART					
Property/Location	O.R. Book and Page	Sale Date	Square Feet	Year Built	Overall Rate
1983 W. Hillsboro Boulevard, Deerfield Beach	116304457	Jan-20	4,403	2006	6.50%
4380 NW 11th Avenue, Oakland Park	116209751	Nov-19	5,160	1973	6.68%
2655 Hollywood Boulevard, Hollywood	116316239	Nov-19	5,825	1962	6.50%
1061-1069 E. Hillsboro Blvd., Deerfield Beach	116149122	Oct-19	6,438	2014	5.37%
7501 N State Road 7, Parkland	116140292	Oct-19	3,372	2014	7.00%
2868-2878 N. SR 7, Lauderdale Lakes	116106806	Oct-19	9,245	1985	7.30%
4010 NW Powerline Road, Oakland Park	115976731	Jul-19	9,000	1983	7.50%
1371 Sawgrass Corporate Parkway, Sunrise	115950259	Jun-19	6,555	2006	6.88%
425 S 21st Avenue, Hollywood	115734602	Apr-19	3,500	1956	6.00%
9720 W Sample Road, Coral Springs	115678192	Mar-19	13,320	1988	7.00%
Average					6.67%

As can be seen, the overall rates obtained from the market ranged from 5.37% to 7.50%, with an average indication of 6.67%.



Income Approach

Another source of overall rates is the PwC Real Estate Investor Survey, 2nd Quarter 2020, which indicated overall rates for the Southeast Florida Office Market ranging from 5.00% to 9.50%, with an average of 6.91%.

Typically, in an active market such as South Florida, an overall rate abstracted from comparable sales is the best indicator of an appropriate capitalization rate.

Overall Rate Conclusion – Direct Capitalization Summary

These rates take into account a number of factors, including the location and income producing capabilities of the properties along with the buyer's perceptions as to risk and future market conditions. Given all factors relevant to the Subject, it is our opinion that an overall rate of 6.25% to 6.50% appears market oriented for the Subject as of the appraisal date.

The Subject's Market Value by the Income Capitalization Approach (Direct Capitalization) is shown below. We have capitalized the stabilized Net Operating Income into a value indication and deducted the estimated repair costs of \$50,000 to derive the Subject's value in its "as is" condition via the Income Approach.

DIRECT CAPITALIZATION				
2200 E. Atlantic Boulevard, Pompano Beach Callaway & Price, Inc. # 20-81134				
Base Rental Income				
Market Rent	2,994 Sq.Ft.	x	\$22.00	= \$ 65,868
Total Rental Income	2,994			\$ 65,868
Miscellaneous Income				\$ -
Pass Through Income				\$ -
Gross Income				\$ 65,868
Less Vacancy & Collection Loss	5%			<u>\$ (3,293)</u>
Effective Gross Income				\$ 62,575
Less Expenses				
Real Estate Tax		\$3.37	\$10,081	
Insurance		\$1.14	\$3,400	
Repairs & Maintenance		\$1.50	\$4,500	
General & Administrative		\$0.20	\$600	
Management	3.0% of EGI	\$0.63	\$1,877	
Total Expenses		\$6.83	\$20,458	<u>(\$20,458)</u>
Net Operating Income				\$42,116
Capitalization				
Net Operating Income Divided by Overall Rate				
	\$42,116	/	6.25%	\$673,862
	\$42,116	/	6.50%	\$647,944
Value Via Direct Capitalization - As If Repaired				\$660,000
Less Repair Cost				<u>(\$50,000)</u>
Value Via Direct Capitalization - "As Is"				\$610,000

**RECONCILIATION**

The values indicated for the Market Value of the Fee Simple Estate of the Subject Property as of the appraisal date were:

Cost Approach	N/A
Sales Comparison Approach	\$670,000
Income Capitalization Approach	\$610,000

The Cost Approach is based on the assumption that a potential purchaser would pay no more for the property than the cost of constructing a substitute property with the same utility as the Subject. This approach is most reliable when the improvements are generally new and suffer from little depreciation, and it becomes less reliable when the improvements are older and suffer from large amounts of physical and other types of depreciation. The Subject's building improvements were built in 1965 and while apparently maintained over the years, it suffers from significant physical deterioration including observable items of deferred maintenance and are in fair condition. This approach does not generally reflect the buyer's and seller's motives, nor take into consideration important factors in the market such as supply and demand. This approach was not applied as it is not relevant to the task of estimating the Subject's market value as of the date of value.

The Sales Comparison Approach is based upon the assumption that a potential and knowledgeable investor would pay no more for the property than the cost of acquiring an existing property with basically the same utility. The Sales Comparison Approach has been utilized in order to estimate the Market Value of the Subject by the comparison of similarly improved properties that have recently sold. The comparable sales used were generally similar office properties, most of which were purchased for owner-occupancy. Having adjusted the sales for their differences with respect to the Subject, the sales properties were considered to offer a reasonable indication for the Subject.

The Income Capitalization Approach converts anticipated future benefits of property ownership into an estimate of present value. In this instance, we have reviewed a number of projects in the Subject's area and performed a Direct Capitalization based on a detailed analysis of rental rates, vacancy and collection losses, and operating expenses associated with office projects. Given the quantity and quality of the data available, this approach was considered to give a generally reliable indication of value for the Subject Property via this approach as an investment. One weakness in this approach is most similar small office buildings are purchased for owner-occupancy.



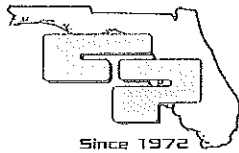
Reconciliation

In estimating the market value for the Subject, it is our opinion that since the Subject is a single-tenant, owner-user property, the Sales Comparison Approach should be given primary consideration in estimating an overall market value for the Subject based on current market parameters. Therefore, it is our opinion that the Market Value of the Fee Simple Estate of the Subject Property as of July 31, 2020, was:

\$670,000

ADDENDA

ENGAGEMENT LETTER



Callaway & Price, Inc.

Real Estate Appraisers and Consultants

Licensed Real Estate Brokers

www.callawayandprice.com

Please respond to the South Florida office
E-Mail: s.shaw@callawayandprice.com

SOUTH FLORIDA

1410 Park Lane South, Suite 1
Jupiter, FL 33458
561.686.0333 | 561.686.3705 Fax

Michael R. Slade, MAI, SRA, CRE
Cert Gen RZ116
m.slade@callawayandprice.com

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192
s.shaw@callawayandprice.com

Robert A. Callaway, MRICS
Cert Gen RZ2461
r.callaway@callawayandprice.com

July 20, 2020

Greg Harrison, Executive Director
Nguyen Tran, Director
Pompano Beach CRA
100 West Atlantic Boulevard
4th floor
Pompano Beach, FL 33060

E-Mail: greg.harrison@copbfl.com
nguyen.tran@copbfl.com

TREASURE COAST

1803 South 25th Street, Suite 1
Fort Pierce, FL 34947
772.464.8607 | 772.461.0809 Fax
Stuart: 772.287.3330

Stephen G. Neill, Jr., MAI
Cert Gen RZ2480
s.neill@callawayandprice.com

CENTRAL FLORIDA

2816 E. Robinson Street
Orlando, FL 32803
Phone (321)726-0970
Fax (321)726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

SPACE COAST

1120 Palmetto Avenue
Suite 1
Melbourne, FL 32901
Phone (321)726-0970
Fax (321)726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

Dear Mr. Harrison and Mr. Tran:

We would be pleased to prepare an Appraisal Report of the Chamber of Commerce property located at 2200 E. Atlantic Boulevard in Pompano Beach, Florida. It is our understanding that the purpose of the appraisal is to estimate the Market Value of the Fee Simple Estate.

This report will be prepared for our client and intended user, the Pompano Beach CRA. The intended use is to assist the client for internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

The fee would be \$_____ The fee is due and payable upon delivery of the report. We will provide a PDF of the final report and a hard copy upon request.

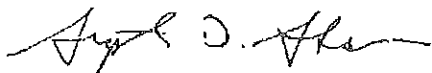
We will have the report completed in approximately 2-3 weeks from the day we receive your authorization and information requested; **be aware that delays in our receipt of information requested could postpone completion.**

Greg Harrison, Executive Director
Nguyen Tran, Director
Pompano Beach CRA
July 20, 2020
Page Two

If the above is agreeable to you, please sign below as our authorization and return it so that we may begin work immediately. This agreement is subject to the Agreements and Conditions listed on the attached pages, a copy of which should also be signed and returned to us. Our work will be done in accordance with the Appraisal Institute Code of Ethics and Standards of Professional Practice. Thank you for the opportunity to be of service.

Respectfully submitted,

CALLAWAY & PRICE, INC.



Stephen D. Shaw, MAI, AI-GRS
Cert.Gen. RZ1192

SDS/js
Attachments

Client:

Pompano Beach CRA

Accepted By\Date:

Signature

Date

Name and Title (Printed or Typed):



CONDITIONS OF AGREEMENT

1. Premise: The completed report shall comply with the professional and ethical standards of the Appraisal Institute. The report will be addressed to the Client, or, as directed by the Client.
2. Compensation: The fee is due and payable as designated in the contract letter; the retainer is to be sent to the Appraiser along with the signed contract letter, which constitutes authorization to commence the assignment. The Appraiser's/Consultant's compensation is in no event contingent upon a predetermined value or conclusion.
3. Completion Date: Every effort will be made to deliver the report as per the specified date in the contract letter. If delays occur for reasons beyond the control of the Appraiser/Consultant, such as not receiving necessary data requested from the Client in a timely manner, changes in the scope of services of the assignment, acts of God, et cetera, the due date shall be extended.
4. Changes: The Appraiser/Consultant shall, to the best of his ability, complete the assignment in compliance with professional and ethical standards of the appraisal industry. Changes which are not in keeping with these standards will necessitate a new contract letter and renegotiation of the original fee; or billed on a time basis plus the original fee.
5. Cancellation: This agreement may be cancelled by the Client by written notice, or telephone followed by written notice. Appraiser/Consultant shall submit a statement based on professional time and expenses accrued, if applicable, for all services expended to the date of cancellation.
6. Additional Report Copies: Additional copies will be furnished upon request, and prepayment of \$1 per page per report.
7. Collection: All fees and expenses are due upon delivery of the final report. A late charge of 1.5% per month shall be imposed on balances unpaid 30 days after the statement date. If collection efforts become necessary, all costs for same, including court costs and attorney's fees will be added to the balance due. We are currently operating under an agreement with a collection agency which charges us 53.8%. IF THEIR COLLECTION SERVICES ARE REQUIRED, CLIENT'S TOTAL BALANCE DUE WILL BE INCREASED BY 53.8%.
8. Limiting Conditions: This agreement and the completed report shall be subject to the attached Limiting Conditions (also included in said report).



Conditions of Agreement

9. Confidential Data: Data assembled for the assignment will remain the property of the Appraiser/Consultant. Data provided by the Client will be held in file, unless otherwise instructed by the Client, and considered confidential. Appraiser/Consultant is authorized by the Client to disclose the report to appropriate representative of the Appraisal Institute to comply with the Bylaws and regulations of this professional organization.

I hereby agree to the Conditions of Agreement outlined above.

Client's Name

Date of Acceptance



LIMITING CONDITIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value estimated in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. This appraisal report covers only the property described and any values or rates utilized are not to be construed as applicable to any other property, however similar the properties might be.
4. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
5. This appraisal expresses our opinion, and employment to make this appraisal was in no way contingent upon the reporting of predetermined value or conclusion.
6. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
7. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.



Limiting Conditions

9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation *stachybotrys chartarum* (mold), asbestos, polychlorinated biphenyls, petroleum leakage, "Chinese drywall" or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
10. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has 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 has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

QUALIFICATIONS



Qualifications – Stephen D. Shaw, MAI, AI-GRS

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #10461
Member, Appraisal Institute, AI-GRS
State-certified general real estate appraiser RZ1192
Florida State Licensed Real Estate Salesman 0495422

Professional Experience

Principal, Callaway & Price, Inc., since January 1999
Senior Appraisal Consultant, Callaway & Price, Inc., since July 1997 – December 1998
Appraisal Consultant, Callaway & Price, Inc., since April 1994
Associate Appraiser, Pinel & Carpenter, Inc., Orlando, April 1992 - March 1994
Appraiser/Researcher, Callaway & Price, Inc., September 1987 - March 1992
Special Magistrate Palm Beach County 1996-2012
Special Magistrate, Martin County, 2009

Qualified as an Expert Witness

Palm Beach County, Florida
Martin County, Florida
Broward County, Florida
Sarasota County, Florida

Education

Bachelor of Science Degree, Business Administration, Major in Real Estate
and Finance, University of Florida

Appraisal Institute:

Course 101 - An Introduction to Appraising Real Property, 1992
Course 201 - Principles of Income Producing Properties, 1991
Course 2-1 - Case Studies in Real Estate Valuation, 1992
Course 540 - Report Writing and Valuation Analysis, 1993
Course 2-3 - Standards of Professional Practice Parts A & B, 1991
Review Theory - General

Numerous seminars sponsored by the Appraisal Institute

Appraising\Consulting Expertise

Acreage	Medical Office Sites
ACLFs	Surgery Centers
Apartment Complexes	Self-Storage Facilities
Automotive Service Facilities	Office Buildings
Bowling Alleys	Office/Warehouses
Commercial Buildings	Retail Buildings
Condominium Projects	Restaurants
Eminent Domain	Special Purpose Properties
Golf Courses	Shopping Centers
Hospitals	Vacant Commercial Land
Hotels	Vacant Industrial Land
Marinas	Vacant Multifamily Pods
Medical Office Buildings	Vacant Residential Land
Medical Office Condominiums	Vacant Single-Family Subdivisions
Medical Campus Sites	Warehouses



Qualifications – Stephen D. Shaw, MAI, AI-GRS

Organizations and Affiliations

Appraisal Institute:

- Experience Review Committee

- Ethics & Counseling Committee

- South Florida Chapter Board of Directors

- Business Development Board Palm Beach County, Member



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

SHAW, STEPHEN DAY

1639 FORUM PLACE
SUITE 5
WEST PALM BEACH FL 33401

LICENSE NUMBER: RZ1192

EXPIRATION DATE: NOVEMBER 30, 2020

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Qualifications – James D. Murray, Jr., MAI

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #50208
State-certified general real estate appraiser RZ2419
Real Estate Salesperson SL517992, State of Florida

Professional Experience

Appraisal Consultant, Callaway & Price, Inc., from 2004
Commercial Real Estate Analyst, Interbay Funding, 2002 to 2004
Senior Manager, Real Estate Analyst, Ocwen Realty Advisors, 1996 to 2002
Real Estate Appraiser, Assistant Vice President, Landauer Associates, Inc., 1991-1996
Graduate Research Assistant, Real Estate Research Center, University of Florida, 1990-1991
Project Manager, Klusza and Associates, Inc., 1986-1989

Geographic Experience

Throughout Florida

Property Types

Auto Service and Repair	Office/Warehouse
Commercial Condos	Proposed Projects
Day Care Facilities	Restaurants
Mixed Use Properties	Retail
Mobile Home Parks	Self-storage Facilities
Motels/Hotels	Vacant Land
Multifamily Residential	Warehouse Distribution Centers
Office	

Education

Master of Business Administration, Real Estate Concentration, University of Florida
Bachelor of Science, Business Administration, with Honors, University of Florida
Appraisal Institute Courses:
Appraisal Principles
Appraisal Procedures
Basic Income Capitalization
General Applications
Advanced Income Capitalization
Standards of Professional Practice (Parts A, B, C)
Advanced Sales Comparison and Cost Approaches
Advanced Applications
Report Writing and Valuation Analysis
Highest and Best Use and Market Analysis



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

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PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

MURRAY, JAMES D JR

1043 SHADY LAKES CIR S
PALM BEACH GARDENS FL 33418

LICENSE NUMBER: RZ2419

EXPIRATION DATE: NOVEMBER 30, 2020

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