

APPRAISAL REPORT

**VACANT DOWNTOWN ZONED SITE
NORTHWEST CORNER OF PIERCE STREET AND WASHINGTON AVENUE
CLEARWATER, FLORIDA 33756**

DATE OF VALUATION

SEPTEMBER 28, 2017

PREPARED FOR

**MR. JAMES BENWELL
REAL ESTATE SERVICES COORDINATOR
CLEARWATER ENGINEERING DEPARTMENT
100 S. MYRTLE AVENUE, SUITE 220
CLEARWATER, FLORIDA 33756**

SENT VIA EMAIL: JAMES.BENWELL@MYCLEARWATER.COM

PREPARED BY

**JAMES M. MILLSPAUGH, MAI
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110 TURNER STREET
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October 6, 2017

Mr. James Benwell
Real Estate Services Coordinator
Clearwater Engineering Department
100 S. Myrtle Avenue, Suite 220
Clearwater, Florida 33756

Sent Via Email: James.Benwell@Myclearwater.Com

RE: Vacant Downtown Zoned Site
Northwest Corner of Pierce Street and Washington Avenue
Clearwater, Florida 33756

Dear Mr. Benwell:

At your request, I have made an appraisal report of the current market value of the fee simple estate of the above referenced real property. The property and methods utilized in arriving at the final value estimate are fully described in the attached report, which contains 19 pages and Addenda.

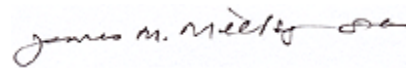
This Appraisal Report has been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute and the Appraisal Foundation. The Appraisal Report and final value estimate are subject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

I have made a careful and detailed analysis of the subject property and after analyzing the market data researched for this report, I estimate that the market value of the referenced real property only, and subject to the stated limitations, definitions and certifications set forth in the attached appraisal report as of September 28, 2017, was:

TWO HUNDRED FIVE THOUSAND DOLLARS
(\$205,000)

Respectfully submitted,

JAMES MILLSPAUGH & ASSOCIATES, INC.



James M. Millsbaugh, MAI
JMM:sg

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

TABLE OF CONTENTS

INTRODUCTION

Title Page
Letter of Transmittal
Table of Contents
Site Photographs

DESCRIPTIONS, ANALYSES AND CONCLUSIONS

Identification of the Property	1
Census Tract Location/Zip Code	1
Flood Zone Location	1
Environmental Audit Data	1
Objective and Intended Use/Users of the Appraisal	1
Exposure Period Estimate	2
Statement of Ownership and Recent Sales History	2
Scope of the Appraisal	2
Definition of Market Value	3
Standard Contingent and Limiting Conditions	3
Certification	6
Area Description	7
Site Data	9
Assessment and Tax Data	10
Zoning and Land Use Data	10
Highest and Best Use	11
Land Value Estimate	11
Land Sales Analysis and Conclusions	18

ADDENDA

Qualifications of the Appraiser
Standard Definitions

EXISTING CONDITIONS

VACANT DOWNTOWN ZONED SITE
NORTHWEST CORNER OF PIERCE STREET AND WASHINGTON AVENUE
CLEARWATER, FLORIDA 33756

DATE OF PHOTOGRAPHS: SEPTEMBER 28, 2017



SITE VIEW FROM INTERSECTION



PIERCE STREET VIEW LOOKING EAST TOWARD SUBJECT ON LEFT

EXISTING CONDITIONS

VACANT DOWNTOWN ZONED SITE
NORTHWEST CORNER OF PIERCE STREET AND WASHINGTON AVENUE
CLEARWATER, FLORIDA 33756

DATE OF PHOTOGRAPHS: SEPTEMBER 28, 2017



INTERIOR SITE VIEW LOOKING SOUTH



WASHINGTON AVENUE STREET SCENE LOOKING NORTH BEYOND PIERCE
TOWARD SUBJECT ON LEFT

IDENTIFICATION OF THE PROPERTY:

The subject is located at the northwest corner of Pierce Street and S. Washington Avenue within the Town Lake Business Park district of the downtown core. It is legally described as follows:

Lots 15, 16, and 17 less the west 22.5' thereof, R. H. Padgett's
Subdivision of original Lot 2, Plat Book 4, Page 41 plus the
south 18' of Lot 10 Mattison Square Subdivision, Plat Book
5, Page 66 less the west 24.28' thereof.

CENSUS TRACT LOCATION/ZIP CODE: #259/33756

FLOOD ZONE LOCATION: Pinellas County, Florida
Map # 12103C0108H
Effective Date: 5-17-05

The subject and surrounding district are located in a zone X, which is not a flood hazard district.

ENVIRONMENTAL AUDIT DATA:

The Appraisal has been performed without benefit of an environmental audit and presumes that no problems exist, however, I reserve the right to review and/or alter the value reported herein should a subsequent audit reveal problems. Given the past auto repair facilities in this locale, any purchase of this property would prompt at a minimum a level one environmental audit.

OBJECTIVE AND INTENDED USE/USERS OF THE APPRAISAL REPORT:

The objective of the appraisal report is to estimate the current market value in fee simple estate of the subject vacant site as of September 28, 2017 (date of inspection and photographs). It is my understanding that the intended use of the report is for guidance to the

City of Clearwater in their pending purchase negotiations for the subject site and that the intended users are the city and owner representatives and any public stakeholder deemed to have access to the report by either party. I have appraised this property previously in October 2002 and April 20, 2016.

EXPOSURE PERIOD ESTIMATE:

This is the past period of time required to have sold the subject property at my value estimate on the appraisal date. Given the increased development activity in the downtown core during the past twelve to eighteen months, it is my opinion that an approximate three to six month period would have been realistic.

STATEMENT OF OWNERSHIP AND RECENT SALE HISTORY:

The property was acquired by Ronald D. Balow on February 1998 at a \$66,000 price as recorded in O.R. Book 9993, page 2401. There was a subsequent transfer to be RDB Commercial Properties, LLC. that was not arms-length as Mr. Balow continues to own the site. Otherwise, there has been no known transfer or listing of the property that would impact the current market value.

SCOPE OF THE APPRAISAL:

The extent of my research effort for the sale of similar zoned land has focused on the downtown Clearwater market while I am familiar with and have considered sales from the north Pinellas district. Specifically, I have researched the data banks maintained by the Pinellas Clerk's and Property Appraiser's offices, the two local MLS organizations and my newspaper clipping files composed of local general subscription and business magazines. I have thoroughly inspected the district, viewed the comparable sales data and confirmed the transactions with a related party. The report will include a land sales comparison analysis, which is the only reliable methodology for valuing vacant land.

DEFINITION OF MARKET VALUE:¹

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

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

STANDARD CONTINGENT AND LIMITING CONDITIONS:

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

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

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

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

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

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

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

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

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

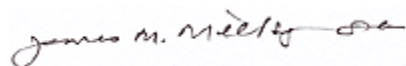
The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser(s) has (have) not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance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

CERTIFICATION

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

1. As of the date of this report, I, James M. Millspaugh, have completed the requirements under the continuing education program of the Appraisal Institute.
2. I have personally inspected the subject property and have considered all factors affecting the value thereof, and to the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct, subject to all attached Contingent and Limiting Conditions.
3. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
4. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
5. My fee for this appraisal report is in no way contingent upon my findings. The undersigned further certifies that employment for this appraisal assignment was not based on a requested minimum valuation or an approval of a loan.
6. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
7. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation and may be subject to peer review. Further, I have met USPAP's competency provision and am capable of completing this appraisal assignment.
8. No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this appraisal report.
9. In my opinion, the estimated current market value of the fee simple estate of the real property only as of September 28, 2017, was:

TWO HUNDRED FIVE THOUSAND DOLLARS
(\$205,000)



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

AREA DESCRIPTION:

The downtown Clearwater district has shifted from its Central Business District (CBD) status of the pre-1970 period to a near total institutional market dominated by governmental and church groups. While traditional corporate and local office users continue to create space demand here, it is a small segment of the total demand. Further, the existing retailers here are primarily business-convenience and/or food service and cater to the daily employee lunch crowd and the growing presence of the Church of Scientology (COS) educational campus. There are hopes for a retail rebound; however, it is predicated on a higher proximate permanent residential base. At this point, both major residential condo towers have sold-out during the past five years, the long-awaited rental apartment complex (the Nolen) is nearing completion at the Town Lake site on Cleveland Street and the 1100 office building conversion to a mixed-use apartment/retail structure at MLK Jr./Cleveland has been acquired and is pending completion. There are also numerous vacant sites available with past multi-family approvals located throughout the downtown core that are receiving new investor interest.

As such, while promise for true retailing here is not favorable currently, there is growing belief that increasing population locally as well as Church-related will improve during the longer-term (two to five years plus) foreseeable future. This long-held belief in downtown Clearwater has strongly influenced the noted long-term control buyers that dominate the best locations in the Core District.

The district, like most throughout Tampa Bay downtowns, has received extensive public investment to the infrastructure during the past several decades. The new Memorial Causeway Bridge accessed via Court/Chestnut Streets, the redeveloped US 19-A shift to Myrtle Avenue, the Town Lake drainage system, the upgraded Cleveland Street streetscape, downtown monumental light posts/signage plus a City-approved public docking facility built on the bayfront are all favorable, but have collectively resulted in modest net change to the district's reputation/demand. In addition to these public infrastructure improvements, the City had also favored the two downtown condo towers (Water's Edge and Station Square), the Marriott Hotel, the Nolen apartment/retail complex and has funded the Capitol Theater rehabilitation and supported the Dolphin Tale exhibit in the Harborview Center. They have also acquired the former St. Pete Times facility at Court and Myrtle for use as a public transit center and are seeking referendum approval for a master re-development along the downtown bluff plus funding/planning efforts for the marina district at the Seminole boat ramps and the east Gateway district near Cleveland/Gulf To Bay.



AIRS Aerial Image Retrieval System



The ultimate addition of permanent population downtown would be favorable for retailing, and to date, in Fall 2017, an improving trend has been noted. A shift to the Court/Chestnut beach corridor continues with the demolition of former warehouses/retail office buildings for a Walgreen's for most of the block bounded by Myrtle, Court, East Avenue and Chestnut. This assemblage for a private re-development has been a boost for the downtown and augments the Marriott, 7-Eleven, the St. Luke's Eye Clinic at Chestnut/S. Ft. Harrison plus a small retail strip center under construction at Myrtle and Court.

In conclusion of the downtown market, it now is beginning to show notable signs of improvement after a decade of decline and mostly public/institutional support. Further, the national, state and local economies have continued to improve along with employment and income levels. Clearly, this district is continuing to struggle in attracting population and retail services, however, a trend shift appears to be evident.

SITE DATA:

The site is rectangular with 107.7' of Pierce Street frontage and 168' of Washington Avenue frontage. These calculate to 18,094 SF MOL or .415 acres MOL.

The site is basically level, even with adjacent lands but slopes slightly to the west. It has no apparent storm drainage problems and has all public and private utilities available. Pierce Street is a two-lane road that dead-ends west of MLK and east at Madison Avenue while Washington Avenue is of similar type and size that extends north to Cleveland Street and south to Gould before Court Street. The immediate locale is a back street district previously comprised of auto service and single-family that is slowly trending to modern office/service and residential units now existing currently. The immediate locale has a large supply of vacant parcels that will likely be in demand during the coming two to five years. Several parcels here are of adequate size to accommodate larger multi-family uses.

Surrounding properties include vacant development land to the east owned by investors, auto repair to the south with former auto salvage site located beyond. The west adjacent metal building is city-owned and had been purchased for future assemblage. Directly west of MLK is the Nolen complex (apartments and retail on Cleveland Street) and then the multi-story masonry shell for living and retail/office space located at the northeast corner of MLK and Cleveland that has been recently acquired by a developer. The three and one-half acre parcel at MLK and Laura

(one block north of Cleveland Street) was acquired during 2015 for multi-family development with no firm plans announced. This group of new activity is creating a positive value benefit for this locale that had been devoid of activity for most of the past decade.

ASSESSMENT AND TAX DATA:

<u>Pinellas County Parcel #</u>	<u>2016 Assessment</u>	<u>2016 Gross Tax</u>
15-29-15-65214-002-0150	\$84,588	\$1,834.42

ZONING AND LAND USE DATA:

The subject site and the entire CBD are zoned D for Downtown and classified for CBD or Central Business District on the Comprehensive Land Use Plan. The zoning intention is to create a mixed-use development of residential, retail, office, beverage sales, restaurants, hotels/motels, etc. amongst public/institutional uses, which would customarily be found in a downtown area. The regulation creates a wide latitude of density, height and uses for larger assembled properties and the city has created multi-family density pools that are also available. The site is located in the Town Lake Business Park District that extends to Missouri Avenue from MLK Jr. Avenue. This district is planned for employment centers and support space for the Town Lake Residential District from MLK to Myrtle Avenue. Prohibited uses include detached dwellings, auto sales/service, fast foods, adult uses, industrial and problematic uses (day labor, pawn shops, check-cashing, blood plasma centers, body piercing and tattoo parlors).

Development ratios include a 1.0 maximum FAR, and multi-family density at 30 per acre and lodging units at 40 per acre. Traditional setbacks, significant landscaping and adequate parking should characterize redevelopment in the area.

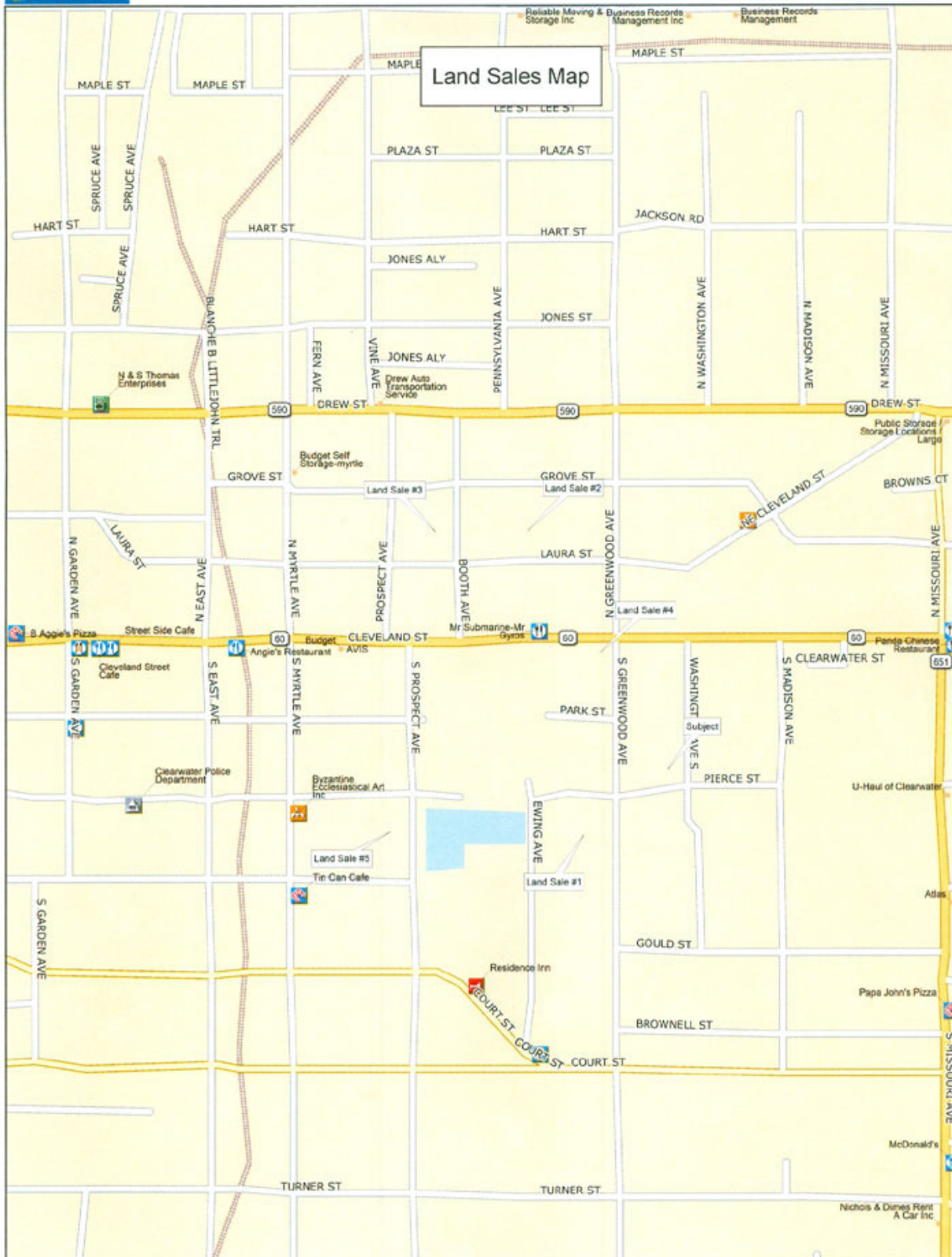
HIGHEST AND BEST USE: (Defined in the Addenda)

After a thorough inspection of the subject site and the surrounding downtown core market, it is my conclusion that some form of back street office/service or multi-family use represents this concept. The legal uses outlines in the zoning/land use regulations and the Town Lake Business Park character district clearly support these concepts while the regulation no longer allows contractor storage yards, auto repair or light manufacturing uses as currently exist here. As with all sites located in this market, the large parcels have the greatest site utility and/or

value as they allow more intense and mixed-use concepts. As such, this relatively small parcel has restricted individual uses and would more likely have a greater demand as part of an assemblage. The adjacent owners include the City of Clearwater to the west and southeast and other interests to the north and east. **It is not evident that this parcel would represent a “key piece” for a larger assemblage of proximate properties.**

LAND VALUE ESTIMATE:

The following land sales are the best known to me in this district and are described below on separate detail sheets and then analyzed in relation to the subject. Unless otherwise noted, these sites sold for cash or terms equivalent and did not require adjustment for cash equivalency. The most common units of comparisons are the price PSF of land value and the per unit of maximum allowed multi-family density.



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LAND SALE #1

Location: Southwest corner of MLK, Jr. Avenue and Pierce St., Clearwater

Legal Description: S. 10' of Lots 5 and 20, all of Lots 6-13 and 21-28, Block B,
Coachman Heights Revised, Plat Book 1, Page 16

Date of Sale: January and February 2015

Sales Price: \$622,500 and \$425,000; \$1,047,500 total

Size: 410' x 300'; 123,000 SF or 2.82 Acres MOL

Price PSF: \$8.52

Grantor/Grantee: H.D. Supply Holdings, LLC./Blue Building Land Trust, Ewing
Development LLP/ White Building Land Trust

Recording Data: O.R. Book 18652, Page 0206, O.R. Book 18675, Page 0618

Sale Confirmed With: D. Kerr, Broker

Zoning: D. Downtown, Town Lake Residential District

Comments: These two marginally improved properties (older warehouses and support site improvements) were purchased for future condo development as these sites view into the Town Lake master retention facility and are adjacent to the under construction mixed-use complex. The sites combined would allow a maximum of 78 units (\$13,429 per unit). Of interest to the surrounding market, an investor in September 2005 had purchased the south 45,000 SF section for the same concept at \$625,000/\$13.89 PSF. Both sites were purchased for the land with no value assigned for the improvements that no longer allowed warehousing. The 2014 MPO traffic count was at 3902 north of Drew Street.

LAND SALE #2

Location: NW corner of MLK and Laura, Clearwater

Legal Description: Downtown Lofts Townhomes per Plat Book 128, Page 024 (46 units)

Date of Sale: October 2015

Sales Price: \$1,300,000

Size: 255' x 592 Average; 151,517 SF

Price PSF: \$8.58 PSF

Grantor/Grantee: Laura & MLK, LLC./Downtown Clearwater Development, LLC.

Recording Data: O.R. Book 18947, Page 2167

Sale Confirmed With: R. Cassano, Grantee Rep

Zoning: D, Downtown Clearwater (Allows 30 units per acre density)

Comments: This complete city block (four street frontages) had been acquired in December 2002 at \$1,000,000, resold to another development group in August 2005 at \$3,600,000, was later foreclosed by a lender that required several years to attract a land speculator in December 2010 at a \$580,000 price. This entity held the property until this latest investor purchased the site for some form of multi-family development. During spring 2016, no formal decision had been made between condos or rental apartments while the grantee representative noted they were seriously considering rental apartments at more moderate rates than the under construction Nolen complex. Based upon the 30 per acre maximum density, this parcel could be developed with 104 units that would indicate a \$12,500 per unit price. This site has been informally marketed up to this point in Fall 2017 with the owner now contemplating townhome use versus simply selling the site for a profit. No firm pricing/contracts, however, are reported.

LAND SALE #3

Location: Northwest corner of Laura Street and Booth Avenue, Clearwater

Legal Description: Lots 1-6, Block 5, R.J. Booth's Subdivision, Plat book 9, Page 22

Date of Sale: July, 2016

Sale Price: \$299,000

Size: 100' x 257' Average; 26,759 SF

Price Per PSF: \$11.17

Price Per Unit: \$16,611

Grantor/Grantee: Clearwater Housing Authority/Greenergy Housing Co., LLC.

Recording Data: O.R. Book 19272, Page 1788

Sale Confirmed With: Excel Realty of Pinellas County

Zoning: D. Downtown, Clearwater

Comments: This marginally improved site (former overflow parking lot for 908 Cleveland Street) was purchased for residential development of multi-family housing likely similar to the west adjacent townhome complex and pending on the east adjacent 3 acre parcel. It is located in the Town Lake Business Park character district where sites can be developed at a 30 per acre maximum density or for this site with 18 units.

LAND SALE #4

Location: SW corner of Cleveland Street and MLK Jr. Avenue, Clearwater

Legal Description: North 282.5' of East 50' of Block 5, Sarah McMullen Subdivision, Plat Book 1, Page 41 together with the adjacent 90' of the East 110' of the NW/4 of Section 15, Township 29 South, Range 15 East

Date of Sale: January 2017

Sales Price: \$625,000

Size: 140' x 282.5'; 39,550 SF

Price PSF: \$15.80

Grantor/Grantee: 1133 Cleveland Properties, LLC./C.O.S. Flag Service Org., Inc.

Recording Data: O.R. Book 19682, Page 0304

Sale Confirmed With: B. Shaw, Grantee Rep.

Zoning: D, Downtown, CBD Land Use

Comments: This marginally improved site (existing 75 space parking lot in fair condition) was purchased in expectation of trading the site to the City of Clearwater for three parcels desired by the Church Of Scientology for their use in the downtown. The City wanted this parcel for parking use to support the 13,000 SF of retail space in the adjacent Nolen mixed-use complex. The C.O.S. completed this end of the trade but the City did not complete the transaction.

LAND SALE #5

Location: West side of S. Prospect Avenue from Pierce to Franklin Street, Clearwater

Legal Description: Lots 1-10, Block 9, Aiken Subdivision, Plat Book 14, Page 45

Date of Sale: September 2017

Sales Price: \$440,000

Size: 266' x 110' MOL; 29,370 SF

Price PSF: \$14.98

Grantor/Grantee: Hearst Communications/N/A

Recording Data: Not yet recorded

Sale Confirmed With: A. Barrett, Broker

Zoning: D, Downtown, Clearwater CBD Land Use

Comments: This vacant tract had been available for multiple years with a 2016 price of \$1,180,000 for this parcel plus a Franklin Street parcel that extended to Myrtle Avenue. The site has formerly been used by the Clearwater Sun newspaper for office and printing functions with the Myrtle parcel being improved with the former building slab. This sale then was acquired by a speculator for expected future residential development due to its view into the Town Lake retention facility. The maximum density here of 30 units per acre would indicate 20 units or \$22,000 per unit that sets a high level for the past several years.

Land Sales Re-Cap Chart

Sale #	Date Of Sale	Sales Price	Site Size In SF	Price PSF	Price Per Unit
1	1/15	\$1,047,500	123,000	\$ 8.52	\$13,429
2	10/15	\$1,300,000	151,517	\$ 8.58	\$12,500
3	7/16	\$ 299,000	26,759	\$11.17	\$16,611
4	1/17	\$ 625,000	39,550	\$15.80	N/A
5	9/17	\$ 440,000	29,370	\$14.98	\$22,000
Subject		--	18,094	--	--

LAND SALES ANALYSIS AND CONCLUSIONS:

This is a speculator's market that is responding to the Nolen's progress and a 2016 announcement of a Chicago-based developer acquiring the former Strand building shell. That project is located at Cleveland/MLK Jr. and has been inactive for multiple years after the 2008 financial collapse. The speculation has also fueled the purchase of the Clearwater Housing Authority office building located at 908 Cleveland Street, a retail strip center located at 936 Cleveland Street plus the noted land sales. Collectively, the district is far more active currently, but continues to lack actual private redevelopment activity (**shovels in the ground**). Further, the Nolen complex was heavily supported by the city with reasonable cost land plus a variety of development benefits that were essentially recent examples of "**priming the pump**".

The sales then ranged in PSF price from \$8.52 to \$15.80 PSF that is considered to bracket the subject value. The two larger transactions reflected \$12,500 to \$13,425 per unit while the two smaller proximate sites indicated \$16,611 away from the Town Lake and \$22,000 viewing into the lake in the most recent transaction. Clearly, the subject has a backstreet location with no view potential into the Town Lake facility and on the multifamily basis then would appear to support a per-unit value in the \$16,000-\$17,500 range for a potential 12 units (.415 acre at 30 PA = 12.40) from \$192,000/\$10.61 PSF (12 x \$16,000 = \$192,000) to \$210,000/\$11.62 PSF (12 x \$17,500 = \$210,000).

From the basic PSF range, the smaller sites at from \$11.17 to \$15.80 PSF are likely the best examples with Sale #3 having the most comparable location at \$11.17 PSF but not benefiting from the noted developments. Sale #4 has a signalized corner location and was purchased for adjacent parking use to support the 13,000 SF retail space that today has no announced tenants. As such, this sale requires downward adjustment likely in the 25% to 30% range for its corner influence in relation to the subject or from \$11.06 to \$11.85 PSF. The sale motivation and paving would likely require further downward adjustment as well.

Sale #5 is the most recent speculative purchase that has excellent views into the Town Lake facility plus adjacent modern improvements including the Marriott. The site is also positively influenced by proximity to Myrtle Avenue and Court Street. As such, the \$14.98 PSF is viewed as being superior to the subject location as well as the greater logic for residential use.

After review of this best available data and given the reduced potential for residential here, it is my conclusion that the subject site value is well founded in the \$11.00-\$11.50 PSF range.

18,094 SF @ \$11.00 PSF = \$199,034

18,094 SF @ \$11.50 PSF = \$208,081

ROUNDED TO \$205,000

ADDENDA

QUALIFICATIONS OF THE APPRAISER
JAMES M. MILLSPAUGH, MAI

APPRAISAL EXPERIENCE:

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

APPRAISAL PLANT DATA:

In addition to maintaining its location near the main Pinellas County Courthouse complex for easy access to governmental offices and the official public records maintained in the Clerk's office for in-depth background research, the firm maintains historical data from Real Estate Data Services for Pinellas County, monthly CD data from First American Real Estate Solutions (FARES), online service from Tampabayrealtor.com, the weekly Business Journal (Tampa Bay), the monthly Maddux Report, the University of Florida Bureau of Economic and Business Research, the St. Petersburg Times, the Marshall Valuation Service Cost Data, and national surveys on lodging, food service, office, industrial parks, mini-storage and shopping center markets.

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

APPRAISAL EDUCATION:

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

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

VIII: Single Family Residential Appraisal - 1973

I-B: Capitalization Theory and Techniques - 1974

II: Urban Properties - 1975

IV: Condemnation - 1978

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

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

301: Special Applications of Appraisal Analysis - 1980

JAMES M. MILLSPAUGH, MAI

(Qualifications Continued)

RECENT SEMINARS ATTENDED: Sponsored by The Appraisal Institute

Valuation of Wetlands, 2004.

The Road Less Traveled: Special Purpose Properties, 2005.

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

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

Condominiums, Co-Ops and PUDS, 2007.

Analyzing Distressed Real Estate, 2007.

Business Practices and Ethics, 2007.

Appraisal Curriculum Overview, Two-Day General, 2009.

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

Valuation of Detrimental Conditions, 2010.

Analyzing Tenant Credit Risk/Commercial Lease Analysis, 2011.

Loss Prevention Program, 2011.

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

Marketability Studies: Advanced Considerations and Applications, 2013.

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

Critical Thinking in Appraisals, 2014.

Litigation Appraising, 2015.

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

Florida State Law Update, 2016.

National USPAP Update, 2016.

EDUCATION:

Bachelor of Science in Business Administration, University of Florida
Associates of Arts, St. Petersburg Junior College

PROFESSIONAL AFFILIATIONS AND CERTIFICATION

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

Member: Pinellas Realtors Organization, National Association of Realtors

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

STANDARD DEFINITIONS

HIGHEST AND BEST USE:

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

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

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

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

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

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

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

