

APPRAISAL REPORT

**DOWNTOWN STORAGE WAREHOUSE
701 FRANKLIN STREET
CLEARWATER, FLORIDA**

DATE OF VALUATION

AUGUST 15, 2018

PREPARED FOR

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

E-MAIL: ROBERT.BRZAK@MYCLEARWATER.COM

PREPARED BY

**JAMES M. MILLSPAUGH, MAI
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August 31, 2018

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

RE: Downtown Storage Warehouse
701 Franklin Street
Clearwater, Florida

Dear Mr. Benwell:

At your request, I have made an appraisal 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 28 pages and Addenda.

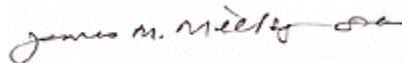
This Appraisal Report has been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation. The Appraisal Report and final value estimate are subject to all attached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

I have made a careful and detailed analysis of the subject 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 as of August 15, 2018, was:

FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$525,000)

Respectfully submitted,

JAMES MILLSPAUGH & ASSOCIATES, INC.



James M. Millsaugh, MAI
JMM:sg

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

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EXISTING CONDITIONS

DOWNTOWN STORAGE WAREHOUSE
701 FRANKLIN STREET
CLEARWATER, FLORIDA

DATE OF PHOTOGRAPHS: AUGUST 15, 2018



BUILDING VIEW FROM EAST AND FRANKLIN



FRANKLIN STREET SCENE LOOKING WEST TOWARD SUBJECT ON LEFT

EXISTING CONDITIONS

DOWNTOWN STORAGE WAREHOUSE
701 FRANKLIN STREET
CLEARWATER, FLORIDA

DATE OF PHOTOGRAPHS: AUGUST 15, 2018



BACK VIEW FROM SUBJECT SITE



EAST AVENUE STREET SCENE LOOKING NORTH TOWARD SUBJECT ON RIGHT

IDENTIFICATION OF THE PROPERTY:

The subject is located at the southeast corner of Franklin Street and East Avenue along the eastern fringe of the Downtown Core district. It is legally described in brief as follows and in detail in the Addenda.

Parts of Lots 1-2 and 9-10, Block 11,
Magnolia Park Subdivision, Plat Book 1, Page 70

CENSUS TRACT LOCATION/ZIP CODE: #259.01/33756

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

The subject property and majority of the surrounding district are located in an X flood zone, which is not a special flood hazard area.

ENVIRONMENTAL AUDIT DATA:

The Appraisal has been performed without benefit of an environmental audit and presumes that no problems exist, however, I reserve the right to review and/or alter the value reported herein should a subsequent audit reveal problems. Given the adjacent railroad track location and past use of the subject block for citrus processing and distribution, any transfer of the property would prompt at a minimum a level one environmental audit.

OBJECTIVE AND INTENDED USE/USERS OF THE APPRAISAL:

The objective of the appraisal report is to estimate the current market value of the fee simple interest of the subject real property only as of August 15, 2018 (date of inspection and photographs). It is my understanding that the intended use of the report is to provide valuation guidance to the City of Clearwater in their pending purchase negotiation for the subject in an ongoing assemblage of the total block for a public transit center and that the intended users of the report are the City of Clearwater representatives and no others.

EXPOSURE PERIOD ESTIMATE:

This is the past period of time required to have sold the subject at my value estimate on the appraisal date. Based upon the brisk sale/development market surrounding and including the downtown core and the similar pace for the economy, modest interest rates and the public outlook, it appears this property would only have required a relatively short period of less than three months to market.

STATEMENT OF OWNERSHIP AND RECENT SALES HISTORY:

The property is owned by Cepcot Corporation that acquired title in May 1998 at recorded \$180,000 price (recorded O.R. Book 10084, Page 1685). The building was reportedly purchased for storage uses in support of the owners other business entity in downtown Clearwater. There have been no subsequent transfers of the property that would impact the current market value.

SCOPE OF THE APPRAISAL:

The extent of my research effort has focused on the downtown Clearwater market specifically and North Pinellas in general for the sale of vacant and/or marginally improved parcels similar to the subject. While the facility has served as warehouse/storage for the past multiple decades, that concept does not represent the area use trend or the highest and best use concept and is specifically excluded from the zoning/land use regulations. The basic shell, however, would likely be suitable for conversion to a variety of current prospects for the downtown core.

Specifically, I have researched the public records in the Pinellas Property Appraiser's and Clerk's data bases, the local MLS data, various business periodicals and my newspaper clipping files. I have also thoroughly inspected the market, viewed the comparable transactions and verified the details with a related party. The report will include Sales Comparison Approaches for the land and the improvements that are the most reliable for this type of property. An Income Analysis will also be considered for the warehouse use concept, plus consideration of the obvious assemblage potential being conducted by the adjacent City of Clearwater ownership. I appraised this property previously in March, 2010.

DEFINITION OF MARKET VALUE:

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

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

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

STANDARD CONTINGENT AND LIMITING CONDITIONS:

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

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

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

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

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

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

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

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

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

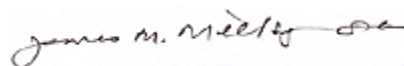
The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser(s) has (have) not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance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

CERTIFICATION

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

1. As of the date of this report, I, James M. Millspaugh, have completed the requirements under the continuing education program of the Appraisal Institute.
2. I have personally inspected the subject property and have considered all factors affecting the value thereof, and to the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct, subject to all attached Contingent and Limiting Conditions.
3. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
4. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
5. My fee for this appraisal report is in no way contingent upon my findings. The undersigned further certifies that employment for this appraisal assignment was not based on a requested minimum valuation or an approval of a loan.
6. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
7. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation and may be subject to peer review. Further, I have met USPAP's competency provision and am capable of completing this appraisal assignment.
8. No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this appraisal report.
9. In my opinion, the estimated current market value of the fee simple estate of the subject real property only and subject to the stated limitations, definitions and certifications as of August 15, 2018, was:

FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$525,000)



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 of the modern major residential condo towers have sold-out during the past four to five years and a long-awaited rental apartment complex (the Nolen) has recently sold and continues to lease-up at the Prospect Lake site on Cleveland Street plus the long-stalled Strand mixed-use complex at MLK Jr. and Cleveland Street is under construction. Further, the Garden Trail apartment complex was recently completed at N. Garden Avenue and Seminole Street. There are also numerous vacant sites available with past multi-family approvals, several of which are now being marketed along N. Ft. Harrison Avenue and at MLK and Laura. As such, while 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 Prospect 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) plus the Marriott Hotel and has funded the Capitol Theater rehabilitation and supported the Dolphin Tale exhibit in the Harborview Center. They have also acquired the adjacent former St. Pete Times facility plus adjacent warehouse/office building at Court and Myrtle for use as a public transit center.



AIRS Aerial Image Retrieval System

Pinellas County



The ultimate addition of permanent population downtown would be favorable for retailing, but to date, in late Summer 2018, no major trend has been noted. A shift to the Court/Chestnut beach corridor, however, continues with the recent demolition of former warehouses/retail office buildings for a new 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 that locale and has augmented the Marriott, 7-Eleven and most recently the St. Luke's Eye Clinic at Chestnut/S. Ft. Harrison where an earlier acquisition by the COS from Pinellas County included two major segments north of Court on both sides of Ft. Harrison and adjacent to the COS Campus. Further, an assemblage for a high rise mixed-use complex fronting S. Ft. Harrison Avenue from Court to Chestnut Street has been completed and is widely expected to be a major positive for the downtown once developed.

The city also hopes to spur development along the bluff in downtown and up to the Seminole boat ramps, however, to date only one acquisition has been completed for a townhome complex at Seminole Street and N. Fort Harrison while recent land closings at Seminole Street west of N. Ft. Harrison and at the Clearwater Bay Marina create potential developer activity during the foreseeable future. Further, any bluff redevelopment in the core district will require numerous approvals that collectively are a slow and cumbersome process. The city, however, has made it clear by deed and intention, that the downtown core redevelopment has its full attention and support.

In conclusion of the downtown market, it now is beginning to show signs of improvement after a decade of decline and mostly public/institutional support. Further, the national, state and local economies have notably improved along with employment and income levels. Clearly, this district is continuing to struggle in attracting population and retail services with 2017 appearing to have been something of a turning point subject to uncontrollable political and economic turmoil.

SITE DATA:

The site is roughly rectangular in shape with dimensions from the legal description including 63.68' on the south side of Franklin Street, 60.6' on the southern boundary, 185.4' along East Avenue and 185.16' on the eastern boundary. These calculate to a total site size of 11,513 SF or .264 acre MOL.

The site is level, even with adjacent lands, is slightly above the roadway grades and, as such, does not appear to have any extraordinary drainage problems beyond what is considered typical for this locale that has a central storm drainage system. Franklin Street is a narrow, two-lane back roadway that extends from Prospect to S. Fort Harrison with no traffic lights on either nearby main roadway. East Avenue is a one-lane north only roadway sharing the right-of-way with the active railroad line and the Pinellas Trail (recreational). The exposure of the subject to either Myrtle or Court Street is minor and the property, like all in downtown, has all public (water, sanitary sewer and natural gas) and private (telephone, electricity and cable television) utilities.

Surrounding properties include a partially assembled acreage parcel to the east, modern Walgreens and 7/11 convenience store to the south, COS modern parking garage to the west and municipal complex (police, city offices, and vacant lot) to the north. None of these adjacent uses or those in this locale are considered detriments to the subject or the Downtown Core in general.

The site is a relatively small, back street parcel fronting the one-way, one-lane East Avenue where it appears the greatest demand would be from its assemblage with the balance of the block for use by some proximate municipal and/or COS activity centers. This locale feature is considered to represent its best value attribute.

ASSESSMENT AND TAX DATA:

<u>Parcel #</u>	<u>2017 Assessment</u>	<u>2017 Gross Tax*</u>
15-29-15-54450-011-0010	\$230,000	\$4,918.55

***If paid early at 4% discount. The tentative 2018 assessment is reported at \$237,000.**

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 wide latitude of density, height and uses for larger assembled properties and the City has created multi-family density pools that are also available.

The subject is also located in the Downtown Core District where no height restriction exists and density is at 70 units per acre or 95 hotel units per acre and a maximum FAR of 4.0. This parcel's narrow configuration and relatively small site size would restrict most benefits from these regulations, but would alternately promote its assemblage with adjacent properties to form a larger and more usable tract of land.

DESCRIPTION OF THE IMPROVEMENTS:

These comprise a 5,600 SF (40' x 140') dock-high masonry-built storage warehouse that was reported built in 1966. The interior is demised into a northern 45' segment (1,800 SF) that includes an approximate 550 SF office, two-piece restroom and storage closet. There is also a storage mezzanine above the office area with no stairway access.

Basic construction details include a concrete foundation, five block high slab plus 22' wall height to top of eave (roughly 20.5' interior clear span) that supports a pre-stressed concrete roof deck having a composition roof cover. The interior demising walls are not load bearing. The building includes minimal electric service for the HVAC in the office, lighting, fire alarm and outlets plus plumbing only for the two-piece restroom. The office space has carpeted floors, drywall walls and ceiling plus the mezzanine storage has drywall walls and dropped acoustical ceilings. There is a code compliant firewall and metal doors enclosing the northern 45' section, a modern roll-up door and grade level door to the loading dock area on the south side of the building. Other previous doors have been blocked-up. The only notable site improvement is the loading dock and miscellaneous paving, shell, and concrete walks.

Aside from exterior painting, the building is in very good condition with no noted major deferred maintenance items.

HIGHEST AND BEST USE: (Defined in Addenda)

After a thorough building and area inspection, it is my conclusion that assemblage with the adjacent acreage parcel represents this concept. This has been and continues to be a long-term trend in the downtown core as the larger parcels can take full advantage of the zoning rules that in turn, restrict use of smaller parcels similar to the subject. Alternately, individual use of the subject for auxiliary uses with contiguous or nearby parcels is a possibility but does not seem

likely. The basic structure is clearly useful for storage and could also be readily converted to a variety of allowed uses, however, any change of use would prompt enforcement of parking and on-site retention rules.

As a standard warehouse, the building would rent in the \$6.00-\$7.00 PSF range or say \$6.50 PSF on a gross basis where the landlord expenses would include real estate taxes, basic fire and extended insurance, exterior/site maintenance, management fees and some allowance for building reserves for the replacement of building components. These basic details can be compiled as follows:

Projected Income/Expense Statement
701 Franklin Street
Clearwater, Florida
As Of August 15, 2018

Building Rental: 5,400 SF@ \$6.50 PSF =	\$35,100
Vacancy and Collection Loss: 3%	<u>\$ 1,100</u>
Effective Gross Income	\$34,000
Less: Expense	
R.E. Tax	\$4,700
Insurance (\$.75 PSF)	\$4,000
Maintenance (\$.20 PSF)	\$1,100
Management 5%	\$1,700
Reserves (\$.30 SF)	<u>\$1,600</u>
Total Expenses	<u>\$13,100</u>
Indicated NOI	\$20,900

Basic small property cap rates are currently falling in the 7% to 8% range for this property type unless they are under long-term rentals to a credit-rated tenant. I would capitalize this projected net operating income (NOI) at 7.5%.

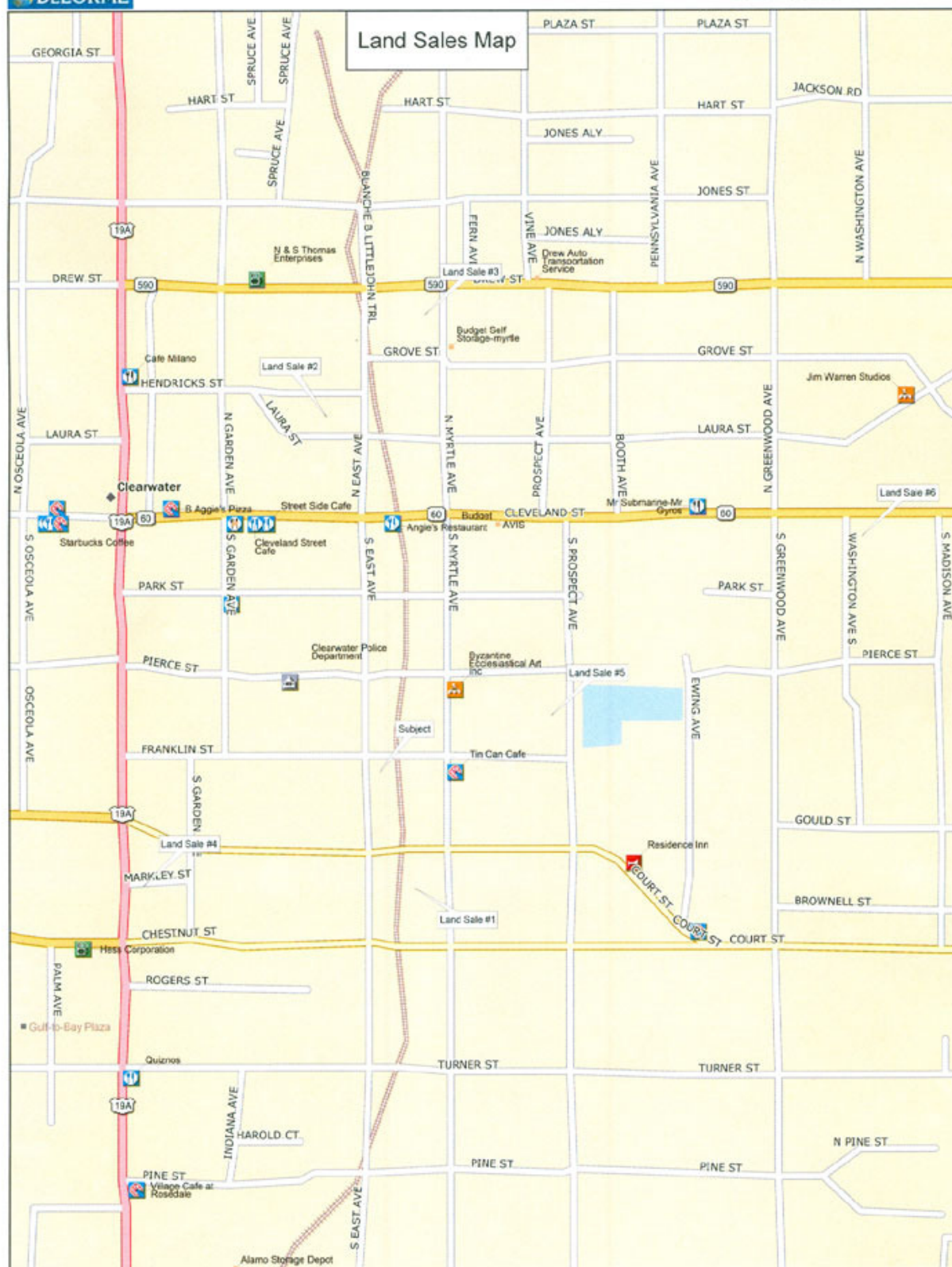
NOI	\$20,900
----- = -----	
Capped At 7.5%	.075
Indicated Value	\$278,667
ROUNDED AT \$300,000	

As the following Land Value estimate will reveal then, the property value as part of an assemblage exceeds this price level and as such, is considered to verify that the existing warehouse use is not the highest and best. Further, the following Sales Comparison Approach indicates a total value below the noted assemblage value.

In summary then, the improvements are **physically possible** with standard features but relatively short parking/access for the building. They are not **legally allowed** per the current zoning rules but are grandfathered-in as long as the use would be by the current owner or ancillary to nearby owners. They also lack **financial feasibility** and **maximally productive** concepts as it is apparent that assemblage would most likely result in the greatest current value. These improvements can not be re-built currently for this or other uses, as there is inadequate land to accommodate parking and onsite storm retention.

LAND VALUE ESTIMATE:

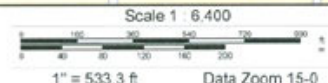
This methodology values the site by comparison to proximate parcel sales of similar zoning, size and location. These examples are the best known to me, are described here on separate detail sheets and then analyzed and adjusted below in relation to the subject. I have also considered an extensive list of downtown transactions during the past three to four years during which demand/activity has increased. Unless otherwise noted, they sold for cash or terms equivalent and did not require adjustment for cash equivalency. The most common unit of comparison is the price PSF of the land value as the zoning allows a wide range of uses that are currently being expanded with greater site intensity.



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LAND SALE #1

Location: East side of East Avenue from Chestnut to Court Street, Clearwater

Legal Description: Lots 1, 2, Parts of 3, 8, 9 and 10, Block 14, Magnolia Park Subdivision,
Plat Book 3, Page 43

Date of Sale: December 2015

Sales Price: \$1,875,000 + \$80,000 = \$1,955,000

Size: 139.765' x 319.843' or 44,703 SF

Price PSF: \$43.73

Grantor/Grantee: East Development Associates/PV Court, LLC.

Recording Data: O.R. Book 19032, Page 0542

Sale Confirmed With: D. Brinson, Broker

Zoning: D, Downtown, Clearwater

Comments: This marginally improved property (older masonry warehouses of roughly 26,400 SF) were purchased as part of an assemblage for development of a Walgreens drugstore. An added parcel fronting the signalized Myrtle/Court corner was also acquired at \$892,000/\$46.97 PSF to form the total parcel. The redevelopment interest of this complex began in 2012 and had included the total block, however, business negotiations and public zoning rules delayed the redevelopment and excluded the NW quarter of Chestnut/Myrtle. The buyer of the Walgreens site subsequently demolished the existing improvements to allow development of a 16,510 SF building plus a 63 space parking lot with total land and demolition cost approximating \$45.00 PSF.

LAND SALE #2

Location: 630 Laura Street, Clearwater

Legal Description: Lots 13-18, Block 18, Gould & Ewing's, 2nd Addition, Plat Book 1,
Page 52

Date of Sale: October 2016

Sales Price: \$450,000 plus \$30,000 closing costs

Size: 298' x 125', 36,186 SF

Price PSF: \$13.26

Grantor/Grantee: Bank of America/630 Laura, LLC

Recording Data: O.R. Book 19373, Page 0682

Sale Confirmed With: J. Jacob, Grantee Rep.

Zoning: D, Downtown, Clearwater

Comments: This property was marginally improved with a 1975-built, drive through banking facility that formerly served the nearby Bank of America branch on Cleveland Street. The improvements included some 1,300 SF enclosed space plus roughly 5,900 SF of canopy space and drive lanes. BOA terminated its use and offered the property in an online auction. The buyer is the owner of the BOA building on Cleveland Street that is pursuing re-development potential.

LAND SALE #3

Location: Southwest quadrant Drew Street and Myrtle Avenue, Clearwater

Legal Description: Lots 1-3, Block 14, Lots 1-7 and Lots 12-16, Block 15, Lots 7-22, Block 16, Lots 1-4, Block 17, all in Gould and Ewings Second Edition, Plat Book H-1, Page 52 plus parts of Block B, Nall-Mortenson Subdivision Plat Book 21, Page 8.

Date of Sale: February, 2017

Sales Price: \$9,000,000

Size: 3.04 Acres MOL (Excludes Alley and Roads)

Price PSF: \$68.01

Grantor/Grantee: Clearway Properties, LLC./Myrtle Development, LLC.

Recording Data: O.R. Book 19516, Page 1980

Sale Confirmed With: S. Onkelos, Grantor Rep.

Zoning: D, Downtown, CBD Land Use, Clearwater

Comments: This site had been assembled earlier in the decade by out-of-state investors with it having been on the market for several years prior to this transfer at \$12 million. Many of the parcels had been improved with older retail/service buildings that were mostly demolished with several buildings remaining. This assemblage was divided by East Avenue which surrounds the active railroad right-of-way and the Pinellas Trail in a north-south direction and by two public roads (Grove Street 50' x 280' and Laura Street 50' x 280'), an alley and two interior parcels (100' x 125' and 155' x 105') owned by others. The site had been advertised as having 3.84 acres but apparently included the alley and east-west roadways. Subsequently, the buyers acquired four additional parcels having 65,275 SF for \$5,900,000/\$90.39 PSF that increased the total to \$14,900,000/\$75.40 PSF. All of the additional parcels were improved with usable one-story buildings.

LAND SALE #4

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

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

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

Sales Price: \$4,650,000 aggregate

Size: 43,685 SF platted plus vacations to total 87,120 SF MOL

Price PSF: \$52.37

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

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

Sale Confirmed With: K. Fuller, Broker

Zoning: D, Downtown, Clearwater

Comments: This assemblage required roughly 3 years to complete and included an older one story restaurant with parking, a three-story historic office building with parking and an older gasoline station. The latter had contamination/code violation problems that delayed the final closing. The City favored the effort due to the prime location that appeared ideal for a multi-story mixed-use complex with parking deck, ground-level retail, hotel and potential upper floor condos. The building/alley vacations are key to the concept and enticed the developers to proceed for what would be the first high rise after the Waters Edge complex at Cleveland and Osceola in the mid 2000s.

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/Zano Team 2, LLC.

Recording Data: O.R. Book 19793, Page 1435

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 Prospect 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 SALE #6

Location: Southeast corner of South Washington Avenue and Cleveland Street,
Clearwater

Legal Description: Metes and Bounds Parcel #21/02 located in the NE/4 of the NW/4 of
Section 15, Township 29 South, Range 15 East.

Date of Sale: December 2017

Sales Price: \$175,000

Size: 58' x 100', plus 53' x 113'; L-shaped 11,789 SF

Price PSF: \$14.84

Grantor/Grantee: J. C. Rembert/1130 Cleveland, LLC.

Recording Data: O.R. Book 19868, Page 2123

Sale Confirmed With: W. Witter, Broker

Zoning: D, Downtown, Clearwater

Comments: This small irregular shaped parcel was purchased by the adjacent owner to complete an assemblage by an active owner/investor in this locale directly across from the Strand complex. The same buyer acquired 1115 Cleveland Street (Douglas Aluminum) of roughly 6,800 SF for \$425,000 plus the rear adjacent lot fronting Washington Avenue for \$100,000 (\$15.50 PSF) to round out their ownership to the west on MLK Jr. Avenue and to the east on Madison Avenue.

Land Sales Re-Cap Chart

Sale #	Date Of Sale	Sales Price	Site Size In SF	Price PSF
1	12/15	\$1,955,000	44,703	\$43.73
2	10/16	\$ 480,000	36,186	\$13.26
3	2/17	\$9,000,000	132,333	\$68.01
4	9/17	\$4,650,000	87,120	\$53.37
5	9/17	\$ 440,000	29,370	\$14.98
6	12/17	\$ 175,000	11,789	\$14.84
Subject	--	--	11,513	--

LAND SALES ANALYSIS AND CONCLUSIONS:

This group of far-ranging examples is representative of the downtown market where institutional, public and private speculators are the most active. It is not evident to me that Sale #3 is an arm's-length transaction as the indicated pricing is substantially outside of the market history. Sale #2 that is essentially adjacent to Sale #3 sold in the same time frame at only \$13.26 PSF as compared to \$68.01 PSF for a notably larger partially-assembled site. The high price from Sale #3 is not considered to illustrate the assemblage concept for the downtown core.

The smaller transactions #2, #5 and #6 sold within a reasonably close range from \$13.26 to \$14.98 PSF with the subject being located near one of the most active intersections in the core district. Sale #2 apparently sold in a favorable deal to the Bank of America building owner but had a back street location where assemblage was not likely. The other two sales have inferior locations in the Town Lake district with the subject having a superior core location amongst public/institutional owners that are known to conduct assemblages. From review of the smaller transactions, it appears that the subject land value without any assemblage premium is reasonable in the \$25.00-\$30.00 PSF range or say \$27.50 PSF for the 11,513 SF or \$316,608 rounded to **\$320,000**.

As a part of an obvious assemblage for what amounts to a "holdout" position, the best examples are Sale #1 and #4 that support roughly \$45 PSF plus for the Myrtle/Court/Chestnut/East parcel and \$53.37 PSF for the S. Fort Harrison/Court/Chestnut/Garden site that is considered superior to the Myrtle Avenue. Interestingly enough, the holdout parcel located on the northwest corner of Myrtle/Chestnut sold to a speculator in April 2018 for \$750,000 or \$44.45 PSF based on a 16,866 SF land size. The site was improved with 17,136 SF of space in

the 1949-built structure that had some mezzanine space. Based upon the quoted building size, the property sold at \$43.77 PSF with the property manager reporting that the structure will be converted to mixed-use with interior parking and onsite retention. In any event, the sale value on the basis of land area sold near the assembled Walgreens site roughly 2.5 years later (recorded O. R. Book 20007, Page 1504) while in reality, the buyer will use the structure that indicates some contributory value for the improvements and, therefore, a lower land value.

Based upon consideration of these best available transactions, I would estimate the subject value to fall in the \$45.00-\$47.50 PSF range that is a slight premium due to the holdout ownership scenario. Therefore, the subject site value as part of the obvious assemblage can be calculated as follows:

11,513 SF @ \$45.00 PSF = \$518,085

11,513 SF @ \$47.50 PSF = \$546,868

ROUNDED TO \$525,000

SALES COMPARISON APPROACH:

This methodology values the subject by direct comparison to similar properties that have sold recently. These examples are the best known to me, are described here on separate detail sheets and then analyzed and adjusted in relation to the subject. Unless otherwise noted, they sold for cash or terms equivalent and did not require adjustment for cash equivalency. The most common unit of comparison for this property type is the overall price PSF of building area including the supporting land.



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SALE COMPARISON #1

699 ½ LAKEVIEW ROAD, CLEARWATER
APRIL 22, 2018

Sale Price: \$495,000

Date of Sale: May 2016

Grantor/Grantee: Lakeview 699, LLC./D.P. Haagsma

Recording Data: O.R. Book 19194, Page 1031

Data Confirmed With: B. Andrus, Broker

Land Size and Value: 120' x 174' Average; 20,875 SF \$125,000

Description of the Improvements: 1979-built, metal insulated warehouse having some 11,250 SF. The building was fully fire sprinklered with ample overhead doors to roughly 16' eave height plus roughly 1,000 SF of office space. The building was in good basic condition at the time of sale and was purchased by a user. The site was accessed off a backstreet road plus easement off Lakeview Road just beyond an active railroad right-of-way.

Overall Price PSF: \$44.00 ($\$495,000/11,250 = \44.00)

SALE COMPARISON #2

404 S. MLK JR. AVENUE, CLEARWATER
APRIL 18, 2018

Sales Price: \$579,900

Date of Sale: March 2018

Grantor/Grantee: Genroc Group, Inc./Dyna Fire Park, III, LLC.

Recording Data: O.R. Book 19998, Page 0489

Sale Confirmed With: P. Anderson, Broker

Land Size and Value: 151' x 150'; \$335,000

Description of the Improvements: 1960-built, masonry building of some 10,240 SF divided into three units of 7,000, 1,500 and 1,500 SF. The building had formerly housed an auto parts business but was fully built-out during the mid-2000s to accommodate upscale office space for an advertising company that later moved to a larger space in the Clearwater Industrial Park. This space has recently housed a family member's business but was listed for sale at \$649,900 and sold in roughly four months for use by this new firm to the Clearwater market. The site is fairly cramped with only 27 front parking spaces supplemented by a leased back unpaved lot that fronts Ewing Avenue for \$200 monthly and added 24 spaces. The facility was in good basic condition but required re-roofing by the seller.

Overall Price PSF: \$56.63 ($\$579,900/10,240 = \56.63)

SALE COMPARISON #3

1050 HARBOR LAKE DRIVE, SAFETY HARBOR
AUGUST 21, 2018

Sales Price: \$530,000

Date of Sale: August 2018

Grantor/Grantee: Cariba International Corp. et al./1050 Harbor Lake Drive, LLC.

Recording Data: O.R. Book 20161, Page 0237

Sale Confirmed With: Klein and Hutchen Realty

Land Size and Value: 100' x 193'; \$150,000

Description of the Improvements: 1984-built, single tenant masonry warehouse built on grade and including some 7,000 SF of gross space. Roughly 1,100 SF was in finished office space with the warehouse space having ample access doors to a fenced outside paved storage area. The property was in good basic condition at the time of sale and included mostly original building components. It had been priced at \$595,000 and required roughly 3 months to sell.

Overall Price PSF: \$75.71 ($\$530,000/7,000 = \75.71)

SALES COMPARISON RECAP CHART

Sale #	Date of Sale	Sales Price	Building Size In SF	FAR*	Price PSF
1	5/16	\$495,000	11,250	.54	\$44.00
2	3/18	\$579,900	10,240	.45	\$56.63
3	8/18	\$530,900	7,000	.36	\$75.71
Subject	--	--	5,400	.49	--

* Floor Area Ratio (Floor Area/Land Area)

SALES COMPARISON ANALYSIS AND CONCLUSIONS:

These examples are considered representative of the value for smaller stand-alone buildings sited on small land parcels. This segment of the downtown market is exceptionally small with many former properties having been purchased for assemblage. While standard warehouse/industrial type uses are not allowed, the structure would be suitable for a variety of allowed uses that are favored in downtown. The parking would restrict many concepts, however, the zoning intention favors even smaller properties similar to the subject.

The sales sold from \$44.00-\$75.71 PSF that is considered to bracket the subject value as improved. Sale #1 is the most recent warehouse sale in the general district and was purchased for continued storage/service use concepts. Sale #3 is another grade level warehouse located in the superior Safety Harbor district just off McMullen Booth Road. This example is the best physical comparison but has superior building features and location. Sale #1 has a fringe location off the roadway and a cramped site that sold two years earlier in a weaker market period. That \$44.00 PSF price then requires upward adjustment in relation to the subject.

Sale #2 is a former warehouse/sale facility built-out with office finishes. Given a slightly inferior location but larger site area and the added build-out, this sale at \$56.63 PSF is considered superior to the subject.

After review of this scant data in downtown and a large variety of recent warehouse sales located in mostly industrial settings in the \$40.00-\$60.00 PSF range, I would value the subject within the \$50.00-\$55.00 PSF range.

5,400 SF @ \$50.00 PSF = \$270,000

5,400 SF @ \$55.00 PSF = \$297,000

ROUNDED TO \$285,000

RECONCILIATION:

Land Value As Assembled	\$525,000
Income Analysis	\$300,000
Sales Comparison Approach	\$285,000

It is clear from review of these approaches that assemblage as part of the adjacent block represents this concept. In addition to the known attempt by the city to relocate the CPTA bus depot here, the major trend in downtown remains assemblage for gaining greater utility/density in most sections of downtown.

My final value estimate then is the **\$525,000** figure.

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.

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

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

Condominiums, Co-Ops and PUDS, 2007.

Analyzing Distressed Real Estate, 2007.

Appraisal Curriculum Overview, Two-Day General, 2009.

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

Valuation of Detrimental Conditions, 2010.

Analyzing Tenant Credit Risk/Commercial Lease Analysis, 2011.

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

Marketability Studies: Advanced Considerations and Applications, 2013.

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

Critical Thinking in Appraisals, 2014.

Litigation Appraising, 2015.

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

Florida State Law Update, 2018.

National USPAP Update, 2018.

Business Practice and Ethics, 2017.

Parking and its Impact on Florida Properties, 2018.

Solving Land Valuation Puzzles, 2018.

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.

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

LEGAL DESCRIPTION

PINELLAS COUNTY FLA.
OFF. REC. BK 9323 PG 684

CERTIFIED TO :

SHEET 1 of 2 SHEETS

W.C. 7041

M.E. BAGKIN, SR. RENTAL PROPERTIES, INC.
REPKA & JENNINGS, P.A.
ATTORNEYS' TITLE INSURANCE FUND, INC.

EXHIBIT "E", "RETAINED PARCEL" - CONSISTING OF TWO PAGES - PAGE 1 of 2:

A SURVEY OF A PART OF LOTS 1, 2, 9 and 10, BLOCK "11", MAGNOLIA PARK, AS RECORDED IN PLAT BOOK 3, PAGE 43 OF THE PUBLIC RECORDS OF PINELLAS COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE SOUTHWEST CORNER OF SAID BLOCK "11", RUN THENCE EAST, 15.0 FT.; THENCE RUN N 0°42'00" W, PARALLEL WITH AND 15.0 FT. EAST OF THE EAST RIGHT-OF-WAY LINE OF EAST AVENUE, 129.6 FT. FOR THE POINT OF BEGINNING; THENCE CONTINUE N 0°42'00" W, ALONG SAID LINE, 185.40 FT. TO THE SOUTH RIGHT-OF-WAY LINE OF FRANKLIN STREET ALSO BEING THE NORTH LINE OF SAID BLOCK "11"; THENCE S 89°58'00" E, ALONG SAID NORTH LINE OF BLOCK "11", 63.68 FT.; THENCE S 0°15'12" W, 185.16 FT.; THENCE S 89°49'30" W, 60.60 FT. TO THE POINT OF BEGINNING.

BASIS OF BEARINGS:

NORTH R/W LINE OF COURT STREET,
BEING DUE EAST (ASSUMED).

"BOUNDARY SURVEY"

REVISED CERTIFICATIONS:

4/24/96

<p>LEGEND: F.I.R. = FOUND IRON ROD; F.C.I.R. = FOUND CAPPED IRON ROD; S.C.I.R. = SET CAPPED IRON ROD; F.I.P. = FOUND IRON PIPE; F.C.I.P. = FOUND CAPPED IRON PIPE; F.A.S. = FOUND NAIL & DIAL; S.A.S. = SET NAIL & DIAL; F.C.M. = FOUND CONCRETE MONUMENT; F.P.M. = FOUND PERMANENT REFERENCE MONUMENT; F.P.M. = FOUND PERMANENT CONTROL POINT; F.A.P. = POINT OF INTERSECTION; R/W = RIGHT OF WAY; ELEV. = ELEVATION; C.S. = CONCRETE BLOCK STRUCTURE; C.C. = CONCRETE; C.A. = ASPHALT; P. = PAVEMENT; R. = RADIUS; A. = AREA; C. = CHORD; C.B. = CHORD BEARING; ST. = STATION; C.L. = CENTER LINE; FENCE = FENCE; F.D. = FENCE DITCH; F.D. = FENCE DITCH.</p>			
<p>I, WILLIAM C. BEATING, THE SURVEYOR, HEREBY CERTIFY THAT THE SURVEY REPRESENTED HEREON AS MEETING THE PROVISIONAL TECHNICAL STANDARDS SET FORTH BY THE FLORIDA BOARD OF LAND SURVEYING, PURSUANT TO SECTION 106.01 OF THE FLORIDA STATUTES AS PRESENTED IN PLAT BOOK 3, PAGE 43 OF THE PUBLIC RECORDS OF PINELLAS COUNTY, FLORIDA, AND THAT THE SURVEY REPRESENTED HEREON IS A TRUE AND CORRECT REPRESENTATION OF THE SAME.</p>			
<p>SHOWN HEREON ARE EAST OF THE NATIONAL VERTICAL DATUM, 1929, AND HORIZONTAL DATUM, 1983, SUPPLIED BY THE ENGINEERING DEPT., COUNTY, FLORIDA.</p>			
COMPANY NO. 125096	NAME D.O. 150	MAP DATE 8-19-91	APPEARS TO BE N.A. 100 ZONE, 10, 11
DRAWN BY K.W.	DATE 1-18-96	APPROVED BY WILLIAM C. BEATING	BASE FLOOD ELEV. NONE
CHECKED BY D.W.	SCALE 1" = 30'	WILLIAM C. BEATING, SURVEYOR 2124 SUNNYDALE BLVD. CLEARWATER, FLORIDA 34625	

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