

APPRAISAL REPORT

**450 MUNICIPAL CONDO SPACES
PELICAN WALK PARKING GARAGE
POINSETTIA AVENUE SOUTH OF BAYMONT STREET
CLEARWATER BEACH, FLORIDA 33767**

DATE OF VALUATION

APRIL 6, 2021

PREPARED FOR

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

E-MAIL: ROBERT.BRZAK@MYCLEARWATER.COM

PREPARED BY

**JAMES M. MILLSPAUGH, MAI
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April 29, 2021

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

RE: 450 Municipal Condo Spaces
Pelican Walk Parking Garage
Poinsettia Avenue South of Baymont Street
Clearwater Beach, Florida 33767

Dear Mr. Brzak:

At your request, I have made an appraisal report of the current market value of the fee simple estate in condominium ownership. The property and methods utilized in arriving at the final value estimate are fully described in the attached report, which contains 22 pages and Addenda.

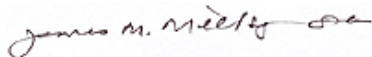
This Appraisal Report has been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute and the Appraisal Foundation. The Appraisal Report and final value estimate are subject 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 April 6, 2021, was:

ELEVEN MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS
(\$11,160,000)

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

450 MUNICIPAL CONDO SPACES
PELICAN WALK PARKING GARAGE
POINSETTIA AVENUE SOUTH OF BAYMONT STREET
CLEARWATER BEACH, FLORIDA 33767

DATE OF PHOTOGRAPHS: APRIL 6, 2021



SOUTHERN VIEW FROM BAYMONT STREET



EASTERN VIEW FROM ROOF DECK INTO CLEARWATER HARBOR

EXISTING CONDITIONS

450 MUNICIPAL CONDO SPACES
PELICAN WALK PARKING GARAGE
POINSETTIA AVENUE SOUTH OF BAYMONT STREET
CLEARWATER BEACH, FLORIDA 33767

DATE OF PHOTOGRAPHS: APRIL 6, 2021



THE ROOF VIEW LOOKING SOUTH (SPACES NOT INCLUDED)



6TH STORY VIEW DURING ACTIVE BEACH DAY. BOTTOM FLOORS WERE
ESSENTIALLY FULL

IDENTIFICATION OF THE PROPERTY:

The subject complex fronts the east side of Mandalay Avenue and west side of Poinsettia Avenue just south of Baymont Street, which is roughly ¼-mile north of the Beach Round-About. The site is currently improved with the Pelican Walk Shopping Center and the North Beach Plaza parking garage. The entire complex comprises the North Beach Plaza Condominium recorded at Condo Plat Book 159, Pages 91-100 with the Condo Docs recorded at O. R. Book 19444, Page 0145. The various condo segments are detailed below:

Pelican Walk Shopping Center	Unit RU-1
Poinsettia Retail Space	Unit RU-2
Parking Unit Ground	Unit PU-G (28-spaces)
Parking Unit One	Unit PU-1 (114 spaces on 1 st and 2 ND FLOOR)
Parking Unit Two	Unit PU-2 (450 City spaces)
Parking Unit Three	Unit PU-3 (110 spaces)

Note: PU-2 is the subject of this report.

CENSUS TRACT LOCATION/ZIP CODE: #260.02/33756

FLOOD ZONE LOCATION: Pinellas County, Florida
Map #12103C0102G
Effective Date: September 3, 2003

The subject and most surrounding properties are located in an AE special flood hazard district where finished floor elevations must be above 11'. Per city storm maps, the typical site elevation in this locale is at 6'.

ENVIRONMENTAL AUDIT DATA:

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

OBJECTIVE AND INTENDED USE/USERS OF THE APPRAISAL REPORT:

The objective of this report is to estimate a current market value of the fee simple interest in condominium form of the 450-unit segment Unit PU-2 as of April 6, 2021 (date of inspection and photographs). It is my understanding that the intended use of this report is to form a value estimate for the City of Clearwater in their pending sale negotiations to a 3rd party, and that the intended users are the City representatives and no others. I previously appraised the subject parking spaces as then proposed as of May 9, 2014.

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 special purpose nature of the proposed improvements and the public seller, this concept is not applicable. It is, however, relevant to the Land Value Estimate which is part of the valuation model discussed below in the Scope section. In terms of the land value estimate, the exposure period for this size of development parcel in this market would likely be short-term in the 6 to 12 month range in spite of the now slowing COVID-19 pandemic. Essentially, a market high had likely occurred during 2018-2019 prior to the early 2020 pandemic that significantly impacted the lodging/food service industries. Currently, the market sentiment is now looking beyond this market stall with most participants now expecting a return to normal during the short-term (1-2 year) period.

STATEMENT OF OWNERSHIP AND RECENT SALES HISTORY:

The subject PU-2 unit was acquired as completed on December 30, 2016 at a pre-negotiated \$11,314,800 price of \$25,114 per space (recorded O. R. Book 19467, Page 0091).

SCOPE OF THE APPRAISAL:

The extent of my research effort for the sale of vacant development land has focused on the Clearwater Beach area and proximate Gulf Beach communities in Pinellas County. My Land Value Estimate will value the total condo parcel with a pro-rata share to support the parking garage. I have researched the public records through the Pinellas Clerk's and Property Appraiser's data bases, the local MLS data, my newspaper clipping files and regional business periodicals. I have field inspected Clearwater Beach and the Gulf Beaches to Pass-a-Grille,

viewed the sale comparables and verified the details of each transaction with a related party. The cost estimate for the garage structure has been based upon data compiled by the Marshall Valuation Service as described in the Addenda and by comparison with known local costs of parking garages. These costs will then be depreciated for any normal wear and tear reflected during my recent inspection. The final value estimate then will reflect current land value plus cost on a pro-rata basis as detailed below. This methodology is considered the most reliable for special purpose, public infrastructure facilities.

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 or 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.

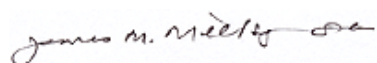
The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser(s) has (have) not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance 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 Appraisal Practice (USPAP) 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 real property only and subject to the stated limitations, definitions and certifications set forth in the attached appraisal report as of April 6, 2021, was:

ELEVEN MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS
(\$11,160,000)



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

AREA DESCRIPTION:

This is the “Destination Resort” area in Beach By Design that includes the beach’s major grouping of condos along with several beachfront hotels, retail/service space and an under-construction bayfront hotel on East Shore Drive. While a declining share of smaller original motels exists here, they add to the district vibrancy and all important “foot traffic”. The next north area is the old Florida District where waterfront condos are blended in with smaller motels and service space that is on the northern edge of the most active “foot traffic” areas. This locale then is one of the most in demand on the beach but likely one notch below the main marina and points south along Gulfview Boulevard that includes the majority of the hotel rooms but a lower ratio of condos. Both this area and the subject have bayfront hotels currently under construction.

SITE DATA:

The site is essentially a parallelogram except for the shorter western boundary along Mandalay Avenue (300’). This segment has depths of 100.65’ and a total size of 30,171 SF per the condo site plan. The Poinsettia segment includes some 349.87’ of frontage to a 118.29’ approximate depth and includes a gross area of 43,650 SF with the total condo site including 73,821 SF.

The site is level, above road grades, basically even with surrounding lands and does not appear to have any extraordinary storm drainage problems beyond what is typical for this locale. Storm drainage exists for the public space and most modern properties and all standard public and private utilities are available to the site at no major offsite cost. Mandalay Avenue is a narrow four-lane road with complete improvements while Poinsettia is a narrow two-lane with limited improvements.



Surrounding improvements include small retail to the north with major condo complex beyond, retail across Mandalay with condo/hotel towers beyond, retail/restaurant to the south along Mandalay and low rise older/smaller residential rental units to the east with mixed condo/motel units along the bay frontage. There are no known detriments in this market or adjacent with many older retail spaces being steadily upgraded for modern concepts. While many buildings here have little or no onsite parking, most catering to a mix of tourist/local residents tend to have some convenient onsite parking. By interview of knowledgeable parties, it is obvious that public parking (curbside, lots or garages) is heavily used and relied-upon for serving the area customer base. Further, most major facilities here have a large need for proximate employee parking. As such, it is clear that much of the unmet demand for parking on the beach has been created by city zoning regulations that recognize the heavy “foot-traffic” for the best beach locations.

ASSESSMENT AND TAX DATA:

<u>Pinellas County Parcel #</u>	<u>2021 Assessment</u>
8-29-15-60417-000-3000	\$6,220,000
	(\$13,822 per space)

Given the public ownership no taxes are due. All of the remaining parking spaces in the subject are assessed in the approximate \$13,800 to \$15,200 per space range.

ZONING AND LAND USE DATA:

The site and surrounding district are zoned T for Tourist and have a Land Use Plan description of RFH – Resort Facility High. In addition to these underlying regulations, an overlay district (Beach By Design) describes the city preference for various areas uses. While lodging, multi-family and most beach uses are allowed in the T district, Beach by Design has labeled the subject area from Poinsettia to Mandalay and from Causeway to Baymont as “retail and restaurant” district where the previous parking lot was identified as the best choice for the subject municipal parking garage.

The basic numerical guidelines for development include 30 units per acre for multi-family (84 Units) or 50 per acre for lodging plus site bonus densities from 70 to 110 per acre with the subject 1.69 acres likely having a 90/acre density or 152 units ($1.69 \times 90 = 152.1$). For non-residential use, there is a 1.0 FAR and .95 Impervious Surface Ratio. Parking is normally required from 1-12 spaces per 1,000 SF but is not required in Beach by Design as it recognizes that most patrons are tourists staying in units with parking. Most allowed uses require 5,000 to 20,000 SF sites with from 50' to 100' widths and have 0-25' front, side and 10'-20' rear setbacks and most heights range from 35' to 100'. The entire complex was approved in 2014 under these regulations.

The regulations have created one of the most flexible, high intensity districts in Clearwater and Pinellas County, which in turn has required significant public infrastructure. As such, the relative value of the underlying land on Clearwater Beach is expected to fall near the top of the Pinellas County Market.

DESCRIPTION OF THE IMPROVEMENTS:

These include the two-story shopping plaza fronting Mandalay Avenue, which had been supported by the rear adjacent 94 space surface parking lot. The improvements were built in 1994, have been adequately maintained and upgraded cosmetically during the past several years. The center includes some 38,000 SF of rentable space with the second floor tenants being service oriented and the ground floor tenants being mostly restaurant/retail. The plaza has a wide covered front entry with decorative architectural stairways, walkways along the back and connecting to the parking lot.

DESCRIPTION OF THE PARKING GARAGE:

The structure is six-stories including grade level to a 76' 4" top floor height. It is rectangular with the basic 123' x 330' size less cutouts at the northwest and southwest corners of roughly 500 SF or an average floor size at roughly 40,000 SF or 240,000 SF gross. The first floor includes 28 spaces plus the 12,000 SF Retail Stores and entrance/exit ramps, while the second floor has 64 spaces, floors 3-6 have 121 each and the top floor has 109 spaces.

The basic construction includes slab floors supported by pilings, pre-stress/concrete wall panels and floors supported by a steel frame. The exterior is decorative to comply with Beach by Design. The only finished space for the garage includes a security office with two-piece toilet on the ground floor. There are two elevators and stairwells at either end and there are second floor walkways to the shopping plaza.

By my calculation from the condo plat and previously submitted plans, the total enclosed area includes roughly 240,000 SF, which excludes the retail stores but counts the square frontage of 12,000 SF. If this area was developed with parking stalls, it appears to support an added 47 spaces or a 749 space total for the complete structure. The 240,000 SF will be utilized in my cost estimate as Marshall Valuation notes a 7th floor garage only has six built floors over grade. The 7th floor, however, would add 39,222 SF for the total parking surface of 279,222 SF or 373 SF per space ($279,222/749 = 373$ SF).

HIGHEST AND BEST USE: (defined in Addenda)

After a thorough review/inspection of the subject facility, the surrounding space and Clearwater Beach in total, it is my opinion that the existing facility represents this concept. While the total parcel would be usable for a hotel or condo, this locale requires a low level retail/service space along with the popular beach adds obvious demand for the garage. Essentially, the city has created the demand for the concept as hotels and condos provide parking for their guests/tenants while food/bar spaces benefit from the “foot traffic” unless the patrons are “day trippers” that mostly arrive by private auto.

From the **physically possible** viewpoint this structure maximizes the site use but is restricted by the first floor retail and conforming to the existing shopping center. In fact the first two floors have restricted parking spaces in relation to the top floors.

The development was not easily approved from the zoning/land use standpoint while this concept and the site were noted specifically in Beach By Design. The largest public objection was the height while eliminating the Poinsettia retail would have moderated that problem to some extent while maintaining the City’s desire for 450 spaces. As such, the mixed-use concept is **legally allowed**.

While the developer maximized the ground floor retail, the backstreet location is not considered ideally profitable and is likely to experience above average vacancy and heavy turnover in relation to the beach retail in general. As such, the **financial feasibility** is not likely ideal.

This use may also not be **maximally productive** depending on the future use/demand trends in this section of Clearwater Beach where like all areas of beach when new development of condos/hotel rooms occur, parking must be provided.

If the garage site was currently vacant, a similar but smaller use would likely be developed and may include workforce housing on top of the garage that is in great demand from lodging/food service employees.

LAND VALUE ESTIMATE:

The following most current land sales known to me are considered. They are listed here in chronological order along with pertinent details of each sale and then analyzed in the “Land Analysis and Conclusions” section. Unless otherwise noted, the sales all had overall equal utility availability as the subject and sold for cash or terms equivalent that were judged to have not influenced the sales price. The entire parcel is valued as one site and then allocated to the different uses.



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LAND SALE #1

Location: SE corner of Mandalay Avenue and Royal Way, Clearwater Beach

Legal Description: Lots 1-3, Inclusive, Block B, Mandalay Replat, Unit 5, Plat Book 20,
Page 48

Date of Sale: June 2018

Sales Price: \$1,650,000

Size: 150' x 110'; 16,500 SF

Price PSF: \$100.00

Price Per Unit: Condo: \$150,000 / Lodging: \$91,667

Grantor/Grantee: Clearwater Beach Holdings, LLC./Bayway Florida Hotel, LLC.

Recording Data: O.R. Book 20107, Page 903-905

Sale Confirmed With: J. Skicewicz, Broker

Zoning: T – Tourist with RFH – Resort Facility High Land Use in Old Florida
District that allows 30 PA multi-family or 50 PA lodging facility use

Comments: This marginally improved property (several frame rental units) was purchased for potential lodging unit use in conjunction with the northeast corner. The proposal never advanced to development as of spring 2021 when the site was listed for sale at \$3,000,000. It would allow 11 multi-family or 18 lodging units. The other corner has been leased to a proximate condo developer for parking during construction. Prior to this sale, the NE corner of Royal Way/Mandalay Avenue had sold in October 2012 at \$495,000/\$40.58 PSF for a 119' x 102.5' site (recorded O. R. Book 17754, Page 2089) and then again in October 2014 for \$600,000/\$49.19 PSF to the same buyer of the southeast corner (recorded O. R. Book 18562, Page 1259). Therefore, the values from 2014-2018 essentially doubled or at roughly 20% compounded.

LAND SALE #2

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

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

Date of Sale: August 2018

Sales Price: \$10,500,000 allocated to \$9,750,000 for hotel site

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

Price PSF: \$181.72

Price Per Unit: \$72,761

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

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

Sale Confirmed With: Grantor Rep.

Zoning: T, Tourist Clearwater RFH - Resort Facility High

Comments: This cleared seawalled parcel fronts Clearwater Harbor directly across from Island Estates and within the hotel district on Clearwater Beach. It had an approved site plan and density for a 134-room hotel plus a 50-slip marina. Development never advanced with this buyer receiving the entitlements and subsequently requesting a modest increase in the number of hotel rooms, part of which came from the beach density pool. If the approved marina section is valued at \$15,000 per slip, the hotel site would be allocated at \$9,750,000/\$72,761 per unit.

LAND SALE #3

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

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

Date of Sale: November 2018

Sales Price: \$8,800,000

Size: .962 Acres MOL

Price PSF: \$210.00

Price Per Unit: \$61,111

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

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

Sale Confirmed With: Grantor Rep.

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

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

LAND SALE #4

Location: 207 Coronado Drive, Clearwater Beach

Legal Description: S. 50' of the west 110' of Lot 1, Block B, Columbia Subdivision, Plat Book 23, Page 60

Date of Sale: October 2019

Sales Price: \$1,000,000 Allocated to \$775,000 For Land

Size: 50' x 110'; 5,500 SF

Price PSF: \$140.91

Grantor/Grantee: I. Tracey, Trust/Pen Coronado, Inc.

Recording Data: O.R. Book 20741, Page 0365

Sale Confirmed With: M. Donovan, Broker

Zoning: T-Tourist, RFH - Resort Facility High, Clearwater

Comments: This improved parcel was purchased for redevelopment into an open-air restaurant/bar from its previous mixed-use as a small convenience store plus three apartments with no onsite parking. It is located amongst the major beach hotels and just south of the City marina where "foot traffic" is among the best. The pandemic struck after this transaction with the new facility now operating in Spring 2021.

LAND SALE #5

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

Legal Description: Lots 4-5, Island Estates of Clearwater, Unit 2, Plat Book 47, Page 19

Date of Sale: January 2021

Sales Price: \$2,680,000

Size: 196' x 200' MOL; .90 acres MOL (Plus Submerged Lands For Dock Use)

Price PSF: \$68.37

Price Per Unit: \$99,259

Grantor/Grantee: ARLIS Construction, USA, LLC/Dolphin Cay of Island Estates, LLC.

Recording Data: O.R. Book 21366, Page 0935

Sale Confirmed With: A. Kushta, Broker

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

Comments: This site had sold in December 2011 as a bank sale at \$1,250,000 and then resold to a foreign-based developer at the \$1,800,000 figure in October 2015. As of late 2020, the site had not been developed and had been used in the interim for overflow parking by the Clearwater Marine Aquarium. The property had been on the market for roughly one year and had recently been reduced to \$2,900,000/\$107,407 per unit or basically \$74.00 PSF. It sold here to a local developer for the previously approved 27 unit, seven floor condo over parking that had represented the maximum density. The site fronts a navigable canal viewing across the single-family residences plus is located directly across from the recently built Publix. The value growth from October 2015-January 2021 was at 48.9% or roughly 8.3% compounded average annually.

Land Sale Re-Cap Chart

Sale #	Date Of Sale	Sales Price	Site Size In SF	Price PSF	Price Per Unit
1	6/18	\$1,650,000	16,500	\$100.00	\$91,667
2	8/18	(\$9,750,000)	53,653	\$181.72	\$72,761
3	11/18	\$8,800,000	41,905	\$210.00	\$61,111
4	10/19	(\$775,000)	5,500	\$140.91	N/A
5	1/21	\$2,680,000	39,200	\$68.37	\$99,259
Subject	--	--	73,821	--	--

LAND SALES ANALYSIS AND CONCLUSIONS:

The sale data includes a variety of uses on or near Clearwater Beach during the past several years. As a condo site, the subject maximum density would be at 84 units with the comparables indicating \$99,259 on Island Estates (Sale #5), to \$150,000 townhome units on Sale #1. This concept then for the subject parcel would likely fall in the \$75,000-\$100,000 per unit range due to the larger size than the known examples. Therefore, this concept would support a land value near \$7,350,000 ($84 \times \$87,500 = \$7,350,000$) or roughly \$100.00 PSF.

From the lodging unit standpoint for the projected 152 unit maximum, the Sales #2 and #3 that had waterfront impacts and pricing from \$61,111-\$72,765 per unit would appear to support a value in the \$45,000-\$50,000 per unit range. At that level then, total value would fall at \$7,220,000 ($152 @ \$47,500 = \$7,220,000$) that is in the same range as the condo concept.

Given that retail/service uses exist here and surround the property, the retail sales are likely the most comparable support for the highest and best use conclusion. These examples like the earlier sale of the Walgreens at \$99.08 PSF in 2012-2013 for 23,140 SF and the Poinsettia Avenue sale at \$1,400,000 or \$81.37 PSF in September 2011 are mostly small parcel sales like Sale #4 at \$140.91 PSF in October 2019. From these best available sales then, it follows that the subject total parcel would be valued below the residential/lodging concepts near \$100.00 PSF or say in the \$75.00-\$90.00 PSF range or near \$6,000,000 ($73,821 \text{ SF} @ \$82.50 \text{ PSF} = \$6,900,000$) or \$81.28 PSF that I would allocate equally to the total parcel as follows:

Center Parcel	30,171 SF @ \$81.28 PSF = \$2,452,299
Parking Garage Parcel	43,650 SF @ \$81.28 PSF = \$3,547,872

Center:	\$2,450,000
Parking Garage:	\$3,550,000

REPRODUCTION COST ESTIMATE:

This estimate is based upon the cost data maintained by the Marshall Valuation Service, which, in section 14 on Garages, Industrials, Lofts and Warehouses, reports a Class A good quality parking garage to have a \$77.00 PSF average cost. The calculator section notes that a seven floor structure has six floors for cost estimation basis as the top floor surface actually serves as the sixth floor roof cover. The Class A costs are utilized due to the beach location (higher quality/cost). A Class B structure of good quality is reported at \$72.00 PSF and could typically include poured concrete columns and not a steel frame. Both of these grades include elevators. The industry average area per space is 350 SF with a low at 310 SF and high at 440. The subject then includes 373 SF per space. The \$77.00 PSF cost then requires adjustment for floor area/perimeter (.924), story height (.96), current (1.09) and local (.97) multipliers to indicate a net cost of \$72.22 PSF, which I would round to \$72.00 PSF. Loan placement costs for the project would also be a cost factor while normal financing costs are included in the base figures. For this item I would project a 1.5% factor for a 70% loan to value ratio (roughly \$12,000,000) due to the city funding acquisition that reduces risk factors. Traffic impact fees are not applicable to parking garages.

Based upon these impacts then, my estimated cost for the structure without the retail space build-out and excluding shopping center connections would be as follows:

Estimated Costs
 Pelican Walk Parking Garage Shell
 As Of April 6, 2021
 (#'s Rounded To Nearest \$1,000)

Gross Structure Area: 240,000 SF @ \$72.00 PSF	\$17,280,000
Loan Placement Costs	<u>\$ 180,000</u>
Total Improvements Cost	\$17,460,000

The typical life span reported by Marshall Valuation is 45 years with the facility now being four years old and exhibiting no substantial deferred maintenance but having been heavily used and subject to the salt air. On a straight-line basis (4/45) physical depreciation would be indicated at roughly 9%. There is also functional loss due to the shopping center encroachment to allow truck deliveries and parking support plus the carve-out of the Poinsettia Avenue retail spaces. The lost spaces for the first two floors appear to be at 47 out of 749 total potential or roughly 6.3% ($47/749 = .06275$). As such, there is a functional loss of say 5% that with the physical wear and tear of 9% that would indicate total depreciation at 14%.

Total Improvement Cost	\$17,460,000
Less: 14% Depreciation	<u>\$ 2,444,000</u>
Depreciated Value of Improvements	\$15,016,000
Add: Pro-rata Land Value	<u>\$ 3,550,000</u>
Total Value Parking Garage Shell	\$18,566,000

ROUNDED TO \$18,570,000

FINAL VALUE ALLOCATION TO SUBJECT 450 SPACES:

Total Value Of Shell		\$18,570,000
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Total Spaces		749

Value Per Space	\$	24,793
X 450 Spaces	x	<u>450</u>
Final Value Conclusion		\$11,156,850

ROUNDED TO		\$11,160,000
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NOTE: The referenced 702 spaces are increased by 47 spaces in place of the six retail units.

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.

Business Practice and Ethics, 2017.

Parking and its Impact on Florida Properties, 2018.

Solving Land Valuation Puzzles, 2018.

Insurance Appraisals, 2018.

Evaluating Commercial Leases, 2019.

Artificial Intelligence, AVMs and Blockchain, 2019.

Appraising Donated Real Estate Conservation Easements, IRS, 2020.

Florida State Law Update, 2020.

National USPAP Update, 2020.

EDUCATION:

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

PROFESSIONAL AFFILIATIONS AND CERTIFICATION

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

Member: Pinellas Realtors Organization, National Association of Realtors

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

STANDARD DEFINITIONS

HIGHEST AND BEST USE: The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use-that is adequately supported and results in the highest present value.

HIGHEST AND BEST USE OF LAND OR A SITE AS THOUGH VACANT: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED: The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

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 tenant's possessory interest created by a lease

LEASED FEE INTEREST: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (ie., a lease).

REPLACEMENT COST: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, 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 - Fifth Edition, 2010. p. 78, 93, 94, 111, 168 and 169.

MARSHALL VALUATION SERVICE

COMPILED BY: MARSHALL & SWIFT COMPANY

1617 BEVERLY BOULEVARD

LOS ANGELES, CALIFORNIA

This firm compiles actual costs on a national worldwide basis and classifies them according to basic construction type and quality. They provide monthly updates on a regional and local basis as well as ongoing updates on the various building and equipment types. The costs reported are averages.

The "Calculator" section provides a total unit cost inclusive of architectural and engineering fees, plans, plan check, building permits, and surveys. The "Segregated" costs are broken into a structure's various components and provide a more detailed analysis for structures with mixed quality components that do not fit the typical buildings described in the previous Calculator section. The segregated costs require normal additions for architectural fees. Both methods include normal interest on building funds during construction along with processing fees or service charges, normal site preparation, utilities from structure to lot line for typical setbacks, and contractor's overhead and profit. Additions are required to the above costs for yard improvements, offsite development expenses, and hook-up fees, or assessments.

