

APPRAISAL OF
OFFICE PROPERTY
(BOMSTEIN/CREATIVE CONTRACTORS, INC.)
620 DREW STREET
CLEARWATER, FLORIDA 33755

(8147)

FOR
ROBERT BRZAK, REAL ESTATE SERVICES COORDINATOR
CITY OF CLEARWATER
100 S. MYRTLE AVENUE
REAL ESTATE SERVICES
CLEARWATER, FL 33756

February 13, 2019

Robert Brzak, Real Estate Services Coordinator
Real Estate Department
City of Clearwater
100 S. Myrtle Avenue
Clearwater, FL 33756

Dear Mr. Brzak:

Re: Appraisal of Office Property
(Bomstein/Creative Contractors, Inc.)
620 Drew Street, Clearwater, Florida 33755

As requested, I have made a detailed investigation, analysis, and appraisal of the fee simple interest of the referenced property, legally described later in the report.

This appraisal has been prepared for our client, City of Clearwater; **Intended Use**- Assist client in possible acquisition of subject property in a swap transaction. **Intended user**- City of Clearwater.

In my opinion, the *fee simple* interest of appraised property, Office Property (Bomstein/Creative Contractors, Inc.), 620 Drew Street, Clearwater, Florida 33755, had a **market value** "AS IS", as of the effective date, December 7, 2018, of SIX HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$685,000).

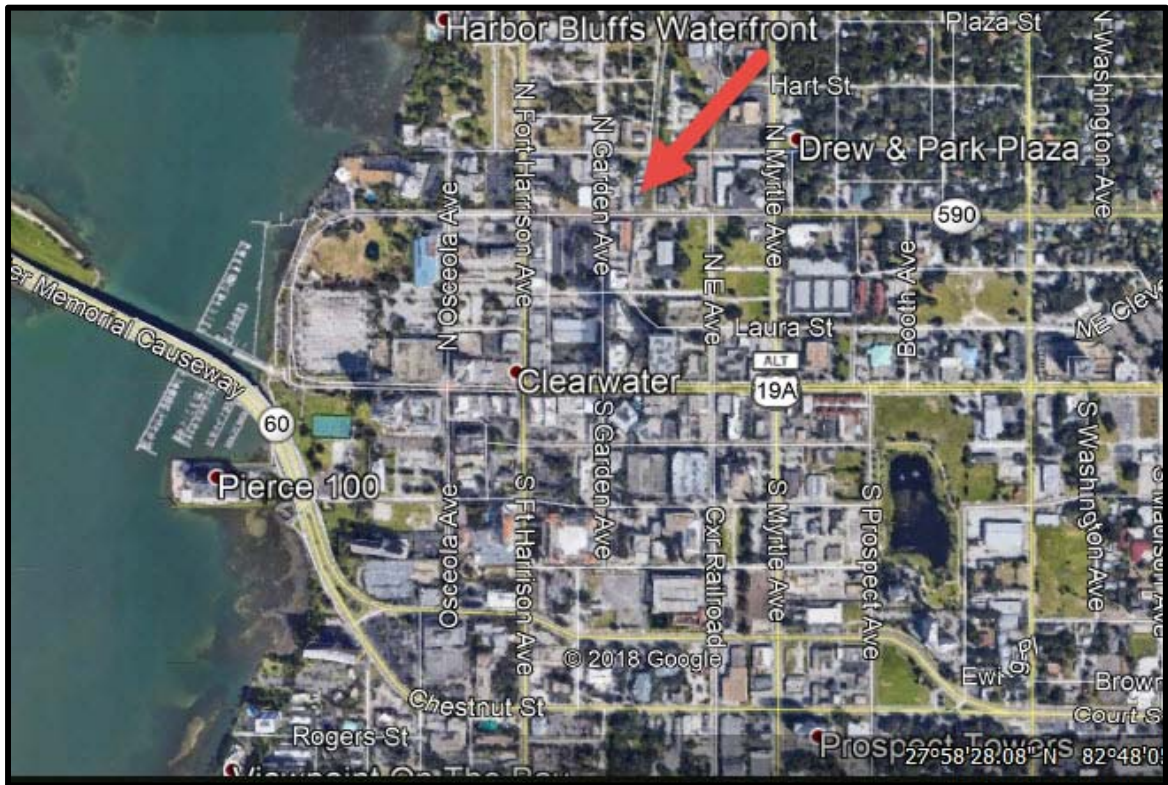
The report is an **Appraisal Report**, which has been prepared in compliance with the provisions of FIRREA, USPAP, the Interagency Guidelines, and the specific contractual requirements of the client, City of Clearwater. The appraiser meets the competency requirements of USPAP for this assignment. The appraiser has not previously appraised subject property nor provided other professional services with respect to it in the last three years.

Respectfully submitted,

TOBIAS REALTY ADVISORS, LLC

C Richard Tobias

C. Richard Tobias, MAI
State-Certified General
Real Estate Appraiser RZ705



AERIAL VIEW OF SUBJECT NEIGHBORHOOD



AERIAL VIEW OF SUBJECT FROM SOUTH



AERIAL VIEW OF SUBJECT FROM NORTH



AERIAL PLAT



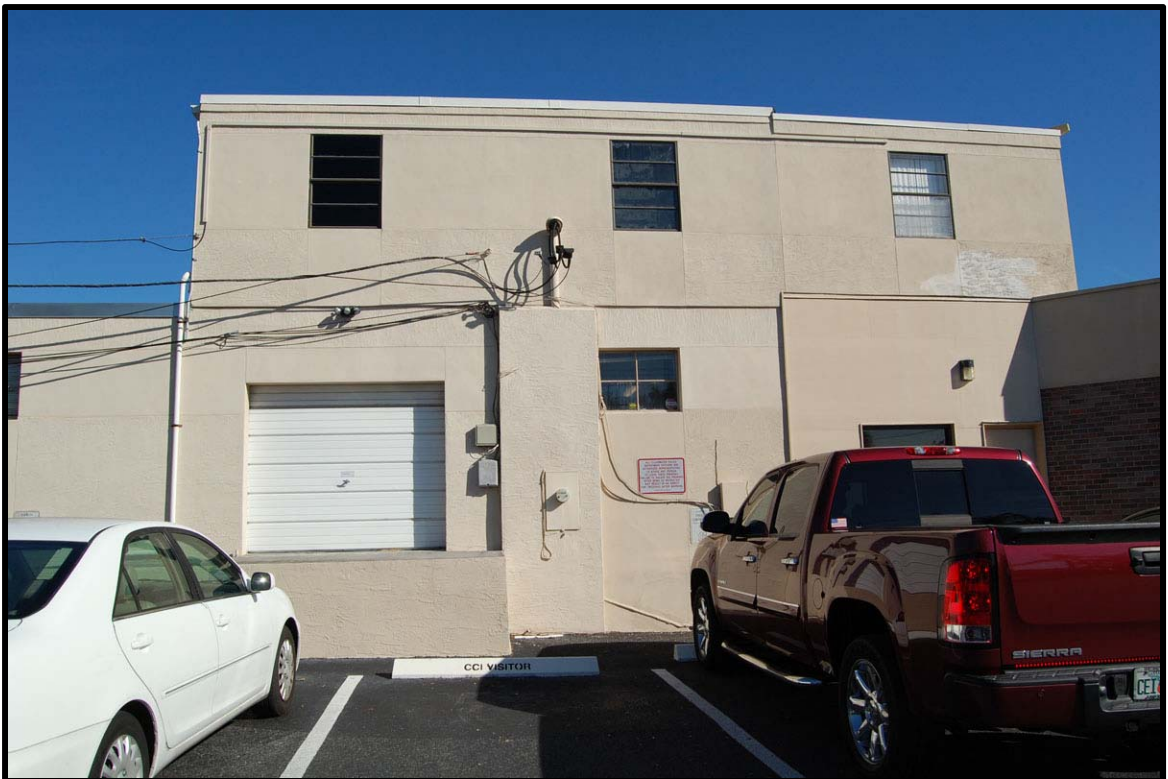
FRONT VIEW OF BUILDING FROM DREW STREET



BUILDING VIEW FROM SOUTHEAST WITH MURAL IN PROCESS



REAR VIEW FROM NORTHWEST



WEST SIDE WITH DOCK-HEIGHT DOOR AND 2ND FLOOR SECTION



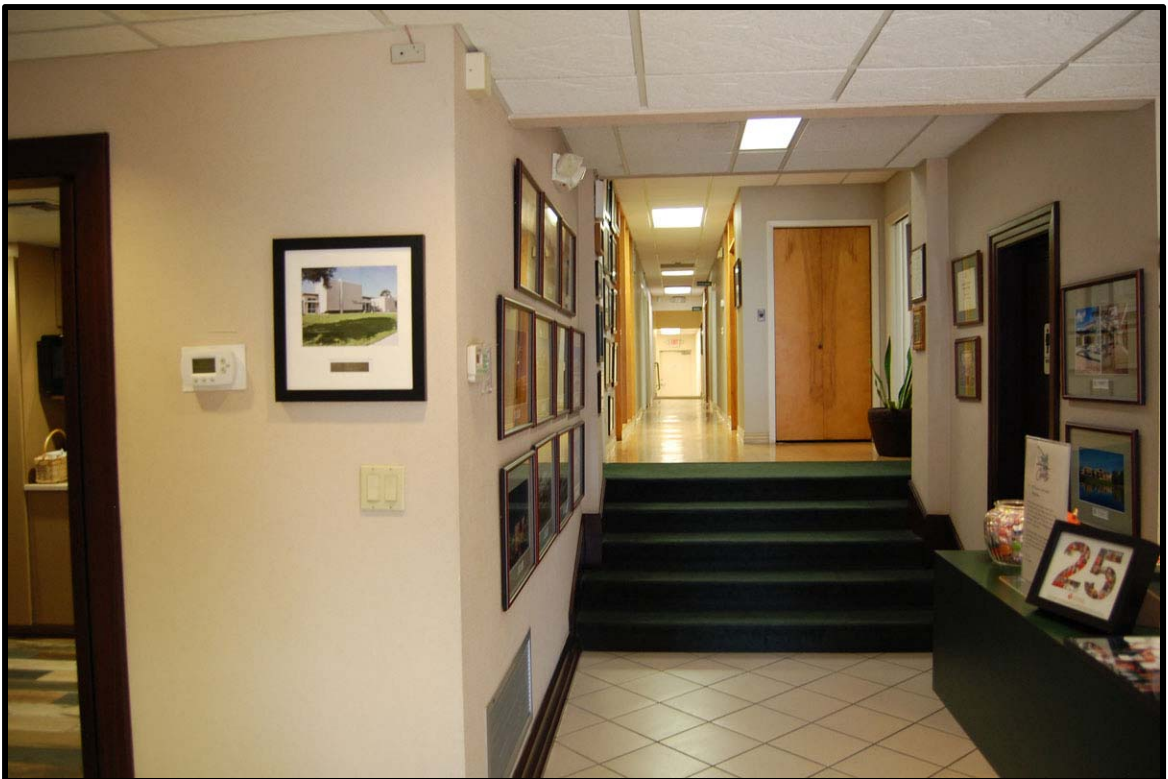
STOREFRONT AREA WITH CUSTOM ENTRY DOOR



CONFERENCE ROOM IN FRONT SECTION WITH QUALITY FINISHES



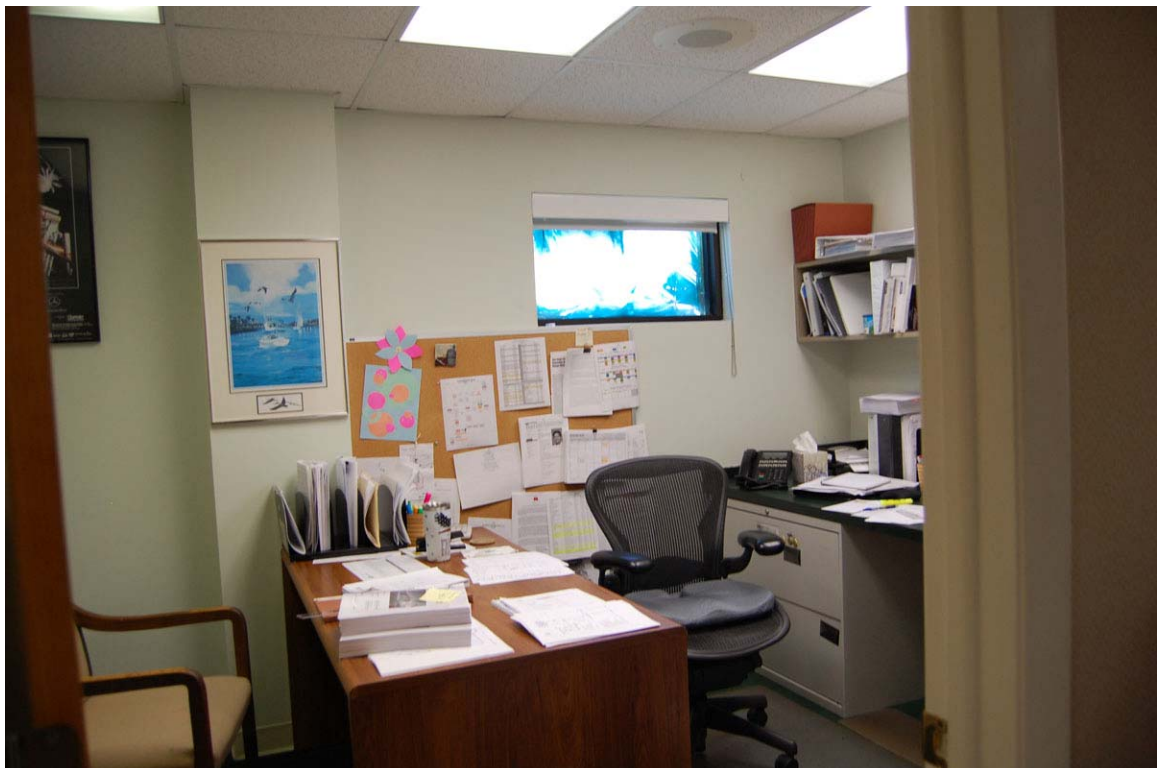
UPGRADED KITCHEN FACILITY IN FRONT SECTION



VIEW FROM FRONT LOBBY TO ELEVATED CENTER SECTION



TYPICAL 2ND TIER OFFICE



TYPICAL 3RD TIER OFFICE IN REAR SECTION



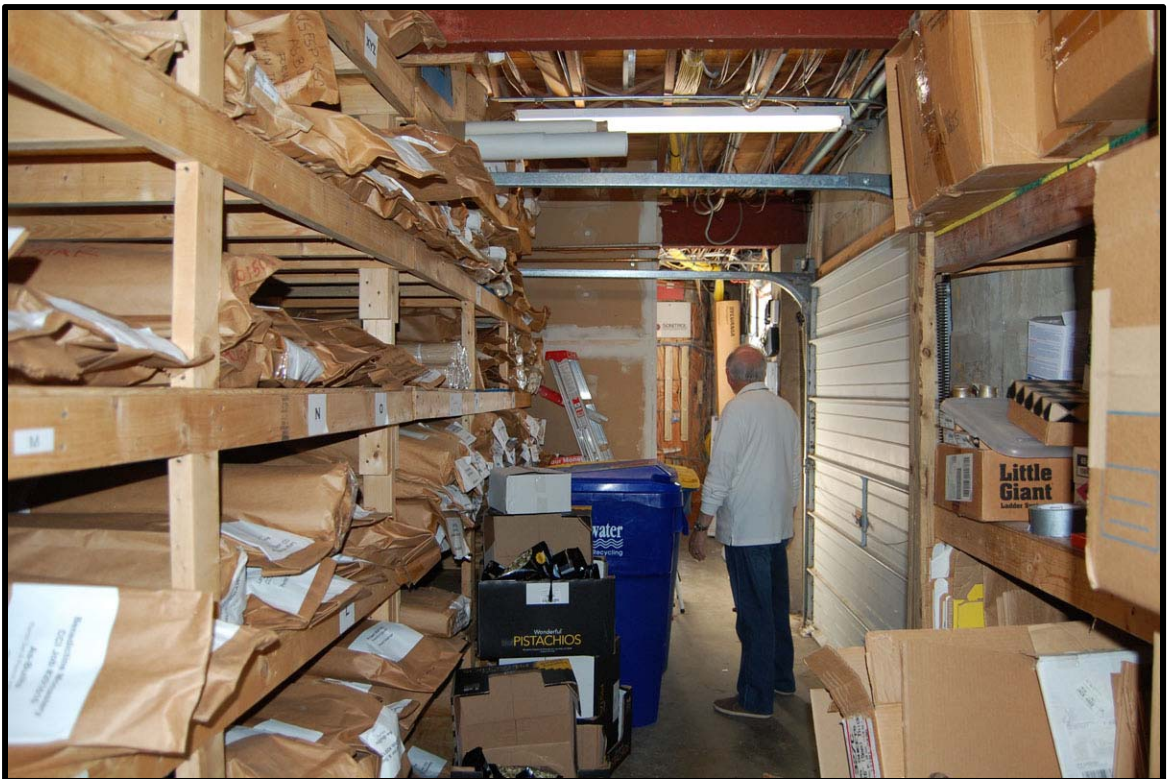
2ND FLOOR TRAINING ROOM WITH BASIC FINISHES



ROOFTOP HVAC UNITS IN REAR SECTION OF BUILDING



WOOD FRAME ROOF STRUCTURE ABOVE CEILING IN 2ND FLOOR



SMALL UNFINISHED RECEIVING WAREHOUSE ON WEST SIDE



STEEL GIRDER SUPPORTING UPPER STORY WOOD FLOOR JOISTS



UNPAVED PARKING LOT IN NORTHWEST SECTION OF SITE



SURPLUS LAND IN NORTHEAST SECTION OF SITE



PAVED CARPORT PARKING DUE NORTH OF BUILDING



PINELLAS TRAIL LOOKING NORTH FROM SUBJECT (LEFT)



OLDER INDUSTRIAL BUILDING EAST OF PINELLAS TRAIL ON DREW ST.



2 STORY CHIROPRACTIC OFFICE ADJACENT WEST OF SUBJECT



**OLDER INDUSTRIAL BUILDING DUE SOUTH OF SUBJECT WITH MAJOR
DOWNTOWN HIGH RISE PROPERTIES TWO BLOCKS SOUTH**

APPRAISAL REPORT

Property Identification:	Office Property (Bomstein/Creative Contractors, Inc.), 620 Drew Street, Clearwater, Florida 33755; the 0.72-acre site is located on the north side of Drew Street (SR 590) 105 feet east of N. Garden Avenue and adjacent west of the Pinellas Trail; site is also located at the north perimeter of Downtown Clearwater in the Old Bay Character District.
Client:	Robert Brzak, Real Estate Services Coordinator City of Clearwater 100 S. Myrtle Avenue Clearwater, FL 33756
Client Type:	Municipality
Appraiser:	C. Richard Tobias, MAI State Certified General Appraiser, RZ705
Purpose of the Appraisal:	To provide the client with an opinion of <u>market value</u> “as is” as defined by the Interagency Appraisal and Evaluation Guidelines.
USPAP Competency:	The appraiser has 38 years of experience in commercial properties of subject’s type in Pinellas County, Florida.

Market Value is “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, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this 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 each acting in what they consider their own best interest;
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, 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

¹ Interagency Appraisal and Evaluation Guidelines, Department of the Treasury; December 2010.

Intended Use Of Report:	Assist client in possible acquisition of subject property in a swap transaction
Intended User:	City of Clearwater
Interest Valued:	Fee simple
Property Owner:	Creative Contractors, Inc. and Alan C. and Nancy S. Bomstein
3-Year Sales History:	Subject property has been owner-occupied by Creative Contractors, Inc. for several decades as the corporate headquarters. The subject property has not been listed for sale or been under contract during the last three years.
Date of Inspection:	December 7, 2018
Effective Date of Value:	December 7, 2018
Scope of Work:	• Inspection of the subject property (interior and exterior); • Analysis of regional and neighborhood data with emphasis upon the market for small office properties in Downtown Clearwater; • Description of property and improvements; • Analysis of zoning, utilities, services, property taxes, site, and improvements; • Highest and best use analysis; as vacant and as improved; • Cost approach to value was excluded due to the age (61 years) of the building and the difficulty in accurately measuring depreciation; also, this methodology carries much less credibility in the market for properties of this type, size, and age; • Sales comparison approach utilizing recent comparable sales of office properties in the Clearwater market; adjustments were made to the comparable sales where they materially differed from the subject property; comparables were analyzed on basis of price per

square foot of building area; comparables were ranked based on their overall comparability; results of this analysis identified the market value of this property “as is” in fee simple interest;

- Income capitalization approach was applied as a secondary method; however, market analysis indicated a low level of investor representation in properties of subject’s type, size, age, etc. in this location; comparable rental properties were analyzed and an income/expense proforma was constructed; this resulted in an expectation of net operating income, which was capitalized at a market-based cap rate to an indication of market value from an investment perspective;
- Reconciliation of the methodologies and data to provide conclusion of market value “as is” in fee simple interest.

Legal Description:

East ½ of Lot 2, Lot 3, and Parts of Lots 4 and 5 West of Pinellas Trail; Lot 6 and the East 60 Feet of Lot 7, together with the vacated alley adjacent to Lots 4-6; all located in Block 6, Jones Subdivision of Nicholson’s Addition to Clearwater Harbor, as recorded in Plat Book 1, page 13, Public Records of Pinellas County, Florida.

Zoning:

D, Downtown District; City of Clearwater; as such there is a wide variety of permitted uses. The Level 1 uses with minimum standards include multi-family, bars, brewpubs, congregate care facilities, medical clinics, museums, offices, hotels, places of worship, research/technology facilities, restaurants, retail, schools, and community centers. In addition to the above permitted uses, Level 1 flexible standard uses include educational facilities, government uses, micro-breweries, and night-clubs.

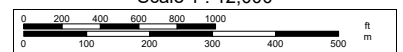
Designated Street Type: C (Drew Street)

	Maximum FAR: 0.5 (would yield building of 15,693 sq. ft. MOL) Maximum Residential Density: 35 units per acre (would yield roughly 25 units) Maximum Hotel Density: 35 units per acre Maximum Building Height: 45 feet
Future Land Use Plan (FLUP):	CBD, Central Business District; current zoning and existing use are consistent with FLUP.
Character District:	Old Bay
Tax Parcel Numbers:	09-29-15-44352-006-0030 09-29-15-44352-006-0070 09-29-15-44352-006-0050
Property Assessment (2018):	\$482,421
Millage Rate (2018):	21.8854
Real Estate Taxes (2018):	\$10,557.91; tax collector reports property taxes are current.

NEIGHBORHOOD MAP

SUBJECT

Scale 1 : 12,000

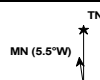


1" = 1,000.0 ft Data Zoom 14-1

Data use subject to license.

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Neighborhood Description:

The subject property is located on the north side of Drew Street (SR 590) 105 feet east of N. Garden Avenue and adjacent west of the Pinellas Trail; site is also located at the north perimeter of Downtown Clearwater in the Old Bay Character District.

Clearwater is the county seat of Pinellas County and its second largest municipality (115,276); it is located in north central Pinellas and spans roughly two-thirds of the peninsula from Clearwater Beach eastward to McMullen-Booth Road; the city's northerly limits are at Union Street approximately 1.9 miles north of the subject site; Downtown Clearwater, site of the courthouse and county government offices, is situated just south of the subject property.

According to the 2000 U.S. Census, the population of Clearwater was 108,332, making it the second largest community in Pinellas County behind St. Petersburg (247,894); as of 2010 Clearwater's population had declined slightly to 107,957; as of 2018 the population has grown by 6.8% to 115,276. St. Petersburg is located at the south end of the county, approximately 12 miles south of the subject property; Downtown Clearwater (Core Area), site of the Pinellas County Courthouse and government center, is immediately south of the subject. Clearwater is a sprawling community bounded on the north by Palm Harbor and Dunedin and on the south by Largo; it extends across the Pinellas peninsula from Clearwater Beach eastward approximately 7 miles to Old Tampa Bay.

U.S. Highway 19 is a six-lane, limited access highway; there is an elevated interchange with Gulf-to-Bay Boulevard, 4.0 miles east of the subject. It is the primary north/south artery in Pinellas County and along much of Florida's west coast. According to the latest FDOT Traffic Count Map, approximately 109,500 cars utilize this roadway daily in Clearwater.

Gulf-to-Bay Boulevard (SR 60) is a six-lane, east/west artery spanning the center portion of Clearwater; it lies ½ mile south of Drew Street and is the primary commercial

artery linking US Highway 19 and the CBD; daily traffic count is 52,500 just east of the intersection of Court Street and Highland Avenue; volume drops significantly to 5,000 in the northwest leg of Gulf-to-Bay, which links with Cleveland Street.

Cleveland Street lies 0.2 miles south of the subject and provides linkage with the CBD; it extends 1.2 miles west, where it terminates at Coachman Park; Cleveland had formerly been the approach to Clearwater Causeway, which links the CBD with Clearwater Beach; following the construction of the new, elevated span the beach traffic is routed west on Court Street through the CBD.

Court Street (SR 60) lies 0.4 miles south of the subject and provides linkage with the CBD; it extends from the Highland Avenue intersection west through the CBD to Clearwater's Memorial Causeway (to Clearwater Beach); following the construction of the new span the beach traffic is now routed west on Court Street through the CBD, where the daily traffic count is 17,000.

Drew Street (SR 590) is adjacent south of the subject and acts as an alternative east/west artery linking US Highway 19 with the CBD; it carries 13,100 cars per day in the subject area.

Keene Road (CR 1) is 2.1 miles east of the subject; it is a 4-lane, north/south artery linking Clearwater with Largo and Seminole to the south as well as Dunedin and Palm Harbor to the north; traffic count is 27,359 south of Gulf-to Bay.

North Ft. Harrison Avenue is 0.1 miles west of the subject; it is a 2-lane, north/south roadway linking the Downtown Core Area with Old Bay District; at the Dunedin city limits it becomes Edgewater Drive; traffic count is 9,800 in Old Bay; South Ft. Harrison extends south from the Core Area accessing Morton Plant Hospital (1.0 miles south of subject) and the area known as South Gateway.

The highway infrastructure described above provides average to good access to most population centers through-

out Pinellas County and the greater Tampa Bay area. Access is particularly good from Largo, Dunedin, and Safety Harbor to the east as well as the Clearwater CBD Core.

Morton Plant Hospital is a primary traffic generator for the CBD. It is the 5th largest medical center in the Tampa Bay area with 687 beds and 546 affiliated physicians; Morton Plant is also a major employer in the county with 2,200 employees. Similar to most major hospitals in the area it has attracted extensive satellite development of medical offices, clinics, outpatient centers, and other healthcare related uses. Some ancillary office development has extended east of the Core Area but the bulk of this activity lies south of the CBD.

As the county seat, downtown Clearwater is home to many Pinellas County government and agency offices that employ several thousand persons. The county courthouse and government complex, which are located west of South Ft. Harrison between Court and Chestnut Streets, has steadily expanded over the last 20 years to the surrounding blocks. The City of Clearwater had housed its numerous employees and departments in several locations throughout the downtown district.

Another major factor that has influenced downtown Clearwater for the past two decades is the Church of Scientology (COS). This controversial religious sect has its international headquarters located in the Ft. Harrison Hotel, just north of the county courthouse. A substantial administrative staff is located at this facility on a permanent basis, and thousands of church members regularly visit Clearwater for extended periods of training and study. Over the years the COS has steadily expanded its property holdings throughout the Downtown Core area and northward into Old Bay. The church's headquarters has generated an enormous economic impact in terms of housing, retail sales and services in the downtown area.

Several high-rise condominiums were built in downtown Clearwater during the recent development boom (2004 through 2006); most of these projects experienced stalled sellouts as the market collapsed in mid-2006, followed by

the credit crisis and national recession. A modest recovery commenced in 2013 with a resumption of condominium sales in Downtown. Also, a 257-unit, high-end, rental community (The Nolen) was developed in 2016/2017 in the Prospect Lake area east of Downtown. Other smaller multi-family projects have also had reasonable success in the recovery period in Downtown.

The City of Clearwater embarked in early 2018 on the design phase of Imagine Clearwater, a beautification and revitalization project covering 66 acres in the Coachman Park area overlooking Clearwater Harbor. This will include an expansion of the band shell to encourage larger entertainment opportunities in Downtown, thus driving greater demand for goods and services for Clearwater businesses. This project, which will follow the extensive infrastructure investments of recent years (Memorial Causeway Bridge, Town Lake drainage, Cleveland Street re-design, Capitol Theater rehab, and others) should provide the impetus for additional Downtown housing similar to what has been experienced in St. Petersburg and Tampa.

The subject neighborhood (Old Bay), which lies at the northwest perimeter of the CBD, is an area in transition. It contains some of the oldest structures in the city, such as North Ward School (now closed) dating back to 1910. There are large, old, stately homes in Old Bay and many of these have been purchased and restored in the last 5 to 10 years. There has been some multi-family development such as the waterfront condominium a few blocks northwest of the subject and the more recent Garden Trail Apartments complex a few blocks north; the latter is a 76-unit, 3-story, workforce housing development adjacent to the Pinellas Trail.

Closer to the subject we find older industrial properties such as lumber yards, warehouses, and service buildings transitioning to general and professional office uses. A chiropractic office, for example, lies adjacent west of the subject and a good quality law office (see Improved Sale 3) is situated at the northwest corner of Drew and N. Garden Avenue. Also, the blocks just south of Drew

Street in the subject vicinity have recently experienced a spike in assemblage purchases by COS affiliates and other investors. The parcels south of Drew fall in the Downtown Core Character District and qualify for more intensive development in terms of FAR, residential density, and building height. The Old Bay District (subject property and those north of Drew) is a transition area to lower density residential lying farther north; as such, the maximum development intensity limits are lower than the Core District.

Demographics of the subject's primary market (10-minute drive) may be found on the chart on page 12; these are compared to City of Clearwater and Pinellas County:

- Median age slightly younger than city and county
- Relatively dense population with recent growth similar to city and county
- Average household size (2.29) larger than city and county
- Home ownership ratio 3 points below city and 8 points below county
- Rental component 5 to 8 points higher than city and county
- Household income 16 points below county and 10 points below city
- Median home value 7 points below county and 9 points below city
- Shelter spending index 12 points below county and 10 points below city
- Restaurant spending 13 points below county and 9 points below city

The demographics of the subject area are clearly below average in terms of the broader market. However, the defined market area includes some of the lowest income sections of the city, which have skewed the composite figures downward. In this case there is a substantial component of higher income households found in the newer condominiums and apartments in Downtown and along the Clearwater Harbor waterfront north and south of the

Core. It is this demographic segment that would form the market for upscale housing in a redevelopment of the subject site and nearby parcels.

Assuming national economic prosperity continues, Downtown Clearwater appears poised to finally achieve the growth and revitalization many of the urban centers in Florida have experienced in the last 5+ years. The Old Bay District will likely see new, high-end, waterfront condominium development in the next few years and the central and east sections should experience moderate-priced condominium and rental apartment development similar to the Nolen project in the Town Lake area east of the Core District. This will result in some block consolidation and assemblage with upward trending land prices where older obsolete structures are absorbed and razed.

Demographic Analysis

Creative Contractors, Inc
620 Drew Street
Clearwater, FL 33755

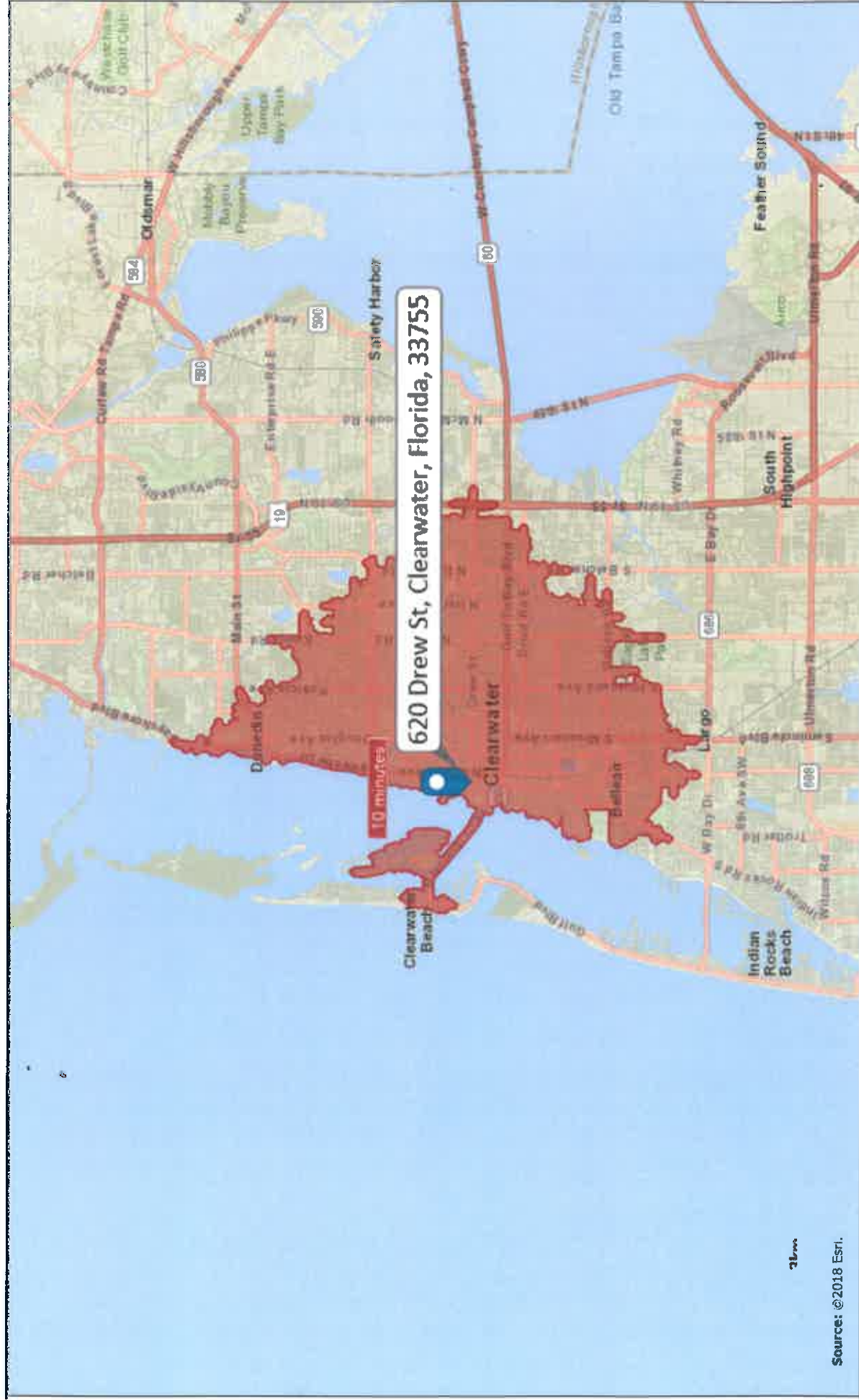
Study Area	10-Minute Drive	Clearwater	Pinellas County
Population 2000	88,740	108,332	921,482
Population 2010	90,673	107,957	916,542
Change	1,933	-375	-4,940
% Change	2.2%	-0.3%	-0.5%
Population 2018	96,124	115,276	968,109
% Change (2010-2018)	6.0%	6.8%	5.6%
Median Age 2010	42.8	43.8	46.2
Median Age 2018	44.6	46.0	48.9
Median Age 2023	44.9	47.0	50.0
Households 2000	39,159	48,274	414,968
Households 2010	39,050	47,814	415,876
Change	-109	-460	908
% Change	-0.3%	-1.0%	0.2%
Households 2018	40,624	50,254	433,534
% Change (2010-2018)	4.0%	5.1%	4.2%
Avg Hshld Size 2000	2.18	2.17	2.17
Avg Hshld Size 2010	2.24	2.18	2.16
Avg Hshld Size 2018	2.29	2.22	2.19
Housing Units 2018	48,997	59,367	521,842
Owner-Occupied Hshlds	21,657	28,081	273,445
% Total Households	44.2%	47.3%	52.4%
Renter-Occupied Hshlds	18,962	19,710	160,205
% Total Households	38.7%	33.2%	30.7%
Median Household Income 2018	\$41,845	\$46,686	\$49,730
As % of County Median	84.1%	93.9%	100.0%
Median Home Value 2018	\$179,808	\$196,477	\$192,639
As % of County Median	93.3%	102.0%	100.0%
% White Collar Employment	62.2%	64.8%	65.1%
% Services Employment	20.5%	18.3%	18.8%
% Blue Collar Employment	17.3%	16.9%	16.1%
Civilian Unemployment 2018	4.4%	3.8%	4.2%
Apparel/Services Spending Index	73%	82%	85%
Shelter Spending Index	75%	85%	87%
Healthcare Spending Index	75%	85%	90%
Restaurant Spending Index	74%	83%	87%

Source: ESRI Market Profile



Demographic Map

Creative Contractors, Inc



February 01, 2019

Utilities/Services:

Water:	Clearwater
Sewer:	Clearwater
Electric:	Duke Energy
Telephone:	Frontier Communications
Police:	Clearwater Police Department
Fire/EMS:	Clearwater Fire & Rescue
Public Transportation:	PSTA (bus)

Site Data:

Physical Location: The subject property is located on the north side of Drew Street (SR 590) 105 feet east of N. Garden Avenue and adjacent west of the Pinellas Trail

Land Area: 31,386 square feet or 0.72 acres MOL

Configuration: Irregular

Site Position: Interior

Tract Dimensions: 105' x 266'

Primary Frontage: 105 Feet MOL; Drew Street

Secondary Frontage: 147 Feet MOL; Jones Street

Average Depth: 266 Feet MOL

Land/Bldg. Ratio: 3.8:1

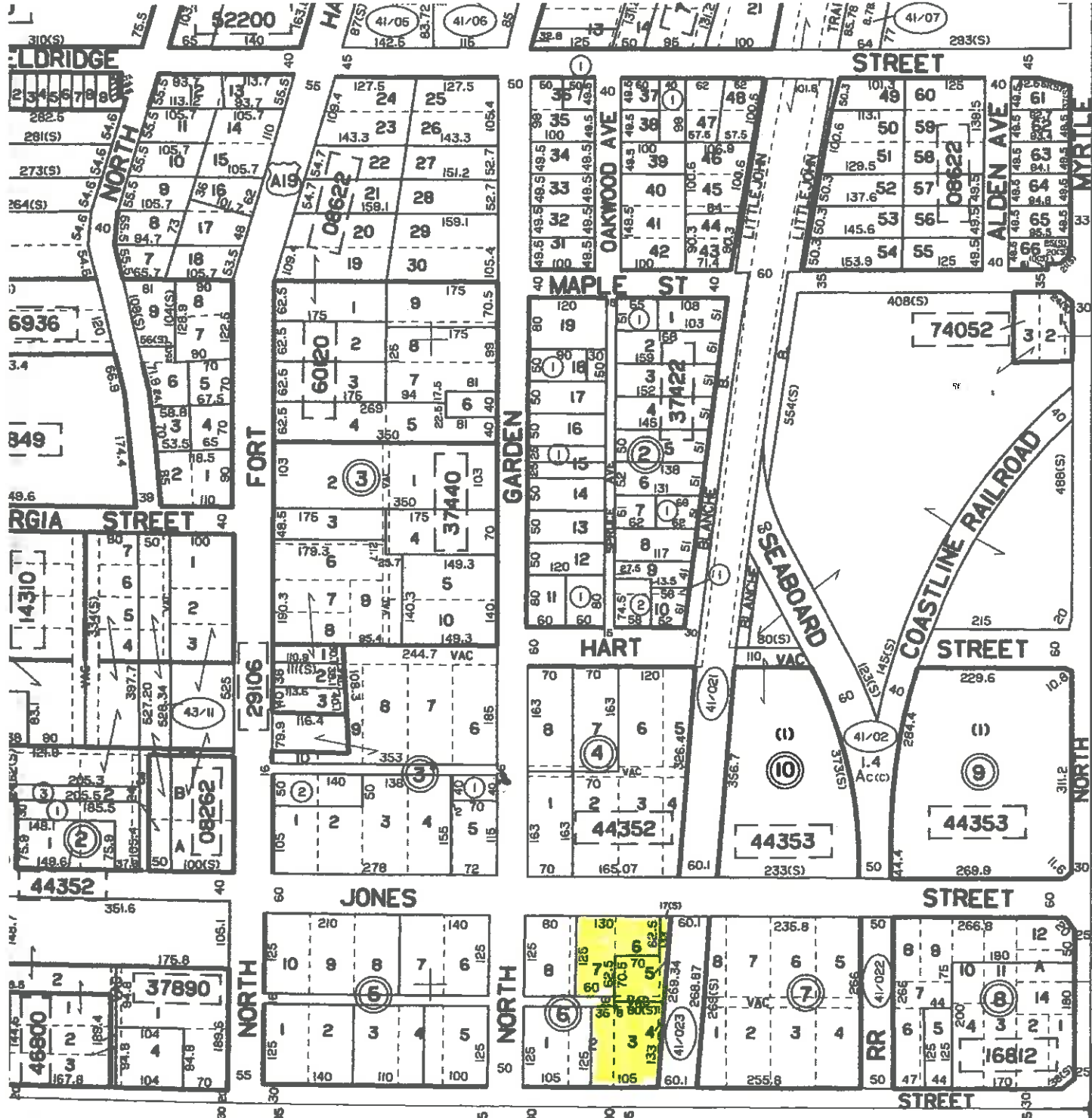
Developed FAR: 0.26

Topography/Drainage: Level site at road grade; adequate drainage typical of the area

Easements: Apparent ingress/egress easement with office property abutting west; also, typical utility and drainage easements; no adverse effect

Encroachments: None apparent

Flood Designation:	Zone X-Unshaded, area of minimal flood hazard; FEMA Map Panel 12103C 0106H; May 17, 2005
Visibility	Good visibility from Drew Street; 13,100 vehicles per day (2017)
Access:	Direct from westbound Drew; right-in, right-out; access also available from eastbound Drew; secondary access from Jones Street at rear of site
Conclusion:	The site’s primary assets are its highway exposure with good visibility and secondary access from the north (rear); site’s negative aspects are interior position and irregular configuration.



242000

243000

Improvement Data:

Data Sources:	Field inspection of the exterior and interior of subject building on December 7, 2018 and Pinellas County Property Appraiser's records; also, interview with property owner.
General Description:	1 and part 2-story office building (general contractor's headquarters) resulting from a re-purposed showroom/warehouse
Year Built:	1957
Improvement Age:	Actual, 61 years Effective, 30 years
Remaining Economic Life:	10 years; assuming the level of maintenance remains consistent with historical experience. Property life can be extended significantly through periodic renovation.
Building Size (GFA):	8,176 square feet
Ground Floor:	6,476 square feet
2 nd Floor (Walk-Up):	1,700 square feet
Floor Plan/Finishes:	Forward section of building (grade level) comprises 1,600 square feet MOL has been extensively upgraded and remodeled as Class A space with conference room, executive office, breakroom, lobby, and reception office; rear portion of 1 st floor (4,876 SF MOL) is elevated 30 inches (former warehouse with dock-height door at west); rear section is finished as B- quality space with minimal window area; generally functional floorplan but below average for CBD properties; 2 nd floor is reached via a narrow stairwell; finishes are C quality; space is utilized as training room.
Building Condition:	Above average; minimal deferred maintenance

Foundation:	Concrete perimeter footings and 4-inch slab at grade
Exterior Walls:	CMU (8") with stucco; 2 nd floor appears to be wood frame with stucco; attractive brick façade treatment at south storefront area
Roof:	Wood frame, flat system on main roof (1 st floor) with modified bitumen cover; 2 nd floor roof appears to be similar construction
Windows:	Storefront area has newer, bronzed, fixed-plate units; other windows are aluminum frame, single-hung units or equivalent
Doors:	Customer entry is high quality, custom, wood door; others are hollow metal, steel units; 8' x 10' roll-up unit at west side with 30-inch high concrete load dock
Electrical:	Commercial-grade, circuit breaker service with newer wiring; some upgrades and repairs are indicated; security system
HVAC:	Central, package systems with RTUs located in rear section of roof; several units appear to have been replaced recently
Plumbing:	4 Restrooms all located on 1 st floor; 3 have 2 fixtures each; one has 3 fixtures (executive office); full kitchen plumbing in break room in front section
Site Improvements:	Asphalt-paved parking lot at west side of building (12 spaces); fenced and paved lot north of building with carport parking (16 spaces); unpaved lot in northwest section (14 spaces MOL); total parking capacity 42 spaces equating to 5.1 spaces per 1,000 sq. ft. of building area. Palms, planters, paver walks, and attractive landscaping at storefront area.

Highest and Best Use:

The subject property is an interior site on a secondary, east/west corridor in the north section of Clearwater. It has some favorable aspects that are balanced by some negative conditions. The positive factors include:

- 1- Location on 4-lane artery, Drew Street (SR 590), with traffic count of 13,100 daily
- 2- Secondary access point at north via local street
- 3- Good visibility and access
- 4- Pinellas Trail adjacent east of site
- 5- All public utilities and services available
- 6- Zoning is D, Downtown District located in Old Bay Character District
- 7- Future Land Use Plan is CBD, Central Business District
- 8- Good highway infrastructure linking several communities in Pinellas County
- 9- Complimentary uses in immediate area such as professional offices and major CBD properties 2 blocks south
- 10- Site is designated as minimal flood hazard
- 11- Immediate proximity to Downtown Clearwater
- 12- Close proximity to Coachman Park in Downtown Core and the approved expansion of waterfront park land in the Imagine Clearwater program
- 13- Steady improvement in commercial market since 2012 with upward trend in rents and occupancy
- 14- Residential market in 6th year of steady recovery in Pinellas County
- 15- Better credit availability than 2009-2012 period
- 16- Steady improvement in employment in Pinellas County and Tampa Bay area

The subject property also has some negative aspects that include:

- 1- Interior site position
- 2- Irregular configuration but generally rectangular
- 3- Older, obsolete industrial and service buildings dominate immediate vicinity
- 4- Subject's maximum density is 35 units per acre versus 75 in Core District adjacent south

- 5- Subject's maximum FAR is 0.50 versus 1.50 and 2.50 in other sections of Old Bay and Core District
- 6- Subject's maximum building height is 45 feet versus 55 and 75 feet in other sections of Old Bay and Core District

Given the mostly positive assessment of the subject property and its market, I have concluded highest and best use (vacant) to be future multi-family residential development either as a stand-alone site or as part of a block assemblage.

Considering the improved property, the same positive and negative factors noted earlier impact the selection of highest and best use; the structure is B- quality, CMU construction with effective age of 30 years; it has been regularly maintained and upgraded and is in above average condition with some minimal deferred maintenance. The building's design is best suited to general office uses, which are well represented in this immediate area.

The contributory value of the existing structure is sufficient to justify retention for the near term in spite of the structure's age and low FAR (0.26); I would conclude highest and best use, as improved, to be continuation of the existing use as office for a period of 5 to 10 years MOL with eventual redevelopment as multi-family residential as noted in the "as vacant" analysis.

Marketability:

Subject property's marketability is rated above average at this time. This assessment is based on the economic factors enumerated in the highest and best use analysis and the input of local commercial brokers. Potential buyers are likely to be owner users, with secondary investor appeal.

Estimated Marketing Time:

12 months

Estimated Exposure Time:

12 months

Valuation Process:

Cost approach was excluded due to the age (61 years) of the building and the difficulty in accurately measuring depreciation; also, this methodology carries much less credibility in the market for properties of this type, size, and age.

Land valuation (by sales comparison) was undertaken as a majority of the property's value is contributed by the land; also, eventual highest and best use (5 to 10 years) was judged to be redevelopment.

Sales comparison approach is normally the most reliable method of valuing small office properties in this market; this approach has been applied and the unit of measure is price paid per square foot of building area.

Income capitalization approach was applied as a secondary methodology recognizing its limitations in terms of the limited remaining economic life of the building.

Land Valuation-

The procedure involves estimation of land value (as though vacant) by the sales comparison approach, comparing subject site with similar sites which have recently sold. These comparable sales are reduced to a common denominator or unit of comparison, such as price per square foot or price per front foot. Adjustments are made to the sale properties for such factors as changes in market conditions since date of sale, zoning, location, and physical characteristics, reducing dissimilarities and arriving at an estimate of value for the subject site.

I have selected five, recent land sales from the Clearwater market as the best indicators of subject's land value. The comparable sales closed between September 2017 and December 2018. The local market has been trending upward over this period; therefore, the 2017 sale was adjusted upward for market conditions. The sales reflected cash terms or conventional bank financing and therefore, there was no need for adjustments for favorable financing.

The reader is referred to the **Comparable Land Sales** chart in this section, which summarizes the comparative analysis on a price per square foot basis.

Land Sale 1 is the purchase in May 2018 of a 0.84-acre, undeveloped property 0.4 miles north of the subject; the location was rated much superior to the subject in terms of view amenity; a downward adjustment was also necessary for allowable building height (55 feet) and FAR (1.50); other categories produced neutral comparisons; Sale 1 indicated a unit value of \$14.54 per square foot, which is 4.1% greater than the mean of the data (\$13.97).

Land Sale 2 is the purchase in May 2018 of a 1.15-acre, undeveloped property 0.4 miles north of the subject; the location was rated much superior to the subject in terms of view amenity; downward adjustments were also necessary for allowable building height (55 feet) and FAR (1.50) and physical factors (shape); other categories produced neutral comparisons; Sale 2 indicated a unit value of \$14.22 per square foot, which is 1.8% greater than the mean of the data (\$13.97).

Land Sale 3 is the assemblage purchase in December 2018 of a 2.07-acre, under-developed property 0.2 miles north of the subject; the location was rated much inferior to the subject in terms of CBD proximity and supporting uses; a downward adjustment was necessary for allowable building height (55 feet) and FAR (1.5 and 0.5); other categories produced neutral comparisons; Sale 3 indicated a unit value of \$11.80 per square foot, which is 15.5% less than the mean of the data (\$13.97).

Land Sale 4 is the purchase in September 2017 of a 0.67-acre, undeveloped property 0.4 miles southeast of the subject; upward adjustment was made to account for improvement in the market since 2017; the location was rated equal to the subject with some offsetting advantages and disadvantages; downward adjustments were necessary for allowable density (75), building height (75 feet), FAR (2.50) and physical factors (shape); other categories

produced neutral comparisons; Sale 4 indicated a unit value of \$13.48 per square foot, which is 3.5% less than the mean of the data (\$13.97).

Land Sale 5 is the purchase in November 2018 of a 2.04-acre, marginally property 0.4 miles southeast of the subject; the location was rated equal to the subject with some offsetting advantages and disadvantages; downward adjustments were necessary for allowable density (75), building height (75 feet) , and FAR (2.50); upward adjustment was applied for physical factors (non-contiguous parcels); other categories produced neutral comparisons; Sale 5 indicated a unit value of \$15.80 per square foot, which is 13.1% greater than the mean of the data (\$13.97).

The adjusted unit values of the five comparables range from \$11.80 (Sale 3) to \$15.80 (Sale 5), resulting in a reasonable variance of 34%. The adjusted mean price was \$13.99 per square foot and the median was \$14.22.

I have assigned statistical weights to the sales based upon their overall degree of comparability. Sales 4 and 5 clearly emerge as the most relevant indicators of value for the subject site as they required fewer and smaller adjustments than the other sales. The weighted mean of the data was slightly greater than the natural mean.

Therefore, based upon my analysis of the five comparable sales, I have selected a unit value of \$14.15 per square foot for the subject site:

$$31,386 \text{ sq. ft. @ } \$14.15 = \$444,112$$

Rounded, \$445,000

Comparable Land Sales

Sale Number	Subject	1	2	3	4	5
Location	620 Drew St Clearwater	SW Cor N Ft Harrison Av & Nicholson St Clearwater	NW Cor N Ft Harrison Av & Seminole St Clearwater	601 N Ft Harrison Av Clearwater	W/S of S Prospect Av Clearwater	801 Park St et al Clearwater
Date	Jan-19	May-18	May-18	12/18/2018 & Jan 2019	Sep-17	Nov-18
OR Book/Page	N/A	20044/247	20074/501	20371/1170 et al	19793/1435	20353/1360 et al
GRANTOR	N/A	Cleawater Bay Marina, LLC	SCI Funeral Services of FL, LLC	Stephen J Steller et al	Hearst Communications	Warren Ltd et al
GRANTEE	N/A	804 Holdings, LLC	802 Holdings, LLC	Clearwater Corridor, LLC	Zano Team 2, LLC	Zano Team 5, LLC
Parcel Number	09-29-15-44352-006-0030	09-29-15-09252-000-0010	09-29-15-09252-000-0040 et al	09-29-15-06822-000-0210 et al	15-29-15-00108-009-0010	15-29-15-88974-000-0010 et al
Price	N/A	\$884,000	\$1,250,000	\$1,015,000	\$440,000	\$1,650,000
Gross Land Area (SF)	31,386	36,490	50,121	90,316	29,370	88,766
Price Per Sq Ft	N/A	\$24.23	\$24.94	\$11.24	\$14.98	\$18.59
Gross Land Area (AC)	0.72	0.84	1.15	2.07	0.67	2.04
Zoning	D, Downtown	D, Downtown	D, Downtown	D, Downtown	D, Downtown	D, Downtown
Improvements at Time of Sale	8,136 SF Office (1957)	None	Small commercial structure (1925)	Misc obsolete structures	None	Several obsolete structures
Max Density (Units /Ac)	35.0	35.0	35.0	35.0	75.0	75.0
Max No of Units	25	29	40	73	51	153
Price Per Unit	N/A	\$30,151	\$31,039	\$13,987	\$8,701	\$10,796
Maximum FAR	0.50	1.50	1.50	1.5 and 0.5	2.50	2.50
Maximum Resid Density	35	35	35	35	75	75
Maximum Bldg Height	45	55	55	55	75	75
Highest/Best Use	Mid-Rise Multi-Family	Mid-Rise Multi-Family	Mid-Rise Multi-Family	Mid-Rise Multi-Family	Mid-Rise Multi-Family	Mid-Rise Multi-Family
Tract Shape	Irregular	Irregular Rectangle	Rectangle	Irregular Rectangle	Rectangle	Irregular
Other	Site at north edge of CBD Core adjacent west of Pinellas Trail; frontage on 2 streets	Excellent view amenity of Clearwater Basin Marina; frontage on 3 streets	Good view amenity of marina and Clearwater Harbor; main parcel comprises 75% of site	Large site on E/S of Ft Harrison south of Bridge St; 2 parcel assemblage	Close in CBD parcel was former Clearwater Sun site	Half-block site acquired as part of assemblage in east CBD
Utilities	All Available	All Available	All Available	All Available	All Available	All Available
Financing	N/A	Cash Sale	Cash Sale	\$120,000 PMM; short term	Cash Sale	Cash Sale
Confirming Source	N/A	Brian Andrus (Broker)	Jeannette Jason (Broker)	Public Record	Amy Barrett (Broker)	Pat Marzulli (Broker)
Prior Sales (3 yrs)	None	None	None	None	None	None
Price Per Sq Ft						
ADJUSTMENTS						
Financing		\$0	\$0	\$0	\$0	\$0
Cash Price Per Sq Ft		\$24.23	\$24.94	\$11.24	\$14.98	\$18.59
Market Conditions		0%	0%	0%	15%	0%
Location		-25%	-25%	15%	0%	0%
Land Size		0%	0%	0%	0%	0%
Physical Factors		0%	-3%	0%	-5%	5%
Max Density, Height, FAR		-15%	-15%	-10%	-20%	-20%
Other		0%	0%	0%	0%	0%
Total Adjustment		-40%	-43%	5%	-10%	-15%
Adjusted Price/Sq Ft		\$14.54	\$14.22	\$11.80	\$13.48	\$15.80

LAND SALES MAP



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MN (5.5°W)

1" = 1,066.7 ft Data Zoom 14-0

Sales Comparison Approach-

I assembled five recent sales of small office properties similar to the subject; all are located in Downtown Clearwater. The market has been more active over the last 36 months and the quantity of comparable data was adequate.

The market has trended gradually upward over the last 3 years and the older sales were adjusted upward for market conditions.

The reader is referred to the **Chart (Comparable Sales)** in this section, which summarizes the comparative analysis on a *price per square foot basis*.

Sale 1 is the acquisition (November 2016) of a 2-story, office property on N. Garden Avenue just one block southwest of the subject; upward adjustment was necessary to account for appreciation in the market since late 2016; downward adjustments were indicated for the prime Core location with high underlying land value, corner site position, building quality, functional aspects, and more liberal development limits; upward adjustments were applied for the larger size of the building (on a unit price basis), inferior parking, and lack of surplus land; Sale 1 was rated equivalent in the other aspects; after adjustment, Sale 1 indicated a unit value of \$73.10 per square foot, which is 11.0% below the mean of the data (\$82.16).

Sale 2 is the acquisition (January 2019) of a 1-story, office property on N. Garden Avenue just 150 feet southwest of the subject; downward adjustments were indicated for the prime Core location with high underlying land value, corner site position, functional aspects, and more liberal development limits; downward adjustment was also applied for “other” as this sale is part of an assemblage by an abutting property owner; upward adjustments were applied for inferior parking, and lack of surplus land; Sale 2 was rated equivalent in the other aspects; after adjustment, Sale 2 indicated a unit value of \$94.35 per square foot, which is 14.8% above the mean of the data (\$82.16).

Sale 3 is the acquisition (July 2017) of a 1-story, office property on N. Garden Avenue just 150 feet west of the subject; upward adjustment was necessary to account for appreciation in the market since 2017; downward adjustments were indicated for the corner site position, building quality, age/condition, and functional aspects; downward adjustment was also applied for “other” as this sale involved a partial sale/leaseback of roughly half the building by the seller; Sale 3 was rated equivalent in the other aspects; after adjustment, Sale 3 indicated a unit value of \$78.86 per square foot, which is 4.0% below the mean of the data (\$82.16).

Sale 4 is the acquisition (October 2018) of a 2-story, office property on Court Street 0.4 miles south of the subject in the Core District; downward adjustments were indicated for the prime Core location with high underlying land value, building quality, functional aspects, age/condition, and more liberal development limits; upward adjustments were applied for the inferior parking and lack of surplus land; Sale 4 was rated equivalent in the other aspects;

after adjustment, Sale 4 indicated a unit value of \$78.67 per square foot, which is 4.2% below the mean of the data (\$82.16).

Sale 5 is the acquisition (November 2017) of a 1 and 2-story, office property on Chestnut Street 0.4 miles south of the subject in the Core District; upward adjustment was necessary to account for appreciation in the market since 2017; downward adjustments were indicated for the prime Core location with high underlying land value, building quality, functional aspects, age/condition, and more liberal development limits; Sale 5 was rated equivalent in the other aspects; after adjustment, Sale 5 indicated a unit value of \$85.84 per square foot, which is 4.5% above the mean of the data (\$82.16).

The range of adjusted unit prices of the comparables was \$73.10 to \$94.35, reflecting a total variance of 29%; this is a reasonable range for a market transitioning from inactive to active status. The mean unit value of the data was computed at \$82.16 per square foot; the median price was \$78.86.

I applied slightly greater weight to Sale 3 due to its close proximity and higher overall level of comparability; secondary weights were assigned to the other four sales. The weighted mean was slightly greater than the natural mean. Based on this analysis, I selected a unit value of \$82.25 per square foot for the subject:

$$8,176 \text{ Sq. Ft. @ } \$82.25 = \$672,476$$

Rounded, \$675,000

Comparable Sales

	Subject	1	2	3	4	5
Sale Number		101 N Garden Av	133 N Garden Av	200 N Garden Av	635 Court St	630 Chestnut St
Location	620 Drew St	Clearwater	Clearwater	Clearwater	Clearwater	Clearwater
Date	Dec-18	Nov-16	Jan-19	Jul-17	Oct-18	Nov-17
OR Book/Page	N/A	19407/1078	20401/484	19704/194	20269/1901	19869/570
GRANTOR	N/A	Yehuda, Ltd Partnership	ATManagement-USA, LLC	200 Garden, LLC	Bank OZK	Ober McBride Chestnut, LLC
GRANTEE	N/A	101 N Garden, LLC	Downtown Clearwater Devel, LLC	Vertical Global Investments, LLC	Terry & Anna Tsafathinos, Tr	The Seven Sisters Investment
Parcel Number	09-29-15-44352-006-0030	16-29-15-32274-007-0050	16-29-15-32274-007-0010	09-29-15-44352-005-0050	16-29-15-18648-013-0040	15-29-15-54450-013-0130
Sale Price	N/A	\$1,185,000	\$1,490,000	\$1,400,000	\$1,200,000	\$1,185,000
Bldg Size (SF)	8,176	16,536	11,054	8,166	13,729	9,208
Sale Price Per SF	N/A	\$71.66	\$134.79	\$171.44	\$87.41	\$128.69
Year Built	1957	1928	1930	1941	2000	1985 & 1950
Condition	Above Average	Above Average	Above Average	Above Average	Above Average	Above Average
Site Size (SF)	31,386	30,757	28,192	31,920	19,795	28,300
FAR	0.26	0.54	0.39	0.26	0.69	0.33
Construction	Conc Bk/Stucco	Conc Bk/Brick	Conc Bk/Stucco	Conc Bk/Stucco	Conc Bk/Stucco	Tilt-Up Concr & CBS
Quality	B-	B+	B-	A-	B+	B+ & C
Design	1 & Part 2-Story Free-Standing	2-Story Multi-Tenant	1-Story Multi-Tenant	1-Story Free-Standing	2-Story Multi-Tenant	2-Story & 1-Story Offices
Parking	Excellent	Above Average	Average	Excellent	Average	Excellent
Maximum FAR	0.50	4.00	4.00	0.50	4.00	4.00
Maximum Density	35	75	75	35	75	75
Maximum Bldg Height	45	None	None	55	None	None
Confirmed By:	N/A	Ray Casano (Broker)	Ray Casano (Broker/Buyer)	Paula Clair Smith (Broker)	Jason Caplan (Broker)	David Kerr (Broker)
Prior Sales (3 Yrs)	None	Non-Arm's Length Sale; 8/2014	None	Apr 2015; \$833,000	None	Aug 2015; \$1,335,000
Financing	N/A	USAMeribank	Cash Sale	Cash Sale	Cash Sale	Cash Sale
Description	Former showroom/warehouse converted to general office; adjacent to Pinedas Trail at north periphery of CBD	Boom Period firehouse converted to office in 1984; adjacent to CBD Core; surface parking; assemblage purchase	L-shaped bldg at SE corner of Drew St and N Garden Av; adjacent north of Sale 1; assemblage purchase	Upgraded older office at NW corner of Drew St and N Garden; seller leased back 50% of bldg	Newer office in Core area adjacent to Bank OZK; 78% leased; 5% cap rate at sale date	Prime Core area site with 2 offices + surplus land; rents reported at \$12-\$13 net; on market 3 months at \$1,495,000
Assessed Value	\$482,421	\$1,000,000	\$775,000	\$569,722	\$1,085,000	\$985,000
Ass'd Value/SF	\$59.00	\$60.47	\$70.11	\$69.77	\$79.03	\$106.97
ADJUSTMENTS						
Financing	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash Price Per Bldg SF	N/A	\$71.66	\$134.79	\$171.44	\$87.41	\$128.69
Market Conditions	N/A	20%	0%	15%	0%	15%
Adjusted Price/SF 1	N/A	\$85.99	\$134.79	\$197.16	\$87.41	\$148.00
Location	N/A	-10%	-10%	0%	-10%	-10%
Site Position	N/A	-10%	-10%	-10%	0%	0%
Bldg Size	N/A	5%	0%	0%	0%	0%
Quality	N/A	-10%	0%	-15%	-10%	-5%
Age/Condition	N/A	0%	0%	-10%	-10%	-7%
Functional Aspects	N/A	-5%	-10%	-10%	-10%	-10%
Parking	N/A	5%	10%	0%	10%	0%
Excess/Surplus Land	N/A	20%	15%	0%	30%	0%
Max Density, Height, FAR	N/A	-10%	-10%	0%	-10%	-10%
Other	N/A	0%	-15%	-15%	0%	0%
Total Adjustment	N/A	-15%	-30%	-60%	-10%	-42%
Adjusted Price/SF 2	N/A	\$73.10	\$94.35	\$78.86	\$78.67	\$85.84



SALE #1: 101 N. GARDEN AVENUE, CLEARWATER



SALE #2: 133 N. GARDEN AVENUE, CLEARWATER



SALE #3: 200 N. GARDEN AVENUE, CLEARWATER



SALE #4: 635 COURT STREET, CLEARWATER



SALE #5: 630 CHESTNUT STREET, CLEARWATER

SUBJECT

SALE 3

SALE 2

SALE 1

SALE 4

SALE 5

Income Capitalization Approach-

This method is applicable to the subject property as offices of this type, age, and size are sometimes purchased as investments.

The subject property has been 100% owner-occupied by Creative Contractors, Inc. for several decades; as such, there is no rental history, which might provide an indication of market rent.

I have selected four comparable rent properties from Clearwater as the basis for estimating current market rent of the subject property.

Analysis of five comparable rents in the neighborhood (see chart **Comparable Rents** on page 28) indicate a range of \$12.00 to \$14.95 per square foot (net and modified gross terms). First, converting all to the modified gross format, we find an adjusted range focused between \$12.00 and \$15.25 (27% variance).

The comparable rents were then matched against the subject property in many of the same categories as found in the sales analysis in the previous section, i.e., market conditions, location, site position, unit size, quality, age/condition, functional aspects, and parking.

Under market conditions we must also account for “actual” versus “asking” rents to allow for normal discounts during the negotiation process. This would apply to Comparables 1 and 4.

Based upon my analysis of these comparables and granting greatest weight to No. 4, I have estimated subject’s current market rent at \$12.00 per square foot (modified gross).

Referring to the Income/Expense Proforma (page 29), we see potential gross income (market rent) of \$98,112.

I have estimated vacancy at 7%, given that the market is trending upward and there has been no appreciable increase in the supply of new space. Deducting the vacancy allowance leaves effective gross income of \$91,244.

Next, I estimated all appropriate operating expenses for the subject property. Property taxes total \$10,136, which is the discounted figure for 2018. Insurance was estimated at \$0.85 per square foot based upon actual figures drawn from similar buildings in Pinellas (non-flood hazard areas).

Utilities and services are normally the tenant’s responsibility in a lease for a property of this type.

Maintenance/repairs was estimated at \$3,680 annual (\$0.45 per sq. ft.) based on the age and type of building. An allowance of \$3,680 (\$0.45 per sq. ft.) was made for capital reserves for replacement and renovations within a typical ownership period. This would accumulate \$42,200 (\$5.16 per sq. ft.), when invested at 3% over a 10-year term and would be available for periodic renovations and replacements. I have also deducted a management fee of \$2,737 annual (3% of effective gross income) for the single-tenant property.

Expenses total \$27,183, or \$3.32 per square foot of GFA. Deducting this figure from effective gross income, we arrive at net operating income (NOI-1) of \$64,061. This is the amount available for debt service and property reinvestment. Adding back capital reserves of \$3,680, we arrive at NOI-2 of \$67,741; this is the amount normally capitalized to value by the local market as most parties do not recognize the deduction for capital reserves (plus, highest and best use anticipates redevelopment in 5 to 10 years).

Comparable Rents**620 Drew St, Clearwater, FL 33755**

Dec-18

#	Address	Rent/Sq. Ft.	Comments
Subject	Creative Contractors 620 Drew St Clearwater 09-29-15-44352-006-0030	N/A Owner-Occupied	B- Quality, former showroom/warehouse (8,176 SF) with above average finishes in front section; built in 1957; good condition; small, 2nd floor area (walk-up); convenient location just north of downtown Clearwater; excellent parking with carports at north end
1	Courtyard Office Park 1218 Court St Clearwater 15-29-15-92722-000-0010	\$12.00 & \$14.95 Mod Gross Asking	B quality, condo office center just east of Downtown Clearwater; suburban campus environment; built 1993; good condition; average parking; 10,787 SF unit purchased by Free Clinic in 2017; 2,925 SF unit now available at \$14.95 per SF
2	205-215 S Myrtle Av Clearwater 15-29-15-00108-009-0180	\$14.37 Mod Gross Actual	B- quality, 2-story office (1950) located in east central section of CBD; 9,843 SF structure with below average floorplan and other functional issues; below average parking; 2018 average rent reported at \$14.37
3	630 Chestnut St Clearwater 15-29-15-54450-013-0130	\$12.00 Net Actual	B quality office building (2 story) of 8,008 SF built in 1985; high profile location near courthouse on outbound highway; excellent parking coverage; property purchased by investor in Nov 2017 for \$1,185,000
4	200 N Garden Av Clearwater 09-29-15-44352-005-0050	\$14.00 Mod Gross Asking	A- Quality, upgraded older office (1941) located at NW corner of Drew St and N Garden; vacant office offered at \$14.00 at time of purchase (July 2017) by partial owner-occupant; excellent surface parking



RENT #1: 1218 COURT STREET, CLEARWATER



RENT #2: 205-215 S. MYRTLE AVENUE, CLEARWATER

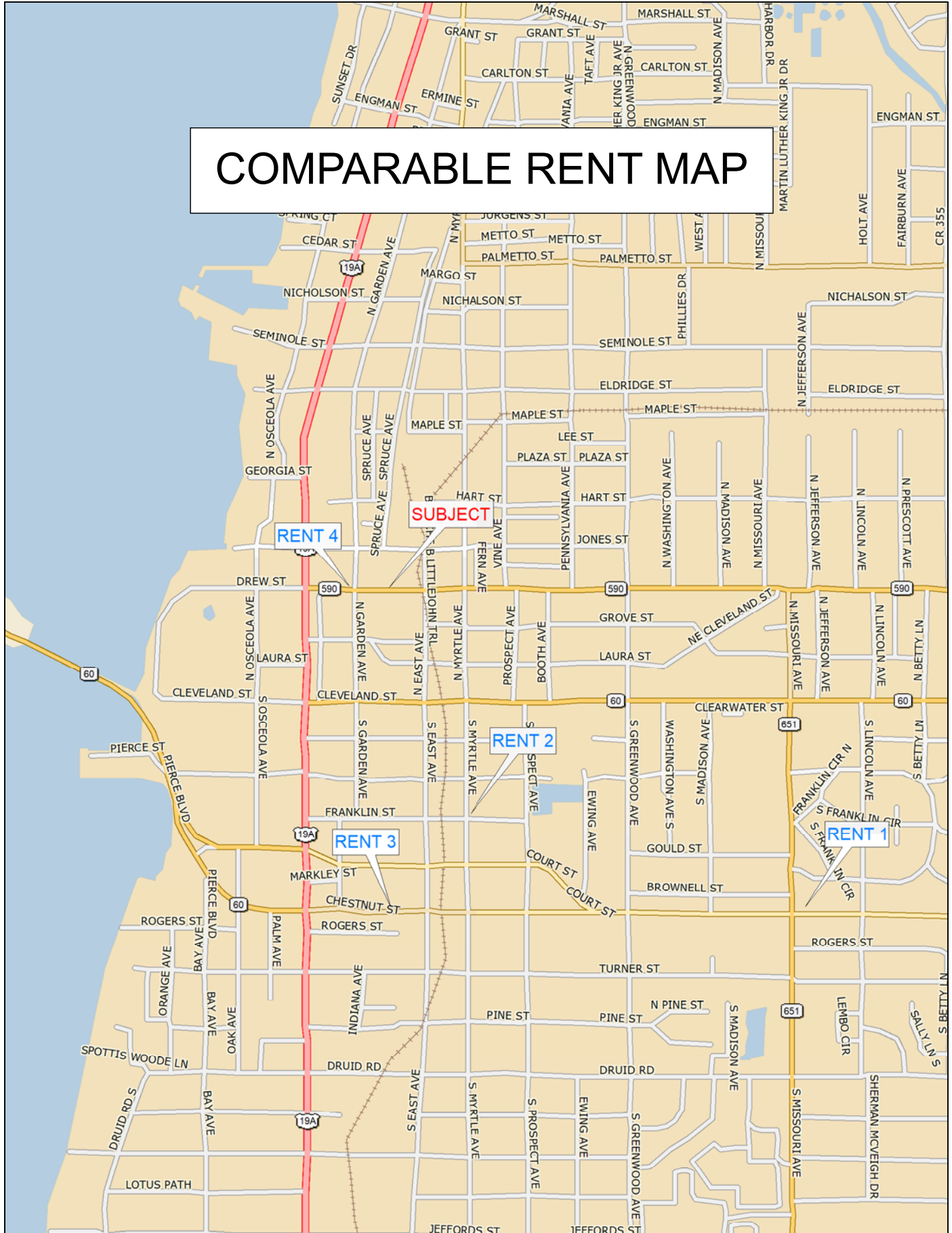


RENT# 3: 630 CHESTNUT STREET, CLEARWATER



RENT #4: 200 N. GARDEN AVENUE, CLEARWATER

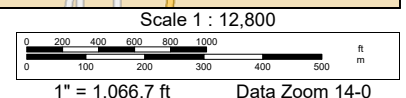
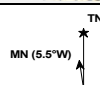
COMPARABLE RENT MAP



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Income/Expense Proforma

620 Drew St
Clearwater, FL 33755

Dec-18

Occupant	Suite	Source	SF	% NRA	Monthly Rent	Base Per SF	CAM	CAM Per SF	Monthly Total	Total Per SF	Yearly Rent
Creative Contractors	1	Market	8,176	100.0%	\$8,176.00	\$12.00	\$0.00	\$0.00	\$8,176.00	\$12.00	\$98,112
Totals			8,176	100.0%	\$8,176.00	\$12.00	\$0.00	\$0.00	\$8,176.00	\$12.00	\$98,112

Per SF			% Of Gross		

Annual Potential Gross		\$98,112			\$12.00						100.00%
Vacancy/Collection Loss		\$6,868			\$0.84						7.00%
Annual Effective Gross		\$91,244			\$11.16						93.00%
Expenses											
Real Estate Taxes		\$10,136			\$1.24						10.33%
Insurance		\$6,950			\$0.85						7.08%
Electric		Tenant			\$0.00						0.00%
Water/Sewer/Trash		Tenant			\$0.00						0.00%
Maint/Repairs		\$3,680			\$0.45						3.75%
Management/Leasing		\$2,737			\$0.33						2.79%
Capital Reserves		\$3,680			\$0.45						3.75%
Total Expenses		\$27,183			\$3.32						27.71%
Net Operating Income-1		\$64,061			\$7.84						65.29%
Capital Reserves		\$3,680			\$0.45						3.75%
Net Operating Income-2		\$67,741			\$8.29						69.04%

Capitalization:

Market extraction is usually the preferred method for selecting a capitalization rate. However, most of the comparable sales utilized in this appraisal produced no indications of overall rates as they were either user acquisitions or parcels in block assemblages.

Sale 4 reflected a stabilized cap rate of 6.4%, however, this B+ property is situated in the Core District and was built in 2000.

Sale 5, also in the Core District and built in 1985 reflects a cap rate of 8.5%.

Medical office in St. Petersburg; B+ quality; built 2002; sold in October 2017 at 8.2% cap rate.

3-Story office in Madeira Beach; B+ quality; built 1979; 14,781 sq. ft.; sold in March 2018 at 9.8% cap rate.

RealtyRates.com Investor Survey for 4th Quarter 2018 reveals office properties averaging 8.97% cap rates with marginal increase from 4th Quarter 2017. Suburban offices showed average rate of 8.91% and CBD average of 9.88%.

Other indices taken into consideration were the following:

- General interest rate trend in 2019; stable to slightly increasing
- Age/quality of subject; B- rating
- Condition rating; B+
- Location rating; B+
- Functional rating; C

Subject property falls in the 3rd tier in the investment environment. Relying primarily upon the local market data listed above, I have selected a capitalization rate of 9.25% for the subject property.

Capitalizing NOI at 9.25% we have:

$$\begin{aligned}\text{Market Value} &= \text{NOI} \div \text{Rate} \\ \text{Market Value} &= \$67,741 \div 0.0925 \\ \text{Market Value} &= \$732,335\end{aligned}$$

Rounded, \$730,000

Reconciliation:

The subject of this appraisal is a masonry, B- quality, office building located on a 0.72-acre, interior-position site on a secondary, east/west artery in Downtown Clearwater. The building was re-purposed from a 1957-vintage, showroom/warehouse facility; it exhibits an effective age of 30 years; remaining economic life is estimated at 10 years. Improvements are judged consistent with highest and best use “as improved” for the balance of the economic life. However, the long term highest and best use is judged to be redevelopment as multi-family residential.

The cost approach was excluded due to the age (61 years) of the building and the difficulty in accurately measuring depreciation; also, this methodology carries much less credibility in the market for properties of this type, size, and age.

Land valuation (by sales comparison) was undertaken as a majority of the property’s value is contributed by the land; also, eventual highest and best use (5 to 10 years) was judged to be redevelopment. This process considered five recent land sales in the Downtown area, which were compared to the subject site and adjusted for any dissimilarities; it resulted in a conclusion of land value “as vacant” of \$14.15 per square foot, or \$445,000.

The sales comparison approach is normally a highly reliable method of valuing office properties in this market; this approach has been applied and the unit of measure is price paid per square foot of building area. Sufficient recent (2016 through 2018) comparable data was available for analysis and was adjusted for all relevant differences. The five sales were drawn from the Downtown Clearwater market, three of these were located within one block of subject. Therefore, the conclusion of market value, \$675,000, is judged to be well supported and credible.

The income capitalization approach was applied as a secondary methodology recognizing its limitations in terms of the limited remaining economic life of the building. Comparable rent properties from the Downtown area were researched as a basis for market rent. Allowances were deducted for vacancy and operating expenses; the net operating income was capitalized to an indication of market value. The indicated value, \$730,000, was approximately 8% greater than that of the sales comparison approach

Recognizing the inherent weaknesses of the income approach for short-life properties, I have placed greatest emphasis on the sale comparison approach and estimated **market value** of the fee simple interest of the subject property, “**as is**”, as of December 7, 2018, at \$685,000.

CERTIFICATION

This is to certify that, upon request for valuation by Robert Brzak, Real Estate Services Coordinator, City of Clearwater, I have personally inspected, collected, and analyzed various data, and appraised the fee simple interests of the Office Property (Bomstein/Creative Contractors, Inc.) located at 620 Drew Street, Clearwater, Florida 33755. The property is more fully described in the attached report.

I certify that, to the best of my knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- ◆ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- ◆ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

- ◆ I have made a personal inspection of the property that is the subject of this report.
- ◆ No one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

The appraiser is qualified to appraise this property with respect to the Competency Provision of USPAP.

The appraiser had previously appraised subject property nor provided other professional services with respect to it in the last three years.

This certificate is in accordance with the Uniform Standards of Professional Appraisal Practice Standard Rule 2-3 and with the Appraisal Institute's Supplemental Standards of Professional Practice.

The reader should review the assumptions and limiting conditions included in this report.

C Richard Tobias

C. Richard Tobias, MAI
State-Certified General
Real Estate Appraiser RZ705

ASSUMPTIONS AND LIMITING CONDITIONS

1. The conclusions as to market value contained herein represent the opinion of the undersigned and are not to be construed in any way as a guarantee or warranty, either expressed or implied, that the property described herein will actually sell for the market value contained in this opinion.
2. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
3. No furniture, furnishings, or equipment, unless specifically indicated herein, has been included in my value conclusions. Only the real estate has been considered.
4. The property is appraised free and clear of all encumbrances, unless otherwise noted.
5. No survey of the property was made or caused to be made by the appraiser. It is assumed the legal description closely delineates the property. It was checked with public records for accuracy. Drawings in this report are to assist the reader in visualizing the property and are only an approximation of grounds or building plan.
6. It is assumed that there are no hidden or unapparent conditions of the property's subsoil or structure that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. Subsurface rights (minerals, oil, or water) were not considered in this report.
8. Description and condition of physical improvements are based on visual observation. As no engineering tests were conducted, no liability can be assumed for soundness of structural members.
9. The appraiser has inspected improvements. Unless otherwise noted, subject improvements are assumed to be free of termites, dry rot, wet rot, or other infestation. Inspection by a reputable pest control company is recommended for any existing improvement.
10. All value estimates have been made contingent on zoning regulations and land use plans in effect as of the date of appraisal, and based on information provided by governmental authorities and employees.
11. It is assumed that there is full compliance with all applicable federal, state, and local environmental laws and regulations, unless noncompliance is stated, defined, and considered in the appraisal report.

12. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.
13. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
14. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
15. Appraisal does not constitute an inspection for compliance with local building, fire, or zoning codes. Reader is advised to contact local government offices to ensure compliance with applicable ordinances.
16. This appraisal report covers only the premises herein; and no figures provided, analysis thereof, or any unit values derived are to be construed as applicable to any other property, however similar they may be.
17. Certain data used in compiling this report was furnished by the client, his counsel, employees, and/or agent, or from other sources believed reliable. However, no liability or responsibility may be assumed for complete accuracy.
18. An effort was made to verify each comparable sale noted in the report. There are times when it is impossible to confirm a sale with the parties involved in the transaction; all sales are confirmed through public records.
19. The appraiser, by reason of this report, is not required to give testimony in court with reference to the property herein, nor obligated to appear before any governmental body, board, or agent, unless arrangements have been previously made therefore.
20. Estimates of expenses, particularly as to assessment by the County Property Appraiser and subsequent taxes, are based on historical or typical data. Such estimates are based on assumptions and projections which, as with any prediction, are affected by external forces, many unforeseeable. While all estimates are based on my best knowledge and belief, no responsibility can be assumed that such projections will come true.
21. Responsible ownership and competent property management are assumed.

22. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field.

QUALIFICATIONS
C. RICHARD TOBIAS, MAI

EDUCATION:

B.A., 1971, Boston College, School of Arts and Sciences

Have passed or received credit for the following courses sponsored by the Appraisal Institute.

- 1A-1 Real Estate Appraisal Principles
- 1A-2 Basic Valuation Procedures
- 1B-1 Capitalization Theory and Techniques
- 2-1 Case Studies in Real Estate Valuation
- 2-2 Valuation Analysis and Report Writing
- 2-3 Standards of Professional Practice
- 6 Investment Analysis

Attended numerous seminars sponsored by American Institute of Real Estate Appraisers (now Appraisal Institute), Society of Real Estate Appraisers (now Appraisal Institute), Florida State University, National Association of Mutual Savings Banks, and other financial institution associations. Most recent appraisal course was Uniform Standards for Federal Land Acquisitions (June 2010), sponsored by the Appraisal Institute. Most recent seminar was Appraisal of Owner-Occupied Commercial Properties (November 2018).

Florida State-Certified General Real Estate Appraiser RZ705

Expert witness in appraisal of real estate and businesses --
Circuit Court of Florida, Sixth District
Federal Court, Middle District of Florida

BUSINESS EXPERIENCE:

2015 to Present: Manager/owner, **Tobias Realty Advisors, LLC**, a firm specializing in appraisal and consulting in commercial and investment real estate in west central Florida.

1987 to 2015: Independent Contractor associated with Valuation Services, Inc. and **Tobias Realty Advisors, LLC**, firms specializing in appraisal and consulting in commercial and investment real estate. Assignments have included appraisal of a variety of commercial, industrial, and investment properties, as well as vacant land. Areas of specialization include churches, schools, convenience food/gasoline outlets, restaurants, retail centers, industrial, offices, medical/dental clinics, apartments, and lodging facilities. Appraisal

assignments have been prepared for financing, litigation, sale/purchase, and other functions.

- 1980 to 1987: Vice President, Warren Hunnicutt, Jr., Inc., Real Estate Appraisers and Consultants. Assignments included office buildings, shopping centers, industrial facilities, residential developments, apartment buildings, resort properties, and closely-held businesses.
- 1979 to 1980: Associate Appraiser with L. T. Bookhout, Inc., Real Estate Appraisal and Consultation. Assignments included industrial facilities, special purpose properties, undeveloped land tracts, as well as historically significant properties being acquired by the National Park Service.
- 1977 to 1979: Commercial Loan Analyst/Appraiser with Poughkeepsie Savings Bank. Duties included appraisal of residential and commercial properties for mortgage loan purposes; review and recommendation of commercial loans to Board of Directors; field inspection and analysis of investment properties in Southeast and Southwest United States.
- 1975 to 1977: Associated with Dutchess County Department of Real Property Tax and City of Beacon, New York in the assessment of properties for ad valorem taxation purposes.
- 1973 to 1975: Owned and operated masonry contracting firm specializing in custom residential fireplaces, accent walls, exterior facades, etc.

Independently registered Real Estate Broker -- State of Florida; BK348850

PROFESSIONAL AFFILIATIONS:

MAI, Appraisal Institute
Realtor, Florida Gulfcoast Commercial Association of Realtors (FGCAR)

The Appraisal Institute conducts a program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. C. Richard Tobias is currently certified under this program.

2013 President, Florida Gulf Coast Chapter of Appraisal Institute

ADDENDA



STATE OF FLORIDA DEPARTMENT
OF BUSINESS AND PROFESSIONAL
REGULATION

RZ705

ISSUED: 12/01/2018

CERTIFIED GENERAL APPRAISER
TOBIAS, CHARLES R JR

A handwritten signature in black ink, appearing to read "C. R. Tobias", written over a horizontal line.

Signature

LICENSED UNDER CHAPTER 475, FLORIDA STATUTES
EXPIRATION DATE: NOVEMBER 30, 2020