

APPRAISAL REPORT
OF THE
699 CLARK DRIVE EAST LAND



LOCATED AT
699 CLARK DRIVE EAST
CITY OF GLADSTONE
DELTA COUNTY, MICHIGAN

As of: September 8, 2023
Report Issued: September 13, 2023

Prepared for:
Mr. Eric Buckman
Gladstone City Manager
1100 Delta Avenue
Gladstone, Michigan 49837

Prepared by:
Tony Pardee and Eric Stauss
Pardee Appraisal Services LLC
N3121 Deer Haven Ct
Peshtigo, Wisconsin 54157

Pardee Appraisal Services, LLC

Appraisal & Consulting Services

September 13, 2023

Prepared for:
Mr. Eric Buckman
Gladstone Community Development & Zoning Administrator
1100 Delta Avenue
Gladstone, Michigan 49837

Re: Appraisal Report of the 699 Clark Drive East Land, located at 699 Clark Drive East, City of Gladstone, Delta County, Michigan.

Dear Mr. Buckman,

The enclosed report is an Appraisal Report that has been prepared in response to your request. The report is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA); the OCC Appraisal Standards of 12 CFR, part 34; and the Guidelines for Real Estate Appraisal Policies and Review Procedures adopted by the bank supervision offices of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency, as of December 14, 1987.

The accompanying report, to which this letter is attached, describes the site, pertinent data considered, and discusses the methods of appraisal used in reaching our conclusion. The opinions of value contained herein are subject to the Statement of Assumptions and Limiting Conditions included within.

The market value estimates are based upon a physical inspection of the property by Eric Stauss on September 8, 2023, as well as a review of information made available by the City of Gladstone Assessor's Office, Delta County Officials, and the subject property representative. This information forms the basis and serves as a guide for the valuation. The opinions of value expressed herein are subject to the assumptions and limiting conditions as set forth in this report.

Mr. Eric Buckman
699 Clark Drive East Land

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The 699 Clark Drive East Land is located on a site that contains approximately 2.30 acres (according to the City of Gladstone Assessor's office). The site is rectangular in shape and has a predominately level topography. The subject site is located within the City of Gladstone North Bluff Industrial Park Area. The subject site has frontage and access along Clark Drive East. The site currently has a gravel surfaced drive entering the property, with no other site improvements. The subject site area is zoned I-2, Industrial District, per the City of Gladstone.

This appraisal consisted of developing an opinion of the Market Value of the Fee Simple Interest in the subject property in as of September 8, 2023, which coincides with the date of physical inspection of the property by Eric Stauss. Based upon research and analysis, it is our opinion that the estimated Market Value of the Fee Simple Interest in the subject property is \$30,000 for the Real Estate only. Our compensation is not contingent upon the value reported. We appreciated the opportunity to work on this engagement, and we are available to answer any questions you may have concerning the analysis and conclusions.

Respectfully submitted,

PARDEE APPRAISAL SERVICES LLC



Tony Pardee
Wisconsin Certified General Appraiser #1417
Michigan Certified General Appraiser #1205072905
Iowa Certified General Appraiser #CG03425
Illinois Certified General Appraiser #553.002547



Eric Stauss
Wisconsin Certified General Appraiser #2230-10
Michigan Certified General Appraiser #1205075646

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions and limiting conditions.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. **The property is further assumed to be free and clear of any or all liens, easements, or encumbrances unless otherwise stated. The property is also further assumed to be current on all Real Estate Taxes (And Personal Property Taxes if applicable), and valued as current unless otherwise noted.**
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government of private entity of organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
4. Full compliance with all applicable federal, state, and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
5. No responsibility is taken for changes in market conditions, and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the date hereof.
6. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described at that there is no encroachment or trespass unless otherwise stated in this report.
7. Responsible ownership and competent property management are assumed.
8. The allocation, if any, in this report of the total valuation between components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
9. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. **No independent surveys were conducted.**
10. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures 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.
11. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
12. Cost estimates provided herein in the cost approach to value section (if applicable) are based on typical average replacement costs for similar utility of buildings. These costs are used only for the purpose of appraisal analysis. They should not be misconstrued as an exact cost to complete or rebuild this project. This is an appraisal estimate only.

13. **The appraisal is made for valuation purposes only. It is not intended nor to be construed to be an engineering report. The appraiser(s) is (are) not qualified structural engineers, therefore are not qualified to judge the structural integrity of the improvements. Consequently, no warranty, representations or liability are assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including HVAC systems. Should there be any questions concerning same, it is strongly recommended that an engineering/construction inspection be obtained. The value estimate(s) is predicated on the assumption that all improvements, equipment and building services are structurally sound and suffer no concealed or latent defects or inadequacies, unless otherwise stated.**
14. **Neither Pardee Appraisal Services LLC nor any individuals signing or associated with this report shall be required by reason of this report to give testimony or appear in court or other legal proceedings unless specific arrangements therefore have been previously made.**
15. **This report has been made only for the intended use stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Pardee Appraisal Services LLC or any individuals signing or associated with this report, or the professional associations for organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Pardee Appraisal Services LLC. The report may not be used for SEC filings.**
16. **The date of value to which the conclusion and opinion expressed in this report applies will be set forth in the letter of transmittal. The value opinion is based on the purchasing power of the United States' dollar as of the effective date of the value estimate(s).**
17. **Unless otherwise stated in this report, I (we) did not observe the existence of hazardous material, which may or may not be present on the property. I (we) have no knowledge of the existence of such materials on, or in, the property; however, I are 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, if desired.**
18. **If the property being appraised is part of a larger tract, any values reported relate only to the portion being considered and should not be misconstrued as applying with equal validity to other portions of the larger tract.**
19. **Any projections of market or future rents, expenses, net operating income, mortgage terms, capital outlays, inflation, capitalization rates, or discount rates, are intended solely for analytical purposes and are not to be misconstrued as predictions by Pardee Appraisal Services LLC. They represent the judgment of the authors only as to the assumptions typically used by the market participants, and their accuracy is in no way guaranteed.**
20. **Unless otherwise stated, the values presented in this report exclude furniture, fixtures, and equipment (FF&E) and machinery and equipment (M&E) present (or to be present) in the property.**
21. **If improvements or renovations are proposed, this report specifically assumes completion within the time frame outlined herein. Should there be any subsequent changes or delays to the construction or renovations schedule, this may or may not materially alter the value conclusions presented. As I cannot be held responsible for these circumstances, if they do occur, I reserve the right to review any changes and may make the necessary modifications to the analysis at an additional charge.**

22. **The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. I have not made a specific compliance survey or 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 I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.**
23. **Any controversy or claim arising out of or relating to this appraisal report or the services provided by Pardee Appraisal Services LLC pursuant thereto (including any such matter involving any parent, subsidiary, affiliate, successor in interest, assignee, or agent of the Company or of Pardee Appraisal Services LLC) shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in Annex 1 hereto. Judgment on any arbitration award may be entered in any court having proper jurisdiction.**
24. **No recipient shall be relieved of the effect of, or its obligations under, any assumption or limiting condition hereof without the express written consent of Pardee Appraisal Services LLC.**
25. **Acceptance of and/or use of this report constitutes acceptance of all of the foregoing Assumptions and Limiting Conditions.**

PRIVACY NOTICE

Pursuant to the Gramm-Leach-Bliley Act of 1999, effective July 1, 2001, Appraisers, along with all providers of personal financial services are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic personal information. As professionals, I (we) understand that your privacy is very important to you and are pleased to provide you with this information.

Types of Nonpublic Personal Information I Collect

In the course of performing appraisals, I (we) may collect what is known as “nonpublic personal information” about you or your Client. This information is used to facilitate the services that I (we) provide to you and may include the information provided to me (us) by you directly or received by me (us) from others with your authorization.

Parties to Whom I (We) Disclose Information

I (We) do not disclose any nonpublic personal information obtained in the course of my (our) engagement with my (our) clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to my employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in provided appraisal services to you. All of my employees and any third party consultants I (we) employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A discloser required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and Security

I (We) will retain records relating to professional services that I (we) have provided to you for a reasonable time so that I (we) am (are) better able to assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, I (we) maintain physical, electronic and procedural safeguards that comply with my (our) professional standards to insure the security and integrity of your information.

Please feel free to call me (us) at any time if you have any questions about the confidentiality of the information that you provide to me (us).

CERTIFICATION

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 with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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 the appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- as of the date of this report, Tony Pardee has completed the requirements of the continuing education program of the States of Wisconsin, Illinois, Iowa, and Michigan;
- I have not made a personal inspection of the property that is the subject of this report on a previous assignment;
- No one provided significant professional assistance to the person(s) signing this certification, except Eric Stauss, Certified General Appraiser;
- The report analysis, 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;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.




Tony Pardee
 Wisconsin Certified General Appraiser #1417-10
 Michigan Certified General Appraiser #1205072905
 Iowa Certified General Appraiser #CG03425
 Illinois Certified General Appraiser #553.002547

CERTIFICATION

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 with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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 the appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- as of the date of this report, Eric Stauss has completed the requirements of the continuing education program of the States of Wisconsin and Michigan;
- I have made a personal inspection of the property that is the subject of this report on September 8, 2023;
- No one provided significant professional assistance to the person(s) signing this certification, except Tony Pardee, Certified General Appraiser;

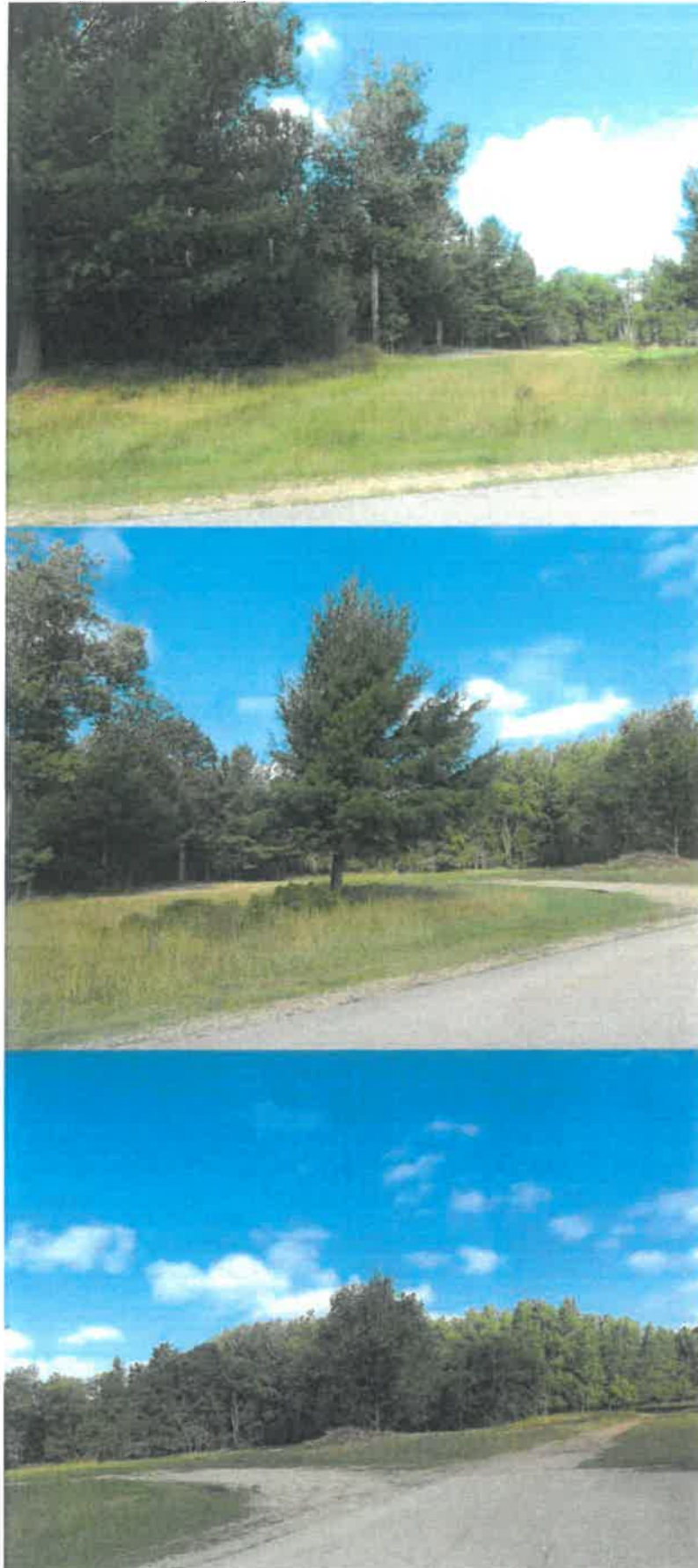


Eric Stauss
Wisconsin Certified General Appraiser #2230-10
Michigan Certified General Appraiser #1205075646

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SECTION I: SUBJECT PROPERTY PHOTOGRAPHS









SECTION II: EXECUTIVE SUMMARY

Property Name: 699 Clark Drive East Land

Property Location: 699 Clark Drive East, City of Gladstone, Delta County, Michigan

Property Type: Vacant Land

Owner of Record: City of Gladstone

Site Description:

Land Area: 2.30 acres

Zoning: I-2, Industrial District, per the City of Gladstone

Highest and Best Use:

As If Vacant: Industrial Development Land

As Improved: Industrial Development Land

Interest Appraised: Fee Simple

Date of Valuation: September 8, 2023

Date of Report: September 13, 2023

Estimated Marketing Period: 9 - 36 months

VALUE INDICATORS

Sales comparison approach	As Is	\$30,000
	Land Value- 699 Clark Drive East Land:	<u>\$30,000</u>

SECTION III: ASSIGNMENT PROCESS SUMMARY

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal. Following the Scope of Work principle, the appraiser must first identify the client, the intended user(s), the intended use of the assignment results, and the type of value being developed.

SUBJECT PROPERTY IDENTIFICATION

The subject property is identified as follows:

Legal Owner/History: The current owner of this property is the City of Gladstone, who has owned the subject property throughout the three-year transfer history. According to the property representative, this appraisal may be used for potential sale negotiations. Based on a search of MLS and other public sources, the subject property has not been marketed for sale within the last three years.

Property Address: 699 Clark Drive East, City of Gladstone, Delta County, Michigan.

Tax Identification No. (s): 052-617-004-01

Legal Description:

PARCEL IN CITY OF GLADSTONE COM W 1/4 COR OF SEC 17 T40N R22W TH S89°49'00" E 1317.56 TH S 1°18'45" W 115' TO POB CONT S1°18'45" W 250' TH S89°49'00" E 400' TH N 1°18'45" E 250' TH N89°49'00" W 400' TO POB SPLIT FROM 617-004-00 FOR 2015

Please note that a current Title Insurance Policy was not available for review to verify a legal description, although a survey map with legal description was provided and is located within the addendum of the report for review. Therefore, this appraisal is subject to review and verification of this legal description if/when a current Title Insurance Policy is available.

CLIENT, INTENDED USE/USERS, & PURPOSE

Client information/User(s) of the Appraisal

This appraisal report is being completed for Mr. Eric Buckman, Gladstone City Manager, located at 1100 Delta Avenue, Gladstone, Michigan 49837. Mr. Eric Buckman and The Gladstone Economic Development Corporation and/or their affiliates are the intended users of this appraisal.

"The appraiser has not identified any purchaser, borrower or seller as an intended user of this appraisal, and no such party should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. Any reference to or use of this appraisal report by a purchaser, borrower or seller for their own purposes, including without limitation for the purposes of a property purchase decision or an appraisal contingency in a purchase agreement, is at such party's own risk and is not intended or authorized by the appraiser."

Use of the Appraisal

It is my understanding this appraisal is to be used for the purpose of analyzing the property for potential sale negotiations.

Market Value Defined-(extracted from two different sources)

The definition of market value is taken from Legal Information Institute in partners with Cornell University of Law School (Title 12 CFR 34.42 Definitions issued 2013-01-01). This source defines market value in the following manner (similar definition as *The Appraisal Institute of Real Estate, Fifteenth Edition* publication by The Appraisal Institute:

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

- (1) Buyer and seller are typically motivated;*
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- (3) A reasonable time is allowed for exposure in the open market;*
- (4) Payment is made in terms of cash in 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.”*

Interest Valued

The property rights appraised in the analysis are those associated with the Fee Simple Estate in the subject property. *Fee Simple Estate* is defined by The Dictionary of Real Estate Appraisal, 7th Edition, as follows:

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

With the exception of zoning restrictions, deed restrictions (if any) and easements of record (if any), the fee is assumed to be free and clear of all other liens, encumbrances, restrictions and/or defects of title.

Notwithstanding the foregoing definition, encumbrances that run with the fee ownership of the property are utility easements and per municipal approvals, including the zoning, currently in place. No additional reservations were reported. However, I recommend that a current and complete title search and survey be done on the property to determine the existence of any additional easements and encumbrances. Conditions of record and the valuation estimates contained in this report are subject to a current title search. The market values expressed and the property rights appraised are subject to these public utility easements, set back requirements, and any additional easements or encumbrances that may be determined as a result of a current title search and survey.

Estimated Marketing and Exposure Time

Exposure Time is defined by The Dictionary of Real Estate Appraisal, 7th edition, as follows:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”

Marketing Time is defined by The Dictionary of Real Estate Appraisal, 7th edition, as follows:

“An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”

It is the appraiser’s opinion the estimated marketing time and exposure time for this property would be nine to thirty-six months. This marketing time is based upon a review of similar projects in the area, review of statistical data from the Multiple Listing Service (MLS), and discussions with brokers knowledgeable in the marketing and sale of these types of properties.

ASSIGNMENT CONDITIONS

Extraordinary Assumptions

An *Extraordinary Assumption* is defined by the Appraisal Institute in *The Appraisal of Real Estate 15th Edition* as follows “an extraordinary assumption is something that is believed to be true for the sake of the appraisal but that may or may not in fact be true as of the effective date of the appraisal. There are no Extraordinary Assumptions associated with this valuation.

Hypothetical Conditions

A *Hypothetical Condition* is something that is known to be contrary to fact as of the effective date of the appraisal but that is taken to be true for the purposes of the appraisal. There are no Hypothetical Conditions associated with this valuation.

Jurisdictional Expectations

A *Jurisdictional Exception* exists when a relevant law or regulation precludes compliance with the relevant professional standards. The requirements of federal, state, or local laws and regulations may contradict or supersede some portion of a set of professional standards. There is no Jurisdictional Expectations associated with this valuation.

Dates of Value

The effective date of the value estimate is September 8, 2023, which coincides with the date of inspection of the property by Eric Stauss. The date of the report is September 13, 2023.

SECTION IV: SCOPE OF WORK

As mentioned previously, in developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal. The appraiser must also be sure that the scope of work meets or exceeds both the expectations of the intended users and what the appraiser's peer's actions would be, as well as that their scope of work can be understood by the "general public".

In preparing the appraisal, the appraiser:

- The subject property, specifically the land, was physically inspected on September 8, 2023 (for appraisal purposes only). The appraiser inspected the land and took photos at that time.
- Specific data concerning the county, region, and neighborhood are premised upon information in the appraisers' files, provided by the county, federal, and/or state agencies. The neighborhood information was based upon our physical inspection as well as information provided by local townships.
- The subject property data (acreage) is based on our physical inspection and on information obtained from the City of Gladstone Assessor's Office, and Delta County Departments.
- Gathered information on comparable site sales.
- Confirmed all comparable site information with parties of the transaction, listing or sales agent, and/or assessor files;
- This valuation is based upon the Fee Simple estimated market value in "As Is" condition.
- Analyzed the data and applied the sales comparison approach to determine a Fee Simple market value estimate in "As Is" condition.
- The highest and best use of the subject property was premised upon the investigation and research noted above.
- After assembling and analyzing the data defined in the scope of work, the final estimate of value for the subject has been established.

In this appraisal, only the Sales Comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The *cost approach* reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment is involves vacant land with no building improvements, the cost approach was not feasible.

The *sales comparison approach* has been developed to form an opinion of value of the site with approximately 2.30 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

The *income capitalization approach* was not developed and is not considered to be applicable.

Appraisal Standards and Reporting Guidelines

The *reporting* process can be in any of two forms, namely, Appraisal Report or Restricted Appraisal Report. An Appraisal Report contains summary discussions of the data, reasoning, and analyses that were used to develop the opinion of value. Restricted Appraisal Reports contain statements of the appraiser's findings with virtually no detail or explanation of the data, reasoning and analysis that were used to develop the opinion of value. In the case of the Appraisal Reports and Restricted Appraisal Reports, any data, reasoning, and analyses not discussed in the report are retained in the appraiser's work file.

This is an Appraisal Report, which is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA); the OCC Appraisal Standards of 12 CFR, part 34; and the Guidelines for Real Estate Appraisal Policies and Review Procedures adopted by the bank supervision offices of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency, as of December 14, 1987. This report has also been prepared in accordance with the *Gladstone City Manager* guidelines.

REGIONAL AREA ANALYSIS

Introduction

Delta County, Upper Peninsula of Michigan contains 1,991.58 square miles, 1,170 of it is land and 821.56 square miles is water. Its name originates from the Greek letter “delta” which refers to the triangular shape of the original county which included segments of Menominee, Dickinson, Iron and Marquette Counties. It was originally surveyed in 1843 and the county was formally organized in 1861. It is located on the northern shores of Lake Michigan and Escanaba, Michigan the county seat. Delta County is home to the Upper Peninsula Michigan State Fair held in Escanaba, Michigan and is home to the only Native American paintings in Michigan, created by the Nokay Indians in 500AD.



Highways

Delta County has many highways that segregate the county. U.S. Highway 2 runs west/east and for the most part U.S. Highway 41 shares the same road as U.S. Highway 2 through the county, splitting north to Marquette in Escanaba. Michigan Highway M-35 runs north/south, Michigan Highway M-69 comes in from the west and ends in Escanaba. Michigan Highway M-183 goes northeast.

Great Lakes

Delta County is located on the northern shores of Lake Michigan, surrounding Little Bay de Noc and Big Bay de Noc. A little over half of Delta County is contained in the Hiawatha national Forest with over 140 inland lakes and 144 miles of Lake Michigan coastline. This makes Delta County a prime spot for water recreation and fishing as well as providing shipping ports for manufacturers.

Population

According to the most recent data from the U.S. Census estimates, the population in the county as of April 1, 2020 was 36,903, down from 37,069 reported in 2010. The population consists of 20.9% under the age of 18, 79.1% are over age 18, and 19.1% are age 65 or older. The median age was 45.6 years old. The population is made up of 49.5% males and 50.5% females.

Education

The population over the age of 25 years old with a high school diploma is 91.7%, of those 17.9% attained a bachelor's degree or higher. Currently there are 1,709 students in colleges and technical schools in the county. Delta County is home to two institutions of higher learning: Bay de Noc College and The Paul Mitchell Academy, according to the most recent data available.

Housing

The estimated median house or condo value in 2017 was \$105,900 in Delta County versus the State of Michigan average at \$137,500. The median contract rent in 2017 for apartments was \$558.

Employment

Major employers in the area include Hannahville Indian Community and Enterprises, Verso, Wal-Mart, Island Resort and Casino, St Francis Hospital, Bay de Noc Community College, Engineered Machine Products, Besse Forest Products Group, and Escanaba/Gladstone Schools. Unemployment in the county was 4.5% as of November 2020 compared to the state rate of 6.3%.

Income

The median income for a household in 2019 in Delta County was \$49,459. The per capita income for the county was \$25,582. Approximately 16.3% of the overall population were living below the poverty line including 17.4% of those under the age of 18 and 8.5% of those over the age of 65, according to the most recent data available on city-data.com.

Amenities

There are 17 grocery stores, 24 convenience stores most of them with gas. 34 full-service restaurants, Wal Mart, Escanaba Mall, Saykllys Confectioners, and many small and privately owned businesses. Mead paper is the largest corporation in Delta County.

Agriculture

The average size of farms in Delta County consist of 272 acres with 52.77% of them raising livestock, 8.06% sod and agricultural products and the remaining 35.79% are harvested cropland. The average number of cattle per 100 acres is 9.8 with 23.29% of the cattle raised as milk cows. The average age of the principal farm operators is 55 years old. There is 2,110 acres planted with corn, 604 planted with wheat, 379 have assorted vegetables and 72 acres are orchards.

Industrial Park

Delta County Industrial Airpark is located at the Delta County Airport in Escanaba and offers commercial and general aviation services with 2 all-weather landing strips. There is also good access to truck, rail, and port connections. The park has 132 acres of improved land and is part of the Michigan Tax-Free Renaissance Zone. The Whitetail Industrial park is located in Escanaba, has 37.19 acres and is about half full. The park has good access to U.S. Highway 41 and Michigan Highway 35 as well as nearby rail, airport, and port access.

North Bluff Industrial Park is located in Gladstone and has all capital improvements completed. The property is zoned industrial, has 110 acres, and has many lots still available for development.

Business Development

The Delta County Economic Development Alliance Inc works to provide marketing and advertising for Delta County activities and businesses. They host a website with basic information about the county, primary industries, transportation, infrastructure, and weather information. It does not appear that the main focus is to seek out and attract new businesses but instead support the existing businesses.

Summary

Delta County is a destination location for those looking to enjoy nature and the Great Lakes, however tourism has not been able to sustain this community, ore mining and paper manufacturing still are the bedrock upon what the rest of the community grows. Delta County has huge undeveloped areas of woodlands and provides its residents privacy and the opportunity to enjoy all nature offers along with hunting, fishing, and winter sports. Delta County has a great potential for growth with a stable workforce, nearby college for training that workforce and the amenities that keep residents satisfied to live in this county.

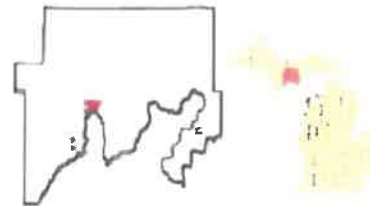
MARKET AREA MAP



MARKET AREA SUMMARY

Introduction

The City of Gladstone, Delta County, Upper Peninsula of Michigan consists of 7.92 square miles, of that 5 is land and 2.92 square miles is water. It was originally called Saunders Point, named after the Hamilton Company's president David Saunders, but renamed in the early 1900's. Settlers came to the area in 1859 when the Hamilton Corporation of Fayette, Michigan began using the shore as a shipping point for their iron ore. A small peninsula in Little Bay De Noc in the city park is called Saunders Point. Gladstone was incorporated as a village in 1887 and as a city in 1889.



Highway/Location

U.S. Highways 2 and 41 run concurrently through the city along the shores of Lake Michigan. U.S. Highway 2 continues running west/east beyond the city but U.S. Highway 41 turns north to Marquette. Green Bay, Wisconsin is 103.9 miles southwest, Milwaukee, WI is 198.6 miles southwest and Chicago, Illinois is 278.9 miles south of the city. Nearby cities and towns include Escanaba which is west, Garden is east, Powers is southwest, Gwinn and K.I Sawyer Air Force Base is north of Gladstone.

Population

According to the 2019 information from city-data.com, there were 4,698 residents, of which 49.4% are male and 50.6% are female. The median resident age is 41.8 years old and in the state the median age is 39.8 years old. This is a slight decrease from the 2000 census of approximately 6.6%. For the population who are over 15 years and over, 26.7% have never married, 49.5% were currently married, 9.9% were widowed, and 11.5% were divorced.

Education

For the population who are 25 years and over, 96.3% have a high school diploma, 18.4% have a bachelor's degree and 5.0% have earned a graduate degree. James T. Jones Elementary School educates 343 students, Gladstone Area Middle School educates 367 students and Cameron Elementary School educates 494 students. Gladstone Area High School educates 509 students. There are no schools of higher learning in the city however Marquette has Northern Michigan University 53 miles north, and Green Bay, Wisconsin offers a wide assortment of educational opportunities.

Housing

The estimated house value was \$100,621, up from \$66,800 in 2000. The mean price for single family homes were \$152,137, duplexes were \$94,722, multifamily were \$122,256, apartments were \$238,456 and mobile homes had a mean price of \$44,008. The great recession did not have much of an impact in the Gladstone area, sales volumes did not decrease and prices became slightly more volatile, but overall the values did not see a significant decrease. New construction did reduce significantly due to the recession with permits dropping 70% since 2005 and some years no new homes have been built.

Employment

The most common industries providing employment include manufacturing which employs 20% of the workforce, transportation/warehousing 13%, construction 11%, education and retail trade employ 10%, health care/social assistance employ 9% and agriculture/forestry/hunting employs 6% of the workforce. There are many corporations operating in the city including Marble Arms, Bessee Forest Products, VanAire Inc, Independent Machine Co, Pardon Inc, Bramco Containers, Hoegh Pet Caskets, Brampton Bike and Ski, New Page, and Bay de Noc Lure Company. New Page is the city's largest employer. The mean travel time to work is 16.6 minutes and unemployment as of August 2012 was 8.3%. Unemployment in the state for the same time was 9.2%.

Income

The estimated median household income in 2019 was \$53,621, up from \$34,328 in 2000. The estimated per capita income was \$25,868. The cost of living index in the city is 74.4, low in comparison to the country average of 100.

Medical

St. Francis Hospital is in Escanaba, just 2 miles to the west of Gladstone.

Airport

W. Gladstone Airport offers commercial and private plane services available in the city. Delta airlines offer passenger service daily.

Industrial Park/Business Development

North Bluff Industrial Park is home to many corporations and largely for manufacturing. It abuts Union Pacific Railroad and has all amenities. There are lots available for sale and the park is owned and operated by the city. Gladstone Economic Development board actively promotes Gladstone to businesses and works to keep existing commercial locations filled with businesses or retrofit the buildings for new use.

Summary

Gladstone has a strong economic base with manufacturing with supporting companies and right beside Escanaba which offers any lacking retail amenities needed. The area is remote from any other large city, at least an hour in either direction, so it should continue to maintain population, incomes, and economic stability in the future.

SECTION VI: SITE ANALYSIS



The 699 Clark Drive East Land is located on a site that contains approximately 2.30 acres (according to the City of Gladstone Assessor’s office). The site is rectangular in shape and has a predominately level topography. The subject site is located within the City of Gladstone North Bluff Industrial Park Area. The subject site has frontage and access along Clark Drive East. The site currently has a gravel surfaced drive entering the property, with no other site improvements. The subject site area is zoned I-2, Industrial District, per the City of Gladstone.

Size and Shape: The 699 Clark Drive East Land is located on a site that contains approximately 2.30 acres (according to the City of Gladstone Assessor’s office). The site is rectangular in shape.

Frontage, Accessibility, and Parking: The subject site is located within the City of Gladstone North Bluff Industrial Park Area. The subject site has frontage and access along Clark Drive East.

Topography: The subject site has a predominately level topography.

Utilities: The subject site is served by public utilities necessary for development.

Site Improvements: The site currently has a gravel surfaced drive entering the property, with no other site improvements.

Environmental: The appraiser(s) are not qualified to detect the presence of environmental contaminants. The presence of potentially hazardous materials may impact the value of the property. Unless otherwise stated in this report, the value estimates are 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 such contaminants. Any party relying on this appraisal is urged to retain an expert in this field, if desired.

Easements and Encroachments: Typical utility easements are assumed to exist on this site. No apparent encroachments or adverse easements were noted from physical inspection; however, the appraisers make no guarantee in that regard. I assume for purposes of this report that there are no adverse easements or conditions. From an inspection of the site, the usual utility, sanitary sewer and storm water easements exist on the property.

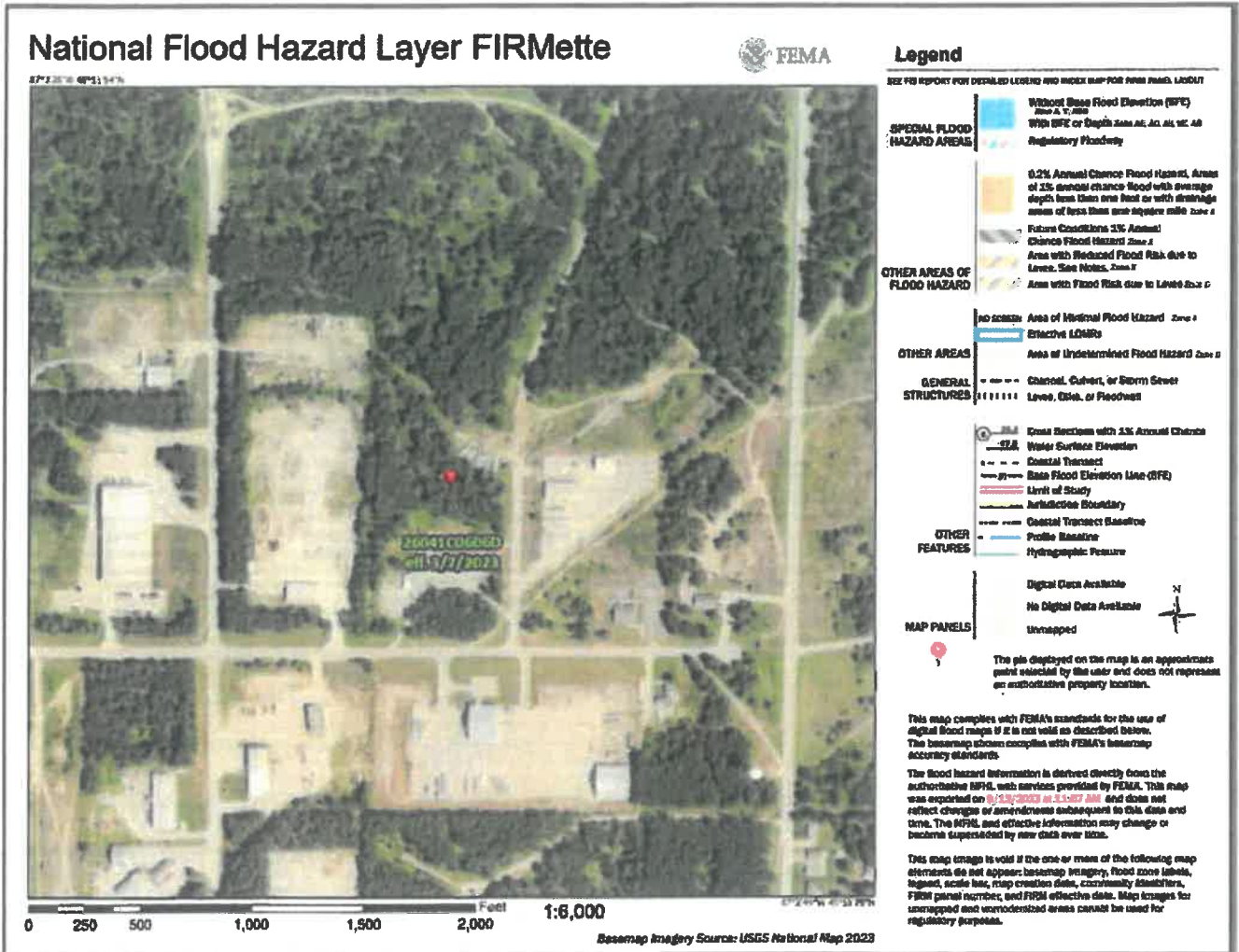
Zoning: The subject site area is zoned I-2, Industrial District, per the City of Gladstone.

REAL ESTATE TAXES AND ASSESSED VALUES

The subject property's tax identification number is 052-617-004-01. As the subject property is currently owned by the City of Gladstone, the property is exempt from assessment and taxation.

Conclusion - Site Analysis: The site's size and shape are adequate and functional to support a commercial/ industrial development within the constraints of the zoning parameters. The subject site area does not appear to be located within a flood zone.

FEMA MAP



SECTION VII: HIGHEST AND BEST USE/VALUATION METHODOLOGY HIGHEST AND BEST USE ANALYSIS

Since real estate value is determined by its use potential, the reported value estimates are based on the highest and best use of the property. An analysis of the highest and best use of a property provides the foundation for a thorough investigation of the interaction of market forces. The collection and analysis of the general data used to estimate property value provides the evidence on which a highest and best use conclusion is based.

Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must meet four test criteria; namely, legal permissibility, physical possibility, financial feasibility, and maximal profitability.

- 1: *Legally Permissible Uses* - What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
- 2: *Physically Possible* - What uses are physically possible on the subject site?
- 3: *Feasible Uses* - Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
- 4: *Highest Net Return* - Of those uses that are feasible, legally permissible, and physically possible, which will produce the highest net return?

Estimating the highest and best use generally involves consideration of the subject property under two scenarios: *as vacant* land and *as improved*. The *as vacant* scenario assumes that the subject site is vacant or can be made vacant for development. The highest and best use *as improved* addresses whether the proposed improvements are the best utilization of the property. The highest and best use of the underlying land may differ from that of the property as improved if the improvements do not constitute an appropriate use generating the highest net return to the land. The overall purpose of determining the highest and best use of the property as improved is to identify the use that would be expected to produce the greatest value to the site.

When potential buyers contemplate purchasing real estate for personal use or occupancy, their principal motivations are perceived benefits of enhanced enjoyment, prestige, and privacy. Purchasers of investment property are frequently motivated by the promise of net income or capital accumulation and certain tax advantages. These investors are more directly concerned with feasibility, an indication that a project has a reasonable likelihood of satisfying their specific objectives. These objectives may include assured occupancy, establishing operating costs at a reasonable and acceptable level, and potential property appreciation.

“AS VACANT”**Legally Permissible**

The subject site is approved for the industrial development land. If the vacant site were sold, the current zoning would legally encumber the site to be developed as per the zoning and approvals currently in-place. Any other type of development would most likely be subject to rezoning and approvals. Given surrounding land use patterns and demand for industrial land space in the immediate neighborhood, some type of industrial development would most likely be allowable, either by alternative zoning, variances, and/or municipal approvals.

Physically Possible

To be a physically possible use, the size, shape, and topographical features of the site must be adequate in order to support any proposed or existing development. This parcel has a predominately level topography, with a site area of approximately 2.30 acres, according to Delta County and City of Gladstone personnel. The physical aspects of the site do not impose constraints that would restrict it from being developed under the highest and best use.

The subject parcel is served with all necessary public utilities that should have sufficient capability to serve most forms of industrial development (consistent with surrounding land use patterns). It is assumed the site has adequate load-bearing capacities for development as an industrial site.

The size and topography of the parcels do not appear to limit any legally permissible uses, either as currently zoned or under a scenario of rezoning (as if vacant) for some alternative type of development.

Financially Feasible and Maximally Productive

Sufficient demand is considered to exist, as evidenced by survey data reviewed regarding vacancy rates, occupancy levels, past operating history of similar properties in the area, supply and demand characteristics in the immediate area, and development trends. This type of use is considered to provide the greatest return to the land and should result in the highest underlying land value. As vacant, and after considering the legally permissible and physically possible uses, it is the appraisers' opinion the financially feasible and maximally productive use of the site would be for industrial use, which takes advantage of the site location.

Conclusion – As Vacant

It is the appraiser's opinion that some type of industrial use is considered to be the highest and best use of this site as if vacant and available for development. Considering properties in the area and the inherent demand as evidenced by other industrial properties, industrial use would be provide sufficient return to an investor.

“AS IMPROVED”

The highest and best use as improved is for the use as an industrial site. The owner has not obtained any approvals for any proposed development that were provided or available from the City of Gladstone property file. Demand exists for these types of facilities, as evidenced by the industrial growth within the area and the diminishing availability of industrial lots.

The valuation methodology will be developed next. The highest and best use analysis has formed the basis for comparison in the approach to value.

VALUATION METHODOLOGY

The valuation process involves researching current market conditions and trends as well as collecting and analyzing specific site data relating to the subject property. Based upon the market and site data obtained, an analysis of the subject's competitive position and market appeal may then be prepared. Value conclusions are drawn based upon this information and the informed judgment of the appraiser(s).

Valuation Approaches

In the valuation of real estate, any one or any combination of the three traditional appraisal methods may be used. These three methods are known as the cost, sales comparison, and income capitalization approaches to value. All three approaches are based on the economic principle of substitution.

Cost Approach

In the cost approach, a property is valued based on a comparison with the cost to build a new or substitute property. The cost estimate is adjusted for the depreciation evident in the existing property. Appraisers compare the cost of the subject improvements to the cost to develop similar improvements as evidenced by the cost of construction of substitute properties with the same utility as the subject property. The estimate of development cost is adjusted for market-extracted losses in value caused by the age, condition, and utility of the subject improvements or for locational problems. The land value is then added, usually based on comparison with sales of comparable sites. The sum of the value of the land and the improvements is adjusted for the rights included with the subject property again based on market comparisons.

Sales Comparison Approach

The methodology of the sales comparison approach suggests that the value of the property being appraised tend to be set by the cost of acquiring an equally desirable substitute property without undue delay. This approach requires a detailed comparison of sales of comparable properties to the subject property. The accuracy of this approach is determined to a large extent by the existence of and availability of data on recent sales of properties that are similar to the subject in use, location, age, size, quality, condition, and general appeal. Therefore, a sufficient number of comparable sale transactions must be available for analysis, and the information obtained including price, financial terms, and property description must be reasonably reliable. As such, this approach is most accurate when used for properties that have wide market appeal and are frequently bought and sold on the open market. It can be used with a variety of property types and is the only relevant approach in most vacant land appraisals.

Income Capitalization Approach

The methodology of the income capitalization approach suggests that the value of the property being appraised tends to be set by the present worth of its future benefits. For rental properties, the future benefits are defined as the projected net operating income (i.e., cash flow before debt service) plus the net sales proceeds at disposition. The present worth of the future benefits may be estimated by the direct capitalization method or by a discounted cash flow (DCF) analysis. The accuracy of the income capitalization approach depends to a large extent on the availability of comparable rental data, vacancy rates, operating expenses, holding costs, and the perceived rate of return required by investors for the property type being analyzed.

Valuation Approaches Developed

In this appraisal, only the Sales Comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The **cost approach** reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment involves vacant land with no building improvements, the cost approach was not feasible.

The **sales comparison approach** has been developed to form an opinion of value of the site with approximately 2.30 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

The **income capitalization approach** was not developed and is not considered to be applicable.

The ***sales comparison approach*** will be developed next.

SECTION IX: SALES COMPARISON APPROACH

VALUATION OF THE IMPROVEMENTS

The "Sales Comparison Approach" is defined in The Appraisal of Real Estate, Fifteenth Edition (sponsored by the Appraisal Institute) as:

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

Comparable properties are best analyzed on a unit of comparison basis (e.g., per square foot, acre, etc.). By using the appropriate unit of comparison, the effect of varying property sizes can be mitigated. The most common unit of comparison for a land valuation is the price per foot or the price per acre of land, with the price per acre considered most applicable in this scenario due to the size of the subject parcel. Analyzing this indicator most closely reflects the actions and decision processes of buyers and sellers in the marketplace.

The sales comparison approach has been developed to form an opinion of value of the property as a site containing 2.30 acres of industrial site area. Due to the lack of recent comparable sales within the immediate area, the appraisers utilized some sales which were older and/or outside the area.

A summary of each comparable sale from the local market considered applicable for the analysis to estimate the value of the subject property based upon a sales comparison approach follows.

SITE VALUATION

The following page contains a **Comparable Land Sales Summary**. This table includes four (4) land sales, including active listings, which were purchased for commercial/industrial use, all of which are located within the subject's marketing area. It should be noted that (according to City of Escanaba officials) there are currently six lots available for sale within the Whitetail Industrial Park with site sizes ranging from 1.53 acres to 1.94 acres (with additional land available for division). These lots are currently available for purchase at \$14,000 per acre. As these lots are considered to be located in a slightly superior location, with slightly more desirable access and visibility in comparison to the subject lot, the subject lot is concluded to have a per acre value that is slightly less than those available within the Whitetail Industrial Park. Additionally, as there are very limited recent sales and active listings for industrial lots within the immediate market area, older land sales, alternative use sales, and sale or listings located outside of the immediate market area of the subject property were considered. Therefore, some larger than typical adjustments were considered for this analysis.

COMPARABLE LAND SALES SUMMARY

COMPARABLE LAND SALES SUMMARY CHART

Sale #	Site Description / Address	Sale Date	Site Information	Sale Price	Per Acre:	Sale Price Breakdown	Comments
1	2929 3rd Avenue Escanaba, MI	Apr-18	Site Size (Acres): 2.92	\$380,000		\$130,137	This property was formerly zoned Light-Industrial, but was purchased for rezoning for commercial redevelopment. The property was formerly a family fun park. The property is located in an area of primarily commercial properties including Menards and Meijer.
2	2927 & 2929 16th Avenue Escanaba, MI	Apr-20	Site Size (Acres): 4.11	\$320,000		\$53,528	This property consists of two adjacent parcels located along 16th Avenue North and North 30th Street, as well as frontage along the Escanaba and Lake Superior Railroad. The property is zoned G, Heavy Manufacturing District.
3	TBD Highway 2 & 41 Escanaba, MI	Active	Site Size (Acres): 2.09	\$53,000		\$25,359	This property is zoned Town Development District and can be developed for commercial, light-industrial, or residential use. The property has Highway 2/41 frontage.
4	Balsam Street Kingsford, MI	Active	Site Size (Acres): 11.48	\$69,900		\$6,089	Industrial property for sale within the City of Kingsford. The property is level and partially blacktopped.

ADJUSTMENT GRID

COMPARABLE SALES ADJUSTMENT GRID				
Sale Number	1	2	3	4
Sale Price/Acre	\$130,137	\$53,528	\$25,359	\$6,089
Property Rights	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Conditions of Sale	0%	0%	-10%	-10%
Market Conditions				
Date of Sale	0.00%	0.00%	0.00%	0.00%
Adjusted Unit Value (Prior to Physical Adjustments)	\$130,137	\$53,528	\$22,823	\$5,480
Physical Characteristics				
Location	-5.00%	-5.00%	-5.00%	10.00%
Access/Visibility	-25.00%	-25.00%	-35.00%	0.00%
Size	0.00%	5.00%	0.00%	15.00%
Shape/Functional Utility	0.00%	0.00%	0.00%	10.00%
Site Improvements/Use	-60.00%	-50.00%	-5.00%	0.00%
Water Frontage	0.00%	0.00%	0.00%	0.00%
Topography	0.00%	0.00%	0.00%	0.00%
Total Physical Adjustments	-90.00%	-75.00%	-45.00%	35.00%
Adjusted Unit Value	\$13,014	\$13,382	\$12,553	\$7,398
Total Adjustment (%) (From Sale Price/Unit)	-90.00%	-75.00%	-50.50%	21.50%
Adjusted Sales Price:				
Mean (all sales) Per Acre	\$11,587	<i>Reconciled Value</i>		
Median (all sales) Per Acre	\$12,783	2.30	Acres @	\$12,000
				\$27,600
Unadjusted Sales Price:		<i>Reconciled Value</i>		\$30,000
Mean Per Acre	\$53,778			
Median Per Acre	\$39,444			

ANALYSIS OF COMPARABLE LAND SALES

Adjustments to the sale prices of comparable properties are required to account for differences that may exist between a comparable and the subject. Adjustments are typically considered for property rights transferred, financing, conditions of sale, market conditions (time), location/access, size, zoning, use, and physical characteristics, including density.

All of the comparable sales represented the transfer of fee simple interest on an all cash or equivalent terms basis.

Market Conditions

Each of the comparable sales transactions occurred from 2018 through 2020, with current active listings also considered.

Location

Location encompasses a number of issues, including locations within different sub-market areas, the character/condition of surrounding development, corner versus interior location, access, and visibility. It is important to assess which factors truly impact value for different types of real estate.

Size

With respect to size, as the site increases in size the sales price per square foot or acre typically decreases, with all other factors remaining equal. This is due to the diminishing marginal returns associated with each additional unit (acre) added. As mentioned above with regard to location, the density for development can affect the consideration given for a site to a greater degree than the size of the site.

Shape/Functional Utility/Use/Site Improvements

Adjustments for the shape and functional utility were considered as many of the subject properties are irregular or less functionally attractive for development. The subject property is unimproved.

Physical Characteristics

Important physical characteristics include shape, topography, environmental concerns, site improvements, water frontage, and availability of infrastructure. Physical characteristics adjustments were considered for those properties with site improvements at the time of sale; water frontage; and environmental concerns.

Land Value Conclusion

The sales data is considered the most representative sales data available to assist the appraiser(s) in estimating the value of the underlying land.

All sales are similar vacant commercial/industrial land sales, or improved properties purchased for commercial/industrial redevelopment. After considering all factors of adjustment, it is the appraiser's opinion the applicable site value for the subject site area, is \$12,000 per acre for the site. Therefore, the following is indicated:

2.30 acres of site area @ \$12,000 per acre	=	\$27,600
ROUNDED		<u>\$30,000</u>

SECTION XI: RECONCILIATION FINAL VALUE CONCLUSIONS

Reconciliation is the portion of an appraisal where the various approaches to value are weighed to judge their reliability with respect to valuing the subject. Emphasis is usually placed on the approach, or approaches, that seem to best estimate the market value of the subject property. The values for the subject indicated by the valuation analysis are as follows:

VALUE INDICATORS

Sales comparison approach	As Is	\$30,000
	Land Value- 699 Clark Drive East Land:	<u>\$30,000</u>

The *cost approach* reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment is involves vacant land with no building improvements, the cost approach was not feasible.

The *sales comparison approach* has been developed to form an opinion of value of the site with approximately 2.30 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

The *income capitalization approach* was not developed and is not considered to be applicable.

The final reconciled estimate of value was based solely on the sales comparison approach, as this was the only applicable approach.

This report and the value estimate contained within are subject to the Assumptions and Limiting Conditions contained herein.

SECTION X: ADDENDUM

APPRAISAL REQUEST