

## Vacant Land - 0.5211 & 0.7040 AC Tract

Hufsmith Kohrville Road  
Tomball, Harris County, TX 77375

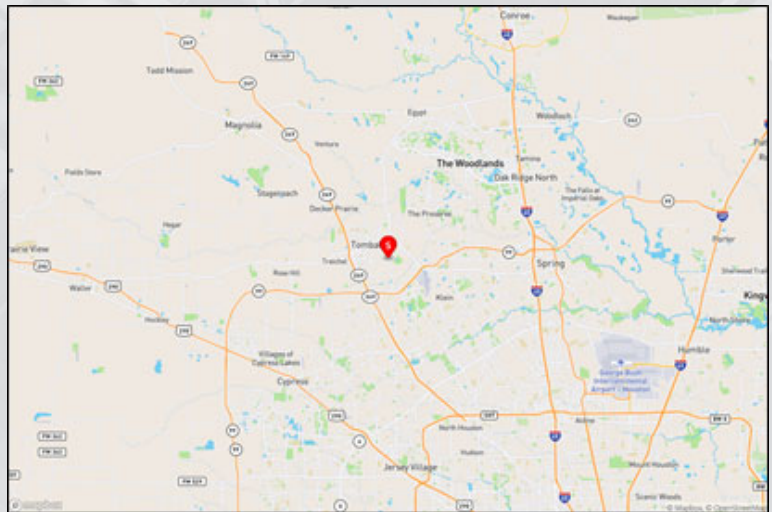
NKF Job No.: 21-0136523-1

### Appraisal Report Prepared For:

Craig T Meyers  
City of Tomball  
401 Market Street  
Tomball, TX 77375

### Prepared By:

**Newmark Knight Frank**  
Valuation & Advisory, LLC  
1700 Post Oak Blvd, Suite 350  
Houston, TX 77056



June 8, 2021

Craig T Meyers  
City of Tomball  
401 Market Street  
Tomball, TX 77375

RE: Appraisal of Land located at Hufsmith Kohrville Road, Tomball, Harris County, TX 77375,  
prepared by Newmark Knight Frank Valuation & Advisory, LLC (herein "Firm" or "NKF")

NKF Job No.: 21-0136523-1

Dear Mr. Meyers:



The "Subject Property" is two tracts of land separated by Medical Complex Drive. The northern tract is 22,700 square feet, or 0.5211-acres, and the southern tract is 30,665 square feet, or 0.7040-acres. Both sites have all utilities available and have average frontage along Hufsmith-Kohrville Rd. The tracts are located along the western side of Hufsmith-Kohrville Rd. The sites are zoned C; Commercial District, which allows for commercial and service-related establishments, such as wholesale product sales, welding/contractors shops, automotive repair services, upholstery shops, and other similar commercial uses. Some light manufacturing may also be allowed with certain conditions. The two sites have an irregular shape, are of generally level topography, and have good visibility from Hufsmith-Kohrville Rd.

The northern tract of land is bisected by an Exxon Pipeline Easement. We requested but were not provided with the pipeline easement document and it is an Extraordinary Assumption that the owner may pave over but not construct vertical improvements on top of the easement. After including the City of Tomball's zoning & setback requirements of a 35-foot minimum setback while facing a designated arterial street and a 10-foot setback for side and rear yards. The subject's useable building area is significantly reduced. After discussions with market participants we have concluded to a value of 10% the total market value for the northern tract.

The subject's combined tract before the road's construction, 1.757-aces, was purchased by the City of Tomball on April 4<sup>th</sup>, 2018 for \$307,870, or \$4.02 per square foot.

## Key Value Considerations

### Strengths

-  Good location near major arteries.
-  Located in a strong submarket.

## Risk Factors

- ❖ Northern tract bisected by the Exxon Pipeline Easement.

## COVID-19 Pandemic

The COVID-19 Pandemic has had a significant impact on the economy and, by extension, real estate markets. Commercial real estate is transforming and adapting with some similarities and some differences to previous crises. As the Pandemic has progressed, there has been greater clarity about the effects through metric and transactional data as well as market participant information and expectations. Investment volume in 2020 declined 32.1% year-over-year, however investor momentum shifted significantly in the fourth quarter, with volume increasing by 93.9% quarter-over-quarter, according to Newmark Capital Markets Research. Available data and analyses are contained within this appraisal report and are a foundation to the appraisal. Effects and projections related to COVID-19 will be addressed throughout the report.

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" - Northern Tract	Fee Simple	6/2/2021	\$15,000
Market Value "As Is" - Southern Tract	Fee Simple	6/2/2021	\$190,000

*Compiled by NKF*

## Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. The northern tract of land is bisected by an Exxon Pipeline easement. We were not provided with the pipeline easement document. Our market value as is conclusion for the northern tract assumes that you may pave over but not build vertical improvements on the pipeline easement.

The use of this extraordinary assumption might have affected assignment results.

## Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None



June 8, 2021  
Craig T Meyers

The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.



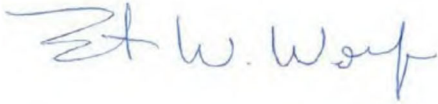
## Certification

We certify that, to the best of our knowledge and belief:

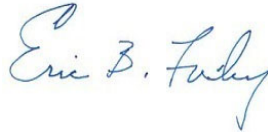
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our 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.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Texas.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Ernest Wolf, MAI and Eric Finley, MAI, SRA have completed the continuing education program for Designated Members of the Appraisal Institute.
12. Ernest Wolf, MAI made a personal inspection of the property that is the subject of this report. Eric Finley, MAI, SRA has not personally inspected the subject.
13. Significant real property appraisal assistance was provided by Scott Schaefer who has not signed this certification. The assistance of Scott Schaefer consisted of participating in the property inspection, conducting research on the market, subject property, and transactions involving comparable properties, performing certain appraisal analyses, and assisting in report writing, all under the supervision of the person(s) signing this report.
14. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Within this report, "Newmark Knight Frank", "NKF Valuation & Advisory", "NKF, Inc.", and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.



16. Ernest Wolf, MAI has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. Eric Finley, MAI, SRA has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



Ernest Wolf, MAI  
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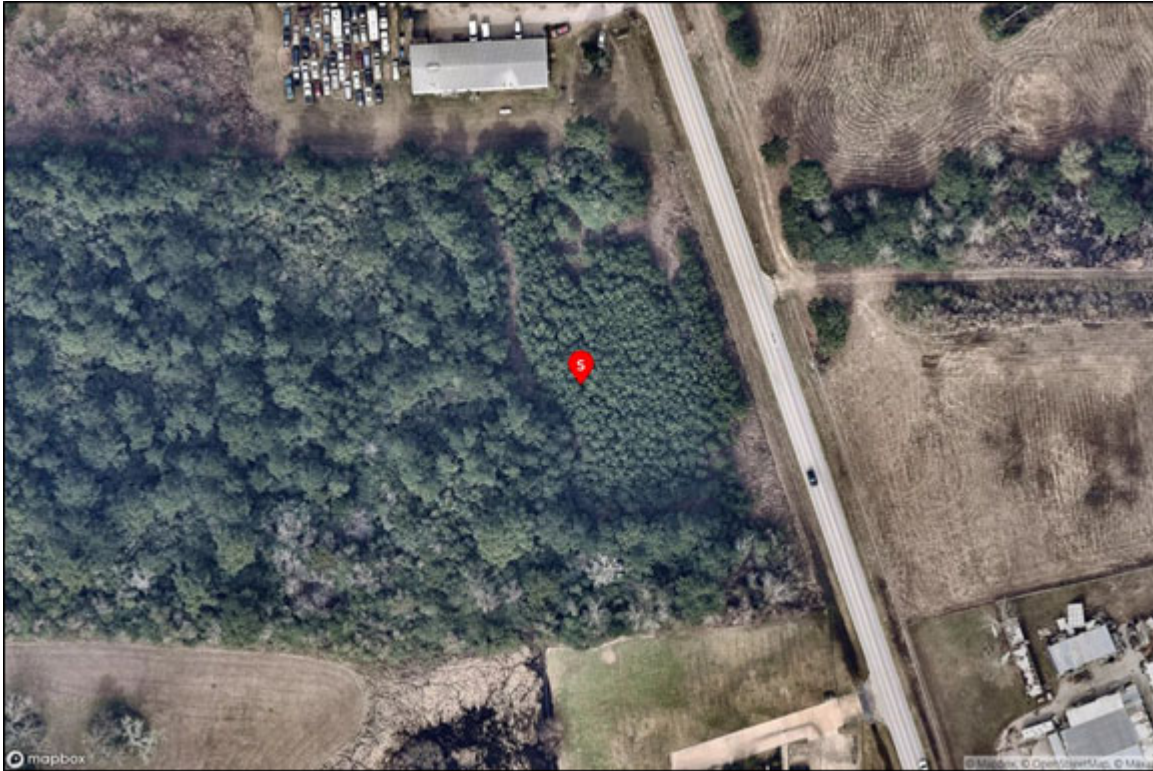
C. Financials and Property Information

D. Comparable Data

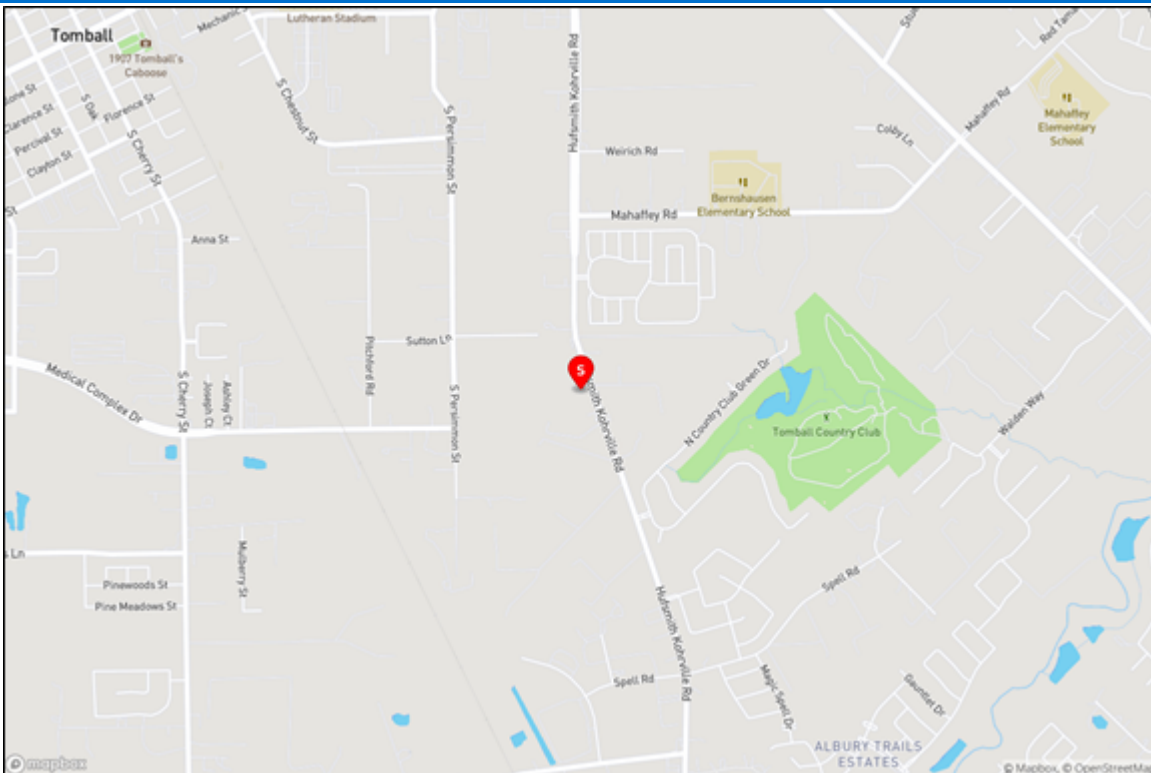
Land Sales

E. Appraiser Qualifications and Licenses





Aerial Photo



Location Map



*Site View*



*Site View*



*Site View*



*Site View*



*Future Road*



*Future Road*

# Executive Summary

## Vacant Land - 0.5211 & 0.7040 AC Tract

Property Type:	Land-General Commercial
Street Address:	Hufsmith Kohrville Road
City, State & Zip:	Tomball, Harris County, TX 77375
Land Area:	1.225 acres; 53,365 SF
Northern Tract:	0.5211 Acres; 22,700 SF
Southern Tract:	0.7040 Acres; 30,665 SF
Zoning:	C; Commercial District
Highest and Best Use - As Vacant:	A Commercial Use
Highest and Best Use - As Improved:	Commercial Use

### Analysis Details

Valuation Date:	June 2, 2021
Market Value "As Is" - Northern Tract	June 2, 2021
Inspection Date and Date of Photos:	June 2, 2021
Report Date:	June 8, 2021
Report Type:	Appraisal Report
Client:	City of Tomball
Intended Use:	Internal Business Decisions
Intended User:	City of Tomball
Appraisal Premise:	As Is
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Fee Simple
Exposure Time (Marketing Period) Estimate:	12 Months (12 Months)

Compiled by NKF

## Valuation Summary

Land Value - Northern Tract	\$15,000
Land Value - Southern Tract	\$190,000

Market Value Conclusion	As Is - Northern Tract			\$15,000
Market Value Conclusion	As Is - Southern Tract			\$190,000
Exposure / Marketing Time	Min	Max	Average	
Comparable Sales	1	18	6.3	
Market Participants	1	18	6.0	
Concluded Exposure Time	12 Months or Less			
Concluded Marketing Time	12 Months or Less			

Compiled by NKF



**Extraordinary Assumptions and Hypothetical Conditions**

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1. The northern tract of land is bisected by an Exxon Pipeline easement. We were not provided with the pipeline easement document. Our market value as is conclusion for the northern tract assumes that you may pave over but not build vertical improvements on the pipeline easement.

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A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

*Compiled by NKF*



# Introduction

## Ownership History

The current owner is City of Tomball. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

### Ownership History

To the best of our knowledge, no sale or transfer of ownership has taken place within the three-year period prior to the effective date of the appraisal.

Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported
Previous Sales	
Sales in the Previous Three Years:	None
Most Recent Reported Sale:	April 4, 2018
Buyer:	City of Tomball
Seller:	D S SERVICES
Purchase Price:	\$307,870
Comments:	This sale is of the full 76,515 square foot, 1.757-acre, tract before the road was built, bisecting the two tracts.
Indicated Appraised Value Appreciation:	N/A

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To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

## Intended Use and User

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- ❑ The intended use of the appraisal is for Internal Business Decisions and no other use is permitted.
- ❑ The client is City of Tomball.
- ❑ The intended user is City of Tomball and no other user is permitted by any other party for any other purpose.



## Definition of Value

Market value is defined as:

“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:

- ❖ Buyer and seller are typically motivated;
- ❖ Both parties are well informed or well advised, and acting in what they consider their own best interests;
- ❖ A reasonable time is allowed for exposure in the open market;
- ❖ 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.”

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Interest Appraised

The appraisal is of the Fee Simple estate.<sup>1</sup>

- ♦ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## Appraisal Report

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

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<sup>1</sup> The Dictionary of Real Estate, 6<sup>th</sup> Edition, Appraisal Institute



## Purpose of the Appraisal

The primary purpose of the appraisal is to develop an opinion of the Market Value "As Is" of the Fee Simple estate in the property.

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Fee Simple	6/2/2021
<i>Compiled by NKF</i>		

## Scope of Work

### Extent to Which the Property is Identified

- ❖ Physical characteristics
- ❖ Legal characteristics
- ❖ Economic characteristics

### Extent to Which the Property is Inspected

NKF inspected the subject property on June 2, 2021 as per the defined scope of work. Ernest Wolf, MAI made a personal inspection of the property that is the subject of this report. Eric Finley, MAI, SRA has not personally inspected the subject.

### Type and Extent of the Data Researched

- ❖ Exposure and marketing time;
- ❖ Neighborhood and land use trends;
- ❖ Demographic trends;
- ❖ Market trends relative to the subject property type;
- ❖ Physical characteristics of the site and applicable improvements;
- ❖ Flood zone status;
- ❖ Zoning requirements and compliance;
- ❖ Real estate tax data;
- ❖ Relevant applicable comparable data; and
- ❖ Investment rates

### Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report.

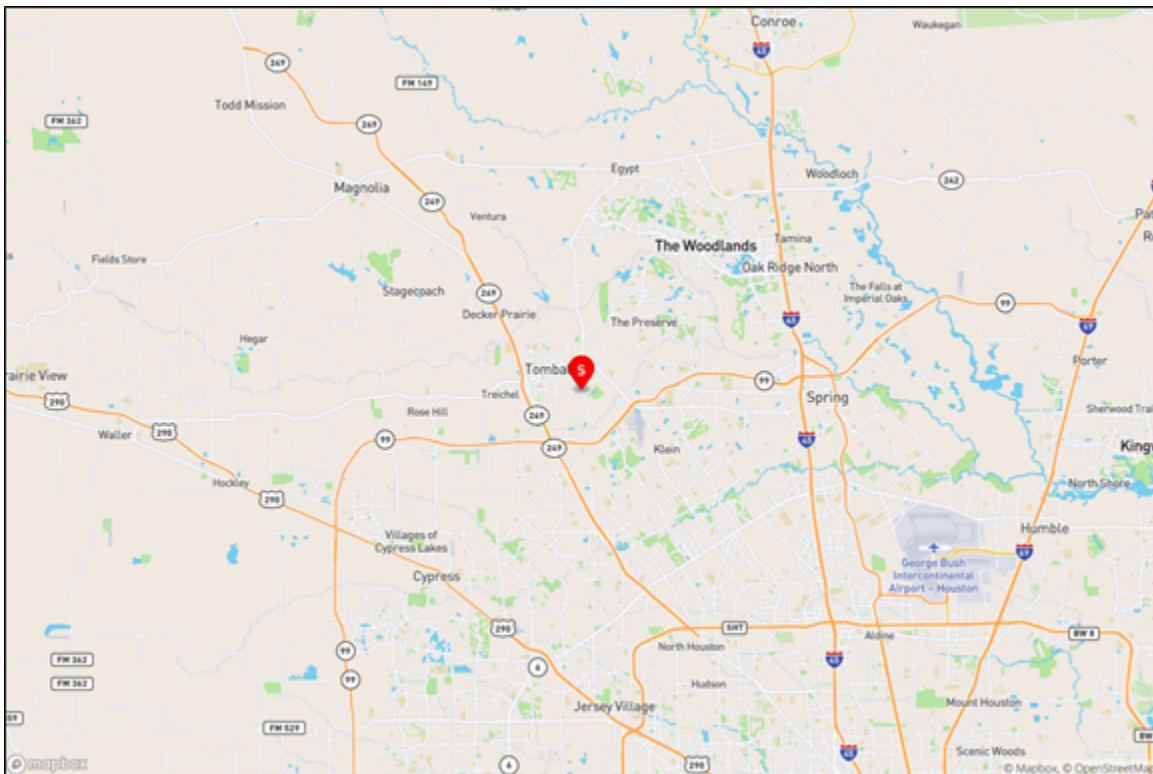
# Economic Analysis

## The Impact of COVID-19

It is well known that the past several months have been volatile. Real estate market volatility has resulted from the COVID-19 pandemic as well as other events such as oil price declines. Every day, there is greater clarity about the effects and expectations as evidenced by transaction activity, various data sources, and market participants. We have continuously reached out to brokers and other market participants to understand how the market is reacting.

Most of our major data sources, such as Moody's economy.com, include both COVID-19 pandemic period data and projections inclusive of its effects. This data is included within this section as well as throughout this report and is a central foundation of our analysis. There are an increasing number of transactions occurring and these are providing indications of trends.

## Area Analysis



Area Map

The subject is located within Tomball and Harris County, Texas. It is part of the Houston-The Woodlands-Sugar Land metro area (Houston MSA).

Moody's Analytics' Economy.com provides the following economic summary for the Houston MSA as of February, 2021.

Moody's Analytics Précis® Metro Indicators: Houston MSA												
2014	2015	2016	2017	2018	2019	INDICATORS	2020	2021	2022	2023	2024	2025
444.2	478.9	473.4	472.5	484.9	510.5	Gross metro product (C12\$ bil)	497.4	519.0	551.1	577.8	597.2	614.9
1.7	7.8	-1.1	-0.2	2.6	5.3	% change	-2.6	4.3	6.2	4.8	3.3	3.0
2,939.2	2,992.4	2,991.7	3,019.4	3,087.1	3,156.1	Total employment (ths)	3,036.6	3,108.1	3,210.5	3,325.5	3,393.0	3,435.0
3.5	1.8	0.0	0.9	2.2	2.2	% change	-3.8	2.4	3.3	3.6	2.0	1.2
5.0	4.6	5.3	5.0	4.3	3.8	Unemployment rate (%)	8.5	7.1	6.0	4.7	4.4	4.3
8.6	1.9	-4.2	7.5	6.5	4.5	Personal income growth (%)	2.8	4.2	3.7	7.3	6.6	6.0
59.6	61.1	62.3	63.6	66.1	69.2	Median household income (\$ ths)	70.7	72.0	73.5	76.7	79.7	82.6
6,500.2	6,671.8	6,806.5	6,900.1	6,976.1	7,066.1	Population (ths)	7,176.6	7,280.9	7,391.2	7,502.5	7,614.5	7,726.4
2.7	2.6	2.0	1.4	1.1	1.3	% change	1.6	1.5	1.5	1.5	1.5	1.5
110.0	108.6	71.6	33.4	23.0	37.9	Net migration (ths)	53.6	43.6	49.1	49.9	50.4	50.2
38,319	36,786	35,367	36,348	40,511	39,507	Single-family permits (#)	45,307	39,528	42,229	41,630	40,828	39,931
25,426	20,115	9,365	6,047	16,967	24,165	Multifamily permits (#)	22,869	21,574	15,025	12,839	11,774	10,193
220	238	248	260	273	284	FHFA house price (1995Q1=100)	291	282	283	295	301	305

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

### Recent Performance

Payroll employment in Houston MSA has recovered steadily in recent months, and a little over half the jobs lost in the spring have returned, in line with the U.S. as a whole. However, performance has been bifurcated, with goods-producing industries substantially lagging their national counterparts and service industries leading. In particular, professional services have fully recovered and leisure/hospitality is down from its precrisis level only half as much as the nation. The local purchasing managers' index has signaled growth for five months running. However, although the unemployment rate has fallen 6 percentage points from its peak in April to 8.2%, it has been flat at best since August and is still more than 4 percentage points above the rate in January. Housing market indicators are strong.

### Market Comparison

The following table illustrates key economic indicators and a comparison of the Houston MSA to the regional grouping as a whole. As indicated, Houston is projected to outperform the National Region Metros in four of eight performance categories shown over the next five years.



Comparison of Key Economic Indicators - Houston MSA Metro to National Region										
Indicator	Houston MSA			Annual Growth		National			Annual Growth	
	2014	2019	2024	2014 - 2019	2019 - 2024	2014	2019	2024	2014 - 2019	2019 - 2024
Gross metro product (C12\$ bil)	478.9	497.4	614.9	0.8%	4.3%	16,912	19,073	20,810	2.4%	1.8%
Total employment (ths)	2,992.4	3,036.6	3,435.0	0.3%	2.5%	138,922	150,935	152,858	1.7%	0.3%
Unemployment rate (%)	4.6%	8.5%	4.3%			6.2%	3.7%	4.7%		
Personal income growth (%)	1.9%	2.8%	6.0%			5.7%	4.4%	5.0%		
Population (ths)	6,671.8	7,176.6	7,726.4	1.5%	1.5%	318,301	328,240	336,857	0.6%	0.5%
Single-family permits (#)	36,786	45,307	39,931	4.3%	-2.5%	646,250	892,583	1,425,269	6.7%	9.8%
Multifamily permits (#)	20,115	22,869	10,193	2.6%	-14.9%	354,000	402,667	501,299	2.6%	4.5%
FHFA house price (1995Q1=100)	238	291	305	4.2%	0.9%	N/A	N/A	N/A	N/A	N/A
Houston MSA outperforming National Region Metros										
Houston MSA underperforming National Region Metros										
Source: Moody's Analytics Précis® US Metro; Compiled by NKF										

## Employment Sectors and Trends

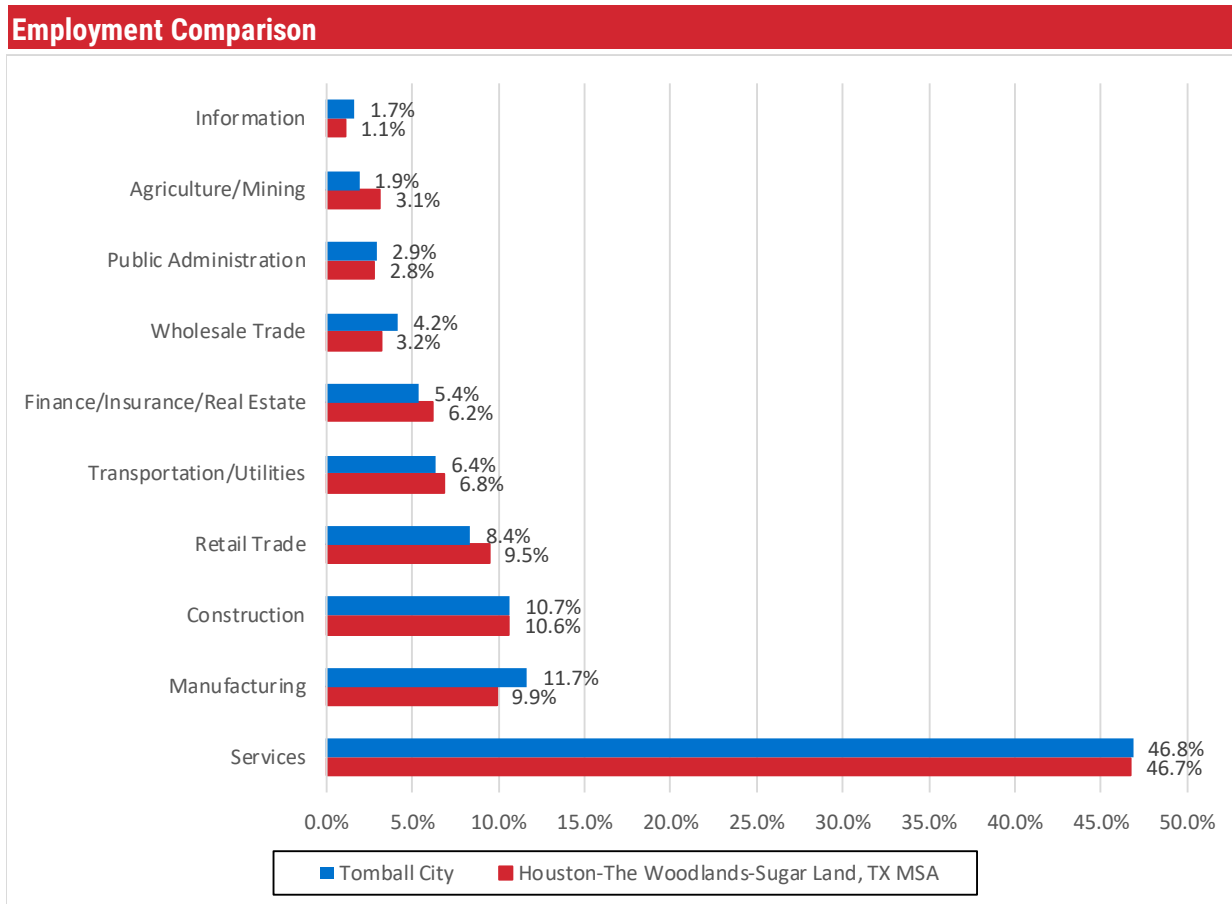
Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

Current Employment by Occupation Sector										
Occupation Sector	77375		Tomball City		Harris County	Houston-The Woodlands-Sugar Land, TX MSA		Texas		
<b>White Collar</b>	<b>20,259</b>	<b>68.8%</b>	<b>3,740</b>	<b>66.5%</b>	<b>1,345,121</b>	<b>58.7%</b>	<b>2,047,432</b>	<b>61.0%</b>	<b>8,029,966</b>	<b>60.1%</b>
Administrative Support	4,276	14.5%	932	16.6%	290,020	12.7%	420,919	12.5%	1,797,051	13.4%
Management/Business/Financial	5,916	20.1%	1,076	19.1%	334,202	14.6%	522,923	15.6%	1,949,081	14.6%
Professional	6,480	22.0%	1,150	20.4%	486,449	21.2%	758,534	22.6%	2,879,568	21.5%
Sales and Sales Related	3,587	12.2%	582	10.3%	234,450	10.2%	345,056	10.3%	1,404,266	10.5%
<b>Services</b>	<b>3,945</b>	<b>13.4%</b>	<b>905</b>	<b>16.1%</b>	<b>385,224</b>	<b>16.8%</b>	<b>533,574</b>	<b>15.9%</b>	<b>2,271,166</b>	<b>17.0%</b>
<b>Blue Collar</b>	<b>5,227</b>	<b>17.8%</b>	<b>981</b>	<b>17.4%</b>	<b>560,278</b>	<b>24.5%</b>	<b>777,513</b>	<b>23.2%</b>	<b>3,062,515</b>	<b>22.9%</b>
Construction/Extraction	884	3.0%	271	4.8%	193,182	8.4%	259,458	7.7%	950,345	7.1%
Farming/Fishing/Forestry	132	0.4%	4	0.1%	2,666	0.1%	5,705	0.2%	66,716	0.5%
Installation/Maintenance/Repair	1,152	3.9%	147	2.6%	77,216	3.4%	113,503	3.4%	477,266	3.6%
Production	1,748	5.9%	244	4.3%	131,435	5.7%	186,522	5.6%	699,332	5.2%
Transportation/Material Moving	1,311	4.5%	315	5.6%	155,779	6.8%	212,325	6.3%	868,856	6.5%
<b>Total Employees (16+ Occupation Base)</b>	<b>29,431</b>	<b>100.0%</b>	<b>5,626</b>	<b>100.0%</b>	<b>2,290,623</b>	<b>100.0%</b>	<b>3,358,519</b>	<b>100.0%</b>	<b>13,363,647</b>	<b>100.0%</b>
Source: ESRI; Compiled by NKF										

Current Employment by Industry Sector										
Industry Sector	77375		Tomball City		Harris County	Houston-The Woodlands-Sugar Land, TX MSA		Texas		
Agriculture/Mining	1,243	4.2%	108	1.9%	65,760	2.9%	105,680	3.1%	379,240	2.8%
Construction	2,323	7.9%	600	10.7%	255,779	11.2%	357,336	10.6%	1,258,201	9.4%
Manufacturing	3,625	12.3%	658	11.7%	222,432	9.7%	332,203	9.9%	1,149,672	8.6%
Wholesale Trade	1,032	3.5%	235	4.2%	74,532	3.3%	106,314	3.2%	354,755	2.7%
Retail Trade	3,072	10.4%	472	8.4%	218,738	9.5%	317,674	9.5%	1,367,986	10.2%
Transportation/Utilities	1,457	5.0%	359	6.4%	163,385	7.1%	229,800	6.8%	849,700	6.4%
Information	488	1.7%	94	1.7%	25,032	1.1%	37,615	1.1%	201,238	1.5%
Finance/Insurance/Real Estate	2,298	7.8%	304	5.4%	143,010	6.2%	208,578	6.2%	927,982	6.9%
Services	13,040	44.3%	2,635	46.8%	1,065,641	46.5%	1,569,534	46.7%	6,337,209	47.4%
Public Administration	853	2.9%	165	2.9%	56,314	2.5%	93,785	2.8%	537,664	4.0%
<b>Total Employees (16+ Occupation Base)</b>	<b>29,431</b>	<b>100.0%</b>	<b>5,626</b>	<b>100.1%</b>	<b>2,290,623</b>	<b>100.0%</b>	<b>3,358,519</b>	<b>100.0%</b>	<b>13,363,647</b>	<b>100.0%</b>
Source: ESRI; Compiled by NKF										



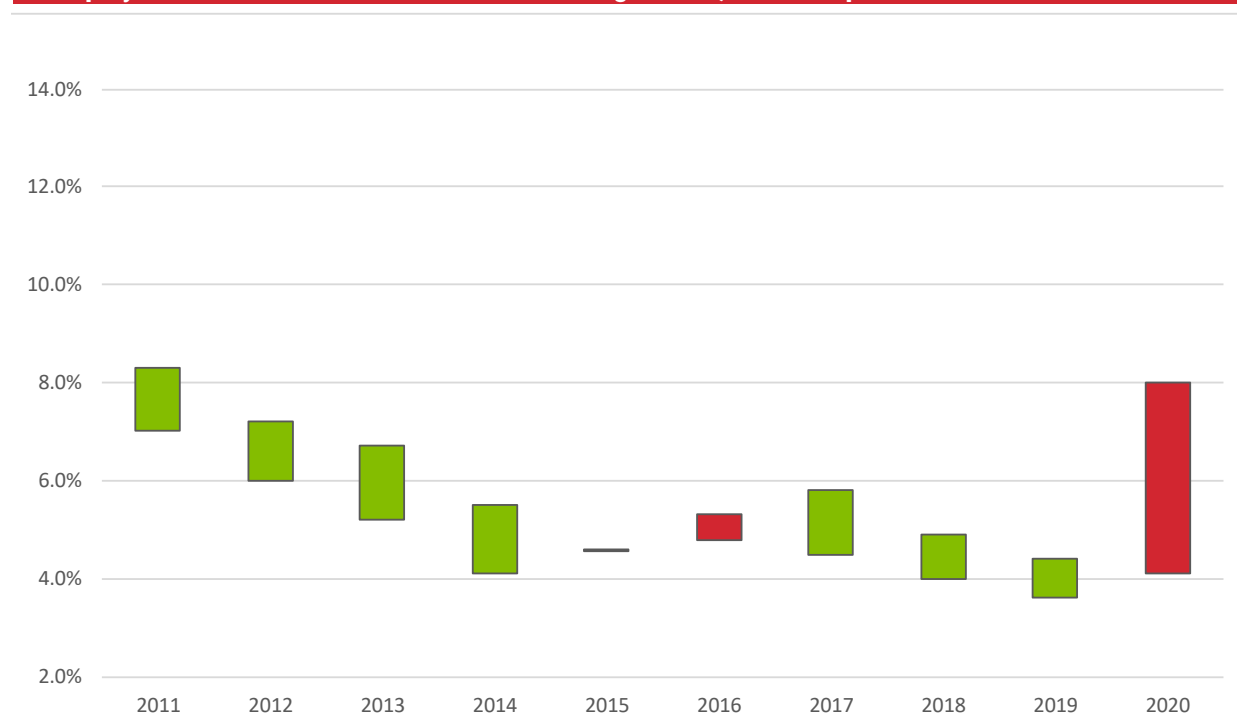
Comparing the industry sectors for the local market area (Tomball City) to Houston-The Woodlands-Sugar Land, TX MSA indicates the local market area is somewhat more heavily weighted toward the Manufacturing, Wholesale Trade, Information, Public Administration, Services, and Construction sectors. By contrast, the industry employment totals for Houston-The Woodlands-Sugar Land, TX MSA indicate somewhat higher proportions within the Agriculture/Mining, Retail Trade, Finance/Insurance/Real Estate, and Transportation/Utilities sectors. The following graphic further illustrates this comparison.



Source: ESRI; Compiled by NKF

## Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area is 8.0% (December 2020).

**Unemployment Rate: Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area**

Bars represent beginning to end range of unemployment rates in each year

Red bars denote increasing unemployment from beginning to end of year

Green bars are declining unemployment from beginning to end of year

*Compiled by NKF*

**Major Employers**

The following table lists a number of major employers with the Houston MSA as reported by Moody's. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

Selected Major Employers: Houston MSA		
Rank	Employer	Employees
1	Exxon Mobil Corp.	13,000
2	Wood	11,960
3	Landry's Inc.	11,800
4	Shell Oil Co.	11,507
5	Fort Bend ISD	11,000
6	Schlumberger Ltd.	10,976
7	BP North America	9,537
8	S & B Engineers and Constructors Ltd	7,824
9	Staff Force Inc.	7,502
10	Chevron Corp.	6,502
11	HAZA Foods LLC	6,500
12	Spring ISD	4,948
13	Fiesta Mart Inc.	4,500
14	Lamar CISD	4,363
15	Conroe ISD	4,118
16	Occidental Petroleum	3,666
17	Fort Bend County	2,914
18	KBR Inc.	2,900
19	JPMorgan Chase	2,800
20	Deloitte	2,589

Source: Moody's Analytics Précis® US Metro

## Analysis

Further economic analysis from Moody's is detailed as follows:

### Energy Industry

The pace of recovery in oil and natural gas drilling, which has been slow so far, will limit the rate of rebound in manufacturing. After reaching a multidecade low in August, Texas active rigs have increased to nearly 200 in February 2021, but that is only half the level in January 2020, which itself was only half the peak during the boom years prior to 2015. As a result, Houston employment in manufacturing, which produces equipment and supplies for mining companies, is down 9.2% year over year, twice as much as nationally. However, the prospects are improving. Since the beginning of November, oil prices have risen more than \$15 per barrel to \$55. Further, global oil demand should accelerate over the course of 2021, especially in the second half of the year. However, a decision by OPEC to stop holding back output so as to regain market share would be a negative for higher-cost Texas shale drillers.

### Homebuilding

Growth in residential construction in 2021 will lift the overall economy. Home sales were up 25% year over year in December and prices are rising, albeit at only about half the torrid national pace.



As a consequence developers have ramped up sharply, with new permits for single-family homes jumping to their highest rate in 14 years, nearly matching the peak during the boom in 2006. The drivers are the improving job market, historically low mortgage rates, boosting affordability, and population growth double the national average, though not as fast as several years ago. Since Houston's ratio of new permits to real GDP is twice the national average, the impact of homebuilding on the economy will be especially strong. One industry that will benefit is construction, where employment at present is down a deeper-than-average 10% year over year.

### Hospitality

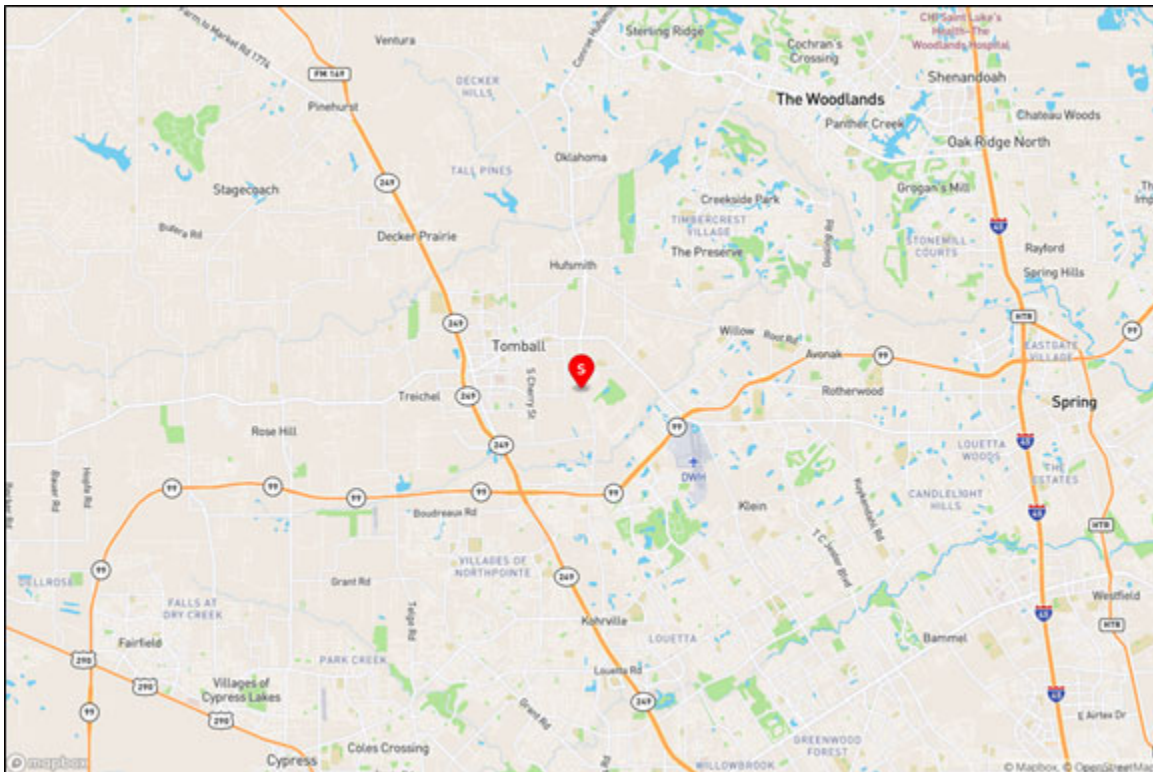
The revival of air travel and hotel stays in the metro area will remain slow until there is widespread distribution of vaccines. Passenger traffic through the Houston airport system was down 55% year over year in recent months, only a little better than the national average decline of about 60%. Likewise, hotel occupancy in December was just 38%, compared with the low-60% range in normal times. As a result, leisure/hospitality employment is still nearly 11% below the 2019 level. Additionally, hotel construction remains very weak.

### Conclusion

Positive Attributes	Negative Attributes
<ul style="list-style-type: none"> <li>❖ Leadership in oil and gas technology supports technical and professional services jobs.</li> <li>❖ Significant trade and export links, owing to location on the Gulf Coast of Texas.</li> <li>❖ Housing rebounds more quickly because of jobs recovery and low mortgage rates.</li> <li>❖ Leisure/hospitality recovers sooner than anticipated as demand by local residents boosts hotel occupancy.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Unpredictable energy markets add to the economy's volatility.</li> <li>❖ Industrial diversity is lower than in other metro areas of comparable size.</li> <li>❖ Air travel is subdued longer than expected because of coronavirus fears.</li> <li>❖ Oil prices stay low longer than expected, weakening exploration and manufacturing.</li> </ul>

Houston MSA's economy will accelerate in 2021, led by residential construction and private services. Mining and manufacturing will also contribute with a lag as the energy industry rebounds. Longer term, the concentration of upstream and downstream energy industries, above-average population growth, and expansion in housing, transportation, and distribution industries will help propel above-average gains for the metropolitan area.

## Neighborhood Analysis



Area Map

### Boundaries

The subject is located in the Far Tomball submarket as defined by Costar and is generally delineated as follows:

North	FM 2920
South	Highway 99
East	Hufsmith-Kohrville Rd
West	Highway 249

### Surrounding Area of Influence Trends

#### Description

The subject's surrounding area is viewed as suburban. The immediate area around the subject can be described as rural land/retail.

#### Characteristics

- ❖ The coronavirus' impact on the market may lead to lasting structural changes within the retail sector. Ecommerce has flourished amid the pandemic, and spending and shopping habits may be permanently altered, particularly as brick and mortar retailers may be unable to adapt to the changing environment. Even with the wide distribution

of vaccines, closures and bankruptcies are still expected to ripple across the region in the coming quarters.

**Fundamental Real Estate Cycle**

The surrounding area is considered to be within the expansion stage of its real estate cycle.

**New Development**

The submarket has seen no new development in recent years.

**Nuisances or Hazards**

Our observation of the area revealed no evidence of significant nuisances or hazards.

**Access****Primary Access**

Primary access to the subject is provided by Highway 99 and Hufsmith-Kohrville Rd.

**Major Thoroughfares**

Highway 99, Highway 249, Hufsmith-Kohrville Rd.

**Transportation**

Highway, public light rail and bus system, air

**Distance from Key Locations**

The commute to the Houston Central Business District is about thirty minutes. The following illustrates the 10 minute drive time from the subject.

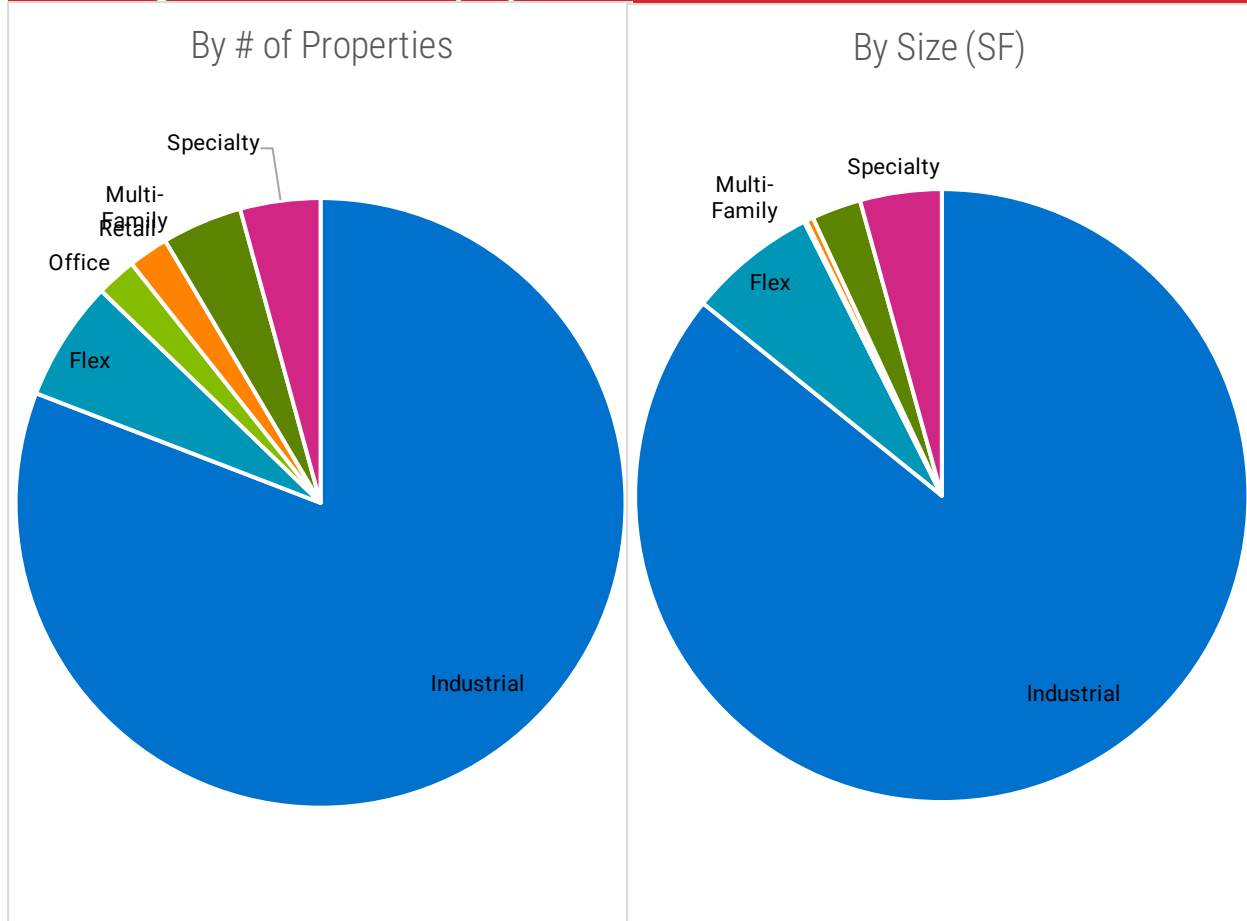




Drive Time Map

### Land Use

The following was developed from Costar data for the major property types in the surrounding 1.0 mile radius around the subject.

**Surrounding Area Commercial Property Characteristics**

Source: Costar; Compiled by NKF

Within the immediate area of the subject, property uses include the following:

- ❑ Industrial
- ❑ Retail
- ❑ Residential

### Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	77375	Tomball City	Harris County	Houston-The Woodlands-Sugar Land, TX MSA	Texas
<b>Population</b>								
2010 Total Population	1,416	34,761	96,099	38,585	10,981	4,092,459	5,920,416	25,145,561
2020 Total Population	3,716	50,281	146,116	61,433	12,098	4,778,365	7,233,951	29,806,340
2025 Total Population	4,522	56,162	163,581	68,179	12,790	5,142,713	7,931,830	32,172,745
Projected Annual Growth %	4.0%	2.2%	2.3%	2.1%	1.1%	1.5%	1.9%	1.5%
<b>Households</b>								
2010 Total Households	471	11,834	32,177	13,194	4,455	1,435,155	2,062,529	8,922,933
2020 Total Households	1,205	16,539	48,405	20,626	4,892	1,662,394	2,501,795	10,521,548
2025 Total Households	1,456	18,342	53,860	22,725	5,150	1,785,629	2,737,701	11,341,452
Projected Annual Growth %	3.9%	2.1%	2.2%	2.0%	1.0%	1.4%	1.8%	1.5%
<b>Income</b>								
2020 Median Household Income	\$104,756	\$85,700	\$98,321	\$83,482	\$53,588	\$60,189	\$66,160	\$60,820
2020 Average Household Income	\$123,511	\$113,414	\$124,279	\$108,880	\$89,538	\$90,836	\$96,739	\$87,674
2020 Per Capita Income	\$42,244	\$38,401	\$41,240	\$36,574	\$35,541	\$31,666	\$33,521	\$31,057
<b>Housing</b>								
2020 Owner Occupied Housing Units	79.7%	71.4%	77.1%	73.1%	44.3%	49.2%	55.8%	56.0%
2020 Renter Occupied Housing Units	15.1%	24.3%	19.6%	22.6%	49.3%	42.0%	35.8%	34.6%
2020 Median Home Value	\$325,688	\$279,066	\$280,114	\$256,485	\$307,921	\$197,561	\$216,888	\$193,109
Median Year Structure Built	2010	2004	2005	2004	1989	1985	1989	1987
<b>Miscellaneous Data Items</b>								
2020 Bachelor's Degree	27.3%	26.6%	30.3%	25.5%	22.7%	20.6%	21.5%	19.9%
2020 Grad/Professional Degree	9.3%	11.9%	13.8%	11.8%	11.0%	12.2%	12.7%	11.0%
2020 College Graduate %	36.6%	38.5%	44.0%	37.3%	33.7%	32.7%	34.2%	30.9%
2020 Average Household Size	3.08	3.01	3.01	2.95	2.38	2.85	2.86	2.78
2020 Median Age	42.6	35.3	35.2	34.8	41.8	33.7	34.7	35.1

Source: ESRI; Compiled by NKF

## Conclusion

- ❑ The surrounding area is considered to be in the growth stage of its real estate cycle. Given the history of the area and growth trends, it is anticipated that property values will increase in the future.



## Retail Market Analysis – Highest and Best Use

### Classification

The subject is in the Far Tomball submarket of the Houston Retail market.

### Demographic Analysis

#### Population and Household Formation

Demographic Growth Rate Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	77375	Tomball City	Harris County	Houston-The Woodlands-Sugar Land, TX MSA	Texas
<b>Population</b>								
2010 Total Population	1,416	34,761	96,099	38,585	10,981	4,092,459	5,920,416	25,145,561
2020 Total Population	3,716	50,281	146,116	61,433	12,098	4,778,365	7,233,951	29,806,340
2025 Total Population	4,522	56,162	163,581	68,179	12,790	5,142,713	7,931,830	32,172,745
Annual Growth - Past Period	10.1%	3.8%	4.3%	4.8%	1.0%	1.6%	2.0%	1.7%
Annual Growth - Future Period	4.0%	2.2%	2.3%	2.1%	1.1%	1.5%	1.9%	1.5%
<b>Households</b>								
2010 Total Households	471	11,834	32,177	13,194	4,455	1,435,155	2,062,529	8,922,933
2020 Total Households	1,205	16,539	48,405	20,626	4,892	1,662,394	2,501,795	10,521,548
2025 Total Households	1,456	18,342	53,860	22,725	5,150	1,785,629	2,737,701	11,341,452
Annual Growth - Past Period	9.8%	3.4%	4.2%	4.6%	0.9%	1.5%	1.9%	1.7%
Annual Growth - Future Period	3.9%	2.1%	2.2%	2.0%	1.0%	1.4%	1.8%	1.5%

Source: ESRI; Compiled by NKF

#### Income Distributions

Household Income Analysis										
	1-Mile Radius	3-Miles Radius	5-Miles Radius	77375	Tomball City	Harris County	Houston-The Woodlands-Sugar Land, TX MSA	Texas		
<b>2020</b>										
Household Income <\$15,000	49 4.1%	915 5.5%	2,096 4.3%	1,135 5.5%	578 11.8%	171,185 10.3%	231,725 9.3%	1,110,040 10.6%		
Household Income \$15,000-\$24,999	49 4.1%	852 5.2%	1,714 3.5%	953 4.6%	503 10.3%	152,473 9.2%	206,291 8.2%	923,867 8.8%		
Household Income \$25,000-\$34,999	58 4.8%	1,040 6.3%	2,339 4.8%	1,308 6.3%	540 11.0%	156,088 9.4%	212,821 8.5%	937,804 8.9%		
Household Income \$35,000-\$49,999	103 8.5%	1,626 9.8%	4,025 8.3%	2,038 9.9%	676 13.8%	208,096 12.5%	291,326 11.6%	1,313,458 12.5%		
Household Income \$50,000-\$74,999	158 13.1%	2,775 16.8%	7,411 15.3%	3,743 18.1%	759 15.5%	286,307 17.2%	426,400 17.0%	1,850,902 17.6%		
Household Income \$75,000-\$99,999	135 11.2%	2,139 12.9%	6,980 14.4%	2,801 13.6%	395 8.1%	197,363 11.9%	305,487 12.2%	1,297,612 12.3%		
Household Income \$100,000-\$149,999	332 27.5%	3,398 20.5%	10,751 22.2%	4,369 21.2%	629 12.9%	238,173 14.3%	389,864 15.6%	1,591,290 15.1%		
Household Income \$150,000-\$199,999	170 14.1%	1,627 9.8%	5,763 11.9%	1,943 9.4%	313 6.4%	107,995 6.5%	193,828 7.7%	708,032 6.7%		
Household Income \$200,000+	152 12.6%	2,166 13.1%	7,325 15.1%	2,336 11.3%	499 10.2%	144,710 8.7%	244,049 9.8%	788,437 7.5%		
Median Household Income	\$104,756	\$85,700	\$98,321	\$83,482	\$53,588	\$60,189	\$66,160	\$60,820		
Average Household Income	\$123,511	\$113,414	\$124,279	\$108,880	\$89,538	\$90,836	\$96,739	\$87,674		
Per Capita Income	\$42,244	\$38,401	\$41,240	\$36,574	\$35,541	\$31,666	\$33,521	\$31,057		

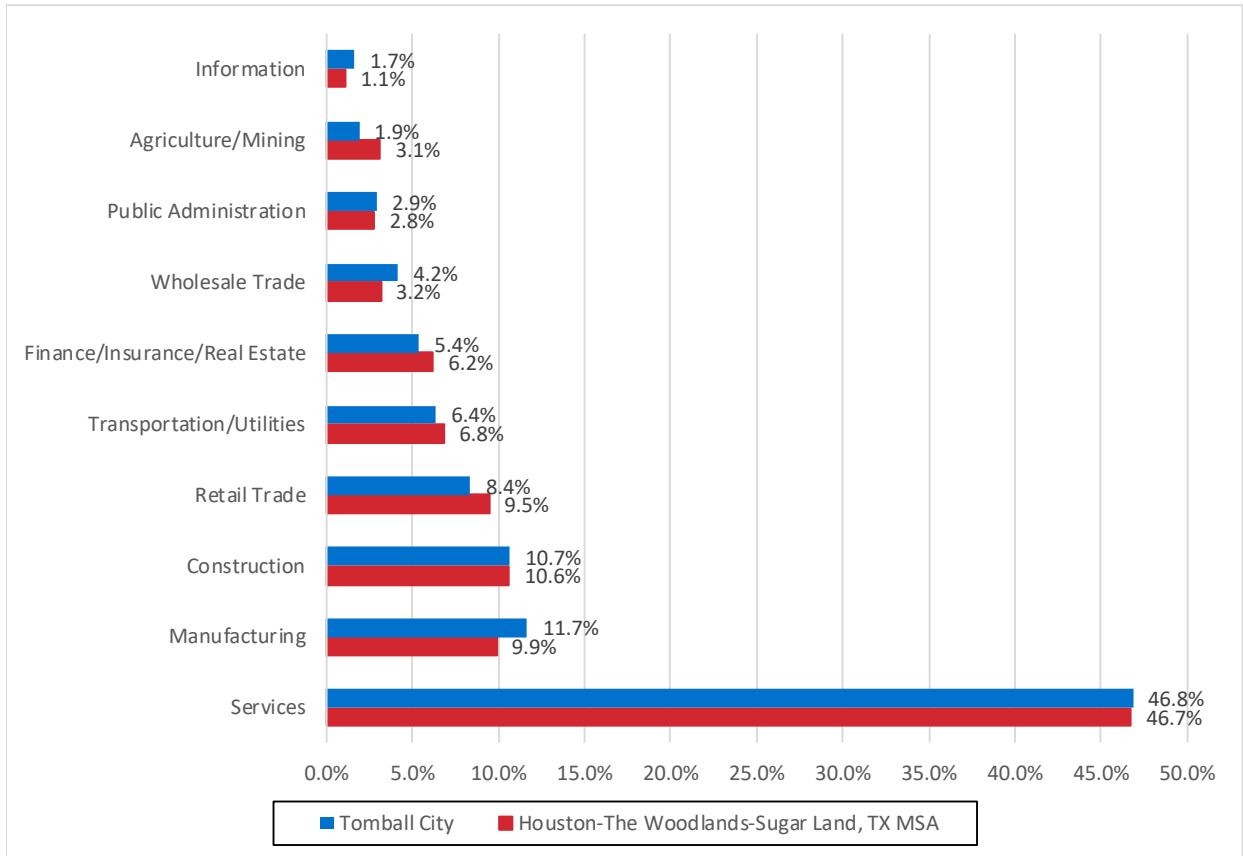
Source: ESRI; Compiled by NKF

#### Employment

The following graph was presented previously but is also given below given its relevance to Retail demand. Comparing the industry sectors for the local market area (Tomball City) to Houston-The Woodlands-Sugar Land, TX MSA indicates the local market area is somewhat more heavily weighted toward the Manufacturing, Wholesale Trade, Information, Public Administration, Services, and Construction sectors. The following graphic further illustrates this comparison.



### Employment Comparison

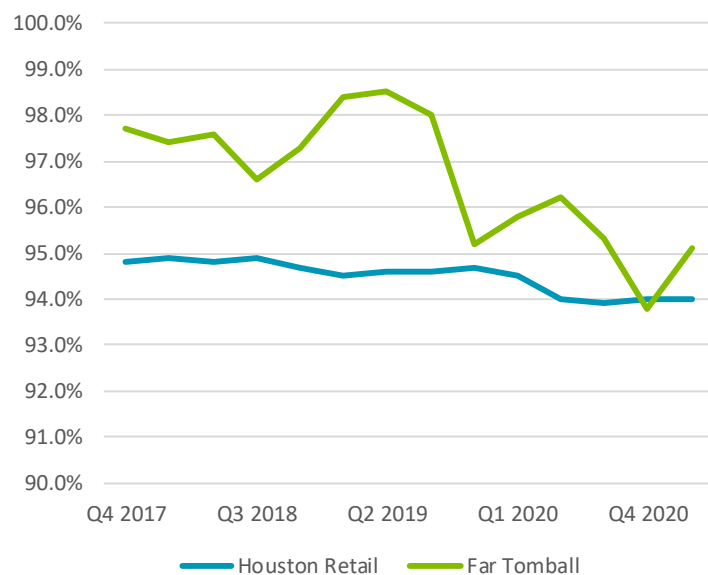


Source: ESRI; Compiled by NKF

### Retail Market Overview

The following discussion outlines overall market performance in the surrounding Retail market using Costar market metric data. Presented first are market statistics of the Houston Retail area and the subject Far Tomball submarket overall.

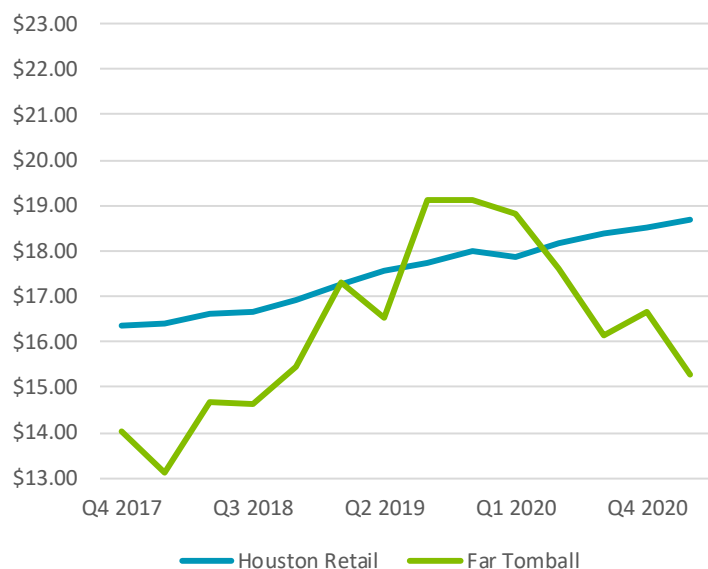
### Occupancy Rate



Source: Costar; Compiled by NKF Valuation & Advisory

Period	Houston Retail	Far Tomball
Q4 2017	94.8%	97.7%
Q1 2018	94.9%	97.4%
Q2 2018	94.8%	97.6%
Q3 2018	94.9%	96.6%
Q4 2018	94.7%	97.3%
Q1 2019	94.5%	98.4%
Q2 2019	94.6%	98.5%
Q3 2019	94.6%	98.0%
Q4 2019	94.7%	95.2%
Q1 2020	94.5%	95.8%
Q2 2020	94.0%	96.2%
Q3 2020	93.9%	95.3%
Q4 2020	94.0%	93.8%
Q1 2021	94.0%	95.1%

### Asking Rent Per SF



Source: Costar; Compiled by NKF Valuation & Advisory

Period	Houston Retail	Far Tomball
Q4 2017	\$16.34	\$14.03
Q1 2018	\$16.42	\$13.14
Q2 2018	\$16.63	\$14.67
Q3 2018	\$16.65	\$14.62
Q4 2018	\$16.90	\$15.45
Q1 2019	\$17.26	\$17.32
Q2 2019	\$17.58	\$16.53
Q3 2019	\$17.72	\$19.11
Q4 2019	\$17.99	\$19.11
Q1 2020	\$17.89	\$18.80
Q2 2020	\$18.18	\$17.62
Q3 2020	\$18.37	\$16.16
Q4 2020	\$18.51	\$16.65
Q1 2021	\$18.70	\$15.29



**Retail Market Statistics****Trailing Four Quarters Ended Q1 2021**

Market / Submarket	Inventory (SF)	Completions (SF)	Vacancy (%)	Net Absorption (SF)	NNN Rent Overall / SF
Houston Retail	409,869,643	6,021,956	6.00%	4,017,471	\$18.70
Far Tomball	1,544,136	0	4.90%	-21,772	\$15.29

Source: Costar; Compiled by NKF Valuation & Advisory

- ❑ The average vacancy rate for the subject submarket is lower than that of the overall market area.
- ❑ The average rental rate for the submarket is lower than the overall Houston Retail market. The subject Far Tomball submarket is considered a similar tier submarket as compared to the other submarkets in the overall Houston Retail area.
- ❑ Approximately 0.0% of the submarket inventory, and 1.5% of the market inventory, represents newer construction.
- ❑ Absorption for the last 12 months was positive for the overall market area and flat at the submarket level.

**Market and Submarket Trends****Retail Market Trends**

	Houston Retail				Far Tomball			
	Inventory (SF)	Completions (SF)	Vacancy %	NNN Rent Overall / SF	Inventory (SF)	Completions (SF)	Vacancy %	NNN Rent Overall / SF
Q1 2019	396,769,520	1,631,357	5.5%	\$17.26	1,553,597	0	1.6%	\$17.32
Q2 2019	398,214,398	1,404,878	5.4%	\$17.58	1,553,597	0	1.5%	\$16.53
Q3 2019	399,958,639	1,731,057	5.4%	\$17.72	1,553,597	0	2.0%	\$19.11
Q4 2019	401,282,799	1,300,484	5.3%	\$17.99	1,555,128	1,531	4.8%	\$19.11
Q1 2020	403,794,929	2,473,630	5.5%	\$17.89	1,555,128	0	4.2%	\$18.80
Q2 2020	405,852,698	2,046,591	6.0%	\$18.18	1,555,128	0	3.8%	\$17.62
Q3 2020	407,596,728	1,731,339	6.1%	\$18.37	1,555,128	0	4.7%	\$16.16
Q4 2020	408,806,831	1,210,103	6.0%	\$18.51	1,555,128	0	6.2%	\$16.65
Q1 2021	409,869,643	1,033,923	6.0%	\$18.70	1,544,136	0	4.9%	\$15.29

\* Forecast

Source: Costar; Compiled by NKF Valuation & Advisory

- ❑ The overall market area and submarket have been declining with respect to occupancy over the past year.
- ❑ Over the past several years, effective rental rates have been following a stable trend but have declined within the submarket in the past 12 months.



## Long Term Far Tomball Submarket Metrics

The following provides a longer term view of the submarket.

Far Tomball Submarket Metrics						
Period	Inventory (SF)	Vacancy %	Net Absorption (SF)	Completions (SF)	Nnn Rent Overall	All Service Type Rent Overall
Q3 2018	1,530,258	3.4%	-15,447	0	\$14.62	\$15.89
Q4 2018	1,553,597	2.7%	33,270	23,339	\$15.45	\$16.03
Q1 2019	1,553,597	1.6%	16,414	0	\$17.32	\$17.07
Q2 2019	1,553,597	1.5%	2,400	0	\$16.53	\$15.27
Q3 2019	1,553,597	2.0%	-8,561	0	\$19.11	\$16.49
Q4 2019	1,555,128	4.8%	-42,173	1,531	\$19.11	\$16.62
Q1 2020	1,555,128	4.2%	9,761	0	\$18.80	\$16.57
Q2 2020	1,555,128	3.8%	6,702	0	\$17.62	\$15.45
Q3 2020	1,555,128	4.7%	-14,855	0	\$16.16	\$14.99
Q4 2020	1,555,128	6.2%	-22,604	0	\$16.65	\$15.56
Q1 2021	1,544,136	4.9%	8,985	0	\$15.29	\$14.57
Y 2006	1,517,859	2.1%	1,347	9,142	\$14.86	\$13.77
Y 2007	1,527,369	3.4%	-10,847	9,510	\$15.00	\$12.92
Y 2008	1,534,274	2.9%	14,405	6,905	\$12.51	\$12.33
Y 2009	1,544,274	5.6%	-31,985	10,000	\$11.66	\$11.51
Y 2010	1,544,274	5.8%	-2,766	0	\$11.60	\$11.53
Y 2011	1,548,621	4.3%	26,877	4,347	\$10.98	\$11.11
Y 2012	1,548,621	8.4%	-62,180	0	\$12.57	\$12.47
Y 2013	1,522,146	6.5%	4,656	15,500	\$14.61	\$14.90
Y 2014	1,522,146	4.5%	29,866	0	\$13.66	\$14.12
Y 2015	1,532,146	4.0%	16,888	10,000	\$12.39	\$13.20
Y 2016	1,530,258	4.2%	-4,431	609	\$13.26	\$13.17
Y 2017	1,530,258	2.3%	29,635	0	\$14.03	\$14.52
Y 2018	1,553,597	2.7%	16,109	23,339	\$15.45	\$16.03
Y 2019	1,555,128	4.8%	-31,920	1,531	\$19.11	\$16.62
Y 2020	1,555,128	6.2%	-20,996	0	\$16.65	\$15.56
5 Year Average	1,544,874	4.0%	-2,321	5,096	\$15.70	\$15.18
10 Year Average	1,539,805	4.9%	158	5,030	\$14.03	\$13.93
15 Year Average	1,537,740	4.5%	-1,689	6,059	\$13.89	\$13.58

Source: Costar; Compiled by NKF Valuation & Advisory

## Supply & Demand

### Demand Generators

- ❑ The subject Far Tomball submarket is within one of the stable segments of the Houston Retail area.



✖ This area is seeing steady increases in retail development and growth.

### Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio
Houston Retail	7,461,663	4,344,239	1.7	19,380,233	14,963,463	1.3	34,806,165	29,241,304	1.2
Far Tomball	0	-20,996	0.0	24,870	-36,807	-0.7	25,479	-11,603	-2.2

Source: Costar; Compiled by NKF Valuation & Advisory

✖ Absorption in the Far Tomball submarket is outpacing construction.



## Trends and Projections

### Subject and Market Historical and Forecast Trends

#### Market Vacancy Rate Indicators

	Current	Most Recent Full Year	Trailing 3- Year	Trailing 5- Year	Trailing 10- Year
<b>Costar</b>					
Houston Retail	6.00%	6.00%	5.30%	4.70%	6.50%
Far Tomball	4.90%	6.20%	2.70%	4.20%	4.30%

Source: Costar, NKF Valuation & Advisory

### Market Conclusion

#### Positive Attributes

- ❖ The area retail market and the subject submarket are approaching stabilized levels.

#### Negative Attributes

- ❖ Lasting effects of COVID-19.

### Conclusion

#### Occupancy Conclusions

<b>Costar</b>	
Houston Retail	94.00%
Far Tomball	95.10%

Source: Costar, NKF Valuation & Advisory



## Site Plan

Vacant Land - 0.5211 & 0.7040 AC Tract



## National Flood Hazard Layer FIRMette



## Flood Map

Vacant Land - 0.5211 &amp; 0.7040 AC Tract



### Land Parcels

Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
Northern Tract	1229830000003	22,700	0.5211
Southern Tract	1229830000003	30,665	0.7040
Total Gross Land Area		53,365	1.2251
Northern Tract		22,700	0.5211
Southern Tract		30,665	0.7040

*Compiled by NKf*

### Land Description

Total Land Area	1.2251 Acres; 53,365 SF
Northern Tract	0.5211 Acres; 22,700 SF
Southern Tract	0.7040 Acres; 30,665 SF
Source of Land Area	Survey

### Site Characteristics

Primary Street Frontage	Hufsmith - Kohrville Rd
Traffic Control at Entry	None
Traffic Flow	Moderate
Accessibility Rating	Average
Visibility Rating	Average
Shape	Irregular
Corner	Yes
Rail Access	No
Topography	Generally Level
Site Vegetation	Grass and Shrubs
Other Site Characteristics	None Noted
Easements / Encroachments	Northern Tract - Exxon Pipeline Easement
Environmental Hazards	None Noted

### Flood Zone Analysis

Flood Area Panel Number	48201C0230L
Date	6/18/2007
Zone	Zone X
Description	Area of minimal flood hazard, usually depicted on Flood Insurance
Insurance Required?	No

### Utilities

Utility Services	Water, Sewer, Electricity
Utility Service Providers	
Water	City of Tomball
Sewer	City of Tomball
Electricity	Various Providers
Natural Gas	Various Providers

*Compiled by NKf*



## Easements, Encroachments and Restrictions

We were not provided a current title report to review. Further, there are identified exceptions to title, which may have an adverse effect on value.

The northern tract of land is bisected by an Exxon Pipeline Easement. We requested but were not provided with the pipeline easement document and it is an Extraordinary Assumption that the owner may pave over but not construct vertical improvements on top of the easement. After including the City of Tomball's zoning & setback requirements of a 35-foot minimum setback while facing a designated arterial street and a 10-foot setback for side and rear yards. The subject's useable building area is significantly reduced.

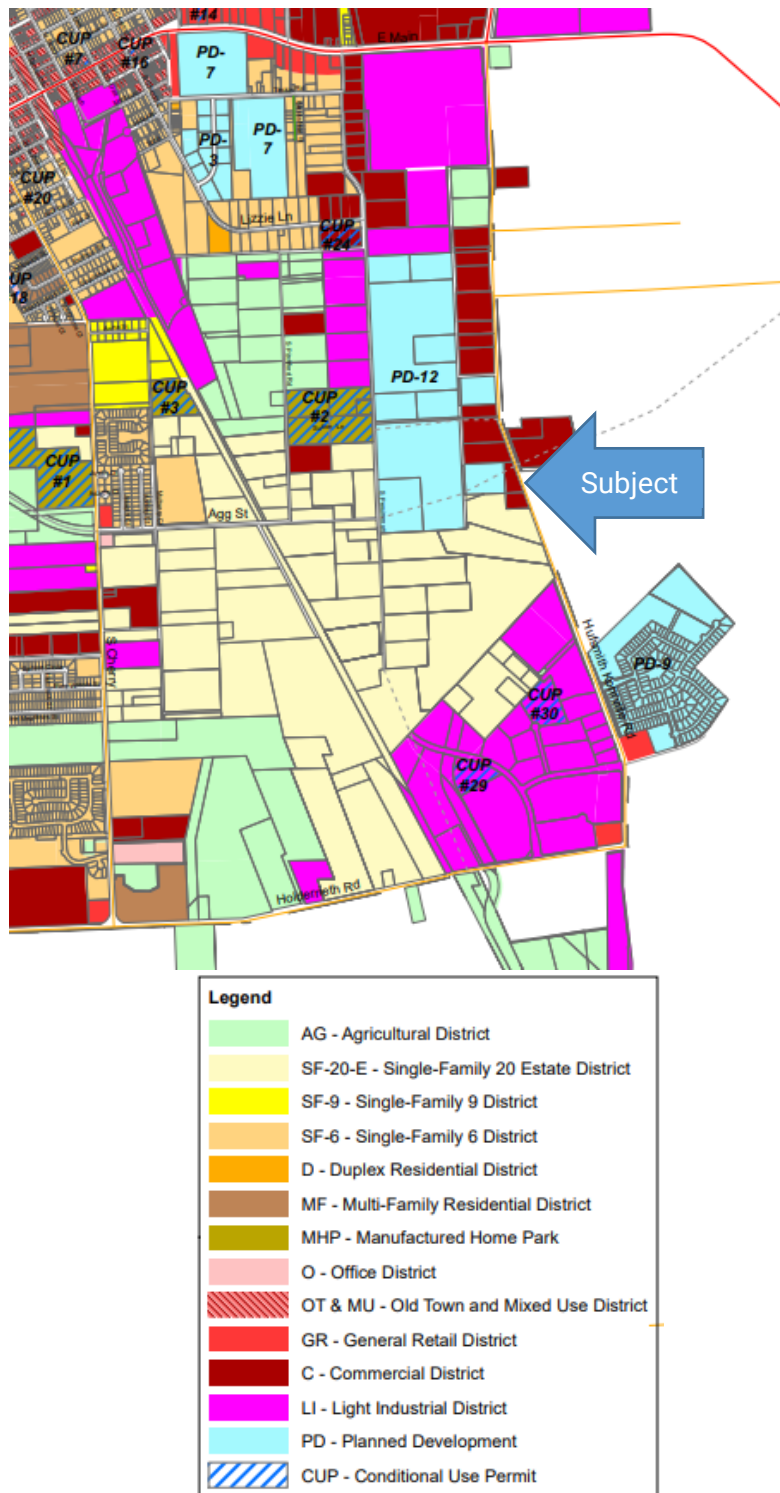
## Environmental Issues

No environmental issues were observed or reported. NKF is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

## Conclusion

- ❖ The southern tract has average functionality. The northern tract is bisected by an Exxon Pipeline Easement.
- ❖ Both the northern and southern tracts have average accessibility
- ❖ Both tracts have average frontage along Hufsmith-Kohrville Rd.

# Zoning and Legal Restrictions



Zoning Map

**Zoning Summary**

Category	Description
Zoning Jurisdiction	City of Tomball
Zoning Designation	C; Commercial District
Description	Commercial and service-related establishments, such as wholesale product sales, welding/contractors shops, automotive repair services, upholstery shops, and other similar commercial uses. Some light manufacturing may also be allowed with certain conditions
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Office, Retail, Specialty and Light Manufacturing
Other	None noted

*Compiled by NKF*

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required.

**Conclusion**

The subject is zoned for general commercial development including retail, office, and light warehouse type uses. The uses envisioned for the C Commercial District will typically utilize smaller sites and have operation characteristics which are generally not compatible with residential uses and some nonresidential uses. Convenient access to thoroughfares and collector streets is also a primary consideration.



# Real Estate Taxes

Taxes and Assessments								
Tax Year 2021	Assessor's Market Value				Tax Rates	Taxes and Assessments		
Tax ID	Land	Improvements	Total	Assessment Ratio	Land	Ad Valorem Taxes	Direct Assessments	Total
1229830000003	\$0	\$0	\$0	100.0%	2.4369%	\$0	\$0	\$0
	\$0	\$0	\$0	0.0%	2.4369%	\$0	\$0	\$0

Compiled by NKF

Within the state of Texas, only real estate and FF&E are being assessed. The above assessment is based on the subject being owned by the City of Tomball and under the "XV" State Class Code, Government Exempt".

The local assessor's methodology for valuation is cost, sales, income. The property is assessed on a fee simple basis. Within the state of Texas properties are supposed to be assessed at 100% of market value, real estate and FF&E only. In addition, Texas recognizes equal and uniform, whereby tax comparables can be used to support the assessed values. The lower of the two takes precedence. The sale of the subject has some impact on its assessment. Texas is a non-disclosure state but sale prices are becoming easier to confirm. Nevertheless, buyers will typically rely on tax comparables as outlined below.

Properties within the state of Texas are assessed as of January 1 and taxes are due January 31 of the following year and after that penalties are due. Although assessed values are effective as of January 1 of each year, they are generally not made available to property owners until the end of the 1st quarter.

Tax Comparables						
Tax Year 2021	1	2	3	4	5	Subject (Actual)
Property Name	LT 11 BLK 1- 21303 Waldenburg PL	LT 2 BLK 1 - Lot 354 - 0 Hufsmith- Hufsmith Kohrville Rd	TR 477C - Hufsmith- Kohrville Rd	TR 477D - Hufsmith- Kohrville Rd	Vacant Land - 0.5211 & 0.7040 AC Tract	
City, County, State	Tomball, Harris, TX	Tomball, Harris, TX	Tomball, Harris, TX	Tomball, Harris, TX	Tomball, Harris, TX	Tomball, Harris, TX
Gross Land Area SF	13,679	302,067	217,800	46,261	46,957	0
Total Assessed Value	\$61,343	\$834,251	\$980,100	\$138,783	\$64,832	\$0
Assessed Value/SF of Gross Land Area	\$4.48	\$2.76	\$4.50	\$3.00	\$1.38	

Compiled by NKF



## Subject Tax Conclusion

Ad Valorem Tax Analysis					
	Comparable Data		Subject History	Conclusion	
	Range	Average	2021	Northern Tract	Southern Tract
Total Assessed Value			\$0	\$35,000	\$100,000
Total Assessed Value/SF of Gross Land Area	\$1.38 - \$4.50	\$3.23	\$0.00	\$1.54	\$3.26
Direct Assessments			\$0	\$0.00	\$0.00
Tax Rate			2.43686%	2.4369%	2.4369%
Actual / Pro Forma Taxes			\$0	\$853	\$2,437
Reported Tax Delinquencies			None	None	None
Tax Exemptions or Abatements			None	None	None

*Compiled by NKF*

Our projection of taxes is based on the comparable data. We have selected a value near the average for the southern tract and a value towards the bottom of the range for the northern tract.



# Highest and Best Use

## As Vacant

### Legally Permissible

The site is zoned C; Commercial District which allows for office, retail, specialty and light manufacturing. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

### Physically Possible

The subject site contains two sites, the northern site with 22,700 square feet (0.5211 acres) and the southern tract with 33,665, square feet (0.7040 acres) both sites have favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. For the southern tract no significant physical limitations were noted. The northern tract is bisected by an Exxon Pipeline Easement, which hinders the use of the site. The size of the site is typical for the categories of uses allowed under zoning. In total, the southern site is physically capable of supporting the legally permissible uses and the northern site is not physically capable of supporting the legally permissible uses.

### Financially Feasible

Of the legally permissible and physically possible uses, a light manufacturing and small commercial uses appear most probable based on observation of surrounding properties as well as the location. Given the underlying market conditions and activity, it appears that a commercial development would have a sufficient degree of feasibility.

### Maximally Productive

The test of maximum productivity is to determine the actual use of the property that results in the highest land value and/or the highest return to the land. It is important to consider the risk of potential uses as a use that may generate the highest returns in cash could also be the riskiest and thus not as likely for a developer to consider. In this case, the maximally productive use is a commercial development. The associated risk is typical and market conditions appear to be supportive.

### Highest and Best Use Conclusion – As Vacant (Southern Tract)

The highest and best use of the southern tract as though vacant is the eventual development of the site for a commercial use.



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**Highest and Best Use Conclusion – As Vacant (Northern Tract)**

The highest and best use of the northern tract is not supported due to not being physically possible because of the size of the useable area after taking into account the easement and setback requirements.

**Most Probable Buyer**

The most likely buyer would be an owner-user.



# Appraisal Methodology

## Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

## Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

## Income Capitalization Approach

The income capitalization approach reflects the subject’s income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value	
Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is not applicable and is not utilized in this appraisal.

*Compiled by NKF*

The subject property is a tract of vacant land. In the absence of ground leases, subdivision, or other income sources, the sales comparison approach is viewed as most applicable in the valuation of land parcels. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal. The exclusion of the other two approaches does not impact the reliability of the appraisal.

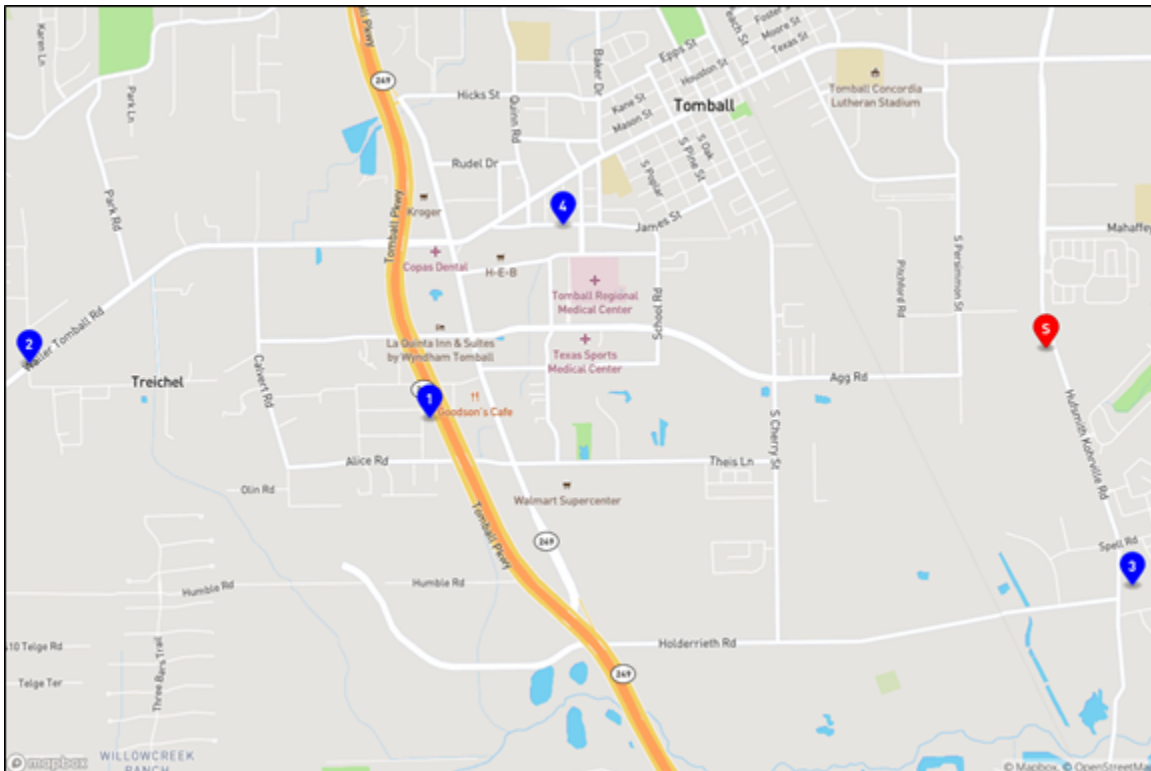


# Sales Comparison Approach – Northern Tract

Land value can be developed from a number of different methodologies. In this case, we have employed the sales comparison as sufficient comparable data exists from which to derive a reliable indication of value. Sales comparison includes the following steps.

- ❑ Research and verify information on properties in the market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- ❑ Select the most relevant units of comparison in the market and develop a comparative analysis.
- ❑ Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- ❑ Reconcile the various value indications to a value indication.

Based on a review of market activity, the appropriate unit of comparison is price per gross land sf.



Land Comparables Map

Comparable Land Sales Summary					
	Northern Tract	Sale 1	Sale 2	Sale 3	Sale 4
Address	Hufsmith Kohrville	27918 Briar Meadow Road	SWC of Triechel Road &	21014 Hufsmith Kohrville	Alma Street
City, State	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX
Gross Land SF	22,700 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Useable Acres	0.52 Acres	1.54 Acres	3.63 Acres	5.00 Acres	1.06 Acres
Useable Land SF	22,700 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Shape/Topography	Irregular/Generally	Irregular/Level	Irregular/Level	Irregular/Rough Graded	Irregular/Level
Utilities Available	Water, Sewer,	Water, Sewer, Gas,	Water, Sewer, Gas,	Water, Sewer, Electricity	Water, Sewer, Gas,
Transaction Type		Closed	Closed	Closed	Listing
Buyer		BAYNE ROY	Belfort Holdings LLC	COUNTY OF HARRIS	Current Listing
Seller		OSBORNE CHRISTINA E	Majed Inc.	SPELL MARIE S ESTATE OF	JORDAN MARIA
Interest Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Date		Aug-20	May-18	Feb-19	Apr-21
Price		\$368,714	\$895,000	\$999,999	\$400,000
Adj. Sale Price		\$368,714	\$895,000	\$999,999	\$400,000
Price per Gross Land Acre		\$239,426	\$246,865	\$200,000	\$377,355
Price Per Gross Land SF		\$5.50	\$5.67	\$4.59	\$8.66
Price per Usable Land Acre		\$239,426	\$246,865	\$200,000	\$377,355
Price Per Usable Land SF		\$5.50	\$5.67	\$4.59	\$8.66

Compiled by NKF

## Analysis of Land Comparables

The following paragraphs analyze the most relevant comparable data against the subject property.

### Comparable One

Sale Comparable One represents the August 2020 sale of 1.540 acres of land located at 27918 Briar Meadow Road, Tomball, Texas.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

A downward adjustment was applied for location due to this comparables location near a major artery. An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net downward adjustment is indicated resulting in a price per gross land SF indication of \$5.33.

### Comparable Two

Sale Comparable Two represents the May 2018 sale of 3.625 acres of land located at SWC of Triechel Road & FM 2920, Tomball, Texas. The property is located at the southwest corner of Triechel Rd and FM 2920 in Tomball, TX. All utilities were available to the site at the time of our research. The buyer intends to develop a gas station on the site.



An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per gross land SF indication of \$6.61.

### Comparable Three

Sale Comparable Three represents the February 2019 sale of 5.000 acres of land located at 21014 Hufsmith Kohrville Road, Tomball, Texas.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per gross land SF indication of \$5.54.

### Comparable Four

Sale Comparable Four represents the April 2021 listing of 1.060 acres of land located at Alma Street, Tomball, Texas.

A downward adjustment was applied for conditions of sale due to this comparable being a listing. Listings are usually negotiated downward during the sales process.

A downward adjustment was applied for location due to its proximity to the City of Tomball. An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net downward adjustment is indicated resulting in a price per gross land SF indication of \$7.79.

### Summary of Adjustments / Adjustment Grid

Based on our comparative analysis, the following table summarizes the adjustments warranted to each land sale.

Comparable Land Sales Adjustment Grid					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Address	Hufsmith Kohrville	27918 Briar Meadow Road	SWC of Triechel Road &	21014 Hufsmith Kohrville	Alma Street
City, State	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX
Gross Land SF	22,700 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Usable Land Area (Acres)	0.52 Acres	1.54 Acres	3.63 Acres	5.00 Acres	1.06 Acres
Usable Land Area (SF)	22,700 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Transaction Type	--	Closed	Closed	Closed	Listing
Transaction Date	--	Aug-20	May-18	Feb-19	Apr-21
Price Per Gross Land SF		\$5.50	\$5.67	\$4.59	\$8.66
Transaction Adjustments					
Property Rights		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	-10%
Market Conditions (Time)		2%	6%	5%	0%
Subtotal (adjustments are multiplied)		2.0%	6.0%	5.0%	-10.0%
Transaction Adjusted Price Per Gross Land SF		\$5.61	\$6.01	\$4.82	\$7.79
Physical Adjustments					
Location		-10%	0%	0%	-5%
Size		5%	10%	15%	5%
Utilities		0%	0%	0%	0%
Subtotal (adjustments are summed)		-5%	10%	15%	0%
Gross Adjustment		17%	16%	20%	20%
Overall Adjustment		-3.1%	16.6%	20.75%	-10.0%
Indicated Price Per Gross Land SF		\$5.33	\$6.61	\$5.54	\$7.79

Compiled by NKF

## Northern Land Value Conclusion

- ❑ Prior to adjustments, the sales reflect a range of \$4.59 to \$8.66 per gross land sf.
- ❑ After adjustment, the range is narrowed to \$5.33 to \$7.79 per gross land sf, with an average of \$6.32 per gross land sf.
- ❑ Equal weight was placed on all comparables due to their overall low adjustments.
- ❑ We have selected a value of 10% of the total indicated value due to the easement and setback requirements making the site virtually unusable.

## Northern Land Value Conclusion

Gross Land SF		22,700
Comparable Sales Indications	Range	Average
Unadjusted Price Per Gross Land SF	\$4.59 - \$8.66	\$6.11
Adjusted Price Per Gross Land SF	\$5.33 - \$7.79	\$6.32
Reconciled Value Per Gross Land SF		\$6.30
Total Indicated Value		\$143,010
Pipeline Easement and Setback Requirements		10.00%
Total Indicated Value		\$14,301
	Rounded	\$15,000

Compiled by NKF



## Sales Comparison Approach – Southern Tract

Land value can be developed from six different methodologies – three of which are based on income. In this case, we have employed sales comparison as sufficient comparable data exists from which to derive a reliable indication of value. Sales comparison includes the following steps.

- ❖ Research and verify information on properties in the competitive market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- ❖ Select the most relevant units of comparison in the market and develop a comparative analysis for each unit.
- ❖ Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- ❖ Reconcile the various value indications to a value bracket and then a single value indication.

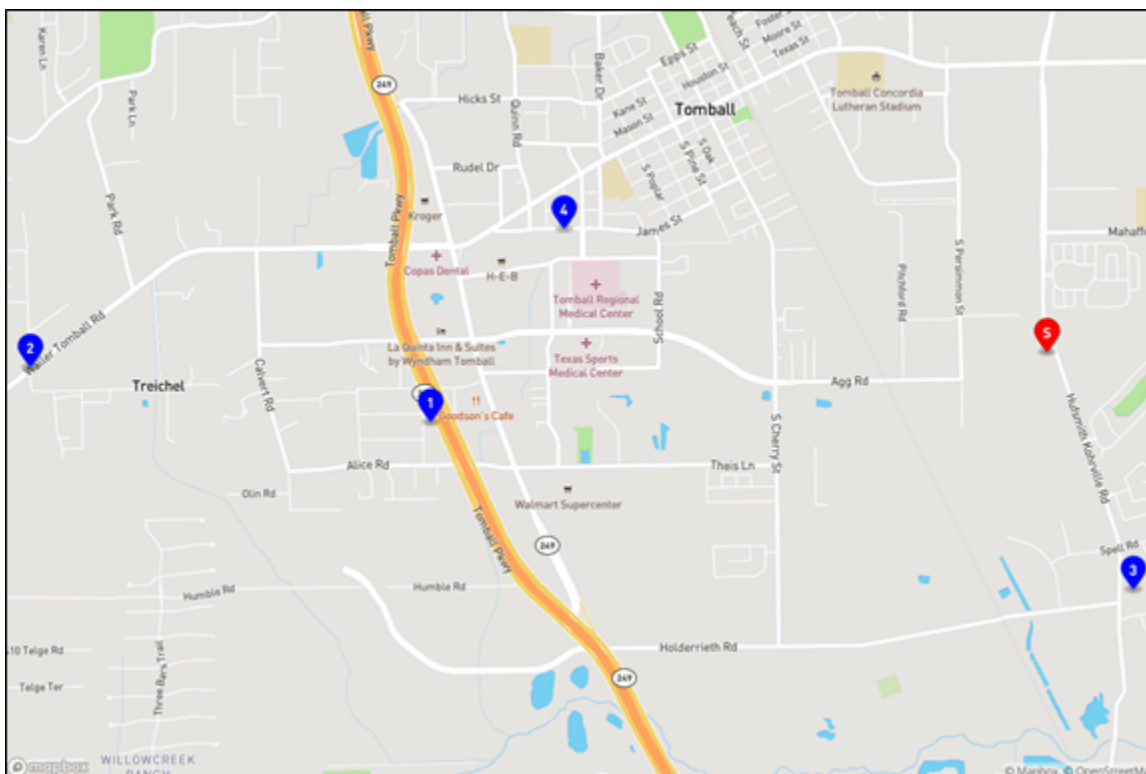
The southern tract includes 0.7040 acres of land and is valued using the same comparables and basic analysis as the northern site. The following summarizes the land parcels as they will be valued in this appraisal.

Land Parcels			
Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
Northern Tract	1229830000003	22,700	0.5211
Southern Tract	1229830000003	30,665	0.7040
Total Gross Land Area		53,365	1.2251
Northern Tract		22,700	0.5211
Southern Tract		30,665	0.7040

*Compiled by NKF*

Based on a review of market activity, the appropriate unit of comparison for the southern tract of land is price per gross land sf.





Land Comparables Map

## Comparable Land Sales Summary

	Southern Tract	Sale 1	Sale 2	Sale 3	Sale 4
Address	Hufsmith Kohrville	27918 Briar Meadow Road	SWC of Triechel Road &	21014 Hufsmith Kohrville	Alma Street
City, State	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX
Useable Land SF	30,665 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Useable Acres	0.70 Acres	1.54 Acres	3.63 Acres	5.00 Acres	1.06 Acres
Useable Land SF	30,665 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Shape/Topography	Irregular/Generally	Irregular/Level	Irregular/Level	Irregular/Rough Graded	Irregular/Level
Utilities Available	Water, Sewer,	Water, Sewer, Gas,	Water, Sewer, Gas,	Water, Sewer, Electricity	Water, Sewer, Gas,
Transaction Type		Closed	Closed	Closed	Listing
Buyer		BAYNE ROY	Bellfort Holdings LLC	COUNTY OF HARRIS	Current Listing
Seller		OSBORNE CHRISTINA E	Majed Inc.	SPELL MARIE S ESTATE OF	JORDAN MARIA
Interest Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Date		Aug-20	May-18	Feb-19	Apr-21
Price		\$368,714	\$895,000	\$999,999	\$400,000
Adj. Sale Price		\$368,714	\$895,000	\$999,999	\$400,000
Price per Gross Land Acre		\$239,426	\$246,865	\$200,000	\$377,355
Price Per Gross Land SF		\$5.50	\$5.67	\$4.59	\$8.66
Price per Usable Land Acre		\$239,426	\$246,865	\$200,000	\$377,355
Price Per Usable Land SF		\$5.50	\$5.67	\$4.59	\$8.66

Compiled by NKF

## Analysis of Land Comparables

The following paragraphs analyze the most relevant comparable data against the subject property.



### Comparable One

Sale Comparable One represents the August 2020 sale of 1.540 acres of land located at 27918 Briar Meadow Road, Tomball, Texas.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

A downward adjustment was applied for location due to this comparables location near a major artery. An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net downward adjustment is indicated resulting in a price per gross land SF indication of \$5.33.

### Comparable Two

Sale Comparable Two represents the May 2018 sale of 3.625 acres of land located at SWC of Triechel Road & FM 2920, Tomball, Texas. The property is located at the southwest corner of Triechel Rd and FM 2920 in Tomball, TX. All utilities were available to the site at the time of our research. The buyer intends to develop a gas station on the site.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per gross land SF indication of \$6.61.

### Comparable Three

Sale Comparable Three represents the February 2019 sale of 5.000 acres of land located at 21014 Hufsmith Kohrville Road, Tomball, Texas.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 2.0% is applicable.

An upward adjustment was applied for size due to this tract being larger than the subject. All things being equal, larger tracts tend to sell for more on a per square foot basis. This is due to the economies of scale. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per gross land SF indication of \$5.54.



## Comparable Four

Sale Comparable Four represents the April 2021 listing of 1.060 acres of land located at Alma Street, Tomball, Texas.

A downward adjustment was applied for conditions of sale due to this comparable being a listing. Listings are usually negotiated downward during the sales process.

A downward adjustment was applied for location due to its proximity to the City of Tomball. Combining transaction and physical adjustments, overall net downward adjustment is indicated resulting in a price per gross land SF indication of \$7.40.

## Summary of Adjustments / Adjustment Grid

Based on our comparative analysis, the following table summarizes the adjustments warranted to each land sale.

Comparable Land Sales Adjustment Grid					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Address	Hufsmith Kohrville	27918 Briar Meadow Road	SWC of Triechel Road &	21014 Hufsmith Kohrville	Alma Street
City, State	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX	Tomball, TX
Gross Land SF	30,665 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Usable Land Area (Acres)	0.70 Acres	1.54 Acres	3.63 Acres	5.00 Acres	1.06 Acres
Usable Land Area (SF)	30,665 SF	67,082 SF	157,925 SF	217,800 SF	46,174 SF
Transaction Type	--	Closed	Closed	Closed	Listing
Transaction Date	--	Aug-20	May-18	Feb-19	Apr-21
Price Per Gross Land SF		\$5.50	\$5.67	\$4.59	\$8.66
Transaction Adjustments					
Property Rights		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	-10%
Market Conditions (Time)		2%	6%	5%	0%
Subtotal (adjustments are multiplied)		2.0%	6.0%	5.0%	-10.0%
Transaction Adjusted Price Per Gross Land SF		\$5.61	\$6.01	\$4.82	\$7.79
Physical Adjustments					
Location/Access		-10%	0%	0%	-5%
Size		5%	10%	15%	0%
Utilities		0%	0%	0%	0%
Subtotal (adjustments are summed)		-5%	10%	15%	-5%
Gross Adjustment		17%	16%	20%	15%
Overall Adjustment		-3.1%	16.6%	20.75%	-14.5%
Indicated Price Per Gross Land SF		\$5.33	\$6.61	\$5.54	\$7.40

Compiled by NKF

## Excess Land Value Conclusion

- ❑ Prior to adjustments, the sales reflect a range of \$4.59 to \$8.66 per gross land sf.
- ❑ After adjustment, the range is narrowed to \$5.33 to \$7.40 per gross land sf, with an average of \$6.22 per gross land sf.
- ❑ Equal weight was placed on all comparables due to the low overall adjustments.



### Southern Land Value Conclusion

Useable Land SF		30,665
Comparable Sales Indications	Range	Average
Unadjusted Price Per Gross Land SF	\$4.59 - \$8.66	\$6.11
Adjusted Price Per Gross Land SF	\$5.33 - \$7.40	\$6.22
Reconciled Value Per Gross Land SF		\$6.25
Total Indicated Value		\$191,656
Pipeline Easement and Setback Requirements		\$0
Total Indicated Value		\$191,656
	Rounded	\$190,000

*Compiled by NKF*



# Reconciliation of Value

The values indicated by our analyses are as follows:

Land Value Conclusion - Multiple Sites	
Primary Land Area (Attributable to Improvements)	
Northern Tract	\$15,000
Southern Tract	\$190,000
Total Indicated Land Value - Northern Tract	\$15,000
Total Indicated Land Value - Southern Tract	\$190,000

*Compiled by NKF*

## Cost Approach

As previously discussed, the Cost Approach was not utilized for valuation of the subject property as it is land.

## Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. In the absence of ground leases, subdivision, or other income sources, the sales comparison approach is viewed as most applicable in the valuation of land parcels. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal.

## Income Capitalization Approach

As the subject property is a tract of land and is not leased (or has any other reasonable income source), the Income Capitalization Approach was not applicable and not utilized.

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" - Northern Tract	Fee Simple	6/2/2021	\$15,000
Market Value "As Is" - Southern Tract	Fee Simple	6/2/2021	\$190,000

*Compiled by NKF*



### Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. The northern tract of land is bisected by an Exxon Pipeline easement. We were not provided with the pipeline easement document. Our market value as is conclusion for the northern tract assumes that you may pave over but not build vertical improvements on the pipeline easement.

The use of this extraordinary assumption might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

*Compiled by NKf*

### Exposure Time

Exposure time is the estimated length of time the subject property 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. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Recent sales transaction data for similar properties, supply and demand characteristics for the local land market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value / values stated previously is 12 months.

### Marketing Time

Marketing time is 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. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 12 months.



# Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.
4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a



substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.

5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and



underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.

12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.



## **Addendum A**

### **Glossary of Terms**



The following definitions are derived from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (International Association of Assessing Officers [IAAO])
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.



- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.
- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) [The] estimated length of time that 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.
- ◆ **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. See also **hypothetical condition**.
- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service Lease:** See **gross lease**.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.
- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.

- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. See also **extraordinary assumption**.
- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.

- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1) The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 2) Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. <sup>2</sup>
- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Marketing Time:** 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. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.
- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also **gross lease;** **modified gross lease.**
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.

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<sup>2</sup> The actual definition of value used for this appraisal is contained within the body of the report. The definition of market value given above is general in viewpoint and is only provided for amplification.



- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also **excess land**.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.

- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Use Value:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. See also **value in use**.
- ◆ **Value In Use:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. See also **use value**.
- ◆ **Value Indication:** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.



## **Addendum B**

### **Engagement Letter**



May 24, 2021

Craig T. Meyers, PE, CFM  
Community Development Director  
CITY OF TOMBALL  
401 Market Street  
Tomball, TX 77375  
Phone: 281.290.1412  
Email: CMeyers@tomballtx.gov

Re: Appraisal of the property described as:  
0.5211 AC Tract and 0.7040 AC Tract - Final Calvary Baptist of Tomball Subdivision, Hufsmith  
Kohrville Road, Tomball, Harris County, 77375 ("**Property**")

Dear Mr. Meyers:

Newmark Knight Frank Valuation & Advisory, LLC ("**Firm**") agrees to provide City of Tomball ("**Client**") an appraisal of the above-referenced Property in accordance with, and subject to, the terms and conditions set forth below and in the attached Schedules (collectively, "**Agreement**").

APPRAISAL FEE: \$2,800.00 (inclusive of expenses).

ADDITIONAL HOURLY FEES: None

RETAINER: None

REPORT DELIVERABLES: The appraisal, draft and/or final, shall be delivered in electronic format (typically, pdf). One original hard copy of the final appraisal will be provided to Client upon request.

COMMENCEMENT AND DELIVERY DATE: Delivery is as follows:

Final appraisal report: two (2) weeks

The appraisal process will commence upon receipt by the Firm of (i) this Agreement, signed by Client, and (ii) information and materials identified in Schedule "B." The appraisal process will conclude upon delivery of the final appraisal report, unless terminated sooner by the Firm or Client or as provided herein.

REPORT TYPE: Appraisal Report

VALUATION PREMISE: Market Value

INTEREST IN THE PROPERTY APPRAISED:	Fee Simple Estate
DATE(S) OF VALUE:	Current as of: the Date of Inspection
INTENDED USER(S):	Intended users of the appraisal include only Client: City of Tomball (" <b>Intended Users</b> "), and no other party is permitted to use or rely on the appraisal. The identification of Intended User(s) of the appraisal is to determine the type and extent of research, analysis and reporting appropriate for the assignment. Designation of a party other than Client as an Intended User is not intended to confer upon such party any rights under this Agreement.
INTENDED USE:	The intended use of the appraisal is solely for internal business decisions (" <b>Intended Use</b> ") and no other use.
RELIANCE LANGUAGE:	None
GUIDELINES:	The analyses, opinions and conclusions are to be developed based on, and the appraisal will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as published by the Appraisal Foundation.
SCOPE OF WORK:	The appraiser will use and properly apply all applicable and appropriate approaches to value sufficient to produce credible assignment results. The scope of the analysis will be appropriate for the appraisal problem.
ASSUMPTIONS/ LIMITING CONDITIONS:	The appraisal will be subject to Firm's standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal report. In addition, the appraisal may be subject to, and the appraisal report may contain, Extraordinary Assumptions and Hypothetical Conditions.
ACCEPTANCE:	This shall constitute a binding agreement only if countersigned by the Client, or by an officer, director or other representative of Client who, by signing and accepting this Agreement, represents and warrants that he/she is authorized by Client to do so.
PAYMENT:	Client will be invoiced the appraisal fee (and any expenses) which will be earned in full upon initial delivery of the appraisal report (draft or final), with such appraisal fee (and expenses) payable within 30 days of invoicing.

Payment of the fee is not contingent upon any predetermined value or on an action or event resulting from the analysis, opinions, conclusions or use of the appraisal.

**CHANGES TO THE  
AGREEMENT:**

Any significant changes to the assignment as outlined in this Agreement, such as the identity of the Client, Intended User, or Intended Use, will require the preparation and execution of a new agreement.

**CANCELLATION OF  
ASSIGNMENT:**

Client may cancel this Agreement at any time prior to the Firm's delivery of the appraisal upon written notification to the Firm. Client shall pay Firm for all work completed on the assignment prior to Firm's receipt of such written cancellation notice, unless otherwise agreed upon by Firm and Client in writing. The Firm may withdraw without penalty or liability from the assignment(s) contemplated by the Agreement before completion or reporting if the Firm determines, in the Firm's sole discretion, that incomplete information was provided to the Firm prior to the engagement, that Client or other parties have not or cannot provide documentation or information necessary to the Firm's analysis or reporting, that conditions of the Property render the original scope of work inappropriate, that a conflict of interest has arisen, or that Client has not complied with its payment obligations under this Agreement. The Firm shall notify Client of such withdrawal in writing.

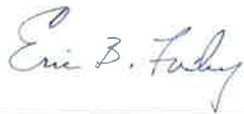
**NO THIRD-PARTY  
BENEFICIARIES:**

Nothing in the Agreement shall create a contractual relationship or any legal duty between Firm or Client and any third party, nor any cause of action, right, or claim in favor of any third party and against Firm or Client. In addition, this Agreement is not intended to, and shall not be construed to, render any person or entity a third-party beneficiary of this Agreement. Client acknowledges and agrees that the appraisal report shall reflect the foregoing. In addition, the appraisal report shall state that no party other than an Intended User identified in the Agreement is entitled to rely upon the appraisal.

This Agreement may be rescinded by the Firm unless signed and returned to the undersigned within 10 days from the date hereof.

If this Agreement correctly sets forth the Client's understanding of the services to be rendered, and if the terms are satisfactory, please execute and return the Agreement together with any required retainer.

Respectfully,



---

Eric B. Finley, MAI, SRA  
Senior Managing Director  
Certified General Appraiser  
License No. TX 1323329 G  
Eric.Finley@nrmk.com  
713.490.9954 Office Direct  
713.204.7190 Cell

Agreed:  
CITY OF TOMBALL

SIGNATURE:



PRINT NAME:

Craig T. Meyers

TITLE:

Community Development Director

DATE:

5/25/2021

Schedule "A"

## TERMS AND CONDITIONS

ATTACHED TO AND A PART OF THE AGREEMENT DATED MAY 24, 2021 TO PROVIDE APPRAISAL SERVICES FOR CITY OF TOMBALL

1. These Terms and Conditions are attached to and incorporated into the above referenced Agreement as though fully set forth in full therein. Capitalized terms if not defined herein shall have the same meaning as defined in the Agreement.
2. With respect to any appraisal report, use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by the Firm, constitutes acceptance of these Terms and Conditions as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the Agreement and appraisal report.
3. It is assumed that there are no matters affecting the Property that would require the expertise of other professionals, such as engineers or an environmental consultant, for Firm to provide the appraisal. If such additional expertise is required, it shall be provided by other parties retained by Client at Client's sole cost and expense.
4. Client acknowledges that the Firm is being retained as an independent contractor to provide the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Firm and Client, including but not limited to an agency relationship. The parties neither intend nor have any expectation that any such relationship will arise as a matter of law or as a result of this Agreement. This assignment shall be deemed concluded and the services hereunder completed upon delivery of the appraisal described herein to Client.
5. All statements of fact contained in the appraisal report as a basis of the appraiser's analyses, opinions, and conclusions will be true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to, and shall rely upon the accuracy of information and material furnished to the Firm by Client. Appraiser is also entitled to, and shall, rely on information provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by members of that profession without independent verification.
6. The Firm and the appraiser shall have no responsibility for legal matters, or questions or issues involving survey or title, soil or subsoil conditions, engineering, zoning, buildability, environmental contamination, structural matters, construction defects, material or methodology, or other similar technical matters with regarding the Property. Furthermore, the appraisal will not constitute a survey of the Property.
7. The appraisal and the data and information gathered in its preparation (other than the confidential data and information provided by Client) is and will remain, the property of the Firm. The Firm shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished by Client to the Firm. Notwithstanding the foregoing, the Firm and the appraiser are authorized by Client to disclose all or any portion of the appraisal and appraisal report and the related data and information, including confidential data and information provided by Client, to appropriate representatives of the Appraisal Institute if such disclosure is required to comply with the Standards, Bylaws and Regulations of the Appraisal Institute, as well as, such disclosure as required

by law and regulations, including compliance with a subpoena and licensing authority regulatory inquiries. The Firm is also authorized to include both confidential and non-confidential data assembled in the course of preparing the appraisal and which may be incorporated into the appraisal report in a database controlled by the Firm for the aggregation of such data and information to produce analytics and other metrics or products.

8. Unless specifically noted in the appraisal report, the appraisal will not take into consideration the possibility or probability of the existence of asbestos, PCB transformers, other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material) at on or in the Property, or the cost of encapsulation, removal or remediation thereof.
9. Client shall indemnify, defend (by counsel to be selected by Firm), protect, and hold Firm and Firm's appraisers, agents, employees, affiliates, representatives, successors and assigns (each, a "**Firm Party**"), free and harmless from any and all claims, liabilities, losses, penalties, fines, forfeitures, amounts paid in settlement, judgments, and all reasonable attorneys' fees and related litigation costs, fees and expenses incurred by the any of such indemnitees, which result from (i) any failure by Client or Client's agents or representatives to provide Firm with complete and accurate information regarding the Property; (ii) any material breach by Client of the provisions of the Agreement; (iii) if delivery of the appraisal to a third party is permitted by the Firm, Client providing an incomplete copy of the appraisal to such third party; or (iv) arising from Client or Client's agents or representatives providing a copy of the appraisal to a party not authorized by the Firm to receive such copy.
10. In preparing the appraisal, it is possible that the appraiser will discover conflicting information. In that event, appraiser will utilize information and data considered to be the most authoritative and for critical information will document the source. Information and data referred to may include, but is not limited to, legal descriptions; physical street addresses; assessor parcel numbers; property history; dimensions and areas of the site/land; dimensions and areas of the building improvements; physical unit counts; rent rolls; leases; lease abstracts; income and expense data; and any other related data. Any material discrepancy and/or error in any of the above data could have a substantial impact on the conclusions reported, and the Firm therefore reserves the right to amend conclusions reported if the Firm is made aware of any such discrepancy and/or error.
11. The appraisal may not be used, included or referenced, in whole or in part, in any offering or other materials without the prior written consent of the Firm, which consent may be conditioned upon the receipt by the Firm of an indemnity agreement, in form and content, satisfactory to Firm and provided by an indemnitor satisfactory to Firm. Client agrees to pay the fees of the Firm's legal counsel for review of any materials which is the subject of the requested consent. Except as agreed by the Firm expressly in writing, the Firm disclaims liability to any party other than Client.
12. The Firm shall not provide a copy of the appraisal to, or disclose the results of the appraisal to, any party other than Client, unless Client authorizes same, except as provided in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP) or as otherwise required by law or regulations.
13. Client and any other identified Intended User should consider the appraisal as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible

in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors.

14. Unless otherwise stated in this Agreement, Client agrees that the services pursuant to this Agreement shall not include participation in or preparation for, or attendance at, any legal, judicial, administrative, or arbitration proceeding relating to this assignment. In the event the Firm or any Firm Party is required, whether through the service of a subpoena or otherwise, to produce documents or participate in or prepare for any discovery, testimony or attendance, relating to the appraisal or this assignment, where the Firm or Firm Party is not a party to the action or proceedings involved, Client agrees to reimburse expenses incurred by the Firm or Firm Party, including attorney's fees, in responding to such subpoena or other legal process and compensate the Firm therefor based upon the appraiser's prevailing hourly or daily rate for providing services as an expert consultant or witness.
15. Except as expressly provided herein, Firm makes no representations or warranties to Client or to any other person or entity with respect to the appraisal and the services to be provided by Firm under this Agreement. To the maximum extent permitted under applicable law, in no event will the Firm or any Firm Party be liable to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the Firm or a Firm Party) for any indirect, special, exemplary, incidental, or consequential damages (including loss of profits) arising from or relating to this Agreement or the appraisal, even if such party knew or should have known of the possibility of, or could reasonably have prevented, such damages. In no event shall the total liability of the Firm or any Firm Party to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the Firm or a Firm Party) arising from or relating to this Agreement or the appraisal, whether based on tort, contract, or any other legal theory, exceed the amount of fees paid to the Firm for the appraisal and the services described herein. Legal claims or causes of action relating to the appraisal are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
16. Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. In view of that requirement, the appraisal may not be accepted by a federally regulated financial institution.
17. In the event Client fails to make payments of any fees or sums when due and payable under this Agreement; then from the date due and payable until paid, the amount due and payable shall bear interest at the maximum rate permitted under the laws of the state in which the Property is located. If the Firm is required to undertake collection efforts including institution of legal action against Client relating to the Agreement, the Firm shall be entitled to recover attorney's fees, litigation expenses, and costs from Client.
18. To the extent permitted under applicable law, any legal action or lawsuit or other proceeding by Client or any Intended User of the appraisal against Firm or a Firm Party whether based in contract, tort, warranty, indemnity or otherwise, relating to the appraisal shall be commenced within two (2) years

from the date of delivery of the appraisal to the claimant in such action or proceeding, unless the applicable law provides for a shorter period, and any such claimant waives the right to a jury in any such legal action or lawsuit or other proceeding. Notwithstanding the state of domicile or residency of either party to this Agreement, this Agreement shall be governed and construed under the laws of the state in which the Property is located, and venue for any action or proceeding arising out of this Agreement shall be deemed proper only in the court of competent jurisdiction located in the state in which the Property is located.

19. Throughout the performance of services under this Agreement, the Firm shall maintain at its sole cost and expense the following insurance:
- (a) Workers' Compensation, so as to provide statutory benefits as required by the laws of each state within the United States in which the Firm's services are being provided, and Employer's Liability insurance with limits of liability of \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit covering all employees of the Firm engaged in the performance of such services.
  - (b) Fidelity insurance or bond with a limit of \$1,000,000 to insure the Firm against loss of its or Client's assets caused from the dishonest acts of the Firm's employees.
  - (c) Professional Liability insurance with a limit of liability of \$1,000,000 each claim and \$1,000,000 aggregate, which limits may be provided by a combination of primary and excess policies.
  - (d) Commercial General Liability insurance providing coverage against damages due to bodily injury (including death), property damage and personal and advertising injury arising in connection with the Firm's services provided under this Agreement, which insurance coverage shall: (i) be occurrence-based; (ii) provide limits of liability in an amount of \$1,000,000 each occurrence and \$1,000,000 aggregate (including excess and/or umbrella limits), (iii) include at least those coverages generally included in the most current ISO Commercial General Liability insurance policy form (or its equivalent); and (iv) include Client, and such other persons or entities as Client has identified in writing, as additional insureds solely with regard to claims arising out of this Agreement.
  - (e) Commercial automobile liability for owned, hired and non-owned motor vehicles, with a \$1,000,000 combined single limit.

Schedule "B"

## PROPERTY INFORMATION LIST

ATTACHED TO AND A PART OF THE AGREEMENT DATED MAY 24, 2021 TO PROVIDE APPRAISAL SERVICES FOR CITY OF TOMBALL

The following information is requested to be delivered to the Firm so we can provide the proposed services and prepare the Appraisal within the agreed upon time frame. Please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the Property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. **Please indicate whether Newmark is sales broker, leasing broker, mortgage broker or property manager for the subject property.**
2. Site plan, if available. (Preferably, an AS BUILT PLAN showing an outline of building/s drawn to scale. Please do not send reductions so original scale may be used for measurement purposes.
3. Building plans, if available.
4. Prior engineering report or physical descriptions from prior appraisals or asset management report, if available.
5. Leasing brochures and/or other marketing materials, if available.
6. If the Property has been offered for sale within the last two years, a copy of the offering memorandum or investment book.
7. Past feasibility or market studies and economic impact studies as well as any relevant information collected from third party sources.
8. Agreements of Sale/Options to Buy (current or during last three years), if any.
9. Income and expense statements for the past three years plus year-to-date income and expense statements.
10. Operating budget for current and next year, if available.
11. Management contracts.
12. Copy of most recent real estate tax bill. Please advise if there has been a notice or inquiry by either the County Assessment Board or the School Board regarding the property assessment. Is there any pending litigation or negotiations with these parties that could result in an assessment increase or decrease?

13. Title report, Legal Description, or copy of deed. Provide a written statement of five-year history of legal property owner. Please advise, if there any deed restrictions or encumbrances, easements or cross easements.
14. Personal property inventory, if available.
15. Occupancy rates for the last three years, if not revealed in the financial statements.
16. Ground leases, if any.
17. Approximate actual construction costs, if built during the past three years.
18. Environmental audits and studies disclosing any wetlands, hazardous wastes or other environmental conditions such as asbestos or radon.
19. List of any known major repairs and improvements needed.
20. Three-year history of capital improvements.
21. Name of contact person for the on-site physical inspection.

### **For Apartment Property**

22. Unit mix showing rentable area and asking rent by unit type
23. Scaled apartment unit plans showing layouts and measurements so that rentable area can be confirmed, if available.
24. Rent roll showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. (It would be greatly appreciated if you can provide the rent roll in Excel.)
25. Terms of leases and/rent roll for leased commercial space or roof top rentals. Copies of commercial leases are desirable. If any commercial leases provide for pass through of operating expenses over a base year stop, please provide the dollar amount of the base year stop.

### **For Industrial, Office, Retail Property**

26. Rent Roll (please sign and date) and copies of leases, including addenda and all amendments. Please indicate which leases may have early termination provisions, expansion and/or purchase options. Please identify any tenants who have initiated discussions to renew, terminate or renegotiate/modify their lease(s), or who have given notice to terminate. Proposed terms for such re-negotiations should be revealed.
27. Provide letters of intent to lease or other any outstanding lease proposals that have a reasonable likelihood of being finalized into executed leases.
28. Prior Argus files, if any.
29. List of outstanding leasing commissions brokers and terms of future payments.
30. Financial information such as Annual Statements or credit report/ratings on any major tenant in the building.

31. CAM and real estate tax reimbursement worksheets or listing of base year operating expenses, if applicable.
32. Three-year history of tenant retail sales, if available.

### **For Lodging Property**

33. Terms of leases if any and/rent roll for leased commercial space or roof top rentals.
34. ADR and Occupancy rates for the last three years, if not revealed in the financial statements.
35. Business Plan and Marketing Strategy, if any for the upcoming fiscal year.
36. Terms of franchise agreement and management agreement, if any.

### **For Residential Subdivision Property**

37. Building plans for the proposed single family, townhouse, age-restricted, and condominium residences.  
Please do not send reductions so original scale may be used for measurement purposes.
38. Market Surveys and Feasibility Analyses, if any, for the proposed development program.
39. Marketing materials for the proposed single family, townhouse, age-restricted, and condominium residences.

## **Addendum C**

### **Financials and Property Information**



HARRIS COUNTY APPRAISAL DISTRICT  
REAL PROPERTY ACCOUNT INFORMATION  
**1229830000003**

Tax Year: 2021



Owner and Property Information										
Owner Name & Mailing Address: <b>CITY OF TOMBALL 401 MARKET ST TOMBALL TX 77375-4645</b>					Legal Description: <b>RES C CALVARY BAPTIST OF TOMBALL 0 HUFSMITH KOHRVILLE RD TOMBALL TX 77375</b>					
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map <sup>1/2</sup>
XV -- Other Exempt (Government)	8003 -- Land Neighborhood Section 3		0	76,515 SF	0	0	9936.02	400 -- ISD 26 - Tomball ISD	4871C	289J

**Value Status Information**

Value Status	Notice Date	Shared CAD
Noticed	04/23/2021	No

**Exemptions and Jurisdictions**

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2020 Rate	2021 Rate
<b>Total</b>	026	TOMBALL ISD	306,060	Not Certified	1.290000	
	040	HARRIS COUNTY	306,060	Not Certified	0.391160	
	041	HARRIS CO FLOOD CNTRL	306,060	Not Certified	0.031420	
	042	PORT OF HOUSTON AUTHY	306,060	Not Certified	0.009910	
	043	HARRIS CO HOSP DIST	306,060	Not Certified	0.166710	
	044	HARRIS CO EDUC DEPT	306,060	Not Certified	0.004993	
	045	LONE STAR COLLEGE SYS	306,060	Not Certified	0.107800	
	083	CITY OF TOMBALL	306,060	Not Certified	0.337862	
	679	HC EMERG SERV DIST 8	306,060	Not Certified	0.097000	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

**Valuations**

Value as of January 1, 2020			Value as of January 1, 2021		
	Market	Appraised		Market	Appraised
Land	0		Land	0	
Improvement	0		Improvement	0	
Total	0	0	Total	0	0

**Land**

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8003 -- Land Neighborhood Section 3	4300	SF	76,515	1.00	1.00	1.00	--	1.00	0	0	0

**Building**

Vacant (No Building Data)

## **Addendum D**

### **Comparable Data**



## Land Sales



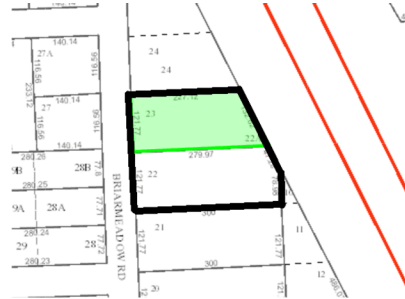
## Addenda

### Land Sale Comparable 1

1.54 AC West of Hwy 249

#### Location Data

Location 27918 Briar Meadow Road  
City, State Tomball, TX  
Market TX - Houston  
Submarket Houston  
County Harris  
APN 1047720000023/1047720000022



#### Physical Data

Property Type Land (General Commercial)  
Use at Sale TBD  
Proposed Use General Commercial  
Acres 1.54 Acres  
Land SF 67,082 SF  
Useable Acres 1.54 Acres  
Useable Land SF 67,082 SF  
Frontage 0  
Visibility Average  
Topography Level  
Shape Irregular  
Corner/Interior Location Interior  
Flood Zone X  
Utilities Water, Sewer, Gas, Electricity  
  
Offsite/Onsite Costs 0  
Zoning None  
Allowable Bldg Area 0 SF  
Allowable Bldg Units  
  
Verification Confirmed-Seller Broker

#### Sale Data

Transaction Type Closed  
Date August 31, 2020  
Marketing Time N/A  
Grantor OSBORNE CHRISTINA E  
Grantee BAYNE ROY  
Document No. RP-2020-408666  
Price \$368,714  
Financing Terms Cash to Seller  
Price Adjustments For:  
Financing \$0  
Conditions of Sale \$0  
Other \$0  
Adjusted Price \$368,714

#### Analysis

Price per Acre \$239,426  
Price Per SF \$5.50  
Price per Unit \$0  
Price per FAR \$0.00

#### Comments



## Addenda

### Land Sale Comparable 2

#### 3.63 Acres of Land

##### Location Data

Location	SWC of Triechel Road & FM 2920
City, State	Tomball, TX
Market	Valuation Properties
Submarket	Valuation Land
County	Harris
APN	1394920010001



##### Physical Data

Property Type	Land (Retail Commercial)
Use at Sale	TBD
Proposed Use	Retail Commercial
Acres	3.63 Acres
Land SF	157,925 SF
Useable Acres	3.63 Acres
Useable Land SF	157,925 SF
Frontage	0
Visibility	Average
Topography	Level
Shape	Irregular
Corner/Interior Location	Corner
Flood Zone	X
Utilities	Water, Sewer, Gas, Electricity
Offsite/Onsite Costs	0
Zoning	None
Allowable Bldg Area	0 SF
Allowable Bldg Units	
Verification	Confirmed-Buyer

##### Sale Data

Transaction Type	Closed
Date	May 21, 2018
Marketing Time	N/A
Grantor	Majed Inc.
Grantee	Bellfort Holdings LLC
Document No.	RP-2018-222819
Price	\$895,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$895,000

##### Analysis

Price per Acre	\$246,865
Price Per SF	\$5.67
Price per Unit	\$0
Price per FAR	\$0.00

##### Comments

The property is located at the southwest corner of Triechel Rd and FM 2920 in Tomball, TX. All utilities were available to the site at the time of our research. The buyer intends to develop a gas station on the site.

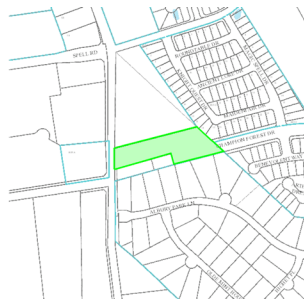
## Addenda

### Land Sale Comparable 3

5-acres East of Hufsmith-Kohrville Rd

#### Location Data

Location	21014 Hufsmith Kohrville Road
City, State	Tomball, TX
Market	Valuation Properties
Submarket	Valuation Land
County	Harris
APN	0410260000168



#### Physical Data

Property Type	Land (General Commercial)
Use at Sale	0
Proposed Use	General Commercial
Acres	5.00 Acres
Land SF	217,800 SF
Useable Acres	5.00 Acres
Useable Land SF	217,800 SF
Frontage	0
Visibility	Average
Topography	Rough Graded
Shape	Irregular
Corner/Interior Location	Interior
Flood Zone	X
Utilities	Water, Sewer, Electricity
Offsite/Onsite Costs	0
Zoning	None
Allowable Bldg Area	0 SF
Allowable Bldg Units	
Verification	0 SF

#### Sale Data

Transaction Type	Closed
Date	February 15, 2019
Marketing Time	N/A
Grantor	SPELL MARIE S ESTATE OF
Grantee	COUNTY OF HARRIS
Document No.	RP-2019-66524
Price	\$999,999
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$999,999

#### Analysis

Price per Acre	\$200,000
Price Per SF	\$4.59
Price per Unit	\$0
Price per FAR	\$0.00

#### Comments

## Addenda

### Land Sale Comparable 4

#### 1.06 AC on Alma Street

##### Location Data

Location	Alma Street
City, State	Tomball, TX
Market	TX - Houston
Submarket	Outside Metro Area
County	Harris
APN	1261690010002

##### Physical Data

Property Type	Land (General Commercial)
Use at Sale	0
Proposed Use	General Commercial
Acres	1.06 Acres
Land SF	46,174 SF
Useable Acres	1.06 Acres
Useable Land SF	46,174 SF
Frontage	0
Visibility	Average
Topography	Level
Shape	Irregular
Corner/Interior Location	Interior
Flood Zone	X
Utilities	Water, Sewer, Gas, Electricity
Offsite/Onsite Costs	0
Zoning	0
Allowable Bldg Area	0 SF
Allowable Bldg Units	
Verification	Confirmed-Seller Broker



##### Sale Data

Transaction Type	Listing
Listing Date	January 0, 1900
Marketing Time	N/A
Grantor	JORDAN MARIA
Grantee	Current Listing
Document No.	Current Listing
Listing Price	\$400,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$400,000

##### Analysis

Price per Acre	\$377,355
Price Per SF	\$8.66
Price per Unit	\$0
Price per FAR	\$0.00

##### Comments



## **Addendum E**

### **Appraiser Qualifications and Licenses**



## ERNEST W. WOLF, MAI

### Senior Vice President



Newmark Knight Frank  
1700 Post Oak Blvd  
2 BLVD Place, Suite 250  
Houston, TX 77056  
ernest.wolf@ngkf.com  
T 713.300.7919  
F 713.703.8038

### Years of Experience

30+ Years

### Areas of Specialization

- ♦ Valuation & Advisory
- ♦ Senior Housing
- ♦ Medical Office
- ♦ Industrial

Ernest W. Wolf, MAI, joined Newmark Knight Frank's Valuation & Advisory in 2017 as a Senior Vice President in the company's Houston office. In this role, Mr. Wolf assists in the valuation of a wide array of industrial, property types. He also provides various consulting services such as feasibility studies, market rent studies, going concern valuations, and highest and best uses analyses. He brings to his position 30 plus years of experience in the real estate appraisal industry.

Over the course of his 30-year career, Mr. Wolf has successfully completed assignments involving a wide variety of property types, including office, retail, industrial, hotel, multi-housing, medical office buildings, restaurants and special-purpose properties located both within the Houston metropolitan area and throughout the United States. In particular, Mr. Wolf has gained an exceptional understanding of the industrial market including valuation of business centers, light and heavy manufacturing facilities and distribution centers.

Mr. Wolf joined Newmark Knight Frank in 2017 after nearly 19 years in CBRE's Houston office, where he most recently served as a senior vice president of the Valuation & Advisory Services Group. In this role, he was responsible for real estate appraisal industrial, retail, office, assisted living, independent living, skilled nursing, CCRC, surgery centers, acute care hospitals and rehabilitation hospital properties for clients in Texas, Oklahoma, Louisiana and Arkansas.

Prior to CBRE, Mr. Wolf worked for as a senior appraisal officer in Bank of America's Houston office.

### PARTIAL LIST:

- ♦ Wells Fargo
- ♦ Capital One Bank
- ♦ JPMorgan Chase Bank
- ♦ Appraisal Management

### PROFESSIONAL AFFILIATIONS:

- ♦ Designated member (MAI), Appraisal Institute

### STATE CERTIFIED GENERAL REAL ESTATE APPRAISER:

- ♦ Texas No. 1321415-G

Mr. Wolf earned a Bachelor of Science degree in agriculture economics from Texas A&M University.

ERNEST WAYNE WOLF  
21002 HERSONS TERRACE STREET  
RICHMOND, TX 77406



TEXAS APPRAISER LICENSING &  
CERTIFICATION BOARD

## Certified General Real Estate Appraiser

Appraiser: **ERNEST WAYNE WOLF**

License #: **TX 1321415 G**

License Expires: **06/30/2021**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Douglas E. Oldmixon  
Commissioner



# Eric B. Finley

MAI, SRA

*Senior Managing Director  
Co-Market Leader – TX, LA*

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m 713-204-7190  
eric.finley@ngkf.com

## YEARS OF EXPERIENCE

# 30+

## AREAS OF SPECIALTY

Industrial

Office

Multifamily (Conventional,  
Affordable and Student  
Housing)

Market Studies

Retail

Land Development

Special Purpose

Appraisal Review Services

Eric B. Finley MAI, SRA, joined Newmark Valuation & Advisory in 2017 and currently serves as a senior managing director and co-market leader for Texas and Louisiana. In this role, Eric is responsible for business development; aggressively recruiting top appraisal professionals; continuing to provide outstanding service to clients; third party appraisal review services; and overseeing a team of appraisers within the Texas and Louisiana offices of Newmark. Additionally, Eric is involved with the preparation and review of appraisal reports on a broad range of property types.

Eric is MAP (Multifamily Accelerated Processing) certified through the U.S. Department of Housing and Urban Development. He specializes in providing appraisals and market studies for HUD's 221(d)(4) financing program for multifamily developers and 223f loan program for refinancing and acquiring multifamily properties. He also specializes in market studies for the federal government's Low-Income Housing Tax Credit Properties program.

Eric joined Newmark from CBRE, where he worked for 17 years, most recently as a Managing Director in the Houston office.

## Professional Affiliations

- Former Board of Director, Appraisal Institute Houston Chapter
- Regional Representative for the Southwest Region
- SRA Demonstration Report Grader

## Licenses and Designations

- MAI designation, Appraisal Institute
- SRA designation, Appraisal Institute
- Certified general real estate appraiser, states of Texas and Louisiana

## Education

Eric earned his Bachelor of Science degree in Education from Stephen F. Austin State University.

ERIC BRIAN FINLEY  
2128 BANCROFT LANE  
HOUSTON, TX 77027



## **Certified General Real Estate Appraiser**

**Appraiser: ERIC BRIAN FINLEY**

**License #: TX 1323329 G**

**License Expires: 07/31/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
**Certified General Real Estate Appraiser**

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

A blue ink signature of Chelsea Buchholtz, the Commissioner, is located on the right side of the certificate.

**Chelsea Buchholtz  
Commissioner**