

AN APPRAISAL REPORT OF
**THE PROPERTIES
LOCATED AT
330, 350 AND 358 NORTHEAST 4TH STREET
IN THE CITY OF DELRAY BEACH,
PALM BEACH COUNTY, FLORIDA**

FILE #24-85942

PREPARED FOR
CITY OF DELRAY BEACH CRA

AS OF
SEPTEMBER 15, 2024

BY
STEPHEN D. SHAW, MAI, AI-GRS
CALLAWAY & PRICE, INC.



Callaway & Price, Inc.

Real Estate Appraisers and Consultants

Licensed Real Estate Brokers

www.callawayandprice.com

Please respond to the South Florida office

E-Mail: s.shaw@callawayandprice.com

SOUTH FLORIDA

1410 Park Lane South
Suite 1
Jupiter, FL 33458
Phone (561) 686-0333
Fax (561) 686-3705

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192
s.shaw@callawayandprice.com

Robert A. Callaway, MRICS
Cert Gen RZ2461
r.callaway@callawayandprice.com

TREASURE COAST

603 North Indian River Drive
Suite 104
Fort Pierce, FL 34950
Phone (772) 464-8607
Fax (772) 461-0809

Stephen G. Neill, Jr., MAI
Cert Gen RZ2480
s.neill@callawayandprice.com

SPACE COAST

1120 Palmetto Avenue
Suite 1
Melbourne, FL 32901
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

CENTRAL FLORIDA

111 North Orange Avenue
Suite 800
Orlando, FL 32801
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

October 3, 2024

Christine Tibbs
Delray Beach CRA
20 N. Swinton Avenue
Delray Beach, FL 33444

Dear Ms. Tibbs:

We have made an investigation and analysis of the properties located at 330, 350 and 358 Northeast 4th Street in the City of Delray Beach, Palm Beach County, Florida. The Subject Property is improved with four, single-story CBS commercial and warehouse buildings containing 32,636 square feet that are fully vacant. They were constructed in 1979 to 1980 and are 44 to 45 years old as of the appraisal date. The Subject is located within the Railroad Corridor Sub-District of the CBS and the area has been undergoing redevelopment and revitalization for a number of years. We have valued the Subject Parcels based on their Highest and Best Use of future redevelopment. The existing improvements, which have intentionally been vacated by the property owner for redevelopment, are an underutilization of the site. The Subject Property will be further described both narratively and legally within the following Appraisal Report.

The purpose of this investigation and analysis was to provide our opinion of the Market Value of the Fee Simple Estate of the Subject Property, as of September 15, 2024.

This report has been prepared for our client and intended user, Delray Beach CRA. The intended use was to assist the client in internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses or users.

Christine Tibbs
Delray Beach CRA
October 3, 2024
Page Two

The scope of work performed included a complete analysis of the Subject Property. A detailed scope of work description can be found in the body of this report.

Based upon the scope of the assignment, our investigation and analysis of the information contained within this report, as well as our general knowledge of real estate valuation procedures and market conditions, it is our opinion that the Market Value of the Fee Simple Estate of the Subject Property, as of September 15, 2024, was:

\$19,200,000

A description of the property appraised, together with an explanation of the valuation procedures utilized, is contained in the body of the attached report. For your convenience, an Executive Summary follows this letter. Your attention is directed to the Limiting Conditions and underlying assumptions upon which the value conclusion is contingent.

Respectfully submitted,

CALLAWAY & PRICE, INC.

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192

James D. Murray, Jr., MAI
Cert Gen RZ2419

SDS/JDM/js/23-85942
Attachments



Executive Summary

PROPERTY TYPE	:	Improved redevelopment land
LOCATION	:	The Subject Property is located at the southeast corner of NE 4th Street and Artists Alley (formerly N. Railroad Avenue), in the City of Delray Beach, Palm Beach County, Florida. The property addresses are 330, 350 and 358 Northeast 4th Street, Delray Beach, Florida, 33444.
DATE OF VALUATION	:	September 15, 2024
DATE OF REPORT	:	October 3, 2024
PROPERTY DESCRIPTION:		
LAND	:	Approximately 83,452 square feet, or 1.92 acres
IMPROVEMENTS	:	The Subject Property is improved with four, single-story CBS commercial and warehouse buildings containing 32,636 square feet that are fully vacant. The structures were constructed from 1979 to 1980 and are 44 to 45 years old as of the appraisal date.
ZONING	:	CBD, Central Business District, by the City of Delray Beach, within the Railroad Corridor Sub-District.
FUTURE LAND USE PLAN	:	CC, Commercial Core, by the City of Delray Beach.
HIGHEST AND BEST USE	:	Future mixed-use redevelopment.
MARKET VALUE OF THE FEE SIMPLE ESTATE OF THE SUBJECT PROPERTY, AS OF SEPTEMBER 15, 2024	:	\$19,200,000



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ADDENDA

Engagement Letter

Qualifications:

 Stephen D. Shaw, MAI, AI-GRS

 James D. Murray, Jr., MAI



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 we have no personal interest with respect to the parties involved.
4. We have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this appraisal report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. The analyses, opinions, and conclusion were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and The Interagency Appraisal and Evaluation Guidelines, December 10, 2010.
9. James D. Murray, Jr., MAI, has made a personal inspection of the property that is the subject of this report. Stephen D. Shaw, MAI, AI-GRS, is signing this report having not inspected the property.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.



Certification

12. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
13. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
15. As of the date of this report, Stephen D. Shaw, MAI, AI-GRS, and James D. Murray, Jr., MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192

James D. Murray, Jr., MAI
Cert Gen RZ2419



GENERAL ASSUMPTIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value opinion in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
4. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. No right to expert testimony is included, unless other arrangements have been completed. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
5. No rights to expert witness testimony, pre-trial or other conferences, depositions, or related services are included with this appraisal. If as a result of this appraisal process Callaway and Price, Inc., or any of its principals, its appraisal consultants or experts are requested or required to provide any litigation services, such shall be subject to the provisions of the engagement letter or, if not specified therein, subject to the reasonable availability of Callaway and Price, Inc. and/or said principals or appraisers at the time and shall further be subject to the party or parties requesting or requiring such services paying the then applicable professional fees and expenses of Callaway and Price, Inc. either in accordance with the engagement letter or arrangements at the time, as the case may be.
6. Any material error in any of the data relied upon herein could have an impact on the conclusions reported. We reserve the right to amend conclusions reported if made aware of such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusion within 30 days of delivery of this reported and should immediately notify us of any questions or errors.
7. The market value reported herein assumes that all taxes and assessments have been paid and assumes a fee simple interest unless otherwise reported. The body of the report will define the interest appraised if it differs.



General Assumptions and Limiting Conditions

8. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.
10. Our opinion of value was based on the assumption of competent marketing and management regarding the property. If there is no competent marketing and management, then the market value opinion herein may not apply.
11. We were not provided with a survey which indicated the Subject's site size. As a result, we relied upon information obtained from the public records. If it is later found that the site size utilized differs significantly from the actual size, the appraisal may be subject to revision.



LIMITING CONDITIONS

1. There are no hypothetical conditions that are part of this appraisal assignment.
2. There are no extraordinary assumptions that are part of this appraisal assignment.
3. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation stachybotrys chartarum (mold), asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, was not called to the attention of, nor did the appraisers become aware of such during their inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.
4. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.



AERIAL VIEW OF THE SUBJECT PROPERTY



VIEW OF SUBJECT FACING SOUTHWEST FROM NE 4TH STREET



VIEW OF SUBJECT PROPERTY FACING SOUTH



VIEW OF SUBJECT FACING EAST



ADDITIONAL VIEW OF SUBJECT FACING EAST



VIEW OF SUBJECT PROPERTY FACING NORTHEAST



VIEW SOUTH ALONG THE SUBJECT'S EASTERN BOUNDARY



VIEW ALONG NE 4TH STREET FACING WEST (SUBJECT AT LEFT)



VIEW FACING EAST ALONG NE 4TH STREET



VIEW OF SUBJECT AND ARTISTS ALLEY FACING SOUTHEAST



VIEW FACING NORTH ALONG ARTISTS ALLEY (SUBJECT AT RIGHT)



DEFINITION OF THE APPRAISAL PROBLEM

Purpose, Date of Value, and Interest Appraised

The purpose of this investigation and analysis was to provide our opinion of the Market Value of the Fee Simple Estate of the Subject Property as of September 15, 2024.

Intended Use and User of Appraisal

The appraisal report was prepared for our client and intended user Delray Beach CRA. The intended use is for the internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

Legal Description

LOTS 18 THROUGH 37, INCLUSIVE, BLOCK 89, SUBDIVISION OF BLOCK 89, DELRAY, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 4, AT PAGE 55, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA; TOGETHER WITH A PERMANENT EASEMENT TO INSTALL AND MAINTAIN A SEWER PIPE OVER THE SOUTH 5 FEET OF LOT 8, BLOCK 89, SUBDIVISION OF BLOCK 89, DELRAY, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 13, AT PAGE 49 OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA.

Source: Special Warranty Deed dated June 25, 2015, recorded in Palm Beach County Official Records Book 27632, Page 911.

Market Value

"As defined in the Agencies' appraisal regulations, 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and



Definition of the Appraisal Problem

- e. 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: The Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010, Pgs. 61-62.

Fee Simple Estate

The Dictionary of Real Estate Appraisal, Seventh Edition 2022, by the Appraisal Institute, defines Fee Simple Estate on page 73 as follows:

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

Exposure Time

The Dictionary of Real Estate Appraisal, Seventh Edition 2022, by the Appraisal Institute, defines Exposure Time on pages 67 - 68 as follows:

1. "The time a property remains on the market."
2. "An opinion, based on supporting market data, of the 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."

There is a requirement under Standard Two to report exposure time according to the latest USPAP publication. "Exposure Time" is different for various types of property under different market conditions.

We have reviewed the exposure time on the sales contained in the Sales Comparison Approach in this appraisal. Based on that data and the current market, it is our opinion that the Subject Property would have had an exposure time of up to 12 months.



Definition of the Appraisal Problem

Marketing Time

The Dictionary of Real Estate Appraisal, Seventh Edition 2022, by the Appraisal Institute, defines Marketing Time on page 116 as follows:

“An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.”

“Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.”

As in most markets, properties that are priced competitively and marketed professionally will sell before others which are not. The Subject should have a marketing time of 12 months or less, provided adequate financing is available, the property is listed for sale at market value and is marketed by a competent brokerage firm.



SCOPE OF WORK

According to the 15th Edition of The Appraisal of Real Estate, page 75, "In the valuation process, the identification of the assignment elements leads directly into the determination of the scope of work of an assignment, i.e., the type and extent of research needed to solve an appraisal problem. Professional valuation standards place the responsibility for determining the appropriate scope of work in an appraisal assignment squarely on the shoulders of the appraiser. The scope of work for an assignment is acceptable if it leads to credible assignment results, is consistent with the expectations of parties who are regularly intended users for similar assignments and is consistent with what the actions of an appraiser's peers would be in the same or a similar assignment.

The first step in the appraisal process is the identification of the appraisal problem which included the purpose and date of value, determining the interest being appraised, intended use and user of the appraisal, and identifying the real estate (legal description). This step also determines if the appraisal were subject to any extraordinary assumptions or hypothetical conditions.

The next step involved inspection of the Subject Property in September 2024 by James D. Murray, Jr., MAI. Stephen D. Shaw, MAI, AI-GRS, did not inspect the property. The inspection allowed us to understand the physical components of the Subject Property. In addition to the inspection of the Subject Property, we also begin the data-collection process and, subsequently, an analysis of the factors that affect the market value of the Subject Property, including property data analysis. We gather and review information from the Palm Beach Property Appraiser's Office, the City of Delray Beach Development Services Department, our client, and information from brokers and other market participants to understand and describe the Subject Property and its surroundings.

The third step in the process was to determine the Highest and Best Use of the Subject Property. Through the Highest and Best Use analysis, we determined the issues that have an effect on the final opinion of value. To determine the Highest and Best Use, we relied on information obtained from the data-collection process.

The fourth step was the application of the appropriate approach for the valuation of the Subject Property. *No approaches were specifically omitted from this appraisal either by the client or the appraiser.*



The fourth step was the application of the appropriate method for the site valuation. Given the overall location and characteristics of the Subject, the overall age and condition of the existing improvements, and the fact that they are not the most maximally productive use of the Subject site, it is our opinion that they contribute only interim value to the Subject Property. The building improvements do have the potential to generate rental income to offset holding costs until redevelopment occurs; however, it is our understanding that they have been vacated as tenant leases have expired. Considering this, we have valued the Subject based on land size, using comparables that were both improved and unimproved with buildings at time of sale, which is considered to be the best methodology in this instance.

The most reliable way to estimate land value is by Sales Comparison. The Sales Comparison Approach has as its premise a comparison of the Subject Property with others of similar utility that have sold in the market in the recent past. To indicate a value for the Subject Property, adjustments are made to the comparables to account for differences from the Subject. When few sales are available, however, or when the value indications produced through Sales Comparison need additional support, alternative techniques like extraction or allocation may be applied. In the case of the Subject Property, the only approach used was the Sales Comparison Approach. Since only one approach to value was used, no reconciliation was needed.

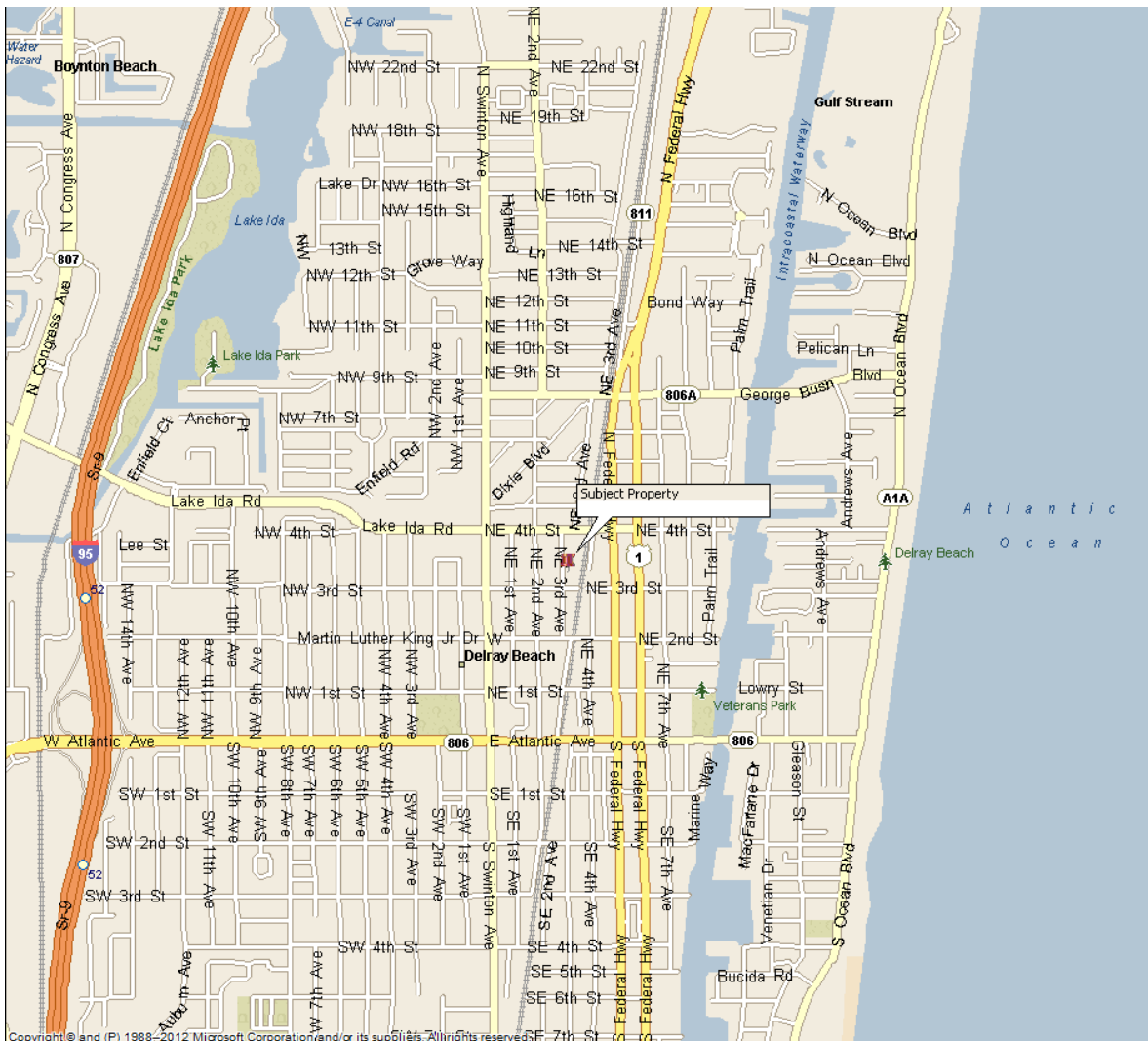


NEIGHBORHOOD DATA

Preface

The relationship of the Subject Property with surrounding properties forms the basis of neighborhood analysis. The Appraisal of Real Estate, 15th Edition on page 141 states: "The boundaries of market areas, neighborhoods, and districts identify the areas that influence a subject property's value. These boundaries may coincide with observable changes in land use or demographic characteristics. Physical features such as structure types, street patterns, terrain, vegetation, and lot sizes help to identify land use districts. Transportation arteries (highways, major streets, and railroads), bodies of water (rivers, lakes, and streams), and changing elevation (hills, mountains, cliffs, and valleys) can also be significant boundaries."

Neighborhood Map





Neighborhood analysis requires the identification of boundaries. The boundaries may be defined by complimentary land uses, social factors, economic, or physical boundaries. In the case of this appraisal assignment, neighborhood boundaries are identified by physical boundaries and surrounding land uses.

The Subject neighborhood is considered to include the Central Business District portion of the City of Delray Beach between Swinton Avenue on the west and Ocean Boulevard (State Road A1A) on the east. The neighborhood is generally bounded on the north by East Atlantic Avenue and on the south by SW 10th Street.

Access to and through the neighborhood is considered to be very good. Federal Highway (U.S. Highway 1), which is the primary north/south artery, is divided in Delray Beach with 5th Avenue providing southerly travel and 6th Avenue providing northerly travel. Swinton Avenue and Ocean Boulevard are also important north/south roadways for the neighborhood. The primary east/west roadway is Atlantic Avenue which has interchanges to the west at Interstate 95 and Florida's Turnpike. In an effort to relieve congestion on East Atlantic Avenue, NE 1st Street was made one-way in a westerly direction and SE 1st Street was made one-way in an easterly direction. A network of city streets provides additional travel in all directions.

The focus of the Subject neighborhood is E. Atlantic Avenue, which has been developed for many years with commercial buildings. There are numerous restaurants offering sidewalk dining, a variety of ground-floor retail stores and upper level office space. Major revitalization of the Atlantic Avenue commercial district began in the late 1980's including new landscaping, lighting, street furniture, and widened sidewalks to enhance the charm of the downtown area. The 1912 Delray Beach Elementary School was converted to a major arts and cultural center. This site is now known as Old School Square and it, along with surrounding blocks, comprise the city designated Old School Square Historic Arts and Activities District. Numerous homes in the area which date back to the 1920's have been, and continue to be, restored. The oldest park in Delray Beach, Veterans Park, was transformed into a community-gathering place with a marina and boardwalk along the Intracoastal Waterway. A concrete walkway under the East Atlantic Avenue Bridge connecting the Marina Historic District with Veterans Park was completed in recent years.

The downtown area is in a continuing redevelopment phase. Approximately \$2,000,000 has been spent on street beautification along Atlantic Avenue west of the Intracoastal Waterway. Another \$1,000,000 was spent to enhance Atlantic Avenue east of the Intracoastal Waterway. In addition, Pineapple Grove Way (NE 2nd Avenue) is one of the main north/south arteries undergoing redevelopment. An area of the CBD from E. Atlantic Avenue north to NE 4th Street, and east of Swinton Avenue to the Florida East Coast Railway has been established as the Pineapple Grove Arts District, as shown on the following page.



This enclave, where the Subject is located, features an eclectic mix of boutiques, restaurants, art galleries, salons and spas, and is promoted by the Downtown Development Authority which is responsible for the economic and business development of the area in addition to parking, downtown lighting, street banners, merchant programs and events, pedestrian sign systems, and communication liaison with local boards and organizations.

Map of Pineapple Grove Arts District



An old Winn Dixie at NE 1st Street and Pineapple Grove Way that had been redeveloped into an upscale furniture gallery has now been redeveloped with a mixed-use condominium project called The Astor. A new four-story, 134-room Hyatt Place hotel was then completed across the street from The Astor on the northwest corner of NE 1st Street and NE 2nd Avenue.



The City of Delray Beach constructed a multi-level parking garage on the northwest corner of Pineapple Grove Way (NE 2nd Avenue) and NE 1st Street. Just north of Atlantic Avenue on the east side of Pineapple Grove Way is an open center known as the Ocean City Lumber Company center that offers restaurants and boutiques. The Esplanade in the Grove at the southeast corner of NE 3rd Street and Pineapple Grove Way underwent a renovation. As indicated on the map, adjacent to Esplanade Plaza, The Ray, a luxury 141-room boutique hotel, was completed in 2021 at NE 2nd Street and NE 2nd Avenue.

Closer to the Subject Property, in addition to redevelopment projects of CityWalk, Pineapple Grove Village and Cannery Row Townhomes, the Artist Alley Townhomes is a five-unit luxury project at the southwest corner of NE 4th Street and NE 3rd Avenue that are under construction. Originally scheduled for completion in the first quarter of 2024, the project was put on hold around December 2023 and has not been completed.

Also being marketed for sale is a 1.28-acre assemblage at the northwest corner of NE 3rd Avenue and NE 3rd Street known as "Pineapple Grove Promenade", and the 1.92-acre Subject site along the railway.

Generally in the Delray Beach CBD, commercial development is heavily concentrated along the primary arterial roadways of Atlantic Avenue, SE 5th and 6th Avenues, (north/south divided Federal Highway) and surrounding streets. Over the previous several years, commercial growth has exploded in these areas. The most recent larger site acquisition along SE 5th Avenue a block south of Atlantic Avenue was developed with an IPic theatre, which includes over 500 seats, 43,000 square feet of office space and a multi-level parking garage. Another site along SE 6th Avenue was purchased in 2016 by Kolter Hospitality and developed with a four-story hotel with over 150 rooms and a parking garage. The 200 block of SE 5th Avenue is being developed with an Aloft Hotel, a boutique hotel chain owned by Starwood Hotels. South of Atlantic, a luxury apartment building was recently completed at the corner of SE 3rd Avenue and SE 2nd Street, only two blocks from Atlantic Avenue. The flurry of recent commercial activity in this area has resulted in a steady rise in prices for vacant and redevelopment sites.

The most significant new development currently taking place in the neighborhood is called Atlantic Crossing. This mixed-use project includes the entire city block between E. Atlantic Avenue and NE 1st Street and between NE 6th and 7th Avenues. The initial phase of the project, which includes 37,642 square feet of retail floor space, 39,434 square feet of restaurant floor area, 83,462 square feet of office floor area and 343 multiple family residential units, was recently completed. The project includes two underground parking garages.

A second phase of Atlantic Crossing, adjacent to Veterans Park, has recently broken ground with a three-building, mixed-use project which will include 15 condominiums in addition to retail and office space and a four-story parking garage. The project is scheduled for completion within 24 months.



In addition, at the southwest corner of E. Atlantic Avenue and S. Swinton Avenue, development is underway of a large mixed-use project known as Sundry Village. Upon completion, the project will include 96,000 square feet of Class A office space in eight newly constructed buildings, in addition to 26,000 square feet of ground floor restaurants and retail space and a ground floor parking garage for 296 spaces. The project will also include six preserved and restored homes listed on the National Register of Historic Places which will provide 7,000 square feet of retail space on the three-acre campus. The project is scheduled for completion by the end of 2024.

Numerous retail, restaurants, offices and other commercial facilities are located in close proximity within the Subject neighborhood on the major thoroughfares in the area. The public library has been expanded and moved to its new location on the south side of West Atlantic Avenue and SE 1st Avenue. Older renovated apartment buildings, single family homes, and newer condominiums are located in the surrounding area providing a good population base for the downtown area.

Community services such as schools, hospitals and other public facilities are located within or near the neighborhood. Bethesda Memorial Hospital is situated on Seacrest Boulevard just south of Woolbright Road in the City of Boynton Beach and Delray Community Hospital is located on the southwest corner of Military Trail and Linton Boulevard.

Conclusion

The Subject neighborhood has been an established area of the City of Delray Beach for many years. The East Atlantic Avenue corridor is primarily developed with historical and new retail commercial buildings with upper level offices. The areas north and south of East Atlantic Avenue have been redeveloped with numerous mixed-use projects. Delray Beach has maintained its popularity due to its quaint resort atmosphere and community oriented activities.

The Subject neighborhood continues to undergo significant revitalization. City government has been instrumental in this process and in fact, has encouraged redevelopment. The market has been active for commercial redevelopment properties located on or in close proximity to E. Atlantic Avenue. The Subject's immediate area known as Pineapple Grove Arts District is a popular enclave that has been especially active in terms of redevelopment activity.

We expect this trend to continue during the foreseeable future. The long term outlook for the neighborhood is positive as it is an established area with a strong population base that continues to undergo revitalization.

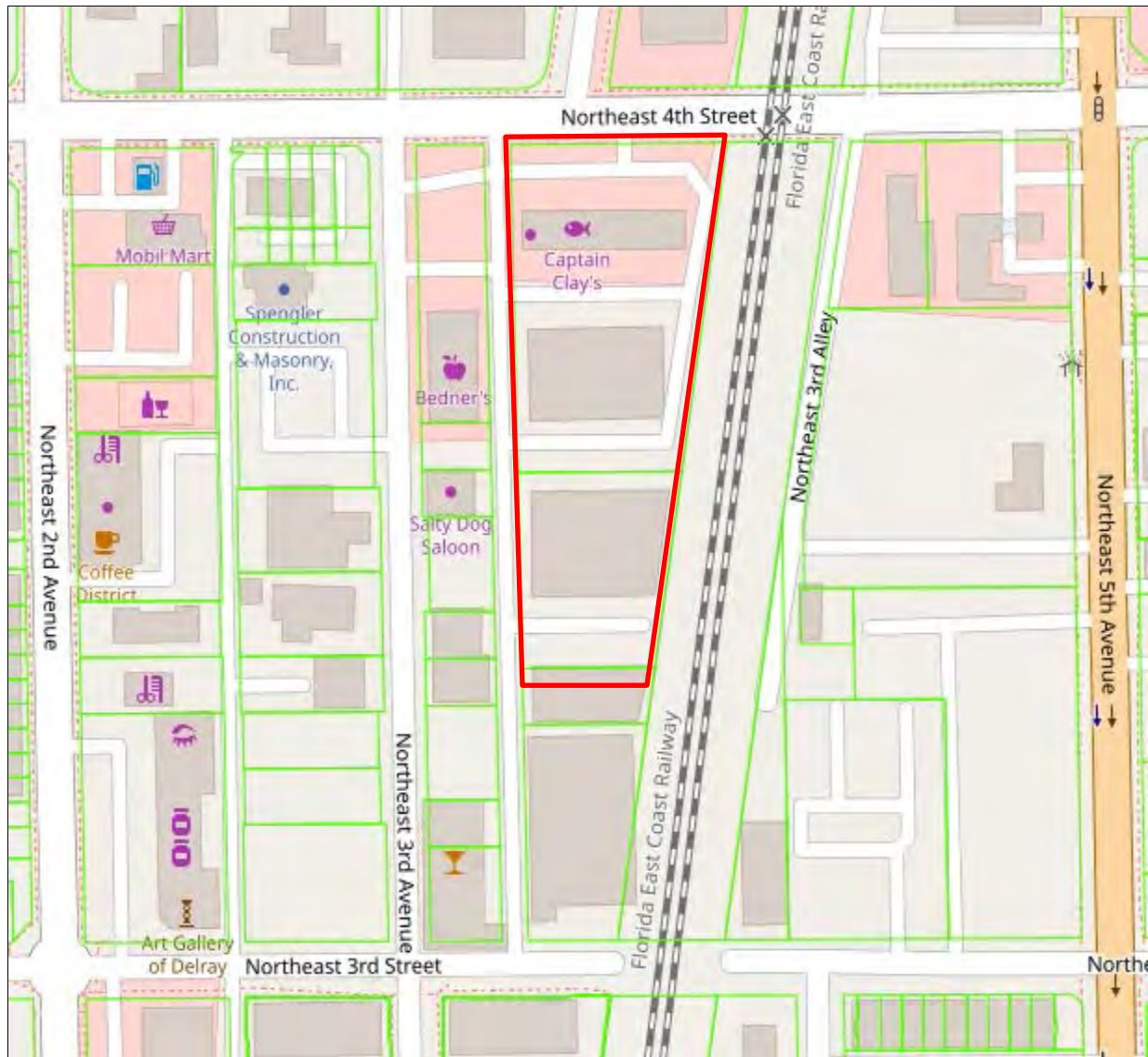


PROPERTY DATA

Location

The Subject Property is located at the southeast corner of NE 4th Street and Artists Alley (formerly N. Railroad Avenue), in the City of Delray Beach, Palm Beach County, Florida. The property addresses are 330, 350 and 358 Northeast 4th Street, Delray Beach, Florida, 33444.

Location Map





Zoning

The Subject Property is zoned CBD, Central Business District, by the City of Delray Beach. This zoning category is a mixed-use district that, according to the zoning code “is established to preserve and protect the cultural and historic aspects of downtown Delray Beach and simultaneously provide for the stimulation and enhancement of the vitality and economic growth of this special area.” It is also noted that the Subject is located within the Railroad Corridor Sub-District, one of five sub-districts comprising the CBD.

The zoning code states, “the Railroad Corridor Sub-district regulations are intended to allow for development of light industrial type and mixed commercial and nonresidential uses on properties that are in the downtown area but are also in close proximity to the FEC Railway. The purpose of the area is to recognize the long-standing light industrial character of this railroad corridor; to provide for the upgrading and expansion of existing uses when appropriate; and to enhance the economic growth of the CBD by providing additional employment opportunities in the downtown area.” Further, “density incentives are available for redevelopment in a limited area of this sub-district to promote the inclusion of workforce housing”. The Subject’s current use is permitted within this zoning district.

Land Use Plan

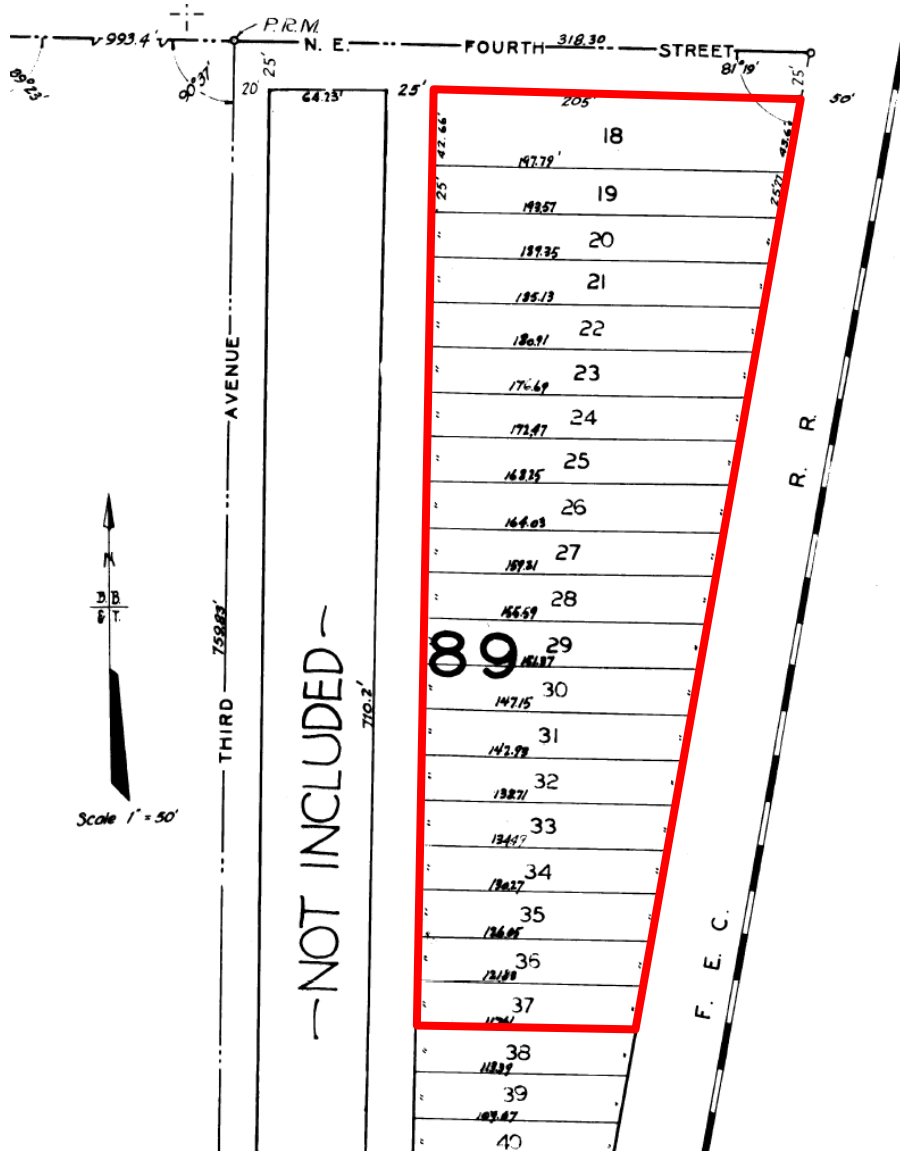
The Subject Property is designated CC, Commercial Core, by the City of Delray Beach Future Land Use Plan. The current warehouse use and zoning district conform to this land use designation.

Site Size, Shape and Access

The Subject Property has an irregular shape and contains a total of approximately 83,452 square feet, or 1.92 acres. As shown on the Plat Map and Surveys on the following pages, the site has frontage on and access to both NE 4th Street and Artists Alley (formerly N. Railroad Avenue). The eastern boundary of the site borders the F.E.C. Railroad.

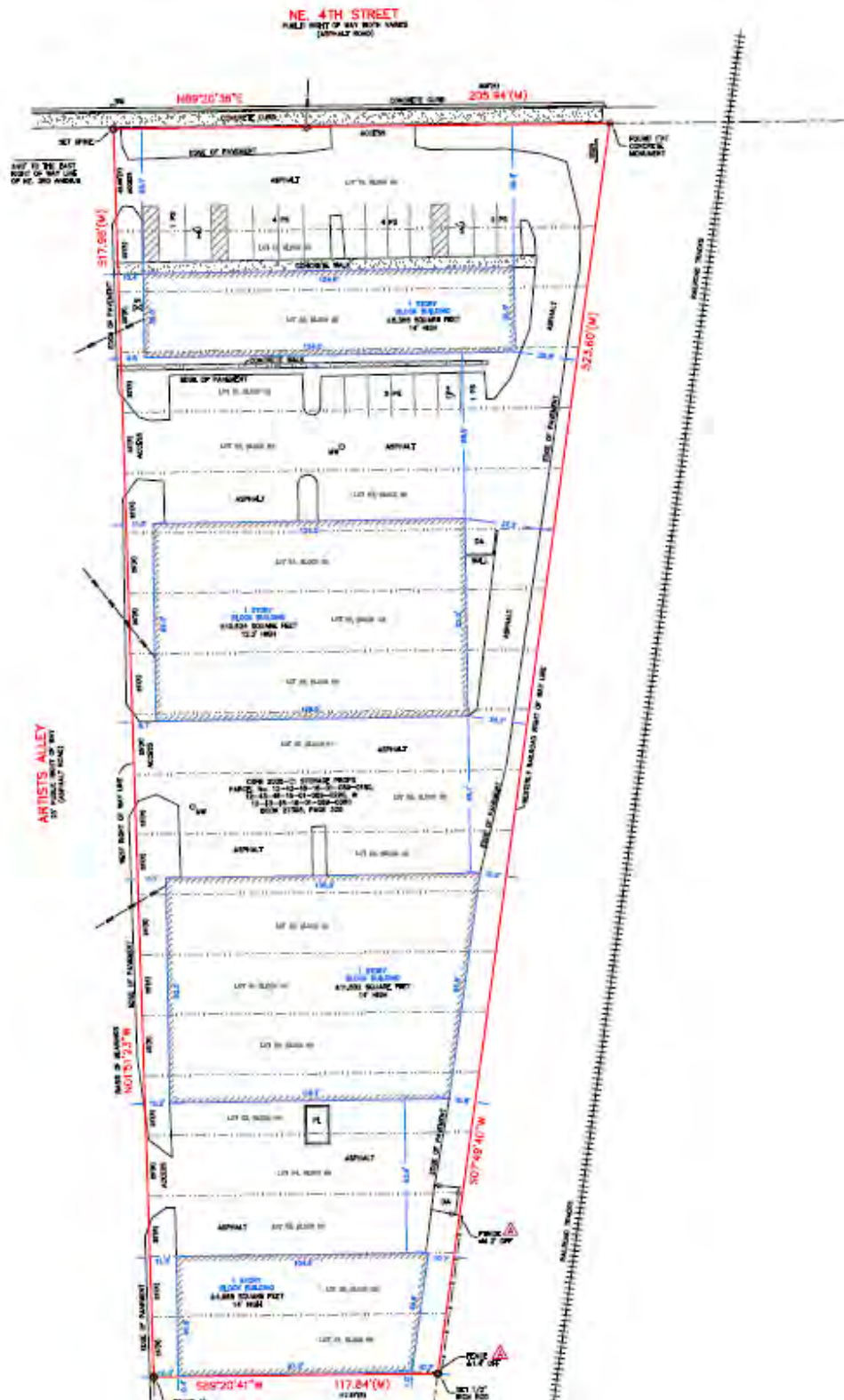


Plat Map





Survey





Topography

No topographical survey, soil or sub-soil analysis was provided. The site is generally level and the majority of the property is paved and developed with an older light industrial project. No apparent drainage issues were noted upon inspection.

Easements and Deed Restrictions

We were not provided with a title search or a survey of the Subject Property. Based on our on-site inspection and review of the public records, the Subject Property has no atypical easements or adverse deed restrictions.

Utilities

All utilities are available to the Subject site with sewer and water provided by the City of Delray Beach, telephone service by AT&T and various other providers, and electricity from Florida Power & Light (FPL).

Census Tract

The Subject Property lies within Palm Beach County Census Tract 0065.02.

Flood Hazard Zone

Flood Report

Address (from parcels)	330 NE4TH ST
FEMA Data Source	DFIRM - Digital Flood Information Rate Map
Inside Special Flood Hazard Area?	OUTSIDE SPECIAL FLOOD HAZARD AREA
Risk Level	MODERATE TO LOW RISK AREAS
Flood Zone(s)	X
Description(s)	X = OUTSIDE FLOODPLAIN
Base Flood Elevation	N/A
NFIP Community Name	City Of Delray Beach
County	PALM_BEACH
State	Florida
NFIP Community Number	125102
NFIP Map Number or Community Panel Number	12099C0979F
Inside CBRA?	FALSE
CBRA Type	N/A
Map Panel Effective Date	2017-10-05 04:00:00+00
LOMA/LOMR (yes/no)	UNKNOWN - check map
LOMA/LOMR Date	UNKNOWN - check map





Assessed Value and Taxes

The 2024 preliminary assessed value and taxes for the Subject Property are as follows:

2024 Preliminary Assessed Value & Taxes							
Folio Number	Land	Improvements	Total Market Value	2024 Assessed Value	2024 Ad Valorem Taxes	2024 Non Ad Valorem Taxes	2024 Total Taxes
12-43-46-16-01-089-0180	\$3,166,380	\$1,291,530	\$4,457,910	\$3,717,820	\$76,053	\$6,839	\$82,892
12-43-46-16-01-089-0290	\$1,476,060	\$861,779	\$2,337,839	\$1,869,098	\$38,845	\$3,025	\$41,870
12-43-46-16-01-089-0360	\$826,472	\$404,150	\$1,230,622	\$818,322	\$18,315	\$1,212	\$19,527
	\$5,468,912	\$2,557,459	\$8,026,371	\$6,405,240	\$133,213	\$11,076	\$144,289

According to the Palm Beach County Tax Collector web site, the Subject’s real estate taxes have been paid with no balance due.

Property History

It should be noted that this office has not performed a title search, nor has a title search been provided. According to the Palm Beach County Public Records, the Subject Property has been under the ownership of SW Delray Artist Alley LLC since 2015. To our knowledge, there have been no other sales of the property during the past three years.

We are aware, however, that the Subject Property is currently being marketed for sale with an asking price of \$27,000,000, or \$323.54 per square foot of land area. The property has been listed for sale for 1.5+ years.

Based on a discussion with our client, the owner has not renewed tenants as their leases expired for purposes of redeveloping the site. The improvements, which consist of four single-story commercial and warehouse buildings built in 1979 and 1980, are currently vacant.

Our client indicated that the owner submitted plans for a mixed-use project to the city that was never developed. Our research revealed that an application was filed with the city in 2019 for the demolition of the existing buildings for the development of a large-scale project consisting of a 179-room hotel, 91 residential units, retail and restaurant space with a central courtyard plaza. The project was not pursued, likely due to the outbreak of the COVID pandemic. The property has no entitlements.

Subsequently, the site is marketed for sale. Our client indicated that the owner is not motivated to sell as their reportedly no debt on the property. The City CRA has had discussions with the owner presenting an appraisal of the site, but the owner was not motivated to sell the property.



DESCRIPTION OF IMPROVEMENTS

The Subject Property is improved with four, single-story CBS commercial and warehouse buildings containing 32,636 square feet that are fully vacant. They were constructed in 1979 to 1980 and are 44 to 45 years old as of the appraisal date. The Subject is located within the Railroad Corridor Sub-District of the CBS and the area has been undergoing redevelopment and revitalization for a number of years. We have valued the Subject Parcels based on their Highest and Best Use of future redevelopment. The existing improvements, which have intentionally been vacated by the property owner for redevelopment, are an underutilization of the site.

Given the overall location and characteristics of the Subject site, the overall size, age and condition of the existing building improvements, and the fact that they are not the most maximally productive use of the site, it is our opinion that they do not contribute to the overall value of the Subject Property and do not represent the Highest and Best Use of the Subject Property.





HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Seventh Edition 2022, by the Appraisal Institute defines Highest and Best Use on pages 88 - 89 as follows:

"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

Consideration was given to individual features of the land such as size, shape, location, access to roadways, and the availability of utilities. Consideration was also given to the surrounding land uses and the demand for property in the current real estate market.

To estimate the Highest and Best Use of the Subject, we have considered those uses which are legally permissible, physically possible, financially feasible, and maximally productive. Consideration was given to individual features of the land such as size, shape, location, access to roadways, and the availability of utilities. Consideration was also given to the surrounding land uses and the demand for property in the current real estate market.

Conclusion

It is our opinion that the Highest and Best Use of the Subject Property is for future mixed-use development. The reasons for this conclusion are as follows:

Legally Permissible

The Subject Property is zoned CBD, Central Business District, by the City of Delray Beach and the Subject is designated CC, Commercial Core, by the city's Future Land Use Plan. The Subject lies within the Railroad Corridor Sub-District and is within four blocks east of Swinton Avenue and one block west of NE 5th Avenue, both primary commercial roadways in the city's downtown area. The immediate area has witnessed significant redevelopment of large-scale mixed-use development would likely be the most probable project type for the Subject Property. The Subject Property's zoning and future land use encourage development of mixed-use downtown projects.

Physically Possible

Physically, the Subject is well suited for redevelopment given its location and its overall size, configuration and access. The Subject site has good frontage and access from NE 4th Street and Artists Alley, as well as a proximity to the main thoroughfares in the areas, NE 5th and 6th Avenues (U.S. Highway 1) and Interstate 95.



The Subject is located in an established area in which public utilities are in place. There appears to be no topographical problems that affect the Subject's development potential. Despite the individual parcels being relatively small, they have sufficient depth and width for a variety of redevelopment options. Although the Subject's existing building improvements are vacant, they have the potential to generate interim rental income to offset holding costs until redevelopment occurs and also indicate evidence of the site's capacity and viability for redevelopment.

Financially Feasible

Of those uses that are both legally permissible and physically possible, we must determine which of these are financially feasible. According to The Appraisal of Real Estate, 15th Edition, "Of those uses that are both legally permissible and physically possible, we must determine which of these are financially feasible. As long as a potential use has value commensurate with its cost and conforms to the first two tests, the use is financially feasible. Some economic uses of land such as housing may not be income producing in the sense of a commercial property, and economic feasibility is weighed by considering prices and price trends. For income-producing properties, the income analysis for financial feasibility may vary with assignments, but the economic demand for the Subject is a prerequisite to the financial testing alternatives."

Given the uses which are both legally and physically possible, it is our opinion that utilizing the site for future mixed-use development could be financially feasible. The Subject is located in an established area that is developed with a variety of commercial and residential properties, with good access and strong demand in this location. The commercial and residential real estate markets in Delray Beach County are strong with occupancies and rental rates increasing in recent years. The immediate area has seen numerous redevelopment projects such as CityWalk, Pineapple Grove Village and Cannery Row Townhomes, in addition to the Astor and The Ray. The Delray CBD market is expected to remain stable into the foreseeable future.

Maximally Productive

It is our opinion that the maximum productivity of the Subject could be realized with future mixed-use development. The most likely buyer of the Subject would be a local or regional developer.



LAND VALUE ANALYSIS

According to the 15th Edition of The Appraisal of Real Estate on page 35, developing an opinion of land value can be considered a separate step in the valuation model or an essential technique for applying certain approaches to value, depending on the defined appraisal problem and on the highest and best use analysis. The relationship between highest and best use and land value may indicate whether an existing use is the highest and best use of the land.

An appraiser can use several techniques to obtain an indication of land value:

- Sales Comparison
- Extraction
- Allocation
- Subdivision Development
- Land Residual
- Ground Rent Capitalization

The most common way to develop an opinion of land value is by sales comparison. When few sales are available, however, or when the value indications produced through sales comparison need additional support, procedures like extraction or allocation may be applied. In the case of the Subject Property, the only approach used was the Sales Comparison Approach.

Sales Comparison Approach

In order to estimate the Market Value of the Subject Property, a search was made for recent sales of properties with development potential similar to the Subject. Our search was concentrated on similar sites within the downtown area of Delray Beach. We analyzed the Subject site and the comparables on price per square foot of land area basis, as this is the most recognized unit of comparison in this market. All of the comparables were considered with regard to conditions of sale, financing, property rights conveyed, time or market conditions, location, size, site quality/shape and building improvements. A chart summarizing the comparable sales is shown on the next page followed by a sales location map, sale write-ups and a discussion of our adjustments.



Discussion of Land Sales

We researched sales of land parcels within downtown Delray Beach that were purchased for development, or redevelopment in the cases where the sites were improved at the time of sale. As a mature market, there are few vacant land sites and even fewer larger properties consisting of several parcels like the Subject Property. In many cases, land parcels have been assembled over time for eventual redevelopment, at times receiving interim income to help cover holding costs and maintenance.

Our search revealed five sales of properties located within the CBD area of Delray Beach that were considered to be suitable for direct comparison to the Subject Property. It is noted that several of these sales involved properties that were improved buildings at time of sale. As shown below, the comparable sales included in our analysis indicated sales prices ranging from \$154.24 to \$201.11 per square foot of land area prior to adjustments.

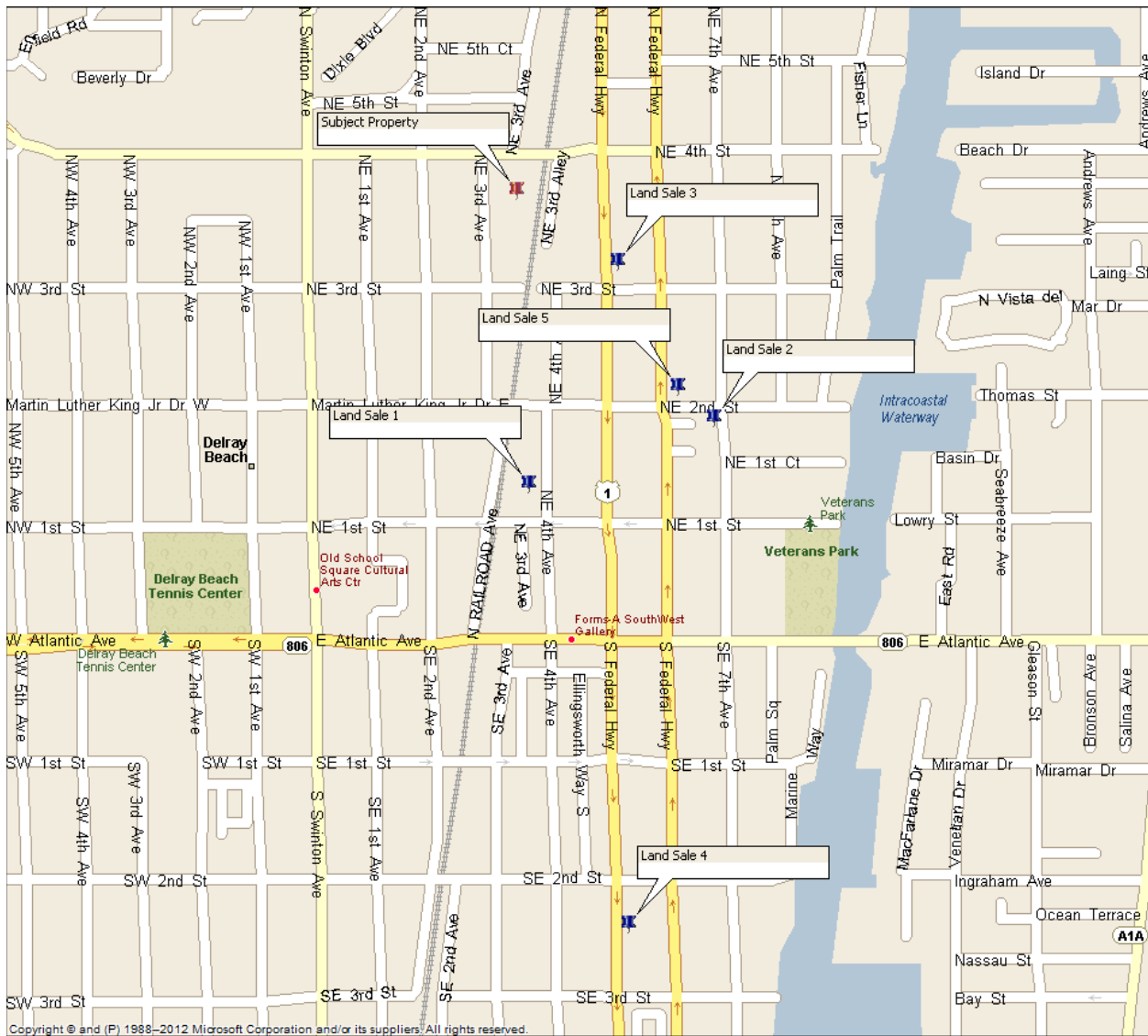
VACANT LAND SALES SUMMARY						
Sale No.	1	2	3	4	5	
O.R. BK/PG	34436/911	34248/1771	33320/1724	33253/1326	33029/1292	
Record ID	11140	11142	10941	10944	11456	
Location	Subject Site Delray Beach	126 NE 4th Avenue Delray Beach	142 NE 7th Avenue Delray Beach	307 NE 5th Avenue Delray Beach	235 SE 5th Avenue Delray Beach	354 SE 5th Avenue Delray Beach
Date of Appraisal/Sale	Sep-24	Jul-23	Apr-23	Feb-22	Jan-22	Nov-21
Sale Price	-	\$1,725,000	\$3,200,000	\$1,950,000	\$2,150,000	\$3,200,000
Land Size - Sq. Ft.	83,452	8,965	16,553	12,520	13,939	15,912
Land Size - Acre	1.92	0.21	0.38	0.29	0.32	0.37
Zoning	CBD	CBD	RM10	CBD	CBD	CBD
Price per Sq. Ft.	-	\$192.41	\$193.32	\$155.75	\$154.24	\$201.11
ADJUSTMENT CONSIDERATIONS						
Conditions of Sale	Arm's Length	Assemblage	Market	Market	Market	Market
Adjustment	-	-5%	0%	0%	0%	0%
Adj Price - Sq. Ft.	-	\$182.79	\$193.32	\$155.75	\$154.24	\$201.11
Financing	Conventional	Market	Market	Market	Market	Market
Adjustment	-	0%	0%	0%	0%	0%
Adj Price - Sq. Ft.	-	\$182.79	\$193.32	\$155.75	\$154.24	\$201.11
Market Conditions	Market	Inferior	Inferior	Inferior	Inferior	Inferior
Adjustment	-	5%	5%	10%	10%	10%
Adj Price - Sq. Ft.	-	\$191.93	\$202.98	\$171.33	\$169.67	\$221.22
Other Adjustments	-	-	-	-	-	-
Location	-	0%	0%	0%	10%	0%
Size	-	0%	0%	0%	0%	0%
Site Quality	-	5%	0%	0%	0%	0%
Zoning	-	0%	5%	-5%	0%	0%
Building Improvements	-	5%	10%	10%	5%	5%
Net Adjustment	-	10%	15%	5%	15%	5%
Adjusted Price/Sq. Ft.	-	\$211.13	\$233.43	\$179.89	\$195.12	\$232.28

#24-85942

Minimum \$179.89
Maximum \$233.43
Average \$210.37

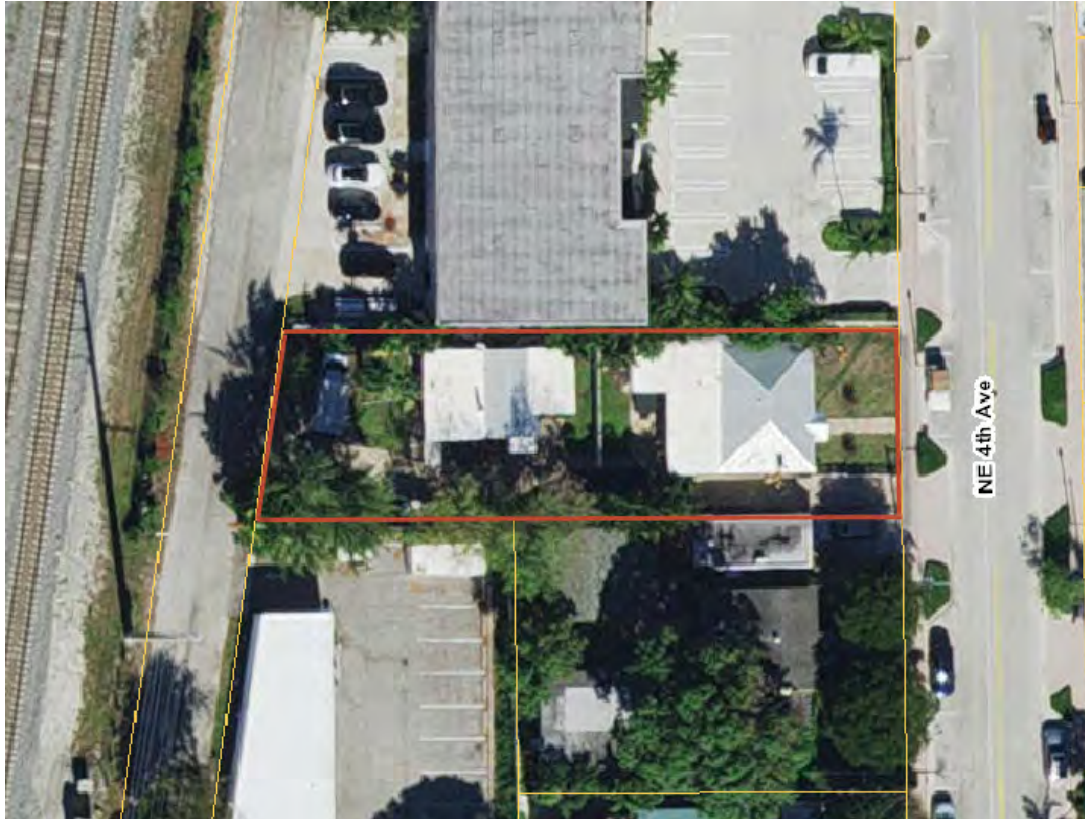


Comparable Land Sales Map





Land Sale No. 1



Property Identification

Record ID	11140
Property Type	Residential Multi Family
Address	126 NE 4th Avenue, Delray Beach, Palm Beach County, Florida 33483
Location	West side of NE 4th Avenue, 135'+/- north of NE 1 st Street
Tax ID	12-43-46-16-01-091-0060
Legal Description	Lot 6, Block 91, Delray Resubdivision of Blocks 91 & 92 and the W ½ of Block 99

Sale Data

Grantor	Suzanne & Thomas Farese
Grantee	Irish Properties of Florida, Inc.
Sale Date	July 10, 2023
Deed Book/Page	34436/911
Recorded Plat	2/21
Property Rights	Fee Simple
Conditions of Sale	Arm's Length



Land Sale No. 1 (Cont.)

Financing Verification Cash to Seller
Confirmed by Cathy Romaguera

Sale Price \$1,725,000

Land Data

Zoning CBD, Central Business District
Topography Level, improved with residential buildings
Utilities All available
Shape Rectangle
Future Land Use CC, Commercial Core

Land Size Information

Gross Land Size 0.206 Acres, or 8,965 SF
Front Footage NE 4th Avenue

Indicators

Sale Price/Gross Acre \$8,381,595
Sale Price/Gross SF \$192.41

Remarks

Site is improved with residential improvements built in 1937 and planned to be utilized as an interim use.



Land Sale No. 2



Property Identification

Record ID	11142
Property Type	Residential Multi Family
Address	142 NE 7th Avenue, Delray Beach, Palm Beach County, Florida 33483
Location	SWC of NE 7 th Avenue and NE 2 nd Street
Tax ID	12-43-46-16-01-115-0110
Legal Description	Lots 11 & 12, Block 115, Map of the Town of Linton, aka The City of Delray Beach

Sale Data

Grantor	BDM Ventures LLP
Grantee	142 NE 7th Avenue LLC
Sale Date	April 17, 2023
Deed Book/Page	34248/1771
Recorded Plat	1/3
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Confirmed by Cathy Romaguera



Land Sale No. 2 (Cont.)

Sale Price \$3,200,000

Land Data

Zoning RM, Medium Density
Topography Level, improved with office building
Utilities All available
Shape Rectangle
Future Land Use MD, Medium Density (5-12 DU/Acre)

Land Size Information

Gross Land Size 0.380 Acres, or 16,553 SF
Front Footage NE 7th Avenue

Indicators

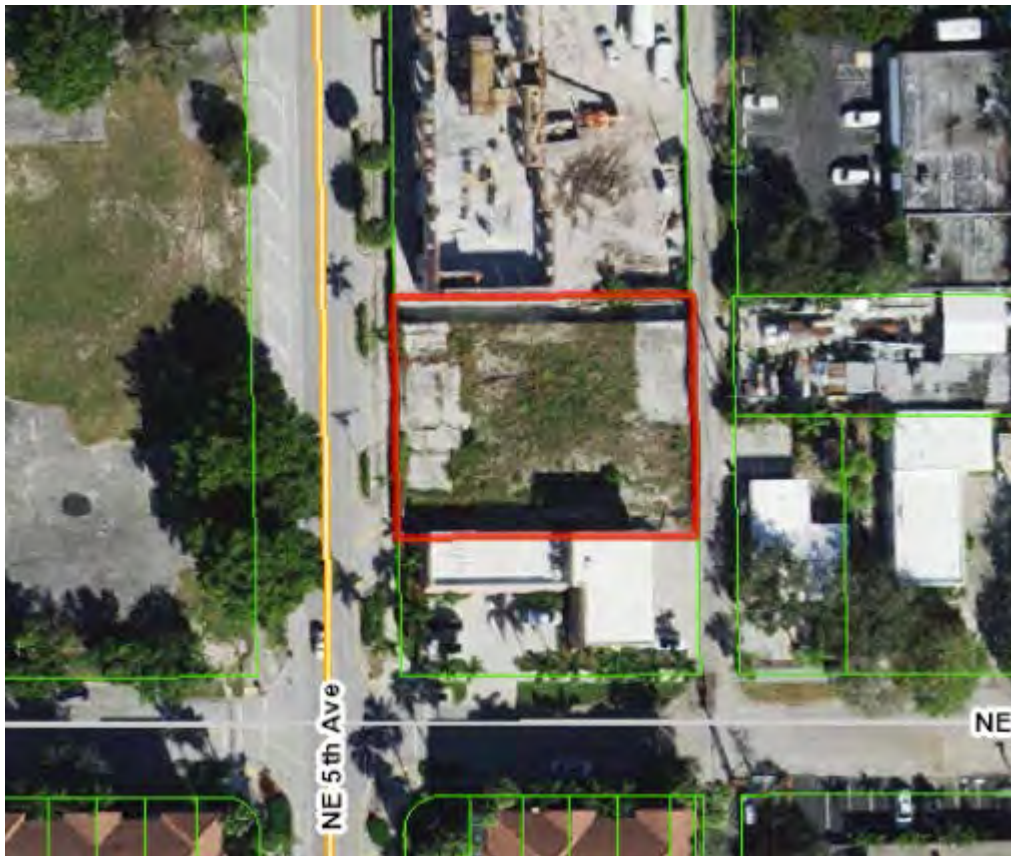
Sale Price/Gross Acre \$8,420,951
Sale Price/Gross SF \$193.32

Remarks

Was improved with multifamily apartments built in 1927. Since redeveloped with luxury townhouses listed at \$3,995,000.



Land Sale No. 3



Property Identification

Record ID	10941
Property Type	Commercial, Mixed Use, Vacant Land
Address	307 NE 5th Avenue, Delray Beach, Palm Beach County, Florida 33483
Location	East side of NE 5th Avenue, 65'+/- north of NE 3rd Street
Tax ID	12-43-46-16-05-105-0160
Legal Description	Lots 16 & 17, Block 105, Sub Map of Highland Park

Sale Data

Grantor	Vankorn, LLC
Grantee	SIR I Development LLC
Sale Date	February 10, 2022
Deed Book/Page	33320/1724
Recorded Plat	2/79
Property Rights	Fee Simple
Marketing Time	7.5 months
Conditions of Sale	Arm's length



Land Sale No. 3 (Cont.)

Financing Cash to seller
Sale History \$1.2 million in July 2019
Verification Confirmed by Jim Murray

Sale Price \$1,950,000

Land Data

Zoning CBD, Central Business District
Topography Level, vacant
Utilities All available
Shape Rectangle
Future Land Use CC, Commercial Core

Land Size Information

Gross Land Size 0.287 Acres, or 12,520 SF
Front Footage NE 5th Avenue

Indicators

Sale Price/Gross Acre \$6,784,505
Sale Price/Gross SF \$155.75

Remarks

This property was purchased for development of a five-unit townhouse project being marketed as Deco Delray. The former buildings on the site contributed no value and were demolished by the prior owner in 2020. The site sold with development approvals in place.



Land Sale No. 4



Property Identification

Record ID	10944
Property Type	Commercial, Vacant Land
Address	235 SE 5th Avenue, Delray Beach, Palm Beach County, Florida 33483
Location	East side of SE 6th Avenue, 175' +/- south of SE 2nd Street
Tax ID	12-43-46-16-01-111-0041
Legal Description	Lengthy, Lots 4-9, Block 111, Resub of Block 111, Delray PB County FL

Sale Data

Grantor	Grigorian Group Inc.
Grantee	Sir II Development LLC
Sale Date	January 12, 2022
Deed Book/Page	33253/1326
Recorded Plat	13/46
Property Rights	Leased Fee
Conditions of Sale	Arm's length



Land Sale No. 4 (Cont.)

Financing Cash to seller
Sale History 5/20 for \$1,675,000
Verification Confirmed by Jim Murray

Sale Price \$2,150,000

Land Data

Zoning CBD, Central Business District
Topography Level, improved with office building
Utilities All available
Shape Rectangle
Future Land Use CC, Commercial Core

Land Size Information

Gross Land Size 0.320 Acres, or 13,939 SF
Front Footage SE 5th Avenue; SE 2nd Street; asphalt paved alley

Indicators

Sale Price/Gross Acre \$6,718,846
Sale Price/Gross SF \$154.24

Remarks

This site was purchased for future redevelopment. It was improved with a 92-year old single family residence that was converted for office use in 1999. It is usable until redevelopment is feasible. The property was on and off the market for over four years prior to selling in May 2020. The current buyer is planning on developing a four-story, mixed use project with ground floor office space and covered parking and seven condominium units above. The project (Valhalla Condominiums) did not have entitlements when purchased but an application for site plan approval was submitted in June 2022.



Land Sale No. 5



Property Identification

Record ID	11456
Property Type	Commercial, Mixed Use, Vacant Land
Address	605 NE 2nd Street, Delray Beach, Palm Beach County, Florida 33483
Location	NEC of NE 6th Avenue and NE 2 nd Street
Tax ID	12-43-46-16-01-114-0090
Legal Description	Ptn. of Lots 9 & 10, Block 115, Map of the Town of Linton (now Delray Beach)

Sale Data

Grantor	215 NE 6TH AVE, LLC
Grantee	Downtown Second Street, LLC
Sale Date	November 4, 2021
Deed Book/Page	33029/1292
Recorded Plat	1/3
Property Rights	Leased Fee
Conditions of Sale	Arm's length



Land Sale No. 5 (Cont.)

Financing Cash to seller
Sale History \$1.02 million in March 2016
Verification Confirmed by Jim Murray

Sale Price \$3,200,000

Land Data

Zoning CBD, Central Business District
Topography Level, improved with older mixed-use buildings
Utilities All available
Shape Rectangle
Future Land Use CC, Commercial Core

Land Size Information

Gross Land Size 0.366 Acres, or 15,912 SF
Front Footage NE 6th Avenue, NE 2nd Street, Hofman Lane

Indicators

Sale Price/Gross Acre \$8,760,181
Sale Price/Gross SF \$201.11

Remarks

This property is improved with three mixed-use buildings built in 1925 and 1948. The property was purchased for eventual redevelopment for an 8-unit townhouse project to be called "The Edge at Pineapple Grove". The proposed site plan was submitted for approval in April 2022 and the site had no approvals in place at the time of sale.



Property Rights Transferred

All of the comparable sales in this analysis involved ownership transfer on a Fee Simple Estate or Leased Fee basis, with the buyers receiving full property rights. We are also unaware of any adverse deed restrictions or any other property rights limitations which would have affected the sales. Therefore, no adjustments were necessary for property rights transferred.

Terms of Financing

The transaction price of one property may differ from that of a similar property due to atypical financing arrangements. In a case where favorable financing is established, a cash equivalency adjustment is often necessary. However, all of the comparable sales analyzed herein involved either market financing terms or cash to the Grantor. Therefore, no terms of financing adjustments were made, nor any cash equivalency performed.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller at the time of conveyance. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. All of the comparable sales were arm's length transactions and they required no adjustments for this consideration.

Sale 1, however, was the purchase by an adjacent owner in order to assemble a larger property. Due to the atypical nature of this motivation for this purchase, we have adjusted this sale downward to account for a possible premium paid for the site. No other adjustments were considered necessary to the sales.

Time or Changes in Market Conditions

Market conditions generally change over time and may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. The comparable sales occurred from November 2021 to July 2023. Other sales have occurred during the past year, but they were not considered to be as suitable for comparison to the Subject Property. All of the sales transpired more than a year ago during a period of strengthening market conditions. As a result, we have applied upward adjustments to the sales to account for this factor. Sales 3, 4 and 5 warranted more substantial adjustments due to their older respective dates of sale.

Location

The Subject Property is considered to have a good location for future redevelopment being situated within the Pineapple Grove Arts District area of the Delray Beach CBD, although it is located along the FEC railway. The Subject site has very good access and exposure with extensive frontage along NE 4th Street and Artists Alley.



The majority of the comparables used in our analysis are considered to be very similar to the Subject as to location north of Atlantic Avenue near NE 5th/NE 6th Avenues (U.S. Highway 1) and no adjustments were necessary. Sale 4, however, while in the CBD, was outside the area of the most substantial redevelopment focus and required an upward adjustment for its inferior location as compared with the Subject Property.

Size

The Subject Property contains approximately 83,452 square feet of land area and is one of the few sites of this size in downtown Delray Beach that do not require assemblage. All of the comparables were smaller than the Subject, ranging from 8,965 to 16,553 square feet. Typically, smaller properties will sell for more on a price per square foot basis than larger properties, all other things being equal. However, in redevelopment areas, larger properties are often preferred due to their development flexibility. Given the Subject's larger size and development flexibility, we have adjusted all the sales upward as they are inferior to the Subject in this regard.

Site Quality/Shape

The Subject Property is considered to have a good site quality being level, all upland and usable. While all of the comparables are rectangular, Sales 2 through 5 are considered to be similar to the Subject as to configuration. Sale 1 was narrow and deep which limits development options for the site. This sale warranted an upward adjustment for this factor. The remaining sales are considered to be generally similar to the Subject as to site quality and were not adjusted for overall site quality.

Zoning/Land Use

The Subject Property is zoned CBD, Central Business District, as are all of the sales with the exception of Sale 2, which is zoned RM, Medium Density. The CBD designation is perhaps the most flexible categories that allows a wide variety of mixed-uses. Sale 2 is considered to be inferior to the Subject and the other comparables in that it does not permit commercial space. In our opinion, this sale required an upward adjustment for this consideration while the remaining sales were not adjusted for zoning.

In addition to zoning, entitlements for development are an important factor for this property type. While the Subject does not have approvals for any proposed development, Sale 3 sold with entitlement in place which is a superior factor given the costs, time and risk associated with obtaining these approvals from the city. As a result, we have adjusted Sale 3 downward based on this consideration.



Building Improvements

The Subject Property is currently improved with four commercial and warehouse buildings that are 44 to 45 years old. Further, the buildings have been vacated by the owner to prepare the property for redevelopment. The buildings appeared to be in fair to average condition at the time of our inspection.

Although the Highest and Best Use is for redevelopment, the improvements appear to have been adequately maintained and capable of generating rental income that offset holding costs until redevelopment occurs. Sales 2 and 3 were sold as vacant land and have been upwardly adjusted to reflect their lack of improvements.

While Sales 1, 4 and 5 were improved with buildings at time of their respective sales, the structures (residential and mixed-use buildings and an office) were not as intensive as those of the Subject and not capable of generating as much interim rental income to offset holding costs. As a result, these sales received upward adjustments, as well, for this consideration.

Addition Market Information

As mentioned, there has been significant redevelopment activity in the Delray Beach CBD in proximity to the Subject Property. There is market evidence that will provide further insight to support our opinion of the Subject's market value.

- A 0.88-acre vacant site at the southwest corner of SE 3rd Street and SE 5th Avenue sold in March 2021 for \$3,900,000, or \$101.94 per square foot. The site had entitlements in place for the 26-unit luxury condominiums known as Onix. Units are currently marketed at \$1.549M to \$1.899M.
- A four-parcel, L-shaped property located at the northeast corner of NE 3rd Street and NE 2nd Avenue sold in March 2022 for \$9,028,300, or \$161.92 per square foot for the 1.28 total acres. Purchased by Pineapple Grove Development, LLC, the property is improved with three commercial buildings totaling 10,470 square feet built in 1953 and 1982 in addition to a 0.33-acre vacant lot along NE 3rd Avenue. Conceptual future redevelopment with a four-story mixed-use project has been considered.
- An irregular-shaped, 0.67-acre site at 235-245 NE 4th Avenue is listed *for sale* at \$5.86M, or \$200.25 per square foot. The parcel has frontage also along NE 5th Avenue, south of NE 3rd Street. The property is improved with a two-story office building containing 10,800 square feet built in 1969.



Conclusion – Land Value Analysis

As was shown on the chart displayed earlier, the comparable sales indicated a range of adjusted sales prices from \$197.02 to \$254.40 per square foot with an average of \$225.72 per square foot. Eliminating the high and low ends of the range (Sales 5 and 3, respectively), the range narrows from \$212.86 to \$243.58, with the same average of \$225.72 per square foot.

All of the comparable sales were considered to provide reasonable indications of value for the Subject Property. We have considered the uniqueness of the Subject's larger size in our conclusion as well as upward trends in the neighborhood reflected by the most recent sales. Therefore, it is our opinion that the Subject Property had a Market Value of approximately \$225.00 to \$235.00 per square foot, as of September 15, 2024, or \$19,200,000, calculated as follows:

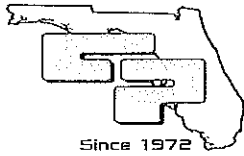
$$83,452 \text{ Square Feet} \times \$225 \text{ Per Square Foot} = \$18,776,700$$

$$83,452 \text{ Square Feet} \times \$235 \text{ Per Square Foot} = \$19,611,220$$

Say, \$19,200,000

ADDENDA

ENGAGEMENT LETTER



Callaway & Price, Inc.

Real Estate Appraisers and Consultants

Licensed Real Estate Brokers

www.callawayandprice.com

Please respond to the South Florida office
E-Mail: s.shaw@callawayandprice.com

SOUTH FLORIDA

1410 Park Lane South
Suite 1
Jupiter, FL 33458
Phone (561) 686-0333
Fax (561) 686-3705

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192
s.shaw@callawayandprice.com

Robert A. Callaway, MRICS
Cert Gen RZ2461
r.callaway@callawayandprice.com

TREASURE COAST

603 North Indian River Drive
Suite 104
Fort Pierce, FL 34950
Phone (772) 464-8607
Fax (772) 461-0809

Stephen G. Neill, Jr., MAI
Cert Gen RZ2480
s.neill@callawayandprice.com

SPACE COAST

1120 Palmetto Avenue
Suite 1
Melbourne, FL 32901
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

CENTRAL FLORIDA

111 North Orange Avenue
Suite 800
Orlando, FL 32801
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

September 5, 2024

Christine Tibbs
Assistant Director
Delray Beach Community Redevelopment Agency
20 North Swinton Avenue
Delray Beach, FL 33444

E-Mail: tibbsc@mydelraybeach.com

Dear Ms. Tibbs:

We would be pleased to prepare an Appraisal Report on the property located at 330, 350 & 358 NE 4th Street in Delray Beach, Florida. The purpose of our appraisal will be to estimate the Market Value of the Fee Simple Estate of the Subject Property.

This report will be prepared for our client and intended user, Delray Beach Community Redevelopment Agency. The intended use is to assist the client for internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

The fee would be \$~~3,500~~^{3,400}. The fee is due and payable upon delivery of the report. We will provide a PDF of the final report.

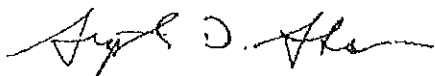
We will have the report completed in approximately 3 weeks from the day we receive your authorization.

Christine Tibbs
Assistant Director
Delray Beach Community Redevelopment Agency
September 5, 2024
Page Two

If the above is agreeable to you, please sign below as our authorization and return it so that we may begin work immediately. This agreement is subject to the Agreements and Conditions listed on the attached pages, a copy of which should also be signed and returned to us. Our work will be done in accordance with the Appraisal Institute Code of Ethics and Standards of Professional Practice. Thank you for the opportunity to be of service.

Respectfully submitted,

CALLAWAY & PRICE, INC.



Stephen D. Shaw, MAI, AI-GRS
Cert.Gen. RZ1192

SDS/js
Attachments

Client: Delray Beach Community Redevelopment Agency

Accepted By\Date:

Signature Date

Name and Title (Printed or Typed):



CONDITIONS OF AGREEMENT

1. Premise: The completed report shall comply with the professional and ethical standards of the Appraisal Institute. The report will be addressed to the Client, or, as directed by the Client.
2. Compensation: The fee is due and payable as designated in the contract letter; the retainer is to be sent to the Appraiser along with the signed contract letter, which constitutes authorization to commence the assignment. The Appraiser's/Consultant's compensation is in no event contingent upon a predetermined value or conclusion.
3. Completion Date: Every effort will be made to deliver the report as per the specified date in the contract letter. If delays occur for reasons beyond the control of the Appraiser/Consultant, such as not receiving necessary data requested from the Client in a timely manner, changes in the scope of services of the assignment, acts of God, et cetera, the due date shall be extended.
4. Changes: The Appraiser/Consultant shall, to the best of his ability, complete the assignment in compliance with professional and ethical standards of the appraisal industry. Changes which are not in keeping with these standards will necessitate a new contract letter and renegotiation of the original fee; or billed on a time basis plus the original fee.
5. Cancellation: This agreement may be cancelled by the Client by written notice, or telephone followed by written notice. Appraiser/Consultant shall submit a statement based on professional time and expenses accrued, if applicable, for all services expended to the date of cancellation.
6. Additional Report Copies: Additional copies will be furnished upon request, and prepayment of \$1 per page per report.
7. Collection: All fees and expenses are due upon delivery of the final report. A late charge of 1.5% per month shall be imposed on balances unpaid 30 days after the statement date. If collection efforts become necessary, all costs for same, including court costs and attorney's fees will be added to the balance due. We are currently operating under an agreement with a collection agency which charges us 53.8%. IF THEIR COLLECTION SERVICES ARE REQUIRED, CLIENT'S TOTAL BALANCE DUE WILL BE INCREASED BY 53.8%.
8. Limiting Conditions: This agreement and the completed report shall be subject to the attached Limiting Conditions (also included in said report).



Conditions of Agreement

9. Confidential Data: Data assembled for the assignment will remain the property of the Appraiser/Consultant. Data provided by the Client will be held in file, unless otherwise instructed by the Client, and considered confidential. Appraiser/Consultant is authorized by the Client to disclose the report to appropriate representative of the Appraisal Institute to comply with the Bylaws and regulations of this professional organization.

I hereby agree to the Conditions of Agreement outlined above.

Client's Name

Date of Acceptance



LIMITING CONDITIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value estimated in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. This appraisal report covers only the property described and any values or rates utilized are not to be construed as applicable to any other property, however similar the properties might be.
4. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
5. This appraisal expresses our opinion, and employment to make this appraisal was in no way contingent upon the reporting of predetermined value or conclusion.
6. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
7. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.



Limiting Conditions

9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation *stachybotrys chartarum* (mold), asbestos, polychlorinated biphenyls, petroleum leakage, "Chinese drywall" or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

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

QUALIFICATIONS



Qualifications - Stephen D. Shaw, MAI, AI-GRS

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #10461

Member, Appraisal Institute, AI-GRS

State-certified general real estate appraiser RZ1192

Florida State Licensed Real Estate Salesman 0495422

Professional Experience

Principal, Callaway & Price, Inc., since January 1999

Senior Appraisal Consultant, Callaway & Price, Inc., since July 1997 – December 1998

Appraisal Consultant, Callaway & Price, Inc., since April 1994

Associate Appraiser, Pinel & Carpenter, Inc., Orlando, April 1992 - March 1994

Appraiser/Researcher, Callaway & Price, Inc., September 1987 - March 1992

Special Magistrate Palm Beach County 1996-2012

Special Magistrate, Martin County, 2009

Qualified as an Expert Witness

Palm Beach County, Florida

Martin County, Florida

Broward County, Florida

Sarasota County, Florida

Miami-Dade County, Florida

Education

Bachelor of Science Degree, Business Administration, Major in Real Estate and Finance, University of Florida

Appraisal Institute:

Course 101 - An Introduction to Appraising Real Property, 1992

Course 201 - Principles of Income Producing Properties, 1991

Course 2-1 - Case Studies in Real Estate Valuation, 1992

Course 540 - Report Writing and Valuation Analysis, 1993

Course 2-3 - Standards of Professional Practice Parts A & B, 1991

Review Theory - General

Numerous seminars sponsored by the Appraisal Institute

Appraising\Consulting Expertise

Acreage

ACLFs

Apartment Complexes

Automotive Service Facilities

Bowling Alleys

Commercial Buildings

Condominium Projects

Eminent Domain

Golf Courses

Hospitals

Hotels

Marinas

Medical Office Buildings

Medical Office Condominiums

Medical Campus Sites

Medical Office Sites

Surgery Centers

Self-Storage Facilities

Office Buildings

Office/Warehouses

Retail Buildings

Restaurants

Special Purpose Properties

Shopping Centers

Vacant Commercial Land

Vacant Industrial Land

Vacant Multifamily Pods

Vacant Residential Land

Vacant Single-Family Subdivisions

Warehouses



Qualifications - Stephen D. Shaw, MAI, AI-GRS

Organizations and Affiliations

Appraisal Institute:

Experience Review Committee

Ethics & Counseling Committee

South Florida Chapter Board of Directors

Business Development Board Palm Beach County, Member



Ron DeSantis, Governor

Melanie S. Griffin, Secretary



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

SHAW, STEPHEN DAY

1639 FORUM PLACE
SUITE 5
WEST PALM BEACH FL 33401

LICENSE NUMBER: RZ1192

EXPIRATION DATE: NOVEMBER 30, 2024

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Qualifications – James D. Murray, Jr., MAI

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #50208
State-certified general real estate appraiser RZ2419
Real Estate Salesperson SL517992, State of Florida

Professional Experience

Appraisal Consultant, Callaway & Price, Inc., from 2004
Commercial Real Estate Analyst, Interbay Funding, 2002 to 2004
Senior Manager, Real Estate Analyst, Ocwen Realty Advisors, 1996 to 2002
Real Estate Appraiser, Assistant Vice President, Landauer Associates, Inc., 1991-1996
Graduate Research Assistant, Real Estate Research Center, University of Florida, 1990-1991
Project Manager, Klusza and Associates, Inc., 1986-1989

Geographic Experience

Throughout Florida

Property Types

Auto Service and Repair	Office/Warehouse
Commercial Condos	Proposed Projects
Day Care Facilities	Restaurants
Mixed Use Properties	Retail
Mobile Home Parks	Self-storage Facilities
Motels/Hotels	Vacant Land
Multifamily Residential	Warehouse Distribution Centers
Office	

Education

Master of Business Administration, Real Estate Concentration, University of Florida
Bachelor of Science, Business Administration, with Honors, University of Florida

Appraisal Institute Courses:

Appraisal Principles	Advanced Applications
Appraisal Procedures	Report Writing and Valuation Analysis
Basic Income Capitalization	Highest and Best Use and Market Analysis
General Applications	
Advanced Income Capitalization	
Standards of Professional Practice (Parts A, B, C)	
Advanced Sales Comparison and Cost Approaches	



Ron DeSantis, Governor

Melanie S. Griffin, Secretary



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DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

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PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

MURRAY, JAMES D JR

1043 SHADY LAKES CIR S
PALM BEACH GARDENS FL 33418

LICENSE NUMBER: RZ2419

EXPIRATION DATE: NOVEMBER 30, 2024

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