

AN APPRAISAL OF REAL PROPERTY OF:

**15 SE 10th Street
Delray Beach, Florida 33483**



**AS OF
October 11th, 2017**

**FILE #
1017-P11960**

**FOR
City of Delray Beach
Attn: Neal de Jesus, Interim City Manager**

**BY
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October 19th, 2017

City of Delray Beach
Attn: Neal de Jesus, Interim City Manager
434 S Swinton Avenue
Delray Beach, FL 33444

Reference: Industrial Property & Vacant Land
Address: 15 SE 10th Street, Delray Beach, FL 33483
Folio Nos.: 12-43-46-21-01-015-0101 & 12-43-46-21-01-014-0190

Mr. de Jesus,

As requested, we have prepared the attached appraisal report of the above referenced properties. The purpose of this report is to estimate the market value of the properties as of October 11th, 2017. Property rights appraised are the Fee Simple interest. The intended user of this report is City of Delray Beach (client) and the intended use is for internal asset evaluation purposes. This report is not intended for any other use / user.

An on-site inspection has been made of the subject property and all data considered pertinent to the making of the appraisal has been investigated and analyzed. The results of the investigation together with conclusions can be found in the following pages of this report. This is an Appraisal Report (Format) conforming to all applicable USPAP and Appraisal Institute standards and guidelines and is made subject to assumptions and limiting conditions found in this report.

October 19th, 2017

The appraiser(s) certify they have no interest, past or present in the subject premises, and that our conclusion of value is based on professionally accepted techniques and methods, and further, that our fee is not contingent upon any specific finding.

In our opinion, the estimated fee simple market value "subject to" the extraordinary assumptions detailed in the body of this report as of October 11th, 2017 is:

Two Million Nine Hundred Fifty Thousand Dollars
(\$2,950,000.00)

Conditions: This appraisal is subject to the General Assumptions & Limiting Conditions, and Certificate of Appraisal included herein.

Respectfully submitted,

All Florida Appraisal Group, Inc.



Paul R. Cassidy
Cert. Gen. RZ3176
State Certified General Real Estate Appraisal



Mario T. Garcia
Cert. Res. RD2528
State Certified Residential Real Estate Appraisal

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TYPE OF VALUE ESTIMATED AND DATE OF VALUE

The type of value estimated in this appraisal report is the market value of the subject property in fee simple as of October 11th, 2017.

DEFINITION OF MARKET VALUE

Market Value: as defined in Chapter 12, Code of Federal Regulation, Part 34.42 (f) is, "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

PROPERTY RIGHTS APPRAISED

Fee Simple Interest is defined as: "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation".

The Dictionary of Real Estate Appraisal, Pg 123, American Institute of Real Estate Appraisers.

This report also addresses the subject property's Leased Fee Estate, which is defined as follows:

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Source: The Dictionary of Real Estate Appraisal, Third Edition, published by the Appraisal Institute, 1993.

There are currently no long term leases in place for the subject property and the property rights appraised are the Fee Simple interest.

INTENDED USE / INTENDED USER

This appraisal report was requested by Neal De Jesus on behalf of The City of Delray Beach. The intended use of the report is to provide the intended user (the City of Delray Beach) with our market value opinion as of October 11th, 2017, which is the date of inspection. The intended use is for internal asset evaluation purposes. Use of this report by anyone other than the stated intended user is not intended by the appraisers and should not be relied upon without the express written consent of All Florida Appraisal Group, Inc.

SCOPE OF THE APPRAISAL

The scope of this appraisal report includes an investigation into the market variables affecting the value of the subject property. Data relating to market activity was researched, analyzed and presented in the appropriate sections of this report. General background information on Palm Beach County and specific information on the subject neighborhood was obtained through various private and governmental publications. Specific information relating to items such as real estate taxes, zoning, land use plan designations, etc., was obtained by contacting the appropriate agency or reviewing documents provided by these agencies. The subject property currently has no long term leases in place. In completing an appraisal of the subject property only one of the three traditional approaches to value were utilized – the Sales Comparison approach. As the subjects current use and improvements are not considered the highest and best use the market value is NOT driven by its current ability to produce income. The sales comparison approach best reflects a well-supported value estimate. This report is prepared in summary format which is intended to comply with reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.

In the Sales Comparison approach, sales of both improved and vacant properties were researched in the immediate and surrounding Palm Beach County market areas. We have utilized public records, published sale services and had conversations with brokerage agents in the subject area. Information regarding each sale was verified with a principal or broker involved in the transaction.

The Cost Approach to value would not be considered. Due to the nature of the subject property a potential buyer of the subject would not consider the cost approach as a primary indicator of market value. The omission of that approach in no way limits the reliability of our value conclusion.

The Income Approach to value would also not be considered by a potential buyer of the subject property. This is due to the fact that the current use does not reflect the highest and best use of the subject property. The subject property does not currently have any long term leases in place and the current improvements represent an interim use. The omission of the income approach in no way limits the reliability of our value conclusion.

Within this report, we will further discuss information specific to the subject property. This information will be useful and enable a better understanding of the inputs within the valuation procedures.

GENERAL MARKET DERIVED DATA

Primary data to include improved sales, as well as market income and expense statistics have been obtained from various types of data, and data sources contained within our office files that is updated regularly, and from properties previously appraised. Secondary data sources include, but not limited to, Palm Beach County Property Appraiser's office, Real Quest, Comps, Inc., Loop Net, First American Data Solutions (FARES), Co Star, and commercial and investment properties published by the Board of Realtors.

DATA VERIFICATION

Every effort has been made to verify information obtained from secondary sources. However, in the time frame in which an appraisal is prepared, principals are not often available or do not wish to discuss information with an appraiser that is not part of the public records, knowing that some of the information might be disseminated, to the general public. Therefore the data used in this appraisal is believed to be true and correct but cannot be warranted. Data obtained from professional associates' sources often relates to properties they have personally appraised. This information is often confidential (Appraiser/Client) in nature, and may be referred to in this analysis as a general source of data with the client's permission, but retained in our files so that the confidentiality of the source is maintained, and the specific data is not disseminated to the public in a manner not authorized by the client. Verification of data may have come additionally from, surveyors, closing agents, attorneys, buyers, sellers, property owners & property management co.'s i.e.; leasing agents and/or realtors.

EXTRAORDINARY ASSUMPTION(S)

A copy of the survey was available and provided to the appraiser. The appraiser is not an expert in the identification of hazardous materials and/or environmental conditions. This appraisal report is made with the extraordinary assumption that the site is considered to be free and clear of any contaminants, liens, usage rights, etc.

The current zoning is CF, Community Facilities. The CF district limits development of the subject property to serve public and semi-public purposes including governmental, religious, educational, health care, social services and special facilities pursuant to section 4.6.20.

The subject sites are well located and can accommodate a wide range of more intense commercial land uses. Rezoning of the subject site to accommodate a wider range of commercial or multifamily land uses does not conflict with the Delray Beach Comprehensive Plan. This report is subject to an extraordinary assumption that the property can be rezoned to accommodate more intense industrial or commercial land uses. This expands the pool of potential buyers and maximizes value to the site.

ISSUES OF GROWTH MANAGEMENT AND CONCURRENCY

Concurrency is an issue that affects development in the State of Florida. According to Florida's Growth Management Act, Section 163.3177 (10) (H), Florida Statutes, "It is the intent of the legislature that public facilities and services needed to support development shall be concurrent with the impact of development".

Issues of Growth Management are not completely understood by market participants, nor are they completely understood by local government employees. The appraisers have researched the issues of Growth Management and Compact Deferral Zones, and have found that the issues have certain adverse impacts on undeveloped property as well as reconstruction and/or expansion activities on improved properties. Zones of Compact Deferral are in constant change; that is, areas are under constant review for inclusion/and or exclusion from the zones. As amplified in the following sections, the appraisers have reported these issues and the effect (if any) on the subject as of the date of valuation, as related to the appraisers by local governments and their employees. The appraisers assume that the information they received is true and correct.

COMPETENCY PROVISION

In regard to this appraisal assignment, the appraisers have complied with the "Competency Provision" of the Uniform Standards of Professional Appraisal Practice. Reference is made to the "Appraisers' Qualifications" in the addendum of this report.

REGIONAL ANALYSIS

(Appraisal format includes a limited regional analysis)

Southeast Florida Regional Analysis

The 3-county Southeast Florida Region consists of Palm Beach (West Palm Beach), Broward (Fort Lauderdale), and Miami-Dade (Miami) counties. The growth in population has returned to a “normal” rate as the small decline noted during the decline of the economy from 2006 to 2010 has reversed.

Miami metropolitan area divisions	2000 Population	2010 Population	2015 Population	% change (2010 to 2015)
Miami-Dade County	2,253,362	2,496,435	2,693,117	+7.88%
Broward County	1,623,018	1,748,066	1,896,425	+8.49%
Palm Beach County	1,131,184	1,320,134	1,422,789	+7.78%
	5,007,564	5,564,635	6,012,331	+8.05%

Of the three counties, Palm Beach remains the most affluent overall. In recent years, Broward County has come close to Palm Beach County when considering household and per capita income. The primary reason for the increase is a change in the character of Broward’s population from one dominated by retired persons to one now dominated by families. Additionally, the county is becoming more affluent because there is virtually no significant remaining undeveloped land and the cost of living is still driving the low income population out. Miami-Dade County has the lowest population income averages, even lower than the state due to its very large and diverse population.

Southeast Florida is no longer economically dependent on winter tourist and “snow-birds” flocking to the area. The economy is diverse and large fluctuations in the population during the winter months are not as dramatic as they were just 10 to 20 years ago. Of course, the tourist industry is a major economic stimulus; it is simply not limited to the winter months. The tourist industry itself is diverse with resort hotels lining the shorelines of all three counties, a strong cruise ship industry as well as three large international airports and three major seaports are all located in the region. The area is truly America’s gateway to the Caribbean as well as Central and South America. All three counties are home to large numbers of corporate headquarters as well as strong national and international banking institutions. The area is a hub of transportation for imported and exported goods from both the air and seaports.

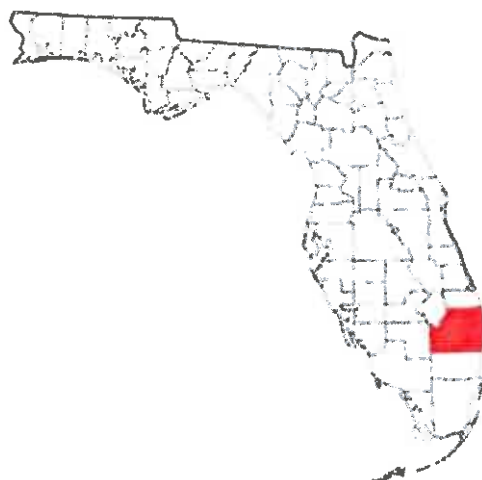
In the long run Southeast Florida will continue to grow due to its diverse economy, international appeal as well as the one most important factor, the weather. The mild tropical climate continues to attract people to the region.

Palm Beach County

Palm Beach County is the largest county in the state of Florida in area. The county's estimated population has been growing over the last two decades.

Population Estimates

	Palm Beach	Florida
1980	576,758	9,746,961
1990	863,503	12,938,071
2009	1,279,950	18,537,969
2016	1,343,300	19,881,200
2030 (p)	1,549,400	23,821,300
(p) Denotes Projected Population		



Palm Beach County is the third most populous county in the state and the twenty ninth most populous in the United States. Over 40 percent of the county's population lives in unincorporated areas near the Atlantic coast.

Palm Beach County is one of three counties comprising the South Florida metropolitan area, and having been formed in 1909, is the area's second oldest. Its largest city and county seat is West Palm Beach (Central County), which has an incorporated population of over 105,000 and an unincorporated population of 250,000. Boca Raton (South County) is the second largest, having a population approaching 90,000. Boynton Beach (South County) is the third largest city, with a population nearing 70,000 residents.

Location

Palm Beach County borders Martin County to the North, the Atlantic Ocean to the East, Broward County to the South, Hendry County to the West, and extends into Lake Okeechobee in the Northwest, where it borders Okeechobee County and Glades County at one point in the center of the lake.

Access

Access to the county and throughout the county is good. I-95 extends north/south along Florida's east coast and represents the primary north/south commuter highway serving south Florida. US Highway 1, US-441, SR7, and Florida's Turnpike are also primary North / South arteries within the county and beyond.

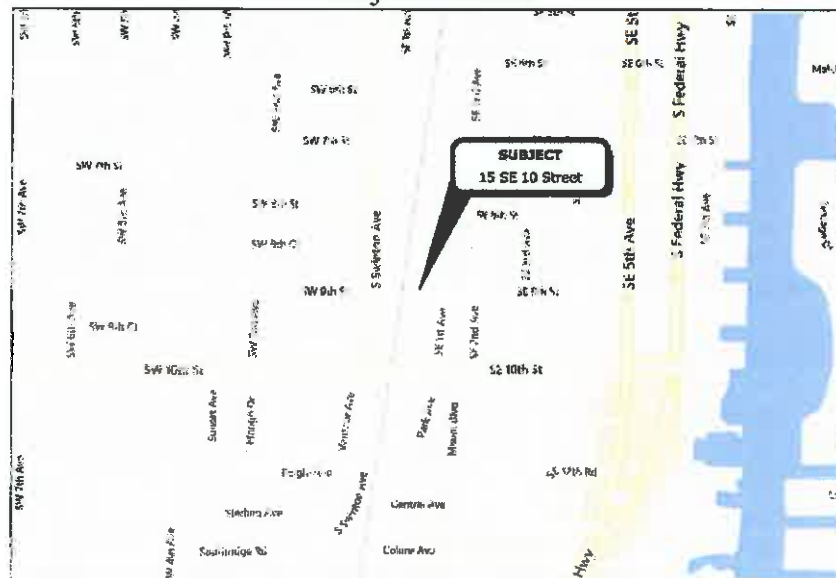
Special Hazards or Adverse Influences

The neighborhood is not apparently adversely affected by flooding, landfills or ground contamination. Although properties within the neighborhood are located within the 100 year flood plain, the area does not appear to be adversely affected by flooding.

CONCLUSION

Palm Beach County's transportation network should increase appeal particularly in western areas. Outlook for general development in the foreseeable future is good. It is expected that this trend will continue for the foreseeable future, albeit, the growth rate will be nowhere near as rapid as in earlier part of the decade. The residential and commercial markets in Palm Beach County as well as South Florida and most of the United States are currently in a stabilization period with price appreciation noted over the past 12- 36 months. There is less distressed and liquidation activity. It is felt that price appreciation that has been typical of residential and commercial markets will continue into the foreseeable future. New construction and redevelopment has begun to increase at a more significant pace.

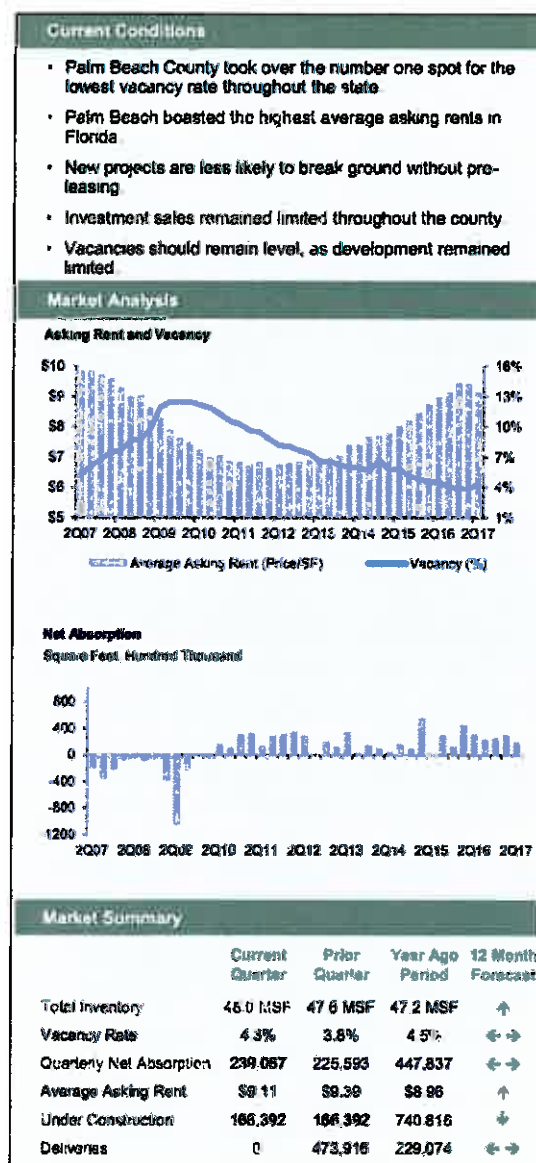
The subject is located in the city of Delray Beach in Palm Beach County. The site is located along SE 10th Street and S Swinton Avenue in the Delray Beach Market Area. The surrounding land uses include residential developments with commercial properties including industrial, and retail along the area through streets.



SPECIAL HAZARDS OR ADVERSE INFLUENCES

The neighborhood is not apparently adversely affected by flooding, landfills or ground contamination. Although most properties within the neighborhood are located within the 100 year flood plain, the area does not appear to be adversely affected by flooding. There is an extensive system of canals and man-made lakes designed to provide effective drainage.

Current market conditions reflect increasing market values in the subject's competitive space. Asking Lease rates have increased and vacancy rates have remained low.



(Source: Newmark Knight Frank Research)

CONCLUSION

The subject's location in Palm Beach County within the Delray Beach Market area is well defined by major roads surrounded by a significant population base. Development of commercial uses represents a variety of structural ages and designs, but it is controlled and organized. Access to the neighborhood is good, with well-maintained roadways and an effective transportation network. Residential is the dominant land use in the subject neighborhood; office and retail development is scattered along the major traffic arteries and established corporate parks. Population growth in the area, moderate during the past ten years, is projected to continue over the next decade; however, at a slower pace than the previous ten-year period. Overall, the neighborhood appears to be in a revitalization stage of its life cycle with redevelopment plans underway stable to improving future outlook. **The commercial Real estate market in Palm Beach County and the extended MSA is currently experiencing increases** with price appreciation noted over the past 12 to 24 months of market activity. Asking and selling prices have increased in the 12 months prior to the effective date of this appraisal. Asking or listing prices have also increased which points to a stronger market in this space. Short sale and REO activity will have less impact in this space and the pace of absorption at the lower levels has increased.

EXPOSURE TIME

Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. This appraisal is based on an estimated Exposure Time/Marketing Time of 3 to 12 months.

ZONING

CF, Community Facilities District

Section 4.4.21 Community Facilities (CF) District

- A. **Purpose and Intent:** The Community Facilities (CF) District is a special purpose zone district primarily, but not exclusively intended for locations at which facilities are provided to serve public, semi-public, and private purposes. Such purposes include governmental, religious, educational, health care, social service, and special facilities. It is also applied to regulated properties subjected to a transfer of development rights pursuant to Section 4.6.20

The CF District is deemed compatible with all land use designations shown on the Future Land Use Map.

- B. **Principal Uses and Structures Allowed:** The following types of use are allowed within the CF District as a permitted use:

1. Governmental, such as: civic centers, courts, courthouses, temporary holding facilities, fire stations, governmental offices, public health facilities, law enforcement offices and facilities, post offices, public utility facilities (e.g. lift stations), water storage tanks, water treatment plants, water wells, wastewater treatment plants, drainage facilities.
2. Community, such as: civic centers, community centers, community theater, cultural facilities and auditoriums, arts and crafts centers, libraries, museums, public parking lots and garages.
3. Recreation, such as: community centers, tennis centers, swimming centers.
4. Services, such as: abused spouse residences, child care centers, day care centers, community residential facilities with six or less occupants.
5. Religious, such as: churches and places of worship with attendant uses of day care, pre-school, educational facilities, and with other normal educational (Sunday school) and recreational facilities, and support facilities (e.g., parsonage).
6. Restricted usage allowed pursuant to an ordinance enacted to sever development rights under a Transfer of Development (TDR).

C. Accessory Uses and Structures Permitted: The following uses are allowed when a part of, or accessory to, the principal use:

1. Parking lots and garages
2. Service and Refuse Areas
3. Cafeterias, snack bars, restaurants, exercise facilities, etc., when contained in the same structure as the principal use.
4. Storage of inventory, equipment, or materials, within a structure or in an approved outside location.
5. Concessions and services provided under a license agreement with the City.

D. Conditional Uses and Structures Allowed: The following uses are allowed as conditional uses:

1. Health Care, such as: adult congregate living; continuing care; homes for the aged; nursing homes; substance abuse treatment facilities; hospitals, with or without helipads and associated laboratories, treatment centers, rehabilitation centers, and testing facilities; and mental health treatment facilities including residential care.
2. Educational, either public or private, and vocational schools except for training or programs which can be conducted in multipurpose buildings or offices (e.g. a dance school, real estate school, etc.) which may be located in various commercial districts.
3. Services, such as: community residential homes with seven or more occupants.
4. Transportation, such as: bus stations, railway stations, taxi dispatch (more than one taxi), and park and ride areas.
5. Special Services and Facilities, such as: privately operated parking lots and garages; stadiums and arenas; refuse transfer stations; resource recovery facilities, pursuant to provisions of Section 4.3.3(Z); and power transfer stations.

E. Review and Approval Process:

1. In established structures, principal and accessory uses shall be allowed therein upon application to, and approval by, the Chief Building Official for a certificate of occupancy.

2. For any new development, approval must be granted by the Historic Preservation Board or the Site Plan Review and Appearance Board pursuant to Sections 2.4.5(F), 2.4.5(H), and (I).

3. Conditional uses must be approved pursuant to Section 2.4.5(E).

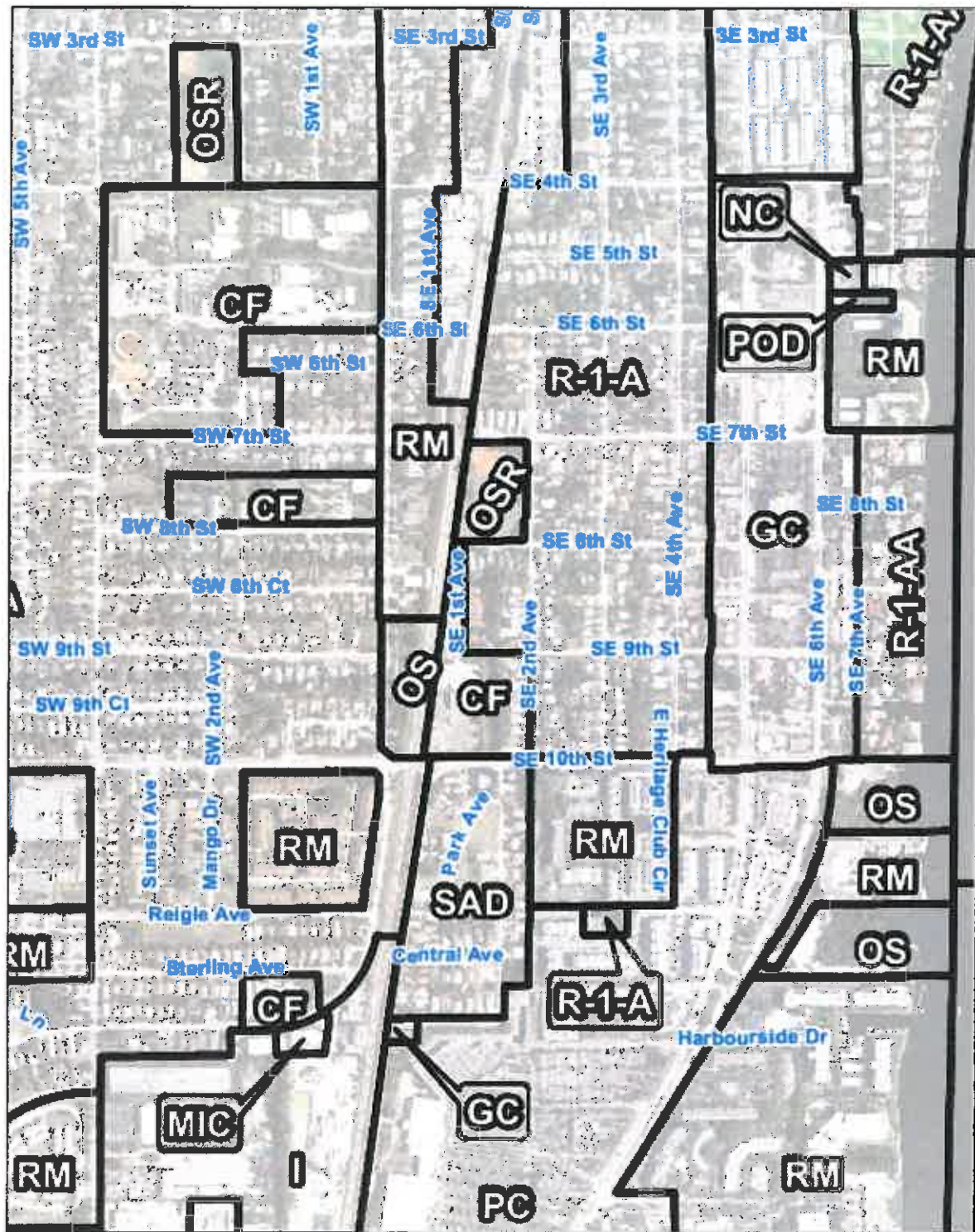
F. Development Standards: The development standards as set forth in Section 4.3.4 shall apply as guidelines for site development. While deviations from these standards are allowed, each deviation must be specifically approved by the Historic Preservation board or the Site Plan Review and Appearance Board.

G. Supplemental District Regulations: The supplemental district regulations as set forth in Article 4.6 shall apply.

H. Special Regulations:

1. The perimeter setback area, when provided, shall be a landscaped area within which no paving shall be allowed except for driveways and walkways leading to structures on the premises. Such driveways and walkways shall be generally perpendicular to the property line.
2. When this zone district is adjacent to residential zoning, the perimeter landscape area should be increased to a depth of fifteen feet (15'); or, as an alternative, either a wall, decorative fencing, or hedging should be installed for aesthetic and buffer purposes.

ZONING MAP



HIGHEST AND BEST USE

Highest and Best Use is defined as:

1. The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal.
2. The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.
3. The most profitable use.

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, green belts, preservation, conservation, wildlife habitats, and the like."

Source: The Dictionary of Real Estate Appraisal, published by the Appraisal Institute, 2002.

The definition immediately above applies specifically to the Highest and Best Use of land. It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use.

There are four tests that a property must meet in order to indicate Highest and Best Use. The use must be physically and legally possible, financially feasible, and must be the most productive use among the possible alternative uses.

- 1) **Physically Possible:** The conditions and nature of the site must be such that it can support development. Physical factors include size, shape, frontage, utilities and subsoil conditions. The site's physical characteristics are conducive to and support a variety of commercial and residential uses.
- 2) **Legally Permissible:** Any proposed use for the site must be legal; it must conform to zoning ordinances, deed restrictions, private use agreements or public historical use controls.
- 3) **Financially Feasible:** Any proposed use for the site must provide a yield on invested capital sufficient to warrant the investment. All uses which generate sufficient income to meet or exceed operating expenses and provide an adequate return on investment are considered financially feasible.
- 4) **Maximally Productive:** That feasible use, based on financial use analysis and return to the land and/or capital that provides the highest yield for the longest period of time.

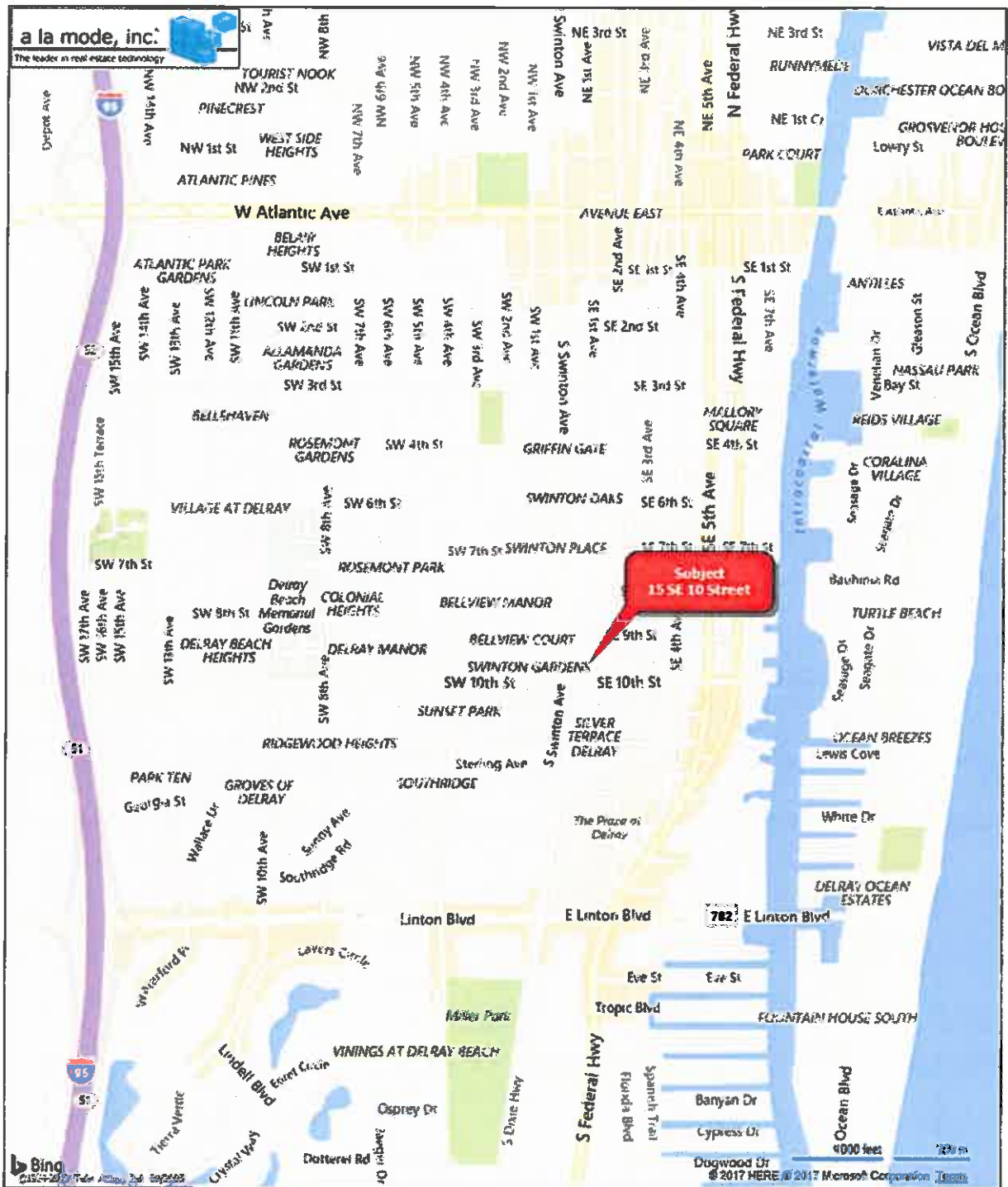
HIGHEST AND BEST USE

The current use of the subject property does not reflect the highest and best use of the site. The site is currently under-improved and utilized primarily for onsite storage.

The current zoning limits the development of the site to uses associated with public development. Rezoning of the site to allow a wider range of land uses would maximize the value of the site. The City of Delray Beach would rezone the site for a private owner (see extraordinary assumptions) to a zoning district that allowed a wider range of commercial land uses.

The highest and best use of the subject "as improved" and "as if vacant" is to rezone the site to a more intensive commercial zoning district and improve with a more intensive industrial/commercial improvement.

SUBJECT PROPERTY LOCATION MAP



SUBJECT PROPERTY SUMMARY OF SALIENT FACTS

Date of Valuation	October 11 th , 2017
Property Address	15 SE 10 th Street Delray Beach, FL 33483
County	Palm Beach
Property Type	Industrial Property & Vacant Land
Property Use	Office, Warehouse, On-Site Storage
Property Owner(s)	10 th Street Storage LLC
Tax ID / Folio No.	Industrial Property: 12-43-46-21-01-015-0101 Vacant Land: 12-43-46-21-01-014-0190
Year Built	1949 (Bldg. 1); 1966 (Bldg. 2); 1961 (Bldg. 3)
Zoning	CF (Community Facilities District)
Census Tract	0065.02
Site Data	Improved site (108,585 sq. ft.) and vacant site (17,235 sq. ft.) totaling 125,820 square feet or 2.88 acres.
Topography	Mostly level
Legal Description	Industrial Property: OSCEOLA PARK LTS 10 THRU 18 (LESS E 50 FT) BLK 15, ABND PT OF SE 1ST AVE R/W LYG W OF & ADJ TO & UN#D PAR LYG E OF & ADJ TO FEC RY R/W & LYG BET SE 9TH ST & SE 10TH ST R/WS Vacant Land: OSCEOLA PARK UN#D PAR LYG BET SE 8TH ST & SE 9TH ST & LYG BET FEC RY & SE 1ST AVE R/WS BLK 14

Listing History

The subject is not currently listed for sale. The subject was last listed for sale in April 2017 for \$3,900,000, but has since been taken off the market.

Sale History

The subject property has not had any sales or transfers in the past 36 months. The Subject property was purchased in May 2014 for \$900,000 and was subsequently leased. Only a summary of the lease was provided with an annual triple net rental rate of \$144,000 and with less than 1 year remaining on the lease. The current tenant has expressed an interest in extending the term for an additional year after the expiration of the lease term.

Assessed Value and Taxes

According to the Palm Beach County Tax Records via the Palm Beach County Property Appraiser's office the subject property is assessed as and taxed follows:

Tax Year	2017 P	Taxes	2016	Taxes	2015	Taxes
12-43-46-21-01-015-0101						
Improvement Value	\$271,012		\$247,003		\$219,898	
Land Value	\$545,097		\$519,036		\$493,519	
Total Market Value	\$816,109	\$19,887	\$766,039	\$19,186	\$713,417	\$18,613
12-43-46-21-01-014-0190						
Improvement Value	\$0		\$0		\$0	
Land Value	\$43,174		\$41,105		\$39,167	
Total Market Value	\$43,174	\$933	\$41,105	\$912	\$39,167	\$900
Combined	\$859,283	\$20,820	\$807,144	\$20,098	\$752,584	\$19,513

Flood Zone

The property is not located within a flood zone area per the National Flood Insurance Program; Map Number 12099C0979F dated 10/05/2017. The subject is located in Flood Zone "X". See Flood Certificate or Survey for confirmation and which, if different, will supersede the information in this section. Elevation is mostly level above road grade. Soil composition is sandy with no evidence of muck. A soil test was not submitted to the appraiser. Drainage appears adequate.

Estimated Marketing Time

Three to twelve months.

Utilities and Access

All necessary utilities are available to the site including city water, sewer service, public electricity and communication. Paved road access.

Site Description

The subject site consists of two parcels. There is currently no unity of title and the site is bisected by a dead end section of SE 9th Street. This section of the road is unpaved and there is direct access between the sites. For appraisal purposes and to maximize value and utility, the sites are being valued together. Under this single-site scenario the total of the subject site 2.88 acre. The subject is located in the Osceola Park subdivision. The subject site consists of two parcels; south parcel is mostly rectangular consisting of 108,585 square feet, or 2.49 acres, and north parcel is a triangular-shaped parcel consisting of 17,235 square feet, or 0.39 acres. The subject has approximately 920' of exposure to the Florida East Coast Railway to the East, and approximately 270' of exposure to SE 10th Street to the South. Access to the site is from SE 10th Street from the South. All necessary utilities are available to this site.



Although the site is being valued as one property with no unity of title the northern section of the site has a more limited utility due to the shape which limits development (northern 20%). **The limited utility of the northern section of the site negatively impacts the value of this portion of the site and was discounted accordingly in the final value estimate.**

PLAT MAP

PID # 12-43-46-21-01-014-0190 [🔗](#)

Property Type: Commercial

Property Address:

SE 1ST AVE

DELRAY BEACH, FL 33483

Current Owner:

10TH ST STORAGE LLC

Tax Mailing Address:

12906 INSHORE DR

WEST PALM BEACH, FL 33410-2022

Use Code: 10 / VACANT COMMERCIAL

Total Land Area:

0.4 acres / 17,235 sf

Land Areas:

1. VACANT INDUS (4000)

Zoning: CF (city)/PUBLIC OWNERSHIP DISTRICT

Waterfront: No

Subdivision:

OSCEOLA PARK

Census Tract/Block: 006502 / 1012

Twn: 46S / **Rng:** 43E / **Sec:** 21

Block: 014 / **Lot:** 0190

Latitude: 26.448933

Longitude: -80.072114

Legal Description:

OSCEOLA PARK UNWD PAR LYG BET SE 8TH ST & SE 9TH ST & LYG BET FEC RY & SE 1ST AVE R/W/5 BLK 14



PID # 12-43-46-21-01-015-0101 [🔗](#)

Property Type: Industrial

Property Address:

15 SE 10TH ST

DELRAY BEACH, FL 33483

Current Owner:

10TH ST STORAGE LLC

Tax Mailing Address:

12906 INSHORE DR

WEST PALM BEACH, FL 33410-2022

Use Code: 46 / WAREHOUSING, DISTRIBUTION TERMINALS

Total Land Area:

2.49 acres / 108,585 sf

Land Areas:

1. VACANT INDUS (4000)

Zoning: CF (city)/PUBLIC OWNERSHIP DISTRICT

Depth: 454 ft

Waterfront: No

Subdivision:

OSCEOLA PARK

Census Tract/Block: 006502 / 1012

Twn: 46S / **Rng:** 43E / **Sec:** 21

Block: 015 / **Lot:** 0101

Latitude: 26.447303

Longitude: -80.072337

Legal Description:

OSCEOLA PARK LTS 10 THRU 15 (LESS E 50 FT) BLK 15, ABND PT OF SE 1ST AVE R/W LYG W OF S ADJ TO S UNWD PAR LYG E OF S ADJ TO FEC



AERIAL MAP



The limited utility of the northern section of the site negatively impacts the value of this portion of the site and was discounted accordingly in the final value estimate.

SUBJECT PROPERTY

Address	15 SE 10th Street, Delray Beach
Building Size (Sq. Ft.)	8,696
Land to Building Ratio	14.47
Lot Size (Sq. Ft.)	125,820
Lot Size (Acres)	2.89
Lot Coverage	7%
Zoning	CF (Community Facilities District)
Year Built	1949, 1961, 1966
Design	3 Buildings (Office/Service/Warehouse)
Condition	Average
Location	SE 10th Street and Swinton Avenue
Attached/Detached	Detached



SUBJECT PHOTOGRAPHS



Primary Site



Primary Site



Primary Site – Building 1



Primary Site – Building 2



Primary Site – Building 3



Primary Site

SUBJECT PHOTOGRAPHS



Primary Site



Primary Site



Secondary Site



Secondary Site



Street View Looking East



Street View Looking West

THE APPRAISAL PROCESS

The appraisal process is a series of systematic steps that are followed to reach a logical conclusion of value. The steps include (1) Definition of the Problem, (2) Preliminary Analysis and Data Selection and Collection, (3) Highest and Best Use Analysis, (4) Land Value Estimate, (5) Application or analysis of Three Approaches, (6) Reconciliation of Value Indicators and Final Value Estimate and (7) Report of Defined Value.

As discussed previously, the purpose of this appraisal is to estimate the market value of the leased fee interest of the subject property. Two of the three approaches to value (sales comparison and income approach) will be used to estimate the subject's market value.

The sales comparison approach is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. It is considered most viable when an adequate number of similar properties have recently sold. The sales comparison approach is a direct comparison of relatively-recent sales of sites or sites with the same underlying highest and best uses.

VALUATION ANALYSIS

The Market Approach to Value

The Direct Sales Comparison or Fee Simple Market Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an existing property with the same utility, assuming no costly delay in making the substitution. Since no two properties are ever identical, it is necessary to consider the differences in location, size, condition, age and etc. Adjustments are made by comparing the sales to the subject and are best determined by the actions of typical buyers and sellers in the marketplace. The basic steps of the sales comparison approach are listed below:

1. Research the market to obtain information on sales transactions, listings and offerings to purchase properties that are most recent and most similar to the subject property.
2. Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arms-length market considerations.
3. Select relevant units of comparison (e.g. price per sq. ft. of Land, per square foot of building area, price per room, etc.) and develop a comparative analysis for each unit.
4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable appropriately or eliminate the property as a comparable.
5. Reconcile the various value indicators produced from the analysis of comparables into a single value indicator or a range of values.

The unit of comparison used in this analysis is primarily price per acre / square footage of site. This is the typical unit of comparison used by the market for unimproved commercial sites. Also considered was the relative FAR.

FAR (Floor Area Ratio): The total square feet of a building divided by the total square feet of the lot the building is located on. FAR is used by local governments in zoning codes. Higher FARs tends to indicate more intense land uses. (Buildings of varying numbers of stories can have the same FAR, because the FAR counts the total floor area of a building, not just the building's footprint.)

COMPARABLE SALE #1

Address	321 N Congress Avenue, Delray Beach
Sales Price	\$2,500,000.00
Sale Date	6/20/2017
OR Book/Page	29164/01521
Building Size (Sq. Ft.)	14,400
Lot Size (Sq. Ft.)	51,582
Lot Size (Acres)	1.18
Lot Coverage	28%
Price / Sq. Ft.	\$173.61
Land to Building Ratio	3.58
Price / Sq. Ft. of Land	\$48.47
Zoning	MIC (Mixed Industrial and Commercial District)
Year Built	1984
Folio #	12-43-46-18-35-001-0000
Grantor	MF ASSOCIATES CONGRESS LLC
Grantee	MK PROPERTY CONSULTANTS LLC
Design	Showroom/Warehouse/Flex Building, 1 Story
Condition	Average
Location	Congress Avenue, North of Atlantic Avenue

Comments:

Comparable sale 1 is located in the Delray Beach Market area, albeit West of Interstate 95. This parcel includes a 1.18-acre site and warehouse/retail/showroom flex-style building improvement.

The location is superior due to the direct frontage along N Congress Avenue which includes superior traffic count.

See next page for aerial map and photo.

COMPARABLE SALE #1



COMPARABLE SALE #2

Address	1455 SW 4th Avenue, Delray Beach
Sales Price	\$2,750,000.00
Sale Date	2/3/2016
OR Book/Page	28084/01934
Building Size (Sq. Ft.)	21,240
Lot Size (Sq. Ft.)	124,685
Lot Size (Acres)	2.86
Lot Coverage	17%
Price / Sq. Ft.	\$129.47
Land to Building Ratio	5.87
Price / Sq. Ft. of Land	\$22.06
Zoning	I (Industrial District)
Year Built	1982
Folio #	12-43-46-20-01-015-0030
Grantor	WATERPROOF HOLDINGS LLC
Grantee	PLH 1 LLC
Design	Warehouse, Office
Condition	Average
Location	SW 4th Avenue and Linton Boulevard

Comments:

Comparable sale 2 is located in The Delray Beach market area of Palm Beach County. It is a 2.86-acre parcel with frontage to SW 4TH Avenue.

The improvements included a steel-construction warehouse and manufacturing building with some finished office area and open areas. The steel building provides a large bulk Sq. Ft. improvement to this property.

This was a dated transaction and required adjustments for time / market conditions.

See next page for aerial map and photos.

COMPARABLE SALE #2



COMPARABLE SALE #3

Address	705 Bond Way, Delray Beach
Sales Price	\$715,000.00
Sale Date	6/30/2017
OR Book/Page	29192/00611
Building Size (Sq. Ft.)	2,970
Lot Size (Sq. Ft.)	7,644
Lot Size (Acres)	0.18
Lot Coverage	39%
Price / Sq. Ft.	\$240.74
Land to Building Ratio	2.57
Price / Sq. Ft. of Land	\$93.54
Zoning	GC (General Commercial District)
Year Built	1975
Folio #	12-43-46-09-08-001-0080
Grantor	SELLERS WILLIAM R
Grantee	BRENICON LLC
Design	Office/Warehouse, 1 Story
Condition	Average
Location	Bond Way and Federal Highway

Comments:

Comparable sale 3 is located in the Delray Beach market area. It is a 0.18-acre parcel with exposure/frontage to Bond Way.

The site is improved with an average quality office and warehouse-style building.

See next page for aerial map and photo.

COMPARABLE SALE #3



COMPARABLE SALE #4 (LAND SALE)

Address	3185 S Congress Avenue, Delray Beach
Sales Price	\$2,727,869.00
Sale Date	11/28/2016
OR Book/Page	28728/00850
Lot Size (Sq. Ft.)	130,448
Lot Size (Acres)	2.99
Price / Sq. Ft. of Land	\$20.91
Zoning	MROC (Mixed Residential, Office, and Commercial District)
Folio #	12-43-46-30-28-000-0022 and -0021
Grantor	3185 CONGRESS AVENUE LLC
Grantee	COUSINS FIRST STORAGE LLC
Location	Congress Avenue, South of Linton Boulevard

Comments:

Comparable sale 4 is located in the Delray Beach market area. It is a 2.99-acre parcel with direct frontage along S Congress Avenue which includes superior traffic count. The site included improvements at the time of purchase - these were razed to make way for more ideal improvements (storage facility). Only the price per Sq. Ft. of land was given any consideration. This was a dated transaction and required adjustments for time / market conditions.



COMPARABLE SALE #5 (LAND SALE)

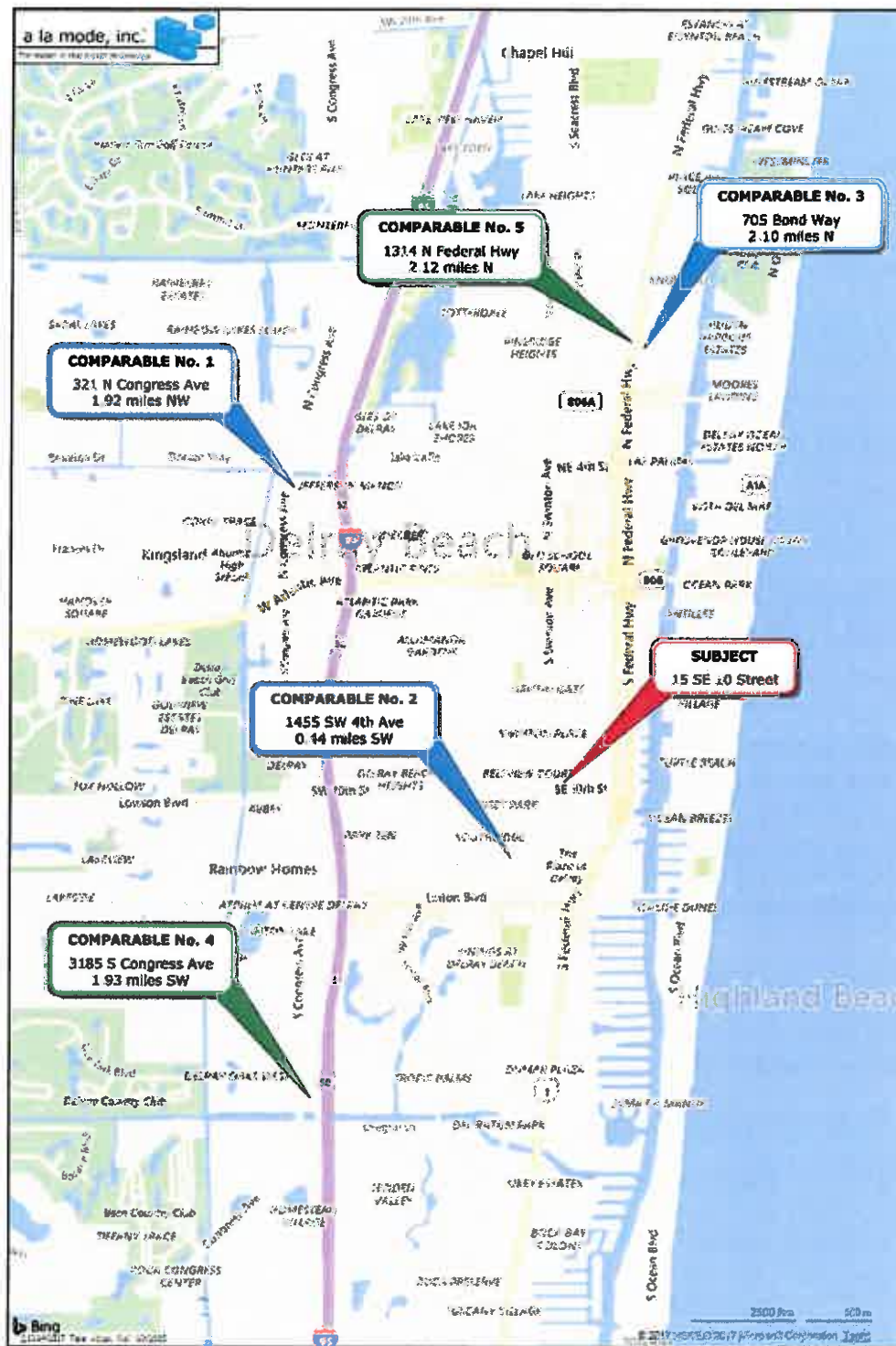
Address	1314 N Federal Highway, Delray Beach
Sales Price	\$4,000,000.00
Sale Date	2/29/2016
OR Book/Page	28143/01078
Lot Size (Sq. Ft.)	131,216
Lot Size (Acres)	3.01
Price / Sq. Ft. of Land	\$30.48
Zoning	GC (General Commercial District)
Folio #	12-43-46-09-xx-xxx-xxxx (Multi Parcels)
Grantor	PELICAN INVESTMENT GROUP LLC
Grantee	MOGUP LLC
Location	Federal Highway, North of Lake Ida Road

Comments:

Comparable sale 5 is located in the Delray Beach market area. It has a total of 3.01 acres and included multiple folios with no unity of title at the time of sale. The location is superior as this property includes frontage along the west side of US-1 and the east side of Dixie Highway which includes superior traffic count. The site does include some limited utility of the north portion due to the irregular shape (somewhat similar to the north portion of the subject site). Only the price per square foot of land was given any consideration. This was a dated transaction and required adjustments for time / market conditions.



COMPARABLE SALES MAP



SUMMARY OF COMPARABLE SALES

Sales Price	N/A	\$2,500,000.00	\$2,750,000.00	\$715,000.00	\$2,727,869.00	\$4,000,000.00
Building Size (Sq. Ft.)	8,696	14,400	21,240	2,970	0	0
Lot Size (Sq. Ft.)	125,820	51,582	124,685	7,644	130,448	131,216
Date of Sale	N/A	6/20/2017	2/3/2016	6/30/2017	\$2,727,869.00	2/29/2016
Sale Price/Sq. Ft.	N/A	\$173.61	\$129.47	\$240.74	Land Only	Land Only
Sale Price/Sq. Ft. of Land		\$48.47	\$22.06	\$93.54	\$20.91	\$30.48

Five Comparable sales from the expanded Delray Beach market area were utilized for this analysis. The price per square foot of land was given the most consideration. The sales ranged from \$20.91 per square foot to 93.54 per square foot before adjustments.

Comparable sales 1-3 were improved sales (sales which had existing building improvements that contributed to value even if the buildings only had an extended interim use). Comparable sales 4 and 5 were purchased for site value only. Sale 4 was improved at the time of sale; however, the property was purchased for the site value with immediate plans to redevelop this property for a storage facility. Sale 5 was vacant at the time of sale.

Due the under improved nature of the subject property the current improvements represent an interim use. The inclusion of both improved and vacant sites reflects the two most likely scenarios for potential buyers of the subject property. Complete redevelopment of the site (1), Utilization of the current building improvements with additional more ideal improvements planned or added immediately post purchase. The most likely buyer of the subject would give greatest consideration to the site value.

QUANTITATIVE METHOD

Paired Data Analysis: A quantitative technique is normally used to identify and measure adjustments to the sale prices of comparable properties. To apply this technique, sales data on nearly identical properties are analyzed to isolate a single characteristic's effect on value.

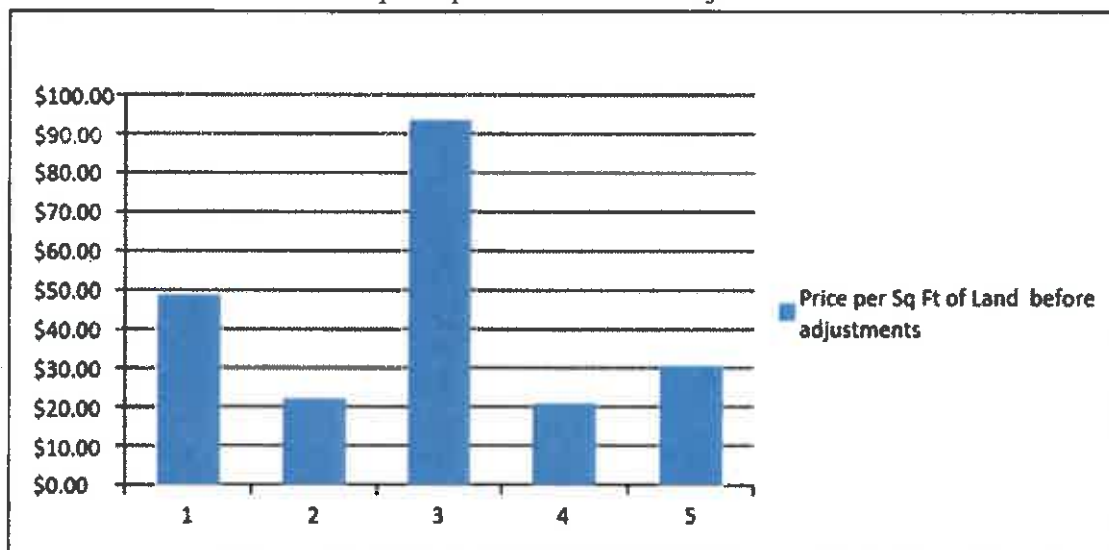
QUALITATIVE METHOD

Relative Comparison Analysis: A qualitative technique for analyzing comparable sales; used to determine whether the characteristics of a comparable property are inferior, superior, or equal to those of the subject property. Relative comparison analysis is similar to paired data analysis, but quantitative adjustments are not derived.

Price per Square Foot before Adjustments

Comparable Sale #	Price per Sq. Ft of Land	Qualitative Analysis
1	\$48.47	Superior
2	\$22.06	Superior
3	\$93.54	Superior
4	\$20.91	Most Similar
5	\$30.48	Most Similar

Price per Square Foot before Adjustments



CONCLUSION OF SALES COMPARISON APPROACH

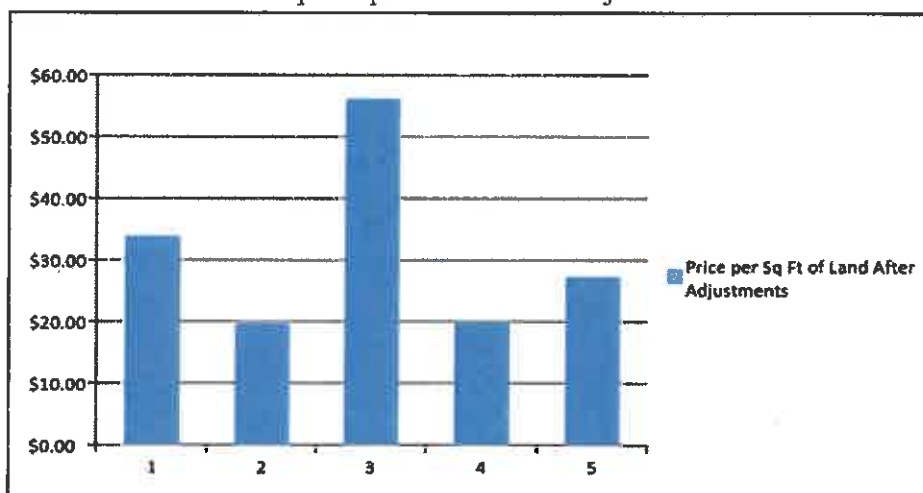
Comparable sales 2, 4, and 5 were dated transactions and were adjusted for changing/improving market conditions (time). Comparable Sales 1, 2, and 3 included building improvements that had a substantial contribution to value with sale 3 requiring a large adjustment. Comparable sales 4 and 5 represented only land value.

Comparable sales 2, 3 and 5 required an adjustment for superior location. For valuation purposes the additional value of the northern portion of the subject site was discounted (negative adjustment) due to the loss of utility (due to the shape - see site section of the appraisal report). Weight is placed on sales 4 and 5 due to overall similarity and the tighter value range displayed with only limited adjustments with support from sales 1 and 2. Sale 3 was given limited weighting due to the limited correlation with the subject property.

Price per Square Foot after Adjustments

Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
\$31.50	\$19.74	\$56.12	\$19.79	\$27.28

Price per Square Foot after Adjustments



The final reconciled Price per Sq. Ft. (Primary Parcel) =	\$ 24.00	x	108,585 SF	=	\$ 2,606,040.00
The final reconciled Price per Sq. Ft. (Secondary Parcel)* =	\$ 20.00	x	17,235 SF	=	\$ 344,700.00
			Totals		\$ 2,950,740.00
			Rounded:		\$ 2,950,000.00

* The secondary parcel was discounted due to the loss of utility of the northern portion of the site.

MARKET (Sales Comparison) APPROACH:	\$2,950,000.00
COST APPROACH:	N/A
INCOME APPROACH:	N/A

The sales comparison approach involved the research and analysis of sales of both improved and vacant sites from the immediate Delray Beach Market area. All 5 sites had a similar underlying highest and best uses when compared to the subject property. The reliability of this approach is dependent on the quantity and quality of sales data. Five (5) closed sales from the expanded subject market area were used in this analysis. All sales were verified with either a principal or agent involved in the transaction. The sales were also analyzed and verified via Public Records. The quantity and quality of sales data was considered relatively good. Overall, the sales comparison approach in this appraisal is considered very well supported provides the best indicator of value for the subject property. Buyers of the subject property would place primary if not Sole Weight to this approach to value.

N/A. See scope of work.

N/A. See scope of work

In our opinion, the estimated fee simple market value "subject to" the extraordinary assumptions
detailed in the body of the subject property
As of October 11th, 2017 is:

Two Million Nine Hundred Fifty Thousand Dollars
(\$2,950,000.00)

All Florida Appraisal Group, Inc.



Paul R. Cassidy
Cert. Gen. RZ3176
State Certified General Real Estate Appraisal



Mario T. Garcia
Cert. Res. RD2528
State Certified Residential Real Estate Appraisal

CERTIFICATE OF VALUE

The undersigned appraiser(s), in accordance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, and with the Uniform Standards of Professional Appraisal Practice, certify to the following:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and our personal, impartial and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this report.
- The appraiser has performed within the context of the competency provisions of the Uniform Standards of Professional Appraisal Practice and those of the Appraisal Institute, relating to review by the Real Estate Appraisal Subcommittees of the Florida Real Estate Commission and the Appraisal Institute. This report is made in compliance with the U.S.P.A.P. competency provision.
- This report was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

CERTIFICATE OF VALUE

- We currently hold an appropriate state license or certification allowing the performance of real estate appraisals in connection with federally related transactions.
- As of this date, Paul Cassidy (State Certified General REA # RZ3176) has completed the continuing education program as required by the State of Florida.
- This appraisal recognizes the following definition of value:

Market Value: as defined in Chapter 12, Code of Federal Regulation, Part 34.42 (f) is, "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

All Florida Appraisal Group, Inc.



Paul R. Cassidy
Cert. Gen. RZ3176
State Certified General Real Estate Appraisal



Mario T. Garcia
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State Certified Residential Real Estate Appraisal

LIMITING CONDITIONS

1. The legal description used in this report is assumed to be correct.
2. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
4. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information, however, no responsibility for its accuracy is assumed by the appraiser.
5. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within this report. The property is appraised as though under responsibly ownership and competent management.
6. 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. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there are no encroachments or trespass unless noted within the report.
11. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made thereof.
12. Possessions of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with properly written qualifications and only in its entirety.
13. The distribution of the total value in this report between land and improvements applied only under the reported highest and best use of the property. The allocation of value for land and improvements must not be used in conjunction with any other appraisal and is invalid if so used.
14. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser.

LIMITING CONDITIONS

Nor shall the appraisal, firm or professional organization of which the appraiser is a member, be identified without written consent of the appraiser.

15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
16. Liability of All Florida Appraisal Group, Inc. and its employees, independent and subcontractors, is limited to the fee collected for preparation of the appraisal. There is no accountability, or liability, to any third party.
17. No environment or impact studies, special market studies or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis, subsequently becoming known to him/her.
18. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We 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 negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider the possible non-compliance with the requirements of ADA in estimating the value of the property.

ACCEPTANCE OF, AND/OR USE, OF THIS APPRAISAL REPORT
CONSTITUTES ACCEPTANCE OF THE PRECEEDING CONDITIONS.