
RESTRICTED APPRAISAL REPORT
OF REAL ESTATE

3715 DAYTON BOULEVARD
CHATTANOOGA, TN, TN 37415

FOR

CITY OF RED BANK
3117 DAYTON BOULEVARD
CHATTANOOGA, TN 37415

DATE OF REPORT: AUGUST 21, 2020
DATE OF VALUATION: AUGUST 18, 2020

BY

WILLIAM C. HAISTEN, III

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August 21, 2020

City of Red Bank
3117 Dayton Boulevard
Chattanooga, TN 37415

Reference to: 3715 Dayton Boulevard
Chattanooga, TN, TN 37415
Current Owner: City of Red Bank

Dear City of Red Bank,

As requested, I have made an inspection and prepared a restricted appraisal report of the above referenced property, for the purpose of estimating the market value of the "Fee Simple" interest. The data relevant to the value of the property, the methods of valuation, as well as the contingent and limiting conditions that apply, are stated in the body of this report. Please note that:

- This appraisal was made in accordance with the client's appraisal requirements.
- To the best of my knowledge, this report conforms to the current requirements prescribed by the Uniform Standard of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation (as required by the Institutions Reform, Recovery and Enforcement Act - FIRREA).
- The person signing this report has the knowledge and experience to complete the assignment competently.
- The person signing the report is duly licensed by the appropriate state under certificate number CG-2458

This appraisal is made "As Is". If after reading this report, you have any questions or comments, please call. In my opinion, the market value of the "Fee Simple" ownership rights existing in the above referenced property, as of the date of the appraisal, is as follows:

Date of Value Estimate:

August 18, 2020

Estimated Value "As Is":

\$3,075,000

Respectfully submitted,



William C. Haisten, III

Appraiser

TN CG-2458

Expiration: April 30, 2021

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APPRAISAL CERTIFICATION

I CERTIFY THAT, to the best of my knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ◆ I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ◆ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ◆ I did not make a personal inspection of the property that is the subject of this report.
- ◆ Will Campbell provided significant real property appraisal assistance to the person signing this certification.
- ◆ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- ◆ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ◆ As of the date of this report, I, William C. Haisten III, have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute

Respectfully submitted,



William C. Haisten, III

Appraiser

TN CG-2458

Expiration: April 30, 2021

EXECUTIVE SUMMARY

Property Type: Vacant Land

Location: 3715 Dayton Boulevard
Chattanooga, TN, TN 37415

Tax Map and Parcel Number: 109P D 001

Owner of Record: City of Red Bank

Client and Intended Users of Appraisal: City of Red Bank

Purpose of the Appraisal: To estimate the subject property's current "as is" market value.

Property Rights Appraised: Fee Simple

Date of Appraisal Report: August 21, 2020

Date of Value: August 18, 2020

Zoning: C-2

Census Tract: 108

Site Data: **Size:** 11.12 acres square feet
Shape: Rectangular
Topography: Basically Level
Functional Utility: The subject site features good functional utility
F.E.M.A Flood Map Date: 02/03/2016
F.E.M.A Flood Panel#: 47065C0331F
F.E.M.A Flood Zone Designation: X, AE

Highest and Best Use: **Of Land as though Vacant:** Mixed Use Development
Of Property as Improved: Mixed Use Development

Marketing Time: 12 to 18 Months

Exposure Time: 12 to 18 Months

"As Is" Value

Indicated Value by Cost Approach: Not Applied

Indicated Value by Sales Comparison Approach: \$3,075,000

Indicated Value by Income Approach: Not Applied

Final Estimate of "As Is" Value: \$3,075,000

SUBJECT PROPERTY PHOTOGRAPHS



Subject Site



Subject Site



Dayton Boulevard Street View



Dayton Boulevard Street View

INTRODUCTION

CLIENT AND INTENDED USER OF APPRAISAL

City of Red Bank

INTENDED USE OF APPRAISAL

City of Red Bank is to utilize this appraisal report in order to determine the “as is” market value of the fee simple interest for loan evaluation.

TYPE AND DEFINITION OF VALUE

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

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

PROPERTY RIGHTS TO BE VALUED

The property rights appraised in the appraisal are those rights known as “Fee simple”.

“Fee simple” interest is defined as: “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.”²

¹ <https://www.fdic.gov/regulations/laws/rules/2000-4300.html>

² The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, Chicago, Illinois (U.S., 2015), page 90

APPRAISAL REPORT TYPE

This is an "Appraisal Report" which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

EFFECTIVE DATE OF VALUE

The market value estimated in this appraisal report is applicable as of August 18, 2020.

IDENTIFICATION OF REAL ESTATE

Reference:	Vacant Land
Street Address:	3715 Dayton Boulevard Chattanooga, TN, TN 37415
County:	Hamilton
Legal:	Red Bank Middle School Lots 51, 52 H F & A
Current Owner:	City of Red Bank
County Map and Parcel Number:	109P D 001

HISTORY OF SUBJECT PROPERTY

The subject property operated as the Red Bank High School until 1982, when it was converted to use as Red Bank Middle School. The building was permanently closed and demolished in 2013. The current property owner, Hamilton County Department of Education, has owned the property since the construction of the previous improvements, beginning in 1936. The subject has remained vacant idle land since the closing and demolition of the Middle School. To the knowledge of the appraiser, the subject has not been listed or offered for sale in the last five years.

EXTRAORDINARY ASSUMPTIONS

Tim Thornbury, Red Bank City Manager, indicated that the Chattanooga Regional Planning Agency as well as the City of Red Bank has provided information that a rezoning to a higher density mixed use zoning will be approved. It is extraordinarily assumed that the rezoning to a higher density mixed use zoning will occur.

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser’s opinions or conclusions.”³

HYPOTHETICAL CONDITIONS

No hypothetical conditions were utilized in valuing the subject property.

A hypothetical condition is defined as: “A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”⁴ The use of a hypothetical condition could affect the final opinion of value.

³ The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, Chicago, Illinois (U.S., 2015), page 84

⁴ The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, Chicago, Illinois (U.S., 2015), page 113

SCOPE OF WORK

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property was identified by the client with an address and a tax and parcel reference number. We further considered county ownership, tax and zoning records in identification of the subject property. A deed of transfer of the subject property was available and is included in the addenda of this report.

PHYSICAL CHARACTERISTICS

The primary improvements and underlying land were physically inspected and detailed in the improvements and land sections of this report. The appraiser also considered the Hamilton County Property Assessors records for construction date.

TYPE AND EXTENT OF DATA RESEARCHED

We researched and analyzed: 1) market area data 2) property specific market data, 3) zoning and land use data, and 4) current comparable land and improved sales in the competitive market

TYPE AND EXTENT OF ANALYSIS APPLIED

The client requested the appraiser provide a current "as is" value for the fee simple property rights.

The Cost Approach is typically most accurate when valuing newly constructed or proposed improvements. The subject is vacant land the Cost Approach was therefore not utilized.

The Sales Comparison Approach is applicable to all property types and is considered very reliable when there are a sufficient number of recent sales to create a value pattern in the market. We were fortunate in finding comparables of similar properties, which provided us with good reliable sales data.

The Income Capitalization Approach can be utilized to value vacant land but due to limited land lease information available for analysis it was determined the Income Capitalization Approach could not provide a credible value for the subject property. The appropriate amount of comparable land lease information in the subject market was not available; therefore the Income Capitalization Approach was not utilized.

MARKET ANALYSIS

Chattanooga is situated on the Tennessee River in the southeast corner of Tennessee. The Chattanooga area is centrally located between several major urban-industrial areas of the Southeastern United States. Birmingham, AL is approximately 147 miles to the southwest; Nashville, TN is 135 miles to the northwest and Knoxville, TN is approximately 112 miles to the northeast. The growing industrial concentration in the lower Tennessee Valley -- Decatur, AL, Huntsville, AL and the Muscle Shoals, AL area -- is about 110 miles to the west. Atlanta, GA, the principal distribution and service center of the southeast, is only 118 miles south of Chattanooga.

The Chattanooga area's central location and its transportation facilities combine to give the area's businesses and individuals short haul rail and highway delivery to nearly one-half of the nation's population. Chattanooga is the hub of a thriving economic region and its geographic location has profited over the past 25 years by improvement of waterways, highways and air transportation capability.

Since the early 1990's Chattanooga has seen significant developments that have transformed the city and created a bright future. Among the most significant developments that have occurred since the early 1990's in Chattanooga is the completion of the Tennessee Aquarium in May of 1992. The Tennessee Aquarium provides Chattanooga with a significant tourist attraction that draws several thousand people every year to the river city. In 2005, Chattanooga completed a whole new phase of major development that has had monumental effects upon Chattanooga and its immediate and long-term future. The 21st Century Waterfront Plan combined \$69 million in public financing with \$51 million dollars in private donations to create a \$120 million-dollar redevelopment of the Chattanooga waterfront on both the north and south banks of the Tennessee River. Private development has piggybacked on the 21st Century Waterfront plan in recent years to aid in Chattanooga's continued growth.

Chattanooga recently became the first midsize city to designate an Innovation District, serving as a connecting point, support base, and catalyst for the local entrepreneurial ecosystem.⁵ Announced in January of 2015, the Innovation District features a mix of business incubators, accelerators and start-ups in a designated space for participants in the innovation economy. The Innovation District is currently

⁵ <http://www.chainnovate.com/>

experiencing strong growth with several new developments in the planning and construction phase.

Anchoring the development district is the Edney Innovation Center, a 90,000 square foot, 10-story building featuring three long-term tenants dedicated to stimulating entrepreneurial growth in the region. Located at the corner of Market Street and 11th Street, the Edney Innovation Center serves as a junction point for participant and partners in the local start-up economy.

Due to Chattanooga and its surrounding area's central location, stable government and sound economic base there is great expectations that this healthy city will grow and prosper for years into the future.

CHATTANOOGA METROPOLITAN STATISTICAL AREA (MSA)

Chattanooga, located in Hamilton County, Tennessee is the center of a six-county Metropolitan Statistical Area (MSA) composed of Hamilton, Marion and Sequatchie counties in Tennessee, and Catoosa, Dade, and Walker counties in Georgia. The total population of the Chattanooga MSA increased by 15.8% between 2000 and 2012, from 476,531 to 551,632. The Hamilton County area extends to and along the borders of Sequatchie, Catoosa, Walker, Rhea, and Bradley Counties. Chattanooga, Cleveland, Collegedale, Ft. Oglethorpe, Lookout Mountain, Signal Mountain, Soddy-Daisy, and Walden are the cities and towns in Hamilton County.

Counties in the Chattanooga MSA:

Area in Square Miles	
Hamilton County*	543
Marion County	500
Sequatchie County	266
Catoosa County	162
Dade County	174
Walker County	446
Total	2,091

HAMILTON COUNTY ANALYSIS

POPULATION BASE

According to the Federal Census Bureau, the population of Hamilton County increased 4.3%, from 167,674 to 177,571 between 2010 and 2016. In a 2010 U.S. Census Bureau estimate, 82.3% of the population was 20 years of age or older. Of the municipalities in Hamilton County, Chattanooga ranks number one in population. An estimate of the total number of households in Chattanooga/Hamilton County in 2013 is 144,826.

Population Estimates					
Year	Chattanooga	Hamilton Co.	Chattanooga MSA*	50 Mile Radius	100 Mile Radius
2005	165,927	323,740	502,842	1,034,187	5,713,540
2006	168,293	328,551	510,542	1,034,025	5,816,469
2007	169,847	331,117	515,810	1,047,177	5,949,769
2008	170,819	334,123	520,089	1,060,581	6,126,730
2009	171,349	337,175	524,303	1,107,374	6,263,531
2010	167,674	336,463	528,143	1,098,996	6,163,039
2011	170,136	340,855	533,372	1,112,046	6,216,926
2012	171,279	345,545	537,889	Not Recorded	Not Recorded
2013	173,366	348,673	541,744	1,115,478	6,331,543
2014	173,778	351,220	544,559	1,119,500	6,411,699
2015	176,220	353,748	547,232	Not Available	Not Available
2016	177,571	358,061	551,957	Not Available	Not Available
2017	179,139	361,613	556,548	Not Available	Not Available
2018	180,557	364,286	Not Available	Not Available	Not Available

Source: U.S. Census Bureau and DemographicsNow

EMPLOYMENT

The Hamilton County area is susceptible to the effects of unemployment and economic volatility stemming from the influence of the city core. While the presence of Chattanooga MSA employers typically provides a stability factor, the region has established a diverse economic base and is now subject to economic pressures in many sectors. As of November 2017, Chattanooga featured an unemployment rate of 3.6%.

While Chattanooga is one of the nation's oldest manufacturing cities with a total of 13.0% of its whole employment in that sector, the service industry has become the leader of employment in the Chattanooga MSA. However, there is no single dominating industry. The non-agricultural employment by industry is:

Business Demographics	
<i>Industry</i>	<i>Chattanooga MSA</i>
Services	34.0%
Manufacturing	13.0%
Retail Trade	11.0%
Finance, Insurance and Real Estate	7.0%
Wholesale Trade	3.0%
Agriculture/Forestry/Fishing	1.0%
Transportation/Public Utilities	7.0%
Construction	4.0%

Source: County Business Patterns

Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Hamilton County a diversified and profitable business location. The following table provides a list of the major employers in the region, with demarcation applied to locally owned or headquartered companies and corporations.

CHATTANOOGA TENNESSEE
Major Employers List - 2019
 Employers with 100+ full-time employees listed in descending order.



Company	Product/Service	Full-Time Emps.	Part-Time Emps.
•Erlanger Health System	Health System	7,870 (includes 1,691 contractors)	589
•BlueCross BlueShield of Tennessee	Health Care Financing	5,193	61
•Hamilton County Schools	Elementary & Secondary Schools	4,674	1,458
Tennessee Valley Authority	Utility - Electric Service	3,501	1
•McKee Foods Corporation	Mfr. Cakes & Cookies	3,100	
•Unum Group	Insurance	2,800	
Volkswagen Group of America Chattanooga Operations, LLC	Mfr. Automobiles	2,498	
CHI Memorial	Health Care	2,407	864
•City of Chattanooga	Government	2,308	483
Roper Corporation	Mfr. Cooking Products	1,900	
•Hamilton County Government	Government	1,835	152
•Astec Industries, Inc.	Mfr. Asphalt & Construction Equipment	1,637	
Amazon.com Services, Inc.	Distribution Center	1,637	407
Cigna HealthCare	Health Services	1,350	25
Parkridge Medical Center, Inc.	Health Care - Hospital	1,332	133
Pilgrim's Pride Corporation	Poultry Producer, Processor	1,300	2
The University of TN at Chattanooga	University	1,291	33
Chattanooga Coca-Cola Bottling Co. UNITED, Inc./ United Packers	Mfr. Soft Drinks (Bottles & Cans)	1,002	
•U.S. Xpress Enterprises, Inc.	Transportation Services	998	12
•Lawson Electric Company	Electrical Contractors & Engineers	926	
•Vision Hospitality Group, Inc.	Lodging	855	311
Gestamp Chattanooga, LLC	Auto Metal Stamping & Welded Assemblies	782	
T-Mobile	Telecommunications	756	
Sanofi Consumer Health Care	Mfr. Health & Beauty Products	754	
•Orange Grove Center, Inc.	Private, Non-Profit Serving Developmentally Disabled Adults & Children	742	118
•Miller Industries Towing Equipment, Inc.	Mfr. Towing Equipment	654	6
Koch Foods, LLC	Poultry Producer, Processor	649	
•Kenco Group	Supply Chain Solutions, 3rd Party Logistics (3PL)	645	
•Chattanooga State Community College	Two Year State College	632	33
•EPB	Electric Power & Fiber Optics Internet, TV & Phone	600	
Concentrix	Out-Sourced Customer Service	500	
HomeServe USA	Emergency Repair Plan Services	495	
•Southern Champion Tray	Mfr. Folding Cartons	482	17
WestRock	Mfr. Paperboard, Containers, Recycling & Retail Solutions	475	
•Lodge Manufacturing Company	Mfr. Cast Iron Cookware & Other OEM Gray Iron	462	6
•Southern Adventist University	University	446	88
Mueller Co.	Mfr. Gate Valve & Iron Foundry	396	1
•Siskin Hospital for Physical Rehabilitation	Physical Rehabilitation Hospital	379	47
Komatsu America Corp.	Mfr. Heavy Construction Equipment	362	74
TN State Department of Transportation	Government, Transportation	359	
•TAG Manufacturing, Inc.	Mfr. Buckets, Couplers & Earth Moving Equip. Attachments	335	2

• Locally owned and/or headquartered

CHATTANOOGA TENNESSEE
Major Employers List - 2019
 Employers with 100+ full-time employees listed in descending order.



Company	Product/Service	Full-Time Emps.	Part-Time Emps.
•Tennessee Valley Federal Credit Union	Federal Credit Union	328	48
•Tranco Logistics LLC	Supply Chain Solutions, 3rd Party Logistics (3PL)	325	3
•Jake Marshall, LLC	Mechanical Contractor	303	
WNA American Plastic Industries	Mfr. Plastic Cups, Containers & Lids	303	
Schnellecke Logistics USA, LLC	Logistics Services; Warehousing, Transportation, Contract Service, Kitting, JIS/JIT Services	300	
Mars Wrigley Confectionery	Mfr. Confections	297	
•CBL and Associates Properties, Inc.	Shopping Center Developer, Owner & Manager	290	
Total Network Manufacturing	Automobile Seat Assembly	288	2
•Propex Operating Company, LLC	Technical Textiles for Construction, Containment, Packaging & Composites	284	
•Hospice of Chattanooga	Hospice	280	13
Marketing Alliance Group, Inc.	Mfr. Displays & Fixtures	275	
•Independent Healthcare Properties / Morning Pointe	Assisted Living Facilities	250	100
•United Energetch Corporation	Mfr. Air Control Products	239	
KORDSA	Mfr. Industrial Nylon	230	
United Parcel Service	Parcel Delivery	216	211
Variform, Inc.	Vinyl Siding	215	10
Regions Bank	Regional Bank	200	18
First Horizon	National Bank	197	8
LJT Tennessee/Steel Warehouse	Mfr. Steel Tubing	197	
•Blood Assurance	Non-Profit, Full-Service Blood Center	196	20
•Capital Toyota/Lexus of Chattanooga	Automobile Dealership	196	4
•Card-Monroe Corp.	Mfr. Tufting Machinery	195	4
Arcade Beauty	Printing & Sampling	193	
•Covenant College	College	192	13
•McCallie School	Middle & High School (Grades 6-12)	189	126
•Chattanooga Area Regional Transportation Authority	Local & Suburban Transit	180	42
•The Tennessee Aquarium	Fresh & Salt Water Aquarium	173	102
Chattanooga Publishing Company	Newspaper Publishing	171	60
TN State Department of Human Services	Temporary Assistance for Needy Families (TANF), Medicaid, Food Stamps	165	
•Elder's Ace Hardware of Chattanooga, Inc.	Hardware Store	153	159
Woodbridge INOAC Technical Products	Mfr. Polyurethane Foam	150	
•Textile Printing Company	Printing & Packaging	148	
•Girls Preparatory School	Independent School (Grades 6-12)	146	19
Columbus McKinnon Corporation	Steel Forgings	144	
SunTrust Bank, Chattanooga	Commercial Bank	144	7
Yanfeng	Mfr. Automotive Interior Components	142	79
•3H Group	Real Estate Development and Management	130	60
•Fillauer Companies, Inc.	Mfr. Prosthetic Devices	129	
•Miller & Martin PLLC	Attorneys	125	3
•AZZ Enclosure Systems	Mfr. Prefabricated Metal Buildings	120	2
•Chattanooga Bakery, Inc.	Mfr. MoonPie Brand Marshmallow Sandwiches	120	1
•Hamilton Plastics Inc.	Mfr. Plastic Film	120	
•Top Flight, Inc.	Mfr. School Supplies & Commercial Envelopes	115	
•Tuftco Corporation	Mfr. Tufting Machinery	108	

• Locally owned and/or headquartered

Note: The information above is self-reported by individual companies, does not represent a complete inventory, and should not be used for statistical purposes.

RETAIL SALES

Retail sales are an indicator of the viability of an area's economic base. In addition, retail sales reflect both changes in population and the propensity of area inhabitants to buy retail goods. The foregoing schedules data shows retail sales in Hamilton County.

Hamilton County Retail Sales		
Year	Sales	% Change
2004	\$4,649,304,570	
2005	\$4,942,891,984	6.3%
2006	\$5,328,367,912	7.8%
2007	\$5,468,539,905	2.6%
2008	\$5,438,410,222	-0.6%
2009	\$4,754,562,263	-12.6%
2010	\$5,160,419,759	9%
2011	\$5,539,994,960	7%
2012	\$5,846,190,527	6%
2013	\$5,885,556,596	6.8%
2014	\$6,230,951,907	5.5%
2015	\$6,509,379,172	4.5%
2016	\$6,801,871,665	4.5%
2017	\$7,133,715,889	5%
2018	\$7,198,201,884	1%

TRANSPORTATION

Chattanooga is within just one day's drive of almost one-third of the major US cities and nearly 70 million people due to its proximity to U.S. Interstates 24, 75 and 59. Water transportation systems make Chattanooga an even more important land port. The TVA system of locks and dams, and the Tennessee Tombigbee Waterway, saves days, miles and dollars on shipments to and from ports along the Tennessee, Ohio, Missouri, and Mississippi Rivers, as well as the Gulf of Mexico. There are three public port terminals on the Tennessee River in this area.

Air service at Chattanooga's Metropolitan Airport (CHA) is provided by a number of national and regional commuter air carriers offering passenger and cargo service to all major cities in the country. Commercial airline service includes Atlantic Southeast Airlines, Atlantic Coast, American Eagle, Comair, Continental Airlines, Delta Connection, U.S. Airways Express, Allegiant Air and Vision Air. Through 2017, Chattanooga's Metropolitan Airport had a total of 484,517 enplanements, an increase of 15.62% over 2016. In the same period, CHA had a total of 472,547 deplanements, an increase of 13.07% over 2016.

Rail transportation in Chattanooga is served by divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System. Switching and piggyback facilities are available throughout the area.

The Chattanooga Area Regional Transportation Authority (CARTA) provides regularly schedules public bus transportation for the Chattanooga area. CARTA also operates a vanpool service for individuals to lease for trips to and from the workplace. CARTA's concern for air quality led to the implementation of an electric transit system. This places CARTA and Chattanooga in the forefront of electric vehicle research and use worldwide. CARTA's commitment to electric, battery-powered mass transit corresponds with Chattanooga's goal to become a center for environmental technology and commerce.

UTILITIES

Electricity	
Supplier	Electric Power Board of Chattanooga
Source	Tennessee Valley Authority
Electric Customers	165,136
Peak Demand	12,000 Megawatts
Natural Gas	
Supplier	Chattanooga Gas Company
Source	East TN Natural Gas & Southern Natural Gas Company
Peak Demand	125,000mcf per day
Treated Water	
Supplier	Tennessee American Water Company
Source	Tennessee River
Water Customers	70,000
System Capacity	65 million gallons per day
Peak Demand	452 million gallons per day
Sewer	
Supplier	Moccasin Bend Treatment Plant
Total Treatment Capacity	140 million gallons per day
Daily Usage	61 million gallons per day
Solid Waste Disposal Available	N/A

EDUCATION

The Hamilton County Department of Education (HCDE) is responsible for all public elementary, middle and high schools in the county. Over 40,000 students in the Hamilton County/Chattanooga area are serviced by the HCDE that boasts 78 public schools.

In addition to Chattanooga's public school system, a large percentage of students receive their education in the 41 private and parochial schools available in the area. A handful of these private institutions have been providing an education that has been recognized on a national level for over a century, most notably The McCallie School, Baylor School and Girls Preparatory School.

Several colleges and universities represent an excellent higher education system in the Chattanooga area. These schools include University of Tennessee at Chattanooga (UTC), Chattanooga State Technical Community College, Bryan College, Covenant College, Lee University, Southern Adventist University and Tennessee Temple University. The University of Tennessee at Chattanooga, the largest in the area, is a major campus within the University of Tennessee system.

VOLKSWAGEN MANUFACTURING PLANT/ENTERPRISE SOUTH INDUSTRIAL PARK

Enterprise South Industrial Park is considered to be Chattanooga, Tennessee's premier major industrial park that has been built on the 6,000 + acres of the former Volunteer Army Ammunition Plant (VAAP). In 2000, after the VAAP was inactive from 1977 to 1999, development of the Enterprise South began. Enterprise South features 2,800 developable acres and supports the employment of over 7,500 individuals. The Tennessee Department of Transportation recently completed a \$9.7 million direct link between Interstate 75 and Highway 58 to accommodate continued expansion of the Industrial Park.

Enterprise South contains the first certified Automotive Megasite in Tennessee and the fourth to be certified in the Tennessee Valley. The property was certified by McCallum Sweeney Consulting of Greenville, South Carolina, an independent firm commissioned by TVA. The megasite, a large industrial property suitable for major automotive manufacturing, has 1,600 developable acres surrounded by a 2,800-acre buffer to the east and a 128-acre buffer to the west. Major tenants in the Industrial Park include Volkswagen, Amazon, Gestamp, ADM, Plastic Omnium and Tug Manufacturing.

Volkswagen Chattanooga Assembly Plant began production of Passat models in April 2011. The original facility included approximately 1,900,000 square feet, featuring a body shop, paint shop, assembly facility a Market Delivery Options building, technical testing center, employee training facility with classrooms, an apprentice-training school and a full-size practice paint booth, a supplier park for either companies and a 32,000 square foot healthcare center with a gym, childcare facilities and medical services. As of December 2011, the plant became the first auto plant in the world to receive a LEED platinum certification. A \$900 million expansion completed in 2017 to begin production of the new Atlas models. VW is reportedly planning an additional \$340 million increase production capacity for the newly announced five-passenger Atlas. The VW campus now includes 3,442,350 square feet under roof and supports over 3,500 employees.

Industry officials report that in addition to the 3,500 jobs created by the manufacturing plant, between 2,500 to 7,500 additional jobs have been created as suppliers have located in and around the VW manufacturing plant's location in Enterprise South in order to support of the main manufacturing plant. All told, the economic impact of the Volkswagen Chattanooga Assembly Plant is estimated at \$307 million annually in Tennessee supply contracts, \$643.1 million in annual income generated and \$53.5 million annual increase in state and local tax revenue. With over 7,500 current jobs supported by the

Industrial Park and additional expansions announced at many of the aforementioned facilities, the Enterprise South Industrial Park will continue to drive growth in the Chattanooga MSA.

AMAZON.COM

Amazon has built two huge distribution centers in Southeast Tennessee, one in Chattanooga at Enterprise South industrial park and one in Cleveland, TN. Amazon is creating upwards of 5,000 full-time jobs as well as seasonal jobs. At least \$64 million in annual payroll is being injected into the area.

Both distribution centers are 1 million-square-foot distribution centers, about the size of Hamilton Place Mall, at a \$139 million investment. Already the size of 17 football fields, work is starting on an expansion that will add onto an existing second-level mezzanine and boost floor space to about 28 football fields.

Computer stations are set up along the conveyor lines to permit personnel to scan and process the wide array of items that go through the facility and are for sale on the website of what has become the world's No. 1 Internet retailer. Goods are shipped all over the country.

WHIRLPOOL CORPORATION

Whirlpool Corporation built a 1,000,000 square foot, \$200 million LEED-certified manufacturing facility in Cleveland, TN that produces built-in, premium cooking products as well as a 400,000 square foot distribution center with an exterior overhead conveyor to the manufacturing facility in 2012. The facilities are located at Benton Pike and Michigan Avenue.

The energy efficient facility replaces the existing 100-year old manufacturing place located at 740 King Edward Avenue, SE. Whirlpool has invested \$120 million in the new facility and employs 1,500 people in Bradley County and plans to bring on about 130 more due to the new plant.

Chattanooga Metropolitan Statistical Area (MSA)

Chattanooga, located in Hamilton County, Tennessee is the center of a six-county Metropolitan Statistical Area (MSA) composed of Hamilton, Marion and Sequatchie counties in Tennessee, and Catoosa, Dade, and Walker counties in Georgia. The total population of the Chattanooga MSA increased by 11.4% between 2000 and 2012, from 476,531 to 537,889.

Counties in the Chattanooga MSA:

Area in Square Miles	
Hamilton County*	543
Marion County	500
Sequatchie County	266
Catoosa County	162
Dade County	174
Walker County	446
Total	2,091

SITE DESCRIPTION



Subject Outlined in **BLUE**

LOCATION

The subject site is located in the Central Business District of the Red Bank community. The street address is 3715 Dayton Boulevard, Chattanooga, TN 37415.

SIZE/CONFIGURATION

The subject property is generally rectangular and contains a total of 484,245 square feet, or 11.12 acres. The site features approximately 650 feet of frontage along Dayton Boulevard and an average approximate depth of 730 feet.

EASEMENTS & ENCUMBRANCES

None noted that influence property value. None noted from site visit, encroachments subject to survey. No site survey or plat was provided to the appraiser.

ACCESS AND EXPOSURE

The has primary frontage along Dayton Boulevard, a five-lane thoroughfare with a designated turn lane. The subject features secondary frontage along W Leewood Avenue and Oakland Terrace. Vehicular ingress and egress to the subject site is available via curb cuts on Dayton Boulevard and W Leewood Avenue. In 2018, the Tennessee Department of Transportation (TDOT) measured the Annual Average Daily Traffic (AADT) counts along Dayton Boulevard nearest the subject at 14,224

FLOOD HAZARD, TOPOGRAPHY AND DRAINAGE

According to the DFIRM FEMA map number 47065C0331F dated 02/03/2016, the site is partially located in the 100-year and 500-year flood plains. A small portion of the subject frontage on Dayton Boulevard is located in a flood zone. The functional utility or development potential of the subject is not limited due to the flood zone. The site's topography is basically level. It is assumed that there are no hidden or unapparent conditions to the property, soil, or subsoil, which would render them more or less valuable. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.

REAL ESTATE TAXES

Real estate being used for commercial purposes in the State of Tennessee is taxed at 40% of tax appraised value. The county tax assessor makes the property tax appraisal. The governing body of the county sets the respective tax rates each year by October 1st. The property is then taxed in arrears for the previous year. Each piece of property located outside the corporate city limits is taxed at a base rate. Any properties situated within the corporate city limits are taxed at an additional rate by the city government. Due to the current ownership and previous use as a public school, the subject is currently tax exempt.

ZONING

The property is located in the C-2 (Central Business District) zone under the Red Bank Zoning Ordinance. Permitted uses under the C-2 (Central Business District) include retail, office, restaurant, financial institution, mixed-use residential, public and government uses. As specified by the City of Red Bank zoning ordinance, the C-2 zoning requires a site to meet the following requirements.

<i>SITE REQUIREMENTS</i>	
ZONING	C-2
MINIMUM LOT SIZE	NONE
FRONT SET BACK	25 FT
REAR SET BACK	0 FT
SIDE SETBACK	10 FT
MAXIMUM BUILDING HEIGHT	2 ½ STORIES
<i>PARKING REQUIREMENTS</i>	
COMMERCIAL	5 SPACES / 1,000 SF NRA

The City of Chattanooga features a higher density zoning in the UGC zoning (Urban General Commercial). Permitted uses under the UGC (Urban General Commercial) include retail sales, financial institution, office, restaurant, hospital, public building, residential (3+ units), hotel, self-storage facility, and wholesale retail. This would be the type zoning in which the has been analyzed under the extraordinary assumption.

HIGHEST AND BEST USE

The principal of highest and best use is defined as:

“The reasonably probable use of a 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.”⁶

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

1. Permissible Use (Legal) - what uses are permitted by zoning and deed restrictions on the site in question?
2. Possible Use- to what uses is it physically possible to put the site in question?
3. Feasible Use-, which possible and permissible uses will produce any net return to the owner of the site?
4. Highest and best Use- among the feasible uses, which use will produce the highest net return or the highest present worth?

The highest and best use may 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.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact, to be found.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect

⁶ The Dictionary of Real Estate Appraisal, Sixth edition, The Appraisal Institute, Chicago, Illinois (U.S., 2015), page 109

highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use.

The highest and best use for the unimproved property may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site.

HIGHEST AND BEST USE SUMMARY

Considering these factors, the highest and best use of the subject as though vacant is for a high density mixed use development in accordance with the zoning and site characteristics.

Considering these factors, the highest and best use of the subject as improved is for high density mixed use development in accordance with the zoning and current improvements.

VALUATION PROCESS

“The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client’s questions about real property value.”⁷

Valuation is a term used interchangeably with appraisal. Real estate markets are a function of the location in which they are located. The overall market environment can have a profound affect on the manner in which buyers and sellers perform the act of transferring property rights. Considerations made by the participants are generally based on certain fundamental principles. Those principles and their definitions are as follows:

ANTICIPATION

The perception that value is created by the expectation of benefits to be derived in the future. Value is created by the anticipation of future benefits.

CHANGE

The result of the cause and effect relationship among the forces that influence real property value.

SUPPLY AND DEMAND

In economic theory, the principle of supply and demand states that the price of a commodity, good, or service varies directly, but not necessarily proportionately, with demand and inversely, but not necessarily proportionately with supply. Thus, an increase in the supply of an item or decrease in the demand for an item tends to reduce the equilibrium price; the opposite conditions produce an opposite effect. The relationship between supply and demand may not be directly proportional, but the interaction of these forces is fundamental to economic theory. The interaction of suppliers and demanders, or sellers and buyers, constitutes a market.

COMPETITION

Between purchasers or tenants, the interactive efforts of two or more potential buyers or tenants to make a sale or secure a lease; between sellers or landlords, the interactive efforts of two or more

⁷ The Appraisal of Real Estate, 13th edition, The Appraisal Institute, Chicago, Illinois (U.S., 2008), page 129

potential sellers or landlords to complete a sale or lease; among competitive properties, the level of productivity and amenities or benefits characteristic of each property considering the advantageous or disadvantageous position of the property relative to the competitors.

SUBSTITUTION

The appraisal principle that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

BALANCE

The principle that real property value is created and sustained when contrasting, opposing, or interacting elements are in a state of equilibrium.

CONTRIBUTION

The concept that the value of a particular component is measured in terms of its contribution to the value of the whole property or as the amount that its absence would detract from the value of the whole.

SURPLUS PRODUCTIVITY

The net income that remains after the cost of various agents of production have been paid.

CONFORMITY

The appraisal principle that real property value is created and sustained when the characteristics of a property conform to the demands of its market.

EXTERNALITIES

The principle economies outside a property have a positive effect on its value while diseconomies outside a property have a negative effect upon its value.”⁸

⁸ The Appraisal of Real Estate, 12th edition, The Appraisal Institute, Chicago, Illinois (U.S., 2001), p. 34-42.

The valuation of the subject property is made on the basis of the real estate, consisting of land and improvements. Both the market participants as well as the real estate appraiser take the affects of the fundamental principles listed above into consideration. In arriving at an estimate of value, the appraisal considers the three approaches normally employed in accepted real estate practice, namely:

The Cost Approach wherein the land is appraised as if vacant and available for development to its highest and best use. To this result is added the improvements estimated cost of reproduction new less depreciation accruing from all causes.

The Income Approach which requires a study of the earnings capacity of the real estate, and the conversion of such net income into value by means of a capitalization process.

The Sales Comparison Approach, involving an analysis of the sale of other property having similar improvements, and a comparison of such data with the property appraised, giving due consideration to the elements of dissimilarity.

COST APPROACH

The Cost Approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility.

The Cost Approach is typically most accurate when valuing newly constructed or proposed improvements. The Cost Approach did not provide a credible value opinion as the subject is vacant land.

SALES COMPARISON APPROACH

The Sales Comparison Approach is an appraisal technique which measures the reaction of buyers and sellers in the marketplace through the analysis of recent transactions that are considered to be similar to the property appraised. The appraiser has researched the subject market area in an effort to locate vacant land sales considered to be comparable to the subject.

On subsequent pages are detailed descriptions of these transactions.

Land Sale #1



Location: 5953 Elementary Way
Ooltewah, TN 37363

Legal Description: As recorded in Public Records, Hamilton County, TN

Tax ID #: 132H B 002, 002.01, 002.02 (3 Parcels)

Seller: Hamilton County Board of Education

Purchaser: BMRG-Ooltewah, LLC

Sale Date: May 21, 2014

Sale Price: \$2,201,000

Financing: Cash to Seller

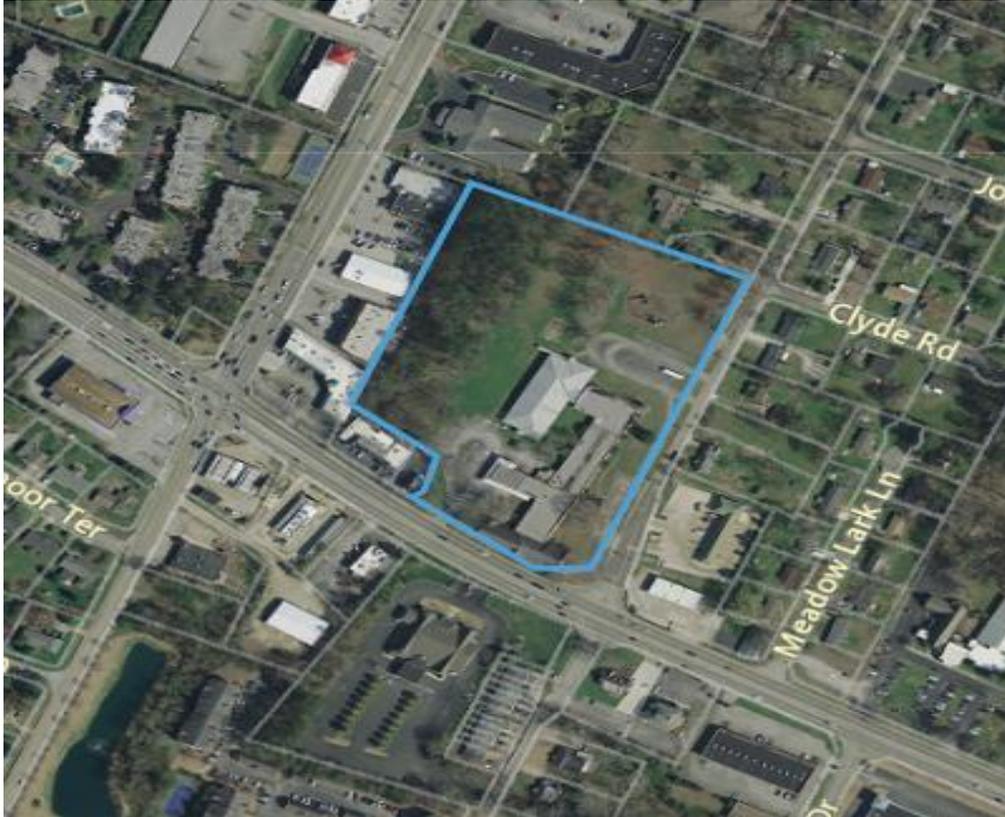
Verification By: CRS/ROD

Site Description: The site is irregular in shape with 470 front feet along Lee Highway. The site contains approximately 10.30 acres. Demolition costs have been estimated at \$150,000

Zoning: C-3

Analysis: \$213,689 per acre

Land Sale #2



Location: 7453 E Brainerd Road
Chattanooga, TN 37421

Legal Description: As recorded in Public Records, Hamilton, TN

Tax ID #: 158E D 006

Seller: East Brainerd Elementary School

Purchaser: Ebes Partners, LLC

Sale Date: May 2, 2018

Sale Price: \$4,500,000

Financing: Cash to Seller

Verification By: Courthouse Retrieval System/Register of Deeds

Site Description: The site is irregular in shape. According to the Hamilton County Tax Assessor's site, the site contains 8.96 acres. Demolition Costs have been estimated at \$150,000.

Zoning: C-2

Analysis: \$502,235 per acre

Land Sale #3



Location: 3210 Broad Street, 3211 Williams Street/3220 Williams Street
Chattanooga, TN 37408

Legal Description: As recorded in Public Records, Hamilton, TN

Tax ID #: 155F B 001, 155F B 001.01 & 155F B 004 (3 Parcels)

Seller: EAD Holdings, LLC

Purchaser: Broad MU II, LLC

Sale Date: February 3, 2020

Sale Price: \$11,000,000

Financing: N/A

Verification By: Kevin Boehm, EAD Holdings, LLC / Register of Deeds

Site Description: The site is irregular with 350 front feet along Broad Street. According to the Hamilton County Property Appraisers office, the site contains 20.42 acres.

Zoning: UGC

Analysis: \$538,688 per acre

Land Value - Sales Comparison Approach to Value

Land Sales				
	Subject	Comp #1	Comp #2	Comp #3
Location:	3715 Dayton Boulevard Chattanooga, TN	5953 Elemntary Way Ooltewah, TN	7453 E Brainerd Road Chattanooga, TN	3220 Broad Street, 3220 Williams Street Chattanooga, TN
A. P. N.	109P D 001	132H B 002, 002.01,002.02	158E D 006	155F B 001, 155F B 001.01 & 155F B 004
Sale Price:	N/A	\$2,201,000	\$4,500,000	\$11,000,000
Sale Date:	N/A	5/21/2014	5/2/2018	2/3/2020
Land Size:	11.12	10.30	8.96	20.42
Price/Acre:	N/A	\$213,689	\$502,232	\$538,688

Transaction Adjustments				
Property Rights Conveyed	0%	0%	0%	0%
Financing Terms	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Expenditures Immediately After Purchase	4%	3%	2%	2%
Market Conditions	30%	0%	0%	0%

Net Other Adjustments	34%	3%	2%
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Adjusted Price/Acre	\$286,344	\$518,304	\$546,768
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Property Adjustments:				
Location	-35%	-35%	-40%	-40%
Size	0%	-5%	15%	15%
Shape	0%	0%	0%	0%
Frontage	0%	0%	0%	0%
Access	0%	0%	0%	0%
Exposure	-5%	-5%	-5%	-5%
Topography	0%	0%	0%	0%
Zoning	0%	0%	0%	0%
Flood Zone	0%	0%	0%	0%

Net Other Adjustments	-40%	-45%	-30%
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Final Adjusted Price/Acre	\$171,806	\$285,067	\$382,738
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Subject Value Estimate:				
Subject Size	X	Price/Land Unit	=	Value
11.12	X	\$275,000		\$3,058,000
				\$3,075,000

VALUETECH SOFTWARE

ADJUSTMENT EXPLANATIONS

EXPENDITURES IMMEDIATELY AFTER PURCHASE – Sales one, two and three all featured improvements that were demolished following the sale. The sales were given positive adjustment to reflect that investment.

MARKET CONDITIONS – Sale one was the former Ooltewah Elementary site, similar to the subject in that it was a former school site. Sale one occurred in 2014. The demand in the Ooltewah market has increased significantly for both commercial and residential since 2014 and therefore sale one was adjusted for market conditions.

LOCATION- The location of sales one, two and three all demand office/retail lease rates between \$15.00 and \$25.00 per square foot. The subject area is likely to demand office/retail lease rates between \$8.00 and \$12.00 per square foot. Sales one, two and three were superior in location as compared to the subject and required a negative adjustment.

SIZE – Sale two was smaller in size as compared to the subject while sale three was larger in size as compared to the subject. If a comparable sale is larger than the subject a positive adjustment is made to increase the price per unit of the comparable sale to align it more with the subject, while on the other hand if the comparable sale is smaller than the subject a negative adjustment is made. Of course, if the comparable sales are similar to the subject for all practical purposes, no adjustment is necessary.

EXPOSURE – Sales one, two and three all feature higher average daily traffic counts as compared to the subject and required a negative adjustment.

SALES COMPARISON APPROACH CONCLUSIONS – AS IS VALUE

The subject property as improved was compared to three sales and one active listing of Vacant Land properties having similar characteristics and located in comparable alternative locations. The comparables were chosen based upon similarity of use, timeliness of sales activity and location issues.

Giving weighted average to all of the comparables, a unit value of \$275,000 per acre was applied to indicate the “as is” market value to the subject as follows:

$$11.12 \text{ Acres} \times \$275,000 / \text{Acre} = \$3,058,000$$

Say: **\$3,075,000[®]**

INCOME APPROACH

The value developed by the Income Approach is based on the present worth of the expected future income flows. Its premise is that a prudent investor will pay no more for the property than he would for another investment of similar risk and cash flow characteristics. In the valuation of the subject, we have used the income capitalization method. This method uses an overall capitalization rate, which has been extracted from similar risk investments and financing.

The Income Capitalization Approach can be utilized to value vacant land but due to limited land lease information available for analysis it was determined the Income Capitalization Approach could not provide a credible value for the subject property. The appropriate amount of comparable land lease information in the subject market was not available; therefore the Income Capitalization Approach was not utilized.

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The process of reconciliation on an appraisal report is the review of each method of valuation process and, with consideration to the strengths and weaknesses of each; a judgment is made as to the final estimate of value. The approaches used to estimate the "As Is" Market value of the subject property include the Sales Comparison Approach. The value indicated by each approach and the final estimate of market value is as follows:

Estimated Value By Cost Approach:	Not Applied
Estimated Value By Sales Comparison Approach:	\$3,075,000
Estimated Value By Income Approach:	Not Applied

Typical Purchaser: Small Investor / Developer

Exposure Time: The Catylist Greater Chattanooga Area Commercial MLS reports an average days on market for sold vacant land in Tennessee as 372 for the last 3 months and 428 for the last 12 months. Based on the above information, the opinion of value for the subject is based on a previous exposure time of between 12 and 18 months. Since there are no major changes expected in the market in the near future, the marketing time is also expected to be between 12 and 18 months.

The subject is being appraised on the basis of its value "As Is".

The Cost Approach is typically most accurate when valuing newly constructed or proposed improvements. The Cost Approach did not provide a credible value opinion as the subject is vacant land.

The Sales Comparison Approach is applicable to all property types and is considered very reliable when there are a sufficient number of recent sales to create a value pattern in the market. We were fortunate in finding comparables of similar properties, which provided us with good reliable sales data.

The Income Capitalization Approach can be utilized to value vacant land but due to limited land lease information available for analysis it was determined the Income Capitalization Approach could not provide a credible value for the subject property. The appropriate amount of comparable land lease information in the subject market was not available; therefore the Income Capitalization Approach was not utilized.

Therefore, with full reliance placed on the Sales Comparison Approach, it is the appraiser's opinion that the "As Is" Market value of the subject property, as of August 18, 2020 was:

\$3,075,000

THREE MILLION SEVENTY-FIVE THOUSAND DOLLARS