# VILLAGE OF KEY BISCAYNE

**Office of the Village Manager**

*Village Council*
Mayra P. Lindsay, *Mayor*
Edward London, *Vice Mayor*
Franklin H. Caplan
Luis F. de la Cruz
Gary R. Gross
Theodore Holloway
Michael E. Kelly

*Village Manager*
John C. Gilbert

DATE: May 10, 2016

TO: Honorable Mayor and Members of the Village Council

FROM: John C. Gilbert, Village Manager

RE: Property Acquisition-85 West Enid Drive

The option to purchase the property located at 85 West Enid Drive, currently being used by the Village as a surface parking lot for police vehicles and Village staff, is in the final stages of the appraisal process. Both the Village and Miami-Dade County are in receipt of their draft appraisals.

Based on the most recent correspondence from the Miami-Dade County-Internal Services Department- Real Estate Development Division Water regarding the acquisition of the property located at 85 West Enid Drive (a.k.a. Village Hall rear parking lot) the Miami-Dade Water and Sewer Department ("WASD") is conferring with the County Attorney to ensure the proper process is followed in terms of the appraisal and exchange of information, see attached Exhibit A.

In order to ensure the adequate appraisal and exchange of information is consistent with the agreed upon scope of valuation (see attached Exhibit B) for the identified property the exchange of appraisals must occur simultaneously.

88 West McIntyre Street • Suite 210 • Key Biscayne, Florida 33149 • (305) 365-5514 • Fax (305) 365-8936
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Exhibit A

**John C. Gilbert**

**From:** Jennifer Duque
**Sent:** Tuesday, May 03, 2016 2:04 PM
**To:** John C. Gilbert
**Subject:** FW: Appraisal 85 West Enid Drive, Key Biscayne

FYI


***Jennifer Duque, CMC***
*Chief of Staff/Deputy Clerk*
*88 West McIntyre Street, Suite 210*
*Key Biscayne, Florida 33149*
*305.365.8919*
*305.365.8936 (Fax)*
*jduque@keybiscayne.fl.gov*


**From:** Soper, Dawn (ISD) [mailto:dsoper@miamidade.gov]
**Sent:** Monday, May 02, 2016 9:41 AM
**To:** Jennifer Duque <jduque@keybiscayne.fl.gov>
**Subject:** RE: Appraisal 85 West Enid Drive, Key Biscayne

Good morning Jennifer,
Please accept our apologies in terms of the delayed response. It is my understanding WASD is conferring with the County Attorney to ensure the proper process is followed in terms of the appraisal and exchange of information. There are no concerns, simply a matter of process. Once that is in place, either I or someone from WASD will be contacting you directly. Thanks to all,


**Dawn M. Soper, Real Estate Officer**
Miami Dade County, Internal Services Department
Real Estate Development Division
111 N. W. 1st Street Suite 2460
Miami, Florida 33128
Phone: 305.375.4402
dsoper@miamidade.gov
**www.miamidade.gov/internalservices**
**Connect With Us on** Twitter | Facebook | Instagram


---

**From:** Jennifer Duque [mailto:jduque@keybiscayne.fl.gov]
**Sent:** Monday, April 25, 2016 4:16 PM
**To:** Soper, Dawn (ISD)
**Subject:** Appraisal 85 West Enid Drive, Key Biscayne

Good Afternoon,

As a follow-up to my voicemail, I wanted to inform you the Village received it's appraisal report for the 85 West Enid Drive site.

Please advise as to the status of the County's appraisal report.

Thank you.

***Jennifer Duque, CMC***
*Chief of Staff/Deputy Clerk*
*88 West McIntyre Street, Suite 210*
*Key Biscayne, Florida 33149*
*305.365.8919*
*305.365.8936 (Fax)*
*jduque@keybiscayne.fl.gov*

"Under Florida's public records laws, e-mails and e-mail addresses, as well as all forms of electronic communication directed to the Village of Key Biscayne and its employees, may be considered public records subject to inspection by or disclosure to the public. If you do not wish to have your e-mail address possibly disclosed to the public, please do not communicate with the Village of Key Biscayne through e-mail. Instead, please contact the Village by telephone or other non-electronic means."

Exhibit B

# VILLAGE OF KEY BISCAYNE

Office of the Village Manager

*Village Council*
Mayra P. Lindsay, *Mayor*
James S. Taintor, *Vice Mayor*
Franklin H. Caplan
Luis E. de la Cruz
Theodore Holloway
Michael E. Kelly
Edward London

*Village Manager*
John C. Gilbert

January 29, 2016

Mr. Lester Sola, Director
Mr. L. Douglas Yoder, Deputy Director
Miami-Dade Water and Sewer Department
3071 S.W. 38 Avenue, Suite 508
Miami, Florida 33146

Re: "GU" Property located at 85 West Enid Drive, Key Biscayne / Property Acquisition

Gentlemen:

We have been discussing plans by which the Village of Key Biscayne (the "Village") would acquire by purchase, from the Miami-Dade Water and Sewer Department ("WASD"), the real estate parcel located within the Village as referenced above (the "Property").

By way of brief background, the Village leased the Property beginning in 1993. Since the development of our Village Hall shortly thereafter, the Property has been used as a surface parking lot for our police vehicles, with a few extra spaces for Village staff. In 2002, the lease was amended to include a purchase option in favor of the Village. The purchase option provided that, if the option were exercised, the purchase price for the Property would be determined based on "fair market value", with fair market value being determined "as if the Property was vacant and unimproved by the existing parking lot and/or any other improvements."

Following direction from our Village Council and based on our most recent meeting in December, please consider this letter as the Village's formal request to proceed with the Property sale and conveyance. As discussed at our last meeting, and as confirmed yesterday during Mr. Yoder's conversation with Councilmember Caplan, the Property is located within our "Governmental Use" zoning district and has only been used for a public purpose. It generates no revenue, and never has. Councilmember Caplan re-confirmed at our last meeting, and per your suggestion I hereby re-confirm again, that the Village's intention and plans are to continue to utilize the Property only for a public purpose, consistent with past use. I know you are familiar with the fact that that the Property is an intrinsic part of the Village's municipal complex and will foreseeably remain so.

In terms of proceeding to closing, we acknowledge your thinking in deciding to procure two alternative appraisals, using an appraiser to be selected from the Miami-Dade County list of

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approved appraisers. To confirm, one appraisal will be based on the appraisal instruction and agreed-upon valuation benchmark stated above; that is, assuming the Property is vacant and unimproved by the existing parking lot and/or any other improvements. We note that appraisers may be unaccustomed to work instructions based on such a specific valuation assumption. With this in mind and as Councilmember Caplan has broached, we think it prudent to direct the appraiser to assume that the Property in its vacant and unimproved state will remain unchanged (vacant and unimproved) despite possible development allowances under applicable zoning. We suggest that instructions with this degree of clarity will help ensure that the work-product responds to the valuation assumption as intended.

As an alternative to the "vacant and unimproved" appraisal described above, we understand that you will obtain a second appraisal, assuming "highest and best use". This alternative arises in connection with WASD's intent to include a reverter clause in the conveyance deed, which would be triggered if at some point in time the Village ceases to use the Property for a public purpose. We think this is appropriate, as the valuation assumption described above only applies assuming use of the Property for a public purpose.

For our part, we will order alternative appraisals using a County approved appraiser, directing the appraiser using the same assumptions and instructions as noted above (one, assuming unchanging vacant and unimproved for a public purpose, without regard to development potential under our GU or other zoning, and the other, assuming highest and best use). We propose to engage either Waronker & Rosen, Inc. or Cole Appraisal Company, Inc., each of whom are approved appraisers on the County list.

We appreciate and reciprocate Mr. Yoder's thoughts about continuing to cooperate and coordinate efforts, to ensure that the appraisal instructions are clear and consistent. We propose to proceed with our appraisals without delay. Please let us know if you have any concerns.

Thank you again.

Sincerely,

John C. Gilbert
Village Manager

cc: Village Council

**Agenda Submittal**
Appraiser Selection Committee Meeting
January

| **Presenting Department Project Manager** | **Appraiser Selection Committee Meeting Project** | **Selected Appraiser** |
|---|---|---|
| WASD/<br><br>**Project Intention:**<br><br>Use of a property by the Village of Key Biscayne for use a team police office.<br><br>**Scope of Work**:<br><br>One self-contained appraisal report to determine the Fair Market Value of the property as if the property was vacant and unimproved by the existing parking lot or any other improvements. | **Resolution No.:**<br><br>R-671-14<br><br>**Location:**<br>85 W Enid Dr.<br>Key Biscayne, FL 33149<br><br>**Folio No.:**<br>24-5205-001-0020<br><br>**Owner(s):**<br><br>Miami Dade County<br><br>**Zoned**: 8000 Community Facilities | _____<br><br>**Appraisal Fees:**<br><br>_____<br><br>**Completion Time:**<br><br>_____<br><br>**Commence:**<br><br>_____<br><br>**Delivery:**<br><br>_____ |

# APPRAISAL OF

# A 22,100 SQUARE FOOT LAND PARCEL

# LOCATED AT
# 85 WEST ENID DRIVE
# KEY BISCAYNE, FLORIDA

**PREPARED FOR**

## MIAMI-DADE COUNTY
## INTERNAL SERVICES DEPARTMENT
## 111 N.W. 1 STREET
## SUITE 2460
## MIAMI, FLORIDA 33128

**DATE OF VALUE**

**March 6, 2016**

**PREPARED BY**

**Investors Research Associates, Inc.**
**5730 S.W. 74 Street, Suite 100**
**South Miami, Florida 33143**

16-2404

**investors research associates, inc.**
5730 s.w. 74 street, suite 100
south miami, florida 33143-5381
telephone
305-665-3407
fax
305-665-4921

real estate consultants
and appraisers
licensed real estate broker

April 11, 2016

Dawn Soper
Real Estate Officer
Miami-Dade County
Internal Services Department
111 N.W. 1 Street, Suite 2460
Miami, Florida 33128

Re: A 22,100 square foot land parcel located at 85 West Enid Drive, Key Biscayne, Florida

Dear Ms. Soper:

The attached appraisal report of the above referenced property is being submitted according to your request. The report contains the results of investigations and analyses made in order to furnish estimates of the market value of the property described in this report based on two development scenarios.

This appraisal is intended to comply with the following: The Uniform Standards of Professional Appraisal Practice (USPAP), as adopted by the Appraisal Standards Board of the Appraisal Foundation; requirements of the Real Estate Appraisal Board of the Florida Department of Professional Regulation; and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

A Summary of Facts and Conclusions is provided in the front of the report, and a Certificate of Value appears in the final section.

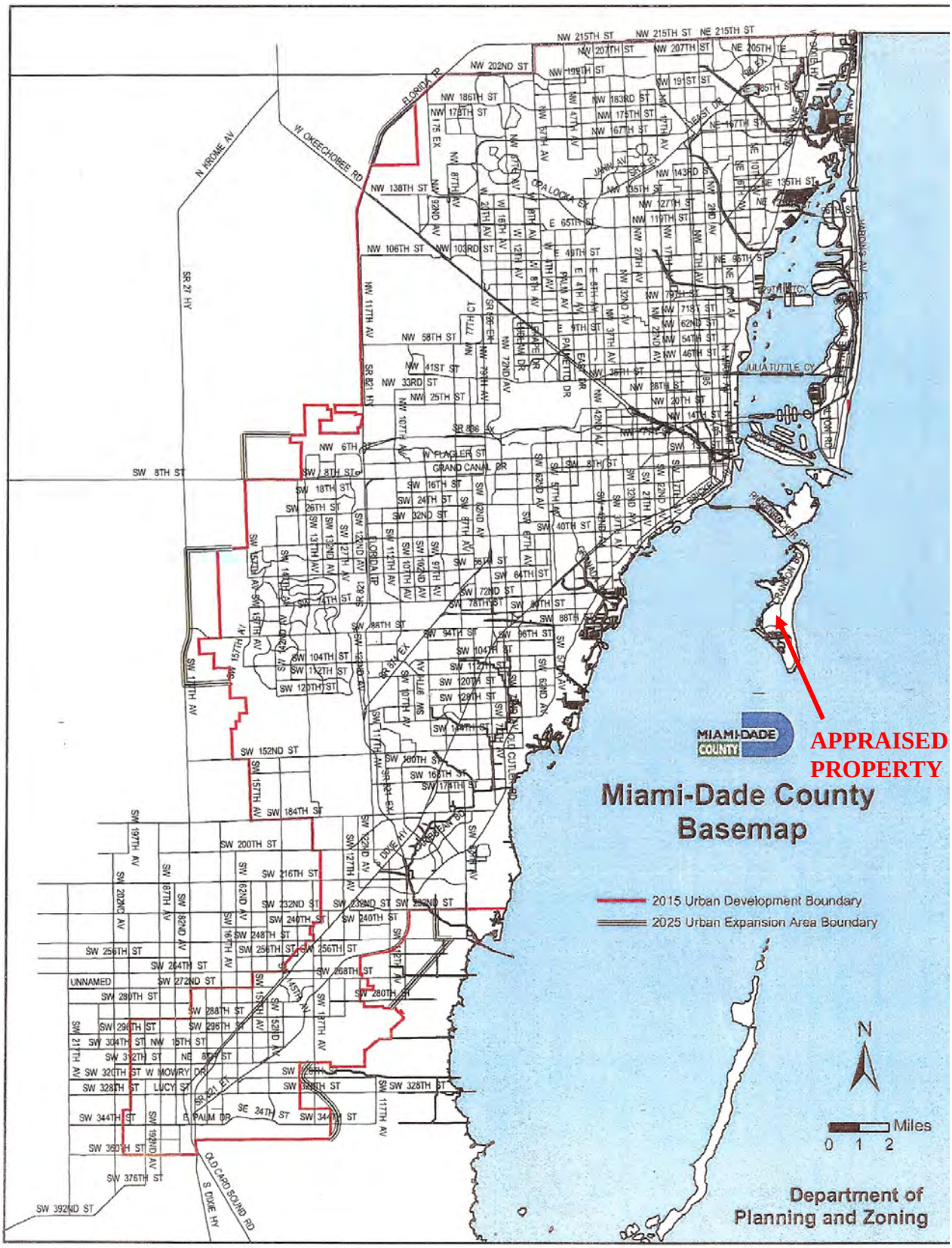
Respectfully submitted,

Edward N. Parker, MAI
State Certified General Appraiser
RZ #0000144

Geoffrey D. Heath, MAI
State Certified General Appraiser
RZ #0001456

## TABLE OF CONTENTS


I. SUMMARY OF FACTS AND CONCLUSIONS ..... 5
II. THE ASSIGNMENT ..... 7
A. Identification of the Property ..... 7
B. Purpose and Scope of the Assignment ..... 7
C. Definition of Value ..... 8
D. Property Rights Appraised ..... 8
E. Intended Use of the Appraisal ..... 8
F. Intended User of the Appraisal ..... 9
G. Effective Date of Appraisal ..... 9
H. Appraisers ..... 9
III. ECONOMIC PERSPECTIVE ..... 10
A. Miami-Dade County Overview ..... 10
B. The Neighborhood ..... 13
C. Local Commercial Markets ..... 14
IV. DESCRIPTION OF THE PROPERTY ..... 21
A. Ownership and Recent History of the Property ..... 21
B. Location and Access ..... 21
C. Description of the Site ..... 21
D. Description of the Site Improvements ..... 22
E. Zoning and Planning ..... 22
F. Assessment and Real Estate Taxes ..... 25
G. Highest and Best Use ..... 26
V. ANALYSIS OF DATA AND CONCLUSIONS ..... 27
A. Methodology ..... 27
B. Land Sales ..... 27
C. Analysis and Conclusions ..... 42
VI. ASSUMPTIONS AND LIMITING CONDITIONS ..... 49
VII. CERTIFICATION ..... 51
ADDENDA ..... 53
QUALIFICATIONS ..... 57


APPRAISED PROPERTY
Miami-Dade County Basemap
2015 Urban Development Boundary
2025 Urban Expansion Area Boundary
N
Miles
0 1 2
Department of Planning and Zoning

# I. SUMMARY OF FACTS AND CONCLUSIONS

| | |
|---|---|
| The Assignment: | To estimate the market value of the fee simple interest in the appraised property as an unimproved site assuming 1) it is developable to its highest and best use and 2) it is unavailable for development (use limited to surface use). |
| Location: | The north side of Enid Drive and the east side of Fernwood Road (85 West Enid Drive), Key Biscayne, Florida. |
| Site Description: | A rectangular corner parcel containing 22,100 square feet and fronting for 221 feet on the north side of Enid Drive and 100 feet on the east side of Fernwood Road. |
| Improvement Description: | The appraised property is currently improved with a surface parking lot and entry driveways including paving, drainage, lighting and landscaping. This appraisal specifically excludes these improvements and assumes the property is an unimproved site. |
| Current Owner: | Miami-Dade County Water and Sewer |
| 2015 Assessment: | |
| Land: | $1,547,000 |
| Improvements: | $ 71,175 |
| Total Assessment: | $1,618,176 |
| 2015 Taxes: | Current ownership is tax exempt |
| Zoning: | GU, Government Use, permitting governmental facilities such as schools, offices, police and fire stations and community centers |
| Future Land Use Designation: | Commercial |
| Highest & Best Use: | |
| As a Developable Site: | Commercial development |
| As Unavailable for Development: | Surface uses such as parking, driveways, storage and open space |

Market Value Conclusions:

| | |
|---|---|
| As a Developable Site: | $4,350,000 |
| As Unavailable for Development: | $1,400,000* |

| | |
|---|---|
| Effective Date of Valuation: | March 6, 2016 |
| Date of Inspection: | March 6, 2016 |
| Appraisers: | Edward N. Parker, MAI<br>Geoffrey Heath, MAI |

* This value is subject to the hypothetical condition that the appraised property is unavailable for development and its use would therefore be limited to surface uses.

# II. THE ASSIGNMENT

## A. Identification of the Property

The appraised property is located on the north side of Enid Drive and the east side of Fernwood Road (85 W. Enid Drive) within the incorporated area of Key Biscayne, Florida. It consists of a 22,100 square foot land parcel currently improved as a surface parking lot and entry driveways. The legal description of the property presented below is from public records.

> Tract A less the east 179 feet, Biscayne Key Estates, as recorded in Plat Book 50, Page 61 of the public records of Miami-Dade County, Florida

## B. Purpose and Scope of the Assignment

The purpose of this appraisal is to estimate the market value of the fee simple interest of the property described herein assuming 1) it is developable to its highest and best use and 2) it is unavailable for development.

The function of this appraisal is to provide the client with valuation information in conjunction with their consideration of a possible sale of the property.

The scope of the assignment encompasses the following steps performed within the framework of commonly accepted appraisal procedures:

- Inspected the property being appraised and the surrounding neighborhood and marketplace.
- Discussed zoning and planning matters relative to the appraised property with a Village of Key Biscayne official
- Gathered and confirmed comparable market data including comparable land sale prices.
- Interviewed brokers, property owners, managers, and other participants who are active in this marketplace.
- Formulated reasonable opinions and judgments based on supply and demand factors, as well as physical and functional considerations relative to the highest and best use of the property and its market value.

- Analyzed these data in order to formulate sound valuation judgments within the framework and application of the appropriate approaches to value.

## C. Definition of Value

Market value is defined in the Uniform Standards of Professional Appraisal Practice (USPAP), as adopted by the Appraisal Standards Board of the Appraisal Foundation as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, 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 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."

## D. Property Rights Appraised

This valuation of the appraised property is based on all the rights that may lawfully be held by its owner under a fee simple estate.

## E. Intended Use of the Appraisal

The intended use of this appraisal is to provide the client with valuation information in conjunction with their consideration of a possible sale of the property.

## F. Intended User of the Appraisal

The intended user of this appraisal is the client, Miami-Dade County.

## G. Effective Date of Appraisal

March 6, 2016

## H. Appraisers

Edward N. Parker, MAI
Geoffrey D. Heath, MAI

# III. ECONOMIC PERSPECTIVE

## A. Miami-Dade County Overview

Miami-Dade County is divided into 36 municipalities with the largest being the cities of Miami, Hialeah, Miami Beach, North Miami and Coral Gables. It encompasses approximately 1,973 square miles in southeastern Florida. The eastern part of the county is intensely developed and much of the density is concentrated within a few miles of the Atlantic Ocean and Biscayne Bay. Most of the western part of the county is low-lying, level land, much of it subject to seasonal flooding. These wetlands are part of the Everglades' River of Grass, a delicate ecosystem. The Everglades are the recharge area for South Florida's sole source aquifer. The aquifer supplies the drinking and agricultural water needs for more than three million people in Southeast Florida.

Miami-Dade County appears to have a vast supply of open land for urban expansion. However, the Everglades, the aquifer and other critical environmental conditions effectively have limited the supply of developable land. In addition, the 1985 Florida Growth Management Act made it much more difficult to change zoning and land use patterns. It also prohibited approval of major new developments until the roads, schools and other infrastructure improvements are sufficient to support the increased population attracted by the new development. Development now requires a much more costly and time-consuming approval process with significantly more public scrutiny.

Beginning in 2003, Miami-Dade County experienced a period of unprecedented housing construction in all developable areas of the county. From 13,520 new housing units authorized in Miami-Dade County during 2003 activity peaked at 27,212 units authorized in 2005. Reflecting deteriorating economic conditions and significant overbuilding, however, authorizations eased to 16,536 new units in 2006 and plummeted to 4,026 units in 2008 and 2,657 units in 2011. Local housing markets have only recently shown a recovery in the form of declining unsold inventories, increasing price levels, and increases in new construction activity (5,064 units authorized in 2012, 10,597 in 2013 and 13,843 in 2014).

### Population

From 1970 to 1990, Miami-Dade County was one of the fastest growing urban regions in the United States. However, following the double impact of the recession of the early 1990s and Hurricane Andrew in 1992, population growth in the county moderated significantly. After adding almost 40,000 residents annually prior to 2000, population growth has recently eased to below 25,000 new residents annually. The most recent Census data estimates the 2015 population of the county to be 2,654,000. As the county matures and reaches the outer limits of

the Urban Development Boundary, population growth has logically shifted north to Broward and Palm Beach Counties.

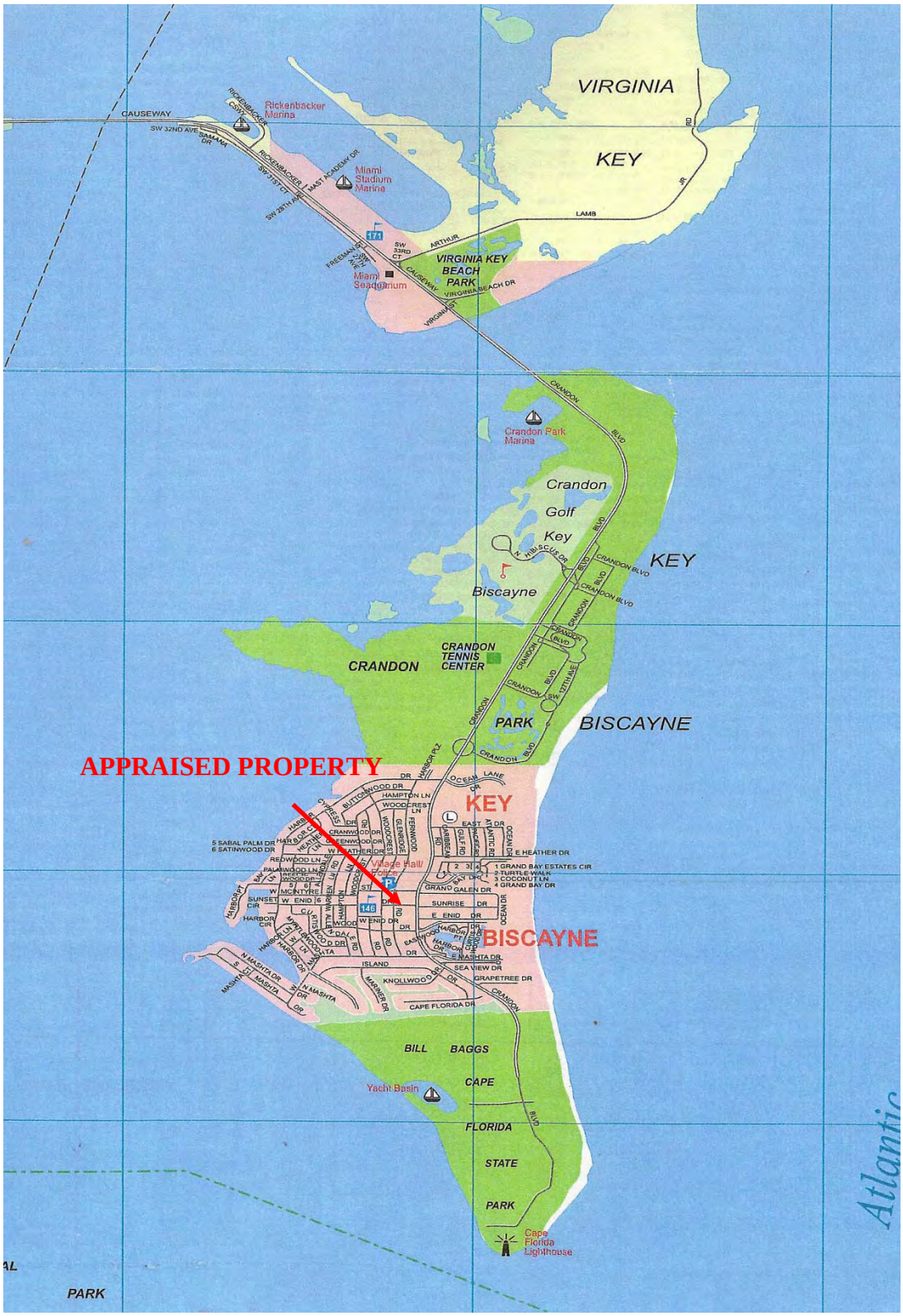
An unusually high proportion of Miami-Dade's growth results from births. Also, the immigrant population is typically youthful. As a result, Miami-Dade has a relatively young population, with about 30 percent of its residents under the age of 25 (compared to 38 percent in Palm Beach County and 28 percent in Broward County). A young and generally less-educated immigrant population contributes to Miami-Dade County's relatively low-income levels. At $43,100 in 2013, the median county household income was below that of both the State of Florida ($46,956) and the United States ($51,371).

**Employment**

The general trend in employment within Miami-Dade County over the past five years is illustrated below.

**Non-Agricultural Employment Trends**
**Miami-Dade County**
**2011-2015**

| Industry | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Total Nonagricultural Employment | 1,014,700 | 1,023,700 | 1,055,600 | 1,104,700 | 1,135,900 |
| Construction | 30,700 | 27,300 | 30,900 | 39,100 | 38,500 |
| Manufacturing | 33,800 | 34,900 | 36,900 | 38,900 | 37,200 |
| Transportation and Public Utilities | 77,700 | 81,100 | 81,000 | 85,400 | 89,900 |
| Trade | 202,600 | 210,000 | 219,600 | 219,500 | 227,900 |
| Finance, Insurance and Real Estate | 60,200 | 63,600 | 73,500 | 75,800 | 79,300 |
| Service and Mining | 456,500 | 463,400 | 477,600 | 507,200 | 525,300 |
| Government | 153,200 | 143,400 | 136,100 | 138,800 | 137,800 |
| Civilian Labor Force | 1,279,120 | 1,299,144 | 1,135,054 | 1,219,400 | 1,205,839 |
| Unemployment | 130,160 | 118,682 | 73,892 | 85,000 | 69,950 |
| Unemployment Rate | 10.2% | 9.1% | 7.0% | 6.5% | 5.8% |
| Source: Agency for Workforce Innovation | | | | | |




# NEIGHBORHOOD LOCATION MAP

Total county nonagricultural employment in 2015 showed a fifth annual uptick after experiencing declines that began in 2008. This is consistent with recent continued improvements reported in national economic conditions. The trade and service sectors continue to dominate local employment, accounting for over 65 percent of 2015's total employment of 1,136,000. Among all industry sectors in the county, only government experienced declines over the past five years.

Consistent with national and state trends, Miami-Dade County's unemployment rate has shown steady improvement after peaking at 13.0 percent in 2010. Countywide unemployment was 5.8 percent in December 2015, compared to the state average of 4.7 percent and the national average of 4.8 percent.

**Conclusion**

Recent population growth and economic activity in the county have clearly moderated from historic levels. The source of past population growth in Miami-Dade County is not especially conducive to economic growth. Miami-Dade County has a higher than average birth rate and a large, low-income immigrant population.

Based on historic patterns, the long-term prognosis is more positive. Immigrants to Miami-Dade have proven to be energetic entrepreneurs and most job creation comes from small businesses. The single most significant growth industry in Miami-Dade is international trade, which generates demand for warehouse and distribution space, transportation services, as well as legal and banking services. The strength of this industry is attributable to Miami's largely bilingual population in addition to the area's linkages to Latin America.

## B. The Neighborhood

The appraised property is situated near the center of the incorporated area of the Village of Key Biscayne. Located in the center of a four mile long barrier island between the Atlantic Ocean and Biscayne Bay, the Village is bordered by the beaches of Crandon Park on the north and Cape Florida Park on the south. The island is connected via a toll causeway to the City of Miami mainland approximately seven miles away.

Incorporated in 1991, Key Biscayne is well known for its quiet natural beauty and small town character. Originally developed in the 1950s with modest single family retirement and second homes, the Village is now a fully developed bedroom community with an estimated 2014 population of approximately 13,000. With a total land area of approximately 850 acres, the incorporated area of Key Biscayne comprises primarily residential uses. This is evidenced by its recent land use distribution.

**EXISTING KEY BISCAYNE LAND USE**

| Land Use | Percent of Acreage |
|---|---|
| Single Family Residential | 38% |
| Multi Family Residential | 26% |
| Retail/Office Commercial | 4% |
| Public/Institution/Recreation | 6% |
| Roads and Canals | 25% |
| Vacant | 1% |
| | 100% |

Reflecting its limited population base, retail and commercial areas in Key Biscayne comprise approximately 4 percent of its land area. Most of these uses front on Crandon Boulevard (the causeway entry road).

Demographics of Key Biscayne rate it as well above average. Over 75 percent of the Village population is college educated compared to 26 percent statewide. Recent census data indicated a median family income of $121,000 in the Village compared to $47,000 statewide. And over 75 percent of the Village housing stock is owner occupied with a median home value of $908,000. This compares to a statewide average of 69 percent owner occupied and median value of $188,000.

With access to Key Biscayne limited to a single causeway, the majority of traffic onto and off the island is resident related. An exception, however, are both local and out of town visitors attracted to the beaches, parks and amenities on the island. Now effectively built out, future population growth in Key Biscayne is anticipated to be limited. Recent development activity in the Village has largely been the replacement of older structures with typically higher density uses. A recent example is the site of the former Sonesta Hotel, now the Oceana development.

## C. Local Commercial Markets

The Miami retail market has fared very well in the face of the recent declines in economic activity experienced both locally and nationally. A number of firms survey the county retail market on a regular basis. Their annual reports show consistent declines in the average Miami retail vacancy rate from 4.4 percent in 2014 to 3.8 percent in 2014 and 3.3 percent in 2015. At the end of 2015 a total of 1,725,000 square feet of new retail space was under construction in the Miami market. Based on recent absorption experience, space now under construction would represent an approximate two year supply. Overall, it is a consensus of the analysts that monitor the Miami retail market that it is one of the strongest in Florida and on a clear growth trajectory. Their expectation is for continued low vacancy rates and good absorption experience.

The Miami office market has not fared as well as the retail market. While office vacancy in the county fell to below 10 percent in 2006, subsequent sharp increases in new office development reversed this trend. Coupled with declines in economic activity, county office vacancy approached 20 percent in 2102. Gradual improvement over the past three years has dropped current vacancy to about 12 percent. Analysts of the Miami office market have indicated that many sectors of the market are not yet ready to support new office space construction.

Regular surveys of the Key Biscayne retail and office markets are not available. However, research completed in preparing the Village's Master Plan reported the following inventory of commercial retail space in the Village.

**Key Biscayne Commercial Retail Space**

| Property | Address | Year Built | Square Feet |
|---|---|---|---|
| Stefanos | 12-24 Crandon Boulevard | 1950 | Demolished |
| Harbor Plaza | 93 Harbor Drive | 1958 | 18,700 |
| Oasis | 21 Harbor Drive | 1965 | 2,000 |
| Citicorp | 84 Crandon Boulevard | 1980 | 3,600 |
| Arcade | 180 Crandon Boulevard | 1991 | 14,500 |
| Key Colony Plaza | 200 Crandon Boulevard | 2007 | 12,200 |
| Square | 260 Crandon Boulevard | 1981 | 32,000 |
| Galleria | 328 Crandon Boulevard | 1990 | 60,000 |
| Suntrust | 520 Crandon Boulevard | 2001 | 13,200 |
| Winn Dixie | 604 Crandon Boulevard | 1951 | 51,500 |
| CVS | 700 Crandon Boulevard | 1965 | 23,900 |
| Esplanade | 901 Crandon Boulevard | 1980 | 48,500 |
| Hardware | 800 Crandon Boulevard | 2002 | 12,800 |
| | | | 292,900 |

In addition the following commercial office space is available within six buildings on the island.

**Key Biscayne Commercial Office Space**

| Property | Address | Year Built | Square Feet |
|---|---|---|---|
| Key Biscayne Office Centre | 240 Brandon Boulevard | 1980 | 45,000 |
| Commodore Plaza | 30 W. Mashta Drive | 1988 | 6,500 |
| Key Executive Building | 104 Crandon Boulevard | 1971 | 26,000 |
| 660 Office Building | 600 Crandon Boulevard | 1951 | 10,300 |
| Key Colony Plaza | 200 Crandon Boulevard | 2007 | 12,200 |
| 50 Mashta Building | 50 W. Mashta Drive | 1978 | 7,500 |
| | | | 107,500 |

Recent vacancy among the Village's commercial space is estimated to average approximately 10 percent, with much of the vacant space in older or functionally obsolete facilities such as the Esplanade Mall. Overall, supply and demand for commercial space in the Village appears to be in relative balance. Future development of commercial space in the Village is expected to be limited to replacement or redevelopment of existing older facilities, such as the Stefanos property at 24 Crandon Boulevard. .

## AERIAL VIEW OF THE APPRAISED PROPERTY

Source: Property Appraisers

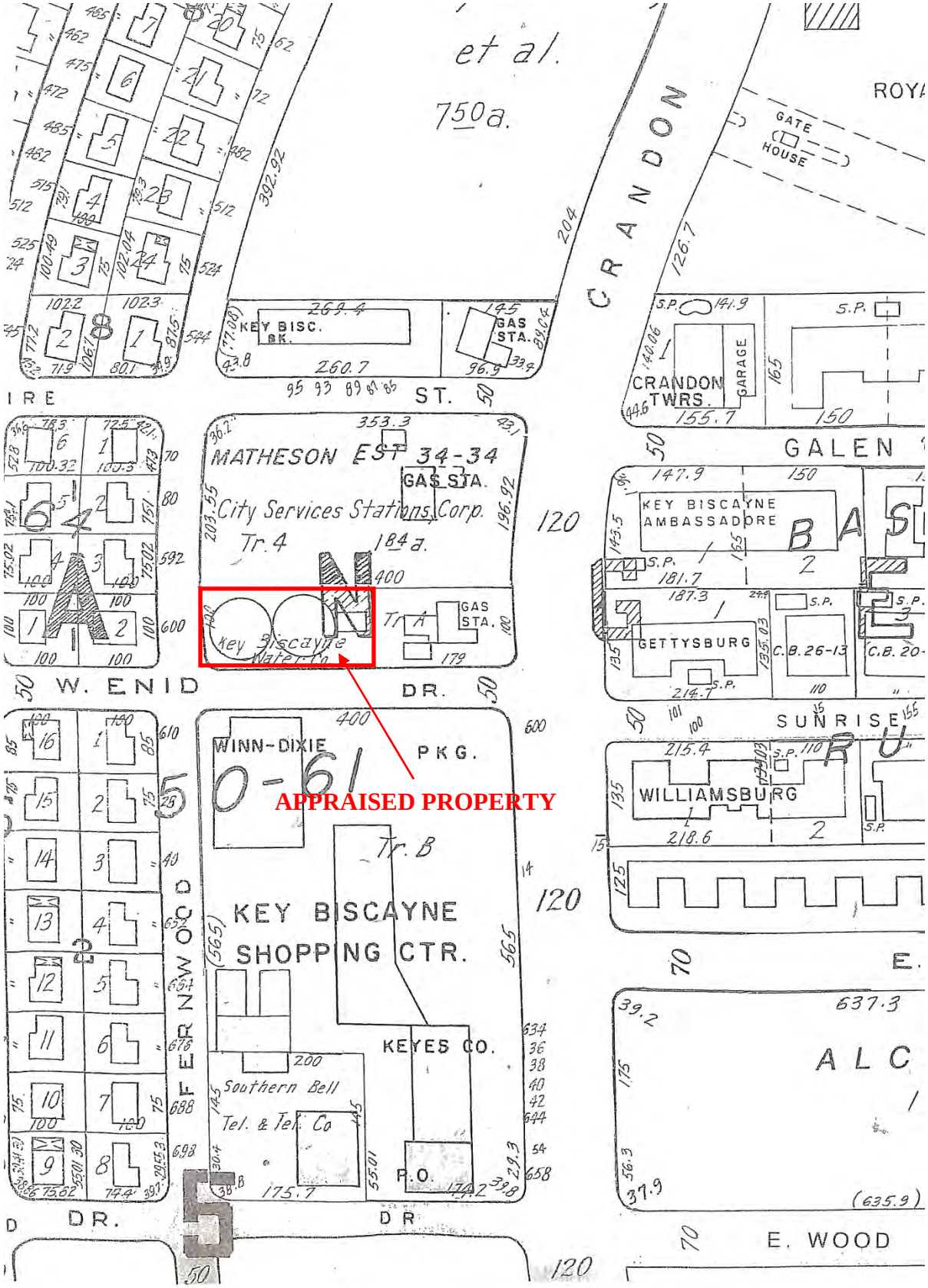
## APPRAISED PROPERTY PHOTOS

Looking north along the Fernwood Road frontage of the property

Looking northwest at the Enid Drive frontage of the property

Looking east along the Enid Drive frontage of the property

# PLAT MAP


et al.
750a.
CRANDON
GATE HOUSE
KEY BISC. BK.
GAS STA.
ST.
CRANDON TWRS.
GARAGE
GALEN
MATHESON EST 34-34
GAS STA.
City Services Stations Corp.
Tr. 4
184 a.
KEY BISCAYNE AMBASSADORE
GETTYSBURG
C.B. 26-13
W. ENID
DR.
SUNRISE
WILLIAMSBURG
WINN-DIXIE
PKG.
APPRAISED PROPERTY
Tr. B
KEY BISCAYNE SHOPPING CTR.
KEYES CO.
Southern Bell Tel. & Tel. Co
P.O.
FERNWOOD
E. WOOD

Y. 7th STREET SUITE 202
LORIDA 33125
ONE: (305) 264-2660
(5) 264-0229

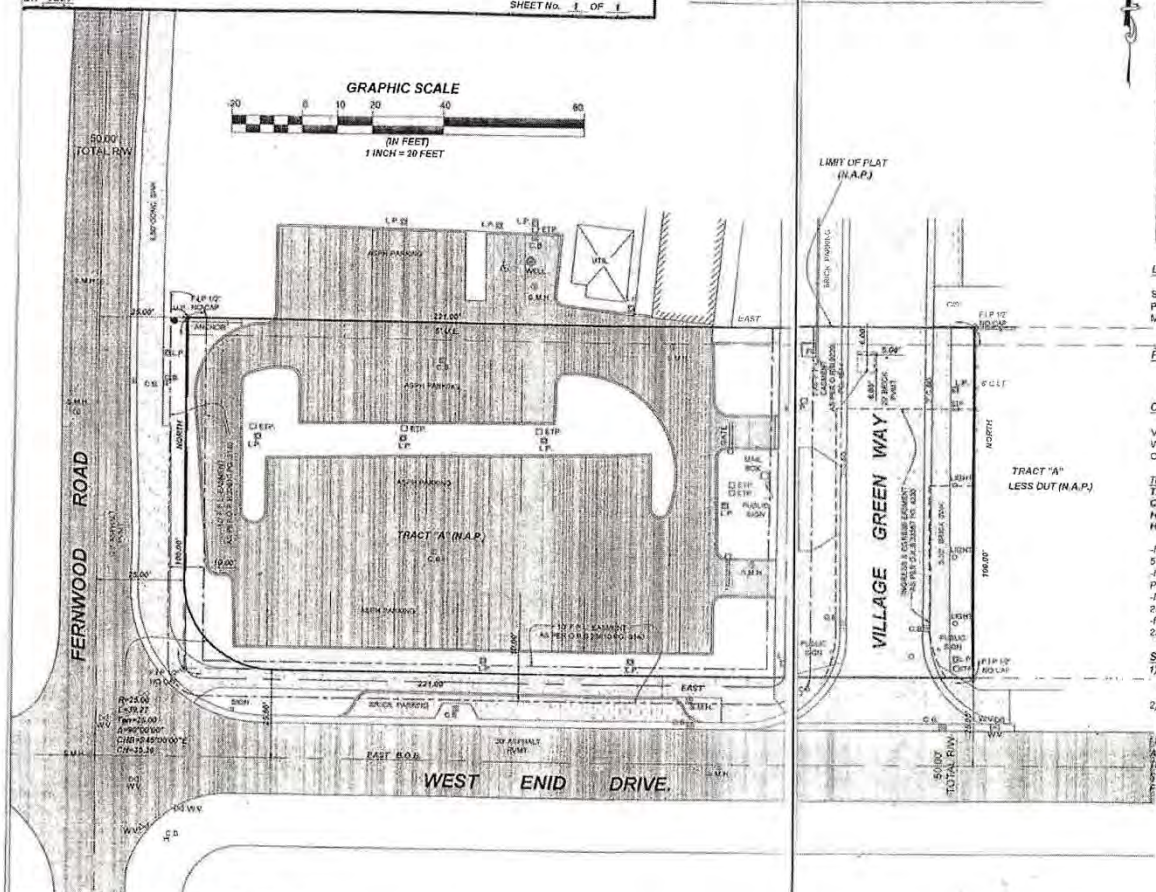
**Nova Surveyors Inc.**
LAND SURVEYORS

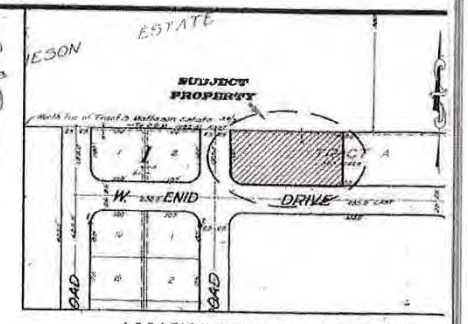
SURVEY No. 7-0003171

BY: TOLY

SHEET No. 1 OF 1

# AS BUILT SURVEY




LOCATION SKETCH SCALE: N.T.S.

**LEGAL DESCRIPTION:**

SURVEY of TRACT A LESS THE EAST 170 FEET, OF BISCAYNE KEY ESTATES, ACCORDING PLAT THEREOF AS RECORDED IN THE PLAT BOOK 50, PAGE 61, OF THE PUBLIC RECORDS MIAMI-DADE COUNTY, FLORIDA

**PROPERTY ADDRESS:**

85 West ENID DR
KEY BISCAYNE, FL 33149

**CERTIFICATIONS:**

VILLAGE OF KEY BISCAYNE
WEISS SEROTA HELFMAN PASTORIZA & GUEDES, P.A.
CHICAGO TITLE

**TITLE COMMITMENT NOTES:**

THE ITEMS SHOWN HEREFORTH ARE PER SCHEDULE B-II OF CHICAGO TITLE INSURANCE COMPANY FILE NUMBER 300703652, DATED JUNE 5, 2007 @ 11:00 PM PROVIDED BY WEISS HELFMAN PASTORIZA COLE & BONISHE, P.L.; WHICH IS SHOWN ON THE SURVEY AND SH HEREON:

-ITEM NO. 6 AFFECTS THE SUBJECT PROPERTY. NOT PLOTTABLE, AS RECORDED IN O.R.B 512.
-ITEM NO. 7 AFFECTS THE SUBJECT PROPERTY. SHOWN ON SURVEY. AS RECORDED IN O. PG. 1514.
-ITEM NO. 9 AFFECTS THE SUBJECT PROPERTY. SHOWN ON SURVEY. AS RECORDED IN O. 23567 PG. 4230.
-ITEM NO. 10 AFFECTS THE SUBJECT PROPERTY. SHOWN ON SURVEY. AS RECORDED IN 23610 PG. 3140.

**SURVEYOR'S NOTES:**

1). IF SHOWN, BEARINGS ARE REFERRED TO AN ASSUMED MERIDIAN, BY SAID PLAT IN TH DESCRIPTION OF THE PROPERTY. IF NOT, THEN BEARINGS ARE REFERRED TO COUNT TOWNSHIP MAPS.
2). THE CLOSURE IN THE BOUNDARY SURVEY IS ABOVE 1/500 FT.

I HEREBY CERTIFY: THAT THIS "BOUNDARY SURVEY" OF THE PROPERTY DESCRIBED HE AS RECENTLY SURVEYED AND DRAWN UNDER MY SUPERVISION, COMPLIES WITH THE M TECHNICAL STANDARDS AS SET FORTH BY THE FLORIDA BOARD OF PROFESSIONAL LAN SURVEYORS IN CHAPTER 61G17-6, FLORIDA ADMINISTRATIVE CODE PURSUANT TO 472.0 FLORIDA STATUTES.

BY: 01/09/2007
JOHN TBARRA (DATE OF FIELD WORK)
PROFESSIONAL LAND SURVEYOR NO: 5204
STATE OF FLORIDA

(VALID COPIES OF THIS SURVEY WILL BEAR THE EMBOSSED SEAL OF THE ATTESTING LAND SURVEYOR).

REVISED ON: TITLE NOTES 01/23/2007

REVISED ON:

**NOTES TO ACCOMPANY SKETCH OF SURVEY (SURVEY):**

ATIONS OF THE ABSTRACT OF TITLE WILL HAVE TO BE MADE TO DETERMINE
EDING INSTRUMENTS, IF ANY, AFFECTING THE PROPERTY
URVEY IS SUBJECT TO DEDICATIONS, LIMITATIONS, RESTRICTIONS,
RITIONS, OR EASEMENTS OF RECORD
DESCRIPTION PROVIDED BY CLIENT OR ATTESTING TITLE COMPANY
MAY SURVEY MEANS A DRAWING AND/OR A GRAPHIC REPRESENTATION OF THE
Y WORK PERFORMED IN THE FIELD. COULD BE DRAWN AT A SHOWN SCALE AND
T TO SCALE
ENTS AS SHOWN ARE PER PLAT BOOK, UNLESS OTHERWISE NOTED.
NM "ENCROACHMENT" MEANS VISIBLE ON AND/ABOVE GROUND ENCROACHMENT.
TEXTS SHALL VERIFY ZONING REGULATIONS, RESTRICTIONS AND SETBACKS AND
WILL BE RESPONSIBLE OF SUBMITTING PLOT PLANS WITH THE CORRECT INFORMATION
FOR APPROVAL FOR AUTHORIZATION TO AUTHORITIES IN A NEW CONSTRUCTIONS.
S OTHERWISE NOTED, THIS FIRM HAS NOT ATTEMPTED TO LOCATE FOOTING ANCHOR
MITIONS
OWNERSHIP NOT DETERMINED
LAN OF SURVEY, HAS BEEN PREPARED FOR THE EXCLUSIVE USE OF THE ENTITIES
THEREON. THE CERTIFICATE DOES NOT EXTEND TO ANY UNNAMED PARTY.
BY FLOOD MAPS HAVE DESIGNATED THE HEREIN DESCRIBED LAND TO BE SITUATED IN
AE" COMMUNITY PANEL/SUFFIX: 120649-0261-J DATE OF FIRM: 07/07/95

**ABBREVIATIONS AND MEANINGS**

# IV. DESCRIPTION OF THE PROPERTY

## A. Ownership and Recent History of the Property

According to the Miami-Dade County Property Appraiser's records, the appraised property is currently owned by Miami-Dade Water and Sewer. Miami-Dade reportedly acquired the property in February 1979 from General Water Works Corporation as one of 24 separate parcels. Subsequent to this acquisition we understand Water and Sewer executed a now expired lease with the Village of Key Biscayne for use of the property as part of the Village's Government Center. The appraised property is currently improved with a surface parking lot utilized by Village employees as well as a section of Village Green Way

## B. Location and Access

The appraised property is located on the northeast corner of West Enid Drive and Fernwood Road within the incorporated area of the Village of Key Biscayne. Enid Drive at this point is a bidirectional neighborhood street running between the Village Government Center on the north and the Key Biscayne Shopping Center on the south. The appraised property lies 180 feet west of Crandon Boulevard, a four lane extension of the Rickenbacker Causeway and the sole access route connecting Key Biscayne to mainland Miami.

The six mile long Rickenbacker Causeway provides a scenic and pastoral entryway to the Village as it passes through public park and recreation areas. At its mainland entrance, the Causeway interchanges with Brickell Avenue, U.S. Highway 1, and I-95. These thoroughfares provide access to essentially all areas of metropolitan Miami-Dade County.

Vehicle access to the appraised property is currently available from the west side of Village Green Way, an interior road running between West Enid Drive and West McIntyre Street. Gated driveways on the west side of Village Green Way currently provide access to the parking lot on the appraised property.

## C. Description of the Site

The attached survey and plat map illustrate the location and configuration of the appraised property. As illustrated the rectangular corner parcel fronts for 221 feet on the north side of West Enid Drive and 100 feet on the east side of Fernwood Road. As currently improved the appraised property also incorporates and includes a 100 foot section of Village Green Way, an interior roadway serving the Village Center. Total site area of the appraised property is 22,100 square feet, as calculated by the county property appraiser.

Topography of the site is generally level and close to the grade of fronting streets. According to Federal Emergency Management Flood Insurance Program map number 12086C0483L dated September 11, 2009, the appraised property is located within Flood Zone AE. This designation consists of areas determined to be subject to 100 year flood with base elevation of 9 feet. Utilities available to the property include electrical service, telephone service and public water and sewer.

## D. Description of the Site Improvements

Most of the appraised property is currently improved as a surface parking lot utilized by employees of the adjacent Government Center. These improvements include asphalt paving, lighting, drainage, landscaping and irrigation. In addition the east end of the appraised property currently comprises a 100 foot section of Village Green Way, an interior roadway serving the Village Center.

Importantly, this appraisal specifically excludes any consideration of these improvements and assumes the property is a vacant undeveloped site.

## E. Zoning and Planning

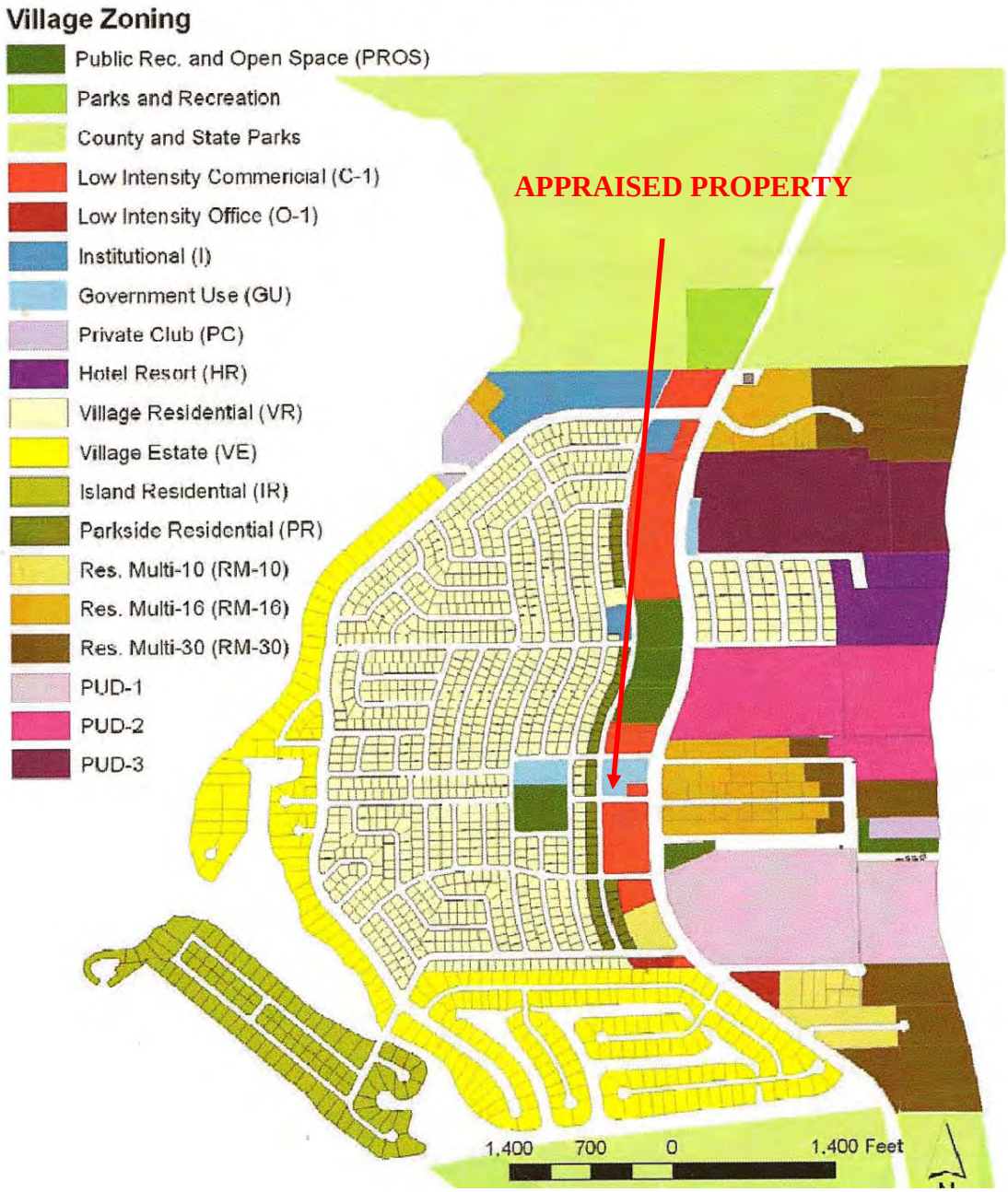
The appraised site is currently zoned GU, Government Use by the Village of Key Biscayne. The intent of this district is to provide for government buildings and facilities such as offices, schools, police and fire stations, and community centers. General provisions of the GU district include:

| | |
|---|---|
| Maximum Building Height: | 35 feet |
| Minimum Lot Area: | None |
| Minimum Setback: | 5 feet |
| Maximum Lot Coverage: | 35 percent |
| Maximum Floor Area Ratio: | .75 |
| Offstreet Parking: | Offices – one space per 300 S.F.<br>Other uses - various |

The Village of Key Biscayne 2025 Future Land Use Map designates the appraised property “Commercial”. This designation is consistent with existing land uses to the south (retail), north and east (offices) of the appraised property.

VILLAGE OF KEY BISCAYNE

**Figure 2: Key Biscayne Zoning Map**




**ZONING MAP**

**2025 FUTURE LAND USE MAP**

Upon the sale or lease expiration of GU zoned land, the Village code provides for a change of the property's zoning designation. Factors to be considered in this change include existing and surrounding land use patterns, the future land use plan and the needs and desires of the Village. As discussed further below, we believe the most logical change in this instance would be to commercial use. General provisions of the Village's one commercial zoning designation (C-1, Low Intensity Commercial) include:

| | |
|---|---|
| Maximum Building Height: | 3 stories and 35 feet |
| | |
| Minimum Setback: | |
| Front | 10 feet |
| Side | 0-5 feet |
| Rear | 0 typically |
| | |
| Maximum Lot Coverage | 35 percent |
| | |
| Maximum Floor Area Ratio: | .2-.55 |
| | |
| Offstreet Parking: | Offices – one space per 300 S.F.<br>Restaurant – one space per 60 S.F.<br>Retail – one space per 250 S.F. |

## F. Assessment and Real Estate Taxes

According to the Miami-Dade County Property Appraiser's records, the appraised property is assessed under one folio number. The 2015 assessment for the property is summarized below:

| | |
|---|---|
| Folio No. | 24-5205-001-0020 |
| Land Assessment: | $1,547,000 |
| Improvement Assessment: | $71,176 |
| Total Assessment: | $1,618,176 |

As a tax exempt entity, current ownership pays no real estate taxes.

## G. Highest and Best Use

Highest and best use is a fundamental premise of real estate valuation and may be briefly defined as:

> Highest and best use is the reasonably probable and legal use of vacant land or improved property which is physically possible, appropriately supported, financially feasible, and results in the highest value.

At the request of the client, the appraised property has been valued as an unimproved site assuming 1) it could be developed to its highest and best use and 2) it is unavailable for development (use would be limited to surface uses). In assessing highest and best use of the appraised property the following factors have been considered.

Current zoning of the appraised property (GU) limits its use to government use only. For GU zoned properties not in government use the Village code provides for rezoning of the property based on surrounding land use patterns and the needs and desires of the Village. Considering these factors we believe the most logical rezoning in this instance would be to commercial use (C-1). This would be consistent with both the Village future land use plan and existing surrounding land uses to the north, east and south.

The appraised property comprises a rectangular corner parcel of approximately one-half acre in size. Its location is within one block of Key Biscayne's commercial corridor and all utilities currently serve the site. There are no identifiable physical constraints which would preclude development of the appraised property with any permitted land use.

The market for commercial space on Key Biscayne appears to be in balance (see earlier discussion). Now effectively built out, future commercial development on Key Biscayne will be limited to redevelopment and replacement of existing older facilities. Examples include the former Stefanos property on Crandon Boulevard and the former Sonesta Hotel. While redevelopment plans have not been announced, the recent demolition of the Stefanos property has removed approximately 15,000 square feet of Key Biscayne commercial space from the inventory.

Based on consideration of the factors discussed above, highest and best use of the appraised property as a developable site is concluded to be commercial use. Under the hypothetical assumption that the appraised property is unavailable for development, highest and best use of the appraised property would be limited to surface uses only. Logical uses under this assumption would include parking, driveways, storage and open space.

# V. ANALYSIS OF DATA AND CONCLUSIONS

## A. Methodology

Usual appraisal procedure involves an estimate of value by three separate approaches: the cost approach, the sales comparison approach, and the income capitalization approach. From the indications of these analyses and the weight accorded to each, an opinion of value is reached based on judgment within the outline of the appraisal process.

In this appraisal undeveloped land is being valued. As a result the sales comparison approach is the only relevant approach.

## B. Land Sales

Following is an individual description of six sales of land parcels on Key Biscayne (Sales 1 to 6) considered relevant to the valuation of the appraised property. While some of these properties included building improvements, these improvements were typically older, outdated structures slated for demolition. The sale write-ups are followed by a location map, summary and our analysis.

Because of the very limited number of directly comparable land sales on Key Biscayne, consideration has also been given to nine additional land sales in Miami and Miami Beach. These sales (Sales 8 to 16 are summarized in an attached table) have been utilized as a check on the reasonableness of the value conclusion based on the Key Biscayne sales.

Land Sale No.: 1

| | |
|---|---|
| Location: | 301 Island Drive, Key Biscayne |
| Date of Sale: | October 6, 2014 |
| Grantor: | Jorge and Pilar Tuvilla |
| Grantee: | 301 Key Biscayne LLC |
| OR Book and Page: | 29353/3086 |
| Folio No.: | 24-5205-010-0210 |
| Zoning: | VE, Village Estate |
| Land Use Designation: | Single Family Low Density Residential |
| Site Size: | 12,000 square feet |
| Street Frontage: | 100 feet on Island Drive |
| Improvements at Sale: | Home constructed in 1964 and demolished by grantee |

| | |
|---|---|
| Sale Price and Terms: | $2,350,000 – Cash to the seller |
| Price Per S.F. of Land: | $196 |
| Comments: | At the time of sale this large single family homesiste was improved with an older 4 bedroom residence. The grantee demolished this home shortly after the sale and is now constructing a large home on the site. |

Land Sale No.: 2

| | |
|---|---|
| Location: | 401 Hampton Lane, Key Biscayne |
| Date of Sale: | February 26, 2016 |
| Grantor: | Thomas Henderson, III |
| Grantee: | Village of Key Biscayne |
| OR Book and Page: | 29987/4593 |
| Folio No.: | 24-4232-004-0550 |
| Zoning: | VR, Village Residential |
| Land Use Designation: | Single Family Low Density Residential |
| Site Size: | 9,800 square feet |
| Street Frontage: | 100 feet on Heather Drive; 84 feet on Hampton Lane |
| Improvements at Sale: | None |

| | |
|---|---|
| Sale Price and Terms: | $2,090,000 – Cash to the seller |
| Price Per S.F. of Land: | $213 |
| Comments: | This oversized corner homesite is located to the west of Crandon Boulevard. The vacant site was purchased by the Village of Key Biscayne for use as a pocket park. This is the first completed acquisition of parkland by the Village as part of an ongoing program to acquire previously developed sites for public open space. |

Land Sale No.: 3

| | |
|---|---|
| Location: | 301 E. Heather Drive, Key Biscayne |
| Date of Sale: | November 30, 2015 |
| Grantor: | Miriam Larrea |
| Grantee: | Delray Tuscany Inc |
| OR Book and Page: | 29876/1616 |
| Folio No.: | 24-4232-003-0350 |
| Zoning: | VR, Village Residential |
| Land Use Designation: | Single Family Low Density Residential |
| Site Size: | 12,007 square feet |
| Street Frontage: | 120 feet on Heather Drive; 100 feet on Pacific Road |
| Improvements at Sale: | 2,600 S.F. home constructed in 1956 (now demolished) |

| | |
|---|---|
| Sale Price and Terms: | $2,630,000 – Cash to the seller |
| Price Per S.F. of Land: | $219 |
| Comments: | This large homesite was improved with a five bedroom pool home constructed in 1956 at the time of sale. The grantor had listed the property for sale at an asking price of $2,850,000. The grantor consummated this sale after three months on the market. In March 2016 the grantee demolished all improvements on the site in anticipation of constructing a new home. This location is to the east of Crandon Boulevard and within two blocks of the beach. |

Land Sale No. 4

| | |
|---|---|
| Location: | 84 Crandon Boulevard, Key Biscayne |
| Date of Sale: | October 13, 2015 |
| Grantor: | CP Sunshine 2 LLC |
| Grantee: | Jacanda II Investments, LLC |
| OR Book and Page: | 29822/136 |
| Folio No.: | 24-4232-002-0043 |
| Zoning: | C-1 Low Intensity Commercial |
| Land Use Designation: | Commercial |
| Site Size: | 14,950 square feet |
| Street Frontage: | 102 feet on Crandon Boulevard |
| Improvements at Sale: | 3,000 S.F. branch bank constructed in 1980 |

| | |
|---|---|
| Sale Price and Terms: | $3,230,000 – Cash to the seller |
| Price Per S.F. of Land: | $216 |
| Comments: | This sale was one of a two property portfolio of triple net leased Citibank branch sites in the Miami area. The recently structured sale/leasebacks had an initial term of 10 years with several extension options. Absolute net rent of $130,000 annually for the Key Biscayne property is subject to 2 percent annual increases. In light of the age and limited extent of improvements to the property, this sale is considered to be the equivalent of a land lease with the consideration being a reflection of underlying land value. |

Land Sale No.: 5

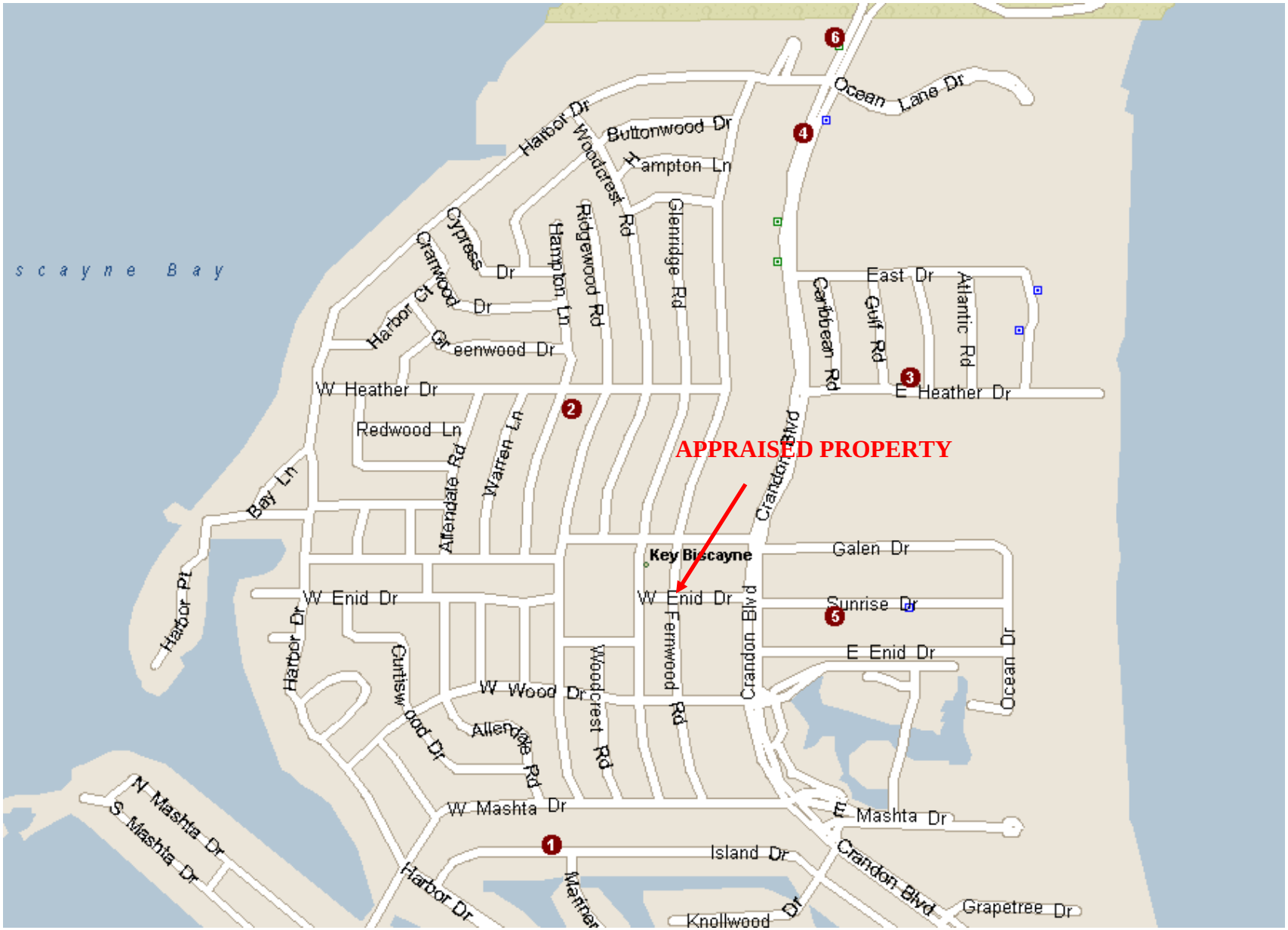
| | |
|---|---|
| Location: | 200-204 Sunrise Drive, Key Biscayne |
| Date of Sale: | July and September, 2015 |
| Grantor: | Rebecca Pfeiffer and eleven others |
| Grantee: | 202 Sunrise Holdings, LLC |
| OR Book and Page: | 29767/4193 and eleven others |
| Folio No.: | 24-5205-018-0001 |
| Zoning: | RM-16, Multifamily Residential |
| Land Use Designation: | Medium Density Residential |
| Site Size: | 29,700 square feet |
| Street Frontage: | 220 feet on Sunrise Drive |
| Improvements at Sale: | 12 unit condominium constructed in 1965 |

| | |
|---|---|
| Sale Price and Terms: | $7,200,000 – Cash to the sellers |
| Price Per S.F. of Land: | $242 |
| Comments: | This sale is the buyout of a 12-unit condominium building by a developer intending to redevelop the site with a new five story, 11 unit condominium. The 12 condominium owners each agreed to sell their unit to the grantee for $600,000 cash. The total sale price excludes related acquisition or demolition costs of the developer. The grantee completed a similar development at 101 Sunrise in 2014. The Village of Key Biscayne reportedly submitted and recently withdrew an offer of $9.8 million to buy the grantee's interest in this sale property for use as a public park. |

Land Sale No.: 6

| | |
|---|---|
| Location: | 12-24 Crandon Boulevard, Key Biscayne |
| Date of Sale: | August 21, 2015 |
| Grantor: | Key Biscayne Gateway Partners |
| Grantee: | ES KB Partners, LLC |
| OR Book and Page: | 29748/4176 |
| Folio No.: | 24-4232-002-0020, 0021 and 0030 |
| Zoning: | C-1 Low Intensity Commercial |
| Land Use Designation: | Commercial |
| Site Size: | 58,850 square feet |
| Street Frontage: | 263 feet on Crandon Boulevard |
| Improvements at Sale: | 15,000 square foot retail building constructed in 1950 |

| | |
|---|---|
| Sale Price and Terms: | $15,000,000 – Cash to the seller |
| Price Per S.F. of Land: | $255 |
| Comments: | This large commercial site at the entryway to Key Biscayne was slated for development by the grantor with two retail pads. Failure to obtain necessary planning approvals led the grantor to consummate this sale. The grantee owns the adjacent corner property and was motivated to assemble a larger development site. The grantee has recently demolished older improvements on the sale property, but has yet to announce any development plans. |




**LAND SALES LOCATION MAP**

## SUMMARY OF KEY BISCAYNE LAND SALES

| Sale No. | Location | Sale Date | Site Size S.F. | Zoning | Land Use Designation | Sale Price | Sale Price/S.F. |
|---|---|---|---|---|---|---|---|
| 1 | 301 Island Drive, Key Biscayne | October 2014 | 12,000 | VE | Single Family | $2,350,000 | $196 |
| 2 | 401 Hampton Lane, Key Biscayne | February 2106 | 9,800 | VR | Single Family | $2,090,000 | $213 |
| 3 | 301 E. Heather Drive, Key Biscayne | November 2015 | 12,007 | VR | Single Family | $2,630,000 | $219 |
| 4 | 84 Crandon Boulevard, Key Biscayne | October 2015 | 14,950 | C-1 | Commercial | $3,230,000 | $216 |
| 5 | 200-204 Sunrise Drive, Key Biscayne | July/September 2015 | 29,700 | RM-16 | Multifamily | $7,200,000 | $242 |
| 6 | 12-24 Crandon Boulevard, Key Biscayne | August 2015 | 58,850 | C-1 | Commercial | $15,000,000 | $255 |

## C. Analysis and Conclusions

### 1. As A Developable Site

Each of the six Key Biscayne land sales considered involved a developable site located within the incorporated area of the Village. Each is an off-water interior location on the island. Two of the sale properties are located on Crandon Boulevard; two are to the west of Crandon Boulevard (as is the appraised property); and two are east of Crandon Boulevard. Site size of the sale properties ranges from 9,800 to 58,850 square feet and brackets the appraised property's 22,100 square feet. No adjustments for parcel size is concluded to be necessary within these ranges as assemblage of smaller parcels to create a more developable site has occurred on Key Biscayne (e.g. Land Sale 6).

Now essentially built out, vacant land sales on Key Biscayne are necessarily very limited. Those land sales that have occurred typically involve redeveloping a previously improved property. In light of these data limitations we have considered recent land sales reflecting a range of zoning designations including single family, multifamily and commercial. The intention is to bracket an appropriate value range for the subject property between sales considered inferior and sales superior to the appraised property.

Prior to any necessary adjustments the six Key Biscayne sales reflect a price range of $196 to $255 per square foot of land. Factors which can influence this range of prices include market conditions, locational characteristics and potential development intensity. Each of these factors is discussed further below.

Market Conditions

While real estate prices throughout the county collapsed between 2008 and 2012, they have been in a clear uptrend ever since. Examples on Key Biscayne include:

- Land Sale 5 occurred in September 2015 at $242 per square foot. The grantee acquired a very similar site at 101 Sunrise Drive in October 2012 for $167 per square foot

- The homesite at 151 Buttonwood Drive sold in January 2015 for $233 per square foot. The grantor acquired the property in December 2012 for $170 per square foot

The six Key Biscayne sales considered occurred between October 2014 and February 2016, with four of the six occurring within the past six months. The recency of the sales data considered would suggest only modest adjustments for market conditions are warranted to the oldest sales considered.

Locational Characteristics

All of the sale properties are in interior off-water locations on Key Biscayne. Sales east of Crandon Boulevard (Sale 3 and 5) are closer to Key Biscyane's beachfront and are considered somewhat superior to locations west of Crandon Boulevard (the appraised property and remaining sales). Sale Properties 4 and 6 front directly on Crandon Boulevard and offer commercial exposure superior to that of the appraised property (one half block west of Crandon). In this regard Sales 4 and 6 are superior to the appraised property.

Potential Development Intensity

The six Key Biscayne sales reflect a range of zoning designations and development intensities including single family, multifamily and commercial. As discussed earlier, highest and best use of the appraised property as a developable site is concluded to be a commercial use. Sale Properties 4 and 6 ($216-$255/S.F.) are both zoned and land planned to permit commercial uses and would be comparable to the appraised property in this regard. Normally land prices for lower intensity uses such as single family would set a far lower limit of value for commercial land. However, Sales 1 to 3 would indicate this is not the case on Key Biscayne. These single family homesites sold at prices ($189-$219/S.F.) relatively close to those of the commercial and multifamily land sales considered (Sales 4-6 at $216-$255/S.F.). This would suggest the demand for off-water homesites on Key Biscayne has elevated land prices to a level close to that of commercial land on the island. The result is a relatively tight range of prices among the sales considered, regardless of the site's zoning and land plan designation.

Considering the factors discussed above we conclude with a land value for the appraised property as a developable site based on $200 per square foot, or:

22,100 square feet @ $200/S.F. = $4,420,000

From this value indication we have deducted provision for the costs associated with rezoning the appraised property estimated to be $50,000 to $100,000. This results in a final value conclusion for the appraised property as a developable site of:

$4,350,000 rounded

As a check on the reasonableness of the value conclusion based on Key Biscayne sales, consideration was also given to the nine land sales summarized in the attached table on the following page. Each of these is located off Key Biscayne in Miami and Miami Beach. Each is zoned and/or planned for low intensity commercial uses.

Sales 8-10 ($174-$225/S.F.) are sites within commercial corridors of the City of Miami. While zoned to permit higher intensity commercial uses, each was acquired with the intention of developing a free standing 1-2 story commercial building (drugstore or bank) with onsite parking.

Sale Properties 11-13 ($181-$490/S.F.) are sites located in Miami's Fashion District. This district has been zoned to encourage development of low intensity commercial and retail uses within a neighborhood of primarily single family residences.

Sales 14-16 ($200-$304/S.F.) are of commercial sites on Miami Beach which are planned or zoned for buildings of 2-5 stories. Sale Properties 15 and 16 ($303-$304/S.F.) front directly on a commercial thoroughfare. Sale Property 14 ($200/S.F.) is an interior site located behind a commercial thoroughfare.

Within these three land sale groupings, sales at the upper end of the price ranges are typically characterized by the best commercial exposure and/or highest neighborhood income demographics. Sales toward the lower end of the price ranges are typically characterized by less commercial exposure and/or lower neighborhood income characteristics. Considering the specific locational and neighborhood demographic characteristics of the appraised property, we believe these off island commercial sales are supportive of our previously concluded land value for the appraised property.

**2. As Unavailable for Development**

Under the hypothetical condition that the appraised property is unavailable for development, use of the property would effectively be limited to surface uses. Under this assumption logical uses would include parking, driveways, storage and open space. This condition would represent a significant limitation on permitted uses of the appraised property under its highest and best use (commercial development in this instance).

In order to value the appraised property as unavailable for development we first reviewed "utility" or "value loss" factors indicated by actual case studies considered to have comparability. This was accomplished by analyzing paired land sales which were comparable to each other in all respects except their degree of utility or developability, i.e, a land parcel with full and unlimited utility (developability) is compared to one with limited or restricted utility (developability). While no restricted situation is going to be identical to that of the appraised property, the intention is to draw a comparison based on the degree of restricted utility.

## SUMMARY OF OFF-ISLAND LAND SALES

| Sale No. | Location | Sale Date | Site Size (S.F.) | Zoning | Planned/Permitted Use | Sale Price | Sale Price/S.F. |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 8 | 591 N.E. 79 Street, Miami | February 2015 | 56,192 | T6-8O | 14,600 S.F. drugstore | $9,770,000 | $174 |
| | | | | | | | |
| 9 | 4196 W. Flagler Street, Miami | January 2015 | 22,607 | T6-8O | Branch bank building | $5,000,000 | $221 |
| | | | | | | | |
| 10 | 296 S.W. 7 Street, Miami | February 2014 | 74,865 | T6-24O | 2-story drugstore | $10,113,800 | $225 |
| | | | | | | | |
| 11 | 4798 N.E. 2 Avenue, Miami | June 2015 | 6,454 | T4-O | Maximum 3-story commercial building | $1,170,000 | $181 |
| | | | | | | | |
| 12 | 120 N.E. 42 Street, Miami | July 2015 | 6,000 | T3-L being changed to T4-O | Maximum 3-story commercial building | $1,400,000 | $233 |
| | | | | | | | |
| 13 | 15 N.E. 41 Street | October 2015 | 5,102 | T4-O | Maximum 3-story commercial building | $2,500,000 | $490 |
| | | | | | | | |
| 14 | 538 Meridian Avenue, Miami Beach | October 2014 | 7,000 | CPS-2 | Maximum 4-story commercial building | $1,400,000 | $200 |
| | | | | | | | |
| 15 | 944 5 Street, Miami Beach | June 2014 | 14,000 | CPS-2 | Maximum 4-story commercial building | $4,250,000 | $303 |
| | | | | | | | |
| 16 | 1824 Alton Road, Miami Beach | August 2015 | 24,000 | CD-2 | 2-story commercial building | $7,300,000 | $304 |

Pertinent details of fifteen diminished value case studies are summarized below (details of each sale considered are contained in the Addenda). These pairings address losses attributed to underdevelopable sites due to site size or shape or easement restrictions. While the sale dates associated with many of these pairings are dated, the underlying relationship is believed to be applicable to current market conditions. The resulting price/value losses indicated by these pairings are discussed further below.

| | | Fully Developable Site | Undevelopable Site | Value Loss | Nature of Utility Loss |
|---|---|---|---|---|---|
| A | Sale No.<br>Price/S.F. | 1<br>$12.90 | 2<br>$5.01 | -61% | 40 foot wide former railroad right of way |
| B | Sale No.<br>Price/S.F. | 3<br>$5.45 | 4<br>$1.60 | -71% | Narrow unbuildable commercial site |
| C | Sale No.<br>Price/S.F. | 5,6<br>$28.57-$33.87 | 7<br>$9.21 | -69% | 608 S.F. commercial remnant |
| D | Sale No.<br>Price/S.F. | 8, 9<br>$14.48 - $16.72 | 10<br>$4.00 | -73% | Irregular commercial sliver |
| E | Sale No.<br>Price/S.F. | 15<br>$20.02 | 16<br>$10.08 | -50% | 50foot wide former railroad right of way |
| F | Sale No.<br>Price/S.F. | 17<br>$14.78 | 18<br>$7.14 | -52% | 50 foot wide former railroad right of way |
| G | Sale No.<br>Price/S.F. | 11, 12<br>$9.75-$11.25 | 13<br>$3.82 | -64% | FPL powerline easement in industrial area |
| H | Sale No.<br>Price/S.F. | 11, 12 | 14 | -74% | FPL powerline easement in industrial area |

| | | Fully Developable Site | Undevelopable Site | Value Loss | Nature of Utility Loss |
|---|---|---|---|---|---|
| I | Sale No.<br>Price/S.F. | 19<br>$37.26 | 20<br>$11.25 | -70% | Elevated Metrorail easement |
| J | Sale No.<br>Price/S.F. | 21<br>$5.00 | 22<br>$1.00 | -80% | FPL powerline easement in industrial area |
| K | Sale No.<br>Price/S.F. | 23<br>$13.75 | 24<br>$6.82 | -50% | FPL powerline easement in industrial area |
| L | Sale No.<br>Price/S.F. | 23<br>$13.75 | 25<br>$4.73 | -66% | FPL powerline easement in industrial area |
| M | Sale No.<br>Price/S.F. | 26<br>$11.68 | 27<br>$1.70 | -85% | FPL powerline easement for public park |
| N | Sale No.<br>Price/S.F. | 26<br>$11.68 | 28<br>$1.54 | -87% | FPL powerline easement for public park |
| O | Sale No.<br>Price/S.F. | 29<br>$38.54 | 30<br>$10.10 | -74% | Overhead Metrorail easement |

The price/value losses indicated by these pairings range broadly from 50 percent to 87 percent. Pairings A to F are losses of developability attributable to size, shape or configuration. Pairings G to O are losses of developability arising from easement restrictions. At the lower end of the loss range are former railroad rights of way and FPL powerline easements in industrial areas. While all unbuildable sites, each of these properties has utility for parking and storage. At the upper end of the loss range are unbuildable FPL powerline easements in residential neighborhoods. Use of these properties is effectively limited to open or green areas.

Considering the specific physical and locational characteristics of the appraised property, we conclude a value diminution of 65-70 percent is appropriate in comparing the appraised property as unavailable for development with sites that are fully developable. On this basis a value estimate for the appraised property as unavailable for development can be calculated as follows:

| Value As A Developable Site | | One-Diminution Factor | | Value As Unavailable for Development |
|---|---|---|---|---|
| ($4,350,000) | x | (1-0.65) | = | $1,522,500 |
| ($4,350,000) | x | (1-0.70) | = | $1,305,000 |
| | | | Say | $1,400,000 |

# VI. ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable and, whenever possible, it was cross checked with another source. However, no warranty is given for its accuracy.

5. All engineering is assumed to be correct. The plot plans, plats, maps, and illustrative material in this report are included only to assist the reader in visualizing the property.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance 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 a nonconformity has been stated, defined, and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials within or near the property. The appraisers,

however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material within or near 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.

The appraisal is intended to comply with the appraisal requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication.

3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

5. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

# VII. CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

4. 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.

5. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and the requirements of the State of Florida for state-certified appraisers.

7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

8. No one provided significant professional assistance to the undersigned.

9. As of the date of this report, the undersigned have completed the requirements of the continuing education program of the Appraisal Institute.

10. The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.

11. Geoffrey Heath has made an inspection of the property that is the subject of this report.

12. We have not previously appraised this property nor have we performed any other 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.

It is the opinion of the undersigned that the property described herein has the following market values, as of March 6, 2016:

| | |
|---|---|
| Value As A Developable Site: | $4,350,000 |
| Value As Unavailable Development: | $1,400,000 |

Edward N. Parker, MAI
State Certified General Appraiser
License #RZ144

Geoffrey D. Heath, MAI
State Certified General Appraiser
License #RZ1456

# ADDENDA

*i*

**SUMMARY OF PAIRED LAND SALES**

| Sale No. | Date of Sale | Sale Price | O.R. Book & Page | Location | Site (S.F.) | Zoning | Price/S.F. | Source of Utility Loss |
|---|---|---|---|---|---|---|---|---|
| 1 | 8-Oct-89 | $80,000 | 14219/585 | South side of W. 25 Street, east of W. 3 Avenue, Hialeah | 6,200 | M-1 | $12.90 | None |
| 2 | 26-Jan-90 | $59,100 | 14665/2141 | Railroad right of way west of W. 4 Avenue, north of W. 22 Street, Hialeah | 11,801 | M-3 | $5.01 | Former Railroad R.O.W. Suitable for parking/storage |
| 3 | 25-Mar-97 | $1,696,500 | 17582/2564 | 13000 N.W. S. River Dr., Miami-Dade County | 311,019 | M-1 | $5.45 | None |
| 4 | 9-Jul-96 | $40,000 | 17336/1170 | Between N.W. S. River Drive and Miami Canal at N.W. 93 Street, Medley | 24,930 | M-1 | $1.60 | Sliver site limited to parking/storage use |
| 5 | 5-Jan-98 | $1,300,000 | 17935/851 | 21005 Biscayne Boulevard, North Miami | 45,400 | BU-2 | $28.57 | None |
| 6 | 27-Oct-97 | $5,820,000 | 17851/2278 | 18661 Biscayne Boulevard, North Miami | 171,817 | BU-2 | $33.87 | None |
| 7 | 28-Oct-99 | $5,600 | 18907/1181 | Biscayne Boulevard & N.E. 181 Street, North Miami | 608 | BU-2 | $9.21 | 608 S.F. remnant |
| 8 | 4-Dec-97 | $475,000 | 17899/4410 | 11601 Biscayne Boulevard, Miami | 32,809 | BU-1A | $14.48 | None |
| 9 | 21-Aug-97 | $900,000 | 17768/3520 | 15200 Biscayne Boulevard, North Miami | 53,829 | C-2 | $16.72 | None |
| 10 | 18-Jun-97 | $30,400 | 17682/3199 | 13705 Biscayne Boulevard, North Miami | 7,589 | B-1 | $4.00 | Irregular sliver |

| SUMMARY OF PAIRED LAND SALES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Sale No.** | **Date of Sale** | **Sale Price** | **O.R. Book & Page** | **Location** | **Site (S.F.)** | **Zoning** | **Pirce/S.F.** | **Source of Utility Loss** |
| 10 | 18-May-00 | $565,100 | 19122/84 | N.W. 72 Avenue & N.W. 64 Street, Miami-Dade County | 57,951 | IU-3 | $9.75 | None |
| 12 | 25-May-01 | $600,000 | 19710/2607 | W. 23 Avenue & W. 84 Street, Hialeah | 53,311 | M-1 | $11.25 | None |
| 13 | 24-Mar-00 | $220,000 | 19115/791 | N.W. 15 Street & N.W. 89 Ct., Miami | 57,646 | IUC | $3.82 | Powerline easement |
| 14 | 28-Jan-99 | $69,500 | 18458/711 | N.W. 81 Avenue & N.W. 102 Street, Hialeah Gardens | 25,242 | CM | $2.75 | Powerline easement |
| 15 | 11-Apr-13 | $3,750,000 | 28579/3468 | 7100 N.W. 77 Court, Miami-Dade County | 187,308 | IU-3 | $20.02 | None |
| 16 | 5-Nov-13 | $220,000 | 28906/2284 | Northeast corner of N.W. 74 Avenue and N.W. 35 Terrace, Miami-Dade County | 21,817 | IU-2 | $10.08 | Former railroad ROW |
| 17 | 11-Jan-11 | $760,000 | 27558/2352 | N.W. 43 Street and N.W. 74 Avenue, Miami-Dade County | 51,400 | IU-2 | $14.78 | None |
| 18 | 1-Jun-10 | $360,000 | 27338/224 | Northwest corner of N.W. 72 Avenue and N.W. 35 Terrace, Miami-Dade County | 50,389 | IU-2 | $7.14 | Former railroad ROW |
| 19 | 1-Dec-96 | $1,575,000 | 17500/4285 | 3655 S. Dixie Highway, Miami | 42,267 | C | $37.26 | None |
| 20 | 1-Dec-96 | $264,000 | Surface rights lease | 3655 S. Dixie Highway, Miami | 29,360 | C | $11.25 | Section of overhead Metrorail ROW suitable for parking |

| SUMMARY OF PAIRED LAND SALES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Sale No.** | **Date of Sale** | **Sale Price** | **O.R. Book & Page** | **Location** | **Site (S.F.)** | **Zoning** | **Price/S.F.** | **Source of Utility Loss** |
| 21 | 1-Nov-99 | $3,344,660 | 18851/3075 | 9505 N.W. 108 Avenue, Miami-Dade County | 669,081 | IU-2 | $5.00 | None |
| 22 | 1-Nov-99 | $237,840 | 18851/3075 | 9505 N.W. 108 Avenue, Miami-Dade County | 237,837 | IU-2 | $1.00 | Powerline easement |
| 23 | 11-Jun-09 | $525,000 | 26902/3430 | Southwest corner of N.W. 98 Avenue and N.W. 122 Street, Miami-Dade County | 38,333 | IU-1 | $13.75 | None |
| 24 | 16-Aug-10 | $180,000 | 27457/1671 | N/S of W. 34 Place west of 14 Avenue, Hialeah | 26,570 | I | $6.82 | FPL in industrial area |
| 25 | 1-Feb-08 | $125,000 | 26258/160 | N/S of W. 34 Place west of 14 Avenue, Hialeah | 26,408 | I | $4.73 | FPL in industrial area |
| 26 | 14-Jun-13 | $65,000 | 28692/1214 | 5735 W. 12 Lane, Hialeah | 5,565 | R-2 | $11.68 | None |
| 27 | 28-Dec-12 | $175,000 | 28425/3118 | 1850 W. 76 Street, Hialeah | 103,237 | R-2 | $1.70 | FPL in residential area for park |
| 28 | 13-Nov-12 | $150,000 | 28368/3233 | 1850 W. 76 Street, Hialeah | 97,514 | R-2 | $1.54 | FPL in residential area for park |
| 29 | 01-Sept-95 | $1,650,000 | 17695/2208 | 200 S.W. 13 Street, Miami | 42,812 | C-1 | $38.54 | None |
| 30 | 01-Oct-95 | $342,187 | Surface rights lease | S.W. 13 Street and S.W. 1 Avenue, Miami | 33,976 | C-1 | $10.10 | Overhead Metrorail ROW suitable for parking |

# QUALIFICATIONS

**EDWARD N. PARKER, MAI**
Investors Research Associates, Inc.
5730 S.W. 74 Street, Suite 100
South Miami, Florida 33143-5381
Phone No.: (305) 665-3407
Fax No.: (305) 665-4921

**Academic**

University of Alabama - B.S., Marketing
University of Miami - M.B.A.

**Experience**

Mr. Parker began his career as a real estate consultant in 1972 with the Reinhold P. Wolff Economic Research Company in Coral Gables, Florida. As a staff analyst, he was responsible for the preparation of market feasibility studies, retail studies, economic use analyses, and site location studies.

In 1974, Mr. Parker joined the Miami office of Real Estate Research Corporation (RERC), a wholly owned subsidiary of the First National Bank of Chicago. As a staff appraiser and analyst, Mr. Parker prepared appraisals of all types of income-producing properties located throughout the United States and the Caribbean. These valuations involved fee simple interest, leaseholds, partial interests, and going-concern valuations. He has also appraised a large number of special purpose properties including schools, marinas, resorts, and specialized manufacturing facilities. Mr. Parker's administrative responsibility at RERC included the coordination of the appraisal of the assets of two major Miami-based REITS during their orderly portfolio disposition. Mr. Parker also managed the annual ongoing portfolio appraisal of the properties comprising the First National Bank of Chicago commingled pension trust known as Fund F.

In June, 1981, Mr. Parker joined Investors Research Associates, Inc. as a principal. The firm specializes in income property appraisals, highest and best use and market studies, as well as consultation services for major lending institutions, insurance companies, real estate syndicators, developers, pension funds and governmental agencies. Discounted cash flow and sensitivity analyses, as well as absorption studies are some of the services provided to clients. The firm has successfully completed a number of very complex valuation assignments involving environmentally sensitive wetlands including offshore island properties for private and public clients. Agricultural properties including row crop land, groves, and tree nurseries are another specialty.

Mr. Parker’s experience includes condemnation appraisals for both public and private clients. The public client list includes the Florida Department of Transportation, South Florida Water Management District, National Park Service, U.S. Department of Justice, Dade County HUD, Dade County Department of Facilities Management, and Miami-Dade Water and Sewer Department. Property types appraised for condemnation purposes include office buildings, retail stores, restaurants, service stations, banks, churches, apartments, vacant sites, agricultural (crop land and tropical fruit groves), and environmentally sensitive wetlands.

Mr. Parker has qualified as an expert witness in Dade, Broward, Monroe and Duval County Circuit Courts, U.S. District Court, and U.S. Bankruptcy Court. He is also currently certified under the continuing education program conducted by the Appraisal Institute.

**Affiliations**

Member of the Appraisal Institute - MAI
Licensed Real Estate Broker - State of Florida
State Certified General Appraiser-0000144

**Geoffrey D. Heath, MAI**

**Academic**

London School of Economics, M.Sc., Economics
University of Chicago, M.B.A., Finance
Lehigh University, B.A., Finance

**Experience**

Before associating with Investors Research Associates, Mr. Heath served as Senior Vice President of Real Estate Research Corporation as a specialist in the economics and appraisal of real estate. Prior experience includes Deputy Director of all appraisal services for that firm. He has directed numerous major appraisal assignments throughout the country. They have included valuations of substantial commercial real estate portfolios for a variety of purposes including merger, acquisition, divestiture, and current value reporting.

Mr. Heath has appraised a large number of special-purpose properties including schools, mobile home parks, marinas, resorts, and specialized manufacturing facilities. These valuations have involved fee simple interests, leaseholds, as well as partnership and partial interests. They have included both existing and proposed projects.

Within South Florida, significant appraisals include: valuation of a major Miami-Dade County portfolio including a hotel and resort complex, 11 office buildings, 5 shopping centers, 31 industrial buildings, 5 apartment complexes, and 228 acres of prime land; a multiuse high rise comprising office, apartment and parking uses within the Jackson medical complex; the 1,200-room Fountainbleau Hilton Hotel; market rent assessments for 30 U.S. government offices and warehouses; and appraisals of 8 major mobile home communities with over 5,500 homesites.

Mr. Heath has performed numerous economic and marketability studies for new suburban developments as well as downtown redevelopment. These assignments have involved the evaluation of retail potential, office space demand, and hotel and housing marketability. In addition, he has served as land disposition and economic consultant to a number of U.S. cities.

**Affiliations**

Appraisal Institute, MAI, Certificate No. 6090
Florida Real Estate Broker
South Florida Chapter 24, Appraisal Institute (Board of Directors, Admissions Committee)
State of Florida Certified General Appraiser No. RZ0001456

# Appraisal Report

*Prepared for*

**Mr. John C. Gilbert, Village Manager**
**Village of Key Biscayne**

*Property Appraised*

**Vacant Land**
**85 West Enid Drive**
**Key Biscayne, FL 33149**

**Client PO # 910**

*Date of Valuation*

**April 20, 2016**

*Prepared by*


**Waronker & Rosen, Inc.**
**5730 SW 74th Street, Suite 200**
**South Miami, Florida 33143**

**LEE H. WARONKER, MAI, SRA**


**File # 8433**

# Waronker & Rosen, Inc.

Real Estate Appraisers and Consultants

Miami-Dade County Office
5730 SW 74th Street, Suite 200
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**Lee H. Waronker, MAI, SRA** Phone: (305) 665-8890 / Fax: (305) 665-5188 **Josh L. Rosen, MAI**
lee@waronkerandrosen.com www.waronkerandrosen.com josh@waronkerandrosen.com


April 25, 2016

Mr. John C. Gilbert, Village Manager
Village of Key Biscayne
88 West McIntyre Street. Suite 210
Key Biscayne, Florida 33149

***Re***: Vacant Land
85 West Enid Drive
Key Biscayne, FL 33149
WRI File No. 8433
Client File No. PO# 910

Dear Mr. Gilbert:

We have prepared an appraisal report of the above referenced property for the purpose of estimating the market value of the fee simple interest, as of April 20, 2016, based on two (2) scenarios;

**Scenario A;** per the requested appraisal assignment, reflects *"the site is vacant and unimproved by the existing parking lot or any other improvements. This scenario should recognize the land is an intrinsic part of the Village's municipal complex, should assume the site is not capable of commercial development".* Further, we have been specifically requested to estimate the value of the subject property with the restriction that there would be no allowable vertical construction.

**Scenario B;** per the requested appraisal assignment, reflects the *"As Is" Market Value of the fee simple estate, Highest and Best Use".*

This report has been prepared based on the scope of work which is detailed on a following page. The reader of the appraisal is strongly advised to read the scope of work so as to understand the scope of this appraisal.

The subject property is located at the northeast corner of West Enid Drive and Fernwood Road, Key Biscayne, Miami-Dade County, FL. It consists of a 22,100 square foot (0.51 acres) site. Zoning on this site is GU, Government Use District by the Village of Key Biscayne. Per the Village of Key Biscayne zoning code, this district *"is designed to permit land owned by a government entity to be used for any public purpose and certain limited private activities*". The current use is a paved parking lot with entry and exit gates used by the Village of Key Biscayne.

Mr. John C. Gilbert, Village Manager
Village of Key Biscayne
April 25, 2016

**This appraisal is based on hypothetical conditions. A hypothetical condition is defined in The Dictionary of Real Estate Appraisal, 6th Edition (2015) 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 analysis."***

**Scenario A assumes that no vertical construction would be allowed and that the exisiting site improvements are not to be valued. It also assumes that no vertical construction would be allowed and that the exisiting site improvements are not to be valued.**

**Scenario B is based on the subject property being zoned similar to adjacent zonings that are not GU, Government Use District. The C-1, Low Intensity Commercial District zoning was applied to the subject property for this valuation. Both scenarios assume that Village Green Way, which is currently a paved street, is part of the subject property.**

**If these hypothetical conditions are found to be false, for their respective valuations, or different in any way, this would alter the opinions and/or conclusions of value, herein. The reader is strongly advised to be very familiar with the hypothetical conditions and how they would affect value.**

As a result of our investigation, it is our opinion that the market value of the fee simple interest for **Scenario A,** as of April 20, 2016, is in the amount of

**FOUR HUNDRED NINTY THOUSAND DOLLARS**
**($490,000)**

and, the estimated "As Is" market value of the fee simple interest for **Scenario B**, as of April 20, 2016, is in the amount of

**FOUR MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS**
**($4,750,000)**

Following the table of contents is the scope of work and the certification. The reader is advised to review the assumptions and conditions which follow the certification to understand the limitations applicable to this appraisal.

Very truly yours,

Lee H. Waronker, MAI, SRA
State-Certified General Real Estate Appraiser
License No. RZ162

# Table of Contents


| | |
|---|---|
| LETTER OF TRANSMITTAL | 1 |
| TABLE OF CONTENTS | 3 |
| SCOPE OF WORK | 4 |
| CERTIFICATION | 6 |
| GENERAL ASSUMPTIONS AND LIMITING CONDITIONS | 8 |
| **INTRODUCTION** | 10 |
| SUMMARY OF PERTINENT DATA | 11 |
| SURVEY | 13 |
| PLAT MAP | 14 |
| AERIAL PHOTOGRAPH | 15 |
| SUBJECT PHOTOGRAPHS | 16 |
| APPRAISER QUALIFICATIONS | 19 |
| **DESCRIPTION & ANALYSES** | 22 |
| PURPOSE OF THE APPRAISAL | 23 |
| CLIENT, INTENDED USER AND USE OF THE APPRAISAL | 23 |
| DEFINITION OF REAL PROPERTY INTEREST APPRAISED | 23 |
| DEFINITION OF MARKET VALUE | 24 |
| LOCATION AND ADDRESS | 25 |
| LEGAL DESCRIPTION | 25 |
| OWNER OF RECORD | 25 |
| HISTORY OF THE SUBJECT PROPERTY | 25 |
| SITE DATA | 26 |
| FLOOD ZONE | 26 |
| ZONING | 27 |
| REAL ESTATE ASSESSMENT AND TAXES | 28 |
| NEIGHBORHOOD OVERVIEW | 30 |
| EXPOSURE TIME | 31 |
| MARKETING TIME | 31 |
| TYPICAL PURCHASER OF THE SUBJECT | 31 |
| HIGHEST AND BEST USE | 32 |
| APPRAISAL PROCESS | 33 |
| **COST APPROACH** | 34 |
| **INCOME CAPITALIZATION APPROACH** | 35 |
| **SALES COMPARISON APPROACH** | 41 |
| **RECONCILIATION OF VALUE** | 54 |
| **ADDENDA** | 55 |
| MIAMI- DADE COUNTY AREA DESCRIPTION | 56 |
| ESTIMATION OF CAPITALIZATION RATE | 56 |
| MARSHALL VALUATION SERVICE | 56 |

# Scope of Work

The appraisal problem herein is to estimate two values of the subject property based on hypothetical conditions, referred to herein as Scenario A and Scenario B. The values estimated are the market values of the fee simple interests of the subject property based on specific hypothetical conditions.

**The reader is strongly advised to be familiar with the definition of a hypothetical condition because it is significant in understanding the premise of this appraisal. The definition is detailed on page 2 in the letter of transmittal. It is applicable to this appraisal because a change in the hypothetical conditions would cause a change in the opinions and conclusions herein.**

All appraisals begin by identifying the appraisal problem. Data on the subject property can be derived from various sources including but not limited to, the property owner, the county property appraiser's office, recorded plats and surveys. When possible, more than one source is utilized to confirm data and the data sources are acknowledged. Land size is based on surveys (when available), public records and recorded plats. Land measurements are not performed.

Valued herein is vacant land which can be valued by the following methods:

1. Sales Comparison Approach
2. Market Extraction
3. Allocation
4. Land Residual
5. Ground Rent Capitalization
6. Subdivision Analysis

Scenario A considers that the subject property can only be used as vacant land and does not allow for any vertical construction. No sales were found having similar characteristics. For the Scenario A valuation, a land rental rate was estimated and capitalized into an estimate of value. Also analyzed was the estimated income that could be derived from having a monthly paid parking lot on the site. These methods use the income capitalization approach to estimate the value as vacant land.

Scenario B considers the subject as zoned C-1, Limited Commercial District. The only approach used in this appraisal for Scenario B is the sales comparison approach. The income capitalization approach and the cost approach are not applicable in estimating the value based on the assumptions applied to the Scenario B valuation.

For the sales comparison approach, a search was performed for the sale of properties considered comparable to the subject property. Research of comparable sales and market data include, but is not limited to using the following data sources:

CoStar
Imapp
Newspaper clippings
Board of Realtors' Multiple Listing Service
Loopnet.com

Comparable sales are inspected and the transactional information is reported. Sale prices are from public records and are typically confirmed with a party to the transaction, i.e. buyer, seller, real estate agent, or closing attorney. All information is analyzed in processing the appraisal report and as support for the estimated value.

The scope of work for this assignment has been described above and is to be typical for an assignment of the nature of the subject appraisal problem.

# Certification

The undersigned does hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the following requirements.
    - Uniform Standards of Professional Appraisal Practice (USPAP)
    - The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
    - The State of Florida requirements for state-certified appraisers
8. I have complied with the USPAP Competency Rule.
9. This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions and conclusions contained in this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Additionally, it is subject to review by the state of Florida relating to review by the real estate appraisal subcommittee of the Florida Real Estate Commission.

12. As of the date of this report Lee H. Waronker, MAI, SRA has completed the continuing education program of the Appraisal Institute.

13. I, Lee H. Waronker, MAI, SRA have made a personal inspection of the property that is the subject of this report.

14. Neither the undersigned, nor Waronker & Rosen, Inc. have performed any valuation or professional services involving the subject property in any capacity, nor have we been involved with the management, leasing, disposition, nor any similar service regarding the subject property in the past three years.

Lee H. Waronker, MAI, SRA
State-Certified General Real Estate Appraiser
License No. RZ162

***Date of Report*** April 25, 2016

# General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Any plot plans or illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
11. Unless otherwise stated in this report, the existence of hazardous materials, 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 presences of substances such as asbestos, ureaformaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated 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 intended user is urged to retain an expert in this field, if desired.

12. The physical condition of the improvements, if any, described herein was based on visual inspection. No liability is assumed for the soundness of structural members, since no engineering tests were made of same.
13. Neither all nor any part of this appraisal report shall be disseminated to the general public using the appraiser's name or appraisal designation, without prior written consent of the appraisers signing this appraisal report.
14. Authorization is not allowed for the out-of-context quoting from, or partial reprinting of, this appraisal report.
15. By reason of the report, there is no requirement to testify with reference to the property herein appraised, unless arrangements have been previously made.
16. The reader should be advised that our employment was not contingent on the appraisal providing a minimum valuation, a specific calculation or the approval of a loan. Additionally, we have complied with the USPAP Competency Rule.

***Limiting Conditions:***

1. The allocation of total value between land and improvements applies only under the described utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

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

# Introduction

# Summary of Pertinent Data

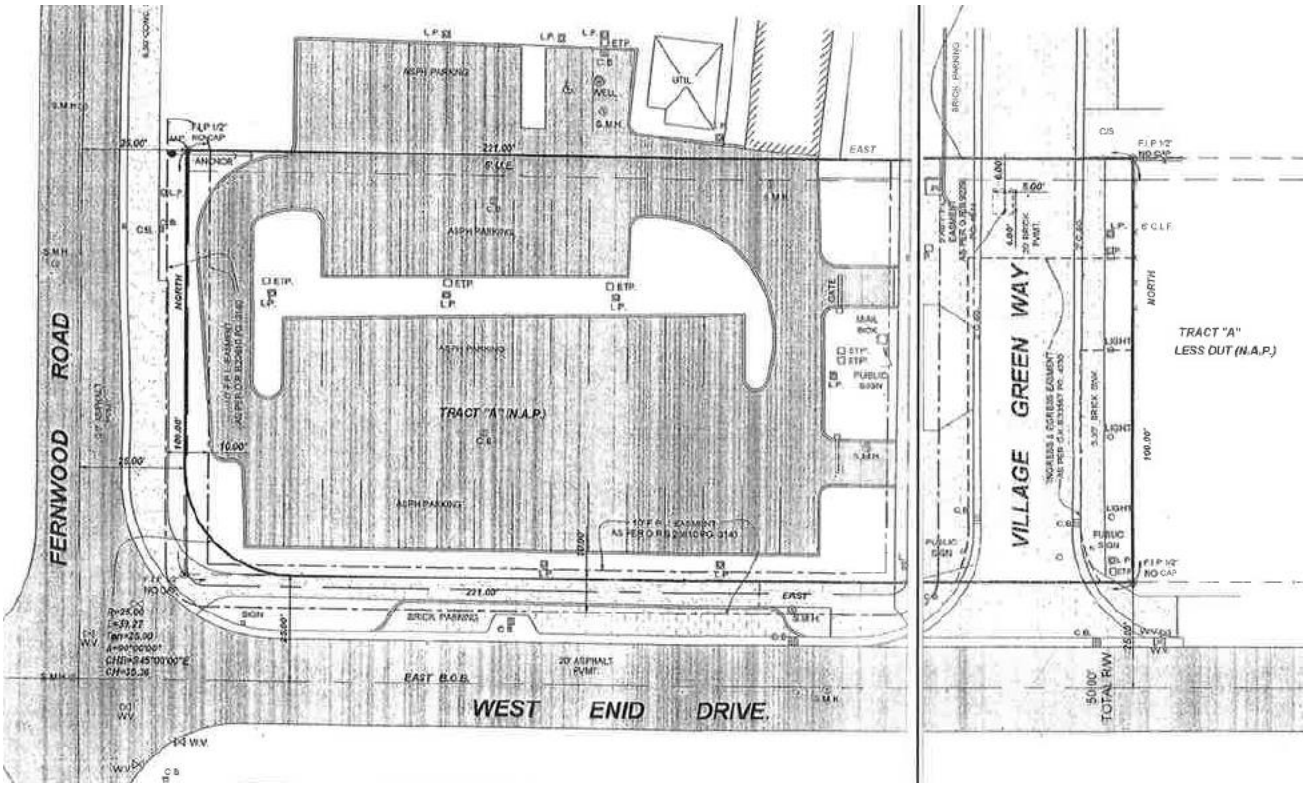
| | |
|---|---|
| Location: | At the northwest corner of West Enid Drive and Fernwood Road, Key Biscayne, Miami-Dade County, FL. |
| Address: | 85 West Enid Drive<br>Key Biscayne, FL 33149 |
| Type of Use: | Land used as a parking lot by the Village of Key Biscayne, FL |
| Zoning: | GU, Government Use District by the Village of Key Biscayne |
| Land Area: | 22,100 square feet (0.51 acres) |

| | **Scenario A** | **Scenario B** |
|---|---|---|
| Value by Cost Approach: | Not applicable | Not applicable |
| Value by Income Capitalization Approach: | Not applicable | Not applicable |
| Value by Sales Comparison Approach: | $490,000 | $4,750,000 |
| **Market Value Estimate of the Fee Simple Interest**: | $490,000 | $4,750,000 |
| Date of Valuation: | April 20, 2016 | |
| Date of Report: | April 25, 2016 | |

**Refer to the hypothetical conditions detailed in the letter of transmittal for the basis of the valuations above.**

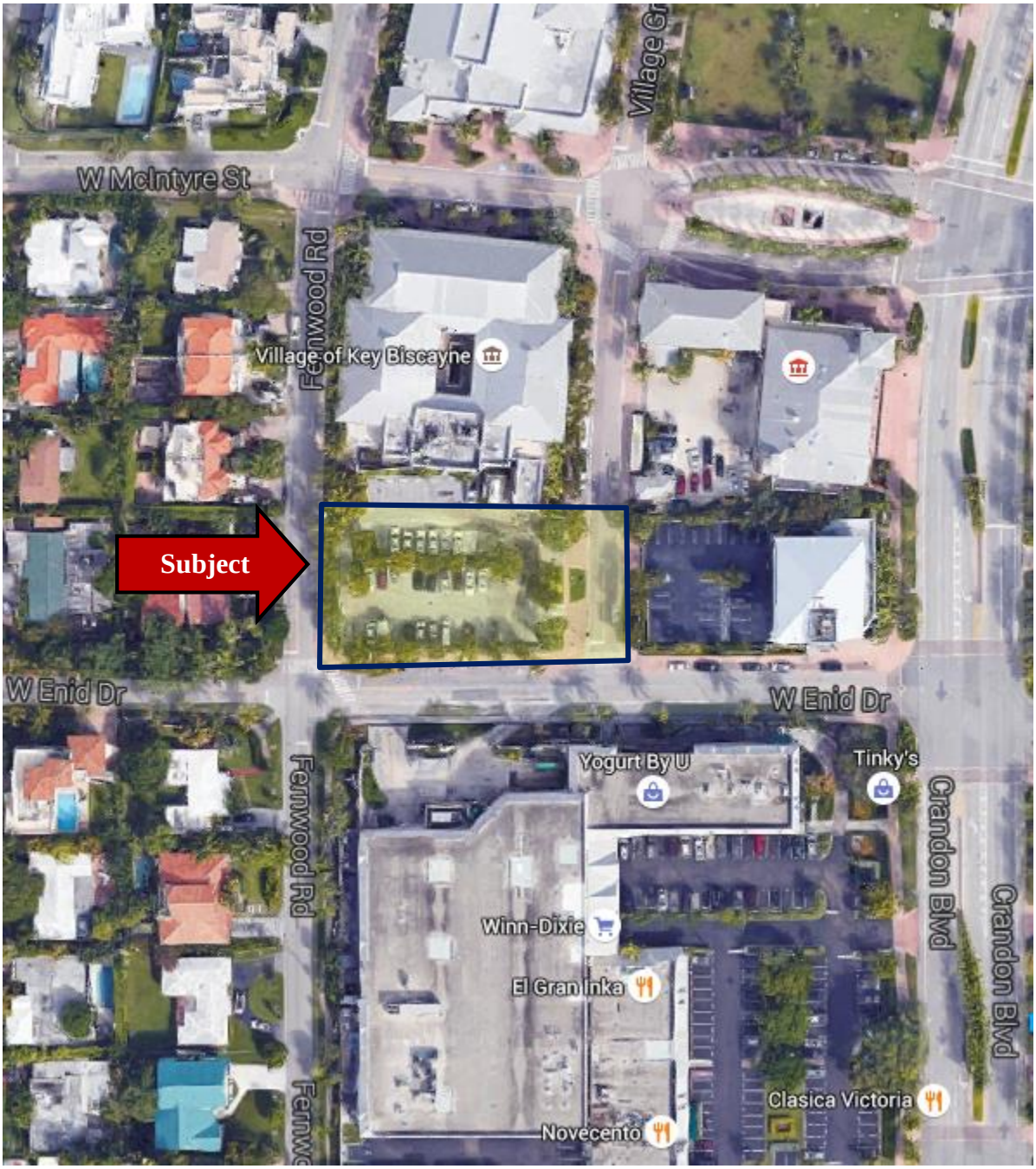
# Miami-Dade County Map

# Survey


FERNWOOD ROAD
WEST ENID DRIVE
VILLAGE GREEN WAY
TRACT "A" (N.A.P.)
TRACT "A" LESS OUT (N.A.P.)
ASPH. PARKING
BRICK PARKING
EAST B.O.B.
20' ASPHALT PVMT.
221.00'
100.00'
25.00'
10.00'
NORTH
EAST
50.00' TOTAL R/W

# Plat Map

# Aerial Photograph



# Subject Photographs

View looking northwest at the subject property
from West Enid Drive

View looking northeast at the subject property
from West Enid Drive

View looking west along West Enid Drive
with subject property to the right

View looking east along West Enid Drive
with subject property to the left

View looking north along Fernwood Road
with subject property to the right

View looking south along Fernwood Road
with subject property to the left

View looking west over the
subject property's north boundary

View looking east over the
subject property's north boundary

View looking north along Village Green
Way, which is part of the subject property

View looking westerly over the
subject parking area

# Appraiser Qualifications
# LEE H. WARONKER, MAI, SRA

**Education**: Master of Science in Management, School of Business and Organizational Science, Florida International University, 1981 (Major – Real Estate)

Bachelor of Science Degree, The Florida State University, Tallahassee, Florida 1976 (Major – Real Estate)

**Affiliations**: MAI Designation (No. 6738) awarded by the Appraisal Institute in 1983.

SRA (SRPA) Designation awarded by the Appraisal Institute in 1981.

State-Certified General Real Estate Appraiser, State of Florida, License Number RZ162, May 1990.

Registered Real Estate Broker, State of Florida, License #BK0152877 (1978)

**Experience**: Appraised various types of properties, including:

| | | |
|---|---|---|
| Industrial Buildings | Restaurants | Warehouses |
| Office Buildings | Hotels and Motels | Hospitals |
| Service Stations | Retail Stores | Marinas |
| Churches & Synagogues | U.S. Post Offices | Historical Buildings |
| Residences | Condominiums | Special Purpose Properties |

President, ***Waronker & Rosen, Inc.,*** (formerly Waronker & Associates, Inc.) Miami, Florida, from 1987 to present. Vice President, ***Property Consultants, Inc.*** from 1979 to 1986. Appraiser, The Keyes Company, 1978 to 1979. Appraiser, Miami-Dade County Department of Right-of-Way, 1977 to 1978.

**Instructor:** Appraisal Institute. Taught Courses 1A-1, 1A-2, 8-2, 1B-A, 1B-B, 110, 120, 210, 310, 320, 410, 420, 430, 510, 550, 600, 610 and 620, et al

**Author:** Seminars entitled *"Dynamics of Office Building Valuation", "Why the Capitalization Rate is Always 10" and the "Appraisal of Real Estate 10th vs. 11th Edition".*

**Other***:* Special Master for the Dade County Valuation Adjustment Board, 1989 to 1996.Assisted in the editing of *The Appraisal of Real Estate, 11th Edition and 13th Edition.*

President of the Miami Chapter of the Appraisal Institute, 1990 to 1991.

# Partial Client List

**LENDERS**

1st United Bank
Amerasia Bank
Apollo Bank
BAC Bank
BNY Mellon Bank
BankUnited
Bank of America
Bank of Coral Gables
Bank Leumi
Bessemer Trust
Branch Banking and Trust (BB&T)
BridgeInvest, LLC
C1 Bank
CNL Bank
Capital Bank
Cigna Investments, Inc.
Citibank and Citicorp
City National Bank of Florida
Coconut Grove Bank
Comerica Bank
Credit Suisse First Boston Mortgage Capital, LLC
Espirito Santo Bank of Florida
Executive National Bank
Fifth Third Bank
First Bank of Miami
First National Bank of South Miami
FirstBank Florida
Florida Community Bank
Gibraltar Private Bank and Trust
HSBC Bank, N.A.
Holliday Fenoglio Fowler, LP
Intercredit Bank, N.A.
International Finance Bank
Israel Discount Bank of New York
JP Morgan Chase Bank
Live Oak Bank
Lloyds Int'l. Bank (Lloyds of London)
Lutheran Brotherhood
Marquis Bank
Morgan Stanley Mortgage Capital
Northern Trust Bank
Ocean Bank
OptimumBank
Popular Community Bank
Professional Bank
Regions Bank
Sabadell United Bank
Space Coast Credit Union
Stonegate Bank
SunTrust Bank
Terrabank, N.A.
TD Bank, N.A.
Totalbank
U.S. Century Bank
Wells Fargo Bank
Zions First National Bank

**LIFE INSURANCE COMPANIES**

Allstate Insurance Company
American General Life Insurance Co.
Equitrust Life Insurance Co.
Fortis Capital Corp. & Life Insurance Company
Franklin Life Insurance Company
General American Life Insurance Co.
Independent Order of Foresters
John Alden Life Insurance Company
Kansas City Life Insurance Company
Lumberman's Life Insurance Company
Omaha Woodmen Life Ins. Society
Standard Life Insurance Company
State Farm Insurance Company
Sun Life Insurance Co. of America

**CORPORATIONS**

Church of Jesus Christ of the Latter-Day Saints
Florida Power and Light Corp. (FPL)
JC Penny Corporation
The Wendy's Company
Chevron U.S.A., Inc.
Johnson and Johnson Company

**DEVELOPERS AND INVESTORS**

Berkowitz Development Group
Bristol Group, Inc.
Fifteen Group, Inc.
Franklin Street Properties
Flagler Development Corporation
Goldman Properties
Hampshire Real Estate Companies
Lennar Corporation
MDM Development, Inc.
Napolitano Realty and Harnap Corp.
Noble House Resorts and Hotels
Ocean Properties, Ltd.
Panther Real Estate
PLC Investments, LLC
R.K. Associates, Inc.
The Scott Robins Companies
Wometco Enterprises, Inc.

**GOVERNMENT AGENCIES**

Broward County School Board
Broward County Public Works Dept.
City of Coral Gables
City of Miami Beach
City of Miami General Services Administration
Federal Deposit Insurance Corp. (FDIC)
Federal Home Loan Mortgage Corp. (FHLMC)
Florida Dept. of Environmental Protection
Florida Department of Transportation
Florida Keys Aqueduct Authority
Miami-Dade Water and Sewer Authority
Miami-Dade Co. -Aviation Authority
Miami-Dade Co. - County Attorney's Office
Miami-Dade Co. - General Serv. Admin.
Miami-Dade Co. - Housing & Urban Dev
Miami-Dade Co. - Public Works Dept.
Miami-Dade Co. - School Board
Miami Parking Authority
Nature Conservancy, Florida Chapter
South Florida Water Management Distric
United States Department of Justice
United States General Serv. Admin.
United States Postal Services
Village of Pinecrest

**LAW FIRMS**

Akerman, Senterfitt & Eidson
Arnstein & Lehr, LLP
Barranco & Associates, P.A.
Berger Singerman
Berman, Wolfe Rennart Vogel & Mandler, P.A.
Carlton Fields
Colson Hicks Eidson, P.A.
Greenberg Traurig, P.A.
Holland & Knight
Kirkpatrick and Lockhart
Kutner and Associates
Richman Greer
Shutts & Bowen, LLP
Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A.
Steel Hector and Davis
Tabas, Freedman, Soloff, Brown & Rigali, P.A
Tripp Scott
Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.

# Notable Properties Appraised

## *Miami-Dade County*

| | | | |
|---|---|---|---|
| Miami Seaquarium | Virginia Key | Miami Free Zone – Global Trade Cntr | Miami |
| Miami International Airport | Miami | Metropolitan Hospital of Miami | Miami |
| City of Miami Correctional Facility | Miami | Spinnaker Marina | North Miami |
| Country Club of Miami Golf Course | Miami | Virginia Key & Rickenbacker Marinas | Key Biscayne |
| Mel Reese Golf Course | Miami | Waterways Yacht Basin | Miami |
| Burger King Headquarters – Waterford | Miami | Porto Vita Club and Spa | Aventura |
| Doctors Hospital | Coral Gables | Ocean Steps Entertainment Center | S. Miami Beach |
| Beacon Centre Development | Miami | Indian Creek Country Club | Indian Creek |
| FBI Headquarters | Miami | BIV Tower | Miami |
| Gables Waterway Executive Center | Coral Gables | Courthouse Tower | Miami |
| Joe's Stone Crab restaurant | Miami Beach | South Shore Hospital | Miami Beach |
| Doral Ocean Beach Resort (formerly) | Miami Beach | SouthCom Headquarters | Miami |
| Metro-Dade Bus Facility | Miami | | |

## *Fort Lauderdale/Broward County*

| | |
|---|---|
| Florida Medical Center (Hospital) | Ft. Lauderdale |
| Jackson Marine Center | Ft. Lauderdale |
| Las Olas Centre Office Building | Ft. Lauderdale |
| Martha's Restaurant | Hollywood |
| Various Luxury Single Family Homes | Fort Lauderdale |
| Seneca Industrial Park | Pembroke Park |

## *Monroe County/Florida Keys*

| | |
|---|---|
| Marriott Key Largo Bay Beach Resort | Key Largo |
| Islander Resort | Islamorada |
| Hawk's Cay Resort, Marina and DRI | Duck Key |
| Westin, formerly Hilton Resort and Sunset Key Island | Key West |
| Little Palm Island | Little Torch Key |
| Louis' Backyard Restaurant | Key West |
| Ocean Key Resort | Key West |
| Sloppy Joe's Bar | Key West |
| Truman Annex - Navy Base | Key West |

## *Other Florida Counties*

| | |
|---|---|
| Jupiter Beach Resort | Jupiter, Palm Beach County |
| La Playa Beach Resort | Naples, Collier County |
| Sheraton Four Points | Orlando, Orange County |
| Spring Hill Suites | Tampa, Hillsborough County |
| Hilton Carillon Park | St. Petersburg, Pinellas County |

## *Outside of the United States*

| | |
|---|---|
| Various Single Family Homes | Cat Cay, Bahamas |
| Single Family Home | Casa de Campo, Dominican Republic |
| Sapphire Beach Resort | St. Thomas, U.S. Virgin Islands |
| Hotel Site | Grand Turks and Caicos Islands |
| Montego Beach Resort | Montego Bay, Jamaica |
| Botany Bay Subdivision (400 acres) | St. Thomas, U.S. Virgin Islands |
| Ocean Club Resort | Grand Turks and Caicos Islands |
| Land lease under Ritz Carlton | San Juan, Puerto Rico |
| Various Land Holdings | St. Croix, U.S. Virgin Islands |
| Vacant Land | West End, Grand Bahama Island |
| Buccaneer Hotel and Golf Course | St. Croix, U.S. Virgin Islands |

# Description & Analyses

# Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple interest, as of April 20, 2016, based on two (2) scenarios;

**Scenario A;** per the requested appraisal assignment, reflects *"the site is vacant and unimproved by the existing parking lot or any other improvements. This scenario should recognize the land is an intrinsic part of the Village's municipal complex, should assume the site is not capable of commercial development".* Further, we have been specifically requested to estimate the value of the subject property with the restriction that there would be no allowable vertical construction.

**Scenario B;** per the requested appraisal assignment, reflects the *"As Is" Market Value of the fee simple estate, Highest and Best Use"*.

This report has been prepared based on the scope of work which is detailed on a following page. The reader of the appraisal is strongly advised to read the scope of work so as to understand the scope of this appraisal.

# Client, Intended User and Use of the Appraisal

The intended user of this appraisal is the Village of Key Biscayne (client). The intended use is for asset valuation for a potential acquisition. No purchaser or seller of the subject property, nor any borrower are intended users of this appraisal and no such parties should use or rely on this appraisal for any purpose. All such parties are advised to consult with appraisers or other professionals of their own choosing. No additional users are identified or intended.

# Definition of Real Property Interest Appraised

The real property interest appraised herein is that of the fee simple interest, defined as follows:

> *Fee Simple Interest:* an absolute fee without limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation. An inheritable estate.

# Definition of Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.[1] The Uniform Standards of Professional Appraisal Practice (USPAP) states Market Value is "a type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in the appraisal".[2] This requires the appraiser to identify the definition of market value and its authority.

The definition that follows is the basis of the valuation in this appraisal and the source is the Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

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

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

This market value definition is referenced within the appraisal regulations of the following governmental agencies:

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989
- Department of the Treasury
- The Federal Reserve System (FRS)
- Federal Deposit Insurance Corporation (FDIC)
- Office of Comptroller of the Currency (OCC)

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[1] *Appraisal of Real Estate*, 14th Edition, page 58
[2] USPAP 2014-2015, page U-3
[3] Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

# Location and Address

The subject property is located at the northwest corner of West Enid Drive and Fernwood Road, Key Biscayne, Miami-Dade County, FL.

***Address:*** 85 West Enid Drive
Key Biscayne, FL 33149

# Legal Description

Tract A, less the east 179 feet of **BISCAYNE KEY ESTATE**S, according to the Plat thereof, as recorded in Plat Book 50, Page 61 of the Public Records of Miami-Dade County, Florida.

*Source: Survey prepared by Nova Surveyors Inc. their survey number 7-0003171 & www.miamidade.gov*

# Owner of Record

Miami-Dade County
3071 SW 38th Avenue
Miami, FL 33146-1520

*Source: www.miamidade.gov*

# History of the Subject Property

There have been no recorded sales of the subject property in the past five years. The subject property is not under contract nor listed for sale.

*Source: www.miamidade.gov*

# Site Data

The subject site is rectangular. There is frontage of approximately 221 feet along the north side of West Enid Drive (less the radius return), a two lane asphalt paved road in average condition. There is also frontage of 100 feet along the east side of Fernwood Road, a two lane asphalt paved road in average condition.

The subject's eastern property line extends over Village Green Way which is reportedly an undedicated street. Village Green Way is a two land paved street, however this portion, extending 100 feet from West Enid Drive is considered part of the subject property.

Per the public records, and the survey provided[1], the total area of the parcel is 22,100 square feet (0.51 acres). The subject property is accessible from either West Enid Drive or Fernwood Road. The site is level and at approximate street grade. Utilities available to the site are:

| | |
|---|---|
| Electric: | Florida Power and Light |
| Telephone: | AT&T |
| Water: | Miami-Dade Water and Sewer |
| Sewer Disposal: | Miami-Dade Water and Sewer |

# Flood Zone

The subject is within Flood Zone AE, areas subject to a one percent or greater annual chance of flooding in any given year. Base flood elevations are shown as derived from detailed hydraulic analyses. This flood zone requires mandatory purchase of flood insurance in participating communities This identification was located on Flood Insurance Rate Map, Community Panel No. 12086C0483L, revised September 11, 2009. **For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood elevation certificate, as well as its impact on insurance.**

***Source:*** *www.imapp.com*

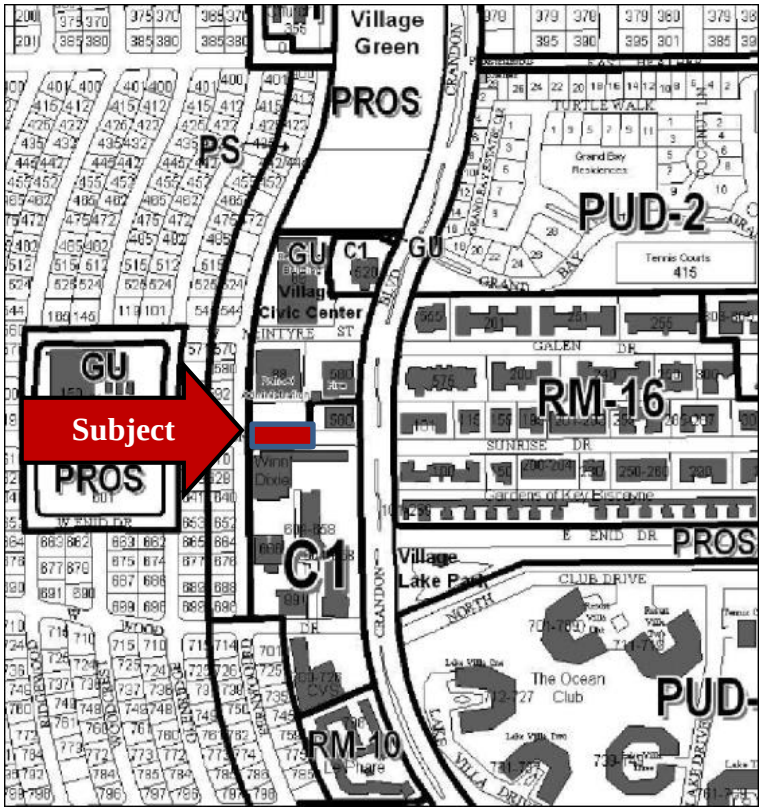
[1] Survey prepared by Nova Surveyors Inc. their survey number 7-0003171

# Zoning

The subject property is zoned GU, Government Use District by the Village of Key Biscayne. This district *"is designed to permit land owned by a government entity to be used for any public purpose and certain limited private activities*". Allowable uses include; schools, offices, post offices, parks, open space, community centers, recreational buildings, police and fire stations. For a detailed listing of allowable uses and restrictions, refer to the zoning code of the Village of Key Biscayne, FL, Section 30-102.

***Note:*** The reader should be familiar with the hypothetical condition for the valuation in Scenario B, which considers subject property under this scenario would be zoned C-1, Low Intensity Commercial zoning district, consistent with the nearby zonings that are not GU. "*This district permits the Development of land in a low intensity manner and Uses that provide for the sale of goods and products that are needed throughout the entire Village. The permitted uses provide goods and services that primarily serve the residents of the Village"*. Permitted uses in the C-1 district include offices, retail uses, bars and restaurants. Maximum allowable height is 35 feet and three stories, maximum floor area ratio is .50 and lot coverage is 35%.

*Source: Municode.com*



# Real Estate Assessment and Taxes

| | |
|---|---|
| Taxing Authority: | Miami-Dade County |
| Assessment Year: | 2015 |
| School Board Millage Rate: | 07.6120 |
| City, County, Region Millage Rate: | 09.2880 |
| Total Millage Rate: | 16.9000 |
| Folio Number: | 24-5205-001-0020 |

The Miami-Dade Property Appraiser reports two values; Assessed Value and Market (Just) Value, also referred to as Just Value. Millage rates are multiplied times the respective values to calculate real estate taxes.

| TYPE OF VALUE | VALUE | SQ.FT. SIZE[1] | VALUE PER SQ.FT. |
|---|---|---|---|
| Land Value | $1,547,000 | 22,100 | $70.00 |
| Building Value | $0 | N/A | $0.00 |
| Extra Features Value | $71,176 | | |
| Market (Just) Value | $1,618,176 | 22,100 | $73.22 |
| Assessed Value | $1,618,176 | 22,100 | $73.22 |

To calculate real estate taxes, the school board millage rate is multiplied times the market (just) value. In addition, the county, city and regional millage rate is multiplied times the assessed value. The results of each are added together to indicate the total real estate taxes.
The real estate taxes are estimated as follows:

| TAXING AUTHORITY | MILLAGE (A) | VALUE (B) | TAXES (A x B) |
|---|---|---|---|
| School Board | .0076120 | $1,618,176 | $12,318 |
| City, County & Regional | .0092880 | $1,618,176 | $15,030 |
| Estimated Real Estate Taxes | | | $27,348 |
| Taxes Per Square Foot | | | $1.24 |

There is a 4% discount given for early (November) payment of taxes which would reduce the estimated real estate taxes to $26,253, ($27,347 minus 4%).

[1] This is the size per the Miami-Dade County Property Appraiser's records.

Nonresidential properties are subject to the Non Homestead Cap which limits increases in the assessed value to 10% annually. Single family residences are subject to the Save Our Homes Amendment which limits the increase for a home to 3% annually, or the Consumer Price Index (CPI), whichever is less. A change in ownership resets the base year of the cap to the following year. When this occurs the assessed value will be equal to the market (just) value. There is no cap on the increase in market value. Following is a summary of the reported market (just) and assessed values.

Florida Statutes require assessments to be at 100% of market (just) value with an allowable adjustment to indicate net proceeds that would be derived from a sale. This adjustment varies dependent on the taxing authority with the Miami-Dade County Property Appraiser's office typically designating in the range of 15%. Based upon the value estimated in this appraisal the assessment is below what is appropriate. Since the property is owned by Miami-Dade County, there are no real estate taxes paid and therefore the assessed value is of no consequence.

# Neighborhood Overview

## General Neighborhood Data

| | |
|---|---|
| Location: | Urban |
| Built Up: | 90% to 100% |
| Growth Rate: | Stable |
| Property Values: | Increasing |
| Demand/Supply: | Under supply |
| Present Land Use: | Commercial and residential |
| Change in Present Land Use: | Not likely |
| Predominant Use: | Commercial and multi-family residential along Crandon Boulevard; and residential on secondary streets |
| Property Compatibility: | Good |
| General Appearance of Properties: | Good |
| Appeal to Market: | Good |

## Adjacent Uses

| | |
|---|---|
| East: | Retail |
| West: | Residential |
| South: | Retail |
| North: | Village of Key Biscayne offices |

| **Linkages** | **Distance** | **Access** |
|---|---|---|
| Public Transportation: | On Crandon Boulevard | Good |
| Employment Centers: | Three to five miles | Above average |
| Expressway Access: | Three to five miles | Average |
| Miami International Airport: | Seven to ten miles | Average |

# Exposure Time

Exposure time is the "estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market"[1].

This analysis considers the exposure time at a market related price such as the estimated market value herein. In estimating exposure time, sales are analyzed, real estate brokers and property owners are interviewed and statistics from published surveys are considered.

Under Scenario A, the exposure time for the subject is estimated at six to twelve months. This scenario does not allow for vertical construction and thereby limits the potential uses and buyers. As a result, the exposure time would likely be extended. Under Scenario B the subject property would have greater demand and the exposure time is estimated at three to six months. These estimates consider that the property would have been properly marketed and priced. If the property were not to have been priced correctly or marketed through proper channels, then it is not likely that the estimated market value nor the estimated exposure time would have been achieved.

# Marketing Time

Marketing time is defined as "An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal"[2]. The marketing time is concluded to be the same as the exposure time; Scenario A at six to twelve months and Scenario B at three to six months. This assumes that the property is properly marketed and priced correctly.

# Typical Purchaser of the Subject

The subject is a being appraised as vacant land under two scenarios. Scenario A assumes that there cannot be any "commercial development" and that there will be no vertical construction allowed. These restrictions significantly limit the use of the property. The site could possibly be used as a parking lot or as open area. The typical user under this scenario would be an investor, or group of investors, that would operate a pay parking lot on the site. Alternatively, an investor might be interested to use the area for outdoor exercise classes, art shows and any other use not requiring vertical construction. Under Scenario B, commercial development would be allowed. There is a limited supply of commercial land in Key Biscayne and there is demand. Therefore, the typical purchaser, under Scenario B, would be a developer, or owner user, to construct a building having office space, retail space or a combination of both.

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[1] *The Dictionary of Real Estate Appraisal, 6th Edition, page 83*
[2] *The Dictionary of Real Estate Appraisal, 6th Edition, page 140*

# Highest and Best Use

The site is valued for its highest and best use, which may be defined as follows:

That reasonable and probable use that will support value
as defined as of the effective date of the appraisal.

In analyzing the highest and best use, the following four questions are answered:

1. **Legally Permissible.** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?

2. **Physically Possible.** What uses of those legally allowed are physically possible on the subject site?

3. **Financially Feasible.** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?

4. **Maximally Productive.** Of those that are feasible, legally permissible, and physically possible, which will produce the highest rate of return or value?

### *As Vacant*

The subject property is zoned GU, Government Use District by the Village of Key Biscayne. This district *"is designed to permit land owned by a government entity to be used for any public purpose and certain limited private activities*". Allowable uses include; schools, offices, post offices, parks, open space, community centers, recreational buildings, police and fire stations. For a detailed listing of allowable uses and restrictions, refer to the zoning code of the Village of Key Biscayne, FL, Section 30-102. For the purposes of Scenario B, the zoning is assumed to be C-1, Low Intensity Commercial District, which is the zoning district that is closest to the property, excluding the GU zoned properties. Permitted uses in the C-1 district include offices, retail uses, bars and restaurants.

For Scenario A, the valuation considers that there is no vertical construction. This severely limits potential uses on the property. It is concluded that the highest and best use under Scenario A would be as a parking lot as it can produce greater income than alternatives such as a park, open area for fitness classes and for photography shoots. The subject has a desirable location and there is limited commercial zoned land in Key Biscayne. The highest and best use as though vacant and under Scenario B, would be to construct a commercial building on the site which would be an office building and/or secondary retail use.

### *As Improved*

The subject property is being appraised as vacant land under two scenarios, although currently used as a parking lot. An analysis of the highest and best use as improved is not applicable.

# Appraisal Process

An analysis of three separate approaches to value; sales comparison approach, cost approach, and income capitalization approach, will be considered to estimate the value of the subject property. Although these three approaches to value are considered within every appraisal report, they may not be applicable to each and every property being appraised.

The cost approach is based on the principle of substitution which states that an informed purchaser would not pay more for a property than the cost of reproducing a property with the same utility. The cost approach can often yield reliable estimates of value for new construction. This approach entails estimating the cost of producing the improvements, deducting an estimate of depreciation, then adding the value of the site as if vacant. To this value an entrepreneurial incentive is added to arrive at the estimated value by the cost approach.

The income capitalization approach is based on the concept that value is created by the expectations of future benefits and higher earnings should result in higher values. Income producing real estate is purchased for the right to receive future income. The income capitalization approach consists of methods to analyze a property's capacity to generate income, and a reversion, and convert these monetary benefits into an estimate of value.

The sales comparison approach is based on the principle of substitution which suggests that, within competitive markets, similar products will realize similar prices. Inherent in this concept is the premise that a purchaser would not pay more for a property than the cost to acquire another property with the same amenities and utility.

The final steps in the appraisal process are review and reconciliation of the data and conclusions. In reaching a final conclusion of value, the entire process involving the approaches that were estimated must be reviewed for accuracy, completeness and consistency. After analysis, evaluation and reconciliation of the indications a value is estimated. The essence of this final reconciliation should be a defensible and rational conclusion of value.

Scenario A considers that the subject property can only be used as vacant land and does not allow for any vertical construction. No sales were found having similar characteristics. For the Scenario A valuation, a land rental rate was estimated and capitalized into an estimate of value. Also analyzed was the estimated income that could be derived from parking cars on the site. These methods use the income capitalization approach to estimate the value as vacant land.

The only approach used in this appraisal for Scenario B is the sales comparison approach. The income capitalization approach and the cost approach are not applicable in estimating the value based on the assumptions applied to the Scenario B valuation.

# Cost Approach

The basis of the cost approach is the principle of substitution. This principle suggests that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct comparable improvements.

Following are the procedures for preparing the cost approach.

1. Estimate the value of the land as though vacant and available to be developed to its highest and best use.
2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.
3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
4. Estimate an appropriate entrepreneurial profit or incentive from analysis of the market.
5. Add estimated direct costs, indirect costs, and the entrepreneurial profit or incentive to arrive at the total cost of the improvements.
6. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
7. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
8. Estimate the contributory value of any site improvements that have not already been considered. (Site improvements are often appraised at their contributory value - i.e., directly on a depreciated-cost basis - but may be included in the overall cost calculated in Step 3 and depreciated, if necessary).
9. Add land value to the total depreciated cost of all the improvements to develop the market value of the property.
10. Adjust for personal property (e.g., furniture, fixtures, and equipment) or intangible assets that are included in the appraisal.
11. Adjust the value conclusion, which reflects the value of the fee simple estate, for the property interest being appraised to arrive at the indicated value of the specified interest in the property. [1]

As the subject property is being values as unimproved vacant land, the cost approach is not applicable.

[1] *The Appraisal of Real Estate,* 14th Edition, 2013, Pages 568 and 569

# Income Capitalization Approach

Income producing real estate is typically purchased as an investment, and from an investor's point of view earning power is the critical element affecting property value. One basic investment premise holds that the higher the earnings, the higher value, provided the amount of the risk remains constant. An investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.[1]

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.[2]

Within Scenario A, monthly parking rents were estimated and capitalized to indicate a value based on the subject's use as a parking lot. This value estimate deducted the estimated cost of the parking lot improvements, as they are not to be included in the valuation, per the appraisal instructions and the hypothetical condition of this appraisal. Additionally, as an alternate approach within this section, a land rental rate was estimated and capitalized into an estimate of value. These methods use the income capitalization approach to estimate the value as vacant land.

An income capitalization approach was not applied for Scenario B, as there was sufficient sales found to compare to the subject property. Scenario B assumes a C-1 zoning and there was no data found of C-1 zoned sites leased on Key Biscayne.

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1 Appraisal of Real Estate, 14th Edition, 2013, Page 439

2 Ibid., 439

# Scenario A Value by the Income Capitalization Approach

Scenario A is being valued, per the requested appraisal assignment, and this scenario assumes *"the site is vacant and unimproved by the existing parking lot or any other improvements. This scenario should recognize the land is an intrinsic part of the Village's municipal complex, should assume the site is not capable of commercial development".* Further, we have been specifically requested to estimate the value of the subject property with the restriction that there would be no allowable vertical construction.

The inability to build, limits the uses and therefore the value of the subject property under this scenario. In order to estimate the value under this scenario, consideration was given as to potential uses that would be income producing. Uses not requiring construction would include a parking lot, a park, an open area for holding exercise classes, an open area to stage photo sessions, to name a few. Of these, only the parking was considered to have a sufficient demand level that could potentially generate income.

There were no parking lots found on Key Biscayne that provide monthly parking in open lots. The comparisons used were not located within the CBD as those parking lots are in greater demand due to the extensive amount of office space and density, with older properties having no parking in many instances. Those lots in the CBD have parking rates that range from approximately $114 to $150 per month. Below are monthly rates for parking lots used for comparison.

| Location | Monthly Rate |
|---|---|
| 3349 Pan American Drive | $75 |
| 3500 Main Highway | $60 |
| South Dixie Highway at SW 27th Avenue | $50 |
| 1050 MacArthur Causeway | $75 |
| 1051 MacArthur Causeway | $70 |
| South Miami at SW 26th Road | $50 |
| Coral Way and SW 3rd Avenue | $65 |
| City of Coral Gables Lots – Standard Fee | $91 |

The comparisons range from $50 to $91 per month for parking. The higher rates ($114 to $150 per month) in the city of Miami CBD establish the upper end of the range. The subject's monthly parking rate should be below this level. The Coral Gables rate of $91 per month is also considered to set an upper limit as there is greater demand for parking. The estimated range for the subject property is $75 to $90 per month. There is insufficient data available in which to estimate a vacancy rate and expenses. On the following page is a discussion of the estimated expenses. This is provided to illustrate the effect on the indicated values based on a difference in the monthly rates. Currently there are 42 spaces on the site. There are no spaces within the sidewalk and street area and therefore an estimate is needed to project how many spaces could be built. The usable area now is approximately 18,000 square feet which excludes the land area for the sidewalk and street which are both included in the 22,100 square foot land size. This equates to one space per 429 square feet (18,000 sq. ft. ÷ 42 spaces). Based on this ratio, the amount of spaces would be 52 (22,100 sq. ft. ÷ 429 sq. ft. per space).

The actual amount of spaces that could fit on a 22,100 square foot site would be dependent upon the required landscaping/open area, ingress-egress points, etc. Currently, the entry and exit gates take up usable area for additional parking. Some articles on the subject of estimating the amount of area for parking spaces suggest that it is possible to have ratios of one space per 300 to 350 square feet, subject to code requirements. For the projection, used herein is a ratio of one space per 350 square feet, indicating 63 spaces (22,100 sq. ft. ÷ 350 sq. ft. per space). As further support, Marshall Valuation Service shows the average area per parking space ranging from 285 square feet to 380 square feet, with average lots and good lots at 315and 345 square feet respectively.

To estimate the value of the subject property based on monthly parking rents, the following estimates were made;

- **Vacancy** – there are no comparables on Key Biscayne to base an estimate of a vacancy rate. Considered was the subject's location and adjacent uses which are primarily retail and office, with their own parking. In addition, nearby homeowners having an extra car or a golf cart or GEM car might consider monthly parking. Vacancy was estimated at 10% to include a collection allowance.
- **Management** – Typically management fees are in the 5% range. However, due to the small amount of income being generated, a 10% rate was applied. As can be seen in the chart, this 10% rate equates to a yearly amount of $4,050 to $5,400 for a part time manager. This amount is considered sufficient.
- **Expenses** – This category considers keeping the lot clean, landscaping, real estate taxes (as the property would be under private ownership and therefore subject to taxes) and miscellaneous expenses. The lot cleaning and landscaping was estimated at $2,600 per year based on $50 per week. This represents expenses of approximately 6%. Total expenses were estimated at 10% to include miscellaneous expenses.
- **Real estate taxes** - currently are based on an estimated land value by the Miami-Dade County Property Appraiser at $70 per square foot (refer to the Real estate assessment and taxes on a previous page). The assessment would likely decrease based on the restrictions considered in this valuation scenario.

To estimate the real estate taxes based on Scenario A's restricted use, the method used by Property Appraiser offices was applied. This method estimates the net operating income without deducting for real estate taxes and then capitalizes that income by the capitalization rate plus the millage rate.

Within this analysis, a 6% land capitalization rate was used to estimate value. Within the addenda is the supporting analysis for the 6% capitalization rate estimate.

# Calculations to Project Real Estate Taxes

| **Assumptions** | |
|---|---|
| Vacancy Rate | 10% |
| Management Fee | 10% |
| Expenses | 10% |
| Capitalization Rate | 6.0% |
| Number of Spaces | 63 |

| | **Monthly Rent** | |
|---|---|---|
| Monthly Rent Per Space | $75.00 | $90.00 |
| Less: Vacancy | $7.50 | $9.00 |
| Effective Gross Income | $67.50 | $81.00 |
| Less: Management Fee | $6.75 | $8.10 |
| Less: Real Estate Taxes | $0.00 | $0.00 |
| Less: Expenses | $6.75 | $8.10 |
| Net Operating Income | $54.00 | $64.80 |
| Number of Spaces | 63 | 63 |
| Monthly Income | $3,402 | $4,082 |
| Times 12 Months | 12 | 12 |
| Yearly Income | $40,824 | $48,989 |
| Capitalization Rate + Millage | 7.690% | 7.690% |
| Indicated Value | $530,871 | $637,046 |
| Times millage Rate | 0.0169 | 0.0169 |
| Projected Real Estate Taxes | $8,972 | $10,766 |

Based on the above calculations, the real estate taxes would be projected at $9,000 to $10,800, rounded. As noted, the capitalization rate is .06 (6%), plus the Key Biscayne millage rate of .0169 or .0769 (7.69%).

# Projected Stabilized Operating Statement

| **Assumptions** | |
|---|---|
| Vacancy Rate | 10% |
| Management Fee | 10% |
| Expenses | 10% |
| Capitalization Rate | 6.0% |
| Number of Spaces | 63 |

| | **Monthly Rent** | | **Yearly Dollars** | |
|---|---|---|---|---|
| Monthly Rent Per Space | $75.00 | $90.00 | $56,700 | $68,040 |
| Less: Vacancy | $7.50 | $9.00 | $5,670 | $6,804 |
| Effective Gross Income | $67.50 | $81.00 | $51,030 | $61,236 |
| Less: Management Fee | $6.75 | $8.10 | $5,103 | $6,124 |
| Less: Real Estate Taxes | $11.90 | $14.29 | $9,000 | $10,800 |
| Less: Expenses | $6.75 | $8.10 | $5,103 | $6,124 |
| Net Operating Income | $42.10 | $50.51 | $31,824 | $38,189 |
| Number of Spaces | 63 | 63 | | |
| Monthly Income | $2,652 | $3,182 | | |
| Times 12 Months | 12 | 12 | | |
| Yearly Income | $31,824 | $38,189 | | |
| Capitalization Rate | 6.000% | 6.000% | | |
| **Indicated Value** | **$530,000** | **$636,000** | | |

The above calculations indicate a value range of $530,000 to $636,000 for the subject property under Scenario A, the parking analysis method.

As a check against the estimated net income above of $31,824 to $38,189 an additional search was made for comparable land rents throughout Miami-Dade County. The projected rents indicate rates of $1.44 ($31,824 ÷ 22,100 sq. ft.) to $1.73 ($38,189 ÷ 22,100 sq. ft.). The comparisons are on the following page.

# Comparable Land Rents

Following are a list of comparable land rents for properties with limited use. Exact locations and information are not provided for confidentiality purposes on all, but one of the comparisons.

| Location | Rent/Sq.Ft. | Comment |
|---|---|---|
| Near NW 2nd Avenue & NW 204th Street | $1.10 | Not a buildable site |
| Near NW 88th Avenue & NW 13 Terr. | $2.95 | Used by adjoining owner in active Doral location (26,000 sq. ft.) |
| Near SW 80th St. & SW 72nd Ave. | $2.57 | Used for car storage in active Dadeland area |
| Near NW 37th Avenue & NW 25th St. | $1.82 | Used for car storage (14,950 sq. ft. lot) |
| Near NW 37th Avenue & NW 25th St. | $1.73 | Used for transport business (31,320 sq. ft.) |
| 2540 NW 68th Avenue | $1.78 | Used for truck and trailer storage |

The above indications range from $1.10 to $2.95 per square foot. At the high end of the range are rentals in active locations which command a higher rent level. The remaining rents range from $1.10 to $1.82 per square foot. By comparison the analysis as a parking lot indicated rents of $1.44 to $1.73 per square foot. The subject does not have a significant amount of surrounding uses of the type that would have demand for parking, truck or heavy equipment storage. Many of the locations are in industrial areas, where adjacent or nearby users are in need of storage for equipment or vehicles, which can generate additional dollars to their nearby businesses. One location is under an expressway and is used for the storage of new cars by a nearby car dealership. Further, the uses for these type properties would not likely be allowed in the Village of Key Biscayne as they are industrial in nature and some are unsightly.

The estimated rent per square foot was concluded in the mid-range between $1.44 and $1.73 per square foot based on the parking lot analysis, at $1.60 per square foot. The additional land rents provided support the estimated conclusion. The indicated value based on an estimate of $1.60 per square foot is calculated as;

| | |
|---|---|
| Estimated Rent Per Sq.Ft. | $1.60 |
| Square Foot Area | 22,100 |
| Annual Net Operating Income | $35,360 |
| Divided by Capitalization Rate (6%) | .06 |
| Indicated Value (rounded) | $590,000 |

This estimated value considers that there is a paved parking lot on the site. The assumptions for Scenario A are that there is no existing parking lot. Or order to generate the income projected as a parking lot it would be necessary to construct a parking lot. The estimated cost to construct a parking lot needs to be deducted from the estimated value. This is very consistent with the prior analysis of $530,000 to $636,000.

Marshall Valuation Service was used to estimate the cost of constructing a parking lot. Section 66, Page 3, dated December 2015, shows a cost of $1,420 per space for average construction and $1,790 for good construction. An estimate of $1,600 per space was applied to the 63 projected spaces which includes adjustment for local costs and adjusting for time. The estimated cost is 63 spaces times $1,600 per space, equal to $100,000 (rounded). This amount was deducted from the estimated value of $590,000 to indicate a value of $490,000 for Scenario A.

# Sales Comparison Approach

The *sales comparison approach* is based on the principle of substitution. *The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*[1]

In the Sales Comparison Approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract (i.e., for which purchase offers and a deposit have been recently submitted). A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market's reaction to comparable and competitive properties.

Qualitative analysis is a relative comparison process without mathematics. Sales are ranked based upon their desirability as compared to the subject. Comparisons can be expressed as plus or minus as opposed to dollar or percentage adjustments.

Quantitative analysis is the process of applying mathematical techniques. Sales are adjusted to the subject property on a dollar or a percentage basis. One method of supporting adjustments is through *paired data analysis*. This method analyzes two sales and attributes the difference in their sales prices to the characteristic which is different. This analysis requires an abundance of sales data which is frequently not available.

Qualitative analysis is used herein to estimate a value by the *sales comparison approach*. Characteristics of the sales considered superior to the subject are given a minus (-) adjustment. Those characteristics of the sales considered inferior to the subject are given a plus (+) adjustment. Each sale is given an overall adjustment indicating how it compares to the subject.

On the following page is a grid of the sales used for comparison to the subject property based on the Scenario B valuation. The sales comparison approach is not applicable to Scenario A as no sales were found having the limitations of not being able to build (no vertical construction) on the site.

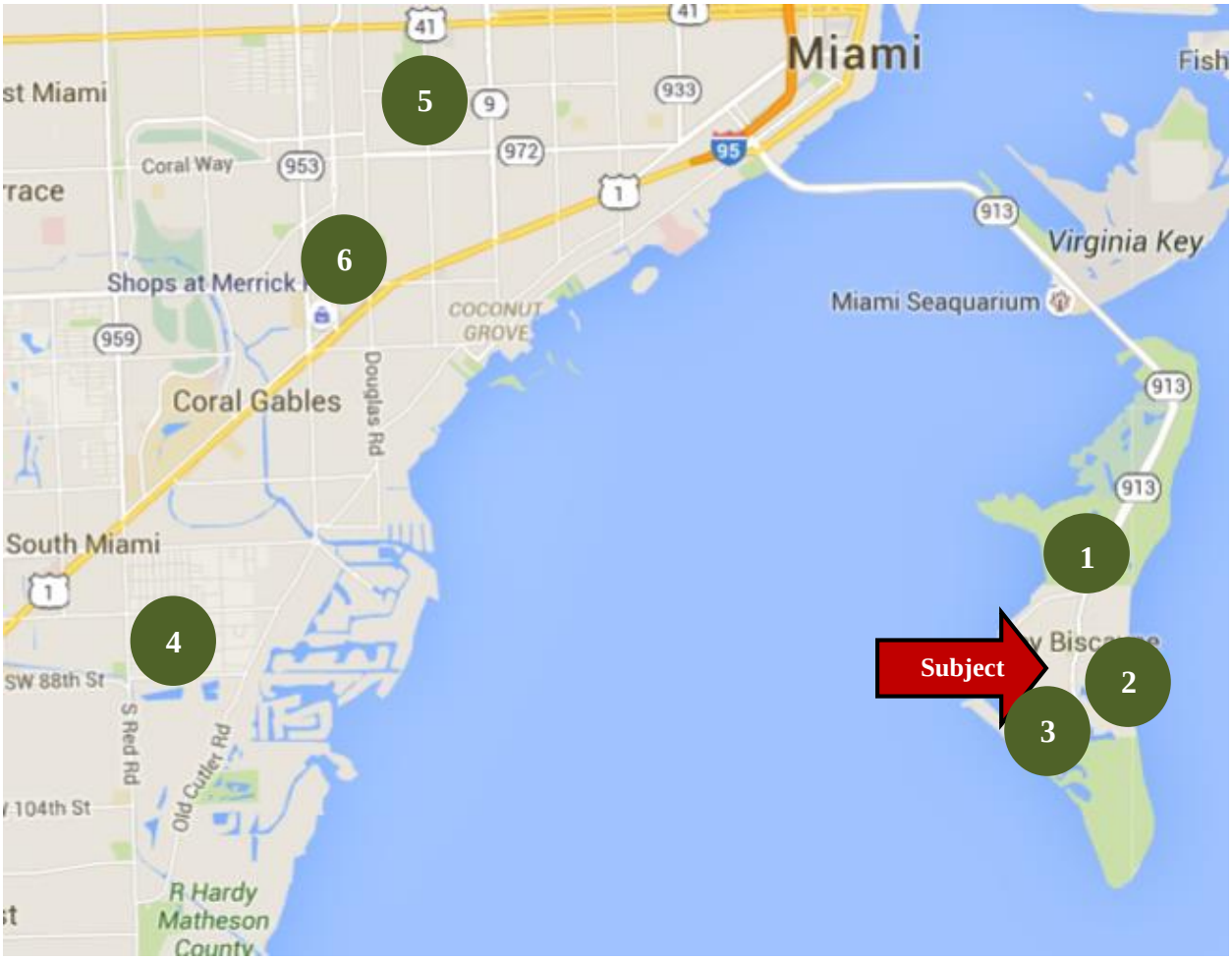
[1] The Appraisal of Real Estate 14th Edition, 2013, page 379

# Vacant Land Sales Grid – Scenario B

Following is a grid of the comparable sale properties used for comparison to the subject property for the Scenario B valuation. Sales 1 to 3 are located in Key Biscayne. Key Biscayne has a limited amount of commercially zoned property and as a result there were few lands sales available for comparison. Sales 3 and 4 are located in Coral Gables and Sale 6 is located in the city of Miami. These locations were chosen based upon their desirability and having rental rates for retail and office space in the range of the subject location.

| Sale | Sale Date | Location | Zoning | Sale Price | Sq. Ft. Size | Price/ Sq.Ft. |
|---|---|---|---|---|---|---|
| 1 | 8/15 | 12-24 Crandon Boulevard<br>Key Biscayne | C-1 | $15,000,000 | 58,850 | $255 |
| 2 | 6/15 | 200 to 204 Sunrise Drive<br>Key Biscayne | RM-16 | $7,200,000 | 29,700 | $242 |
| 3 | 10/15 | 84 Crandon Boulevard<br>Key Biscayne | C-1 | $3,230,000 | 14,950 | $216 |
| 4 | 6/15 | 1520 San Ignacio Avenue<br>Coral Gables | C | $3,800,000 | 15,364 | $247 |
| 5 | 8/14 | 1200 Ponce de Leon Boulevard<br>Coral Gables | C | $6,650,000 | 28,502 | $233 |
| 6 | 6/15 | 3734 to 3750 Bird Road<br>Miami | T6-12-O | $10,100,000 | 50,650 | $199 |
| **Subject** | | **85 W Enid Drive<br>Key Biscayne** | **C-1** | | **22,100** | |

# Vacant Land Sales Map



### *Comparable Land Sale 1*

**Property Location**

12 to 24 Crandon Boulevard
Key Biscayne, FL
Miami-Dade County

**Property Identification**

Tax ID: 24-4232-002-0020, 24-4232-002-0021 and 24-4342-002-0030
WRI No: 303940

**Units of Comparison**

Price/Sq.Ft.**:** $254.89
Price/Acre: $11,111,111

**Property Description**

Square Feet: 58,850
Acres: 1.35
Topography: Grade level
Shape: Trapezoidal
Zoning: C-1, Low Intensity Commercial District by the city of Key Biscayne, FL

**Recording Information**

Sale Price: $15,000,000
Sale Date: August 2015
ORB/Page: 29748/4176
Grantor: Key Biscayne Gateway Partners, Ltd.
Grantee: ES KB Partners, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

**Comments**

This property is located on the west side of Crandon Boulevard at the entrance to Key Biscayne. The improvements on the site at the time of sale have been razed. The purchasers intend to develop the property with retail uses. The grantee is an adjoining property owner that has now combined both sites to create a larger parcel with strong development potential.

## *Comparable Land Sale 2*

### Property Location

200 to 204 Sunrise Drive
Key Biscayne, FL
Miami-Dade County

### Property Identification

Tax ID: 24-5205-018-0001
WRI No: 303941

### Units of Comparison

Price/Sq.Ft.**:** $242.42
Price/Acre: $10,588,235

### Property Description

Square Feet: 29,700
Acres: 0.68
Topography: Grade level
Shape: Rectangular
Zoning: RM-16, Medium Density Residential by the Village of Key Biscayne, FL.

### Recording Information

Sale Price: $7,200,000
Sale Dates: July 2015 through September 2015 (see grid below)
ORB/Page: Refer to the grid below
Grantor: Twelve Separate Condominium Unit Owners
Grantee: 202 Sunrise Holdings, LLC
Financing: All cash to sellers
Prior Sale: None in the past five years

### Comments

This sale is from twelve condominium owners to a developer that plans to construct a new condominium building. Each unit owner received $600,000 for a total purchase of $7,200,000 (12 units times $600,000 each). Each sale was closed with a separate deed. The sale is located just east of Crandon Boulevard. As of the date of inspection (April 20, 2016), the original improvements were still being used. Below are the units transferred and their recording information.

| Parcel ID | Unit No. | ORB | Page | Last Sale Date |
|---|---|---|---|---|
| 24-5205-018-0010 | 200A | 29719 | 2267 | 7/17/2015 |
| 24-5205-018-0020 | 200B | 29767 | 3921 | 8/26/2015 |
| 24-5205-018-0030 | 202A | 29767 | 4193 | 9/3/2015 |
| 24-5205-018-0040 | 202B | 29767 | 3642 | 9/4/2015 |
| 24-5205-018-0050 | 204A | 29782 | 1820 | 9/4/2015 |
| 24-5205-018-0060 | 204B | 29719 | 2230 | 7/29/2015 |
| 24-5205-018-0070 | 200C | 29767 | 3744 | 8/27/2015 |
| 24-5205-018-0080 | 200D | 29767 | 3736 | 8/31/2015 |
| 24-5205-018-0090 | 202C | 29767 | 3615 | 8/29/2015 |
| 24-5205-018-0100 | 202D | 29719 | 2235 | 7/29/2015 |
| 24-5205-018-0110 | 204C | 29794 | 3549 | 9/25/2015 |
| 24-5205-018-0120 | 204D | 29767 | 3639 | 9/4/2015 |

## *Comparable Land Sale 3*

**Property Location**
84 Crandon Boulevard
Key Biscayne, FL
Miami-Dade County

**Property Identification**
Tax ID: 24-4232-002-0043
WRI No: 303942

**Units of Comparison**
Price/Sq.Ft.**:** $216.05
Price/Acre: $9,500,000

**Property Description**
Square Feet: 14,950
Acres: 0.34
Topography: Grade level
Shape: Trapezoidal
Zoning: C-1, Low Intensity Commercial District by the city of Key Biscayne, FL

**Recording Information**
Sale Price: $3,230,000
Sale Date: October 2015
ORB/Page: 29822/136
Grantor: CP Sunshine 2 LLC
Grantee: Jacanda II Investments, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

**Comments**
This property was purchased as part of a two property acquisition. These were sale/leasebacks with a reported rent for this property of $130,000, resulting in a 4% land capitalization rate.

### *Comparable Land Sale 4*

**Property Location**
1520 San Ignacio Avenue
Coral Gables, FL 33146
Miami-Dade County

**Property Identification**
Tax ID: 03-4130-009-1520
WRI No: 303902

**Units of Comparison**
Price/Sq.Ft.**:** $247.33
Price/Acre: $10,857,143

**Property Description**
Square Feet: 15,364
Acres: 0.35
Topography: Grade level
Shape: Rectangular
Zoning: C, Commercial District by the city of Coral Gables, FL

**Recording Information**
Sale Price: $3,800,000
Sale Date: June 2015
ORB/Page: 29664/4205-4206
Grantor: Holston Apartments, Inc.
Grantee: 1515 Sunset, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

**Comments**
This was the purchase of a property in the southern portion of Coral Gables commercial properties and just outside of the City of South Miami and essentially within the Business District. It contains a 7,250 square foot two story office building which will be demolished to make way for new development. The buyer is developing an office/retail building surrounding it on the east and south sides. Although this is an adjoining owner, no premium was paid for the purchase.

### *Comparable Land Sale 5*

**Property Location**
1200 Ponce de Leon Boulevard
Coral Gables, FL 33134
Miami-Dade County

**Property Identification**
Tax ID: 03-4108-009-2390
WRI No: 303718

**Units of Comparison**
Price/Sq.Ft.**:** $233.32
Price/Acre: $10,230,769

**Property Description**
Square Feet: 28,502
Acres: 0.65
Topography: Grade level
Shape: L Shape
Zoning: C, Commercial District by the city of Coral Gables, FL

**Recording Information**
Sale Price: $6,650,000
Sale Date: August 2014
ORB/Page: 29275/3288
Grantor: 1200 Ponce, LLC
Grantee: Ofizzina 1200, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

**Comments**
This is the sale of a parcel located at the southwest corner of Antilla Avenue and Ponce de Leon Boulevard in the city of Coral Gables. At the time of the purchase, it contained a two-story 12,876 square foot building. As of the inspection date of April 20, 2016, the building was in the process of being razed. The buyer intends to build a 16 story condominium office building containing 96,427 square feet, 47 units and 322 parking spaces.

### *Comparable Land Sale 6*

**Property Location**
3734-3750 Bird Road
Miami, FL 33146
Miami-Dade County

**Property Identification**

| | |
|---|---|
| Tax ID: | 01-4117-003-1750, -1760, -1770, -1780 and -1820 |
| WRI No: | 303823R |

**Units of Comparison**

| | |
|---|---|
| Price/Sq.Ft.**:** | $199.41 |
| Price/Acre: | $8,706,897 |

**Property Description**

| | |
|---|---|
| Square Feet: | 50,650 |
| Acres: | 1.16 |
| Topography: | Grade level |
| Shape: | L Shape |
| Zoning: | T6-12-O, Urban Core Zone by the city of Miami, FL |

**Recording Information**

| | |
|---|---|
| Sale Price: | $10,100,000 |
| Sale Date: | June 2015 |
| ORB/Page: | 29667/4064 |
| Grantor: | TREO Douglas Station, LLC |
| Grantee: | MCREF Bird Development Phase II, LLC |
| Financing: | All cash to the seller |
| Prior Sale: | October 2013 for $5,700,000 |

**Comments**

This sale consists of five contiguous parcels. Together they make up an L-shaped parcel located surrounding the southwest corner of the intersection of Bird Road (SW 40th Street) and SW 37th Court in the city of Miami. The property is essentially three quarters of a city block. It also has frontage along the north side of Peacock Avenue and the west side of SW 37th Court. The purchaser intends to redevelop the site for retail, office or possibly residential use. The 2013 sale was a distressed sale with the seller's business having closed and the property in a pending foreclosure.

# Adjustment Grid

Below is a grid which illustrates qualitative adjustments used to compare the comparable sales to the subject property. Percentage adjustments were not utilized. In order to utilize percentage adjustments, it would be necessary to pair (compare) sales to extract value differences. This is difficult as there is normally insufficient data to provide pairings for all value differences. Below is a grid which illustrates the adjustments made. A plus (+) sign indicates the unit of comparison of the sale must be adjusted upward as that characteristic is inferior to the subject. A minus (–) sign indicates the unit of comparison of the sale must be adjusted downward since the characteristic is superior to the subject. An equal (=) sign indicates the comparable sale characteristic is similar to the subject.

| **Sale** | **1** | **2** | **3** | **4** | **5** | **6** |
|---|---|---|---|---|---|---|
| **Price Per Square Foot** | **$255** | **$242** | **$216** | **$247** | **$233** | **$199** |
| Property Rights Conveyed | = | = | = | = | = | = |
| Financing | = | = | = | = | = | = |
| Conditions of Sale | - | = | = | = | = | = |
| Market Conditions (Time) | = | = | = | = | + | = |
| Location | - | = | - | - | - | = |
| Zoning* | = | - | = | = | - | - |
| Size | + | = | = | = | = | + |
| Shape | = | = | = | = | = | + |
| **Overall Adjustment** | **-** | **-** | **-** | **-** | **-** | **+** |

*Considers C-1 zoning and not the current GU zoning.

After considering the individual differences, either a plus (+), minus (–) or equal (=) sign has been placed in the "Overall" column. This indicates the overall adjustment that the sale would require as compared to the subject property.

# Analysis of Sales

Following is the discussion and comparison of various characteristics of the sales as compared to the subject property.

**Financing:**

The financing of the sales did not indicate any adjustments of their sale prices are warranted for favorable financing. The sales were all financed with loans at or near market rates, or purchased for all cash.

**Conditions of Sale:**

This category considers if the comparable sales were arm's length. An arm's length sale means the buyer and seller each acted prudently, knowledgeably, and were under no necessity to buy or sell, i.e., a sale that is other than a forced or liquidation sale. Also considered are if any of the sales were purchased by an adjoining owner, whereby a premium was paid. Sale 1 was adjusted downward to reflect the purchaser was an adjoining owner. While Sale 4 sold to an adjoining owner, no premium was paid. None of the other sales required adjustment for this category.

**Market Conditions (Time):**

This adjustment considers current market conditions as compared to market conditions in place at the time of the respective sale. Values of commercial property have been increasing, especially for multi-family zoned land. Sale 5 sold in 2014 and was adjusted upward for market conditions as values rose from 2014 to 2015. The sales in 2015 were not adjusted as there was insufficient data to indicate if values have continued to increase from mid-2015 to April 2016.

**Location:**

Sales considered superior to the subject were adjusted downward. Sales considered inferior to the subject were adjusted upward. Those sales considered similar did not require an adjustment. The subject is not located on Crandon Boulevard, a highly desirable location for commercial use. Sales 1 and 3 were both adjusted downward for having frontage along Crandon Boulevard, which is favorable. Sale 2 is located on Sunrise Drive, just east of Crandon Boulevard. The subject's location was considered comparable and no adjustment was needed. Sale 4 is in the Coral Gables/South Miami area, an active commercial and multi-family zoning location. Overall this sale is considered similar and no adjustment was made. Sale 5 is located on Ponce de Leon, albeit not as desirable as locations to the south in the CBD. However, this is a visible location and considered superior to the subject. Sale 6 has frontage on Bird Road and 37$^{th}$ Avenue. This location is considered overall comparable and no adjustment was made.

**Zoning:**

The subject property is being valued based on being zoned C-1 by the Village of Key Biscayne, Sales 1 and 3 are also zoned C-1. No adjustment was needed to these sales. Sale 2 is zoned for a mid-rise residential use. Residential zoning has been more desirable based on demand levels and therefore this sale was adjusted downward. The zoning for Sale 4 is considered comparable to that of the subject and no adjustment as made. It is below the 20,000 square foot threshold in the Coral Gables municipality and therefore limited as to it density. Sales 5 and 6 have zonings that allow greater density and were therefore adjusted downward.

**Size:**

The size adjustment is based on the principle of economies of scale whereby larger sites tend to sell for less per square foot. Smaller sites were considered superior and adjusted downward, larger sales were considered inferior and adjusted upward and those sales similar in size were not adjusted. Sales 2, 3, 4 and 5 were considered close enough in size as to not warrant adjustment. Sales 1 and 6 are much larger than the subject property and were adjusted downward for size.

**Shape:**

The subject property is a rectangular site. The sales have varying shapes, but only Sale 6 was considered to have a shape ("L" shape) that is considered inferior to the subject and required an upward adjustment. The remaining sales were considered generally comparable and were not adjusted.

# Conclusion of Land Value for Scenario B by the Sales Comparison Approach

The sales comparison approach compared similar properties to the subject property and adjustments were made for the pertinent characteristics. Sale prices per square foot range from $199 to $255 with a mean of $232 per square foot and a median of $238 per square foot. The adjustment grid indicates the subject property should be valued greater than Sale 6 ($199 per sq. ft.) and below Sale 3 ($216 per sq. ft.).

In concluding to a value the following items were also considered;

- **240 Crandon Boulevard** – This property sold in September 2015 for $20,750,000. The land area is 80,600 square feet and the building size of the 1980 structure is 52,004 square feet. Based solely on the land area the price indicates $257 per square foot. If the depreciated value of the improvements were estimated at $100 per square foot, the residual land value indication would be $193 per square foot. (52,004 sq. ft. x $100 per sq. ft., equal to $5,200,400. $20,750,000 less $5,200,400 = $15,549,600 ÷ 80,600 square feet of land = $193 per sq. ft.).
- **101 Sunrise Drive** – This site is located at the northeast corner of Sunrise Drive and Crandon Boulevard. In October 2012, the property sold for $4,800,000. Based on the land area of 28,791 square feet, the price indicated $167 per square foot. This site is in close proximity to Sale 2 at 200-205 Sunrise Drive that sold for $242 in June 2015. The price per square foot difference is an indication of increases in this area (approximately 17% per year from October 2012 to June 2015).

While the above sales were not used for direct comparison, they do support the value range of the six sales used for direct comparison. Based on the adjustment grid the value indicated should be greater than $199 and less than $232 per square foot.

After considering the sales data available and the factors influencing value described, it is concluded that the subject land, under Scenario B, has a value as if vacant, of $215 per square foot. The estimated land value equals 22,100 square feet times $215 per square foot, equal to $4,750,000 (rounded).

# Reconciliation of Value

The reconciliation process considers the approaches which were utilized in this report. Each approach to value is analyzed as to its reliability and applicability. These approaches indicated the following values:

| | **Scenario A** | **Scenario B** |
|---|---|---|
| Value by Cost Approach: | Not applicable | Not applicable |
| Value by Income Capitalization Approach: | Not applicable | Not applicable |
| Value by Sales Comparison Approach: | $490,000 | $4,750,000 |

The cost approach estimates the land value and adds the depreciated value of the improvements. As the subject is appraised herein as vacant land, this approach is not applicable and was not applied to either valuation scenario.

The income capitalization approach analyzes the projected income and expenses of a property and capitalizes the net income into a value estimate. Typically, vacant land is not purchased based on its ability to generate income. However, this approach was used and considered applicable for Scenario A. Due to the valuation assumptions which limit the use of the property there were no sales available for comparison and the income capitalization approach was considered the only reliable method to use for valuing the property under Scenario A.

The sales comparison approach compares sales of similar properties to the subject property and is the only applicable approach to value. This approach was the sole valuation method used for Scenario B. The sales were analyzed for differences such as conditions of sale, financing, market conditions, location, zoning, shape/size, and other characteristics. The strength of this approach relies on the quality of the comparable sales. Sales which closely resemble and can be compared easily with the subject are most desirable. The sales utilized were considered comparable and make the sales comparison approach the only reliable indication of value for Scenario B. This method was considered not applicable for Scenario A.

For Scenario A, total reliance was placed on the income capitalization approach. The subject property has an indicated market value of the fee simple interest (Scenario A) as of April 20, 2016 in the amount of $490,000. For Scenario B, total reliance was placed on the sales comparison approach. Scenario B is estimated to have an "As Is" market value of the fee simple interest, as of April 20, 2016 in the amount of $4,750,000.

**This appraisal report contains hypothetical conditions. The reader is strongly advised to be familiar with the definition of a hypothetical condition because it is significant in understanding the premise of this appraisal. The definition is detailed on page 2 in the letter of transmittal. It is applicable to this appraisal because a change in the hypothetical conditions would cause a change in the opinions and conclusions herein.**

# Addenda

# Miami- Dade County Area Description

# Miami-Dade County and Area Description

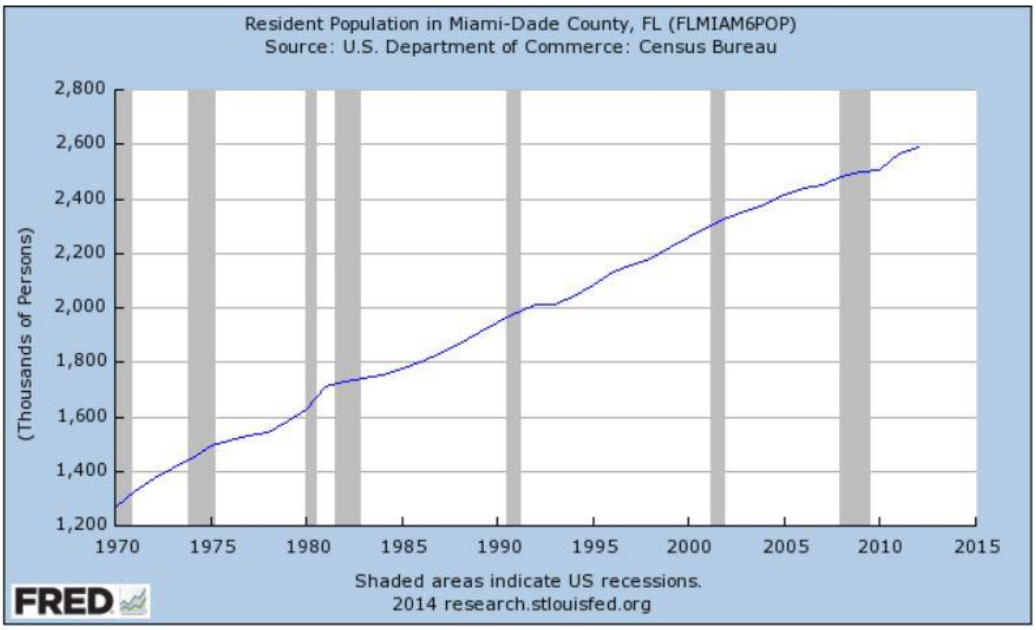
## General Overview

Miami-Dade County, often referred to as "Miami" is known internationally for its weather, beaches, banking, fine art, shopping, and Latin culture. While many pass through the Cruise Capital of the World, 2.5 million people call it home.

Miami-Dade County is at the southeastern tip of Florida and is the south-easternmost state in the continental United States. Its land area is approximately 1,946 square miles and is bordered by Broward, Collier, and Monroe Counties to the north, southwest, and south, respectively. The county is bordered by the Atlantic Ocean to the East and Everglades National Park to the West.

## Demographics

As of the 2013 Census report, Miami-Dade County has 2,496,435 residents. Over half of those were born outside the United States; 70 percent fall between the ages of 25 and 55. As depicted in the following graph, the county's population has risen steadily since 1970.




| Miami-Dade County Population Projections | | | |
|---|---|---|---|
| **2015 Projection based on 2011 Estimate** | **Percentage change 2011 to 2015** | **2020 Projection based on 2011 Estimate** | **Percentage change 2011 to 2020** |
| 2,591,790 | 3.8% | 2,717,631 | 4.9% |

Miami has a positive reputation for international business, and developers are marketing their new projects to those individuals. Therefore, the county's population is expected to increase at an even greater rate approaching the year 2020.

Miami is the largest city in the County. Other populous municipalities include Hialeah, Miami Gardens, Miami Beach, and unincorporated land. Actively growing are some new cities since 2000 such as Cutler Bay and Doral.

## Brief History

Miami was founded in 1866 after the end of Spanish rule in Florida. Before the turn of the century, prominent figures such as William and Mary Brickell and Henry Flagler established a community and connected the young city to the rest of the United States. Island people moved here for work.

In 1910, John Collins discovered fresh water on Miami Beach, and within a decade, the population soared, and businessmen bought up the land. The city quickly became a popular spot for tourists, but it crumbled under the hurricane of 1926. During the decades of war, parts of Miami-Dade County became training grounds for military. Residents then slowly built back up the tourism industry.

The early 1960's marked the beginning of the arrival of large numbers of Cuban Refugees into Miami-Dade County and South Florida. In the years following, significant numbers of immigrants have come from Haiti, Cuba and other Latin American countries.

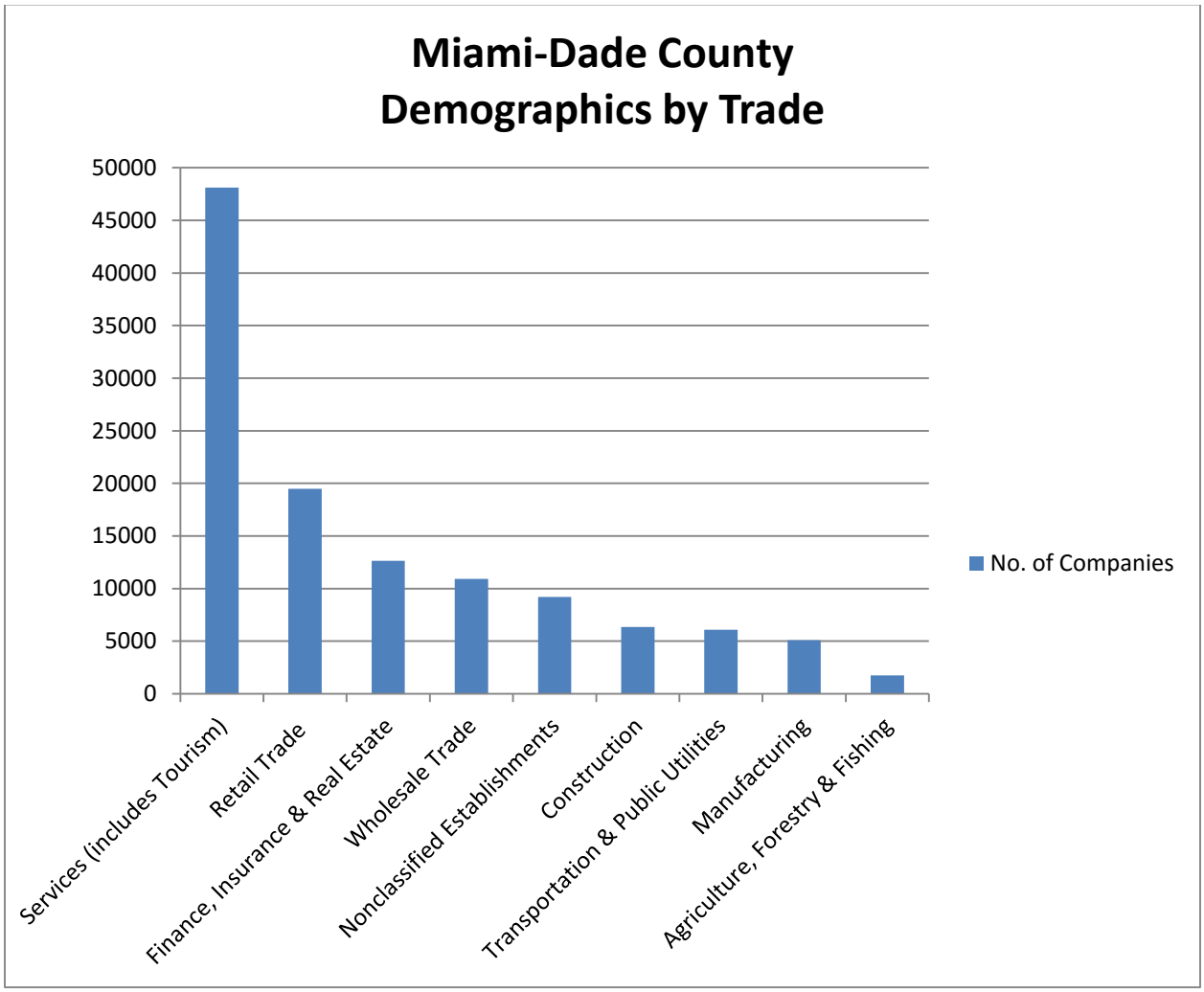
## Government

Miami-Dade County has a strong mayor form of government, with nine elected individuals (one mayor and eight commissioners) making up the Miami-Dade County Board of Commissioners. The mayor appoints a professional administrator to manage the daily activities of the county government and a county attorney to handle its legal matters.

Some governmental activities, services and functions previously handled by individual municipalities are now handled by the county. Among these are real property assessment and valuation, health and welfare, most water and sewers, traffic engineering, public libraries, public transportation, public housing, urban renewal, seaport, airport, regional parks and air and water pollution control. In addition to these, Miami-Dade County provides services to the unincorporated areas of the county such as: police and fire protection, building and zoning regulation, trash and garbage collection and disposal, parks and recreation, consumer protection and corrections and rehabilitation of adults and youth offenders.

**Economic Base**

The primary industries that support Miami-Dade County's economy through employment are trade, transportation and utilities, followed by education/health services and government. The most known is tourism, a major industry for Miami-Dade County. The following chart reflects the county's demographics by trade, with tourism ranking the highest number of companies, followed by retail and finance, insurance and real estate.




*Source: The Beacon Council*

A year-round growing season allows the agricultural industry to be the top vegetable supplier and producer in the country. The industry employs more than 20,000 people and produces more than $2.7 billion in economic benefits each year. As a result, agritourism has sprouted an industry throughout the agricultural area where visitors can sample and purchase locally grown products.

## Transportation

*Miami International Airport* (MIA) and its linkages are considered to be the driving force for growth behind its surrounding area. Airport traffic in 2013 included over 40 million passengers, 2 million tons of freight, and 2 million tons of cargo. Other airports within the county include Kendall-Tamiami Airport and Opa-locka Executive Airport. The aviation industry directly and indirectly contributes $26.7 billion and 282,043 jobs to the local economy.

*PortMiami* annual activity includes 4.3 million cruise passengers and 7.4 millions of tons of cargo. The port contributes more than $27 billion annually to the South Florida economy and helps provide direct and indirect employment for more than 207,000 individuals. It had been undergoing construction for a two-way underwater tunnel between the port and downtown Miami. The Deep Dredge Project, set to deepen the channel from its current 42-foot depth to minus 50 feet in order to accommodate super cargo ships has been completed in 2015.

Within Miami-Dade County, major roads include the *Palmetto Expressway* (State Road No. 826), a major north/south expressway; the *Dolphin Expressway* (State Road No. 836), a major east/west expressway; *Interstate 95* and the *Florida Turnpike*. All of these represent Miami's expressway network and make almost any destination in Miami-Dade County within 30 to 45 minutes driving time.

Transportation systems include a Busway in south Miami-Dade County linking to Metrorail, an elevated rail rapid transit system connecting portions of Miami-Dade County. In July 2012, a new Metrorail station in MIA links south Miami-Dade County, downtown Miami and the entire elevated rail line. The enables seamless connections to the Metromover systems and to a web of transportation arteries in neighboring counties leading to the rest of Florida.

The Miami Intermodal Center (MIC) links the airport, East/West Rail, Amtrak, Tri-Rail, Airport/Seaport Connector and Metrorail mainline rail. Located near the State Road No. 836/State Road 112 Connector, it presently contains the bulk of the rental car agencies. East of the airport in the future it will contain retail, commercial, residential and tourist-designed development.

The Metromover automated people mover system is located in downtown Miami and is an off-shoot of the Metrorail system. There are also Metrobus buses, most of which are in service daily throughout the county. The Metromover system includes the Brickell Avenue financial district and also runs north to the Omni area. Other transportation services in Miami-Dade County include Tri-Rail, railroads and taxicabs. Railroad service by Amtrak is accessible in northwest Miami-Dade. Tri-Rail is South Florida's commuter train system which services Miami-Dade, Broward and Palm Beach Counties.

## Education

Based upon student population, the Miami-Dade County School system is the fourth largest public school system in the nation with 415 institutions including elementary, middle, high, K-8, charter, alternative and magnet schools. Many private institutions exist as well.

Several colleges and universities located in the county are University of Miami, Barry University, Florida International University, Miami-Dade Community College, St. Thomas University, Florida Memorial College and Johnson & Wales University.

## Medical

Miami-Dade County has the largest concentration of medical facilities in Florida. The largest institution is Jackson Memorial Medical Center, the second largest public hospital in the nation which shares many teaching, treatment and research capacities with the University of Miami. Private hospitals include Baptist Health System, Mercy, Miami Children's, and Mount Sinai.

## Sports

Professional, college and even local neighborhood sports draw spectators, participants and investors to a high degree and create a positive atmosphere. Professional football (Miami Dolphins), basketball (Miami Heat), baseball (Miami Marlins) and ice hockey (Florida Panthers) are continual draws. As of January 2014, business negotiations are currently underway to bring Major League Soccer to Miami. There are two horse tracks and a dog track. Several of these tracks have been approved for slot gambling or table gambling, depending upon location in a municipality or Indian reservation. Also offered are golf, tennis, as well as the numerous water sports, given the significant bodies of water.

## Arts and Culture

Known for the wealth of ethnic diversity and heritage, Miami-Dade County has a cultural mix of festivals, concerts, theater, and dance performances. Adrienne Arsht for the Performing Arts of Miami-Dade County opened in 2006 and is home to the Concert Association of Florida, Florida Grand Opera, Miami City Ballet, and the New World Symphony. The county is also home to several museums and wildlife attractions.

## Summary

During its history, Miami-Dade County and the Greater Miami area have experienced significant changes and growth. Trends indicate that the growth will continue with Miami-Dade County rapidly becoming an international city with a diverse culture. The economic base and the bilingual population should continue to attract new residents and businesses into Greater Miami.

*Sources including, but not limited to:*
United States Census Bureau (Jan. 2014). http://quickfacts.census.gov/qfd/states/12/12086.html
Miami-Dade County Portal (Jan. 2014). www.miamidade.gov
The Beacon Council (Jan. 2014). www.beaconcouncil.com
Federal Reserve Economic Data (Jan. 2014). http://research.stlouisfed.org/fred2/
Miami Herald (various articles). http://www.miamiherald.com/

# Estimation of Capitalization Rate

Land capitalization rates may be extracted from comparable sales of leased vacant parcels and may also be supported by investor surveys. The grid below is a sample of capitalization rates for triple net leased properties. Properties that are purchased with national tenants such as those reflected in these sales tend to have lower capitalization rates because the quality of the tenant makes these assets a more secure investment with lower risk.

| **Selected Sales of Net Leased Properties** | | | | |
|---|---|---|---|---|
| **Address** | **City** | **Name** | **Sale Date** | **Cap Rate** |
| 22500 SW 112th Ave | Miami | Dollar General | 12/15 | 5.20% |
| 1001-1019 Lincoln Road | Miami Beach | Lincoln Road Retail | 9/2015 | 3.38% |
| 2880 NE 8th Street | Homestead | McDonald's | 1/15 | 4.31% |
| 6991 SW 8th Street | Miami | Walmart | 11/14 | 4.44% |
| 2400 S. University Dr. | Davie | PNC Bank | 12/13 | 5.00% |
| 4808 Coconut Creek Parkway | Coconut Creek | Regions Bank | 5/13 | 5.10% |
| 150 NW 180th Ave | Pembroke Pines | Chase Bank | 3/13 | 4.90% |
| 15050 Biscayne Boulevard | North Miami | Walgreens | 3/13 | 5.95% |
| 14190 SW 26th Street | Miami | Walgreens | 2/13 | 6.79% |
| 17355 Biscayne Blvd | Miami | Houston's | 12/12 | 3.94% |
| 12290 Biscayne Boulevard | North Miami | BankUnited | 12/12 | 5.59% |
| 7999 Pines Blvd. | Pembroke Pines | TD Bank | 11/12 | 5.50% |
| 2391 W 68th St | Hialeah | CVS | 9/12 | 5.85% |
| 1000 E Tarpon Ave | Tarpon Springs | CVS Ground Lease | 2/12 | 5.50% |

The subject property is not likely to be leased to an entity having considerable financial stability, thereby the estimated rate would be toward the higher end of the above range.

In addition to the overall rates above from market transactions, also reviewed were investor surveys. On the following page is a survey published by RealtyRates.com of land capitalization rates for various property types. The survey shown is for land lease rates based on the 4th Quarter of 2015, and published in the 1st Quarter of 2016. The capitalization rates range widely from 2.40% to 16.26%, with the average rates for the various property classes ranging from 6.51% to 8.72%. Land leases developed with office, retail and apartments had average capitalization rates of 6.97%, 6.63% and 6.38%, respectively.

| RealtyRates.com INVESTOR SURVEY - 1st Quarter 2016* LAND LEASES | | | | | | |
|---|---|---|---|---|---|---|
| | Capitalization Rates | | | Discount Rates | | |
| Property Type | Min. | Max. | Avg. | Min. | Max. | Avg. |
| Apartments | 2.40% | 10.62% | 6.38% | 5.00% | 11.12% | 7.38% |
| Golf | 2.86% | 15.76% | 8.72% | 5.46% | 16.26% | 9.72% |
| Health Care/Senior Housing | 2.96% | 11.99% | 6.91% | 5.56% | 12.49% | 7.91% |
| Industrial | 2.71% | 10.62% | 6.51% | 5.31% | 11.12% | 7.51% |
| Lodging | 2.86% | 15.26% | 7.17% | 5.46% | 15.76% | 8.17% |
| Mobile Home/RV Park | 2.65% | 12.48% | 7.46% | 5.25% | 12.98% | 8.46% |
| Office | 2.71% | 10.62% | 6.97% | 5.31% | 11.12% | 7.97% |
| Restaurant | 3.96% | 15.78% | 8.21% | 6.56% | 16.28% | 9.21% |
| Retail | 2.41% | 11.99% | 6.63% | 5.01% | 12.49% | 7.63% |
| Self-Storage | 2.71% | 10.62% | 7.60% | 5.31% | 11.12% | 8.60% |
| Special Purpose | 3.41% | 16.26% | 8.42% | 6.30% | 18.30% | 9.23% |
| All Properties | 2.40% | 16.26% | 7.36% | 5.00% | 16.28% | 8.25% |

*4th Quarter 2015 Data

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The comparable land leases indicate a range of capitalization rates of 3.38% to 6.79%, with the most recent leases trading at lower rates, reflecting a slight downward trend. The investor surveys indicate average rates in the range of 6.51% to 8.72%. Based on the market rates, the RealtyRates survey and with consideration to the subject's location, a rate of 6% was estimated. This estimated rate is at the upper end of the market rates and below the rates of the RealtyRates survey.

# Marshall Valuation Service

## SURFACE PARKING LOTS

The following are based on a cost per space and average area per space including asphalt paving, concrete aprons, striping, some lighting, landscaping and drainage. Older lots, sized for large cars, or lots designed for much in and out traffic tend toward the higher areas per space, while newer lots sized for smaller cars, or lots designed for maximum employee parking tend toward the lower end of the range. Costs will vary depending on the extent of grading, paving, lighting and other amenities required.

Open lot costs will vary significantly by size and amenities. Add only those components that apply and which can be mixed by quality. Reduce costs by 5% for every 100 cars over 200 to a maximum of 30%. For example, a small retail lot for 15 cars will be at the high end of the scale, while a 500-car lot will be at the low end minus 15%. Apply proportional costs to additional paved areas beyond the typical area per space.

| | LOW | AVG. | GOOD | EXCL. |
|---|---|---|---|---|
| Engineering plans, survey, permits, etc. | 75.50 | 99.00 | 124.00 | 155.00 |
| Grading rough and finished | 64.00 | 81.50 | 103.00 | 134.00 |
| Drainage | 149.00 | 165.00 | 186.00 | 201.00 |
| Paving spaces and drives | 575.00 | 715.00 | 940.00 | 1,190.00 |
| Pavement marking striping and bumpers | 12.80 | 19.75 | 38.50 | 57.50 |
| Buildings ticket booths | 19.75 | 19.75 | 32.50 | 38.50 |
| Electrical lighting and wiring | 165.00 | 180.00 | 196.00 | 206.00 |
| Miscellaneous landscaping, fencing, signs, etc. | 134.00 | 149.00 | 180.00 | 196.00 |
| Cost per car space | 1,190.00 | 1,420.00 | 1,790.00 | 2,190.00 |

Basement parking, see Section 11. For parking structures, see Section 14.

| Average area per parking space | LOW | AVG. | GOOD | HIGH |
|---|---|---|---|---|
| Square feet | 285 | 315 | 345 | 380 |

## PARKING LOT EQUIPMENT

| | COST RANGE |
|---|---|
| Automatic pay station | 94,500.00 – 129,000.00 |
| Automatic ticket dispenser | 8,800.00 – 13,200.00 |
| with ticket reading machine | 15,600.00 – 19,500.00 |
| Gate operator, key | 955.00 – 1,180.00 |
| card | 1,360.00 – 1,760.00 |
| coin | 2,675.00 – 5,550.00 |
| Walk up slot box | 1,620.00 – 2,490.00 |
| Fee indicator, inside | 2,550.00 – 3,100.00 |
| outside | 3,100.00 – 3,550.00 |
| Gate arm, automatic, one way | 4,250.00 – 6,150.00 |
| two way | 5,300.00 – 6,600.00 |
| Traffic detectors, magnetic, each | 915.00 – 1,360.00 |
| Traffic exit spikes | 2,040.00 – 2,240.00 |
| Warning sign, lighted, on post | 955.00 – 1,180.00 |

For entry grills and gates, see Section 55. For toll booths, guard houses, see Sections 64 or 17.

## PARKING LOT IMPROVEMENTS

| | | | |
|---|---|---|---|
| Asphalt coating, 2" min. overlay, per sq. ft. | 1.34 | – | 1.79 |
| reseal | 0.20 | – | 0.45 |
| Parking lot striping, per car | 8.82 | – | 12.60 |
| handicap stall, each | 16.15 | – | 21.40 |
| Parking lot striping, preformed reflective thermoplastics, per car | 59.00 | – | 108.00 |
| handicap stall, each | 211.00 | – | 520.00 |
| Parking bumpers, precast concrete, per lin. foot | 5.10 | – | 8.76 |
| wood | 4.82 | – | 9.92 |
| plastic | 6.79 | – | 13.90 |
| Sign, for handicap stall, on pole, each | 206.00 | – | 345.00 |
| wall mounted | 73.00 | – | 134.00 |
| painted on surface | 45.00 | – | 103.00 |
| Speed bumps, 10" wide, plastic, per lin. foot | 21.05 | – | 32.50 |
| Metal guard rail, pipe or posts, per lin. foot | 22.60 | – | 42.25 |
| Barrier posts or poles, each | 108.00 | – | 330.00 |

*MARSHALL VALUATION SERVICE* *The data included on this page become*

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