

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Ocala/Marion County Transportation Planning Org

**121 SE Watula Ave
Ocala, Florida
Appraisal Report
A&A File #2017.105.004.001**

Certified to:

**Holly Lang, Fiscal Manager
City of Ocala Growth Management Department
201 SE 3rd St, 2nd Floor
Ocala, FL 34471**

Certified by:

**Stephen J. Albright, Jr., MAI
State-Certified General Real Estate Appraiser RZ2392**

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Albright & Associates of Ocala, Inc.

Published by:

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207 SE 8th Street, Ocala, FL 34471**

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Holly Lang, Fiscal Manager
City of Ocala Growth Management Department
201 SE 3rd St, 2nd Floor
Ocala, FL 34471

August 31, 2017

Re: Ocala/Marion Co Transportation Planning Org @ 121 SE Watula Ave, Ocala, Florida

Dear Ms. Lang:

Pursuant to your request, an appraisal has been prepared of the above captioned property documented by the enclosed text. The subject property consists of three parcels of record which are presently associated with the Ocala/Marion County Transportation Planning Organization (TPO) offices. More specifically, the subject parcels are summarized as follows:

- Parcel 1:** North parking lot (PID #2820-012-001)
- Parcel 2:** Central lot improved with office building (PID #2820-012-003)
- Parcel 3:** East parking lot (PID #2820-012-004)

The scope of work of this assignment includes three valuation scenarios as follows:

- Scenario 1:** Value of all three parcels as if hypothetically vacant
- Scenario 2:** Value of Parcels 2 and 3 as is (office building with east parking lot)
- Scenario 3:** Value of Parcel 1 alone and as if hypothetically vacant

As a professional discipline, the appraisal practice requires conformance with stringent ethics and standards which are noted, summarized or cited by reference herein. To that end, opinions and conclusions of this report were prepared in conformance with my interpretation of generally accepted appraisal practices and requirements of the *Code of Professional Ethics* and *Standards of Professional Practice* of the Appraisal Institute as well as the *Uniform Standards of Professional Appraisal Practice (USPAP)* of the Appraisal Standards Board of the Appraisal Foundation. This assignment includes an **Appraisal Report** with the following conditions:

Intended User:	City of Ocala c/o Holly Lang
Intended Use:	asset evaluation
Effective Valuation Date:	August 28, 2017
Objective/Purpose:	form opinion of market value
Interest Appraised:	fee simple, subject to restrictions of record

Based on prevailing economic conditions in all aspects to the extent possible, taking into account all relevant global, national, regional, neighborhood and local environmental influences, weighing

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the best market evidence available as has been set forth in this report, I have formed an opinion of market value of the subject property, as identified within this report, with a reasonable degree of appraisal certainty, with respect to the interest identified, according to the program of property utilization that is consistent with my opinion of highest and best use, and predicated on the *Certification, General Assumptions, Extraordinary Assumptions* as well as the *Hypothetical Conditions*, expressed in this appraisal report, as of the effective valuation date reported for this assignment, of:

Opinion of Market Value "Scenario 1" **\$148,000**

Opinion of Market Value "Scenario 2" **\$264,000**

Opinion of Market Value "Scenario 3" **\$92,000**

The appraisal is limited to valuation of real estate, excluding personalty, furnishings, equipment, inventory and goodwill of the business, if any.

Respectfully submitted,

ALBRIGHT & ASSOCIATES of Ocala, Inc.



Stephen J. Albright, Jr., MAI
State-Certified General Real Estate Appraiser RZ2392

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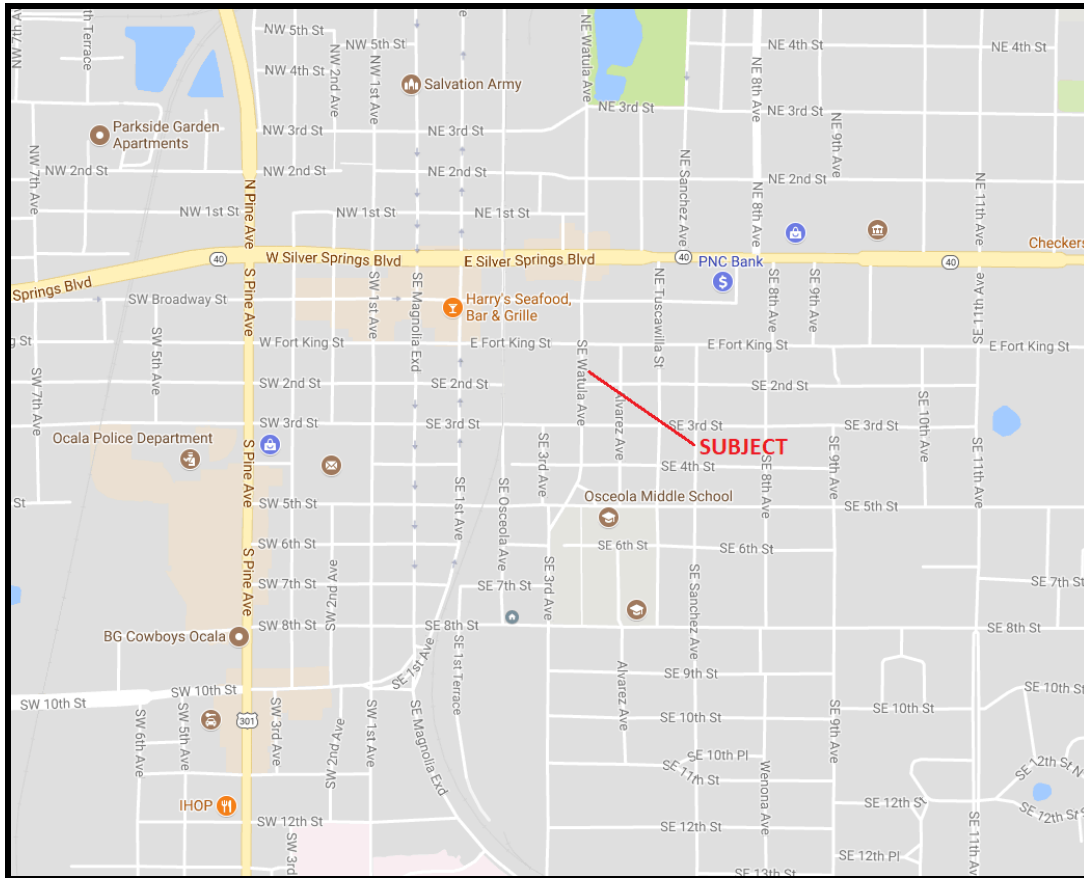
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Executive Summary

<u>Subject Identification:</u>	Ocala/Marion County TPO @ 121 SE Watula Ave, Ocala, FL
<u>Relevant Dates:</u>	August 28, 2017 - effective date of valuation August 31, 2017 - date of report
<u>Intended User:</u>	City of Ocala c/o Holly Lang
<u>Intended Use:</u>	asset evaluation
<u>Objective:</u>	form an opinion of market value
<u>Interest Appraised:</u>	fee simple, subject to restrictions of record
<u>Site:</u>	Parcel 1 = .38 AC; Parcel 2 = .16 AC; Parcel 3 = .13 AC
<u>Improvements:</u>	Parcels 1 and 3 improved with parking lots in support of Parcel 2; Parcel 2 improved with historic residence converted to office use (built in about 1913 and enclosing 3,385 SF of GBA)
<u>Land Use:</u>	neighborhood
<u>Zoning:</u>	GU, government use; see Extraordinary Assumptions regarding zoning designation
<u>Highest and Best Use:</u>	eventual office development for Scenarios 1 and 3 (as if hypothet- ically vacant); continued office use for Scenario 2
<u>Opinion of Market Value “Scenario 1”</u>	<u>\$148,000</u>
<u>Opinion of Market Value “Scenario 2”</u>	<u>\$264,000</u>
<u>Opinion of Market Value “Scenario 3”</u>	<u>\$92,000</u>

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Subject Location Map



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View of SE Watula as it extends S; subject property at left in photo (at SE corner of intersection).



View, facing S from E Fort King St, with N parking lot in foreground and office in distance.

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View, facing E, of front of subject office building (SE Watula Ave in foreground).



View, facing W from E parking lot, of rear elevation of the subject office building.

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View of SE 2nd St as it extends E from SE Watula Ave (subject office at left in photo).



View of SE Alvarez Ave as it extends S (subject E parking lot at extreme right in photo).

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Certification

The undersigned certifies 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 hypothetical 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 in this assignment.
5. My engagement in this assignment was not contingent on 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. To the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the ***Code of Professional Ethics*** and the ***Standards of Professional Practice*** of the Appraisal Institute as well as the ***Uniform Standards of Professional Appraisal Practice***.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. An on-site interior and exterior inspection of the subject property was made by the undersigned.
10. No person added significant real property appraisal assistance except as specified.
11. **USPAP** requires appraisers, prior to accepting assignments, to possess experience and skill necessary for completion, or:
 - A. Disclose lack of knowledge and/or experience before assignment acceptance.
 - B. Take necessary and appropriate steps to complete assignment competently.

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- C. Describe lack of knowledge and/or experience in appraisal report.
- D. Describe steps taken to complete assignment competently in appraisal report.

The undersigned has performed appraisals of a wide range of office properties in the Ocala market for a combination of private- and public-sector clients for more than 23 years.

12. This ***Certification*** was prepared in conformance with the ***Uniform Standards of Professional Appraisal Practice*** of the Appraisal Standards Board of the Appraisal Foundation as well as the ***Supplemental Standards of Professional Practice*** of the Appraisal Institute.

13. At the date of this report, I, Stephen J. Albright, Jr., have completed the continuing education program of the Appraisal Institute.

14. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of the assignment.



Stephen J. Albright, Jr., MAI
State-Certified General Real Estate Appraiser RZ2392

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General Assumptions

The following are general assumptions upon which this appraisal is predicated. That is, these conditions are taken to be true.

1. This report is the work product of Albright & Associates of Ocala, Inc. and is protected by copyright. Violators will be prosecuted to the fullest extent of the law. Consideration for this appraisal report is full payment of our fee by the client. Liability for this appraisal report is limited only to the extent of fees paid for services rendered. No change of any item in the appraisal report shall be made by anyone other than the appraisers who shall have no responsibility for unauthorized changes.
2. Disclosure of the report content is governed by the bylaws and regulations of the Appraisal Institute.
3. The appraiser assumes no responsibility for legal matters affecting the property appraised or its title. While title of the subject property is assumed good and marketable, the appraiser renders no such opinion thereof.
4. The appraiser is not required to give testimony, or to appear in court, as a result of having performed the appraisal of the identified subject property, unless prior arrangements have been made.
5. No party shall use or rely upon this appraisal, or **Data Book** (if one is prepared pursuant to this assignment), or any part of its content (i.e. value opinions, appraiser identity, professional designations, reference to professional appraisal organizations or appraiser's firm affiliation), for any purposes, except the client and/or intended users specifically identified herein. Other parties seeking to use or rely on this appraisal must first obtain the written consent of the appraiser before any of the warranties or representations contained in the appraisal report, expressed or implied, shall inure to the benefit of any other party. Violation of this condition renders these findings null and void. Moreover, this report is to be used only in total presented form and cannot be taken out of context or used in any other form including, but not limited to, excerpts or fractions or redistribution thereof, as such a format change may be misleading. The appraiser assumes no liability for any part of the work product taken in fraction from the total report. Any distribution of value in the report between land and improvements applies only under the existing program of utilization. Separate valuations for land and building, outside the scope of this assignment, must not be used for any purpose and are invalid if so used. Any redistribution of value (land and/or improvements) may render the findings of this appraisal null and void.
6. Information, data and opinions furnished to the appraiser, and contained herein, were obtained from sources considered reliable and are believed to be true and correct. However, no responsibility or liability is assumed by the appraiser for accuracy of confirmed or unconfirmed data. A diligent effort was made to verify all reported data. However, as some principals reside out of the area, or are entities that could not be contacted in the time allowed for report completion, some data may not have been confirmed. The appraiser has made no survey of the property. Any sketch of the land

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and/or of the improvements herein is intended to show approximate dimensions and to assist the reader in visualizing the subject property. The physical size of the subject property is not warranted as fully accurate. This appraisal is contingent on the findings of a qualified survey in terms of not only actual dimensions of the land and/or improvements but also any easements, encroachments or other encumbrances. The findings of such a survey may result in the need for re-evaluation of the appraisal process and value opinions associated therewith.

7. In this appraisal assignment, the existence of potentially hazardous materials or waste on, in or beneath the site (including, but not limited to, such items as urea formaldehyde foam insulation, toxic waste, Radon gas level and/or toxic mold, all of which may pose a risk to the property or its inhabitants) has been disregarded from consideration with respect to valuation analysis. The appraiser is neither qualified to detect such substances nor capable of precisely determining its potential impact on the subject property. Moreover, the appraiser assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable or for engineering which might be required to discover such features. Depending on the level of concern as to the property's condition (i.e. potential on- and off-site soil contamination, ground water pollution and various environmentally-sensitive issues), it may be necessary to retain the services of an expert in this field and/or undergo a Phase I environmental audit, if either or both have not been conducted.

8. Value opinions concluded herein are warranted as accurate, subject to assumptions and hypothetical conditions stated or implicit herein as of the effective valuation date. A thorough property inspection has been conducted as of the specified date shown herein. However, the appraiser(s) are not experts in the field of construction, engineering, repair, renovation, remediation or building inspection services, as such, a professional building inspection is always recommended.

9. No responsibility is assumed by the appraiser for changes or influences, in or about the subject property and its neighborhood, which result in a change, positive or negative, to the subject and thereby to its value conclusion, subsequent to the effective inspection and/or valuation date. The value opinions are applicable only to the fixed point in time associated with the effective valuation date herein and are not applicable to any other point in time, specific or general, prior or subsequent to said date. Values expressed herein are opinions. There is no guarantee, written or implied, that the subject property will sell for this value opinion. For example, expressions of market value constitute "value in exchange" which should not be construed as liquidation value in the unforeseen eventuality that a business operation associated with the subject property proves economically unfeasible and/or the property is conveyed by conditions inconsistent with the market value definition. With respect to income-producing properties, value opinions are contingent on competency of ownership and management as the operational success of leasing real estate is inevitably linked with economic achievement of business. When values include prospective opinions, the appraiser is not responsible for unforeseen events that may alter interim market conditions.

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10. Before any loans or commitments are made which may be predicated on the value conclusions reported in this appraisal, the mortgagee should verify facts, data and value conclusions contained in this report.

11. Notwithstanding any specification herein of flood plain status of the subject property appraised, it is recommended additional confirmation of the same be obtained prior to any contemplated loan or development.

12. This appraisal and value findings are contingent on the impact, if any, to the subject property by the "Americans With Disabilities Act."

13. Natural landscaping is a habitat for many living species. A good faith effort should be made to preserve maximum natural landscaping, saving all specimen trees and otherwise complying with all tree ordinances. A reasonable effort should be made to allow natural displacement (trap and release) of all habitat. This valuation is based on the assumption that the property is free from any endangered species and does not require any mitigation associated with natural habitats.

Extraordinary Assumptions

The following are assumptions upon which this appraisal is predicated. These assumptions are also taken to be true. Their use may have affected the appraisal results.

1. It is an assumption of this analysis that the subject property is eligible for a zoning change to a designation which will allow use and occupancy consistent with the highest and best use as concluded herein.

Hypothetical Conditions

The following are conditions upon which this appraisal is predicated. That is, these are conditions which are contrary to those which presently exist at the effective valuation date. Their use may have affected the appraisal results.

1. The valuations associated with Scenarios 1 and 3 are based on the hypothetical condition that all improvements have been removed and the property consists of vacant land available for development.

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Identification and Location

The subject property is generally identified as follows.

Property Identification: Ocala/Marion County TPO
Address: 121 SE Watula Ave, Ocala, Florida

Apparent Owner of Record

The following information from another source is believed reliable though not warranted as such.

Name: City of Ocala
Address: 180 NE 30th Ave, Bldg 300, Ocala, Florida 34470

Relevant Dates of Appraisal Process

The following represent the most critical dates of analysis of the appraisal process.

Inspection/Photography: August 28, 2017
Effective Valuation: August 28, 2017
Date of Report: August 31, 2017

Type and Definition of Value

The purpose of the appraisal is to form an opinion of market value.¹

Intended User and Intended Use of Appraisal

The intended user of this appraisal is the City of Ocala c/o Holly Lang. The specifically designed and intended use of this appraisal is for asset evaluation. Use of this appraisal is prohibited as it relates to any function other than that identified herein.

¹ Market value (value-in-exchange) is defined by Office of the Comptroller of the Currency (12CFR, Part 34) and the Appraisal Institute (*The Dictionary Of Real Estate Appraisal, 6th Edition*) as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific 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 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.

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Scope of Work

USPAP specifically indicates that “for each appraisal and appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results;
3. Disclose the scope of work in the report.”

To that end, Holly Lang of the City of Ocala, requested an appraisal of the property identified herein for the intended use described earlier. As such, the problem to be solved for this assignment includes three valuation scenarios described as follows:

Scenario 1: Value of all three parcels as if hypothetically vacant

Scenario 2: Value of Parcels 2 and 3 as is (office building with east parking lot)

Scenario 3: Value of Parcel 1 alone and as if hypothetically vacant

To that end, the necessary scope of work to develop a credible result includes the following.

- Identify a current effective date of valuation (synonymous with the most current date of inspection of the subject property on August 28, 2017).
- Physically inspect (interior and exterior) and photograph the subject property.
- Review available information regarding the subject site and improvements.
- Research the subject's environment (i.e. region and neighborhood).
- Analyze highest and best use of subject property.
- As will be discussed within the Valuation Methodology section of this report, only the Sales Comparison Approach has been developed for each valuation scenario. To that end, the subject neighborhood was researched for sufficient market data and inspected/verified to the extent possible.
- Form opinions of market value and market rent from market indicators.
- Prepare an appraisal report, as defined in USPAP, which will include photos of the subject property, descriptions and analysis of the region, neighborhood, site, zoning/land use, a highest and best use analysis, presentation of most relevant market data, reconciliations of an opinion of market value, location maps of the subject and comparable sales data and other data deemed by the appraiser to be relevant to the assignment.

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Interest Appraised

Fee simple², subject to restrictions of record.

Legal Description

The following legal description of the subject property was obtained from the public records of Marion County, Florida. While believed accurate, they are not warranted as such.

PID #2820-012-001

*SEC 17 TWP 15 RGE 22
PLAT BOOK E PAGE 004
CALDWELLS ADD OCALA
W ½ EX S 65 FT LOT 12
PLANNING OFFICE PARKING LOT*

PID #2820-012-003

*SEC 17 TWP 15 RGE 22
PLAT BOOK E PAGE 004
CALDWELLS ADD OCALA
S 65 FT OF W ½ LOT 12
PLANNING OFFICE*

PID #2820-012-004

*SEC 17 TWP 15 RGE 22
PLAT BOOK E PAGE 004
CALDWELLS ADD OCALA
S 55 FT OF E ½ LOT 12
PLANNING OFFICE PARKING LOT*

Property Assessment

The subject property is included in the 2017 Marion County Property Assessment Roll as Parcel Account #2820-012-001, #2820-012-003 and #2820-012-004 with a total just value of \$247,466 and no tax burden (due to public ownership).

² Absolute ownership unencumbered by other interest and subject to limitations of eminent domain, escheat, police power and taxes.

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History of Title

The subject has been within the reported ownership for more than the past five years and is essentially owner-occupied by a government entity.

Public and Private Utilities and Services

The subject is positioned within the city limits of Ocala with all city services available.

Comprehensive Plan, Land Use and Zoning

The subject is positioned in, and governed by the jurisdiction and comprehensive plan of, the City of Ocala. In that regard, the future land use designation of the subject parcels is Neighborhood while the specific zoning designation is GU, government use. In that regard, it is an assumption of this analysis that the subject property would qualify for an appropriate non-governmental zoning designation which would allow development consistent with the conclusions of highest and best use presented herein.

The subject property is located in one of Ocala's historic districts and, as such, is within the jurisdiction of the Ocala Historic Preservation Advisory Board (OHPAB). That being said, a representative of the City of Ocala verified that the subject represents a "non contributing structure." Further, in order to redevelop the subject property (that is, razing of the subject building), an application for a demolition permit would have to be submitted to OHPAB. Even if denied, razing of the structure could reportedly occur within one year from the application. Finally, as a result of being within the historic district, any exterior renovations/repairs requires approval from OHPAB.

Description and Analysis of Region

Marion County is located in north-central Florida, about 75 miles west of the Atlantic Ocean and 40 miles east of the Gulf of Mexico. Ocala is located in the geographic central portion of Marion County. The nearest significant metropolitan areas include The Villages (about 20 miles south), Gainesville (about 35 miles north), Daytona Beach (about 75 miles east), Orlando (about 75 miles south), Tampa ("Bay area" about 95 miles southwest) and Jacksonville (100 miles northeast). Ocala is positioned at a key focal point of rural north-central Florida as it represents a major retail trade and employment center for a five-county area.

The four basic forces which influence market value of real property include economic, environmental, governmental and sociological forces. Each of these forces as it applies to the Marion County market will be reviewed in consideration of their impact upon the value of the subject property as more fully discussed within the following subsections of this appraisal report.

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Economic Forces

The Marion County real estate market is influenced by many aspects of local, state, and national economic forces. Several leading indicators include: general population, effective buying income, retail sales, manufacturing sales, building permits as well as employment and unemployment conditions.

Population Growth: Of Florida counties, Marion County has benefitted from a very high ranking in terms of population growth. The 2010 population of Marion County was 331,298 (up 28.0% from 2000) while the 2015 estimated population is 343,254 which represents an increase of only 3.6% since 2010 evidencing the significant decrease in population growth rates since the beginning of the recent recession. The Bureau of Economic and Business Research (BEBR) has projected a population of 372,300 by the year 2020 which indicates a modest increase in the anticipated population growth rate of the next several years. Ocala is the largest incorporated area of Marion County with a 2015 urban area population estimated at 58,218 (up from 56,315 in 2010). Notwithstanding the decrease in population growth rates, Marion County and Ocala should eventually continue to expand at a solid pace into the foreseeable future as a result of several factors: (1) Marion County is the "hub" of north central Florida; (2) surrounding counties are less capable of providing a full range of retail and wholesale products and services and, with it, greater demand is placed upon drawing employees from surrounding rural counties to service operations; (3) steady immigration of retirees; and (4) low cost of living. Property values are relatively affordable when compared to coastline communities and major inland metropolitan cities. Ocala provides one of the most affordable lifestyles of Florida living for the entire state.

Housing: In 2014, the total number of households was estimated at 141,164 (up from 137,726 in 2010) of which 75.9% are owner-occupied. Meanwhile, in 2014, the number of housing units was 163,808 which evidences an occupancy rate of about 86%. According to the National Association of Realtors, the Ocala MSA had the most affordable housing of all MSAs in the nation during the second quarter of 2000. The average sales price in 2000 was \$94,052 and as of August 2005 was \$148,900 which evidences the substantial increase of real estate prices over the first half the decade. Although Marion County experienced such increases, the area remained substantially below the state average of \$246,500 in August of 2005. Subsequent to the substantial surges in the residential market in Ocala/Marion County (and state and nation for that matter), the market experienced a considerable downturn beginning in 2007. In fact, up until about 2012, the market was best characterized as a "buyer's market" with a large inventory of lots and homes for sale (including a significant percentage represented by speculator properties) although down from the supply levels of 2009 and 2010. Not only were listing prices from 2005/2006 substantially reduced, but exposure and marketing times significantly increased. The rate of foreclosures and short sales also increased dramatically in the state and county beginning in about 2008/2009. More recently, the median home price in Marion County in 2014 was reported to be \$111,500 while the median home price in the state was \$156,200. Finally, as of 2016, market conditions have improved considerably with a considerable reduction in the available inventory of homes. In fact, new construction is occurring

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in several areas of the Ocala market and Ocala/Marion County retains one of the lowest median home prices in Florida.

Effective Buying Income: The majority of population growth for upcoming years will emphasize a greater increase in the percentage of retirees. Local governmental officials have expressed concern regarding the inability of the Marion County market to attract high-tech industries which provide greater population expansion of professional employees (and accompanying higher income levels). However, the expanding elderly population will continue to support retail and wholesale operations. Historically, residents of Marion County have enjoyed a relatively lost cost of living (only 89.11% versus the U.S. as a whole in 2011). However, increases in wages as a whole across Marion County have not kept pace with the substantial increases in real estate prices which could have a significantly negative impact the future prospects of “affordability” of the Marion County area. As of 2012, the EDC indicates that the average household EBI was \$41,706 with median household EBI at \$32,576. Further, the 2010 average earnings per worker in Marion County was \$32,997.

Retail Sales: In 2000, annual retail sales for Marion County were reported at over \$3.2 billion. Retail sales per household in the Marion County market have typically matched effective buying income. Obviously, a percentage of retail consumers who patronize Marion County establishments are commuting from outside areas thus contributing to the “hub” effect. The following summarizes total retail sales in Marion County from 2000 to 2016 (provided by the 2011 Florida Statistical Abstract as well as the Bureau of Economic and Business Research).

[Retail Sales - Marion County, Florida]

Year	Gross Sales (Billions)	Taxable Sales (Billions)
2000	\$6.80	\$2.95
2001	\$7.04	\$3.04
2002	\$7.03	\$3.08
2003	\$7.50	\$3.37
2004	\$8.40	\$3.68
2005	\$9.55	\$4.32
2006	\$10.45	\$4.70
2007	\$9.85	\$4.30
2008	\$8.61	\$3.73
2009	\$7.54	\$3.31
2010	\$7.63	\$3.31
2011	\$7.98	\$3.39
2012	\$8.55	\$3.60
2013	\$9.12	\$4.02
2014	\$9.60	\$4.20
2015	\$10.27	\$4.37
2016	\$10.75	\$4.63

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The chart reflects the surge in economic conditions up to 2006 with a subsequent decline in retail sales from 2007 to 2010. Subsequently, economic conditions have stabilized and, in fact, improved significantly at least in terms of gross retail sales have just surpassed pre-recession levels.

Manufacturing Sales: The EDC has registered a significant amount of local industrial oriented businesses in Marion County. These companies do not include the numerous contractors and subcontractors of the building trade. Retention of manufacturing jobs became quite a challenge into 2008 as a result of declining economic conditions. As of 2012, the Ocala/Marion County Economic Development Council indicated that the top five manufacturing and distribution employers included Lockheed Martin (929), Emergency One, Inc. (850), Cheney Brothers (570), Signature Brands (480) and ClosetMaid (460). The EDC recently combined forces with the local Chamber of Commerce with stepped up efforts to retain and create more jobs in the Ocala/Marion County market.

Building Permit Activity: It appears that the rate of new residential permits in Marion County peaked in 2006 amidst the housing boom and glut of speculation through the county. More specifically, Marion County issued 6,355 single family residential permits in fiscal year 2005/2006 which was up from 5,645 permits in fiscal year 2004/2005. However, there was a dramatic decline in subsequent years: 2,139 permits in 2007, 933 permits in 2008, 316 permits in 2009, 399 permits issued in 2010 and 325 permits issued in 2011. In regard to commercial starts, Marion County issued 122 commercial starts in fiscal year 2005/2006. However, Marion County issued only 71 commercial permits in 2007, 44 in 2008, 42 in 2009, 23 in 2010 and 30 in 2011. Finally, multi-family residential permits have also declined from 52 in 2007, to 12 in 2008, 10 in 2009, none in 2010 and only 2 in 2011. More recently, however, activity is generally improving (most significantly in terms of single family residential) as summarized in the following chart:

[Marion County Building Permits]

	2012	2013	2014	2015	2016
Single Family	359	497	608	921	1,285
Multi-Family	1	3	8	0	3
Commercial	27	32	19	30	43
Total	387	532	635	951	1331

This rather clearly evidences that the Marion County market is rebounding significantly in terms of permits with single family residential leading the way but also strong growth in terms of commercial starts.

Employment/Unemployment: As per information from the United States Bureau of Labor Statistics, the Marion County labor force increased from 126,821 in 2005 to 135,972 in 2009. In fact, the labor force appears to have significantly increased during the market surge of 2006/2007 with an actual decline in the work force in 2009 from 2008. This rather dramatic decrease is associated with the

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downturn in the economy and sharp rise in unemployment. To that end, the following chart summarizes unemployment rates in the State of Florida and Marion County from 2003 to 2016 as provided by the State of Florida Agency for Workforce Innovation (AWI) and the Florida Department for Economic Opportunity (DEO).

[Unemployment Rates 2003-2016]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
State of Florida	5.3%	4.7%	3.8%	3.4%	4.1%	6.3%	10.5%	11.9%	10.5%	8.7%	7.2%	6.1%	5.4%	4.9%
Marion County	5.4%	4.6%	3.7%	3.4%	4.5%	7.8%	12.9%	14.4%	12.3%	10.0%	8.3%	7.2%	6.4%	5.8%

Unemployment for Marion County has improved steadily from the peak in about 2010 down to the rate of 5.8% as of 2016. Although certainly improving steadily, Marion County has consistently remained above the state-wide unemployment rate.

Environmental Forces

As previously identified, Marion County is located at the center of the north half of the peninsula of the State of Florida. Marion County encompasses approximately 1,624 square miles, making it the fifth largest county in the State of Florida. Unlike many of the coastal regions and southern inland areas of the state, Marion County is aesthetically enhanced by undulating elevations consisting primarily of rolling hills which range from 50' to over 200' above mean sea level. The county's landscape includes numerous lakes, streams, rivers and springs which provide an atmosphere considered unique to much of the State of Florida. Marion County benefits as a major recharge area of the Florida aquifer. Its mild seasonal weather, as typical for the "Sunshine State," enhances the unique terrain of Marion County, commonly referred to as the "Kingdom of the Sun."

Climate: Perhaps the leading consideration for residents immigrating to this area is the favorable mild climate of its seasons (mild winter weather typical of spring and fall climates of other areas of the country). Ocala boasts an average maximum temperature of 82° and average minimum temperature of 61° while the mean humidity is 70.1°. The average rainfall for the year is about 55"± while only 108 days of the calendar year included rainfall of more than 1/100th of an inch. The favorable climate of Marion County generally offers savings in the construction industry due to year round availability of working days. In the agricultural industry, Marion County provides an average annual growing season of 255 days which well exceeds the national average. Its favorable climate also reduces absenteeism with all industries of the subject market. Also, outdoor recreation is available on a year-round basis as a result of Marion County's mild climate. The mild climactic weather of Marion County most importantly provides the market demand to draw a major influx of seasonal residents a high percentage of which eventually become permanent residents. The steadily expanding population of the local market has a direct impact upon the increased labor force and the availability of low-priced labor to service industrial operations. As well, the seasonal and permanent

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residents impact the need for additional retail services in the area, forcing retail and wholesale sectors of Marion County into the lead in per capita employment and annual payroll.

Road Network: From a geographical standpoint, Marion County provides an ideal location for a distribution center of north Florida/south Georgia. More specifically, wholesale distributors demand proximity to major market areas which allow their drivers to complete a round trip within one working day. Because Marion County is located geographically at the center of the north Florida peninsula, this community benefits from a major network of state and federal highways. The road network system provides one day round trip to the major metropolitan markets identified earlier and even as far north as Atlanta (375 miles) and as far south as Miami (295 miles). All of these major metropolitan areas are accessed by either federal or interstate highways from the Ocala market. The major road systems of Marion County include I-75, US Hwys 27, 301, and 441 and state highways 40, 200, 464 and 484. I-75 extends north and south through Marion County along the western boundary of the city limits of Ocala. This major roadway extends through the eastern portion of the U. S., connecting Ocala with virtually every major city in the eastern United States via other intersecting interstate highways. I-75 extends south connecting with the Florida Turnpike (approximately 35 miles south of Ocala). The Florida Turnpike originates just south of the intersection of I-75 and SR 44 (near Wildwood), routing in a southeasterly direction connecting north Florida with the major metropolitan areas of Orlando, West Palm Beach, Ft. Lauderdale and Miami. US Hwys 27, 301 and 441 share access as they extend north and south through the center of Ocala as a six-lane highway. These major road systems provide direct access from Ocala to Jacksonville, Tallahassee, Orlando and Gainesville as well as many other central and north Florida destinations. Florida Turnpike officials are also proposing to extend the turnpike northwesterly, beyond I-75, through southwest Marion County and eventually connecting with US Hwy 19 at Lebanon Junction in Levy County just west of Marion County. State governmental officials recognize Ocala as a rapidly growing north-central Florida community. Efforts will be directed toward providing continued improvement of intrastate access for the north half of the peninsula of Florida. Ocala will continue to benefit from future FDOT road network projects as it geographically represents the central crossing point of many proposed major highways. Recognizing existing and future highway development plans, Marion County will continue to grow and establish a market for commercial and industrial distribution.

Air Service: Regarding air service, the Marion County market is relatively limited with only the Ocala Municipal Airport (located about two miles west of I-75 along the south side of SR 40) and the Dunnellon Airport (located in southwest Marion County). At present, these smaller airport facilities offer daily commuter flights to other central Florida cities. However, these airports are not presently utilized to service regional oriented carriers. It is noted that long term planning officials of Ocala and Gainesville have attempted to negotiate for eventual development of an international airport to service the Marion and Alachua County markets. At the present time, the Gainesville authorities do not appear to be enthusiastic as that community has invested significant dollars in providing a major regional airport on the northeast fringe of its city.

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Governmental Forces

Municipal Utilities: The City of Ocala owns and operates its utility distribution system which includes electrical, water, sewer and garbage collection services. The city purchases electricity wholesale from Duke Energy and distributes to an area of approximately 200 square miles. The City of Ocala also provides central water and sanitary sewer services to virtually all areas contained within its city limits. The most recent sewer facility was constructed adjacent west of the airport facility. Several private utility companies service small areas of the city which are not as densely developed. Central water and sewer services are also available in the City of Belleview. Additionally, Marion County provides central water and sewer service in several unincorporated areas of the county (i.e. S US Hwy 441, SR 200, US Hwy 27 and SR 484) while most rural areas typically require water and sewer service to be provided by on-site means.

Transportation: Within Marion County, only the City of Ocala offers mass transit for public use. This transit system is referred to SunTran and was established in 1998. SunTran consists of a public bus system which services the City of Ocala as well as Silver Springs Shores. SunTran follows several brief attempts with a trolley system which were unsuccessful. In addition, all major passenger bus lines service the Ocala market. In regard to trucking services, Marion County includes a proportionate share of common carriers and terminal facilities. The Ocala Airport Commerce Center, the Ocala International Commerce Park and Meadowbrook Commerce Park (all located west of I-75 near SR 40) includes numerous national oriented trucking terminals. Amtrack passenger railway system provides a Class 1 service to Ocala with one inbound and two outbound daily runs from its passenger station at 531 NE 1st Avenue in Ocala. The major railway freight system for Ocala is CSX Transportation (formerly Seaboard System Lines).

Taxes: The City of Ocala and Marion County enjoy favorable tax structures. Additionally, the State of Florida does not have a personal income tax. As local governmental services are financed in part by taxes paid by tourists, the local millage rates have sustained a relatively low level, and below the state average for many years. The favorable tax structure represents a significant lure to numerous businesses to the Marion County area. Industrial operators are particularly attracted by the low tax structure and affordable employment force of Marion County. While the current tax structure has appeared relatively favorable, the increasing population has placed demands upon the services provided by the city and county government. There have been increasing problems associated with road maintenance, garbage collection, police and fire protection and other vital public services to the area due to increasing population expansion with a disproportionate increase in property tax revenue. More specifically, many retirement housing communities provide residential units assessed for little more than the \$25,000 homestead exemption resulting in thousands of these retirees paying little taxes. As such, the fast-growing retiree population of Marion County is not supporting their proportionate share of property taxes in accordance with their demand for public services. As an alternative, local municipal authorities are proposing increased sales taxes on gasoline and lodging facilities to place more of the burden on the tourism industry. However, in 2015, the City of Ocala

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and Marion County both significantly increased millage rates to generate the tax revenue needed for their proposed budgets.

Education: As of 2016, Marion County includes 49 public school facilities (elementary, middle and high schools). In addition, there are three charter schools, virtual education and a variety of additional facilities associated with the public school system. Several additional facilities are planned for construction in the future to serve the increased population which has placed a stress on existing facilities with temporary solutions provided by modular classroom units. There is also a significant level of private school facilities located within Marion County providing education for grades K-12. In regard to higher education, Ocala is the location for The College of Central Florida. The college is continuing to grow in enrollment population. Most of the students of The College of Central Florida are from the immediate five-county area, of which Ocala is the major retail and employment trade center. Marion County also benefits from multiple public libraries throughout the county.

Medical Community: Marion County includes three primary hospitals: Munroe Regional Medical Center (MRMC) which is publicly owned but was leased to a private entity in 2014; Ocala Regional Medical Center (ORMC) which is privately owned and West Marion Community Hospital. MRMC includes various satellite facilities across the county. Other health facilities in Marion County include numerous family practices, assisted living facilities (ALFs), skilled nursing facilities, adult family care providers, adult day care facilities, independent residential communities and Hospice. In general, Ocala and Marion County includes an adequate supply of general and specialized medical care providers (physicians) which essentially meets the demand of the ever-expanding population centered on an intense retirement base.

Sociological Forces

Perhaps the most significant sociological force which has historically impacted Ocala/Marion County has been the increase in population. Notwithstanding the adverse impact of the recent recession over the past several years, Ocala has historically ranked high in the state in population growth.

Recreation: Another leading sociological factor influencing the subject market is the recreational benefits available to the residents. The Ocala National Forest consumes much of east Marion County, encompassing 900 square miles. Marion County includes over twenty golf courses, both private and public. The City of Ocala and Marion County maintains numerous public parks or other forms of recreational facilities. Cultural attractions include the Ocala Civic Theatre, the Reilly Arts Center and the Appleton Cultural Museum. Natural water attractions include Silver Springs, Juniper Springs, Orange Springs and Rainbow Springs. Silver Springs and Rainbow Springs are two of the largest natural springs of the world, both in physical size and daily flow of water production capacity. Other area attractions include Don Garlits Museum of Drag Racing, Marjorie Kinnan Rawlings house and Silver Springs. Marion County also provides numerous lakes and rivers for outdoor recreation, including boating, fishing, skiing, swimming, and sailing. Orange Lake is one of the most

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popular bass fishing lakes in the state. Lake Weir, Little Lake Weir and Lake Kerr provide regional recreational interest for boating, skiing, swimming and sailing. As well, the location of Marion County, about midpoint between the Atlantic Ocean and the Gulf of Mexico, provides proximity to additional recreational benefits for the area residents. The Ocala National Forest is an extremely popular natural recreation facility which offers approximately 366,000 acres of woodlands, lakes, streams and natural springs. Silver Springs attraction represented a major tourist attraction for Marion County. Historically, this natural phenomenon attracted a considerable amount of tourists and was once considered the leading attraction in the tourism industry for all of north-central Florida. However, due to competition from newer theme parks in the Central Florida region, the park has experienced economic struggles. As such, in October of 2013, the State of Florida took back control from the private management company. In September of 2013, the state signed a three-year contract with Silver Springs Management to operate the park. The future plans for the park include restoration of the natural and cultural resources. Additionally, the plans include revitalization of the park through a variety of ecotourism activities including kayaking, canoeing, scuba diving, hiking and nature trails, and zip line tours while continuing glass bottom boat tours, concerts, special events and concessions. Meanwhile, the Division of Recreation and Parks is working towards development of a long-range management plan for the park. Also, Walt Disney World and surrounding tourist attractions of the Orlando market are located just 75 miles southeast of Ocala.

Horse Farm Industry/Terrain: A major drawing card for the Marion County market is its aesthetically pleasing rolling terrain which is attractively landscaped with numerous small lakes and ponds with hammocks of mature oaks and assorted hardwoods. This pleasing landscape, often with pockets of extremely fertile soil which is high in calcium (particularly soil type number), provides all of the physical characteristics which support Marion County as the premier horse farm market for the entire State of Florida. Marion County includes in excess of 900 horse farms (principally including thoroughbreds, Arabians and standardbreds) which represent well over 90% of the horse farms for the entire State of Florida. Marion County is the nation's largest horse farm market. As a leading indicator of the successfulness of the local horse farm industry, Marion County is the home of triple crown winner Affirmed in 1978 as well as Carry Back who won both the Kentucky Derby and Preakness in 1961 along with other notables such as Needles and Silver Charm, both Kentucky Derby winners. The last Florida-bred horse to win the Kentucky Derby was Silver Charm in 1997. Many contenders and champions have trained at Marion County farms. For instance, 2004 Kentucky Derby and Preakness winner, Smarty Jones, was trained locally in Marion County at Bridlewood Farms. Giacomo, the 2005 Kentucky Derby champion was trained at Harris Training Center, Barbaro (2006 champion) began his training in nearby Morriston and Street Sense (2007 champion) was broken and trained at Ocala Stud Farm. Summer Bird, the 2009 Belmont champion was raised and owned by Tiffany Farm of Ocala. With respect to entrants into the Kentucky Derby, 11 of the 20 horses in 2012, 14 of the 19 horses in 2013, 11 of the 20 horses in 2014 and 10 of the 20 horses in 2015 and 2016 had ties to Ocala farms. In fact, I'll Have Another was broken and trained near Ocala (in Williston) and won both the Kentucky Derby and Preakness in 2012. The 2013 Kentucky Derby winner (Orb) and the Belmont winner (Palace Malice) were broken and trained by Niall

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Brennan Training Stables in Ocala and the 2013 Preakness winner (Oxbow) was broken and trained by Stonestreet Training and Rehabilitation Center in Ocala. In addition, the top 6 horses in the 2013 Kentucky Derby and top 5 horses in the 2013 Preakness all had ties to Ocala. In 2014, Commanding Curve (broken and trained by Eddie Woods) finished second in the Kentucky Derby, Ride on Curlin (broken and trained by Eisaman Equine) finished second and Social Inclusion (broken by Azpurua Stables) finished third in the Preakness Stakes and Medal Count (broken and trained by King's Equine Farm) finished third in the Belmont Stakes. The 2015 Triple Crown winner, American Pharoah, received early training at McKathan Brothers Training Center near Citra. In the 2016 Kentucky Derby, Nyquist, Exaggerator and Gun Runner were the top three horses, respectively, and were broken and/or trained in Ocala (Nyquist and Gun Runner by Niall Brennan Training Stables and Exaggerator by Mayberry Farm). Exaggerator went on to win the Preakness while Nyquist finished in third place. Finally, Destin (broken and trained by Bridlewood Farm) finished in second place in the 2016 Belmont Stakes.

The horse farm industry (in terms of its breeding, training and racing) holds at least a twofold purpose: an economic value for the agricultural utility of the land, as well as a recreational opportunity for area residents. A stable force and influence in the economic development of this area's horse industry is the Ocala Breeders Sales which includes ownership by co-op memberships. The facility is open to the public which provides the life-blood support for the business. The total property covers an estimated 221 AC and is extensively developed including storage stables and auditorium for periodic sales, a first class race track with viewing tower and stands along with a new entertainment center which houses the parimutuel wagering facility.

The impact of the horse farm industry in Marion County was quantified through a study performed in 2014 through a partnership of the Ocala/Marion County Chamber & Economic Partnership and the Horse Shows in the Sun organization. This study, based on 2014 data, revealed \$2.62 billion in revenues, \$1.68 billion in value-added contribution to the community's GDP and 19,209 full- and part-time employees associated with the industry. Clearly, the impact of this industry to the Ocala/Marion County area is major.

Because of these influences, Marion County will likely continue to establish itself as a leader in the horse farm industry. The sociological influences of the Marion County market establish this area as a unique inland community of the State of Florida. Major industrial employers have recognized the aesthetic value that the Marion County area has to offer for their employees. The annual economic impact to Marion County from the equine industry is significant.

Comprehensive Plan and Concurrency: In 1985, the legislature of the State of Florida enacted the "Local Government Planning and Land Development Regulation Act" with its major scope expressed as: "public facilities and services needed to support development will be available concurrent with the impacts of such development." The legislation, which became known as "concurrency," has forced local government to implement major planning tasks pertaining to growth and

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development of necessary infrastructures required for future population increases. The comprehensive plan of local government is intended to meet the needs of the local population as well as satisfy State-mandated guidelines for control of growth. The comprehensive plan presents guidelines which impact real estate use and value. In order to change the land use or zoning of a property, there are certain criteria which must be met. Land use and zoning are not interchangeable terms. To change zoning, the proposal must be compatible with the land use classification of the property. A physically compatible property that is proposed for change to a zoning in which it is otherwise disallowed requires an amendment to the land use plan within the comprehensive plan (both the City of Ocala and Marion County each have independent plans). In that regard, as a result of new legislation in 2011, state government was reorganized and the Department of Economic Opportunity (DEO) was created. Within this arm of the state of government, the Division of Community Planning specifically considers applications for land use amendments. Further, the state and regional agencies interest only comment if the proposed change affects state or regional interests (essentially transferring more authority to local government in terms of the land use amendment process).

Summary of Regional Data

The impact of the expanding population of Marion County has represented a leading force in the prosperity of this community. The increase in population has generally led to increased demand for services in all segments of the economy. Market conditions and the economy in the subject region have not only stabilized but improved significantly subsequent to the economic downturn and ensuing national recession. In the final analysis, barring any further extended economic recession, the local real estate market should benefit from long-term growth.

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Description and Analysis of Neighborhood

Neighborhood is defined as "...a group of complementary land uses."³ The physical neighborhood may be the same as, or different from, the economic neighborhood. The physical boundaries of a defined neighborhood essentially perimeter that land area which confines homogeneous land use. The economic neighborhood is the area which identifies the marketing district of comparable uses and is considered the more general area of influence with which the subject must compete in terms of sale prices, rental rates and employment opportunities. The economic neighborhood boundaries may not be represented by tangible limits to the same extent as the physical neighborhood. It is most ideal when the physical and economic neighborhoods overlap one another and are essentially the same. Comparables are extracted from both neighborhoods for direct comparison with the subject.

Geographic Boundaries:	N= main line crossing of CSX Railroad, just north of NE 5 th St; E= SE/NE 8 th Ave; S= SW 10 th St (SR 200 @ "S-Curve"); W= SE/NE Pine Ave
Economic Boundaries:	essentially on overlap of the physical neighborhood
Subject's Positioning:	SW portion of defined geographic neighborhood
Proximity to Conveniences:	good ⁴
Major Thoroughfares:	SR 40 East (E/W Silver Springs Blvd) just S, at N boundary of downtown square; US Hwy 441/301/27 (N/S Pine Ave) extends N/S just E of the subject
Availability of Utilities:	essentially all services are available
Adverse Influences:	none observed
Demographics:	City of Ocala includes relatively large residential economic base
Employment:	good
Homogeneity:	average as there are numerous older improved parcels throughout neighborhood which have out-lived their economic lives and require razing consistent with City of Ocala's plans for revitalization to the CBD; however, it is noted, that numerous older, dilapidated buildings in the downtown district have been razed or fully renovated as a result of City of Ocala incentives
Proximity to Necessities:	good ⁵

The subject neighborhood represents the downtown (central business district) of the City of Ocala. The community redevelopment area of the City of Ocala (in which the subject is located) was established in the late 1980s and includes 108 blocks. The City of Ocala has actively pursued

³ Appraisal Institute (*The Dictionary Of Real Estate Appraisal*, 6th Edition).

⁴ Recreational opportunities; public venues; religious establishments; civic and community activities; cultural centers.

⁵ Schools; grocery, clothing and retail shopping; medical community; financial district; government; employment centers.

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revitalization of this area over the past several years which is evidenced by several substantial projects including complete renovation to the downtown square, widening and improvement of the N. Magnolia Ave right of way from NE 5th St to NE 20th St, improvement of the SR 40 right of way through downtown Ocala, streetscape improvements to Broadway and Ft. King St, renovation of the downtown train/bus station as well as increased police presence. Also, the City of Ocala obtained the necessary re-permitting of the Tuscawilla Pond (with St. John's Water Management District) into which the current level of storm drainage from the subject's immediate area empties. Most recently, in mid-2016, the City of Ocala completed renovation of an existing structure for use as a farmer's market while they also completed construction and opened a new 402 space parking garage in the downtown district in the fourth quarter of 2016.

As of the effective date of this valuation, the City of Ocala is considering several "strategic redevelopment initiatives" which are anticipated to stimulate further private investment in the downtown district. For example, the city is considering a "gas light district" which would include allowing two-way traffic on NE 1st Ave and NE Magnolia Ave in an attempt to improve vehicular circulation in the mid-town area. Another project is the planned Osceola Linear Park. This consists of the conversion of Osceola Ave into a heavily landscaped multi-modal pedestrian oriented corridor linking downtown (south of Silver Springs Blvd) to Tuscawilla Park (to the north). In that regard, the city has been awarded a \$2,200,000 grant from the Federal Railroad Administration to relocate a portion of the Florida Northern Railroad along Osceola Ave. Linked to this project, the city has developed "Citizens Circle" which is a landscape and hardscape project located in front of (to the west) City Hall with performance stage and splash park as support for special events. Additionally, the city recently completed the "Reinvent Tuscawilla" design competition in which local professionals submitted design concepts for the future renovation of Tuscawilla Park to the north of SR 40. The city is considering the plans in order to develop a master plan for the this future renovation project. Finally, the City of Ocala executed a long-term lease of the former city auditorium building to the Ocala Symphony Orchestra. The building has recently been renovated for use as a cultural arts performance center known as the Reilly Arts Center.

The private sector has responded to governmental efforts toward improving the economic conditions of downtown Ocala through redevelopment of many of the buildings in the subject neighborhood. More specifically, a blend of professional office and retail uses are now the predominant use with respect to properties fronting the downtown square. In regard to office use, the vast majority of those properties fronting the north side of the square include professional offices (i.e. multi-story office buildings of Concord Square, Lexington Building, and Alarion Bank Centre) with additional law offices (conversion of former retail uses) on the south side of the square which benefit from proximity to the Marion County and federal courthouses to the northwest. Retail uses on the square include a blend of stores including Gause & Son, Fat Kats Artistry, Cyrus Rug Gallery and Shannon Roth Collection, restaurants (i.e. Brick City Southern Kitchen and Whiskey Bar in the former Melting Pot, Harry's, Sushi Bistro, Mark's Prime Steakhouse restaurant and Ivey House which is planned for opening soon along S. Magnolia Ave just south of the square) and nightclubs/bars (Big

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Daddy's, O'Malley's, Fox Den Tavern and Tavern on the Square). Meanwhile, Starbucks relocated from the downtown square to a new building on US Hwy 441 (just west of the subject) with superior exposure, accessibility and parking. This site was also developed with another new retail/restaurant building which is occupied by Jimmy Johns. Overall, the efforts of the private and public sectors have resulted in a significant decrease in vacancy over the past several years throughout the subject neighborhood.

Off-square uses typically include a combination of professional offices and retail uses consisting of small restaurants, shops or salons. In general, rental rates associated with these locations are generally less than similar uses with direct frontage on the square. In regard to the former, financial offices (including banks), administration offices and law offices are common. Examples of downtown (off-square) restaurants include Pi on Broadway, La Cuisine, A Taste of Everywhere, Feta and The Lunchbox. Retail uses are also common to the west, south and east of the square.

Industrial uses are less common in the subject's immediate area but represented to the north, northeast and southeast extremes of the downtown area and typically include older facilities benefitting from rail spur access. Such uses are also prevalent along or near the N. Magnolia Ave right of way. Demand for industrial in the downtown area continues to decline in lieu of more attractive and functional alternatives which have been developed along or near I-75.

Government and quasi-government uses are also prevalent in the downtown area including various City of Ocala offices, Marion County School Board complex (just southeast of downtown area), Osceola Middle School and 8th Street Elementary School, Marion County Judicial Center and federal courthouse building, US Post Office, and Social Security Administration (on SR 40 just east of downtown). In addition to the numerous government related uses, the subject neighborhood also includes a significant presence of older church facilities including First Presbyterian Church, Grace Episcopal Church and several other small churches.

One historically significant drawback to the existing downtown square and surrounding area is a general lack of parking. However, the general success of the area in terms of attracting office and retail uses over the past decade is evidence that patrons, to some extent, are willing to accept limited parking provisions in exchange for the unique atmosphere of the downtown square. That being said, as noted earlier, the City of Ocala developed a new 402 space parking garage at the corner of SE Osceola Ave and E Ft. King St which opened in late 2016 and has helped to improve the area's parking deficiency. Additional off-site parking is provided along Magnolia, Broadway St and 1st Ave (across the street from the subject), there is a limited amount and much of it is limited to 2-hour parking (or metered) during business hours which is inconvenient for employees of the businesses downtown. While there are numerous public and private parking lot facilities in the area, the City of Ocala lots are fully reserved. It is also noted that Marion County constructed a large parking garage in about 1990 (capacity of 700 to 800 spaces) adjacent to the courthouse facility which has

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certainly impacted the parking supply of the overall general downtown area⁶ but is not particularly useful in terms of customers of businesses south of SR 40.

Prior to the efforts of revitalization of the downtown area (significant impetus from both public and private sectors beginning in the early to mid 1990s), appearances of buildings were generally poor. There was little demand in the area for uses other than offices or long-time, established local retail uses (i.e. Gause & Son). As a result, retail vacancy was relatively high for properties on the square (conservatively estimated at 50%). However, vacancy rates are significantly lower now and rental rates have increased significantly. Tenant-occupancy is prevalent across most of the downtown square area. Of course, the downturn in the national, state, and local economy in about 2008 has adversely impacted the progress of the immediate real estate market (downtown) as well.

In 2004, the City of Ocala proposed a Downtown Master Plan⁷ to include redevelopment of much of the area to include a blend of professional office space, retail space and urban residential units. Additional supporting forms of redevelopment include improved street linkages/connections as well as the creation of more public space such as parks, plazas and courtyards. Another major focus of the downtown plan was the creation of more parking through various garage structures (including development of the former library site with just such a facility). The proposed level of redevelopment of the downtown area within this particular plan was projected to occur in three primary phases over a time frame extending into 2014. As such, while this master plan was considered a significant positive proposed influence upon the subject neighborhood, its complete implementation was, and continues to be, projected well into the future and rather speculative.

Despite the slow progress with respect to the overall master plan for re-development until recently, there has been a significant amount of activity in terms of office space in the downtown district. IHMC purchased and occupies the former library building with 15 employees. The office building located at 101 NE 2nd St (former Taylor Bean & Whitaker offices) was recently purchased and is now used for a call center in support of AnsaFone. Another office building located at 1417 N. Magnolia Ave was also recently purchased and is now occupied for another call center. This company (Sitel) also benefitted from significant incentives from the City of Ocala (tied directly to job creation). The former Manning Building Supplies site (several blocks north of the square) has been redeveloped with a multi-unit retail and office complex known as Madison Commons. Most recently, two relatively large, two-story office buildings near the downtown square were purchased for owner-occupancy. This significant increase in downtown workers would seem to contribute to potential demand for downtown restaurants. It is noted, however, that there remains an abundance of available office space within larger buildings such as the property which SunTrust occupies on the north side of SR 40 as well as the former Bank of America building at the southeast corner of the

⁶ Both inner-city hospitals have also constructed parking garages to address lack of parking in the immediate area; like the legal/governmental/retail sector in which the subject is located (CBD north of SR 40), the medical sector of the CBD (generally south of SR 40) is experiencing an ever-diminishing inventory of available vacant land.

⁷ Prepared by Moore, Iacofano, Goltsman (MIG), Inc., dated January of 2004.

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downtown square.

The former Sprint site just southeast of the downtown square represents a focal point of the proposed master plan and, in fact, was proposed for development not long after submission of the plan. More specifically, the proposed plan included essentially a donation of the City of Ocala portion of the site to a south Florida developer along with a \$1,500,000 loan. The Sprint building was to be converted to residential condominiums and the balance of the site was to be developed with townhouses, a parking garage (260 spaces) and a 40,000 SF open air retail and restaurant complex to be called City Walk. Shortly after commencement of construction, however, the developer failed to meet the requirements of the City of Ocala and the project came to a halt. In fact, the City of Ocala retained title to the property in early 2009 and, other than the existence of the Sprint building and related site improvements, the majority of the site was restored to a vacant parcel.

More recently, an established and very reputable local developer (McBride Land & Development) was approved for development of the Sprint building (blend of residential condominiums and ground floor retail space) which was completed in 2016. Subsequently, the developer has sold 7 of the 18 residential condominiums. This project represents the first significant implementation of the master plan vision in terms of vertical development on or near the downtown square. Further, this developer benefits from a purchase option for additional acreage adjacent south of the former Sprint building parcel. Meanwhile, the former Chamber of Commerce site on the downtown square remains vacant and available for redevelopment. In fact, the site has been approved for development with a new hotel (reportedly under the Hilton flag) with additional first floor retail space available. This project will directly benefit from the proposed additional downtown parking garage which was recently constructed by the City of Ocala. Finally, Boyd Real Estate recently announced plans for Lincoln Square at the 500 block of S. Magnolia Ave and SE 1st Ave. This project would represent the redevelopment of a former Lincoln/Mercury car dealership with a mixed use property to include retail, restaurants and a residential component.

In the final analysis, the efforts of the City of Ocala to create demand for redevelopment has positively impacted the district. As a result, the downtown Ocala market is finally experiencing the beginning of implementation of a meaningful level of redevelopment which has finally gained momentum and resulted in a considerable increase in private-sector activity in the downtown market.

Finally, the subject property is an integral part of its defined physical neighborhood, contributing to highest and best use thereof.

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Description and Analysis of Site

The following description of the subject site is based upon data available for the public records of Marion County, Florida as well as my on-site personal inspection.

PID #2820-012-001

Parcel Size-	.38 AC (subject to current survey)
Position/Shape-	corner/rectangular
Exposure-	good visual prominence
Aesthetic Appeal-	average
Topography/Drainage-	generally level terrain; drainage appears adequate
Flood Zone-	zone "X" per FEMA Map #12083C0517E, effective April of 2017
Road Frontage-	105 FF on S r/w E Fort King St & 159 FF on E r/w SE Watula Ave
Site Access-	site presently not directly accessible (accessed from SE 2 nd St across adjacent property in common ownership)
Road Improvements-	both E Fort King and SE Watula Ave improved with improved with two lanes of traffic, curb/gutter, storm sewer, sidewalks, street lights and overhead utilities
Easements-	no known adverse easements (subject to current survey)
Encroachments-	none observed (subject to current survey)
Adjacent Land Uses-	N= Marion Medical Society offices E= State Farm office S= subject Parcel 2 (Ocala/Marion County TPO office) W= City Hall

PID #2820-012-003

Parcel Size-	.16 AC (subject to current survey)
Position/Shape-	corner/rectangular
Exposure-	good visual prominence
Aesthetic Appeal-	average
Topography/Drainage-	generally level terrain; drainage appears adequate
Flood Zone-	zone "X" per FEMA Map #12083C0517E, effective April of 2017
Road Frontage-	65 FF on E r/w SE Watula Ave & 105 FF on N r/w of SE 2 nd St
Site Access-	subject presently accessed via curb cut on SE 2 nd St
Road Improvements-	both SE Watula and SE 2 nd St improved with improved with two lanes of traffic, curb/gutter, storm sewer, sidewalks, street lights and overhead utilities
Easements-	no known adverse easements (subject to current survey)
Encroachments-	none observed (subject to current survey)

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Adjacent Land Uses-
N= subject Parcel 1 (parking lot)
E= subject Parcel 3 (parking lot)
S= First Presbyterian Church parking lot
W= City Hall

PID #2820-012-004

Parcel Size- .13 AC (subject to current survey)
Position/Shape- corner/rectangular
Exposure- good visual prominence
Aesthetic Appeal- average
Topography/Drainage- generally level terrain; drainage appears adequate
Flood Zone- zone "X" per FEMA Map #12083C0517E, effective April of 2017
Road Frontage- 55 FF on W r/w SE Alvarez Ave & 105 FF on N r/w of SE 2nd St
Site Access- subject presently accessed via SE Alavarez Ave
Road Improvements- SE 2nd St improved with improved with two lanes of traffic, curb/gutter, storm sewer, sidewalk, street lights and overhead utilities; SE Alvarez Ave lacks sidewalk
Easements- no known adverse easements (subject to current survey)
Encroachments- none observed (subject to current survey)
Adjacent Land Uses-
N= State Farm office
E= multi-tenant office complex
S= First Presbyterian Church parking lot
W= subject Parcel 2 (Ocala/Marion County TPO office)

In summary, the existing site represents a physically and functionally effective entity contributing towards ultimate highest and best use with no adverse influences.

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Site Map



Aerial Photo



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Description and Analysis of Improvements

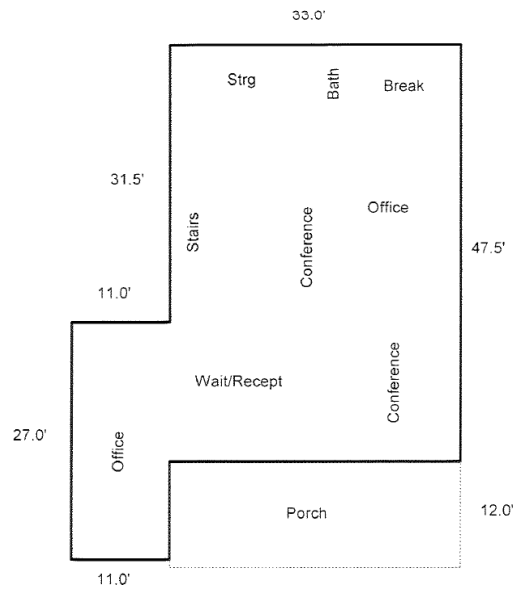
The subject property of this analysis is improved with the Ocala/Marion County TPO office building as well as two supporting parking lots (to the north and east of the building parcel). The following description pertains to the subject as it existed on the date of my most recent inspection. This valuation specifically excludes consideration to all fixtures, furnishings and equipment.

Parcel 2 - Office Building

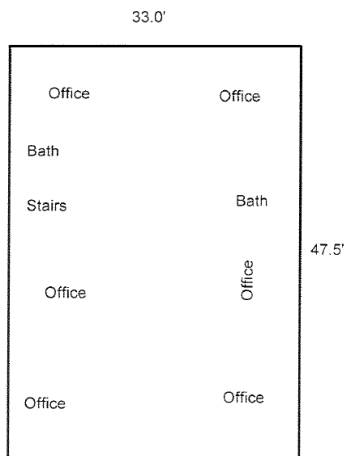
GBA/NRA-	3,385 SF of GBA/NRA; additional 396 SF front porch
Use of Building-	office (converted historic residence)
Floor Plan/Layout-	acknowledging conversion from former residence, generally functional floor plan in terms of office use; first floor includes large waiting/reception area, two offices, two conference rooms, break room, one bathroom and storage areas; second floor accessed via staircase just off of the first floor waiting/reception area and includes six offices along with two bathrooms; landing at interior stairwell also provides secondary exterior stair access; refer to <u>Floor Plan</u> sketch
Quality/Condition-	average quality/average condition
Foundation-	perimeter CB piers
Sub-Flooring-	wood sub-floor
Exterior Walls-	wood lap siding over wood frame
Roof Covering-	shingle roof over wood trusses
Interior Walls-	blend of mainly plaster but also drywall and wood
Ceilings-	drop ceiling at majority of first floor (8' height); tiles at second floor (10' height)
Floor Coverings-	blend of carpet and vinyl
Windows and Doors-	wood double hung windows; wood/glass entry doors; wood panel interior doors
Electrical and Lighting-	presumed sufficient capacity; mainly fluorescent fixtures
Fixtures-	total of (3) bathrooms each with toilet and sink; sink in break room
Heating and Cooling-	central heating/air conditioning system (two ground mounted units)
Insulation-	roof, ceiling, exterior walls; all presumed adequately efficiency rated
Additional Features-	ceiling fans; scuttle access to attic; non-functional fireplaces

Floor Plan Sketch

FIRST FLOOR



SECOND FLOOR



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Reception and waiting area



Stairwell to second floor



First floor bathroom



Break area



Upstairs office



Upstairs bathroom

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Parcel 2- Horizontal Improvements

Asphalt Paving-	small amount of asphalt paving associated with driveway
Concrete Paving-	concrete sidewalks
Drainage-	appears to include off-site drainage
Landscaping-	ornamental landscaping with irrigation

Parcel 1- Horizontal Improvements

Asphalt Paving-	parking lot and driveway (11,880 SF per public records); includes one-way driveway loop as well as total of 28 striped parking spaces (three of which are parallel in nature)
Drainage-	appears to be largely, if not entirely, off-site
Landscaping-	nominal ornamental landscaping (mainly sod)
Miscellaneous-	brick signage for Historic District

Parcel 3- Horizontal Improvements

Asphalt Paving-	parking lot and driveway (5,000 SF per public records); includes total of 11 striped parking spaces
Drainage-	appears to include off-site drainage
Landscaping-	ornamental landscaping

In summary, the subject improvements represent a functionally useful extension of the highest and best use of the land.

Economic Life and Depreciation Analysis

Economic life is the period of time during which an improvement contributes to the value of land. When this period of time ends, the improvement becomes a liability to the site to the extent of, and measured by, cost of removal. The three major categories from which an improvement may suffer a value loss are:

1. Physical Deterioration (wear and tear of improvements).
2. Functional Obsolescence (inutility of site and/or improvements).
3. External Obsolescence (adverse locational influences).

Of these three categories, only physical and functional depreciation are curable.

Actual Age-	104 yrs (office built in 1913)
Effective Age-	33 yrs (acknowledging overall average condition as well as some extent of renovations over the years most recently including interior renovations about five years prior to the date of valuation)
Economic Life-	60 yrs
Remaining Economic-	27 yrs
Deterioration Rate-	1.7%/yr (SL basis or $100\% \div \text{total economic life}$)
Accrued Deterioration-	55% (short- and long-lived, incurable)

Physical Depreciation

Curable, Deferred Maintenance: Considering its age, the subject building appears to be in overall average condition with no obvious items of deferred maintenance observed beyond fairly typical exterior wood siding deterioration in several areas which is acknowledged in my conclusion of effective age (subject to findings of professional building inspection).

Incurable, Short- and Long-Lived Components: The subject improvements include incurable deterioration to the extent of accrued depreciation based upon the effective age of the structure. This allocation is prefaced by a reduction of curable depreciation from costs new, the resulting product being multiplied by the level of accrued depreciation. Although including an overall average condition, the improvements have experienced a significant level of accrued physical depreciation.

Functional Obsolescence

As it includes a “historic” converted residence, the subject building obviously includes some extent of dated design, floor and features which are inconsistent with current building code and design standards. In that regard, the Sales Comparison Approach specifically includes consideration to highly similar converted residences and any such level of obsolescence is acknowledged in the final

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opinion of market value.

External Obsolescence

The significant decline in market conditions beginning in about 2007/2008 and lasting through the recession resulted in a significant level of external obsolescence for many property types, including offices. That being said, the market has not only stabilized but exhibited significant signs of improvement over the past several years. Further, each of the improved sales presented herein are exposed to the same market conditions as the subject property and would be reflective of such obsolescence, if any exists as of the date of valuation. Otherwise, there are no observed external influences to the subject property, as it exist, impacting negatively thereon.

Highest and Best Use

As defined in the Appraisal of Real Estate, 14th Edition (published by the Appraisal Institute in 2013), highest and best use is:

"The reasonably probable use of property that results in the highest value."

The following four tests are implicit within the consideration of highest and best use: Physically Possible, Legally Permissible, Financially Feasible, and Maximally Productive. Application of these four categories to the subject supports my conclusions of highest and best use.

Scenario 1 Valuation

The subject includes .68 AC positioned along SE Watula Ave in downtown Ocala, Florida. The site benefits from a significant level of exposure and availability of all city services. The site is generally level with no apparent flood plain and the benefit of off-site drainage provisions. Further, the subject is located just east of the downtown square and the recently completed parking garage.

The subject includes a future land use designation which allows a variety of residential uses as well as some extent of commercial development as secondary use (see **Extraordinary Assumptions** regarding specific zoning designation). In terms of residential potential, single family is limited to five units per AC while multi-family includes a maximum density of 12 units per AC. The floor area ratio is limited to 25% although a representative of the City of Ocala indicated that there are provisions within the code to allow some variation for properties such as the subject (that is, to potentially expand the FAR ceiling associated with the Neighborhood designation).

With respect to residential potential, the overall plan and intent of redevelopment in the downtown district includes residential as a rather critical component. In that regard, residential development in the downtown district would benefit from proximity to a variety of retail uses and employment

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opportunities and has only recently become a significant component of new development in the downtown area. Downtown residential units represent a unique product for which there would be presently a limited supply. As noted earlier, the “pioneer” effort for new residential units downtown was recently completed through redevelopment of the nearby former Sprint building to include a blend of residential condominium units and ground floor retail space. As of July of 2017, seven of the 18 units have been sold within a price range from \$195,000 to \$270,000 (these units are relatively small with a range in sizes from 828 SF to just over 1,500 SF). Of course, the developer of this project received the property at no cost along with significant contribution by the city toward development. Additional evidence in support of demand for downtown residential includes the proposed 10th Street Villas. This project is located about 10 blocks south of the downtown square but remains within the downtown area influence. This project includes a total of nine townhouses with an average living area size of about 1,500 SF (all three bedroom, two bath units) along with oversized one car garages. The developer acquired the site for \$2.80/SF or \$15,278 per planned unit. The developer verified that the units are offered for between \$219,000 to \$224,000 each or about \$145/SF to \$150/SF of living area. While the developer anticipates an acceptable level profit at between 15% to 20%, it is noted that the builder is a partner in the project which assisted in lowering development costs.

For the subject property, assuming that the current FAR restriction could be expanded significantly, the site would appear sufficiently sized and configured to accommodate about eight units (at a density of 12 units per AC). Further, an appropriate unit size would likely fall within a range of 1,200 to 1,700 SF of living area along with ground floor garage space (likely one car) as well as some extent of supporting horizontal development in the form of guest parking and landscaping.

General feasibility analysis of development at the subject property to this extent along with consideration to estimated hard/soft costs (more thorough feasibility analysis would require more specific and refined cost/architectural/engineering data from qualified experts) suggests that sufficient return to potential developers may not be available without some level of incentive. That being said, the subject project would benefit from a very tight market in terms of direct, truly comparable competition limited essentially only to the subject project (10th Street Villas is significantly inferior in terms of “walkability”) and the Ocala/Marion County residential market is certainly gaining strength as of the date of valuation.

The other potential alternative for the subject property would include office development. In fact, offices are a common use along this particular corridor from downtown all the way to SE 25th Ave to the east and the market for office space has certainly improved over the past couple of years. The subject’s corner location provides excellent exposure and good accessibility to downtown uses and events. My research of the local market revealed a significant level of current sales of vacant sites which are proposed for office development (including not only downtown Ocala but competitive alternative locations in the area) with a predominance of owner-occupancy. These sales generally range from over \$2.00/SF to almost \$7.00/SF. While tenant-occupancy represents a significant part

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of the market, it was reported by the broker associated with one recent land sales proposed for office use that minimum feasibility rent for office development is about \$15.00/SF, triple net which is relatively high for general office space in the current market conditions.

While both residential and office use may prove to be financially feasible, my research of available land sales from the downtown market seems indicative that land prices for office use generally exceed that of residential (at least in regard to densities at 12 units per AC or less). As such, it is my opinion that highest and best use of the subject property would likely include office development.

Scenario 2 Valuation

As hypothetically vacant, the subject associated with the Scenario 2 valuation includes .29 AC located along SE Watula Ave at the corner of SE 2nd St. The site benefits from all city services along with rectangular configuration. Again, the subject is assumed to include entitlement which allow a range of commercial and residential uses. Further, consistent with the analysis of Scenario 1, both residential and office may prove to have financial feasibility although office use, in the current market, likely commands the highest land value and is therefore considered maximally productive.

As improved, the subject includes an “historic” residence which as been converted to office use as described earlier. As a direct result of its age and design, the subject includes some extent of obsolescence (i.e. floor plan, parking ratio). Further, although within the historic district, the subject has reportedly been designated as a “non-contributing structure.” That being said, such buildings are quite common throughout the downtown district with a predominancy of owner-occupancy. Furthermore, occupants tend to value the historic charm of the buildings beyond the inconveniences of dated design and other deficiencies as compared with more modern structures. With respect to the subject property, the building includes a relatively functional layout although the “historic” nature of the property is relatively low as evidenced by its status as a “non-contributing structure” within the historic district. The property includes a relatively good level of on-site parking, particularly for downtown office space. The use considered financially most feasible, as improved, which will result in maximum sustained occupancy level for the subject property, is office use. In that regard, research of the local market reveals a significant level of demand for converted “historic” residences in the Ocala market. Furthermore, my research revealed an overwhelming predominancy of owner-occupancy. As will be presented in the Sales Comparison Approach, recent sales of such properties include a general range from just under \$50/SF to almost \$100/SF. These price levels are sufficient to provide a significant return to the underlying land such that the older improvements continue to contribute well beyond underlying land value (that is, razing of the improvements for redevelopment is not feasible). The subject actual overall plot coverage is about 27% which is high for the overall Ocala office market but typical of downtown properties with no surplus or excess lands. Highest and best use of the subject property, as improved, is for continued office use.

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Scenario 3 Valuation

For this scenario, the subject is reduced to only .38 AC positioned at the hard corner of the intersection of SE Watula Ave and E Fort King St. While including a significantly smaller size, the analysis associated with Scenario 1 remains applicable with office and residential representing potentially feasible uses. However, in the present market conditions, it appears that office use would command the highest underlying land value and is considered the highest and best use.

Reasonable Exposure Time

Reasonable exposure time is historically-oriented (**time which lapsed before closing sale/lease**).⁸ The market was researched for exposure times of comparable properties. Based upon this research, I have concluded 9 to 12 months as most reasonable for the subject property.

Valuation Methodology

The three traditional approaches to value of real estate appraisal process are: Cost Approach, Sales Comparison Approach and Income Capitalization Approach.

The Cost Approach combines an opinion of land value with value of horizontal and vertical improvements. An opinion of land value is based upon an analysis of comparable sales. Valuation of improvements begins with an opinion of current reproduction or replacement costs from which is deducted the total measure of accrued depreciation for the improvement. This approach is most reliable when improvements are new or newer and suffer little or no measure of depreciation. This approach is based upon the Principle of Substitution which holds that a buyer would likely not pay more for a property than the costs of obtaining an equally desirable substitute site plus the costs new of replacing equally desirable and useful improvements thereon, assuming no costly delay in making the substitution.

The Sales Comparison Approach includes the comparison of the subject with similarly located and useful properties that have recently sold to establish a discernible pattern for comparative analysis. Adjustments are necessary to the sales in many instances since no two properties are identical. From the range of (adjusted) sales prices, the indicator of value for the subject property is extracted.

The Income Capitalization Approach is based on the Principle of Anticipation which holds that a purchaser is buying in anticipation of acquiring future net benefits to the property. Value is measured in this approach through capitalization of net income. The rate of capitalization is derived from sources sensitive to market occurrences.

⁸ "Reasonable Marketing Time" differs from "Reasonable Exposure Time" as it is:

Future-oriented, subsequent to or post-effective valuation date; thus, if introduced, "Reasonable Marketing Time" follows **Reconciliation**.

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With respect to Scenario 1 and 3 Valuations which both consist of vacant land, only the Sales Comparison Approach is applicable. In regard to Scenario 2 which includes an improved office property, all three approaches to value are potentially applicable. However, considering the historic and converted nature of the subject improvements, the Cost Approach is not relevant. Furthermore, my research revealed a scarcity of truly comparable lease data due to a predominance of owner-occupancy for properties similar to the subject. As such, this valuation is supported by development of the Sales Comparison Approach only for which there is a sufficient availability of current sales and listing data.

Scenario 1 Valuation

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Sales Comparison Approach

This process represents a “whole-to-whole” valuation methodology which embraces all facets of the subject property as a single economic entity. The following summarizes the steps of this approach.

1. **Research market for sales which are comparable to the subject property.**
2. **Verify factual data of sales which are concluded comparable to subject.**
3. **Develop appropriate unit of comparison which reflects the basis of sales.**
4. **Compare pertinent criteria of sales with characteristics of the subject.**
5. **Where appropriate, adjust sales for differences of unit value indicators.**
6. **Apply most appropriate unit indicator to derive an indicator of value.**

Comparable Land Sales Research:

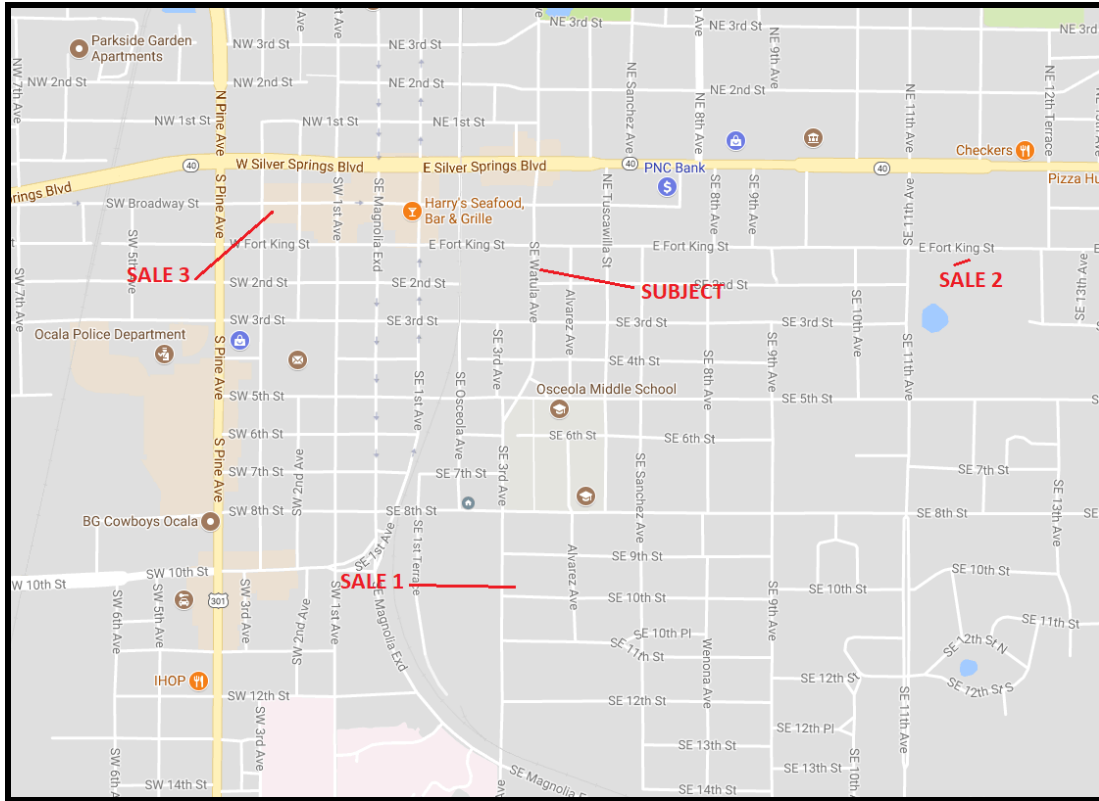
The following sales are regarded as the best, most current cross-section of data for comparison with the subject site. The most appropriate unit of comparison includes the sales price per SF of land area.

[COMPARABLE LAND SALES]

Sale	Date	Location/ Identification	Zoning/ Land Use	Size/ Comments	\$/SF
1	10/15	321 SE 10 th St/ Proposed 10th Street Villas	R-3/ Neighborhood	49,200 SF/ corner	\$2.80
2	6/16	1100 Blk of SE Ft King St/ Proposed Howanitz Office	O-H/ Neighborhood	35,590 SF/ inside	\$4.78
3	5/17	SW Broadway/ Proposed Overflow Parking	B-3/ High Intensity/CC	12,650 SF/ corner	\$12.25
		Mean of Indicators:		32,480 SF	\$6.61

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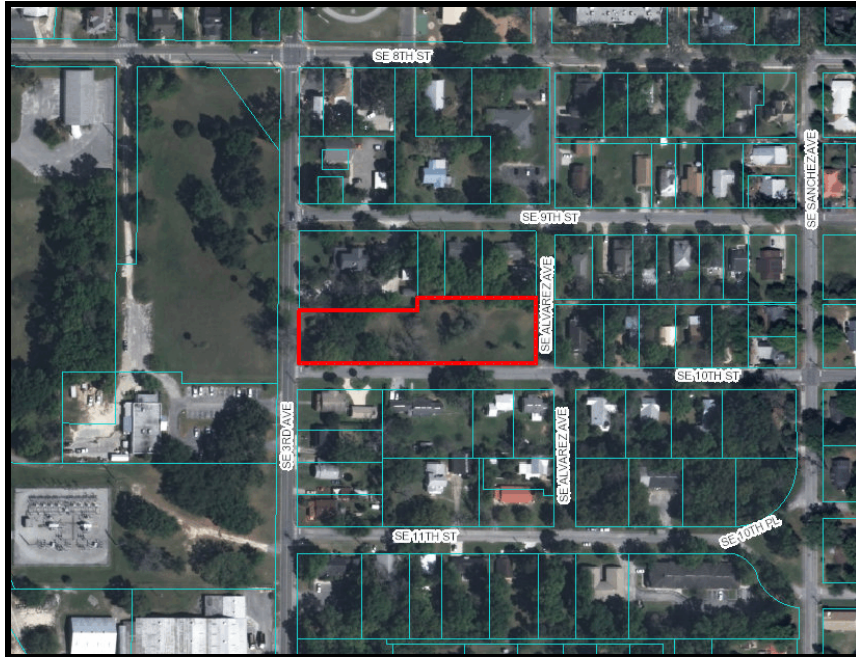
Comparable Land Sales Map



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Land Sale 1

Data Sheet



OR Book & Page:	6290/0903; Marion County
Grantor:	Advantal IRA Trust, LLC fbo Mark DeBolt IRA
Grantee:	Cullman Investments, LLC
Date of Sale:	October 9, 2015
Sale Price:	\$137,500
Unit Price:	\$2.79/SF
Cash Equivalency:	cash to seller
Assessment No.	2912-006-000
Legal Description:	lengthy, in Caldwell's Addition to Ocala subdivision
Property Jurisdiction:	City of Ocala
Land Use & Zoning:	neighborhood; R-3, multiple-family residential
Interest Conveyed:	fee simple, subject to restrictions of record
Site Area:	1.13 AC or 49,223 SF
Frontage:	E r/w of SE 3 rd Ave; N r/w of SE 10 th St; W r/w of SE Alvarez Ave
Topography/Drainage:	generally level/appears adequate
Flood Zone:	zone "X" (minimal flood) per 2008 FEMA Map
Natural Landscaping:	partially cleared
Highest & Best Use:	residential
Encumbrances:	none adverse

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Land Sale 1

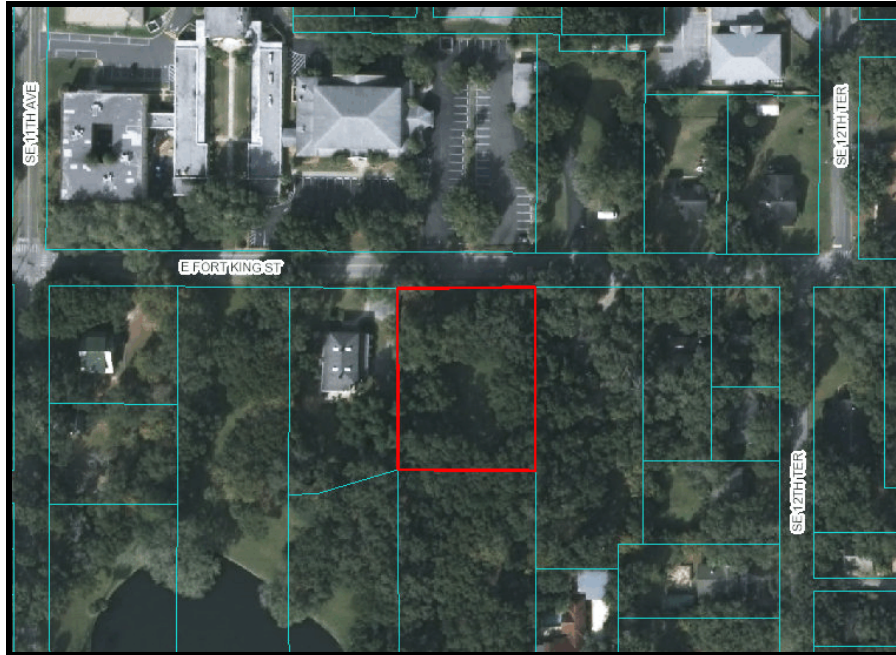
Data Sheet (Cont'd)

Improvements:	none
Utilities:	City of Ocala central services available
Verified With:	public records; d/b inspection; grantor (Mark DeBolt)
Exposure Time:	NA
3-Yr± Sales History:	previously transferred in May of 2015 from SunTrust Bank to grantor (OR 6157/1877) for a reported sales price of \$55,000 or \$1.12/SF; deed in lieu of foreclosure in July of 2014
Comments:	property at NE corner of intersection of SE 3 rd Ave and SE 10 th St in downtown Ocala; site formerly approved for a 9-unit townhouse project (density of about 8 units per AC); buyer purchased property to develop with a multi-unit townhouse project (10 th Street Villas)

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Land Sale 2

Data Sheet



OR Book & Page:	6404/0877; Marion County
Grantor:	Bailey Cattle & Timber, LLC and Clyde Winston Bailey, Jr.
Grantee:	Marianne Howanitz, P.A.
Date of Sale:	June 1, 2016
Sale Price:	\$175,000
Unit Price:	\$4.78/SF
Cash Equivalency:	NA (terms=cash)
Assessment No.	28362-061-07
Legal Description:	lengthy; in Caldwell's Addition
Property Jurisdiction:	City of Ocala
Land Use/Zoning:	neighborhood/O-H, office historic
Interest Conveyed:	fee simple, subject to restrictions of record
Site Area:	.84 AC or 36,590 SF
Frontage:	S r/w of SE Ft King St
Topography/Drainage:	generally level/appears adequate
Flood Zone:	"zone X" as per 2008 FEMA Maps

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Land Sale 2

Data Sheet (Cont'd)

Natural Landscaping:	moderately wooded
Highest & Best Use:	office and/or residential
Encumbrances:	none adverse
Improvements:	none
Utilities:	central services
Verified With:	public records; d/b inspection; MLS #442179; listing agent (Valerie Dailey)
Exposure Time:	approximately two months
3-Yr± Sales History:	NA
Comments:	property listed for \$175,000 in June of 2016 and sold two months later with no discounts; reflects wooded tract across the street from First United Methodist Church; buyer is a local attorney and purchased the site to develop with a law office

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Land Sale 3

Data Sheet



Grantor:	Broadway Entertainment Group, LLC
Grantee:	IOM, LLC
Date of Sale:	May 25, 2017
Sale Price:	\$155,000
Unit Price:	\$12.25/SF
Cash Equivalency:	none (cash to seller)
Interest Conveyed:	fee simple (see Comments)
Assessment No.	2853-026-002
Location:	222 SW Broadway St, Ocala, Florida
Site Area:	12,650 SF
Configuration:	rectangular
Road Frontage:	S r/w of SW Broadway St; E r/w of SW 3 rd Ave
Topography/Drainage:	former building condemned due to sink hole activity on-site; potential adverse soil conditions remain at the time of sale although the site is proposed for parking lot use/drainage appears adequate
Flood Zone:	zone "X" (minimal flooding) as per FEMA Maps
Natural Landscaping:	average (cleared)

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Land Sale 3

Data Sheet (Cont'd)

Property Jurisdiction:	City of Ocala
Land Use/Zoning:	high intensity/central core & B-3
Use at Sale:	vacant at sale
Encumbrances:	none adverse
Improvements:	remaining asphalt from prior parking lot use
Utilities:	City of Ocala services available
Verified With:	public records; seller (Lauren Miriam)
Exposure Time:	not formally offered for sale; grantor approached by grantee
3-Yr Sales History:	property sold in July of 2012 for only \$57,500; it was verified that the former building was razed prior to this sale at the expense of the seller (approximately \$10,000 as indicated by selling agent); selling agent also verified that existence of adverse site conditions certainly impacted the sale price
Comments:	seller verified that he was approached by the owner of the adjacent property which was recently developed with the Starbuck's store; reportedly this owner was in need of additional parking and, as a result, may have paid somewhat of a premium for the property; the grantor also verified that the transaction included a reservation of use for 12 spaces by the grantor

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Adjustment Process

In terms of the adjustment process, initial considerations are made to interest conveyed, cash equivalency, conditions of sale and market conditions. In addition, the data are analyzed as to location, physical characteristics (i.e. size, topography, drainage provisions and improvements) and entitlement.

My review of the available data revealed a lack of discernible support for most of these elements of comparison. That is, there is simply not sufficient data to isolate one variable within a single pairing in order to extract value impact attributable thereto. Where specific quantified adjustments are not available, I have correlated value of the subject site through the qualitative analysis of the overall range of indicated unit sale prices.

Interest Conveyed:

Each of the sales included the acquisition of the fee simple interest and do not require adjustment for interest conveyed.

Cash Equivalency:

Each transaction included cash to seller with no adjustment necessary.

Conditions of Sale:

While all sales included arm's length transactions, the buyer associated with Sale 3 represented the adjacent property owner with an extreme motivation to acquire the property to resolve parking deficiencies. As such, downward consideration to Sale 3 for conditions of sale is appropriate.

Market Conditions:

Each of the sales occurred within two years from the date of valuation and do not require adjustment for market conditions.

Location:

Of the three sales, only Sale 3 includes a specific location in close proximity to the downtown square and is considered most similar. Sales 1 and 2 are somewhat removed from the downtown square but remain within the influence of the downtown market. In the final analysis, both Sales 1 and 2 are considered slightly inferior in terms of specific location.

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Physical Characteristics:

In terms of size, the three indicators produce a range of sizes which brackets that of the subject property. That being said, Sale 1 is larger while Sale 3 is smaller. As there is insufficient evidence to support specific adjustment, variances in size are acknowledged qualitatively.

The subject includes an “L-shaped” configuration that benefits from multiple corner positions and availability of all utilities/off-site drainage. The comparable data include a cross-section of parcels which are generally similar in terms of shape/configuration as well as accessibility to utilities.

Only Sale 3 is improved. In that regard, the site includes partial remnant parking associated with the former building. While these improvements continue to be used, the transaction included a reservation of 12 spaces to the grantor. As such, overall no adjustment is necessary to Sale 3 for improvements.

Use (Entitlement):

Sales 1 and 2, like the subject, include the Neighborhood designation and do not require adjustment. Sale 3, however, benefits from the High Intensity/Central Core designation which is superior and downward consideration is appropriate.

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The following is a summary of the elements of comparison and qualitative analysis thereof related to valuation of each component of the subject property.

[Comparable Sales Adjustment Grid]

Element of Comparison	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$2.80	\$4.78	\$12.25
Property Rights	Fee Simple	Fee Simple	Fee Simple
Financing	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale	Arm's Length	Arm's Length	Motivated Buyer (-)
Adjusted Price (\$/SF)	\$2.80	\$4.78	\$12.25
Time/Market Conditions	Similar	Similar	Similar
Adjusted Price (\$/SF)	\$2.80	\$4.78	\$12.25
Location	Inferior (+)	Inferior (+)	Similar
Size	Larger (+)	Similar	Smaller (-)
Utility	Similar	Similar	Similar
Improvements	None	None	Similar
Entitlement	Similar	Similar	Superior (-)
Adjusted Price (\$/SF)	>\$2.80	\$4.78	<\$12.25

Conclusions:

The data produce a broad range of indicated value for the subject site from \$2.80/SF to \$12.25/SF with a mean of \$6.61/SF. Sale 1 represents the extreme lower tendency but includes an inferior location and larger size. By contrast, Sale 3 represents the extreme upper tendency but requires downward consideration for buyer motivation (assemblage), smaller size and superior entitlement. Sale 2 represents the lower-central tendency and is considered most similar overall requiring only upward consideration for somewhat inferior location.

In the final analysis, it is my opinion that a conclusion toward the lower-central tendency of the overall range of data is most appropriate. Based upon the market data researched and presented herein, I have concluded an opinion of value of the subject land of:

Opinion of Market Value
[29,595 SF @ \$5.00/SF, Rd]

\$148,000

Scenario 2 Valuation

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Sales Comparison Approach

Again, this process represents a “whole-to-whole” valuation methodology which embraces all facets of the subject property as a single economic entity.

Comparable Improved Sales Research:

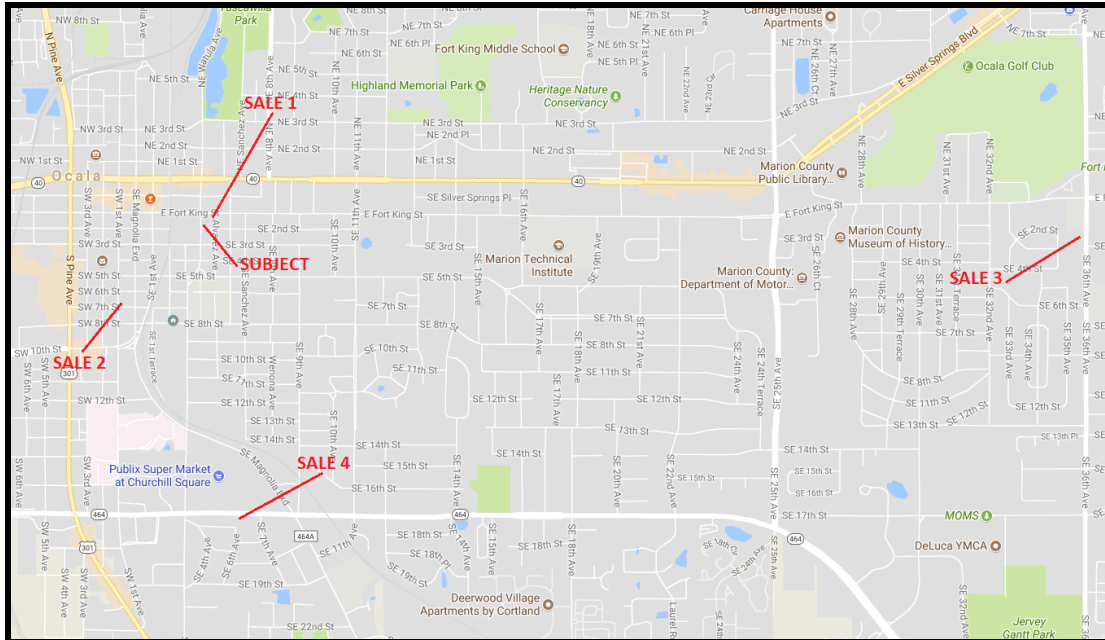
The following represent the best data available for direct comparison with the subject property. The most relevant unit of comparison is the price per SF of GBA.

[COMPARABLE IMPROVED SALES]

Sale	Date	Location/ID	Act Age/GBA	Use/Plot Coverage	\$/SF
1	5/14	416 E Fort King St/ State Farm Insurance Office	123 yrs/ 5,453 SF	Professional Office/ 31%	\$96.28
2	6/15	621 SW 1 st Ave/ Proposed Offices	97 yrs/ 3,508 SF	Professional Office/ 28%	\$47.04
3	6/16	220 SE 36 th Ave/ FMC Offices	58 yrs/ 3,107 SF	Professional Office/ 8%	\$85.29
4	7/16	610 SE 17 th St/ Former Futch Law Firm	51 yrs/ 2,510 SF	Professional Office/ 13%	\$137.45
		Mean of Indicators:			\$96.28

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Comparable Improved Sales Location Map



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Data Sheet

Improved Sale 1



OR Book & Page:	6038/1470; Marion County
Grantor:	Diamondback Hospitality Group, LLC
Grantee:	Angie Lewis Insurance Agency, Inc.
Date of Sale:	May 8, 2014
Sale Price:	\$525,000
Unit Price:	\$96.28/SF
Interest Conveyed:	fee simple
Cash Equivalency:	conventional (cash to seller)
Legal Description:	portion of Lot 12, Caldwells Addition to Ocala
Assessment No.	2820-012-002
Location:	416 SE Fort King St, Ocala, FL
Site Area:	.41 AC or 17,860 SF (per public records)
Configuration:	essentially rectangular
Road Frontage:	S r/w of SE Ft King St; W r/w of SE Alvarez Ave
Topography/Drainage:	generally level/adequate
Flood Zone:	zone "X" as per 2008 FEMA Map No. 12083C0517D
Natural Landscaping:	average/good; selectively cleared

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Data Sheet

Improved Sale 1 (Cont'd)

Utilities:	central water and sewer
Property Jurisdiction:	City of Ocala
Land Use/Zoning:	central core/R-O, residential office
Use at Sale:	gift shop/café (Tres Chic) and upstairs apartment
Encumbrances:	none adverse
Improvements:	wood frame, two-story historic residence (built in 1888) which has been converted to commercial use (most recently a retail store/cage by the buyer); building reportedly encloses total of 5,453 SF of GBA/NRA with average quality/condition interior finish (renovated most recently in 2011); site improvements include parking lot (only 8 to 9 spaces or ratio of only 1 per 606 SF) and landscaping
Condition:	good (25 yr effective age; 123 yr actual age)
Occupancy:	proposed for a retail shop
Verified With:	public records; drive-by inspection; MLS #399557 (Joe Priest)
Exposure Time:	173 days on market
3-Yr± Sales History:	property previously sold in 2011 for \$425,000 (prior to considerable renovations)
Comments:	the seller purchased the property in 2011 for the relocation of an existing clothing store (Tres Chic) from the downtown square; to that end, the main store was on the 1 st floor while supporting office and perhaps some extent of display area will be on the 2 nd floor; significant termite damage was discovered and that all anticipated repairs (including replacement of portions of the exterior siding, interior wood floors and wood sub-floor, along with painting of the exterior and interior) included an approximate cost of \$100,000 (underway as of my inspection of the property in June of 2011); this more recent transaction included a buyer that intends to operate the first floor as a State Farm office with the second floor serving as a residence (including full kitchen)

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Improved Sale 2

Data Sheet



OR Book & Page: 6228/1810; Marion County
Grantor: Carter Vincent Brown
Grantee: James and Rebecca Reynolds
Date of Sale: June 16, 2015
Sale Price: \$165,000
Unit Price: \$47.04/SF
Interest Conveyed: fee simple
Cash Equivalency: conventional (cash to seller)
Legal Description: Lot 3, Blk 18, New Survey South of the City of Ocala
Assessment No. 2852-018-003
Location: 621 SW 1st Ave, Ocala, FL
Site Area: .29 AC or 12,632 SF (per public records)
Configuration: rectangular
Road Frontage: N r/w of SW 7th St; E r/w of SW 1st Ave
Topography/Drainage: generally level/adequate
Flood Zone: zone "X" as per 2008 FEMA Map
Natural Landscaping: average; selectively cleared

Improved Sale 2

Data Sheet (Cont'd)

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Utilities: central water and sewer
Property Jurisdiction: City of Ocala
Land Use/Zoning: central core/B-3B
Use at Sale: vacant at sale (former residence)
Encumbrances: none adverse
Improvements: wood frame, two-story historic residence (built in 1918) which will be converted to professional office use; building reportedly encloses total of 3,508 SF of GBA/NRA with average quality/condition interior finish (seller was in the process of renovations at time of sale); site improvements include chain link fencing, nominal landscaping and no paved parking area
Condition: good (40 yr effective age; 97 yr actual age)
Occupancy: proposed for tenant or owner-occupied professional office
Verified With: public records; drive-by inspection; MLS #419867; broker at sale (Sandy Dinger)
Exposure Time: approximately six months
3-Yr± Sales History: none
Comments: the seller was in the process of renovating the former residence and had performed interior renovations (new AC, electric, plumbing, paint); buyers will complete exterior renovations (underway as of our inspection in November of 2015) which include new paint, repair to damaged siding and new landscaping; property was treated for termites subsequent to sale (detected during pre-sale inspection); buyer intends to try to lease the building for professional office use or may owner-occupy the building

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Improved Sale 3

Data Sheet



OR Book & Page:	6390/1128; Marion County
Grantor:	TMLF Properties Inc.
Grantee:	FMC Office, LLC
Date of Sale:	May 13, 2016
Sale Price:	\$265,000
Unit Price:	\$85.29/SF
Interest Conveyed:	fee simple
Cash Equivalency:	conventional (cash to seller)
Legal Description:	lengthy, Section 15/15/22
Assessment No.	28174-000-00
Location:	220 SE 36 th Ave, Ocala, FL
Site Area:	.86 AC or about 37,640 SF (per public records)
Configuration:	rectangular
Road Frontage:	W r/w of SE 36 th Ave
Topography/Drainage:	generally level/adequate
Flood Zone:	zone "X" as per 2008 FEMA Map
Natural Landscaping:	average; selectively cleared

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Improved Sale 3

Data Sheet (Cont'd)

Utilities:	central water and sewer
Property Jurisdiction:	City of Ocala
Land Use/Zoning:	neighborhood/RO, residential office
Use at Sale:	vacant at sale (professional office)
Encumbrances:	none adverse
Improvements:	two-story former residence which has been converted to office use; structure encloses approximately 3,107 SF total GBA/NRA; supporting site improvements include asphalt parking lot (total of 9 spaces), concrete sidewalk and patio, signage, 260 SF detached storage building and landscaping with irrigation
Condition:	average to good (30 yr effective age; 58 yr actual age)
Occupancy:	proposed for owner-occupied professional office (FMC Wealth Management)
Verified With:	public records; prior appraisal; MLS #410784; broker at sale (Clay Lehman; buyer (Jay Fratello)
Exposure Time:	approximately two years
3-Yr± Sales History:	none
Comments:	transaction reflected a "bank approved short sale"; building was significantly renovated in 2009 and includes a floor plan appropriate for a broad range of single tenant professional uses (legal, accounting, insurance, real estate, financial); listed since July of 2014 with an original list price of \$310,000 or \$99.077/SF and subsequently reduced several times to \$275,000 or \$88.51/SF reflecting 15% discount from the original list price

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Improved Sale 4

Data Sheet



OR Book & Page:	6434/1564 (Marion County)
Grantor:	R. William Futch & Elizabeth T. Futch
Grantee:	S & C Murray, LLC
Date of Sale:	July 29, 2016
Sale Price:	\$345,000
Unit Price:	\$137.45/SF
Interest Conveyed:	fee simple
Cash Equivalency:	conventional(cash to seller)
Legal Description:	lengthy, see OR (in Section 20/15/22)
Assessment No.:	2920-004-001
Location:	610 SE 17 th St, Ocala, FL
Site Area:	19,680 SF
Configuration:	essentially rectangular
Road Frontage:	S r/w of SE 17 th St
Topography/Drainage:	generally level/appears adequate
Flood Zone:	zone "X" as per 2008 FEMA Map No. 12083C0517D
Landscaping:	average/good

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Improved Sale 4

Data Sheet (Cont'd)

Utilities:	City of Ocala
Property Jurisdiction:	City of Ocala
Land Use/Zoning:	low intensity/R-O
Use at Sale:	professional office (Futch Law Firm)
Encumbrances:	none adverse
Improvements:	2,510 SF masonry office building (renovated single-family residence; built in 1965) with an average to good interior finish; along with related site improvements including parking ratio of one space per 279 SF of GBA
Condition:	average (20 yr effective age)
Occupancy:	proposed for owner-occupancy by Hearing and Balance Solutions subsequent to relatively minor interior updating
Verified With:	public records; d/b inspection; MLS # 439093; representative of selling agent (Julie)
Exposure Time:	5 months
3-Yr± Sales History:	NA last three years
Comments:	none

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Adjustment Process

The following summarizes the adjustment process associated with the comparable improved sales data.

Interest (Rights) Conveyed:

Each of the improved sales of this analysis included the fee simple interest. As such, no adjustment is necessary.

Cash Equivalency:

None of the sales require adjustment for cash equivalency.

Conditions of Sale:

Acknowledging that Sale 3 included a “bank approved” short sale, all sales included arm’s length transactions with no need for adjustment.

Expenditures Immediately After Sale:

None of the sales required adjustments for expenditures made immediately after sale.

Market Conditions (Time):

Each of the improved sales occurred within about three years from the effective date of valuation of this report and do not require adjustment for market conditions.

Effective Age:

All sales were analyzed as to a variance in effective age as compared with the subject property. As noted earlier, the subject includes an estimated effective age of approximately 33 years. By comparison, Sale 3 includes a slightly superior effective age of about 30 years while Sales 1 and 4 include superior effective ages of 25 years and 20 years, respectively. Finally, Sale 2 includes an inferior effective age of approximately 40 years. The following summarizes the calculations in support of my adjustments to these indicators.

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[Effective Age Adjustment Calculations]

	Sale 1	Sale 2	Sale 3	Sale 4
Sale Price (Adjusted)	\$525,000	\$165,000	\$265,000	\$345,000
- Estimated Contributory Value of Site	(\$89,000)	(\$50,000)	(\$75,000)	(\$118,100)
= Depreciated Value of Improvements	\$436,000	\$115,000	\$190,000	\$226,900
÷ by Accrued Depreciation Factor ⁹	0.58	0.33	0.50	0.67
= Hypothetical Cost New	\$751,724	\$348,485	\$380,000	\$338,657
x Adjusted Accrued Depreciation Factor of Subject	0.45	0.45	0.45	0.45
= Adjusted Depreciated Value of Improvements	\$338,276	\$156,818	\$171,000	\$152,396
+ Site Value	\$89,000	\$50,000	\$75,000	\$118,100
= Adjusted Sale Price, Rd	\$427,276	\$206,818	\$246,000	\$270,496
Indicated Adjustment (Adj Price ÷ Sale Price, Rd)	0.81	1.25	0.93	0.78

Location/Plot Coverage:

The sales require consideration for location/plot coverage. Consistent with the earlier presented land valuation associated with Scenario 1, the subject's total underlying land value allocation is estimated at \$63,000 (12,600 SF @ \$5.00/SF, rounded) which equates to \$18.61/SF of subject GBA. For comparison, the underlying land included in:

Sale 1 represents \$16.32/SF of GBA (based upon a rate of \$5.00/SF of land area) resulting in an upward adjustment of \$2.29/SF; Sale 2 represents \$14.25/SF of GBA (based upon a rate of \$4.00/SF of land area) resulting in an upward adjustment of \$4.36/SF; Sale 3 represents \$24.14/SF of GBA (based upon a rate of \$2.00/SF of land area) resulting in a downward adjustment of \$5.53/SF; and Sale 4 represents \$47.04/SF of GBA (based upon a rate of \$6.00/SF of land area) resulting in a downward adjustment of \$28.43/SF.

Size:

The four indicators include a range of GBA size from 2,510 SF to 5,453 SF with a mean of 3,645 SF. This range of sizes is considered within a reasonable threshold of the subject such that no adjustment is necessary.

Quality/Design/Utility/Appeal:

In terms of overall quality, design and utility, it is noted that the all sales include older converted "historic" residences similar to the subject. That being said, Sale 1 includes a significantly superior overall design/appeal while Sales 2 through 4 are considered generally similar.

⁹ Effective age adjustments are based on an estimated economic life of 60 years or depreciation rate of 1.67%/yr for the comparable and subject properties. Age variance factor above represents 100% less the estimated level of depreciation.

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Site Improvements/Parking Ratio:

The subject includes fairly typical supporting site improvements with a parking ratio of one space per 308 SF of GBA. By comparison, Sale 1 includes an inferior parking ratio while Sale 2 included no paved parking provisions (appears to have yet been fully converted to commercial use). Sales 3 and 4, however, both include similar parking ratios. These variances are acknowledged qualitatively.

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The following chart summarizes quantitative and qualitative adjustments to the improved sales.

[Comparable Improved Sales Adjustment Grid]

Element of Comparison	Sale 1	Sale 2	Sale 3	Sale 4
Sale Price (\$/SF)	\$96.28	\$47.04	\$85.29	\$137.45
Interest Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Cash Equivalency	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Immediate Expenditures	Similar	Similar	Similar	Similar
Adjusted Price (\$/SF)	\$96.28	\$47.04	\$85.29	\$137.45
Time/Market Conditions	Similar	Similar	Similar	Similar
Adjusted Price (\$/SF)	\$96.28	\$47.04	\$85.29	\$137.45
Age	0.81	1.25	0.93	0.78
Adjusted Price (\$/SF)	\$77.99	\$58.80	\$79.32	\$107.21
Location/Plot Coverage	\$2.29	\$4.36	(\$5.53)	(\$28.43)
Building Size	Similar	Similar	Similar	Similar
Quality/Design/Utility/Appeal	Superior (-)	Similar	Similar	Similar
Site Imp/Parking Ratio	Inferior (+)	Inferior (+)	Similar	Similar
Adjusted Price (\$/SF)	\$80.28	\$63.16	\$73.79	\$78.78

Conclusions:

After adjustment, the four sales produce a range of indicators of market value for the subject property from \$63.16/SF to \$80.28/SF with a mean of \$74.00/SF. In that regard, Sale 2 represents the extreme lower tendency but requires a very high level of adjustment for age and is least comparable overall in that it appears to lack full conversion for commercial use (particularly with respect to site improvements). As such, it is considered an understatement of market value for the subject and excluded from primary consideration. The three remaining sales produce a much more narrow range of indicated value from \$73.39/SF to \$80.28/SF. From this range, it is my opinion that a conclusion toward the central tendency of the narrowed range is most appropriate. Based upon the market data researched and presented herein, I have concluded an opinion of value of the subject property as follows:

Indicator of Market Value

\$264,000

[3,385 SF @ \$78.00/SF, Rd; via Sales Comparison Approach]

Scenario 3 Valuation

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Sales Comparison Approach

Again, this process represents a “whole-to-whole” valuation methodology which embraces all facets of the subject property as a single economic entity.

Comparable Land Sales Research:

The following sales are regarded as the best, most current cross-section of data for comparison with the subject site (see Scenario 1 Valuation for location map and individual data sheets for each sale). The most appropriate unit of comparison includes the sales price per SF of land area.

[COMPARABLE LAND SALES]

Sale	Date	Location/ Identification	Zoning/ Land Use	Size/ Comments	\$/SF
1	10/15	321 SE 10 th St/ Proposed 10th Street Villas	R-3/ Neighborhood	49,200 SF/ corner	\$2.80
2	6/16	1100 Blk of SE Ft King St/ Proposed Howanitz Office	O-H/ Neighborhood	35,590 SF/ inside	\$4.78
3	5/17	SW Broadway/ Proposed Overflow Parking	B-3/ High Intensity/CC	12,650 SF/ corner	\$12.25
		Mean of Indicators:		32,480 SF	\$6.61

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Adjustment Process

In terms of the adjustment process, initial considerations are made to interest conveyed, cash equivalency, conditions of sale and market conditions. In addition, the data are analyzed as to location, physical characteristics (i.e. size, topography, drainage provisions and improvements) and entitlement.

My review of the available data revealed a lack of discernible support for most of these elements of comparison. That is, there is simply not sufficient data to isolate one variable within a single pairing in order to extract value impact attributable thereto. Where specific quantified adjustments are not available, I have correlated value of the subject site through the qualitative analysis of the overall range of indicated unit sale prices.

Interest Conveyed:

Each of the sales included the acquisition of the fee simple interest and do not require adjustment for interest conveyed.

Cash Equivalency:

Each transaction included cash to seller with no adjustment necessary.

Conditions of Sale:

While all sales included arm's length transactions, the buyer associated with Sale 3 represented the adjacent property owner with an extreme motivation to acquire the property to resolve parking deficiencies. As such, downward consideration to Sale 3 for conditions of sale is appropriate.

Market Conditions:

Each of the sales occurred within two years from the date of valuation and do not require adjustment for market conditions.

Location:

Of the three sales, only Sale 3 includes a specific location in close proximity to the downtown square and is considered most similar. Sales 1 and 2 are somewhat removed from the downtown square but remain within the influence of the downtown market. In the final analysis, both Sales 1 and 2 are considered slightly inferior in terms of specific location.

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Physical Characteristics:

In terms of size, the three indicators produce a range of sizes which brackets that of the subject property. That being said, Sales 1 and 2 are larger while Sale 3 is similar. As there is insufficient evidence to support specific adjustment, variances in size are acknowledged qualitatively.

The subject includes a rectangular configuration that benefits from a corner position and availability of all utilities/off-site drainage. The comparable data include a cross-section of parcels which are generally similar in terms of shape/configuration as well as accessibility to utilities.

Only Sale 3 is improved. In that regard, the site includes partial remnant parking associated with the former building. While these improvements continue to be used, the transaction included a reservation of 12 spaces to the grantor. As such, overall no adjustment is necessary to Sale 3 for improvements.

Use (Entitlement):

Sales 1 and 2, like the subject, include the Neighborhood designation and do not require adjustment. Sale 3, however, benefits from the High Intensity/Central Core designation which is superior and downward consideration is appropriate.

ALBRIGHT & ASSOCIATES of Ocala, Inc.

The following is a summary of the elements of comparison and qualitative analysis thereof related to valuation of each component of the subject property.

[Comparable Sales Adjustment Grid]

Element of Comparison	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$2.80	\$4.78	\$12.25
Property Rights	Fee Simple	Fee Simple	Fee Simple
Financing	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale	Arm's Length	Arm's Length	Motivated Buyer (-)
Adjusted Price (\$/SF)	\$2.80	\$4.78	\$12.25
Time/Market Conditions	Similar	Similar	Similar
Adjusted Price (\$/SF)	\$2.80	\$4.78	\$12.25
Location	Inferior (+)	Inferior (+)	Similar
Size	Larger (+)	Larger (+)	Similar
Utility	Similar	Similar	Similar
Improvements	None	None	Similar
Entitlement	Similar	Similar	Superior (-)
Adjusted Price (\$/SF)	>\$2.80	>\$4.78	<\$12.25

Conclusions:

The data produce a broad range of indicated value for the subject site from \$2.80/SF to \$12.25/SF with a mean of \$6.61/SF. Sale 1 represents the extreme lower tendency but includes an inferior location and larger size. By contrast, Sale 3 represents the extreme upper tendency but requires downward consideration for buyer motivation (assemblage), smaller size and superior entitlement. Sale 2 represents the lower-central tendency and is considered most similar overall requiring only upward consideration for somewhat inferior location.

In the final analysis, it is my opinion that a conclusion toward the lower-central tendency of the overall range of data is most appropriate. Based upon the market data researched and presented herein, I have concluded an opinion of value of the subject land of:

Opinion of Market Value
[16,695 SF @ \$5.50/SF, Rd]

\$92,000

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Reconciliation

The Sales Comparison Approach represents the only applicable approach to value for each valuation scenario. Further, each valuation benefits from current data from the subject's competitive market area. Based on prevailing economic conditions, taking all relevant influences and characteristics into consideration, weighing the best market evidence available as has been set forth in this report, I have formed an opinion of market value of the subject property, with a reasonable degree of appraisal certainty, with respect to the interest identified, according to the program of property utilization which is consistent with the threshold of highest and best use, subject to the *certification*, *assumptions* and *hypothetical conditions*, expressed in this appraisal report, as of the effective valuation date identified herein, of:

<u>Opinion of Market Value "Scenario 1"</u>	<u>\$148,000</u>
<u>Opinion of Market Value "Scenario 2"</u>	<u>\$264,000</u>
<u>Opinion of Market Value "Scenario 3"</u>	<u>\$92,000</u>

Addendum

ALBRIGHT & ASSOCIATES of Ocala, Inc.

Stephen J. Albright, Jr. **Curriculum Vitae**

Employment

Professional Golf, Tommy Armour and T.C. Jordan Tour (1992-1993)
Marion and St. Johns County School Boards, School Teacher (1993)
Albright & Associates, Ocala, Inc. (1994 to 2002)
Stephen Albright & Associates, Inc. (2002 to present)

Formal Education

University of North Carolina, Chapel Hill, NC; BA, Psychology, 1992

Professional Designations

State-Certified General Real Estate Appraiser, RZ2392
Member, Appraisal Institute, MAI

Professional Organizations/Service

Appraisal Institute, East Florida Chapter (Former Board Member)
Ocala/Marion County Multiple Listing Service

Community Organizations/Service

Ocala/Marion County Chamber of Commerce
First Presbyterian Church of Ocala (Former Elder)
Community College of Central Florida Foundation (Former Board Member)
Silver Springs Rotary Club (Former Board Member)
Ocala Vision 2035 Leadership Group
Mastering the Possibilities (Board of Directors)
First Tee of Greater Ocala (Board of Directors)
Florida State Golf Association (Board of Directors)

Real Estate Appraisal Education (Courses)

Appraisal Principles, Appraisal Institute
Appraisal Procedures, Appraisal Institute
Basic Income Capitalization, Appraisal Institute
Standards of Professional Practice, Part A (USPAP), Appraisal Institute
Standards of Professional Practice, Part B (USPAP), Appraisal Institute
Standards of Professional Practice, Part C (USPAP), Appraisal Institute
General Applications, Appraisal Institute
Florida License, Core Law
Advanced Income Capitalization, Appraisal Institute

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Highest and Best Use & Market Analysis, Appraisal Institute
Advanced Sales Comparison and Cost Approaches
Report Writing and Valuation Analysis
Advanced Applications
Uniform Appraisal Standards for Federal Land Acquisitions
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
Condemnation Appraising: Principles & Applications
The Appraiser as an Expert Witness: Preparation and Testimony

Real Estate Appraisal Education (Seminars)

Using Your HP12C Financial Calculator (Appraisal Institute)
The Internet and Appraising (Appraisal Institute)
Uniform Standards of Professional Appraisal Practice (Appraisal Institute)
Small Hotel/Motel Valuation (Appraisal Institute)
Analyzing Operating Expenses (Appraisal Institute)
Appraising From Blueprints and Specifications (Appraisal Institute)
Residential Design & Functional Utility (Appraisal Institute)
Appraisal of Nursing Facilities (Appraisal Institute)
Analyzing Distressed Real Estate (Appraisal Institute)
Feasibility, Market Value, Investment Timing: Option Value (Appraisal Institute)
Subdivision Valuation

Specialized Services

[Expert Witness]

5th Circuit- Marion County- Judge Swigert (City of Ocala; “Yard Relief Program”; 1997)
5th Circuit- Marion County- Judge Singbush (City of Ocala; “SW 44th Ave Project”; 2000)
5th Circuit- Marion County- Judge Singbush (William Post; 2002)
5th Circuit- Marion County- Judge Singbush (SE/SW 31st St Project; 2005)
5th Circuit- Marion County- Judge Singbush (SW 20th St Project; 2006)
5th Circuit- Marion County- Judge Singbush (Marion County vs Bahia Honda; 2006)
5th Circuit- Marion County- Judge Singbush (NW 44th Ave Project; 2007)
5th Circuit- Marion County- Judge Musleh (Marco Polo vs Peterson, et al; 2007)
5th Circuit- Marion County- Judge Singbush (NW 44th Ave Project Order of Taking; 2007)
5th Circuit- Marion County- Judge Harris (SE 31st St Project Order of Taking; 2009)
5th Circuit- Marion County- Judge Edwards-Stephens (SE 31st St Project Order of Taking; 2009)
5th Circuit- Marion County- Judge Lambert (CR 200A Project Order of Taking; 2009)
5th Circuit- Marion County- Judge King (SW 95th St Project Order of Taking; 2010)
5th Circuit- Marion County- Judge Lambert (SW 42nd St Flyover Project Order of Taking; 2010)
5th Circuit- Marion County- Judge Eddy (Marion Co vs Morgnan Center; Fee Hearing; 2012)

ALBRIGHT & ASSOCIATES of Ocala, Inc.

5th Circuit- Marion County- Judge Singbush (NW 35th/49th St Project Order of Taking; 2012)

5th Circuit- Citrus County- Judge Falvey (Community Bank; Deficiency Hearing; 2014)

5th Circuit- Marion County- Judge Tatti (Community Bank; Deficiency Hearing; 2014)

5th Circuit- Marion County- Judge Rogers (Murvin & Altogrey, LLC vs Brown; 2014)

5th Circuit- Lake County- Judge Singeltary (M & S Bank; Deficiency Hearing; 2016)

[Arbitration/Mediation Hearings]

Marion County, Florida

Ignatius Ciesla v. Bonded Builders Home Warranty (2006)

[Special Magistrate]

Marion County Value Adjustment Board Hearings (2008-2016)

Citrus County Value Adjustment Board Hearings (2010-2014)

[Speaking Engagements]

International Association of Assessing Officers - Florida Chapter

2015 TPP Seminar - VAB Special Master Panel - Lake Mary, Florida