

Valuation Reports

What level of detail?

July 2016

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Sample appraisals

- Sample appraisals available as marketing tools on websites, eg
- <http://www.schlemmerappraisal.com/Samples.html>
- Here we will look at an office building in Georgia, USA

Clear Summary

PROPERTY IDENTIFICATION	:	Office Condominium Building 200 Marietta, Cobb County, Georgia
DATE OF APPRAISAL	:	July 19, 2013
DATE OF INSPECTION	:	July 19, 2013
PROPERTY RIGHTS APPRAISED	:	Fee Simple Estate.
LAND AREA	:	.146 acres allocated to subject unit.
BUILDING AREA	:	5,555 ⁷ Office Condominium Building. There is an additional 488sf of common area. Built in 1982.
ZONING	:	O & I District
HIGHEST AND BEST USE	:	Office Condominium
EXPOSURE & MARKETING PERIOD	:	12 months.
INCOME APPROACH	:	\$690,000
SALES COMPARISON APPROACH	:	\$780,000
<u>TOTAL MARKET VALUE</u>	:	<u>\$780,000</u>

Clear Map



Title Search Copy

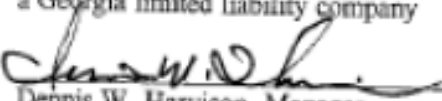
AND THE SAID Grantor, for its successors and assigns, will warrant and forever defend the right and title to the above described property unto the Grantee, its successors and assigns, against the lawful claims of all persons claiming by, through or under Grantor.

IN WITNESS WHEREOF, the Grantor has hereunto set its hand and seal the day and year above written.

Sworn to and Subscribed
before me:

REGENCY OFFICES, L.L.C.,
a Georgia limited liability company


(Unofficial Witness)

 [SEAL]
Dennis W. Harvison, Manager

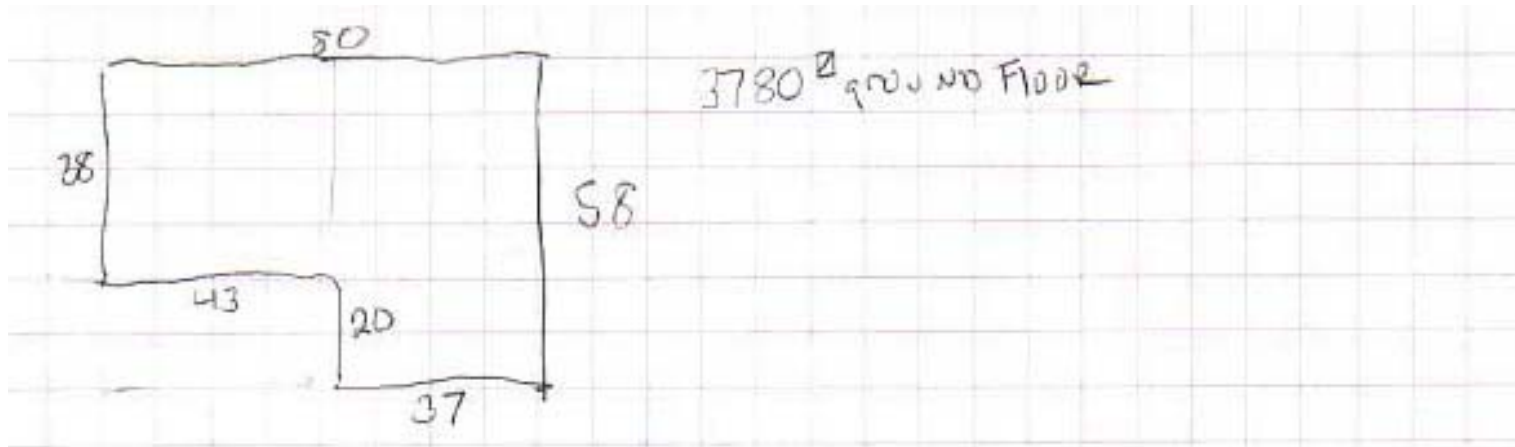

Notary Public

This the 4th day of January, 2007.

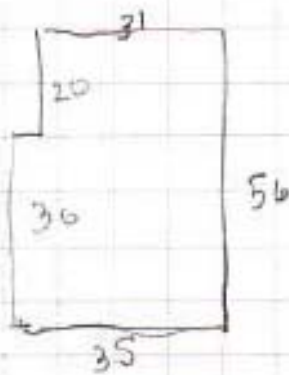
My Commission Expires:



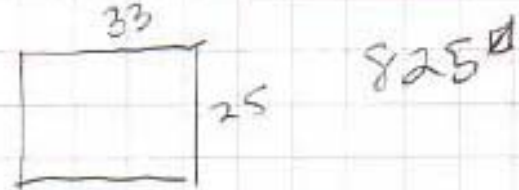
Actual area calculations



Suite 200

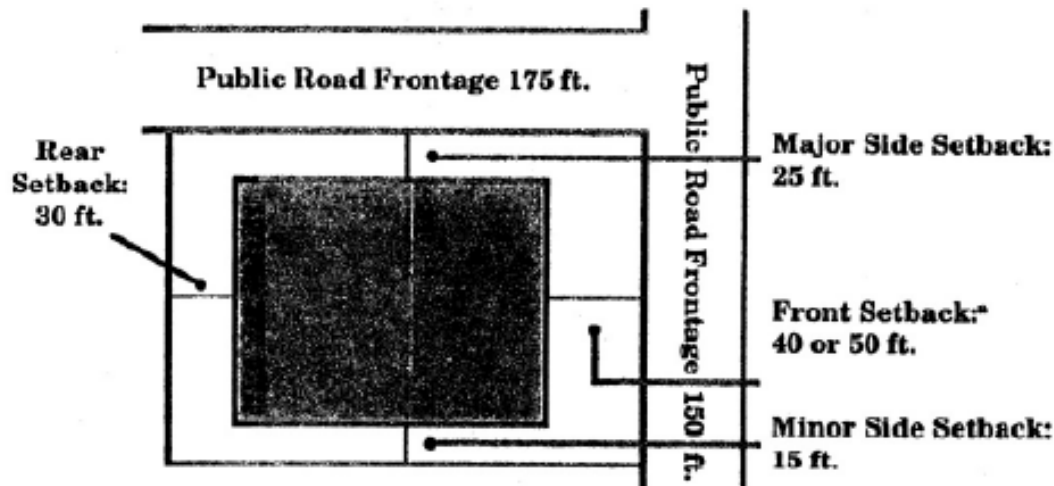


Suite 230 Second Floor



Zoning Information

- Office and Industrial – provides 5 pages of Zoning Policy extracts, includes:
 - Set backs from each frontage
 - FAR, parking ratios, building heights – dependent on use



Market Information

- In depth macro information about the City and neighborhood
 - Population statistics
 - Employment trends / top 10 employers
 - Overview of Transport , Health and Education sectors
 - Recent developments

Comparables Leases

SUMMARY OF COMPARABLE RENTALS					
No.	Name/Location	Lease Date	Gross Building Sq. Ft.	Leased Area Sq. Ft.	Rent/ Sq. Ft.
1	Riverway Office Park 501 Johnson Ferry Rd Bldg F Marietta, GA 30068	Jul-13	4,350	1,087	\$14.00
2	Johnson Square Office Park 1517 Johnson Ferry Rd - Bldg 1517 Marietta, GA 30062	Jul-13	8,334	4,167	\$14.00
3	Providence Place 2850 Johnson Ferry Rd Marietta, GA 30062	Jul-13	4,350	1,087	\$14.00
4	2,600 SF Office Condo 2880 Johnson Ferry Rd Marietta, GA 30062	Jul-13	11,280	2,600	\$17.00

Comparables Adjustment

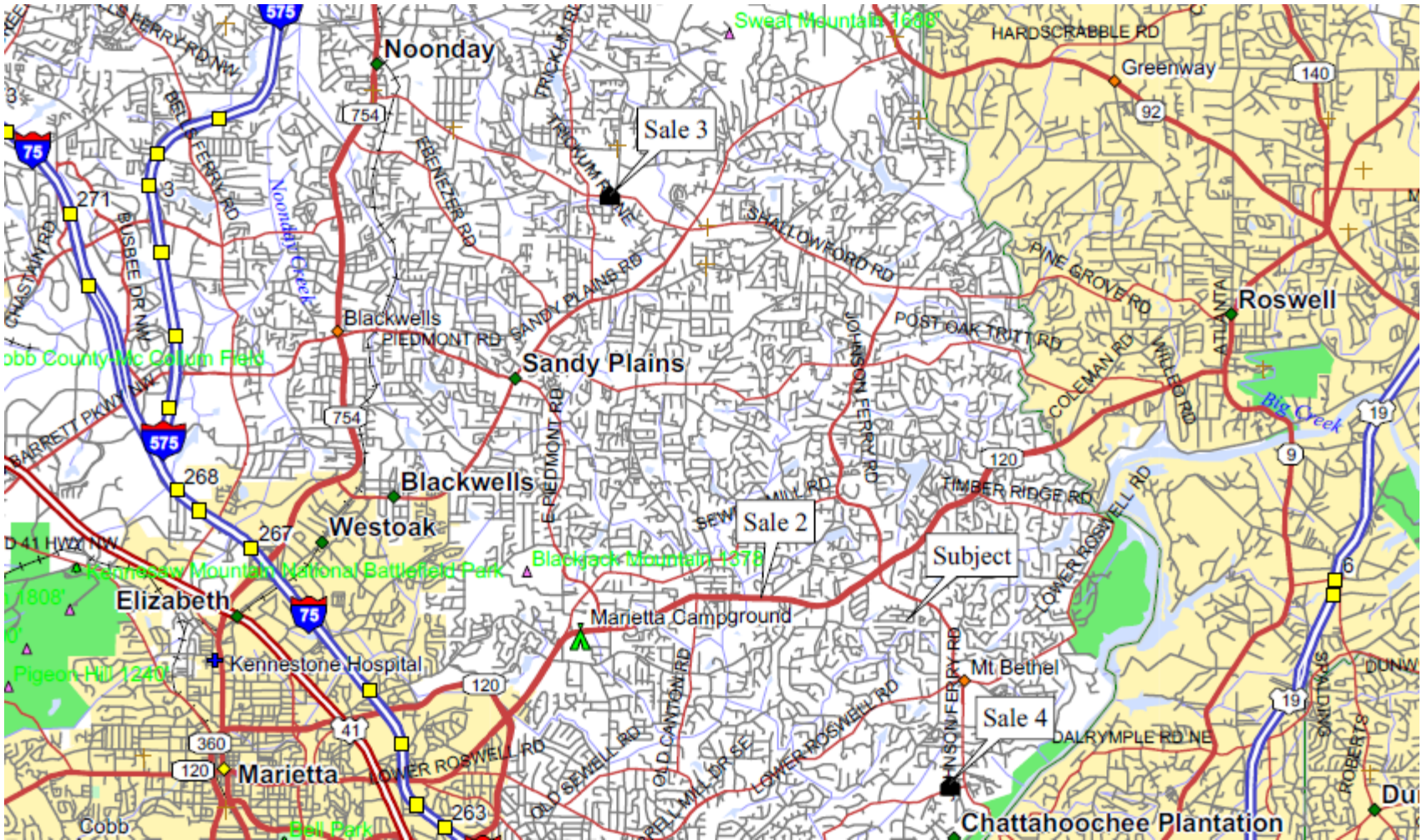
**COMPARABLE LEASES
SUMMARY OF ADJUSTMENTS**

	Rental 1	Rental 2	Rental 3	Rental 4
Rent/Square Foot	\$14.00	\$14.00	\$14.00	\$17.00
Gross/Net Adjustment (Lease Terms)	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Rent/Square Foot	\$14.00	\$14.00	\$14.00	\$17.00
Date of Lease	Jul-13	Jul-13	Jul-13	Jul-13
Date of Appraisal	Jul-13	Jul-13	Jul-13	Jul-13
Number of Months	-	-	-	-
Time Adjustment/Year	0.00%	0.00%	0.00%	0.00%
Time Adjustment/Month	0.00%	0.00%	0.00%	0.00%
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%
Time-Adjusted Rent	\$14.00	\$14.00	\$14.00	\$17.00
<i>Adjustments:</i>				
Location	0%	0%	0%	0%
Access/Exposure	0%	0%	5%	0%
Age/Condition	-5%	0%	0%	0%
Size	0%	5%	0%	0%
Finish	10%	5%	10%	5%
Total Adjustments	5%	10%	15%	5%
Adjusted Rent/Sq. Ft.	\$14.70	\$15.40	\$16.10	\$17.85
Average -	\$16.01			

Comparable Cap Rates

Office Cap Rates Sales					
No.	Name/Location	Date	Sale Price	Net Income	Cap Rates
1	12,000 SF Class B Office Condominium 4200 Northside Pky NW Atlanta, GA 30327	Mar-13	\$1,600,000	\$133,560	8.35%
2	2,250 SF Class C Office Building 3535 Roswell Dr - Bldg 13 Marietta, GA 30062	May-11	\$337,500	\$28,125	8.33%
3	4,615 SF Class B Office Building 2513 Shallowford Rd - Bldg 100 Marietta, GA 30066	May-13	\$563,030	\$41,766	7.42%
4	2,010 SF Office Condo 171 Village Pky NE Marietta, GA 30062	Mar-12	\$240,000	\$18,392	7.66%
	Subject				7.94%

Comparables Map



Addenda – each Rental Comp



Name	:	Johnson Square Office Park		
Street Address/Location	:	1517 Johnson Ferry Rd - Bldg 1517		
City/County/State	:	Marietta, GA 30062		
Lessee	:	Undisclosed		
Verification	:	Shaun Weinstock (404) 591-6387		
Lease Term	:	3 years		
Lease Date	:	Jul-13		
Leased Area	:	4,167	Sq. Ft.	Rentable
Gross Building Area	:	8,334		
Rent Per Square Foot	:	\$14.00		Full service
Expenses	:			
Real Estate Taxes	:	Lessor		
Insurance	:	Lessor		
Structural Maintenance	:	Lessor		
Utilities	:	Lessee		
CAM	:	Lessee		

Addenda – each Sale Comp



Name	:	12,000 SF Class B Office Condominium
Street Address/Location	:	4200 Northside Pky NW
City/County/State	:	Atlanta, GA 30327
Grantor	:	RMS Property Holding Company LLC
Grantee	:	TDD Property Holding Company LLC
Verification	:	Document No: 52437-0622
Sale Price	:	\$1,600,000
Sale Date	:	Mar-13
Land Area	:	0.14 Acres
Area	:	12,000 Sq. Ft.
Gross Building Area	:	12,000 Sq. Ft.
Price Per Sq. Ft.	:	\$133.33
Gross Income	:	\$144,000
Net Income	:	\$133,560 Cap Rate: 8.35%

Expenses

- Clear data on historic and projected expenses for:
 - Taxes
 - Insurance
 - Management and Leasing
 - Utilities
 - Repairs and Maintenance
 - Void
- How much covered by Service Charge vs expense to landlord

Capitalization Income Approach

Income:

Gross Income				
Suite 200	Owner	1,880	x \$ 16.00 = \$	30,080
Suite 230		825	x \$ 16.00 = \$	13,200
Suite 240		800	x \$ 16.00 = \$	12,800
Suite 250	Owner	943	x \$ 16.00 = \$	15,088
Suite 270		1,107	x \$ 16.00 = \$	17,712
Total Gross Income		5,555		\$ 88,880
Less Vacancy & Credit Loss @		5%		\$ (4,444)
Plus Recoveries				
Effective Gross Income				\$ 84,436

Expenses:

Fixed Expenses				
Real Estate Taxes	\$ 1.17	\$ 6,499		
Insurance	\$ 0.11	\$ 628		
Total Fixed Expenses			\$ 7,127	

Operating Expenses

Management Fee	3%	\$ 2,533		
Condo Fee	\$ 2.33	\$ 12,943		
Repair/ Maintenance	\$ 0.62	\$ 3,444		
Utilities	\$ 0.86	\$ 4,777		
Total Operating Expenses			\$ 23,698	

Capital Expenses

Total Capital			\$ -	
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Total Expenses and Replacement Allowance	\$ 30,825
Net Income Before Recapture	\$ 53,611

Capitalization:

\$ 53,611 Capitalized @	7.75%	=	\$ 691,759
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VALUE BY INCOME APPROACH	Rounded	\$ 690,000
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Sale Comparable Approach

	Sale 1	Sale 2	Sale 3	Sale 4	
Sale Price Per Unit	\$133.33	\$150.00	\$122.00	\$119.40	
Date of Sale	Mar-13	May-11	May-13	Mar-12	
Date of Appraisal	Jul-13	Jul-13	Jul-13	Jul-13	
Number of Months	4	26	2	16	
Time Adjustment Per Year	0%	0%	0%	0%	
Time Adjustment Per Month	0.00%	0.00%	0.00%	0.00%	
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%	
Time-Adjusted Sale Price	\$133.33	\$150.00	\$122.00	\$119.40	
Adjustments:					
Location	-5%	5%	5%	5%	
Exposure	0%	0%	0%	0%	
Finish	5%	5%	5%	10%	
Age & Condition	0%	-10%	-10%	0%	
Size	10%	0%	0%	0%	
Total Adjustments	10%	0%	0%	15%	
Adjusted Sale Price Per Unit	\$146.67	\$150.00	\$122.00	\$137.31	
Average	\$139.00				
Unit Value Used	\$140.00				
VALUE INDICATED BY THE SALES COMPARISON APPROACH					
Total Area	5,555	Sq. Ft. X	\$140.00	=	\$777,700

Reconciliation

RECONCILIATION

The value indications for the subject property follow:

INCOME APPROACH	\$690,000
SALES COMPARISON APPROACH	\$780,000

- Final Valuation: \$780,000 with reasoning why:
- Sales approach based on owner occupied buildings who are willing to pay more than investors
- Significant demand from this sector for buildings of the size and location of the subject property

Conclusion

- What does this mean for us?
- Increase data collection – requires data sharing
- Increase transparency in methodology – not giving away trade secrets, but showing the approach is thorough and reliable