



Appraisal Report
REAL ESTATE APPRAISAL
Of
PENSACOLA TECH PARK



Salamanca Street
Pensacola, FL

As of
August 6, 2020

Prepared For
Ms. Melissa Stoker
Florida West Economic Development Alliance
3 West Garden Street, Suite 618
Pensacola, FL, 32502

Prepared by
FRUITTICHER-LOWERY APPRAISAL GROUP, INC.
Tom Fruitticher, MAI, FL-RZ2029

Appraisal Order:
TF20097S-E

PART ONE: INTRODUCTION



**FRUITTICHER - LOWERY
APPRAISAL GROUP**

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August 7, 2020

Florida West Economic Development Alliance
3 West Garden Street, Suite 618
Pensacola, FL 32502

Attn: Ms. Melissa Stoker,

Letter of Transmittal

RE: An Appraisal Report of Pensacola
Tech Park located at Salamanca Street in
Pensacola, FL.

Dear Ms. Stoker:

At your request, information was obtained and reviewed of the above referenced property for the purpose of estimating the current market value of the fee simple estate of Pensacola Tech Park. In compliance with the "Uniform Standards of Professional Appraisal Practice", this letter of transmittal is followed by an appraisal report in which all applicable approaches to value are used and with the value conclusion reflecting all known information about the subject property, current and projected market conditions, and other available data. This report contains to the fullest extent possible and practical, explanations of the data, reasoning and analysis used to develop the opinion of value. It also includes thorough descriptions of the subject property, the property's locale, the market for the property type, and my opinion of highest and best use.

Market value will be defined in the appraisal report, but basically assumes a willing buyer-seller, both knowledgeable of the subject real estate market and with the valuation at the property's highest and best use. Both exposure and marketing time periods are estimated to be between 3-6 Months. In accordance with USPAP, I have not performed any prior services regarding the subject within the previous three years of the appraisal date.

RODGER K. LOWERY, MAI
State-Certified General Real Estate Appraiser
FL #RZ0001922 * AL #G00445



TOM FRUITTICHER, MAI
State-Certified General Real Estate Appraiser
FL #RZ0002029 * AL #G00788

The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered.

An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. This appraisal is based on the extraordinary assumption that there are no private deed restrictions that would restrict the use of the subject lots beyond the zoning regulations. There are no other Extraordinary Assumptions for this appraisal. There are no hypothetical conditions for this appraisal.

Subject to the above and the limiting conditions and certification as set forth herein, it is my opinion that the current market value of the Fee Simple estate as of the last date of inspection, August 6, 2020, was:

CURRENT MARKET VALUE

FOUR MILLION TWO HUNDRED FIFTY NINE THOUSAND DOLLARS

\$4,259,000

The above value is a discounted value or wholesale value that a single purchaser can pay for all 40 lots and still realize a profit upon re-sale of the individual lots. The 20 smaller subject lots have a retail value of \$158,000 each and the 20 larger lots have a retail value of \$260,000 each. The estimated gross sell-out based on these retail values is \$8,360,000.

Ms. Melissa Stoker
August 7, 2020
Page Two

I hereby certify I have no interest, present or contemplated, in the appraised property. This appraisal has been prepared utilizing all of the requirements set forth as Standards for Real Estate Appraisals as established for federally related transactions and the State of Florida. The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). The fee for this appraisal was not based on a minimum value nor was the assignment undertaken based on a pre-determined value or guaranteed loan amount.

I appreciate the opportunity of doing this work for you and your client. After your review, should you have questions, please don't hesitate to call.

Respectfully submitted,



Tom -- Fruitticher, MAI
State-Certified General Real Estate Appraiser #RZ2029
tom@flag1.net
Phone -- (850) 982-2470

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

CLIENT:	Florida West Economic Development Alliance
INTENDED USER:	Client
INTENDED USE:	The intended use is portfolio management.
PROPERTY LOCATION:	The Pensacola Tech Park is located along the north and south sides of Salamanca Street between 9th Avenue and Florida Blanca and south of Chase Street in Downtown Pensacola.
SITE SIZE:	<p>The parcel contains approximately 7.84-acres in 31 finished lots.</p> <p>The subject lots have good access and the typical lot has 50 feet of frontage along one of the subdivision's road.</p>
GENERAL DESCRIPTION:	<p>The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered.</p>
ZONING:	The subject property is zoned GRD.
ENVIRONMENTAL CONCERNS:	None

HIGHEST AND BEST USE: Mixed Use

DATE OF VALUE: The current date of value is August 6, 2020, the last date of inspection.

ASSESSED VALUE: \$768,800 (Estimated)

ANNUAL PROPERTY TAXES: \$9,393.97 (Estimated)

PROPERTY RIGHTS APPRAISED: Fee Simple Estate

VALUE INDICATIONS – MARKET VALUE

Summary of Values	
Value Premise	As Is
	8/6/2020
Income Capitalization	\$4,259,000
Value Conclusion:	\$4,259,000

Disclosure of Competency – In accordance with the competency provision of USPAP 2020-21, I am competent to complete this assignment, as I have appraised many subdivisions throughout Northwest Florida and specifically in Pensacola, Florida.

SCOPE OF THE APPRAISAL PROCESS

The client for this appraisal report is the Florida West Economic Development Alliance who is also the intended user of this report. The intended use of this appraisal is portfolio management by Florida West Economic Development Alliance. The type of value opinion being provided is the current market value of the fee simple estate. The current date of value is the date of the last inspection of the property of August 6, 2020.

In an effort to meet your requirements, as well as conforming to the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA requirements, a visual inspection was made of the subject property. The subdivision plat was obtained from public records but only minimal information was able to be obtained from this so the County Appraiser's information was used for lot size information. In some cases, lot sizes appeared to differ from the plat so the GIS measuring tool was used to aid in establishing lot sizes. Notes were taken during the inspection of the property for use in the description write-ups found within this report.

In addition to the physical inspection, research was conducted on a regional and neighborhood basis in an effort to identify trends and factors, which have an effect on area property values. A search was conducted to find recent bulk lot sales as well as individual lot sales. Bulk sales of mixed use subdivision lots were not found so the sales comparison approach was eliminated from consideration. The cost approach was not used, as the lots are located in a completed subdivision. Lot sales were extracted from public records information and summarized in the income approach, which was used to estimate the gross sell-out or retail value and considering the expected absorption, a discounted cash flow analysis was used to identify the wholesale value of the lots. This would be a value to a single buyer who can make a required return upon resale of the individual lots, also known as the wholesale value.

PURPOSE OF APPRAISAL

The purpose of this appraisal is determine the current market value of the fee simple estate of the subject property. The objective of this report is to present the data and reasoning used to form this opinion of value.

USE OF APPRAISAL

This appraisal is being prepared for use by Florida West Economic Development Alliance. The intended use of this appraisals is portfolio management

DATE OF VALUE AND OF PROPERTY INSPECTIONS

The property was last inspected on August 6, 2020, which is also the current date of value. This report was signed on August 7, 2020.

PROPERTY RIGHTS APPRAISED

There are several different types of ownership interest that can be appraised. These include the Fee Simple Estate ownership interest, the Leased Fee ownership interest and the Leasehold ownership interest.

“Fee Simple Estate” has been defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

“Leased Fee Estate” has been defined as:

"An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease"²

“Leasehold estate” has been defined as:

"The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions."³

The property rights being appraised are those of the fee simple estate.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th Edition. (Chicago, Illinois: Appraisal Institute, 2002), pg. 113.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th Edition. (Chicago, Illinois: Appraisal Institute, 2002), pg. 204.

³ The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th Edition. (Chicago, Illinois: Appraisal Institute, 2002), pg. 162.

MARKET VALUE DEFINITION AND IMPLICATIONS

The definition of market value as currently stated by The Office of the Comptroller of the Currency is as follows:

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

- A. Buyer and seller are typically motivated;
- B. Both parties are well informed or well advised and each acting in what they consider their own best interest;
- C. A reasonable time is allowed for exposure in the open market;
- D. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- E. 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.”⁴

⁴ The Office of the Comptroller of the Currency, 12CFR, Part 34

IDENTIFICATION OF THE PROPERTY

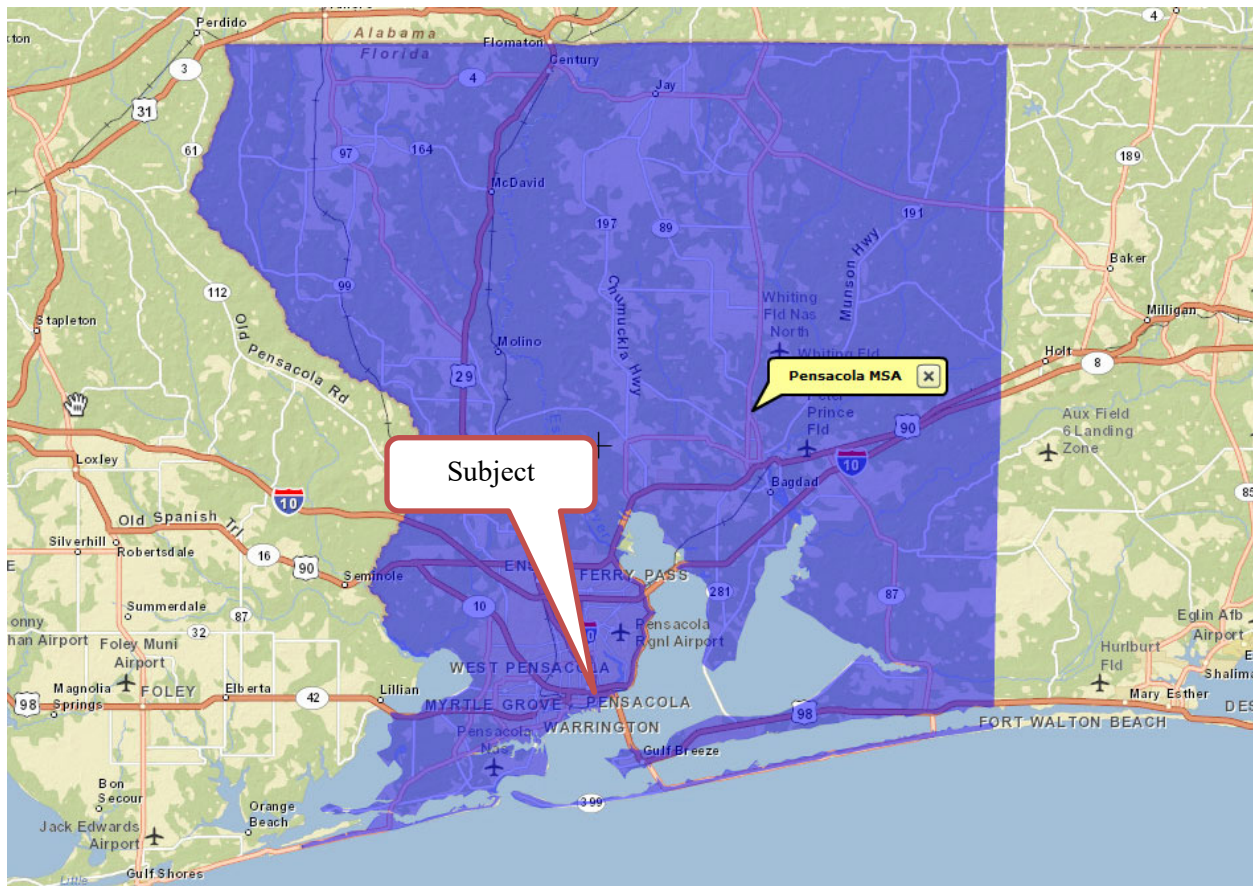
- PROPERTY ADDRESS:** The Pensacola Tech Park is located along the north and south sides of Salamanca Street between 9th Avenue and Florida Blanca and south of Chase Street in Downtown Pensacola.
- LEGAL DESCRIPTION:** Please see the legal description found in the addendum.
- OWNER OF RECORD:** The owner of record is Pensacola Escambia Promotion & Development Commission
- TYPE OF OWNERSHIP:** Fee Simple Estate
- PHYSICAL:** The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered.

HISTORY OF THE PROPERTY

The property has been under its current ownership in excess of the previous five years. I also searched the CMLS and found no listings of the subject lots.

PART TWO: DESCRIPTIONS, ANALYSIS AND VALUE CONCLUSIONS

GENERAL AREA LOCATION MAP



GENERAL AREA DATA

There are four basic interrelated forces that influence the value of a property: Social/population trends; economic changes and adjustments; governmental controls and regulations; and physical or environmental changes. These forces are considered in every phase of the evaluation and valuation process but are best discussed in the General Area Data and Neighborhood Data sections of the report. The subject's general area is considered the Pensacola Metropolitan Statistical Area (MSA), which includes the City of Pensacola and the nearby communities of Cantonment, Pace, Milton, and Gulf Breeze, located in Escambia and Santa Rosa Counties. The interrelated forces influencing this general area, as listed above, follow:

GENERAL AREA DATA (Cont'd.)

SOCIAL/POPULATION

Among the more important factors in a market study are the area population trends and the factors that affect the expected future population. The information obtained for the subject's market area of the Pensacola MSA, which consists of Escambia and Santa Rosa counties, was obtained from the *United States Census Bureau* and updated through the *Site To Do Business*.

The Pensacola MSA has a year 2019 population estimate of 501,851, based on projections by ESRI and quoted by the *STDB (Site to do Business)* which is up from the 2010 Census of 448,991. This average increase per year of 1.3% is expected to continue into the future with current estimates for the year 2024 being 531,533. The average household size is 2.49 people per residence and there currently are an estimated total of 221,117 housing units of which 57.4% are owner occupied, 29.3% are renter occupied and 13.3% are vacant. The number of vacancies may be somewhat misleading, as many of the beach properties are only seasonally occupied. The median household income for 2019 is indicated to be \$54,662.

The population increase for the Pensacola MSA over the next five years is expected to be 29,682 people. This translates to the need for 11,920 new households (2,384/Year) over the next five years. Per the PARMLS the median house value sold (1/1/2019-1/1/2020) in the community is \$213,500, which is up 9.5% from previous year's median of \$194,900. Considering the median household income along with the average rule-of-thumb that 25% of the household income can go toward a mortgage, would indicate approximately \$13,666 (\$1,139/month) can be used for mortgage payments in the median household. Considering a 4.5% interest rate, monthly payments of \$1,139 and a 30 year amortization, the median household can afford a mortgage in the amount of \$224,794 and considering a 10% down payment, the median household could afford a home of about \$249,771. As this is well above the currently indicated median home value, there is room for continued home value increases.

GENERAL AREA DATA (Cont'd.)

As stated, the beach area condominium market is largely made up of absentee owners. Looking at a list of owners from a typical development such as the Emerald Isle Condominium shows owners from Indiana, Louisiana, Florida, Virginia, Georgia, Washington, Tennessee, Arkansas, Alabama and Mississippi, to name a few. As the condominium market is made up of such a large segment of the United States population, local single-family housing occupancy statistics would have little impact on condominium prices.

As with most markets, the Escambia County/Santa Rosa County general area has experienced increasing housing values over the past five years. In an effort to demonstrate the current status of the Escambia and Santa Rosa housing market, statistical information was obtained from the Pensacola Association of Realtors' Multiple Listing Service (PARMLS). While the PARMLS does not account for all sales, it is a good representation of what is going on in the local market. PARMLS sales for condominiums, single-family homes, and residential lots (< 1/2 acre) were researched within the two-county area and included in the following chart.

Median Sales Trends						
Year	Condo Sales		Single-Family Sales		Resid. Land (< ½ Acre)	
	# Sales	Median \$	# Sales	Median \$	# Sales	Average \$
2014	630	\$256,500	6,115	\$142,600	320	\$44,825
2015	677	\$295,000	6,970	\$151,000	464	\$36,250
2016	650	\$305,000	7,644	\$163,500	439	\$35,000
2017	751	\$350,000	7,961	\$179,000	529	\$40,000
2018	667	\$350,000	8,220	\$194,900	495	\$33,100
2019	656	\$377,500	8,662	\$213,500	505	\$38,000
2020*	184	\$399,000	2,737	\$221,000	158	\$48,500
Active*	300	\$439,000	2,399	\$256,900	585	\$45,000

*As of 5/2020

The 2019 median value for condos is up about 7.9% from the 2018 median. The 2019 median value for single family homes is up 9.5% from the 2018 median. The 2019 median value for residential lots under ½ acre in size is up 14.8% from the 2018 median and even though the Country was hit with Covid19, the value increases have continued into 2020.

According to the PARMLS, as of May, 2020 there were 300 condo units listed in the two-county area, which represents an inventory of about 5 to 6 months based on the 2019 monthly absorption of about 54.7 condominiums per month. Area Realtors indicate there is a lack of condominium supply and new inventory is needed. At the present time there are several

GENERAL AREA DATA (Cont'd.)

new condominium developments under construction or planned in the Pensacola MSA to help meet the current demand. With good demand and a limited supply, condo values can be expected to continue to increase.

According to the PARMLS, as of May of 2020 there were 2,399 single-family homes listed in the two-county area, which represents an inventory of about 3 to 4 months based on the 2019 absorption of 722 homes per month. Area economists Rick Harper indicated new home construction is necessary once housing inventories reach a nine-month supply, and there is new construction currently taking place in the area to meet the demand, which is aiding in area lot absorption increases. With good demand and a limited supply, home values can be expected to continue to increase.

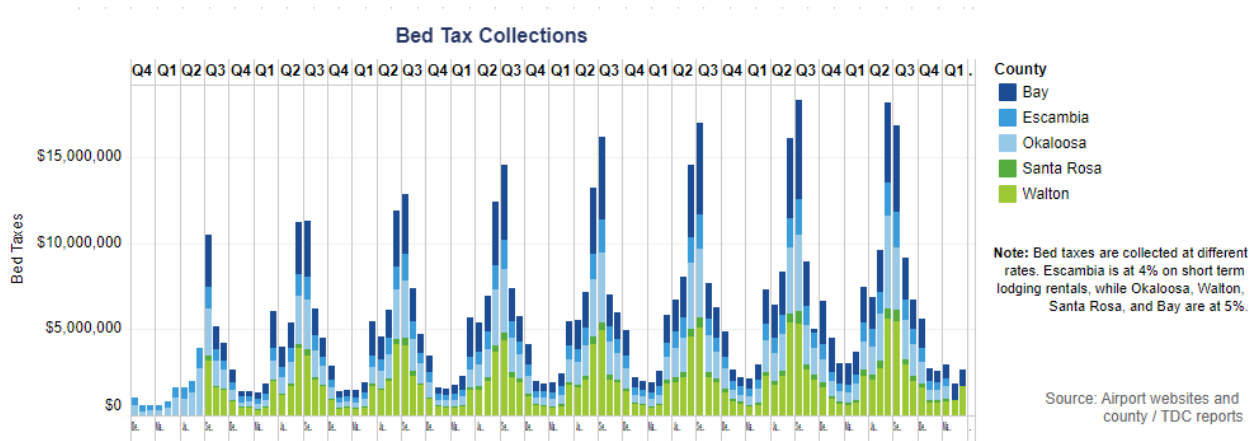
There were 585 single-family lots (<1/2 acre) listed in the PARMLS as of May of 2020 within the two-county area. The 2019 lot absorption rate was about 42 sales per month, and considering the current listings, there is a 13 to 14 month inventory; however, with the increasing population and the need for 2,384 new homes per year, this inventory is more likely going to be much less than projected based on MLS sales. Area developers have recognized the need for new subdivisions based on the population growth and are actively developing new subdivisions and apartments, with the majority of this growth being in the northwestern Pensacola area near the growing Navy Federal Campus and the Pace area and the downtown area.

Some of the motivation behind the area population growth is the area military bases. The U.S. Government has been downsizing and closing military bases all over the world as well as within this country. Rather than being downsized, the Pensacola area bases have been realizing net gains as departments and personnel from closed bases are being relocated to this area. In 2020, the Santa Rosa Economic Development Council website <http://www.santarosaedo.com/page/military/> stated there were more than 16,000 military personnel and 9,400 civilians working in the Escambia and Santa Rosa County areas and they contribute approximately \$1.2 billion to the local economies annually. The Coast Guard also recently relocated two 210 foot Coast Guard Cutters to the Pensacola Naval Air Station and a 225 foot Seagoing Buoy Tender. These ships bring with them about 152 new families to the area.

GENERAL AREA DATA (Cont'd.)

An additional explanation behind the Pensacola area growth is the location in the "Sunbelt" along the Gulf Coast of Florida. The sugar white beaches and clear waters of the Gulf of Mexico attract thousands of visitors every year. Realizing the area benefits (year-round sunshine, warm temperatures, no snow); many of these visitors choose to make Pensacola their permanent home.

Tourism in the general area is one of the largest industries, along with the military. To capitalize from the growing number of tourist, the county has a local "bed tax" that produces additional revenue from the number of tourist staying in the various hotels and motels throughout the county. As reported by the Clerk of the Circuit Court's Office of Escambia County and Santa Rosa County and reported by the Haas Center at UWF, the area has been realizing steady tourism growth since 2011. The 2019 tourism sales are said to be about 8% above the 2018 numbers, indicating a very robust and growing tourist industry. The past years Tourist Development tax Collection Data for the Pensacola MSA follows.

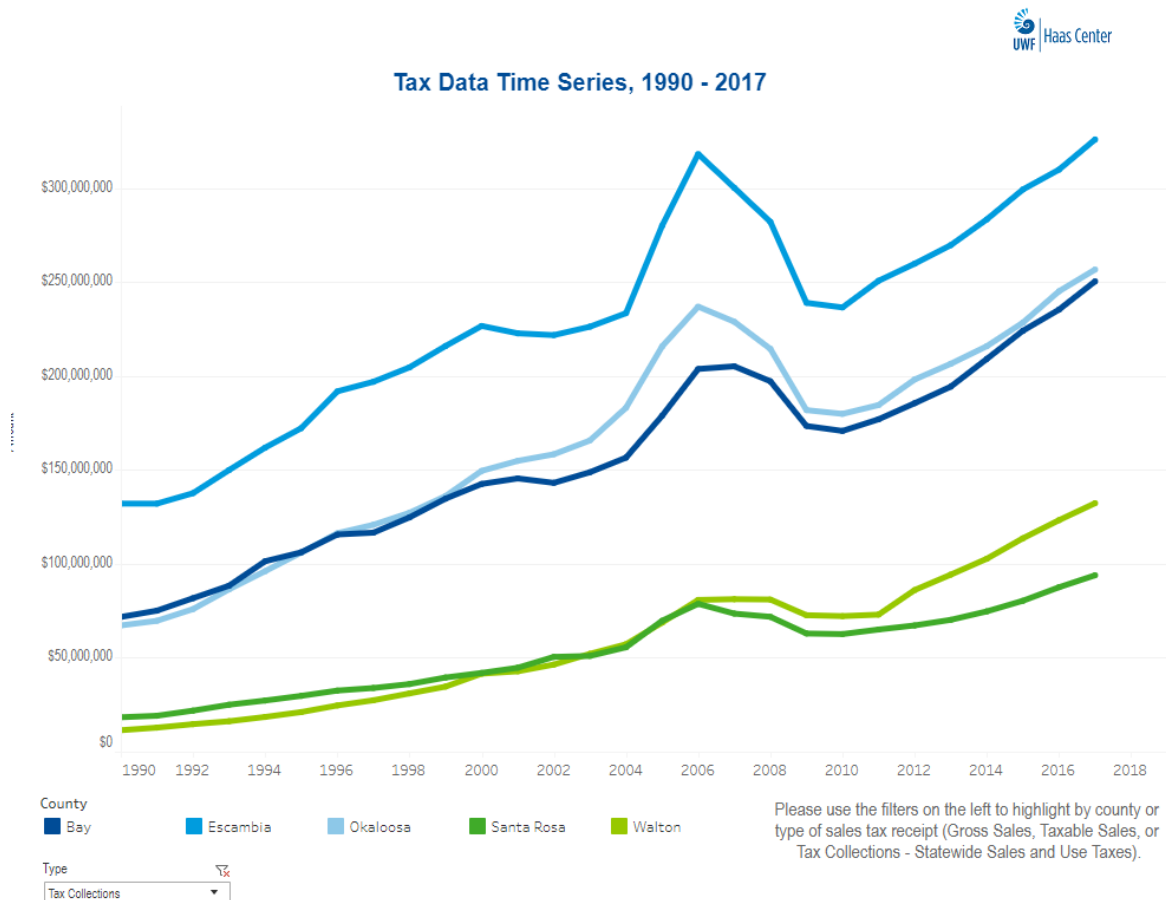


2011 – 1st Quarter 2020

Source: Haas Center for Business Research and Economic Development

GENERAL AREA DATA (Cont'd.)

As illustrated by graph below, the Pensacola MSA retail index has been increasing since 2012. The average rate of increase is currently about 2% Month over month.

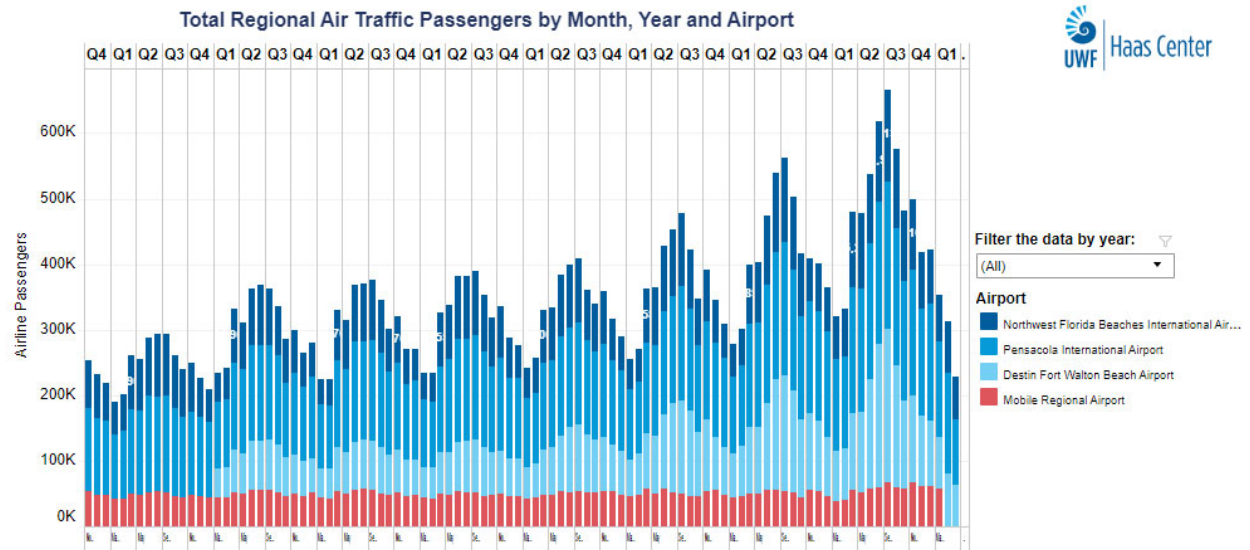


2011 – 1st Quarter 2020

Source: Haas Center for Business Research and Economic Development

GENERAL AREA DATA (Cont'd.)

As with the bed tax and retail index, regional air travel has been continually increasing at the Pensacola International Airport. As shown on the following graph, air travel is increasing at a rate of about 11% per year.

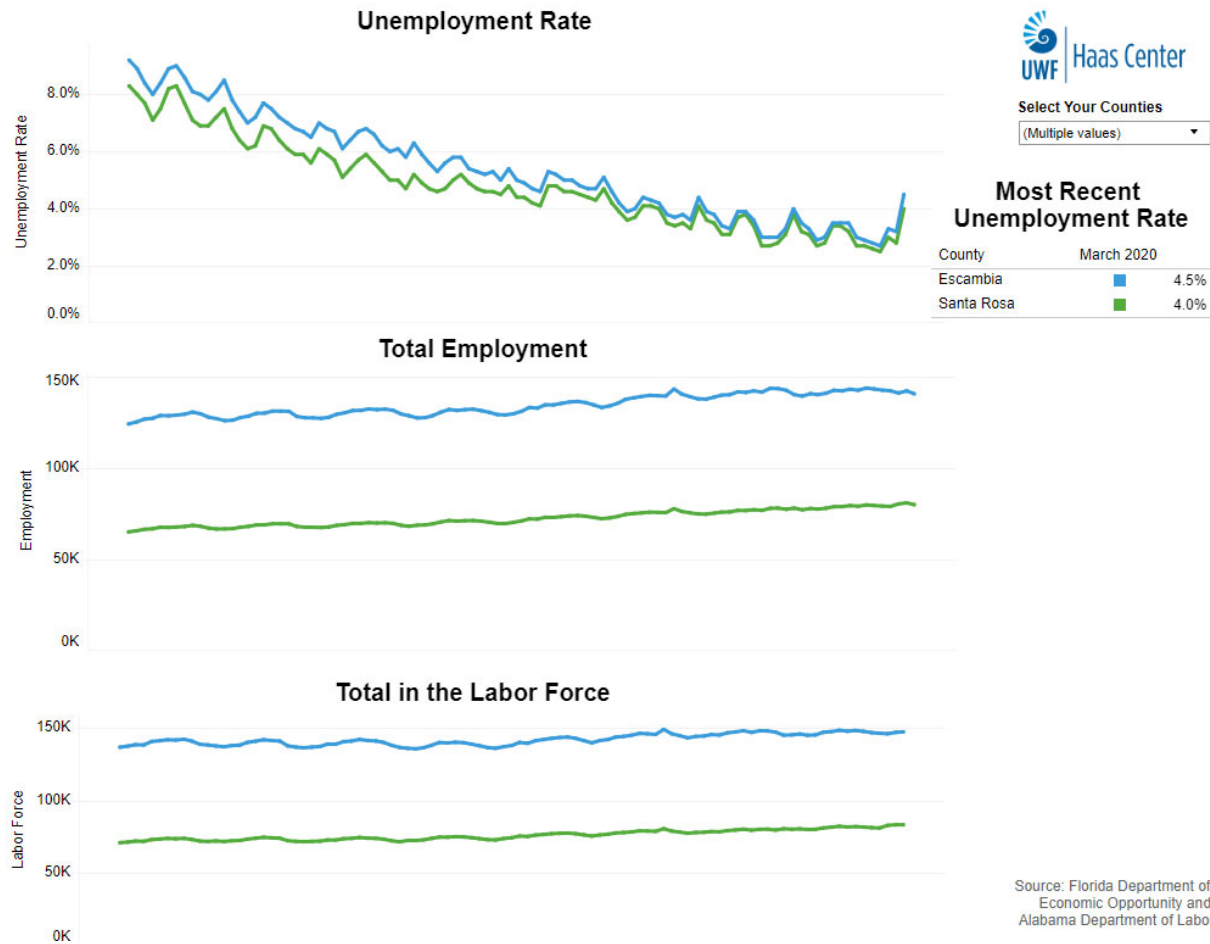


2011 – 1st Quarter 2020

Source: Haas Center for Business Research and Economic Development

GENERAL AREA DATA (Cont'd.)

According to the Haas Center, the business cycle index for the Pensacola MSA appears to be increasing since the recent recession. The following graph also shows that job growth is taking place and has now surpassed the levels prior to the recession. The employment rates graph follows.



Source: HAAS Center (January 2012 – March 2020)

GENERAL AREA DATA (Cont'd.)

ECONOMIC CHANGE AND ADJUSTMENTS

In addition to considering the area's population and expected increases, a commercial study should also consider area economics. Even if the population continues to increase, the new population must be able to afford the area goods and services; therefore, it becomes necessary to look at the economic conditions and the projected economic future.

According to the *U.S. Bureau of Labor*, the Escambia County unemployment rate was 2.8% as of November of 2019 and Santa Rosa County was 3.3%. The Florida State average unemployment rate is currently 3.2%. The services sector is the primary employer in the Pensacola MSA at 50.4%, as reported by the STDB's most recent information (2019). The retail trade is the secondary source of employment with 13.9% of the workforce, construction is 7.5%, finance/ insurance/ real estate is 7.1%, and manufacturing makes up 4.6%.

Area tourism is a component of both the services sector and the retail trade. According to *Florida West*, the top 15 employers in the Pensacola MSA are shown on the following chart.

GENERAL AREA DATA (Cont'd.)

Top 15 Employers in the Pensacola Area

2019 Rank	Company	Employees	Industry	Headquarters	NAICS
1.	Navy Federal Credit Union	8,697	Financial Service Center	Vienna, VA	522130, 522320 Credit Union, Financial Service Center
2.	Baptist Health Care	7,347	Healthcare	Pensacola, FL	621110 Hospitals, general medical and surgical
3.	Sacred Heart Health Systems	4,820	Healthcare	St. Louis, MO	621110 Hospitals, general medical and surgical
4.	Gulf Power Company	1,774	Electric Provider	Pensacola, FL	221122 Electric Power Generation, Transmission & Distribution
5.	Ascend Performance Materials	1,288	Manufacturing	Houston, TX	325211 Nylon Resin Manufacturing
6.	West Florida Healthcare	1,200	Healthcare	Nashville, TN	621110 Hospitals, general medical and surgical
7.	Innisfree Hotels	750	Hospitality	Gulf Breeze FL	72110 Hotels and Hospitality
8.	GE Wind Energy	700	Manufacturing	Fairfield, CT	335312 Motor & Generator Manufacturing
9.	Santa Rosa Medical Center	521	Healthcare	Milton, FL	621111 Medical Centers and Clinic
10.	Medical Center Clinic	500	Healthcare	Pensacola, FL	621111 Medical Centers and Clinic
11.	International Paper	500	Manufacturing	Memphis, TN	322121 Paper (except Newsprint) Mills
12.	CHCS Services/iGate	409	Customer Service Center	Pensacola, FL	524292 Third Party Administration, Insurance
13.	Hitachi Cable Florida, Inc	360	Manufacturing	Pensacola, FL	326220 Rubber & Plastics Hoses & Belting Mfg.
14.	Armstrong World Industries	300	Manufacturing	Lancaster, PA	238310 Drywall and Insulation Contractors
15.	MediaCom	300	Communications	Middletown, NY	517110 Cable Television

Source: Florida West Economic Development Alliance

GENERAL AREA DATA (Cont'd.)

Recently Navy Federal Credit Union announced its latest expansion plans to its Pensacola campus, which currently employs over 8,697 people. The Phase I construction costing \$195 million is large enough to add an additional 2,000 jobs. Navy Federal purchased an adjoining 240 acres and is in the process of a Phase II, \$350 million expansion. They are currently the largest Federal Credit Union in the world and this main campus has workers with average salaries of \$44,000. This investment is also estimated to bring around 1,000 new indirect jobs to the regional economy. NFCU announced they expect to have a total of 10,000 employees at their Nine Mile Road, Pensacola location by 2026. Once these planned expansions are completed, Navy Federal will by far be the largest employer for the Pensacola MSA. These announcements will help in the local economic development efforts for recruiting more regional, national and international firms to the area.

Adjacent to the Navy Federal's Heritage Oaks campus is an approximate 640-acre Navy Outlying Landing Field (OLF) that was recently purchased by Escambia County for the development of a commerce park expected to eventually create an additional 4,000 jobs. The County is expected to spend between \$10 million and \$15 million to develop the new commerce park and they are now in the process of creating a master plan for this property.

Gulf Power, the area's power company, has been actively buying up 4,000 acres of land in the north end of Escambia County for a new power plant that will likely replace the existing coal burning Christie Plant found along the Escambia River in northern Pensacola. It is not yet known if the new plant will be a natural gas plant or a nuclear plant. Replacing the coal plant with a cleaner energy plant will aid in cleaning up Escambia Bay and will help the area's air quality.

ST Aerospace Pensacola, Inc. recently completed a new \$46 million aerospace facility at Pensacola International Airport. They are a Singapore-based company that does maintenance repairs and overhauls for large commercial aircraft. The agreement with the City of

GENERAL AREA DATA (Cont'd.)

Pensacola provides ST with a \$46 million dollar maintenance and repair facility on 19 acres at Pensacola International Airport's commerce park that was completed in 2018 and ST brings in about 163 high-skill, high-wage jobs. Securing a long-term contract with ST raises Pensacola's profile among domestic and international aerospace parts suppliers. This is particularly important in light of the parts suppliers that eventually will be locating near the \$600 million Airbus Assembly Plant, located at Mobile's Brookley Aeroplex. The first Airbus A-320 passenger jets rolled off the assembly line in 2016 and they are now in full production mode.

Downtown at the Community Maritime Park for Blue Wahoos, Quint Studer recently finished construction on a \$15 million four-story office building and the building is fully leased at \$28.00/SF – full service. Beck Property Company also recently finished construction on its \$4 million-plus, three-story, 26,715 square foot mixed-use building at the corner of Port Royal Way and Main Street. This building includes retail on the ground floor, Beck office space on the second floor and luxury condominiums on the third floor, which are sold out. Just east of the Maritime Park, the newly renamed Bank of Pensacola's new multimillion dollar branch at Palafox and Main Street was completed at the end of 2014.

New apartment developments were also recently constructed in the Pensacola MSA to meet the growing population needs. New projects can be found near the Navy Federal Campus, the University of West Florida Campus, in downtown Pensacola and in the Navarre area. The new developments realized rapid lease-ups indicating there is pent up demand.

The cost of living in the area is also one of the lowest in the country. National studies, which rate American cities for their desirability, commonly rate Pensacola's MSA near the top of the pack due to the low cost of living and high quality of life. The most recent report for the annual income per capita for the Pensacola MSA was \$28,066 (2019), the median household income was \$54,662 and the average household income was \$72,436.

GENERAL AREA DATA (Cont'd.)

In conclusion, the Pensacola MSA is considered to have a strong economic base, which is expanding. The area's U.S. Naval and Air Force bases are considered to have a solid future. Tourism is a large factor in the economic success of the area, and in spite of hurricane related setbacks and the oil disaster in the Gulf of Mexico in the past decade, recovery efforts have proven successful and tourism is stronger than ever. Large companies and industries like Navy Federal and the Aerospace industry are moving to the area and bringing many good paying jobs with them that add to the economic base, which is considered healthy.

GOVERNMENTAL CONTROLS AND REGULATIONS

A general area analysis of a growing area would not be complete without considering the area's government and its outlook on future expansion. If the local government is anti-growth, laws can be enacted which would stifle development and population growth. On the other hand, if the government is pro-growth, taxes, zoning, agencies, and personnel can be used by the government to promote new business development, creating a larger economic base and additional population growth, which would support the existing and planned development of income producing properties. The Pensacola MSA governing bodies are pro-growth organizations.

The Escambia County government is a five man Board of Commissioners elected every four years by their district. They appoint a County Administrator who oversees the county budget and operations. Santa Rosa County also has a five person Board of Commissioners. These bodies have been actively obtaining land for new commerce parks and encourages new development.

Pensacola has a City Council with 7 council members elected to four-year terms. It also has a "strong mayor" form of government, which requires the mayor to now be elected by the city residents. The Mayor controls the daily operations of the city government, including overseeing the annual budget of over \$200 million. The city and county currently have zoning ordinances in effect covering the southern region of the county. The county also has a state required Future Land Use Plan which is designed to ensure organized growth over its 20 year life. This plan is reviewed every five years to ensure that it is keeping up with area needs. The plan can also be petitioned for

GENERAL AREA DATA (Cont'd.)

changes. The major topics handled in the plan include consistency, environmental, threatened and endangered species, land use approval on site plans, concurrency, and permitting.

General revenues are raised through an ad valorem tax system. Escambia and Santa Rosa Counties have County Appraisers who assesses the properties at "just value" which is a percentage of market value. This is supposed to be about 85% of market value; however, it commonly range from 20% to more than 85%. The area property taxes are among the lowest in the state, which makes it more affordable for new business development. The City of Pensacola has established a Community Redevelopment Administration (CRA), which is responsible for improving the look of the city. The CRA receives a portion of the taxes collected in the downtown district and utilizes these funds for infrastructure improvements (streets, sewer lines, water lines, parks, etc.). By upgrading the look of the city, the appeal also increases attracting additional business development and tourist dollars increasing the economic and population base.

The County and City governments also work closely with private businesses in efforts to attract additional business to the area. The government's development of structures such as the Pensacola Bay Center, the Saenger Theater and the Creative Arts Center, aid in drawing convention business to the area. Over the past several years, convention traffic has increased bringing new visitors to the area who aid in strengthening the area's economic base. The economic base is also strengthened by the government's development of industrial parks in which the land is sold to "clean air" industries at very low rates in return for the creation of additional area jobs expanding the economic and population base.

The Emerald Coast Utilities Authority (ECUA) relocated their Pensacola downtown wastewater treatment plant to the northern area of Escambia County. This project was a \$316 million development project that started in 2007 and was completed in December of 2010. The new state of the art facility creates the ability for additional industrial development in the north end of

GENERAL AREA DATA (Cont'd.)

the County and the water reclamation will be used for industrial purposes, greatly reducing overall water consumption. No effluent is dumped into the area bays, so area water quality has been increasing in the area due to this new facility. The previous downtown sewer plant has been dismantled and cleared for future development.

On more of a regional basis, there is a new International Airport developed to the east in Bay County near the Walton County line. This project was constructed on about 2,000 acres donated by the Saint Joe Company and was completed in the fall of 2010. This airport provides the region with direct flights that are expected to aid in increasing the tourist populations. Additionally, after a large renovation project, the Pensacola Regional Airport was renamed the Pensacola International Airport. Land surrounding the International Airport is actively being purchased for redevelopment into a clean-air industrial park that will support airport operations.

In conclusion, the local governmental agencies aid in the development of the Pensacola MSA. Zoning, along with the Future Land Use Plan, is used to insure organized, homogeneous growth, which adds to the area's appeal. The low taxes and affordable real estate are also enticing factors for future prospective businesses. The government's willingness to aid in the development of the economic base also creates a stronger population base.

LOCATION AND PHYSICAL FACTORS

The location and physical factors of the area are important, as they are a major impetus in the relocation of Navy personnel, as well as the growth of new businesses and the civilian population. Available land, good weather, water, and recreational aspects are all factors considered by a potential future resident of the area. If these factors are congenial, they will aid in the growth and stability of the area.

GENERAL AREA DATA (Cont'd.)

Escambia County has a land area of approximately 661 square miles and an additional water area of 100 square miles. The altitude ranges from sea level to 120 feet above sea level. The eastern boundary of the county is the Escambia River and Escambia Bay. The western boundary is the Perdido River and Perdido Bay. Neither river is a navigable waterway to the extent of contributing to the economy. Santa Rosa County adjoins Escambia County to the east and has a land size of about 1,174 square miles and offers similar physical characteristics. Escambia and Santa Rosa Counties are located in the extreme northwestern portion of the state, being in what is called the "Panhandle" of Florida. Geographically, this MSA is located approximately 230 miles east of New Orleans, Louisiana; 250 miles south of Birmingham, Alabama; 350 miles southwest of Atlanta, Georgia; and 375 miles east of Jacksonville, Florida.

The City of Pensacola covers approximately 23 square miles of land in the southeastern part of Escambia County and the smaller cities of Gulf Breeze, Milton, and Pace are bedroom communities for Pensacola. The annual mean temperature is 69 degrees with an average rainfall of 62 to 87 inches. With an abundance of clear skies and warm weather, Pensacola is considered part of the "Sun Belt" of the United States. The "Sun Belt" states, especially Florida, have been growing in population faster than other areas of the United States in recent years.

One of the probable reasons for continuous growth of the Pensacola MSA is its accessibility. Pensacola is served by four major highways, which provide access to the north, east, and west. U.S. 90 (which runs from the East Coast of Florida to Texas), Interstate 10 (which runs from the Atlantic Ocean to the Pacific Ocean), U.S. 98 (which runs from the East Coast of Florida to Mississippi) and U.S. 29 (which runs from Pensacola to Washington, D.C.). The Interstate 110 spur connects with Interstate 10 just west of Davis Highway and runs to downtown Pensacola's Business District, connecting with U.S. Highway 98.

Pensacola's International Airport, with the recent completion of a \$30 million modernization, provides air transportation to all parts of the country. The Escambia County Transit

GENERAL AREA DATA (Cont'd.)

System operates bus lines throughout the metropolitan area and Greyhound Bus Lines provides inter-city bus transportation.

The natural deep-water harbor of Pensacola Bay, along with the large expanse of protected waters and the Gulf of Mexico, create an ideal training area for the U.S. Navy. These waterways also add to the area's economy through the Pensacola's Municipal Port Facilities handling cargo shipments to and from all parts of the world. Rail service also aids in the support of the port facilities with spurs running to the docks. While the southern and eastern most areas of Pensacola are nearly fully developed and are blocked from additional growth by the bays and Gulf of Mexico, there is plenty of developable land in the general area. The western and northern land areas of Escambia County and the Pace and Gulf Breeze areas of Santa Rosa County are the locations of the most active development and have proven to be popular among the new residents coming to the area. There is plenty of available land remaining for future growth for years to come.

Overall, the area's physical characteristics are considered a real asset for the general area of Pensacola. There is plenty of available land for additional business and residential development. The beaches and waterways create ideal recreational facilities for newcomers. The moderate temperatures and year-round sunshine also entice a large number of new businesses to the area, which aid in creating a larger population.

GENERAL AREA DATA CONCLUSION

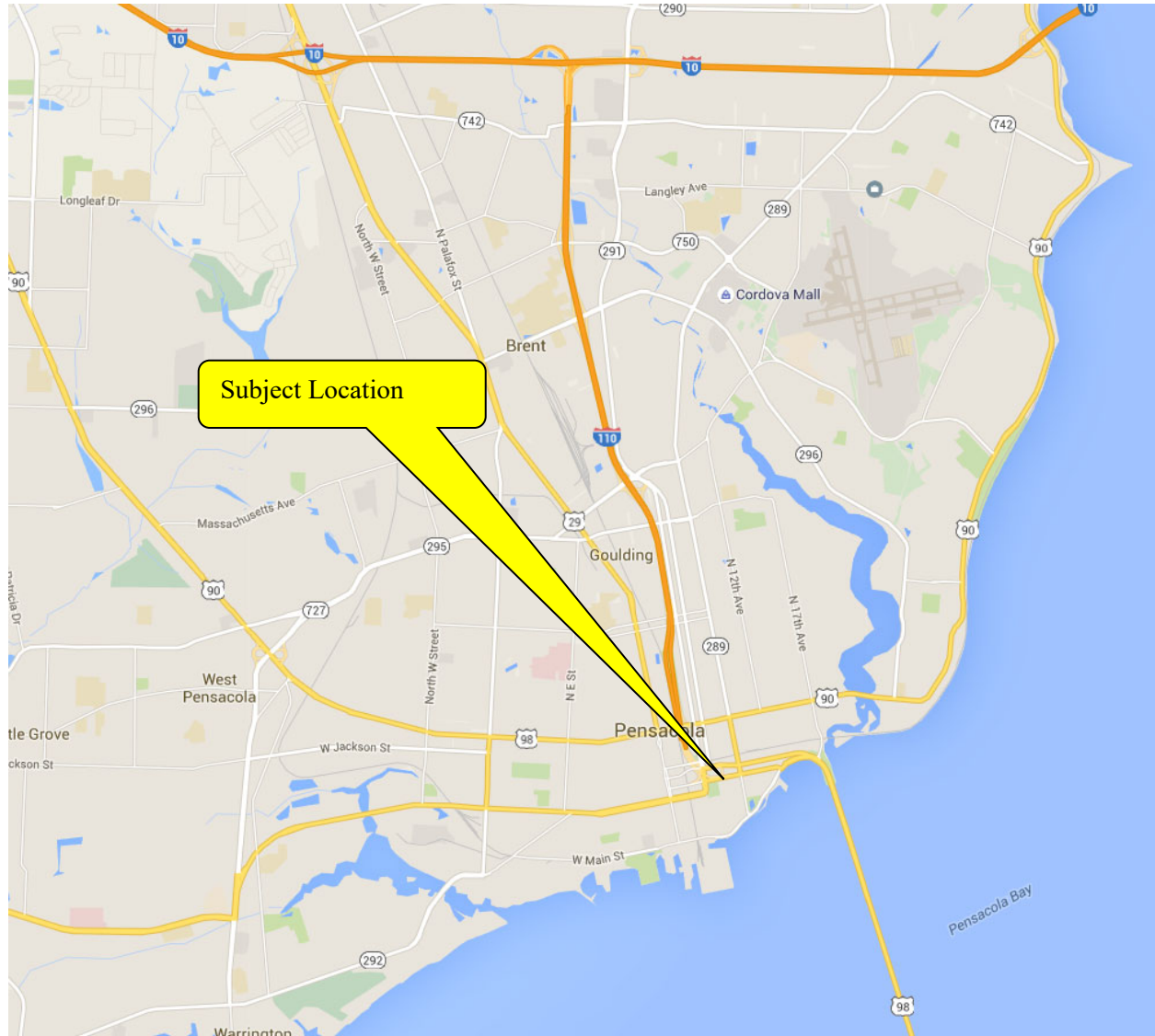
Overall, the Pensacola MSA is considered to have a steady and positive outlook because of the stable to expanding military bases, tourist industry, and governmental support of private industry expansion and residential and commercial occupancies are increasing as a result. The 2011 through 2019 tourism numbers were among the best of all time and there is an on-going advertisement campaign being paid for by BP that is aiding in increasing the tourist numbers beyond what the area has ever seen. Area hotels are indicating 8% to 10%+ annual increases in revenues and the industry as a whole has expectations of adding employees. The military bases are another market sector that

GENERAL AREA DATA (Cont'd.)

aids in helping the local commercial industry and as of the writing of this report, the area military bases appear to be stable to growing with no cuts planned. Two 210 foot Coast Guard Cutters recently relocated to Pensacola in 2018 and they bring with them 152 new families. New aerospace industry is moving into the area as is Navy Federal creating new jobs, which in turn is driving new home construction. Current estimates indicate the need for about 2,384 new homes per year for the next five years. The commercial markets are also benefiting from this growth, as they keep up with demand. The past trends are expected to continue into the foreseeable future.

Given the current uncertainty surrounding the impact of COVID-19 on the real estate market and individual property valuations, it is incumbent upon appraisers to understand and analyze the current market conditions when providing an opinion of value. I have interviewed commercial real estate brokers in the Pensacola, Fort Walton Beach and Destin markets regarding the effects on active listings. According to Justin Beck of Beck Partners, only one contract was re-traded at a decrease of between 5% and 10%. All other contracts are still in play with some negotiating an extension. All of the contracts that had finalized due diligence have closed or are moving towards closing. One corporate client with a large office footprint in the area is moving forward with lease renewals even with contraction clause in their leases. Rent collections on the commercial side are at 97% with the main issues being the businesses most affected by the closure such as hair and beauty salons. Jayme Nabors of NBI Properties indicated rent collections are much better than originally expected and he stated the PPP Funds helped most businesses and tenants. He indicated he had one client back out of signing a contract on an apartment, but he expects the client to be back once the market/businesses open back up. The market participants in general expect this current pandemic will not have an effect on the overall property values but will generally slow the consummation of contracts until the pandemic is under control. Residential sales are still showing increases in median values and condo and single family residential sales are in line with last year's absorptions. In conclusion, the participants do not expect this to have a lasting effect on commercial or residential property values. This is subject to change if the pandemic lasts longer than four to six months.

NEIGHBORHOOD MAP



NEIGHBORHOOD ANALYSIS

A neighborhood is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition 2002 as: "A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."⁵ Neighborhood boundaries are defined because properties within neighborhoods tend to be similar in characteristics with regard to land use, desirability, and are affected by similar physical, economic, governmental and social forces.

The subject neighborhood is considered to be the portion of the Pensacola area within the Pensacola City limits. This area's boundaries are considered to be, but are not limited to, Fairfield Drive to the west, Pensacola Bay to the south, Escambia Bay to the east, and I-10 to the north.

Major north/south arterials within this area include I-110, Palafox Street, Pace Boulevard, Fairfield Drive, 9th Avenue, and Scenic Highway. Major east/west arterials include Bayou Boulevard, Cervantes Street, Garden Street, Main Street, Brent Lane, Fairfield Drive, Airport Road and Bayfront Parkway. These arterials provide convenient and quick access within the subject neighborhood as well as other portions of the Pensacola MSA.

The downtown Business District of Pensacola includes typical private office buildings, government office buildings, courthouses, restaurants, shops and bars. There is also an historic district that includes a variety of residential and commercial buildings constructed around 200 years ago around several public parks. The majority of the buildings have been completely renovated and act as a historic tourist draw for the community. UWF is proposing to take greater advantage of the area's historic treasures by re-bricking the streets, creating a walking friendly environment and starting an advertising campaign aimed at the historic tourism industry. Festivals are held throughout the year in the many downtown parks. The current main tourist draw is Pensacola Beach, found about four miles to the south and provides white sand beaches, clear water and numerous hotels, shops, condominiums and homes but the new historic tourism industry is projected to increase annual tourism numbers by more than one million visitors per year.

⁵ The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago, Illinois: Appraisal Institute, 2002), pg. 193.

Neighborhood Analysis (Cont'd.)

The area residential markets are considered to be strong due to the increasing populations. At the present time, the City of Pensacola has a population within the city limits of 55,961 (2019), which is up 7.5% from the 2010 population estimate of 52,017. This growth is expected to continue with the 2024 population estimate expected to be 58,243. The expected growth rate is about 456 new people to the city per year for the next five years. The average household size is 2.19 people, so this growth would translate into the need for 208 new homes within the city limits per year for the next five years.

Sales among single family detached homes, single family attached and condos have been strong in recent years; however, it does appear that the Covid19 virus has slowed down absorptions within the City limits in 2020 and values appear to also be affected. The rapidly increasing values have either stopped or dropped in 2020, as compared to 2019 as can be seen on the following grid.

Median Sales Trends (Zip Code Areas 32501, 32502, 32503, 32504, 32505)						
Year	Single Family Detached Sales		Single Family Attached Sales		Condo Sales	
	# Sales	Median \$	# Sales	Median \$	# Sales	Average \$
2015	1194	\$132,800	63	\$85,000	91	\$72,000
2016	1,183	\$146,500	68	\$92,000	89	\$77,000
2017	1,247	\$169,000	79	\$125,777	93	\$92,000
2018	1,249	\$179,900	136	\$191,500	117	\$100,000
2019	1,209	\$195,000	109	\$197,500	94	\$107,000
2020*	181	\$195,000	15	\$169,000	15	\$105,000
Active*	323	\$245,000	23	\$199,500	26	\$120,000

*As of 5/2020

One of the hottest markets in the Pensacola area is the downtown urban area found in zip code 32502. This market has realized rapid value increases but they too appear to be stabilizing while absorption rates drop. Again, the drop in absorption is considered to be related to the Covid19 virus and absorption rates would be expected to return to normal after the pandemic is over. The sales from the downtown urban market can be seen on the following grid.

Neighborhood Analysis (Cont'd.)

Median Sales Trends (Zip Code Area 32502)						
Year	Single Family Detached Sales		Single Family Attached		Condo Sales	
	# Sales	Median \$	# Sales	Median \$	# Sales	Average \$
2015	37	\$117,000	6	\$369,687	23	\$58,000
2016	53	\$125,000	6	\$356,350	18	\$205,500
2017	97	\$199,000	15	\$252,100	20	\$289,500
2018	71	\$259,000	48	\$251,812	20	\$238,750
2019	82	\$231,450	38	\$258,900	19	\$85,000
2020*	4	\$299,999	1	\$359,000	2	\$292,500
Active*	23	\$284,900	8	\$375,945	7	\$99,900

*As of 5/2020

There have been a number of new developments in the Downtown area of Pensacola, and a summary of the most significant of them follows. The Community Maritime Park is located between Main Street and Pensacola Bay, at the south end of Baylen Street. It includes numerous vacant land sites for future commercial and/or residential development. The project features an expansive public waterfront park; a community multi-use stadium facility suitable for baseball, football and other athletic events, festivals and other community activities. There is also a water front pavilion for music and entertaining events. The water front grassed and walkway areas on the south end of the property were designed for festivals. The other vacant land areas found on the north side of the property can be developed with commercial; office; retail; residential; restaurant and entertainment uses.

Quint Studer recently completed construction on a \$15 million four-story office building directly north of the Maritime Park Stadium and the building is fully leased. He has also optioned the remaining property around the stadium for future development of a mixed use project. Beck Property Company completed construction on its \$4 million-plus, three-story, 26,715 square foot mixed-use building at the corner of Port Royal Way and Main Street, which is now fully occupied and includes retail on the ground floor, Beck office space on the second floor and luxury condominiums on the third floor. Just east of the Maritime Park, the Bank of Pensacola's new branch at Palafox and Main Street was completed.

Neighborhood Analysis (Cont'd.)

Located at 701 South Palafox Street is a newly completed condominium project that was constructed by Ray Russenberger. This development includes 9 luxury condo units that are all sold with prices exceeding \$1,000,000 each. All of the units were pre-sold and have since closed.



701 South Palafox

A new YMCA building located at the southwest corner of Taragona Street and Intendencia Street. The building was recently completed and offers an open floor plan with 52,000 square feet, nearly doubling the size of their old downtown building. This building is creating additional demand for new living quarters in the downtown area and will greatly add to the quality of life.



New Downtown YMCA

Neighborhood Analysis (Cont'd.)

Located to the northwest of the Maritime Park property is the old sewage treatment facility. The ECUA constructed a new state of the art treatment facility in the northern end of Escambia County and completed the demolition of the old sewer facility. The 18.5 acre cleared site is now grassed and available to be re-developed, which should further enhance the desirability of the downtown area. The owner of this site is now in the planning stages of a mixed use development that will include a variety of uses including a hotel, apartments, residential condos and retail.

The Palafox Pier Restoration Project is a mixed use development located at the southern end of Palafox Street. This project includes a 92-slip marina, a 7,200 square foot Harbormaster Building that is leased, the Icehouse Building with 21,000 square feet of office space currently leased and occupied by Merrill Lynch and EmCare. The City was said to have invested \$1.2 million in public infrastructure improvements with the mixed-use development being a combination of public and private funds.

The Palafox Pier & Yacht Harbour condominium development built in 2002 consists of two 35,206 square foot, four story buildings and a pedestrian plaza (park). Each building includes 7,500 square feet of retail/office space on the ground floor with four parking garages, 10,606 square feet of office space on the second floor and one-story and two-story condo units on the third and fourth floors.

Located immediately south of the Pensacola Bay Center is the Technology Park development constructed by the City of Pensacola. The streets and all infrastructure necessary for high tech developments are in place and this property is ready for new vertical development. The City of Pensacola, along with Escambia County has provided the land and will sell the land to private individuals who plan to develop the area with buildings designed for companies requiring the latest in technology and the needed infrastructure. In connection with this development, the City of Pensacola created a large regional storm water retention lake located on the north side of Bayfront Parkway and on the east side of 9th Avenue at Admiral Mason Park. This allows for vacant properties to the north to be fully developed without the

Neighborhood Analysis (Cont'd.)

requirement of storm water run-off on site. The overall water retention design is a public park with the storm water retention lake landscaped and designed for public appeal and there is a walking path surrounding the lake and tasteful landscaping. A vacant site located across 9th Avenue from the Technology park was purchased and is proposed to be improved with two new hotels. The property directly north of the Admiral Mason Park was recently purchased for the development of a mixed use project that will include retail and residential condo units.

In addition to the new development or redevelopment of this area downtown, several of the older buildings downtown were completely gutted and renovated. All of these renovated buildings are historic structures that are largely found along and nearby Palafox Street, which is the main north/south downtown arterial and the center of much of the new activity. Recently renovated buildings have been converted for restaurants, bars, offices, shops and entertainment venues creating one of the most desirable areas in the MSA. The Studer Group purchased the old Pensacola News Journal building found directly north of the new YMCA building and demolished it to make way for a new upscale mixed use rental building that includes commercial uses on the ground floor and rental apartments on the upper floors. In association with the mixed use building is a new 7 level parking garage. This building is now fully occupied and was sold to an investment group. The old Rex Theatre building, constructed in 1910, was purchased by Harvest Church and went through a \$1.7 million dollar renovation. Now completed, this building hosts live theater events, movies, concerts and other special events. The old YMCA building was purchased by a private developer who has demolished parts of the old building to create new residential lots and other parts of the building were renovated for office uses.

The Blount-Brent Building Complex located at the southwest corner of Palafox Street and Garden Street also had a massive renovation. This 100,000+ Square foot structure was recently completely renovated with boutique retail and restaurant uses on the ground floor and the upper floors were renovated into a 34 suite boutique hotel and newly renovated office space. A new 110 room Holiday Inn was recently completed on the south side of Main Street just two blocks east of Palafox Street.

Neighborhood Analysis (Cont'd.)

Located on the South side of Garden Street is a site that was once improved with a motel but the motel was removed so the site could be re-developed. The western portion of this site was re-developed with a new bank building and the eastern portion was purchased in 2017 by the Florida Institute for Human and Machine Cognition. Similarly, an older liquor store located on the south side of Gregory Street was demolished to make way for a condo development that has yet to be constructed.

There are four large multi-story office buildings in the downtown area. These buildings include the Studer Community Institute Building containing approximately 103,955 square feet, Harborview containing approximately 74,240 square feet, Southtrust Bank building containing approximately 77,400 square feet and One Pensacola Plaza containing approximately 108,997 square feet. Average occupancy in three of these buildings is above 90%. The Studer Building was recently vacated by SunTrust and was purchased by the Studer Group for a \$4 million renovation. There are also several other multi-tenant office buildings in the neighborhood that are reflecting occupancies from 80% to 90%. There are numerous other smaller condo, townhouse and single family developments in the area that are being developed and rapidly absorbed.

The Pensacola Community Redevelopment Agency has been working to promote Pensacola and bring people into the downtown area daily. Among the initiatives recently introduced, are tax incentives that will entice new redevelopment projects. The City also closes Palafox Street one Friday night per month to vehicular traffic and opens it to pedestrian traffic for “Gallery Night”. Gallery Night attracts many thousands of people who enjoy the new shops, restaurants and bars which are showcased along Palafox. In addition, there are bands found on some of the balconies as well as street performers and musicians found on the street. Open alcohol containers are also allowed creating a festive walkable community.

Neighborhood Analysis (Cont'd.)



Photos of a Typical Gallery Night

There is a clean air industrial park area found to the north along the east and west sides of Palafox Street south of Brent Lane and north of Fairfield Drive. Another one is found south of Brent lane between I-110 and Palafox Highway that will be redeveloped with the new \$550 million Baptist Hospital. Located on the west side of Palafox Street north of Fairfield Drive is a super fund site that has been cleaned and capped by the EPA and they indicated that this land is now suitable for additional industrial development. The City of Pensacola is working with the State of Florida and the EPA to create an additional industrial park on the super fund land site. Located north of Brent Lane on Palafox Street is what is known as “Car City”, which is an area with many of the area’s new and used car dealerships. The growing Pensacola Christian College and Pensacola Christian School is found north of Brent Lane between I-110 and Palafox Street and they are actively buying properties to their south in an effort to grow their campus and population and they are constructing new student housing.

Neighborhood Analysis (Cont'd.)

The Cordova Mall and surrounding areas are also seeing good commercial growth and new development and redevelopment efforts are under way. ST Aerospace Pensacola, Inc. recently completed a new \$46 million aerospace facility at Pensacola International Airport. They are a Singapore-based company that does maintenance repairs and overhauls for large commercial aircraft. The maintenance and repair facility was constructed on 19 acres at Pensacola International Airport's commerce park and ST was said to have brought in about 163 high-skill, high-wage jobs. Construction on the \$85 million expansion of the Studer Family Children's Hospital at Sacred Heart Hospital found on 9th Avenue was recently completed. West Florida Hospital had a \$7 to \$10 million expansion to open a new pediatric wing in 2018 as part of a new partnership between Nemours Children's Specialty Care and West Florida Healthcare that will bring in about 40 new staffers.

Overall, the subject's neighborhood is following the path of other downtown locations around the country, which have been revitalized and now project a positive image for the community. These past trends are expected to continue with the help of private developers and the City of Pensacola resulting in the new life cycle of the neighborhood. There are several condominium and apartment buildings planned and under construction in the downtown area, which will aid in the need for additional commercial support facilities. Continued revitalization efforts and increasing populations should place upward pressure on area property values and rents as the national economy recovers. With the past trends expected to continue, the subject neighborhood is considered to have a bright future for commercial and residential properties.

TAXES AND ASSESSMENT ANALYSIS

The subject property is assessed by Escambia County, as follows.

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total Assessment	Per SF GBA	Per Acre	Tax Rate	Taxes	Assessment Year
00-0S-00-8013-120-001	\$3,200,000	\$0	\$0	\$3,200,000	\$0.00	\$408,267.42	0.0173407	\$55,490.24	2020
Totals	\$3,200,000	\$0	\$0	\$3,200,000				\$55,490	

Notes: At the present time, the property is owned by a Government entity and no taxes are paid. The above information would be what the taxes are if owned by a private company or individual. Also there are 40 individual tax IDs that were combined into one for brevity.

The assessed values are considered to be reasonable so the taxes would have no negative effect on the marketing of the individual lots.

LAND USE PLANNING, ZONING, CONCURRENCY



ZONING CODE:

GRD

ZONING DESCRIPTION:

Gateway Redevelopment District

ZONING DENSITY/FAR:

100 DU/Acre; FAR 75%

MAXIMUM BUILDING HEIGHT

100'

ZONING CHANGE LIKELY:

A zoning change is unlikely.

ZONING COMMENTS:

The Gateway Redevelopment District is established to promote the orderly redevelopment of the southern gateway to the city in order to enhance its visual appearance, preserve a unique shoreline vista, improve traffic safety, and encourage a high quality of site planning and architectural design. Site specific analysis of each development proposal within the Gateway District is intended to ensure that the scenic orientation and open space image of the Bayfront Parkway is maintained, the development character of the Chase-Gregory corridor is upgraded, and the boundary of the adjacent historic district is positively reinforced. Uses permitted include single family (17.4 DU/Acre), Multi-Family (100 DU/Acre), Offices and Commercial.

PUBLIC AND PRIVATE RESTRICTIONS

The only known public and private restrictions are those imposed by the zoning ordinance for Pensacola. I am unaware of any other public or private restrictions regarding the subject property.

ENVIRONMENTAL CONCERNS

I am unaware of any environment conditions that would adversely affect the marketability or value of the subject property.

The above is a very important assumption and limiting condition to the appraisal. From the viewing of the site, no evidence of hazardous substances “obvious to the untrained person” were observed, and no communication “through a reasonably reliable person” indicating possible contamination was received; however, I am not an expert in the environmental field and this information should be confirmed by an expert.

[illegible]

45

This aerial map displays a residential subdivision with lots numbered 200.93 through 201.52. The lots are arranged in a grid-like pattern. Lot 201.09 is highlighted in red and labeled with the identifier 'CA069'. The map includes lot dimensions and street names such as N. FLORIDA BLANCA. The lots are separated by blue lines, and the highlighted lot is outlined in red. The map also shows surrounding streets, including N. FLORIDA BLANCA, and various lot dimensions.

Lot Number	Dimensions (ft)	Notes
200.93	200.93	
201.01	201.01	
201.09	201.09	CA069 (Highlighted)
201.17	201.17	
201.25	201.25	
201.32	201.32	
201.4	201.4	
201.48	201.48	
201.52	201.52	

CA069

25.73

113.51

138.52

138.6

138.68

138.75

138.83

138.91

138.99

50

50

50

50

51.02

30

114.14

80.01

90

29.2

39.7

CENTRAL

GATHERING CH

46

Flood Map

The flood map for the selected area is number **12033C0390G**, effective on **09/29/2006** [?](#)

DYNAMIC MAP



MAP IMAGE

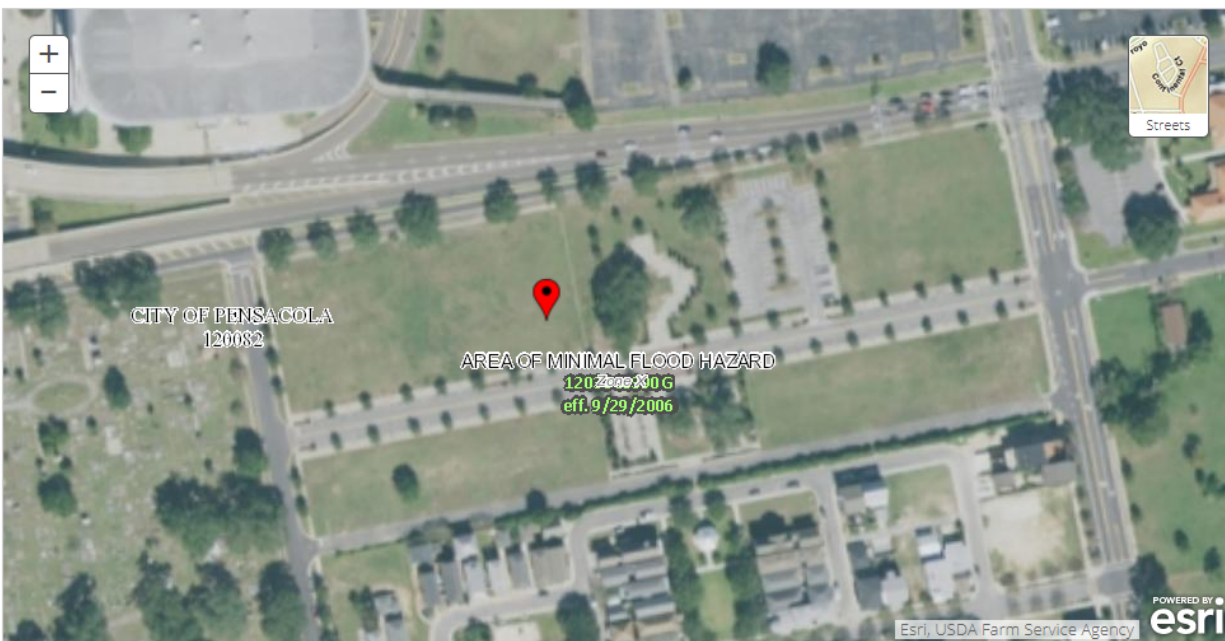


Changes to this FIRM [?](#)

- Revisions (0)
- Amendments (4)
- Revalidations (0)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette. If you are a person with a disability, are blind, or have low vision, and need assistance, please contact a [map specialist](#).

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PHOTOGRAPHS



Salamanca Street Looking West with Subject Lots on Right and Left



Salamanca Street Looking East with Subject Lots on Right and Left

Photographs



Typical View of Subject Smaller Lots



Typical View of Subject Larger Lots

Photographs



Park Area on South Side of Street



Park Area on North Side of Street

SITE DESCRIPTION

For better visualization of this narration, please refer to the preceding drawings and following photographs.

LOCATION:	The Pensacola Tech Park is located along the north and south sides of Salamanca Street between 9th Avenue and Florida Blanca and south of Chase Street in Downtown Pensacola.
AREA:	The subject 40 lots include approximately 7.84-acres.
SHAPE:	Most of the lots are rectangular in shape. The four end lots have a slightly irregular shape due to being located on corners but they offer similar good utility.
DIMENSIONS:	There are numerous dimensions noted on the plat included on a previous page.
INGRESS/EGRESS:	The subject lots front along a secondary subdivision street and ingress/egress are considered to be good.
TOPOGRAPHY:	The site is basically level with no irregular topographical features.
FLOOD DATA:	<p>The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X.</p> <p>FEMA Map Number: 12033C0390G FEMA Map Date: September 29, 2006</p> <p>The subject lots are outside the 500 year flood plain requiring no base minimal elevation.</p>
DRAINAGE:	The land is well drained with no wetlands noted on the GIS maps.
SOIL COMPOSITION:	The soil is of a sandy composition. Based on the existing and nearby improvements located upon similar soil types, it appears that this land is well suited for commercial and residential development.
UTILITIES ON SITE:	All utilities are available to the subject site.
Electricity:	Gulf Power
Water Supply Type:	City water
Sewer:	City sewer

Site Description (Cont'd.)

INFRASTRUCTURE: Asphalt paved streets with concrete curbs, storm sewers, pole lights and underground utilities. At the present time, there are no association dues for any of the properties located in this subdivision.

**EASEMENTS/
ENCROACHMENTS:** There is an asphalt paved alley on the south side of the lots located on the south side of Salamanca Street. This would tend to increase the utility of these lots.

RESTRICTIONS: The only known restrictions are imposed by Escambia County. No other restrictions are known.

GENERAL DESCRIPTION: The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered.

HIGHEST AND BEST USE

A brief definition of the term "highest and best use" would be:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."⁶

Implied within this definition is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skills, i.e., that the use determined represents an opinion, not a fact.

The Highest and Best Use section of this report is the pivotal point in the appraisal process. All previous data is used to test the four criteria of: (1) legally permitted, (2) physically possible, (3) economically feasible, and (4) maximally productive.

LAND AS THOUGH VACANT

Legally Permissible - All legally permissible uses should be analyzed when considering a site's highest and best use. The zoning maps indicate the subject property is zoned "GRD". The Gateway Redevelopment District is established to promote the orderly redevelopment of the southern gateway to the city in order to enhance its visual appearance, preserve a unique shoreline vista, improve traffic safety, and encourage a high quality of site planning and architectural design. Site specific analysis of each development proposal within the Gateway District is intended to ensure that the scenic orientation and open space image of the Bayfront Parkway is maintained, the development character of the Chase-Gregory corridor is upgraded, and the boundary of the adjacent historic district is positively reinforced. Uses permitted include single family (17.4 DU/Acre), Multi-Family (100 DU/Acre), Offices and Commercial.

⁶ American Institute of Real Estate Appraisers, *The Dictionary of Real Estate Appraisal*, Third Edition, 1993, pg. 171.

Highest & Best Use (Cont'd.)

Physically Possible - Of the legally permissible adaptations of the site, those physically possible uses require consideration and analysis. The size and location of the parcel are important aspects of value. The subject property consists of 40 lots in a mixed use development that adjoins the north side of the Aragon Court mixed use development, made up of single family homes, offices and commercial retail uses. There are two different sizes of lots being 10,000 square feet and 6,950 square feet. Each lot has 50 feet of road frontage. These lots are considered to be ideal for a wide variety of uses and can be joined to accommodate a large single use.

Financial Feasibility - Of the legally permissible and physically possible adaptations of the site, only those uses which are financially feasible should be considered. Discussed in the Neighborhood Analysis section of this report is the demand for new housing and commercial uses in the area. The downtown neighborhood continues to be one of the hottest markets in the area and the developers and home builders continue to realize sales and lease-ups prior to the completion of construction or soon after construction completion. With good demand and a currently low inventory, the construction of a variety of uses on the individual lots would be financially feasible.

Maximally Productive - The financially feasible use which results in the greatest return to the land is the one which is considered to be the highest and best use of the land. Based upon the location of the subject and the current high demand for a variety of properties in this area, the most productive use of the lots would be a mixed use development.

AS IMPROVED

The lots are vacant and can be developed to their highest and best use.

Conclusion – Highest and Best Use

Probable Use: The property is vacant and can be developed into a wide variety of uses.

Timing for use: Immediately

Probable Buyer/User: The probable buyer would be an individual, developer or builder.

EXPOSURE TIME

According to the *2017-2018 USPAP*, the definition of the term “exposure time” would be:

“The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”;⁷

In other words, this is a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Based on the sales found within this report and conversations with local market participants, the subject’s exposure time is estimated to be three months. This exposure time assumes the sale to have been handled by a knowledgeable real estate broker familiar with the subject real estate market.

⁷ USPAP 2012-2013 Edition. (The Appraisal Foundation, 2012-2013), pg. U-3.

MARKETING TIME

A brief definition of the term “marketing time” would be:

“The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.”⁸

Based on the sales found within this report, current listings and conversations with local market participants, the subject’s marketing time is estimated to be three months. This marketing time assumes the sale to be handled by a knowledgeable real estate broker familiar with the subject real estate market. It also assumes aggressive real estate sales tactics and readily available contacts active in the subject real estate market. The subject’s marketing time is considered to be reflective of the exposure time as little change is expected in the market.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 1993), pg. 220.

THE VALUATION PROCESS

There are three (3) commonly accepted approaches to value: The Cost Approach, Income Approach, and Sales Comparison Approach. All three utilize market derived information and are “market driven” approaches, as will be shown in the analysis.

The Cost Approach is a summation of land value and improvement value. The land is valued as though vacant and available for its highest and best use. The improvement is valued by first estimating the reproduction costs new from which all forms of depreciation are deducted. Depreciation can be both from deterioration and obsolescence. Obsolescence is further categorized as functional or external. The analysis of obsolescence, based on the highest and best use analysis, accounts for deductions necessary if the improvement is not adequate for the site.

The steps for the Income approach are to first estimate an economic rent for the subject. This analysis is made even if the property is owner occupied. From the gross potential income there is first deducted allowance for vacancy and collection loss with further deductions then made for the expenses applicable to the type property being valued. This net operating income is then capitalized into an indication of value through the use of an appropriate capitalization rate.

The Sales Comparison Approach is an estimation of the property value by comparison with recent sales of similar or competitive properties extracted from the subject’s market. The “market”, rather than being the immediate proximity to the subject, is considered that area, local, regional or even national that would be considered by a prospective buyer of the subject property.

These approaches do not make value. They are merely tools in the hands of the appraiser who must carefully weigh each value indication, give appropriate weight to the approach and reconcile into a final value conclusion. Given this is the valuation of a proposed subdivision, all three approaches will be used.

INCOME APPROACH

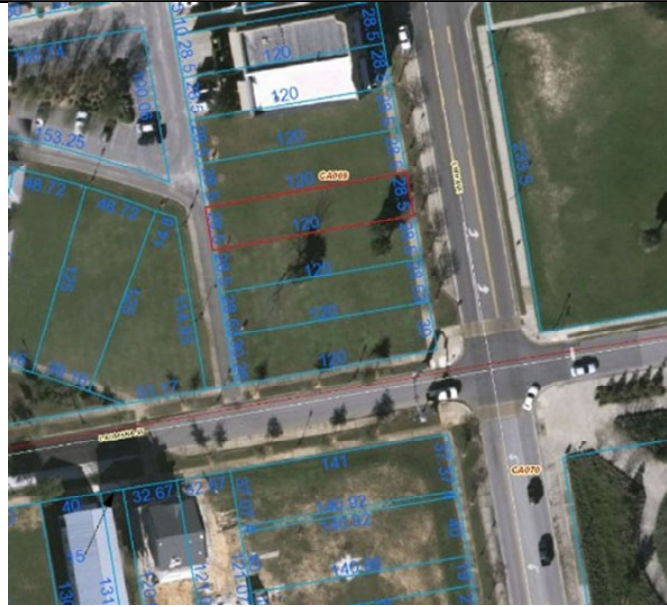
The subdivision development analysis is referred to as a yield capitalization technique and is a method utilized in the Income Capitalization Approach. In this technique, direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots and the net proceeds are discounted to present value at a market-derived rate over the development and absorption period. If the entrepreneurial incentive is not deducted as a line-item expense, the discount rate must reflect the full effect of any profit. This technique is applicable when subdivision development is the highest and best use of the land.

This technique takes into consideration the time after completion of the development. The first step in the process is to identify and research similar lot sales to be compared to the subject lots in an effort to establish the subject lot values. Absorption of the lots is estimated through research of competing development and the rate of sales per period. The value of the lots to be absorbed per period are then totaled to indicate the potential gross sales. From the total gross sales will be deducted closing costs, holding costs, and developer profit, resulting in the net sales proceeds. The net sale proceeds are then discounted back to a present value using a present value factor.

Review:

The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered. The following retail lot sales compare to the subject lots.

Land Comparable 1



Transaction			
ID	4225	Date	12/6/2018
Address	73 South 9th Avenue	Price	\$132,500
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Conv.
Tax ID	00-0S-00-9017-090-009	Property Rights	Fee Simple
Grantor	William Fontenot	Days on Market	223
Grantee	Marc Cabassa	Verification	Joe Billingsly, Listing Realtor, 850-291-6761, 1/25/2019 by Tom Fruitticher
Location	Interior	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.1	Topography	Level
Land SF	3,420	Zoning	HC-1
Water Frontage		Flood Zone	Zone AE
Shape	Rectangular	Encumbrance or	None
Utilities	All	Environmental Issues	None
Book/Page or Reference	8012/762	Dimensions	28.5 x 120
Improvements			
Price Per Acre	\$1,687,683	Condition	NA
Price Per Land SF	\$38.74	Ancillary Buildings	NA
Price Per Land Unit	\$38.74	Parking	
Price Per Usable Land SF	\$38.74	Total Assessment	\$100,000
Sale Comments	NA	Assessment Year	2018
Comments			

This is a rectangular shaped parcel that offers 28.5 feet of frontage along the west side of 9th Avenue just north of Romana Street. The land is level and was cleared at the time of sale. It included no wetlands and is located in the mixed use section of Aragon. It can be developed with commercial, residential or a combination of both.

Land Comparable 2



Transaction			
ID	4318	Date	1/5/2018
Address	120 West Government	Price	\$720,000
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Conventional
Tax ID	00-0S-00-9001-020-120	Property Rights	Fee Simple
Grantor	Community	Days on Market	486
Grantee	G Squared Pensacola, LLC	Verification	Rodger Lowery, MAI confirmed with Paul Grimes, Rep. for Buyer in April 2018
Location	NA	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.7	Topography	NA
Land SF	28,349	Zoning	C-2A, Downtown Retail
Water Frontage	NA	Flood Zone	NA
Shape	NA	Encumbrance or	NA
Utilities	NA	Environmental Issues	NA
Book/Page or Reference	7835/887	Dimensions	NA
Improvements			
Price Per Acre	\$1,106,331	Condition	NA
Price Per Land SF	\$25.40	Ancillary Buildings	NA
Price Per Land Unit	\$45,000.00	Parking	
Price Per Usable Land SF	NA		
		Total Assessment	NA
Sale Comments	NA	Assessment Year	NA
Comments			

This is the purchase of a parcel of land located between Government Street and Intendencia Street between Baylen Street and Spring Street in downtown Pensacola. The property was purchased for the development of a mixed-use project with three mixed-use stacks at the south end of the parcel having three residential units above three commercial office units and ten residential condominium units planned for the north half of the site. The three mixed-use stacks are planned to be sold for \$1,200,000 each and will include a 766 SF office on the ground floor with a garage and a 3,078 SF residential townhome on the second and third floors above the office.

Land Comparable 3



Transaction			
ID	4448	Date	5/13/2019
Address	65 South 9th Avenue	Price	\$121,500
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Cash
Tax ID	00-0S-00-9017-080-009	Property Rights	Fee Simple
Grantor	Monica Mortara	Days on Market	583
Grantee	John & Maryan	Verification	Monica Mortara, Seller,
Location	Interior	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.1	Topography	Level
Land SF	3,798	Zoning	GRD-1
Water Frontage	NA	Flood Zone	Zone X
Shape	Rectangular	Encumbrance or	None
Utilities	All	Environmental Issues	None
Book/Page or Reference	8095/103	Dimensions	28.5 x 120
Improvements			
Price Per Acre	\$1,393,349	Condition	NA
Price Per Land SF	\$31.99	Ancillary Buildings	NA
Price Per Land Unit	\$121,500.00	Parking	
Price Per Usable Land SF	\$31.99	Total Assessment	NA
Sale Comments	This is a single lot found	Assessment Year	NA
Comments			

This is a single lot found in the Aragon Court development that has 28.5 feet of frontage along 9th Avenue and the same amount of frontage along Gato Aly allowing rear access to a potential garage/carriage house. The lot has a depth of 120 feet, is level and was cleared at the time of sale. This is a walkable community found in the downtown area of Pensacola.

Land Comparable 4



Transaction			
ID	4449	Date	12/6/2018
Address	73 South 9th Avenue	Price	\$132,500
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Conv.
Tax ID	00-0S-00-9017-090-009	Property Rights	Fee Simple
Grantor	William & Gwendolyn	Days on Market	223
Grantee	Marc Cabassa	Verification	Joe Billingsly, Listing
Location	Interior	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.1	Topography	Level
Land SF	3,420	Zoning	GRD-1
Water Frontage	NA	Flood Zone	Zone X
Shape	Rectangular	Encumbrance or	None
Utilities	All	Environmental Issues	None
Book/Page or Reference	8012/762	Dimensions	28.5 x 120
Improvements			
Price Per Acre	\$1,687,683	Condition	NA
Price Per Land SF	\$38.74	Ancillary Buildings	NA
Price Per Land Unit	\$132,500.00	Parking	
Price Per Usable Land SF	\$38.74	Total Assessment	100000
Sale Comments	This is a single lot found	Assessment Year	2018
Comments			

This is a single lot found in the Aragon Court development that has 28.5 feet of frontage along 9th Avenue and the same amount of frontage along Gato Aly allowing rear access to a potential garage/carriage house. The lot has a depth of 120 feet, is level and was cleared at the time of sale. This is a walkable community found in the downtown area of Pensacola.

Land Comparable 5



Transaction			
ID	4911	Date	11/11/2019
Address	9th Avenue	Price	\$273,000
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Cash to Seller
Tax ID	00-0S-00-9001-000-149	Property Rights	Fee Simple
Grantor	Seventeenth Avenue	Days on Market	347
Grantee	Victor & Marina Agadzi	Verification	Jeremy Johnson, Listing
Location	Interior	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.1	Topography	Level
Land SF	4,691	Zoning	HC-1
Water Frontage	NA	Flood Zone	X & AE
Shape	Rectangular	Encumbrance or	None
Utilities	All	Environmental Issues	None
Book/Page or Reference	8209/317	Dimensions	62 x 74.85
Improvements			
Price Per Acre	2,534,819	Condition	NA
Price Per Land SF	58	Ancillary Buildings	NA
Price Per Land Unit	NA	Parking	
Price Per Usable Land SF	58.19146056	Total Assessment	NA
Sale Comments	This sale is located along	Assessment Year	2019
Comments			

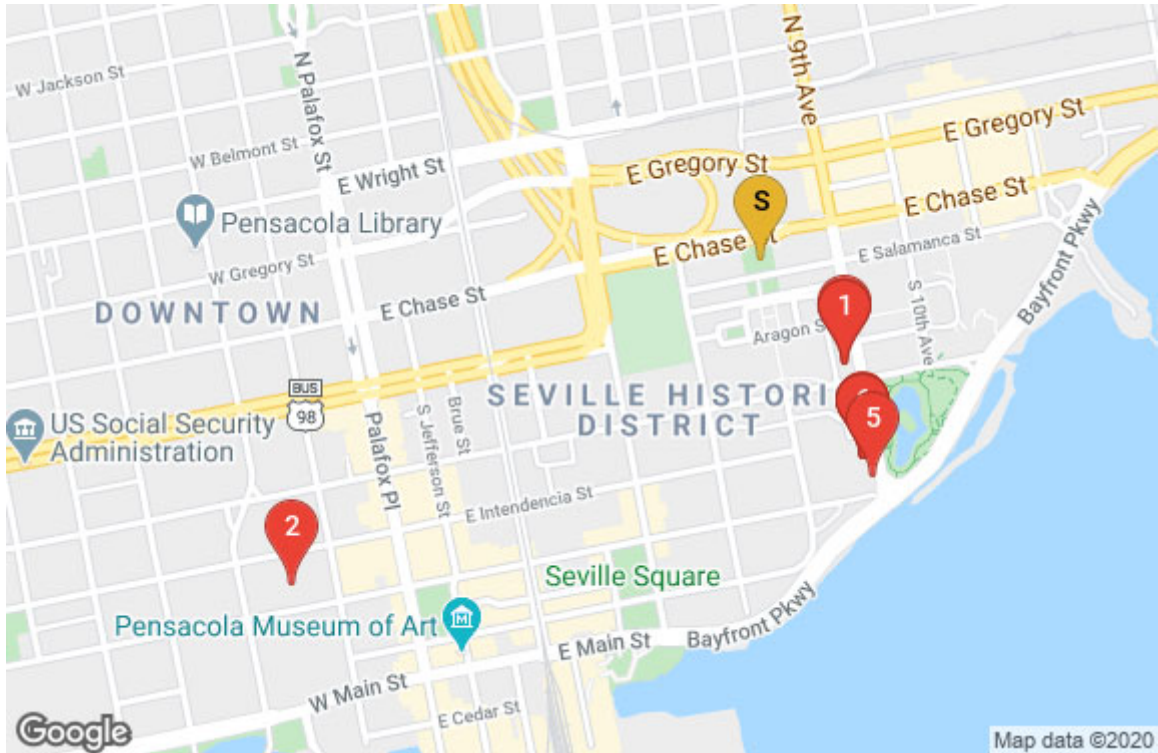
This sale is located along the west side of 9th Avenue one lot north of Government Street in Downtown Pensacola. The land is level and was cleared at the time of sale. The property has a rectangular shape and offers good utility. There are no wetlands. The property has a limited water view of Pensacola Bay from across Bay Front Parkway and it is also located across the street from Admiral Mason Park. It has 62 feet of road frontage and a depth of 74.85 feet. The buyer also owns the adjoining land to the north.

Land Comparable 6



Transaction			
ID	4913	Date	9/17/2018
Address	9th Avenue	Price	\$240,000
City	Pensacola	Conditions of Sale	Arm's Length
State	FL	Financing	Cash to Seller
Tax ID	00-0S-00-9001-001-347	Property Rights	Fee Simple
Grantor	Steven & Elizabeth Steck	Days on Market	
Grantee	Karen Brown	Verification	Cheryl Young, Listing Realtor 850-712-4742 on 8/7/2020 by Tom Fruitticher
Location	Interior	County	Escambia
Property Major Type	Land	Zip	32502
Site			
Acres	0.3	Topography	Level
Land SF	11,326	Zoning	HC-1
Water Frontage	NA	Flood Zone	AE
Shape	Rectangular	Encumbrance or	None
Utilities	All	Environmental Issues	None
Book/Page or Reference	7968/315	Dimensions	64 x 160
Improvements			
Price Per Acre	923,077	Condition	NA
Price Per Land SF	21	Ancillary Buildings	NA
Price Per Land Unit	NA	Parking	
Price Per Usable Land SF	21.19093028	Total Assessment	200704
Sale Comments	This sale is a rectangular	Assessment Year	2019
Comments			

This sale is a rectangular shaped parcel that has 64 feet of frontage along the west side of 9th Avenue and it is located two lots north of Government Street. The land is level, cleared and included no wetlands. This property is located across the street from Admiral Mason Park and has a limited water view of Pensacola Bay from across 9th Avenue and Bayfront Parkway.



Comp	Address	Date	Acres	Land SF
	City	Price	Price Per Acre	Price Per Land SF
Subject	Salamanca Street	1/0/1900	7.84	341,423
	Pensacola	--	--	--
1	73 South 9th Avenue	12/6/2018	0.08	3,420
	Pensacola	\$132,500	\$1,687,683	\$38.74
2	120 West Government	1/5/2018	0.65	28,349
	Pensacola	\$720,000	\$1,106,331	\$25.40
3	65 South 9th Avenue	5/13/2019	0.09	3,798
	Pensacola	\$121,500	\$1,393,349	\$31.99
4	73 South 9th Avenue	12/6/2018	0.08	3,420
	Pensacola	\$132,500	\$1,687,683	\$38.74
5	9th Avenue	11/11/2019	0.11	4,691
	Pensacola	\$273,000	\$2,534,819	\$58.19
6	9th Avenue	9/17/2018	0.26	11,326
	Pensacola	\$240,000	\$923,077	\$21.19

Lot Sales Comments

The subject of this report is 40 lots within The Pensacola Tech Park located along the north side of the popular Aragon Court mixed use development in downtown Pensacola. The subdivision includes under ground utilities, an asphalt paved street, concrete curbs, double lined concrete sidewalks, tasteful post street lights and the streets are oak tree lined. The individual lots range in size from about 0.2324 acres (10,000 square feet) to 0.1598 acres (6,950 square feet). The larger lots are located on the north side of Salamanca Street and the smaller lots are located on the south side of the street. The southern portion of the smaller lots is improved with an asphalt paved alley leaving 5,250 square feet of useable lot area. The development is tastefully designed and has good exposure from two major arterials (Chase Street and 9th Avenue). There is a park on four of the south side lots and a park and parking lot on six of the north side lots; however, these areas can be redeveloped with vertical improvements so these parks and parking lots will not be considered.

A search of the area was made for comparable land sale resulting in the six sales previously identified, which are considered to be among the best sales available at the time of this report. Sales of this type are commonly considered on a value per acre basis or a value per square foot basis. For this analysis, I will utilize the value per square foot basis. Adjustments considered are as follows.

PROPERTY RIGHTS SOLD – The property rights being considered are those of the fee simple interest. The property rights transferred in the comparable sales were also those of the fee simple interest. As the interests sold are similar to the interest being appraised, no property rights adjustments are considered to be necessary.

FINANCING - The comparable properties also sold for cash or terms considered similar to a cash sale requiring no financing adjustments.

CONDITIONS OF SALE - All of the sales were arms-length transactions requiring no conditions of sale adjustments, with the exception of sale five. Sale five was purchased by the adjoining property owner and it appears he paid a premium for the purposes of enlarging his land area. A comparison of sale five to the similar sized sales one, three and four would indicate a downward 37% adjustment is necessary for the conditions of the sale.

Land Valuation (Cont'd.)

EXPENDITURE AFTER THE SALE – None of the sales required an expenditure after the sale so no adjustment is necessary.

MARKET CONDITIONS ADJUSTMENT – The sale dates are all very recent and no market conditions adjustments are necessary.

LOCATION ADJUSTMENT – The sales selected are located within a few blocks of the subject development and are considered to be the best sales available. As they are so close, no location adjustments are necessary.

PHYSICAL CHARACTERISTIC ADJUSTMENTS – The sales offer similar utility to the subject property, have similar exposure, are all level and include no wetlands. The only real difference among the sales would be size, with the larger sales commanding lower values per square foot and the smaller sales commanding higher values per square foot. This is common and rather than making an adjustment, the size will be considered in the reconciliation. It is also noted that the zoning does differ slightly among the sales but all of these zoning districts allow mixed uses and the lots have similar highest and best uses to the subject lots so no zoning adjustments are necessary. The adjustment applied for condition of sale is shown on the following grid summary.

Land Valuation (Cont'd.)

Land Analysis Grid	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Address	Salamanca Street	73 South 9th Avenue	120 West	65 South 9th Avenue	73 South 9th Avenue	9th Avenue	9th Avenue
City	Pensacola	Pensacola	Pensacola	Pensacola	Pensacola	Pensacola	Pensacola
State	FL	FL	FL	FL	FL	FL	FL
Date	9/30/2020	12/6/2018	1/5/2018	5/13/2019	12/6/2018	11/11/2019	9/17/2018
Price	--	\$132,500	\$720,000	\$121,500	\$132,500	\$273,000	\$240,000
Land SF	341423	3420	28349	3798	3420	4691	11326
Land SF Unit Price	\$0.00	\$38.74	\$25.40	\$31.99	\$38.74	\$58.19	\$21.19
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conv.	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Cash	Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%
Adjusted Land SF Unit Price		\$38.74	\$25.40	\$31.99	\$38.74	\$36.66	\$21.19
Market Trends Through	9/30/2020	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$38.74	\$25.40	\$31.99	\$38.74	\$36.66	\$21.19
Location		Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Land SF	10,000 SF & 6,950 SF	3420	28349	3798	3420	4691	11326
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Topography	Level	Level	0	Level	Level	Level	Level
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Usable Acres	50' x 130'	0.07851	0	0.0872	0.07851	0.1077	0.26
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zoning	GRD	HC-1	C-2A, Downtown	GRD-1	GRD-1	HC-1	HC-1
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Land SF Unit Price		\$38.74	\$25.40	\$31.99	\$38.74	\$36.66	\$21.19
Net Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Lot Value Reconciliation – As stated, the only real difference among the sales is size. The larger lots (sales two and six) made up the lower end of the value range being from \$21.19/SF to \$25.40/SF and ranged in size from 11,326 square feet to 28,349 square feet. The smaller sales (Sales one, three, four and five) made up the upper end of the value range from \$31.99/SF to \$38.74/SF and ranged in size from 3,420 square feet to 4,691 square feet.

The subject lots located on the south side of Salamanca Street are 6,950 square feet but an alley takes up the southern side of these lots leaving 5,250 square feet of usable land area. This size is slightly larger than the smaller comparable sales but much smaller than the larger sales. As such, the subject smaller lot value would be expected to fall slightly under the value range offered by the smaller sales, or around \$30.00/SF. Applying this to the average usable lot size of 5,250 square feet indicates a value of \$157,500/lot, which can be rounded to \$158,000. There are 20 of the smaller lots.

Land Valuation (Cont'd.)

The subject lots located on the north side of Salamanca Street are 10,000 square feet. This size is slightly smaller than the larger comparable sales but much larger than the smaller sales. As such, the subject larger lot value would be expected to fall slightly above the value range offered by the larger sales, or around \$26.00/SF. Applying this to the average usable lot size of 10,000 square feet indicates a value of \$260,000/lot. There are 20 of the larger lots.

Considering the smaller lot value of \$158,000 and the larger lot value of \$260,000, the following gross sell-out is indicated.

Smaller Lots	
20 Lots x \$158,000 =	\$3,160,000
Larger Lots	
20 Lots x \$260,000 =	<u>\$5,200,000</u>
Gross Sell-Out Value (Retail Value)	\$8,360,000

Absorption Rate – At the present time, the downtown area of Pensacola has 5 active lot listings in the Gulf Coast CMLS. In 2018 there were 9 lot sales in the CMLS and in 2019 there were also 9 lot sales. The sales to-date in 2020 are on a similar track with 4 sales being realized in the first 7 month of the year. If the subject's 40 lots are added to the listings, there would be a total of 45 listings. Considering an absorption rate of 9 sales per year would indicate the current inventory with the subject lots included would take five years to sell-out. As such, for the discounted cash flow analysis, I will consider an average absorption rate of 8 sales per year for the subject subdivision. As it is not known which lots will sell first, the gross sell out of \$8,360,000 will be divided by the 40 lots to indicate an average lot price of \$209,000. Values in the area have been increasing so I will apply an average annual increase of 2% to the lot value, which is similar to inflation.

Land Valuation (Cont'd.)

Deductions From Sales – The deductions that will be made from the sales include closing costs, real estate taxes, association fees and developer profit.

Closing Cost - The closing cost typically paid by the seller in this market is 1% of the sale price, which will be used.

Real Estate Taxes – The current tax liability if the lots were owned by a private entity would be \$55,490 for all 40 lots or an average of \$1,387.25/lot. In the first year of the analysis, this will be the deduction made. With 8 lots less in the second year, the deduction will be \$44,392. With 24 lots in the third year, the deduction will be \$33,294. With 16 lots in the fourth year, the deduction will be \$22,196. With 8 lots in the last year, the deduction will be \$11,098.

Real Estate Commissions – The typical commission charged by a Realtor who handles an entire development is 5%, which will be used.

Association Fees – The subject development will have no common elements so there is no need for an association fee deduction.

Present Value Factor - To determine the present value of the future sales, the net sale proceeds will be discounted back to a present value. To select the appropriate discount rate, the *RealtyRates.com* Developer Survey for the 4th Quarter of 2019 was used. For “Site-Built” Business Parks having less than 100 units the pro-forma discount rate range is shown to be from 12.58% to 39.97% with the average being 26.41%, where developer’s profit is not treated as an expense but included in the discount rate. See the following table.

Land Valuation (Cont'd.)

RealtyRates.com DEVELOPER SURVEY - 4th Quarter 2019*						
National - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	12.86%	48.92%	31.05%	12.35%	46.97%	29.81%
-100 Units	12.86%	42.18%	27.66%	12.35%	40.49%	26.55%
100-500 Units	13.19%	46.39%	29.94%	12.66%	44.54%	29.31%
500+ Units	13.51%	48.50%	31.16%	12.97%	46.56%	31.10%
Mixed Use	13.83%	48.92%	31.53%	13.28%	46.97%	31.48%
Manufactured Housing	12.92%	52.58%	33.57%	12.40%	50.47%	31.59%
-100 Units	12.92%	45.72%	30.05%	12.40%	43.89%	28.29%
100-500 Units	13.24%	50.29%	32.56%	12.71%	48.28%	31.26%
500+ Units	13.56%	52.58%	33.90%	13.02%	50.47%	33.18%
Business Parks	13.11%	47.88%	31.26%	12.58%	45.97%	29.42%
-100 Acres	13.11%	41.64%	28.06%	12.58%	39.97%	26.41%
100-500 Acres	13.44%	45.80%	30.36%	12.90%	43.97%	29.14%
500+ Acres	13.76%	47.88%	31.59%	13.21%	45.97%	30.92%
Industrial Parks	13.11%	41.42%	27.95%	12.58%	39.77%	26.88%
-100 Acres	13.11%	36.02%	25.18%	12.58%	34.58%	23.75%
100-500 Acres	13.44%	39.62%	27.19%	12.90%	38.04%	26.16%
500+ Acres	13.76%	41.42%	28.28%	13.21%	39.77%	26.67%

*3rd Quarter 2019 Data

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Since the subject includes 40 lots that are located in an area growing in population and having high demand, there is very little risk due to the strong demand. As such, I will consider a rate similar to the average or a rounded 25%. As stated, this includes developer profit and no separate deduction is necessary. Additionally, this discount rate would also include interest carry and return on equity invested so no separate deductions for these items will be considered. The cash flow analysis is as follows:

Land Valuation (Cont'd.)

Item	Period 1	Period 2	Period 3	Period 4	Period 5	Total
Market Sales	8	8	8	8	8	40
Market Value/Lot	\$209,000	\$213,180	\$217,444	\$221,792	\$226,228	
Total Sales	1,672,000	1,705,440	1,739,549	1,774,340	1,809,827	8,701,155
Commissions 5%	(\$83,600)	(\$85,272)	(\$86,977)	(\$88,717)	(\$90,491)	(\$435,058)
Taxes	(\$55,490)	(\$44,392)	(\$33,294)	(\$22,196)	(\$11,098)	(\$166,470)
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0
Closing Cost 1%	(\$16,720)	(\$17,054)	(\$17,395)	(\$17,743)	(\$18,098)	(\$87,012)
Net Sales Proceeds	\$1,516,190	\$1,558,722	\$1,601,882	\$1,645,683	\$1,690,139	
P V Factor 25%	0.8000	0.6400	0.5120	0.4096	0.3277	
Net Present Value	\$1,212,952	\$997,582	\$820,164	\$674,072	\$553,859	\$4,258,628

The discounted cash flow analysis indicates the subject's value to a single buyer who can then make a profit upon resale of the individual lots, would be \$4,258,628, which can be rounded to \$4,259,000.

Test of Reasonableness – The subject lots have a total useable area of about 305,000 square feet and dividing this into the discounted value of \$4,259,000 indicates a value per square foot of \$13.96/SF. Located on the east side of 9th Avenue, just to the south of the subject property, is the Hawkshaw property, a 101,080 square foot property that includes an entire city block. The Hawkshaw Development Group purchased this property on 2/21/2018 for \$1,600,000 or \$15.83/SF. This is a smaller property than the subject property but its “bulk” sale price would tend to indicate the bulk value of the subject lots is reasonable, when size is considered.

FINAL AS-IS MARKET VALUE OPINION

FOUR MILLION TWO HUNDRED FIFTY NINE THOUSAND DOLLARS

\$4,259,000

(August 6, 2020)

PART THREE: CERTIFICATIONS AND ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have not performed any prior services regarding the subject within the previous three years of the appraisal date.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute.
- The subject of this appraisal report is identified as the proposed Pensacola Tech Park located along Salamanca Street in Pensacola, FL. The estimated current market value of the fee simple estate as of the last date of inspection, August 6, 2020, was \$4,259,000.



Tom Fruitticher, MAI

State-Certified General Real Estate Appraiser #RZ2029

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
12. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
13. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
14. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies

only under the stated program of utilization. The separate allocations of land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

16. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
17. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

Extraordinary Assumption:

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.⁹

1. This appraisal is based on the extraordinary assumption that there are no private deed restrictions that would restrict the use of the subject lots beyond the zoning regulations. There are no other Extraordinary Assumptions for this appraisal.

Hypothetical Conditions:

A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.¹⁰

1. There are no Hypothetical Conditions.

⁹ USPAP 2012-2013 Edition (The Appraisal Foundation) Page U-3

¹⁰ USPAP 2012-2013 Edition (The Appraisal Foundation) Page U-3

POLICY STATEMENT OF THE APPRAISAL INSTITUTE

1. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
2. Racial, religious, and ethnic factors are deemed unreliable predictors of value trends or price variance.
3. It is improper to base a conclusion or opinion of value or a conclusion with respect to neighborhood trends upon stereotyped or biased presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.

QUALIFICATIONS AS AN APPRAISER

TOM FRUITTICHER, MAI

State-Certified General Real Estate Appraiser #0002029 (Florida)

Certified General Real Property Appraiser #G00788 (Alabama)

3000 Langley Ave., Suite 402, Pensacola, Florida 32504

Cell Phone 850-982-2470

EDUCATION

B.A. Political Science, University of West Florida, Pensacola, Florida, 1986

APPRAISAL INSTITUTE COURSES SUCCESSFULLY COMPLETED

"Report Writing and Valuation Analysis", Florida State University, 1995; "Advanced Applications", University of Alabama, 1995; "Advanced Sales Comparison & Cost Approach", Orlando College, 1995; "Highest & Best Use and Market Analysis", Kissimmee, Florida, 1995; "Advanced Income Capitalization", University of Alabama, 1994; "General Applications", University of Colorado Boulder, 1994; "Basic Income Capitalization", University of Colorado Boulder, 1994; "Standards of Professional Practice, Part A & B, USPAP", Florida State University, 1993; "Basic Valuation Procedures", University of Alabama, 1990; "Real Estate Appraisal Principles", University of Georgia, 1989

CONTINUING EDUCATION & ADDITIONAL REAL ESTATE RELATED COURSES COMPLETED

USPAP 2018/19 (7 Hours) Florida Law (3 Hours) 2018 Regulatory Update (7 Hours) Business Practices & Ethics 12/30/2017 (4 Hours), Subdivision Valuation 8/2/2017 (7 Hours), Case Studies in Complex Valuation 4/28/2017 (7 Hours), Advanced Spreadsheet Modeling 5/18/2016 (14 Hours), Staying Out of Trouble 6/19/2015 (7 Hours), Real Estate Finance Statistics 9/25/2014 (14 Hours), Residential Applications: Using Technology to Measure and Support Assignment Results 5/23/2014 (7 Hours), Using Spreadsheet Programs in RE Appraisals 5/22/2014 (7 Hours) Qualitative Analysis 9/13/2012 (4 Hours), IRS Valuation 7/19/2012 (2 Hours), Litigation Appraising 10/17/2011 (15 Hours), Business Practices and Ethics 10/13/2011 (4 Hours), Online Advanced Internet Search Strategies 8/24/2011 (7 Hours), Appraisal Laws and Rules 9/24/10 (3 Hours), Roles/Responsibilities Supervisor/Trainee 9/24/10 (3 Hours), The Appraiser as an Expert Witness 5/19/10 (15 Hours), Condemnation Appraising: Principles & Applications 5/1/09 (17 Hours), The New Residential Market Conditions Form 3/3/09 (3 Hours), Appraisal Laws and Rules 4/24/08 (3 Hours), Roles/Responsibilities Supervisor/Trainee 4/24/08 (3 Hours), Business Practices & Ethics 11/1/07 (8 Hours), Analytics with the Site to Do Business 8/3/07 (7 Hours), A Professional's Guide to Conservation Easements 7/15/07 (4 Hours), Residential Site Valuation & Cost Approach 4/12/07-4/13/07 (15 Hours), Residential Market Analysis & Highest & Best Use 4/10/07-4/11/07 (15 Hours), Appraising Forestland and Timber 2/9/06 (7 Hours), Subdivision Valuation 1/27/06 (7 Hours), Appraising Environmentally Contaminated Properties 1/17/06 (7 Hours), "Uniform Standards for Federal Land Acquisitions" 3/23/04 (16 Hours), "Effective Appraisal Writing" 8/22/03 (7 Hours), Florida State Law & USPAP Review 11/8/02 (7 Hours), Appraisal Strategies 10/29/02-10/30/02 (15 Hours), Florida Broker Post-License – Management 2/14/02-2/16/02 (30 Hours), Florida Broker Post-License – Contracts 3/21/02-3/23/02 (30 Hours), Data Confirmation & Verification 3/30/01 (7 Hours), Multifamily Housing Development 3/8/01-3/9/01 (16 Hours), Florida Broker Pre-License 3/16/00 – 3/31/00 (72 Hours), Valuing Real Property – 3/31/00 (31 Hours), Partial Interest Valuation – Divided & Undivided 1/13/00 – 1/14/00 (14 Hours) 1999 Symposium-Val. & the Evolution of the RE Cap. Mkts. 10/5/99 – 10/6/99 (10 Hours), FHA Homebuyer Protection Plan & The Appraisal Process 10/15/99 (7 Hours), Standards of Professional Practice, Part "C" 4/29/99 - 4/30/99 (16 Hours), Advanced Techniques Using the Marshall Valuation Service: Segregated Method, New Orleans, Louisiana, 1990; Using the Marshall Valuation Service: Calculator Method, New Orleans, Louisiana, 1990; "Real Estate Principles and Practice", Pensacola, Florida, 1986; "Coastal Zone Management and Residential Development", University of West Florida, 1985; "Professional Selling", University of West Florida, 1986; "Real Estate Law", Pensacola Junior College, 1983

EXPERIENCE

1997-Present The Fruitticher - Lowery Appraisal Group - Co-Owner and Appraiser (Residential and Commercial Real Estate).

1987-1997 Gene Presley & Associates - Independent contractor of commercial and residential appraisals.

Properties Appraised: For over 30 years, I have appraised single-family residential properties in the Pensacola Metropolitan Area and a variety of commercial properties throughout Northwest Florida and South Alabama that includes Apartments, Offices, Strip Shopping Centers, Subdivisions, Condominium Complexes, Restaurants, Industrial Buildings, vacant commercial sites and large acreage tracts (see attached list for notable properties appraised). I have also completed apartment project feasibility studies through the MAP program and office and hotel feasibility studies.

Principal Clients: Past clients include: The U.S. Army Corps of Engineers, The Florida Department of Environmental Protection, The City of Pensacola, The City of Fort Walton Beach, Emerald Coast Utility Authority, B.B. & T, Premier Bank, Peoples First Bank, Trustmark Bank, Gulf South Bank, Bank of North Georgia, Empire Financial, Red Mountain Bank, Atlantic Bank, Deutsche Banc, Bear Sterns, Whitney Bank, First National Bank, Nations Bank, Commerce South Bank, Emerald Coast Bank, Compass Bank, Vanguard Bank, Regions Bank, GMAC Mortgage, Member's First Credit Union, Florida Communities Trust, Resort Mortgage, Bank of Pensacola to name a few.

PROFESSIONAL AFFILIATIONS/LICENSES

Member Appraisal Institute, MAI #11325 (North West Florida Chapter of the Appraisal Institute Ex-Officio – 2010, President 2009 and the 2008 & 2007 Vice President)

Florida State Certified General Appraiser License #RZ 0002029 (Expiration Date 11/30/2020)

Alabama State Certified General Real Property Appraiser #G00788 (Expiration Date 9/30/2021)

Florida Licensed Real Estate Broker License #BK 0491970 (Expiration Date 3/31/2022)

Member - Pensacola Association of Realtors (Florida & National Association of Realtors)

Member - Pensacola Area Chamber of Commerce

REFERENCES

- | | |
|--|--|
| 1. Mr. Todd Seigle
Trustmark National Bank
Post Office Box 5736
Destin, Florida 32540
Phone (850) 337-0709
Fax (850) 337-0719 | 4. Mr. Karl Nixon, Review Appraiser
U.S. Army Corps of Engineers
P.O. Box 4970
Jacksonville, Florida 32232-0019
Phone (904) 232-2339 |
| 2. Mr. Keith Parks, Vice President
Beach Community Bank
33 West Garden Street
Pensacola, Florida 32501
Phone (850) 202 - 9900
Fax (850) 202-9901 | 5. Mr. Clark Davis
State of Florida. DEP
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000
Phone (850) 488-9025
Fax (850) 488-3379 |
| 3. Mr. Perry Palmer, Vice President
Bank of Pensacola
500 South Palafox St.
Pensacola, Florida 32502
Phone (850) 483-6597
Fax (850) 453-2736 | 6. Mr. Rex McKinney - President
Servis 1st Bank
316 S. Baylen Street, Suite 100
Pensacola, Florida 32502
Phone (850) 266-9121
Fax (850) 266-9101 |

EXPERIENCE (Cont'd.)

PARTIAL SUMMARY OF NOTABLE APPRAISAL PROJECTS COMPLETED

Motels

- Best Western Motel, Via Deluna Dr., Pensacola Beach, Florida
- Wingate Inn Hotel, Destin, Florida
- Hampton Inn, Hwy 98, Fort Walton Beach, Florida
- New World Landing, Pensacola, Florida
- Paradise Motel, Pensacola Beach, Florida
- Hilton Garden Inn (Proposed), Jacksonville Beach, Florida
- Ramada Inn, Highway 98, Fort Walton Beach, Florida
- Comfort Inn, Fort Pickens Road, Pensacola Beach, Florida
- Best Western Motel, Highway 98, Navarre, Florida
- Best Western Motel (Proposed), Santa Rosa Boulevard, Fort Walton Beach, Florida
- Best Western Motel (Proposed), I-10 at Bullard Avenue Exit, New Orleans, Louisiana
- Holiday Inn Express (Proposed), John Sims Parkway, Niceville, Florida
- Ramada Inn Limited (Proposed), I-10 at Highway 185 Exit, Defuniak Springs, Florida
- Ramada Inn Limited, I-10 at Pine Forest Road Exit, Pensacola, Florida
- Residence Inn (Proposed), Chase Street, Pensacola, Florida

Apartments

- Country Wood Apartments MAP Feasibility Study
- Austin Woods Apartments, Pensacola, Florida
- The Reserve Apartments, Gulf Breeze, Florida
- Indian Lakes Apartments, Destin, Florida
- Fairfield Villas Apartments, Pensacola, Florida
- Huntington Arms Apartments, Gulf Breeze, Florida
- Sugar Loaf Apartments, Airport Road, Destin, Florida
- Cayo Grande Apartments, Racetrack Road, Fort Walton Beach, Florida
- Briarwood Apartments, Olive Road, Pensacola, Florida
- Lakeside Apartments (Proposed), Highway 98 West, Pensacola, Florida
- Sandalwood Apartments, Highway 98 West, Pensacola, Florida
- Creekside Apartments, Creekside Drive, Pensacola, Florida

Golf Courses

- The Moors Golf Course, Avalon Boulevard, Pace, Florida
- Heritage Plantation Golf Course & PUD, Crestview, Florida
- Perdido Bay Golf Club, Pensacola, Florida
- Seascape Golf Course and Resort, Highway 98, Destin, Florida

Restaurants

- The Back Porch Restaurant, Old Highway 98, Destin, Florida
- Jubilee's Restaurant & Capt. Funs, Pensacola Beach, Florida
- Pat Obrien's Restaurant & Entertainment, Destin, Florida
- The Boardwalk Entertainment Facility, Fort Walton Beach, Florida
- Dempsey's Restaurant, Highway 182, Orange Beach, Alabama
- Flounder's Restaurant, Quiet Water Beach Boulevard, Pensacola Beach, Florida
- McGuire's Irish Pub, Gregory Street, Pensacola, Florida
- Kooter Brown's Sport Bar, Highway 98 West, Pensacola, Florida
- Nobusei's Japanese Restaurant, 9th Avenue, Pensacola, Florida
- Trigger's Seafood Restaurant, Gulf Beach Highway, Pensacola, Florida
- Outrigger Restaurant (Proposed), Orange Beach, Alabama
- The 331 Restaurant, Santa Rosa Beach, Florida

EXPERIENCE (Cont'd.)

Planned Unit Developments/Condominiums

- Emerald Grand mixed use development (287 Condo Units & 82,896 SF Commercial), Destin, Florida
- Lagrange Landing PUD, Freeport, Florida
- River Walk PUD, Freeport, Florida
- Portofino Condominiums (750 Units Proposed), Pensacola Beach, Florida
- Sterling Breeze Condominiums (145 Units), Panama City, Florida
- Water Mark Condominiums (339 Units Proposed), Fort Walton Beach, Florida
- Twin Palms Condominiums (90 Units Proposed), Panama City Beach, Florida
- Gulf Crest Condominiums (151 Units Proposed), Panama City Beach, Florida
- Villas at Seacrest Beach (Proposed) C-30A, South Walton County, Florida
- Celadon Condominiums (193 Units Proposed), Panama City Beach, Florida
- Beach Retreat Condominiums (44 Units Proposed), Destin, Florida
- Saint Martins Condominiums (Proposed), Highway 98, Destin, Florida
- South Harbour Condominiums (Proposed), Fort Pickens Road, Pensacola Beach, Florida
- Terrace Crest Subdivision (Proposed), Shoreline Drive, Gulf Breeze, Florida
- Sunsail Subdivision (Proposed), Indian Trail Drive, Destin, Florida
- Tiger Trace Subdivision (Proposed), Highway 98, Gulf Breeze, Florida

Shopping Centers

- Landmark Center (Proposed), Fort Walton Beach, Florida
- Target Shopping Center on Blue Angel (Proposed), Pensacola, Florida
- Cordova Collections Shopping Center, Pensacola, Florida
- Thursday's Plaza, Pensacola, Florida
- Six Palms at Gulf Place, Santa Rosa Beach, Florida
- Uptown Station Shopping Center, Eglin Parkway, Fort Walton Beach, Florida
- Fort Walton Market Place, Mary Esther Cut Off, Fort Walton Beach, Florida
- Cooper Plaza (Proposed), Highway 98, Navarre, Florida
- Palm Plaza Shopping Center, John Sims Parkway, Niceville, Florida

Industrial Use Properties

- 100,000 SF Manufacturing Warehouse, Ellyson Industrial Park, Pensacola, Fl.
- 33,119 SF Storage Warehouse, 8826 Grow Drive, Pensacola, Fl.
- 36,844 SF Mini Warehouse, 7054 N. Palafox Street, Pensacola, Fl.
- 12,000 SF Warehouse & Showroom, 58 Carson Ave., Fort Walton Beach, Fl.
- 27,840 SF Manufacturing Warehouse, 1575 9th Street, DeFuniak Springs, Fl.
- 113,905 SF Climate Controlled Mini-Warehouse, 2999 Gulf Breeze Pkwy, Gulf Breeze, Fl.

R.V. Parks

- A&M Perdido Key R.V. Resort, Perdido Key, Florida
- Pandion Ridge R.V. Resort, Orange Beach, Alabama
- Sugar Sands R.V. Resort, Orange Beach, Alabama
- Doc's R.V. Park, Gulf Shores, Alabama
- Destin West R.V. Resort, Destin, Florida
- Panama City Beach R.V. Resort, Panama City Beach, Florida
- Campers Inn R.V. Park, Panama City, Florida
- Sunset King Lake R.V. Resort, DeFuniak Springs, Florida

Special Use Properties

- Portofino Spa, Gulf Breeze, Florida
- Gulf Breeze Stadium Seating Movie Theaters, Gulf Breeze, Florida
- Milton Stadium Seating Movie Theaters, Milton, Florida
- Legendary Marina Dry Storage Facility, Destin, Florida

EXPERIENCE (Cont'd.)

Condominium Developments Insurance Appraisals

Florencia Condos, Perdido Key	Venus Condos, Fort Walton Beach
Beach Club Condos, Pensacola Beach	Seacrest Condos, Fort Walton Beach
Court of North Hill, Pensacola	Magnolia Village, Destin
Emerald Dolphin, Pensacola Beach	Grand Harbour, SanDestin
Riviera Dunes, Perdido Key	La Belle Maison, Perdido Key
San Deluna, Pensacola Beach	Nautilus Condos, Fort Walton Beach
The Tides at Topsl, Miramar Beach	Villas at Seacrest, Seacrest Beach
Seascape Condos, Miramar Beach	Adagio Condominiums, Santa Rosa Beach
The Palms of Perdido Condos, Perdido Key	Beach & Yacht Club Condos, Perdido Key
La Caribe Condos, Pensacola Beach	La Bahia Condos, Pensacola Beach
La Serena Condos, Perdido Key	Snug Harbour, Perdido Key
Nautilus Condos, Fort Walton Beach	Villas on the Gulf, Pensacola Beach
Lake Charlene Condos, Pensacola	

Expert Witness Testimony

Ward v. Priller (Escambia County Case #2001 CA 001520) - Trial
Antonetti v. Antonetti (Santa Rosa County Case #57-05-1446-DR01-DM-R) - Trial
Kaufmann v. Kaufmann (Santa Rosa County Case #041786) – Hearing
Ferrara v. Landbank Development Corp. (Santa Rosa County Case #2005-621-CA) - Trial
Kotlarz v. Kotlarz (Escambia County Case #2004 DR 2575) - Trial
BB&T v. Michael L. Iovieno, et.al. (Okaloosa County Case #2008 CA 001526s) - Appraisal
Ameris Bank v. W.G. Autrey, Jr. (Franklin County Case #08-000106-CA) - Appraisal
ECUA v. Palafox Partners, LTD (Escambia County Case #2007 CA 002319) - Deposition
Colonial Bank, N.A. v. R&B Construction (Walton County Case #08-CA-653) - Appraisal
Portofino HOA v. Chris Jones (Escambia County Case #2004 CA 2288) - Deposition
American Fidelity v. DKS Investments (Santa Rosa County Case #2008 CA 001335) - Trial
American Fidelity x. Navarre Comm. (Santa Rosa County Case #2008 CA 001583) - Trial
Clark, Partington v. W.W.P., LLC & Buckner Inv. (Okaloosa County Case #2010CA1417)–Trial
Petro, Jr. v Shelter Cove Condo (Escambia County Case #07-CA-1631) – Deposition
Eliaison v. Bucklew (Escambia County Case #2008 CA 002112) – Appraisal & Affidavit
Forrest Daniell & Assoc. v. La Vista PK LLC (Escambia County Case #2008-CA-001954) – Trial
Summit Bank v. Highway 77 (Bay County Case #10-CA-237) – Hearing
BDC Capital v. Brookwood Dev. (Okaloosa County Case #2010 CA 006731C) – Hearing
Gulf Power Co. v Perdido Key Oyster Bar (Escambia Case #2012 CA 000836) – Deposition
Charterbank v Bay Island Developers (Okaloosa Case #2012 CA 000573) – Deposition
Bell v Ellzey (Escambia Case #2014 CA 2339) - Deposition

ADDENDUM



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



**STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

FRUITTICHER, TOM

3000 LANGLEY AVE #402
PENSOLA FL 32504

LICENSE NUMBER: RZ2029

EXPIRATION DATE: NOVEMBER 30, 2020

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