

# **Appraisal Report**

***Prepared for***

**Mr. Wm. Roger Buell  
Assistant City Engineer  
City of Miami Beach  
Public Works Department**

***Property Appraised***

**Estimated Land Value, Subject to an Easement  
5880 North Bay Road  
Miami Beach, FL 33140**

***Date of Valuation***

**November 23, 2016**

***Prepared by***

**Waronker & Rosen, Inc.  
2260 NW 66<sup>th</sup> Avenue, Suite 215  
Miami, Florida 33122**

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

**File # 8646**

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December 9, 2016

Mr. Wm. Roger Buell, P.E.  
Assistant City Engineer  
City of Miami Beach  
Public Works Department  
1700 Convention Ctr Drive, 4th Floor  
Miami Beach, FL 33139

**Re:** Estimated Land Value, Subject to an Easement  
5880 North Bay Road  
Miami Beach, FL 33140  
WRI File No. 8646

Dear Mr. Buell:

We have prepared an appraisal report of the above referenced property to estimate the market value of the fee simple interest of a "right-of-way parcel", as of November 23, 2016. The basis of this valuation is an "across the fence value". By itself the subject property is not of sufficient size to allow construction. The across the fence value considers the values of neighboring sites to estimate a value that does not discount for the subject's insufficient size to be developed.

The subject property is vacant land and is an existing right-of-way and therefore does not have a street address. The parcel to the south is identified as 5860 North Bay Road and the parcel to the north is identified as 5900 North Bay Road. Solely for the purposes of this appraisal the subject's address will be identified as 5880 North Bay Road.

The reader should note that no site survey was provided, and there are some discrepancies in the public records (described in the pages of this report) with respect to the land area and parcel boundaries. Thus, this valuation requires extraordinary assumptions regarding the size and boundaries of the subject parcel and adjacent parcels.

The terms market value, fee simple interest, across the fence value and extraordinary assumption are defined in the pages of this report. This report has been prepared based on the scope of work which is detailed on a following page. The reader of the appraisal is strongly advised to read the scope of work to understand the scope of this appraisal.

Mr. Wm. Roger Buell, P.E.  
Assistant City Engineer  
City of Miami Beach  
December 9, 2016

This report is intended for use only by the client and intended users as noted herein. No additional intended users are identified or intended. Use of this report by others is not intended by the appraiser. No one else, or any other entities, should rely on this appraisal other than those noted herein.

The subject property is a right-of-way and a portion of a 50-foot wide City-owned tract located along the west side of North Bay Road. This is essentially the extension of West 59<sup>th</sup> Street, west of North Bay Road. The City described this subject property as consisting of the south one-half of this tract, a 25-foot wide parcel extending from North Bay Road to the east side of the irregular-shaped portion of the adjacent site located at 5860 N Bay Road. This adjacent parcel extends north along the water's edge. The subject property does not have waterfrontage.

The City indicated that the south side of the subject property is 223.5 feet (based on a dimension indicated on the plat map) and estimated the size at 5,722 square feet. However, the reader should note that a review of the plat map and the legal description of the adjacent parcel indicates that both the south and north sides of the City-owned tract are 30 feet shorter (193.5 feet and 215.1 feet, respectively) than the dimensions indicated on the plat map. This is attributed to the plat map dimensions referring to the entire length of the lot from North Bay Road to the water's edge. **Based on the dimensions indicated by the legal description, the appraisers have estimated the size of the subject parcel at 4,973 square feet. As no site survey was provided, this valuation therefore also requires the extraordinary assumption that the size of the subject parcel is 4,973 square feet**

In addition, the City indicated to it "would retain a full-width private easement for public utilities" over the subject property. This was taken into consideration in the valuation herein.

The definition of an extraordinary assumption and a listing of the assumptions used in this valuation are shown on the following page.

Mr. Wm. Roger Buell, P.E.  
Assistant City Engineer  
City of Miami Beach  
December 9, 2016

**This appraisal is based on extraordinary assumptions. An extraordinary assumption is defined in The Dictionary of Real Estate Appraisal, 6th Edition (2015) as “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. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.**

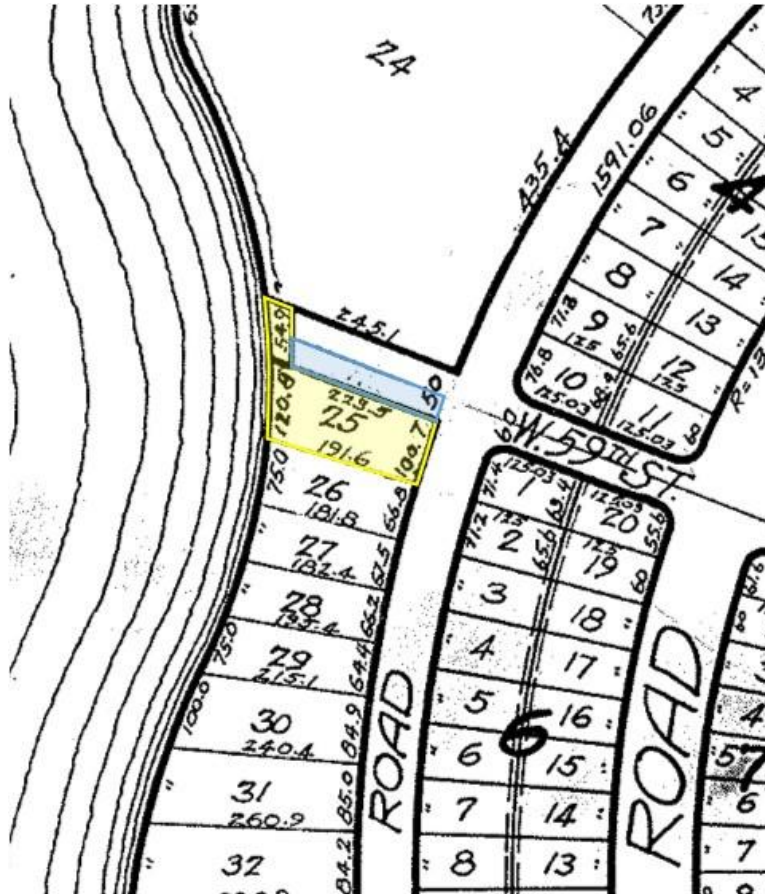
- **That the parcel boundaries indicated in the illustrations included in this report (which differ from the boundaries shown in the Miami-Dade County Property Appraiser’s aerial photographs for 2016) are approximately correct.**
- **That the subject property has a land area of 4,973 square feet and a location and shape as shown in the illustrations included in this report**

**These extraordinary assumptions, if found to be false or different in any way, could alter the opinions and/or conclusions of value, herein. The reader is strongly advised to be familiar with these assumptions and how they could affect value.**

The illustration shown on the following page is reproduced from the plat map for the subject area. The blue-shaded area indicates the subject property being appraised herein and the yellow-shaded area indicates the adjacent parcel. As noted, the plat map dimensions of 223.5 feet along the north side of Lot 25 and 245.1 feet along the south side of Lot 24 refer to the distance between the west side of North Bay Road and the water’s edge. Which does not include the subject property.

The legal description of the adjacent parcel indicates that the distance between the northeast corner of the site at North Bay Road and the irregular-shaped portion of the subject property that extends north along the water’s edge at the northwest corner is 193.5 feet (30 feet less). This is the length of the south side of the subject property. The distance between the west side of the subject property and the water’s edge is 30 feet. Therefore, the north side of the way parcel is 30 feet less than the north dimension, or 215.1 feet. The appraisers have estimated the length of the north side of the subject property at 204.3 feet (mid-way between the south side and north side dimensions). Based on these dimensions and the 25-foot width, the appraisers have estimated the size of the subject property at 4,973 square feet.

Mr. Wm. Roger Buell, P.E.  
Assistant City Engineer  
City of Miami Beach  
December 9, 2016



This valuation is based on an across the fence methodology, in which the market value of an adjacent parcel is the basis for estimating the value of the subject property. This method has been used as the subject property is not a buildable site by itself. Appropriate adjustments are made for location, in consideration of the fact that the subject property lacks waterfrontage, and for the restrictions imposed by the easement that the City would retain over the subject property.

Additionally, the reader should note that the market value per square feet of the adjacent parcel would likely change because of the addition of the subject property (it would benefit from a slightly more desirable shape and from a slight improvement in the quality of its water views). ***Note that this valuation does not consider the impact on the value of the adjacent parcel by the addition of the subject property, nor was it requested as part of the appraisal assignment.***

Mr. Wm. Roger Buell, P.E.  
Assistant City Engineer  
City of Miami Beach  
December 9, 2016

The subject property has been valued based upon an “across the fence value” to reflect an estimated value as if it was a buildable site. Next, consideration was given to this site, although valued as a buildable site, will be restricted by an easement that does not allow construction. As such, this limits the uses of the site. The adjacent owner would be the likely only purchaser that could utilize the property. This appraisal does not value the site based on a premium that might be paid by the adjoining owner. It values the site based on an across the fence value, with that value discounted for the inability to construct on the site and the effects of the easement. This valuation treats the subject property as surplus land that cannot be constructed upon. If a wall were allowed to be constructed to enclose the site making it private, the estimated value herein would be greater. The greater the allowable uses, the higher the estimated value.

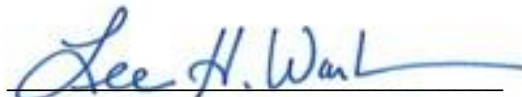
Based on our research and analysis, it is our opinion that the across the fence value of the fee simple interest of the subject property as of November 23, 2016, is in the amount of

**TWO HUNDRED AND FIFTY THOUSAND DOLLARS<sup>1</sup>**  
**(\$250,000)**

The reader should note that the across the fence value estimate is based on the market value of the adjoining parcel, but ***is not*** an indication of the value of the subject property *to the adjoining owner*, who may potentially derive unique benefits from acquisition of the subject property not reflected in the across the fence value methodology. **Estimating the value of the subject property to the adjoining owner is outside the scope of this assignment.**

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

Very truly yours,



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

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<sup>1</sup> This value estimate reflects the across the fence value and that the subject property will have an access easement in favor of the City of Miami Beach.

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## Scope of Work

The appraisal problem herein is to estimate the across the fence value of the subject property. The methodology used is to estimate the across the fence value based on the market value of an adjacent parcel as though vacant. The market value estimate employs the sales comparison approach to estimate market value of the adjacent parcel based on analysis of comparable sales. For the across the fence value estimate of the subject property, an adjustment is required for location because the subject property lacks waterfrontage. Most parcels on the west side of North Bay Road have water frontage. To estimate the adjustment, sales of both waterfront and non-waterfront sites were considered in the analysis.

**This appraisal report contains extraordinary assumptions. The reader is strongly advised to be familiar with the definition of an extraordinary assumption because it is significant in understanding the premise of this appraisal. The definition is detailed on page 3 in the letter of transmittal. It is applicable to this appraisal because a change in the extraordinary assumption could cause a change in the opinions and conclusions herein.**

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

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

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

The sales comparison approach was used herein and was considered the most applicable method in the valuation of the main parcel. A search was performed for the sale of properties considered comparable to the subject property. Research of comparable sales and market data include, but is not limited to using the following data sources:

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

Comparable sales are inspected and the transactional information is reported. Sale prices are from public records and are typically confirmed with a party to the transaction, i.e. buyer, seller, real estate agent, or closing attorney. All information is analyzed in processing the appraisal report and as support for the estimated value. The scope of work for this assignment has been described above and is to be typical for an assignment of the nature of the subject appraisal problem.



## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the following requirements.
  - Uniform Standards of Professional Appraisal Practice (USPAP)
  - The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
  - The State of Florida requirements for state-certified appraisers
8. I have complied with the USPAP Competency Rule.
9. This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions and conclusions contained in this report.
10. Carlos A. Diez, MAI made a personal inspection of the property that is the subject of this report and assisted in the research and preparation of this report. No one else provided any significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Additionally, it is subject to review by the state of Florida relating to review by the real estate appraisal subcommittee of the Florida Real Estate Commission.
12. As of the date of this report Lee H. Waronker, MAI, SRA has completed the continuing education program of the Appraisal Institute.
13. I, Lee H. Waronker, MAI, SRA have made a personal inspection of the property that is the subject of this report.

14. As of the date of this report Carlos A. Diez, MAI has completed the continuing education program of the Appraisal Institute.
15. Waronker & Rosen, Inc. have previously performed an appraisal on the subject property in the past three years. We were not then, and are not now involved with the management, leasing, disposition, or any similar service regarding the subject property in the past three years.



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

***Date of Report*** December 9, 2016

## **General Assumptions and Limiting Conditions**

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

1. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Any plot plans or illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presences of substances such as asbestos, ureaformaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

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

***Limiting Conditions:***

1. The allocation of total value between land and improvements applies only under the described utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
2. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the requirements of the ADA. It is possible that a compliance survey of the property and a detailed analyses of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

# Introduction

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## **Summary of Pertinent Data**

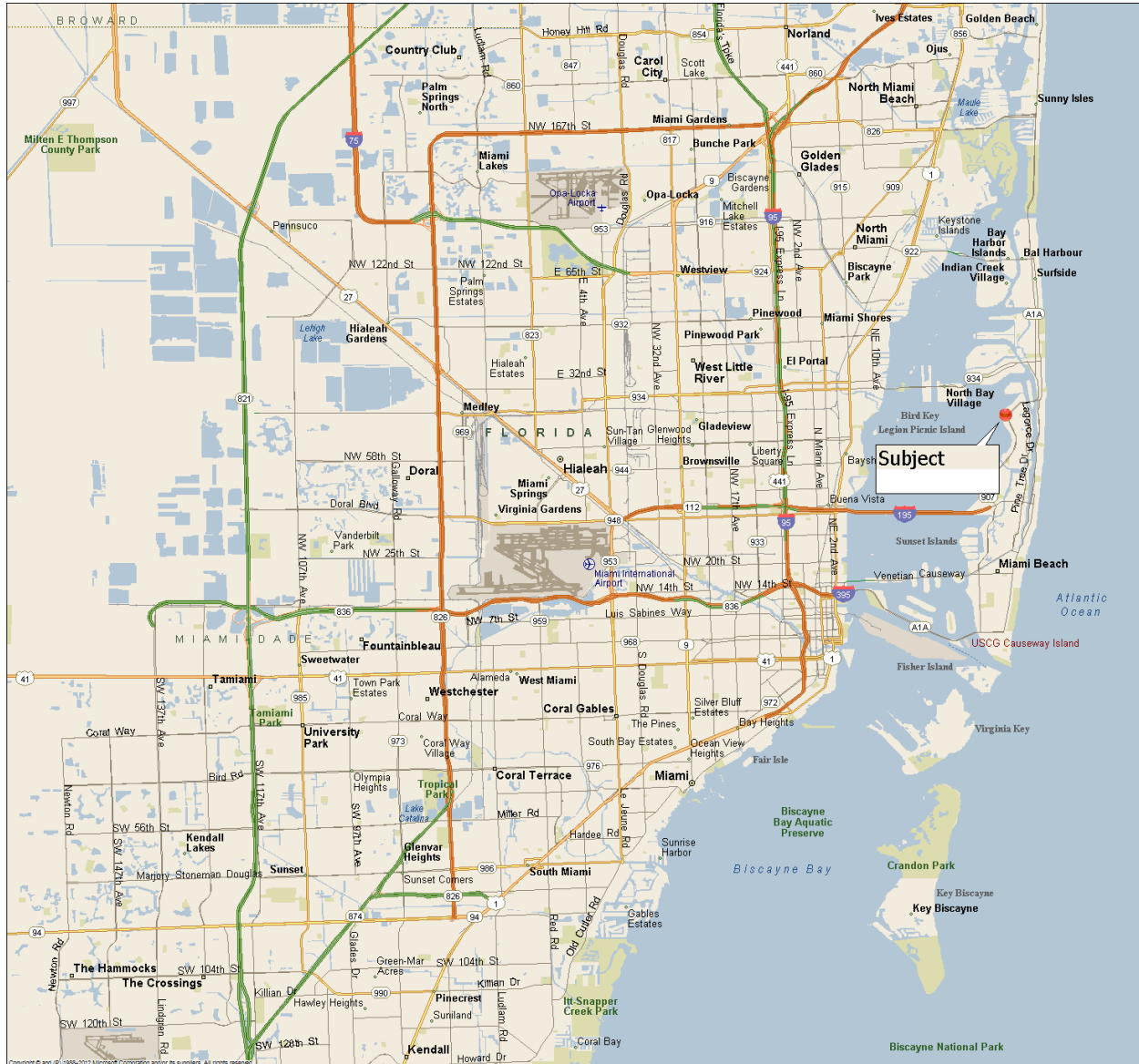
|                                          |                                                                                                                                         |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Location:                                | Along the west side of North Bay Road, between West 58 <sup>th</sup> and W 59 <sup>th</sup> Streets, Miami Beach, Miami-Dade County, FL |
| Address:                                 | 5880 North Bay Road <sup>1</sup><br>Miami Beach, FL 33140                                                                               |
| Type of Use:                             | Single-family residential land                                                                                                          |
| Zoning:                                  | RS-2, Single Family Residence District by the city of Miami Beach, FL                                                                   |
| Flood Zone:                              | AE (Map 12086C0309L)                                                                                                                    |
| Land Area:                               | 4,973 square feet (0.11 acres)                                                                                                          |
| Value by Cost Approach:                  | Not applicable                                                                                                                          |
| Value by Income Capitalization Approach: | Not applicable                                                                                                                          |
| Value by Sales Comparison Approach:      | \$250,000                                                                                                                               |
| Estimated Market Value <sup>2</sup> :    | \$250,000                                                                                                                               |
| Date of Valuation:                       | November 23, 2016                                                                                                                       |
| Date of Report:                          | December 9, 2016                                                                                                                        |

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<sup>1</sup> The parcel to the south is identified as 5860 North Bay Road and the parcel to the north is identified as 5900 North Bay Road. Solely for the purposes of this appraisal the subject's address will be identified as 5880 North Bay Road.

<sup>2</sup> This value estimate reflects the across the fence value and that the subject property will have an access easement in favor of the City of Miami Beach.

# Miami-Dade County Map



## **Aerial Photograph**



### **Legend:**

- Red shaded area indicates the approximate boundary of the subject property
- Yellow shaded area with dashed lines indicates the approximate boundary of the adjacent parcel to the south



## **Subject Photographs**



North portion of adjacent parcel, looking west from northeast corner of site



South portion of adjacent parcel, looking southwest from northeast corner of site



Subject property, looking west from northeast corner of adjacent parcel



Street view: N Bay Road looking north (subject property on left)



Street view: N Bay Road looking south (subject property on right)

**Note:** Access to the interior of the site was not provided as both the adjacent parcel and subject property were fenced with a locked gate. Photos taken from just outside of gate at northeast corner of adjacent parcel.

## Appraiser Qualifications

### LEE H. WARONKER, MAI, SRA

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

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

**Affiliations:** MAI Designation (No. 6738) awarded by the Appraisal Institute in 1983.  
SRA (SRPA) Designation awarded by the Appraisal Institute in 1981.  
State-Certified General Real Estate Appraiser, State of Florida, License Number RZ162, May 1990.

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

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

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

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

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

**Author:** Seminars entitled “*Dynamics of Office Building Valuation*”, “*Why the Capitalization Rate is Always 10*” and the “*Appraisal of Real Estate 10<sup>th</sup> vs. 11<sup>th</sup> Edition*”.

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

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

## Appraiser Qualifications

### CARLOS A. DIEZ, MAI, CCIM

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**Education:** University of Florida / Bachelor of Arts (Major: Economics)  
Stevens Institute of Technology / 21 graduate credits in electrical & computer engineering

**Affiliations:** MAI Designated Member of the Appraisal Institute (# 14923)  
Designated Member, CCIM Institute (# 21751)  
State-certified general real estate appraiser (Florida – # RZ3420)

**Experience:** Appraiser, Waronker & Rosen, Inc. (September, 2007 to Present). Completed appraisal and consulting assignments for lending institutions, institutional investors, attorneys, municipalities and private investors. Property types appraised include:

- **Vacant Land**
- **Retail Buildings** (*including Shopping Centers*)
- **Multi-Family Buildings**
- **Proposed Construction** (*commercial, industrial and multi-family residential buildings*)
- **Special Purpose Properties** (*e.g., schools, marinas, mortuaries, parking garages*)
- **Fractured Condominium Interests**
- **Office Buildings** (*including Medical Office*)
- **Industrial Buildings**
- **Hotels**
- **Land Leases** (*leased fee and leasehold interests*)
- **Easements** (*including aerial and subterranean rights*)

**Other Experience:**

Appraiser Special Magistrate, Miami-Dade County Value Adjustment Board, 2013-2016

**Appraisal, Investment Analysis and General Real Estate Education:**

Successfully completed all coursework required to qualify for the Appraisal Institute MAI designation, and the CCIM Institute CCIM designation. In addition, successfully completed the following courses:

***Appraisal Institute:***

- Hotel Appraising – New Techniques for Today's Uncertain Times
- Advanced Market Analysis and Highest & Best Use
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets
- Marketability Studies: Advanced Considerations and Applications

***CCIM Institute:***

- Feasibility Analysis for Retail Properties
- Advanced Market Analysis for Commercial Real Estate

***Baruch College (CUNY) / Steven L. Newman Real Estate Institute***

- NCP2000 / Urban Land Economics
- NCP9000 / Real Estate Development



## Partial Client List

| LENDER                                           |                                                 | GOVERNMENT AGENCIES                                           |
|--------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------|
| 1 <sup>st</sup> United Bank                      | TD Bank, N.A.                                   | Broward County School Board                                   |
| Amerasia Bank                                    | Totalbank                                       | Broward County Public Works Dept.                             |
| Apollo Bank                                      | U.S. Century Bank                               | City of Coral Gables                                          |
| BAC Bank                                         | Valley National Bank                            | City of Miami Beach                                           |
| BNY Mellon Bank                                  | Wells Fargo Bank                                | City of Miami General Services Administration                 |
| BankUnited                                       | Zions First National Bank                       | Federal Deposit Insurance Corp. (FDIC)                        |
| Bank of America                                  |                                                 | Federal Home Loan Mortgage Corp. (FHLMC)                      |
| Bank Leumi                                       | <b>LIFE INSURANCE COMPANIES</b>                 | Florida Dept. of Environmental Protection                     |
| Bessemer Trust                                   | Allstate Insurance Company                      | Florida Department of Transportation                          |
| Branch Banking and Trust (BB&T)                  | American General Life Insurance Co.             | Florida Keys Aqueduct Authority                               |
| BridgeInvest, LLC                                | Equitrust Life Insurance Co.                    | Miami-Dade Water and Sewer Authority                          |
| CenterState Bank                                 | Fortis Capital Corp. & Life Insurance Company   | Miami-Dade Co. - Aviation Authority                           |
| CNL Bank                                         | Franklin Life Insurance Company                 | Miami-Dade Co. - County Attorney's Office                     |
| Capital Bank                                     | General American Life Insurance Co.             | Miami-Dade Co. - General Serv. Admin.                         |
| Cigna Investments, Inc.                          | Independent Order of Foresters                  | Miami-Dade Co. - Housing & Urban Dev.                         |
| Citibank and Citicorp                            | John Alden Life Insurance Company               | Miami-Dade Co. - Public Works Dept.                           |
| City National Bank of Florida                    | Kansas City Life Insurance Company              | Miami-Dade Co. - School Board                                 |
| Coconut Grove Bank                               | Lumberman's Life Insurance Company              | Miami Parking Authority                                       |
| Comerica Bank                                    | Omaha Woodmen Life Ins. Society                 | Nature Conservancy, Florida Chapter                           |
| Credit Suisse First Boston Mortgage Capital, LLC | Standard Life Insurance Company                 | South Florida Water Management District                       |
| Espirito Santo Bank of Florida                   | State Farm Insurance Company                    | United States Department of Justice                           |
| Executive National Bank                          | Sun Life Insurance Co. of America               | United States General Serv. Admin.                            |
| Fifth Third Bank                                 | <b>CORPORATIONS</b>                             | United States Postal Services                                 |
| First American Bank                              | AT&T                                            | Village of Pinecrest                                          |
| First Bank of Miami                              | Church of Jesus Christ of the Latter-Day Saints |                                                               |
| First National Bank of South Miami               | Costco Wholesale                                | <b>LAW FIRMS</b>                                              |
| FirstBank Florida                                | Florida Power and Light Corp. (FPL)             | Akerman, Senterfitt & Eidson                                  |
| Florida Community Bank                           | JC Penny Corporation                            | Arnstein & Lehr, LLP                                          |
| Gibraltar Private Bank and Trust                 | The Wendy's Company                             | Barranco & Associates, P.A.                                   |
| HSBC Bank, N.A.                                  | Chevron U.S.A., Inc.                            | Berger Singerman, LLP                                         |
| Holliday Fenoglio Fowler, LP                     | Johnson and Johnson Company                     | Berman, Wolfe Rennart Vogel & Mandler, P.A.                   |
| Intercredit Bank, N.A.                           |                                                 | Carlton Fields                                                |
| International Finance Bank                       | <b>DEVELOPERS AND INVESTORS</b>                 | Colson Hicks Eidson, P.A.                                     |
| Israel Discount Bank of New York                 | Berkowitz Development Group                     | Greenberg Traurig, P.A.                                       |
| JP Morgan Chase Bank                             | Bristol Group, Inc.                             | Holland & Knight                                              |
| Live Oak Bank                                    | Fifteen Group, Inc.                             | Kirkpatrick and Lockhart                                      |
| Lloyds Int'l. Bank (Lloyds of London)            | Franklin Street Properties                      | Kutner and Associates                                         |
| Lutheran Brotherhood                             | Flagler Development Corporation                 | Richman Greer                                                 |
| Marquis Bank                                     | Fort Partners                                   | Shutts & Bowen, LLP                                           |
| Morgan Stanley Mortgage Capital                  | Goldman Properties                              | Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A. |
| Northern Trust Bank                              | Hampshire Real Estate Companies                 | Steel Hector and Davis                                        |
| Ocean Bank                                       | Lennar Corporation                              | Tabas, Freedman, Soloff, Brown & Rigali, P.A.                 |
| Optimum Bank                                     | MDM Development, Inc.                           | Tripp Scott                                                   |
| Popular Community Bank                           | Napolitano Realty and Harnap Corp.              | Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.           |
| Professional Bank                                | Noble House Resorts and Hotels                  |                                                               |
| Regions Bank                                     | Ocean Properties, Ltd.                          |                                                               |
| Sabadell United Bank                             | Panther Real Estate                             |                                                               |
| Space Coast Credit Union                         | PLC Investments, LLC                            |                                                               |
| Stonegate Bank                                   | R.K. Associates, Inc.                           |                                                               |
| SunTrust Bank                                    | Shoma Group                                     |                                                               |
| Terrabank, N.A.                                  | The Scott Robins Companies                      |                                                               |
|                                                  | Wometco Enterprises, Inc.                       |                                                               |

## Notable Properties Appraised

### *Miami-Dade County*

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

### *Fort Lauderdale/Broward County*

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

### *Monroe County/Florida Keys*

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

### *Other Florida Counties*

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

### *Outside of the United States*

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

# Description & Analyses

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## Purpose of the Appraisal

The purpose of this appraisal is to estimate the across the fence value of the fee simple interest of the subject property as of November 23, 2016, subject to an access easement. The terms “across the fence value” and fee simple interest are defined below and the term market value is defined on the following page.

## Client, Intended User and Use of the Appraisal

The intended user of this appraisal is City of Miami Beach Public Works (client). No additional intended users are identified or intended. The intended use of this appraisal is for asset valuation for a possible sale of City-owned land to an adjoining owner.

## Definition of Across the Fence Value

The values estimated herein are across the fence values, defined as follows:

**Across the Fence Value:** In corridor valuation, a value opinion based on comparison with adjacent lands including consideration of adjustment factors such as market conditions, real property rights conveyed, and location.<sup>1</sup>

This estimate of value is often used when valuing a site that is not large enough to be built on by itself. The valuation estimate considers the value of adjacent buildable sites.

## Definition of Real Property Interest Appraised

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

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

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<sup>1</sup> *The Dictionary of Real Estate Appraisal*, 5<sup>th</sup> ed., p. 3



## Definition of Market Value

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

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

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

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

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

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

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<sup>1</sup> *Appraisal of Real Estate*, 14<sup>th</sup> Edition, page 58

<sup>2</sup> USPAP 2014-2015, page U-3

<sup>3</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

## **Location and Address**

The subject property is located along the west side of North Bay Road, between West 58<sup>th</sup> and West 59<sup>th</sup> Streets, Miami Beach, Miami-Dade County, FL.

**Address:** 5880 North Bay Road<sup>1</sup>  
Miami Beach, FL 33140

## **Legal Description**

A legal description was not supplied. The subject property is identified on pages 4 and 15.

## **Owner of Record**

The subject property is a right-of-way which is the extension of West 59<sup>th</sup> Street. The City of Miami Beach is reportedly the owner of the property.

## **History of the Subject Property**

There has been no sale of the subject property in the past five years.

*Source:* [www.miamidade.gov](http://www.miamidade.gov)

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<sup>1</sup> The parcel to the south is identified as 5860 North Bay Road and the parcel to the north is identified as 5900 North Bay Road. Solely for the purposes of this appraisal the subject's address will be identified as 5880 North Bay Road.

## Site Data

The subject property is a rectangular-shaped tract. The subject site is an extension of West 59<sup>th</sup> Street, along the west side of North Bay Road. There is 25 feet of street frontage along the west side of North Bay Road. This site does not have waterfrontage. The estimated size is 4,973 square feet. The City indicated that it “would retain a full-width private easement for public utilities” on this site.

The site is level and at approximately street grade (except for minor grading needed). Utilities available to in the area are:

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

## Description of the Site Improvements

The site is essentially vacant and available to be developed.

## Zoning

The subject property is zoned RS-2, Single Family Residence District by the city of Miami Beach, FL. For a detailed listing of allowable uses and restrictions, refer to the zoning code of Miami Beach, FL.

## Flood Zone

The subject is within Flood Zone AE, areas subject to a one percent or greater annual chance of flooding in any given year. Base flood elevations are shown as derived from detailed hydraulic analyses. This flood zone requires mandatory purchase of flood insurance in participating communities. This identification was located on Flood Insurance Rate Map, Community Panel No. 12086C0309L, revised September 11, 2009. **For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood elevation certificate, as well as its impact on insurance.**

**Source:** *www.miamidade.gov and www.imapp.com*

## Real Estate Assessment and Taxes

The subject property is currently right-of-way and therefore is not identified by the Miami-Dade County Property Appraiser, nor does it have an assessed value. As a reference, the parcel adjacent to the south, having water frontage, is assessed at \$312.50 per square foot of land area.

## Neighborhood Overview

### General Neighborhood Data

|                                   |             |
|-----------------------------------|-------------|
| Location:                         | Suburban    |
| Built Up:                         | 80% to 90%  |
| Growth Rate:                      | Stable      |
| Property Values:                  | Stable      |
| Demand/Supply:                    | In balance  |
| Present Land Use:                 | Residential |
| Change in Present Land Use:       | Not likely  |
| Predominant Use:                  | Residential |
| Property Compatibility:           | Very good   |
| General Appearance of Properties: | Very good   |
| Appeal to Market:                 | Very good   |

### Adjacent Uses

|        |                           |
|--------|---------------------------|
| East:  | Single family residential |
| West:  | Biscayne Bay              |
| South: | Single family residential |
| North: | Single family residential |

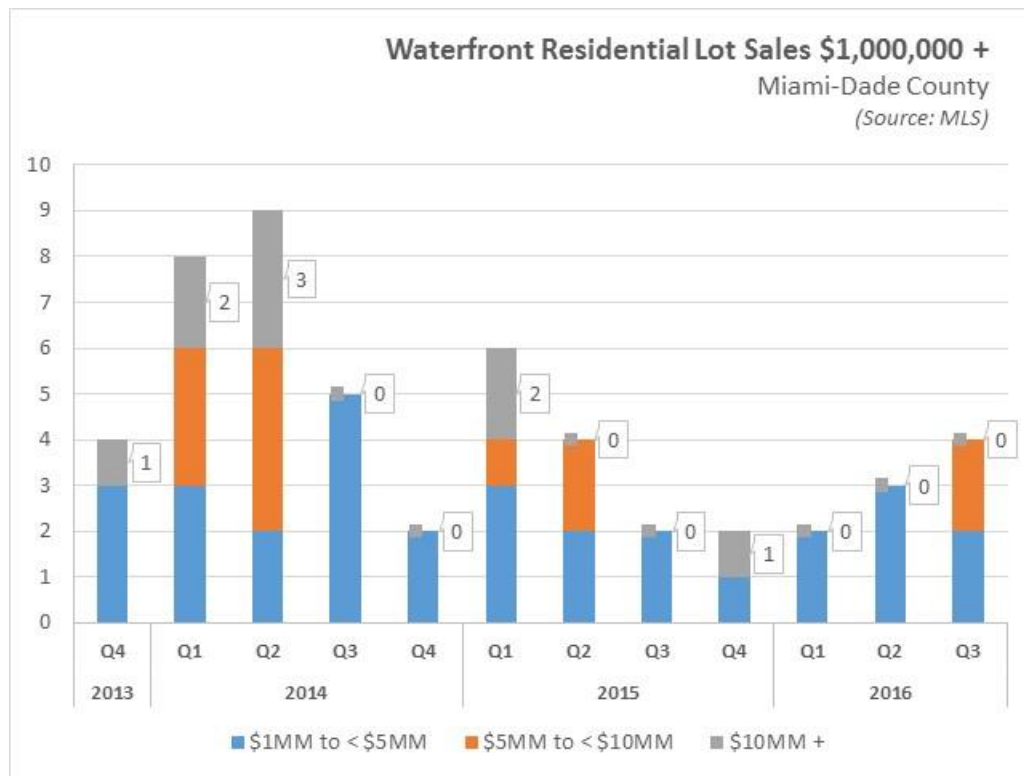
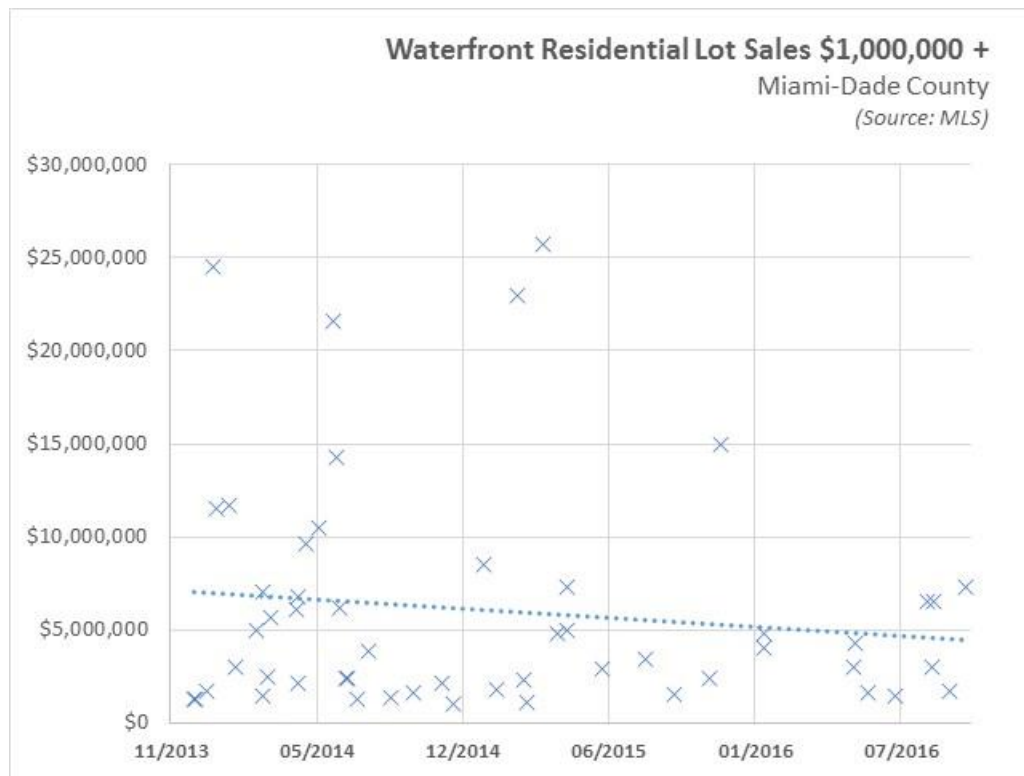
| Linkages                     | Distance             | Access    |
|------------------------------|----------------------|-----------|
| Public Transportation:       | Within a few blocks  | Very good |
| Employment Centers:          | Three to five miles  | Good      |
| Expressway Access:           | Five to seven miles  | Average   |
| Miami International Airport: | Ten to fifteen miles | Average   |

## **Supply and Demand**

Market conditions for residential real estate in Miami-Dade County showed significant improvement after the sharp declines that followed the recent recession and financial crisis, with properties at the most desirable locations seeing very significant improvement prior to 2015. Demand for larger single-family parcels on the waterfront grew to be very strong, and due to the relative scarcity of vacant waterfront land many of the sales occurring during the period 2013-2015 have been of parcels improved with single-family residences (in many cases structures in good condition that were marketed for sale as luxury residences), but which were purchased with the intent to demolish and build new. However, demand for luxury residential real estate has declined during the past few quarters, with those segments of the market that had recently experienced the most dramatic gains shown indications of sharply reduced demand. This has been observed in the market for luxury and ultra-luxury residential condominium and single-family product. Thus, the demand for land suitable for development of ultra-luxury residences has shown a marked retreat during recent months amid growing uncertainty about the immediate prospects for the market values of finished residential product.

The charts on the following page show recent data from the Multiple Listing System for sales in Miami-Dade County of vacant waterfront single-family lots selling at \$1,000,000 and above during the period November 2013 through October 2016. The first chart is a scatter plot showing the actual sales prices. The dotted line is the trendline representing the linear regression on the data plotted. The second chart is based on the same data, but shows the number of sales by quarter arrayed by price tier (sales prices under \$5,000,000, \$5,000,000 to under \$10,000,000, and \$10,000,000 and above). The data generally shows a sharp decline after early 2015 both in sales activity in general and in sales of lots in the upper price tiers, with a more recent increase in activity during the last two quarters in the lower price tiers. This recent trend may be a sign that some of the demand in the upper price tiers has shifted down to lower-priced product.

A good indication of the sharp slowing down in the rate of growth in market values for waterfront residential land is provided by Sales 1 and 5 considered in the sales comparison approach. These are similar properties selling in August and May of 2016, respectively, both for approximately \$412 per square foot. Note that Sale 1 had previously sold in November 2012 for \$3,400,000, and Sale 5 had previously sold in April 2014 for \$3,650,000. The 2016 sales prices represent average monthly increases of 2.03% for Sale 1 (over the 45 months ending in August 2016), and .74% for Sale 5 (over the 25 months ending in May 2016). Since the more recent sales occurred around the same time (and the properties are otherwise relatively similar), the much faster rate of growth in the value of the Sale 1 property suggests that the rate of growth in market values between late 2012 and early 2014 (the period reflected by the Sale 1 property only) was much faster than the rate of growth between early 2014 and mid-2016 (the period reflected by both properties).



At present, there are 12 active listings in the MLS for waterfront residential land priced \$10,000,000 and above, 19 priced \$5,000,000 to under \$10,000,000, and 45 in the \$1,000,000 to under \$5,000,000 range. This is a total of 76 listings in the same overall price range reflected in the previous sales data, which showed total sales in this price range declining from eight or nine per quarter in early 2014 to four or less per quarter since early 2015. At the current rate of absorption, the data indicates that the market will take several years to absorb existing available supply. Based on the data, the overhang of supply (as indicated by the active listings) relative to demand (as indicated by recent sales activity) appears to be greatest in the upper price tiers.

In addition to the above data, other market evidence, including discussions with market participants active in the market for luxury residential product, supports the conclusion that demand increased very rapidly during 2013, 2014 and leading into 2015, but pulled back sharply during 2016. The preceding analysis indicates that, after significant increases during the period leading up to 2015, demand for luxury waterfront residential real estate in Miami-Dade County has recently declined, causing a slowing in the pace of sales activity. This is most notable in the upper price tiers, where a significant gap between current absorption rates and the level of available inventory indicates that competing supply is likely to exert significant downward pressure on prices in the near term.

## **Exposure Time**

Exposure time is the “estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market”<sup>1</sup>.

This analysis considers the exposure time at a market related price such as the estimated market value herein. In estimating exposure time, sales are analyzed, real estate brokers and property owners are interviewed and statistics from published surveys are considered. Based on data obtained from the MLS, the median number of days on the market for waterfront single-family residential lots selling for \$5,000,000 and up in Miami-Dade County since November 1, 2013 was 229, based on a sample of 20 sales. Lower priced waterfront lots tended to sell in less time. Note that the market analysis indicates that market conditions are weakening, with demand losing strength and the level of competing supply increasing. In the near term, this is likely to lengthen the exposure time necessary to achieve a sale at market value.

The exposure time for the subject is estimated at nine to 12 months. This estimate considers that the property would have been properly marketed and priced. If the property were not to have been priced correctly or marketed through proper channels, then it is not likely that neither the estimated market value nor the estimated exposure time would have been achieved.

## **Marketing Time**

Marketing time differs from exposure time which is presumed to precede the effective date of appraisal. It is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. The main parcel is a large waterfront lot in a very desirable location, but under market conditions that are shifting from recent strength to a weakening trend, and an increasing amount of available competing product. These factors are likely to cause marketing times to increase in the near term. The marketing time is estimated at 12 to 15 months. This assumes that the property is properly marketed and priced correctly.

## **Typical Purchaser of the Subject**

The value herein is based on an “across the fence value” which assumes a value based on being a buildable site. If the subject property was of sufficient size to be developed, the typical purchaser would be a residential builder, or a private owner, to construct a single-family residence.



## Highest and Best Use

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

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

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

1.     **Legally Permissible.** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
2.     **Physically Possible.** What uses of those legally allowed are physically possible on the subject site?
3.     **Financially Feasible.** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
4.     **Maximally Productive.** Of those that are feasible, legally permissible, and physically possible, which will produce the highest rate of return or value?

### ***As Vacant***

The zoning on the adjacent parcel is RS-2, Single Family Residence District by the city of Miami Beach, FL, which is assumed to be the zoning for the subject property. The subject was a desirable location. Based on the only use allowed by zoning, the highest and best use is for construction of a single-family residence.

### ***As Improved***

The subject property is vacant land and therefore an analysis of the highest and best use as improved is not applicable.

## **Appraisal Process**

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

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

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

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

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

The only approach used in this appraisal is the sales comparison approach. The income capitalization approach and the cost approach are not applicable to the valuation of the subject property.

## **Cost Approach**

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

Following are the procedures for preparing the cost approach.

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

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

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<sup>1</sup> *The Appraisal of Real Estate*, 14th Edition, 2013, Pages 568 and 569

## **Income Capitalization Approach**

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

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

An income capitalization approach was not applied as it was not within the scope of this appraisal. Since this approach is typically not considered by purchasers of this property type, not using it does not limit the reliability of the value estimated herein.

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<sup>1</sup> Appraisal of Real Estate, 14<sup>th</sup> Edition, 2013, Page 439

<sup>2</sup> Ibid., 439

## Sales Comparison Approach

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

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

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

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

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

On the following page is a grid of the sales used for comparison to the subject property. These are waterfront lots comparable to the adjacent parcel.

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<sup>1</sup> The Appraisal of Real Estate 14<sup>th</sup> Edition, 2013, page 379

## Vacant Land Sales Grid

Following is a grid of the comparable sale properties used for comparison to the subject property.

| Sale            | Sale Date     | Location                                 | Water Frontage | Views                            | Sale Price   | Square foot Size | Price/ Sq.Ft. |
|-----------------|---------------|------------------------------------------|----------------|----------------------------------|--------------|------------------|---------------|
| 1               | August 2016   | 412 W Dildo Dr.<br>Miami Beach           | 90'            | Waterways                        | \$6,500,000  | 15,750           | \$413         |
| 2               | November 2014 | 5840 North Bay Rd.<br>Miami Beach        | 190'           | Bay<br>(unobstructed)            | \$15,250,000 | 37,895           | \$402         |
| 3               | June 2015     | 5350-5370 North Bay Rd.<br>Miami Beach   | 160'           | Bay<br>(unobstructed)            | \$13,750,000 | 25,439           | \$541         |
| 4               | June 2015     | 6455 Pine Tree Dr. Circle<br>Miami Beach | 360'           | Waterways                        | \$13,000,000 | 27,860           | \$467         |
| 5               | May 2016      | 609 E Dildo Dr.<br>Miami Beach           | 60'            | Waterways + partial<br>bay views | \$4,325,000  | 10,500           | \$412         |
| Adjacent Parcel | May 2014      | 5860 North Bay Road<br>Miami Beach       | 150'           | Bay<br>(unobstructed)            | \$9,650,000  | 24,425           | \$395         |
| Subject         |               | 5880 North Bay Road<br>Miami Beach       |                |                                  |              | 4,973            |               |

## Vacant Land Sales Map



*Note: This map includes supplemental Sales 6 through 10, discussed following the analysis of Sales 1 through 5 and conclusion of market value for the main parcel.*

**Comparable Land Sale 1****Property Location**

412 W Dilido Drive  
Miami Beach, FL 33139  
Miami-Dade County

**Property Identification**

Tax ID: 02-3232-011-0270  
WRI No: 304012

**Units of Comparison**

Price/Sq.Ft.: \$412.70  
Price/Acre: \$18,055,556

**Property Description**

Square Feet: 15,750  
Acres: 0.36  
Topography: Grade level  
Shape: Rectangular  
Zoning: RS-3, Single Family Residence District by the city of Miami Beach, FL

**Recording Information**

Sale Price: \$6,500,000  
Sale Date: August 2016  
ORB/Page: 30216/4507  
Grantor: 412 W Dilido, LLC  
Grantee: Holderness Properties, LLC  
Financing: All cash to the seller  
Prior Sale: November 2012 for \$3,400,000

**Comments**

This is a waterfront residential lot on Di Lido Island, just off the Venetian Causeway. The lot faces west toward San Marino Island and has 90 feet of water frontage. There is an existing 3,600 square feet residence built in 1962, but the property was marketed as a development site with approved and permitted plans for a new single-family residence.



### **Comparable Land Sale 2**

#### **Property Location**

5840 North Bay Road  
Miami Beach, FL 33140  
Miami-Dade County

#### **Property Identification**

Tax ID: 02-3215-003-0240  
WRI No: 304013

#### **Units of Comparison**

Price/Sq.Ft.: \$402.43  
Price/Acre: \$17,528,736

#### **Property Description**

Square Feet: 37,895  
Acres: 0.87  
Topography: Grade level  
Shape: Irregular  
Zoning: RS-2, Single Family Residence District by the city of Miami Beach, FL



#### **Recording Information**

Sale Price: \$15,250,000  
Sale Date: November 2014  
ORB/Page: 29395/0068  
Grantor: Nathan Segel and Esme M. Segel  
Grantee: Barish Family Investments, LLC  
Financing: All cash to the seller  
Prior Sale: None in the past five years

#### **Comments**

This is a waterfront residential lot located on North Bay Road with unobstructed bay views and approximately 190 linear feet of water frontage. In April of 2015, the buyer filed a notice of commencement for demolition of an existing older residence, and a separate notice for construction of a new single-family residence. The existing residence was demolished but new construction has not begun. The property has been listed for sale since April 2016 with an asking price of \$16,900,000.

**Comparable Land Sale 3****Property Location**

5350-5370 North Bay Road  
Miami Beach, FL 33140  
Miami-Dade County

**Property Identification**

Tax ID: 02-3215-003-1840 (Parcel 1); 02-  
3215-003-1850 (Parcel 2)  
WRI No: 304014

**Units of Comparison**

Price/Sq.Ft.: \$540.51  
Price/Acre: \$23,706,897

**Property Description**

Square Feet: 25,439  
Acres: 0.58  
Topography: Grade level  
Shape: Square  
Zoning: RS-3, Single Family Residence District by the city of Miami Beach, FL

**Recording Information**

Sale Price: \$13,750,000  
Sale Date: June 2015  
ORB/Page: 29226/0294 (Parcel 1); 29658/2263 (Parcel 2)  
Grantor: Emanuel C. Ackerman and Lauren Kogen Ackerman (Parcel 1); Margarita P. Muina, as successor co-trustee (Parcel 2)  
Grantee: Rex Runzheimner and Carolyn Runzheimner (Parcel 1); KDRIVE, LLC (Parcel 2)  
Financing: All cash to the seller  
Prior Sale: None in the past five years

**Comments**

This waterfront residential tract is an assemblage of two adjoining parcels purchased from separate sellers over a period of one year. Parcel 1 (5370 N Bay Rd.) is a 12,759-square foot site acquired in June 2014 for \$6,500,000 (\$509.44 per square foot). Parcel 2 (5350 N Bay Rd., adjacent to Parcel 1 on its south side) is a 12,680-square foot site acquired in June 2015 for \$7,250,000 (\$571.77 per square foot). The buyer is the owner of the adjoining residence along the north side of Parcel 1 (5380 N Bay Rd.). The entity buying Parcel 2 is under control of the buyer. In December 2014, the buyer filed for unity of title to combine Parcel 1 with the adjoining property (5380 N Bay Rd.). After purchasing Parcel 2 in June 2015, the buyer applied to split the recently combined parcels and combine Parcel 1 with Parcel 2 into a single lot, with plans for a new single family residence on the combined property. The proposal indicates that the existing residence at 5380 N Bay Rd. will remain unmodified and not be a part of the new property. The new combined site has a total land area of 25,439 square feet with approximately 160 linear feet of water frontage with unobstructed bay views, and was acquired at a total cost of \$13,750,000, or \$540.51 per square foot.



**Comparable Land Sale 4****Property Location**

6455 Pine Tree Drive Circle  
Miami Beach, FL 33141  
Miami-Dade County

**Property Identification**

Tax ID: 02-3211-013-0050  
WRI No: 304011R

**Units of Comparison**

Price/Sq.Ft.: \$466.62  
Price/Acre: \$20,312,500

**Property Description**

Square Feet: 27,860  
Acres: 0.64  
Topography: Grade level  
Shape: Irregular  
Zoning: RS-3, Single Family Residence District by the city of Miami Beach, FL

**Recording Information**

Sale Price: \$13,000,000  
Sale Date: June 2015  
ORB/Page: 29677/2160  
Grantor: Brickview 3114, LLC  
Grantee: The Edge on Brickell, LLC  
Financing: All cash to the seller  
Prior Sale: February 2014 for \$7,000,000  
Verification: Cristina Gort, Cervera Real Estate, Inc. (broker), 305-733-4099

**Comments**

This is a "tip" lot located on the northeast side of Pine Tree Drive Circle, a small street that loops between La Gorce Drive and Pine Tree Drive. It benefits from wide water views facing north toward La Gorce Island and east toward Allison Island. Total water frontage is approximately 360 feet. The seller had purchased the property in February 2014 and demolished an existing structure. This transaction occurred on the same day as a separate transaction between the same parties involving a different property, a commercial parcel in downtown Miami. In the other deal, the buyer on this deal was the seller, and vice versa. The broker on this deal confirmed both that the two parties are unrelated, and that the two transactions are independent of each other (the prices paid in each transaction being a market price unrelated to the other transaction).

### **Comparable Land Sale 5**

#### **Property Location**

609 E Dilido Drive  
Miami Beach, FL 33139  
Miami-Dade County

#### **Property Identification**

Tax ID: 02-3232-011-0640  
WRI No: 303972

#### **Units of Comparison**

Price/Sq.Ft.: \$411.90  
Price/Acre: \$18,020,833

#### **Property Description**

Square Feet: 10,500  
Acres: 0.24  
Topography: Grade level  
Shape: Rectangular  
Zoning: RS-3, Single Family Residence District by the city of Miami Beach, FL



#### **Recording Information**

Sale Price: \$4,325,000  
Sale Date: May 2016  
ORB/Page: 30092/3967  
Grantor: Denmark Land Company, LLC & 609 E Dilido, LLC  
Grantee: A Boy Named Sue, LLC  
Financing: All cash to the seller  
Prior Sale: April 2014 for \$3,650,000

#### **Comments**

This is the sale of a waterfront parcel located along the east side of E Dilido Drive just north of the Venetian Causeway. It has 60 feet of water-frontage and had a 2,907-square foot house at the time of the purchase. Plans for development were also available with the purchase.

## Adjustment Grid – Waterfront Sales

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

| Sale                         | 1            | 2            | 3            | 4            | 5            |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Price Per Square Foot</b> | <b>\$413</b> | <b>\$402</b> | <b>\$541</b> | <b>\$467</b> | <b>\$412</b> |
| Property Rights Conveyed     | =            | =            | =            | =            | =            |
| Financing                    | =            | =            | =            | =            | =            |
| Conditions of Sale           | =            | =            | --           | =            | =            |
| Market Conditions (Time)     | =            | +            | -            | -            | =            |
| Location                     | +            | =            | =            | +            | +            |
| Water Frontage / Views       | = / + +      | + / =        | = / =        | --- / + +    | = / +        |
| Size / Shape                 | - / -        | + / -        | = / -        | = / -        | - / =        |
| <b>Overall Adjustment</b>    | <b>+</b>     | <b>+</b>     | <b>---</b>   | <b>-</b>     | <b>+</b>     |

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

## **Conclusion of Value – Waterfrontage**

The sales comparison approach compared similar properties and adjustments were made for the pertinent characteristics. Based on these comparisons a value was estimated for water front property. Sale prices per square foot range from \$402 to \$541.

Comparative analysis indicates that adjustments are required for market conditions, location, water frontage/views, and size/shape. In addition, an adjustment is required for Sale 3 for conditions of sale. No adjustment is required for zoning.

Market conditions adjustments consider the change in overall market conditions during the period between the date of the sale and the valuation date. Note that the market analysis indicates that market values increased sharply between 2014 and 2015, but declined slightly since 2015. Therefore, the market conditions adjustment for Sale 2 (which occurred in 2014) reflects values increasing significantly and then declining slightly (a net increase), whereas the adjustments for Sales 3 and 4 (which occurred during 2015) reflect a slight decline.

Location adjustments consider general characteristics of the site and overall desirability of the area. The desirability of a location is influenced by many factors. The adjustments shown reflect the combined influence of all factors on balance.

Water frontage/views consider the extent of water frontage in proportion to the lot area and the quality and desirability of water views.

Size/shape adjustments consider the tendency for larger lots to sell for a lower price per square foot, based on the diminishing value of additional land area above a minimum threshold amount needed to support construction of a residence suitable for the property. Also considered was the greater desirability of more square-like and rectangular shapes in comparison to highly irregular and elongated shapes which tend to constrain design choices and raise construction costs (though the influence of shape irregularity on values per square foot diminishes with increasing lot size).

Note that Sale 2 is located a few parcels south of the of the subject property. After the November 2014 sale at \$15,250,000 (\$402 per square feet) this property was listed for sale in June 2015 with an asking price of \$19,950,000 (\$526 per square feet) and taken off the market in December 2015. It was then re-listed in April 2016 with an asking price of \$16,900,000 (\$446 per square feet). It remains available at that price.

On balance, the comparative analysis indicates that the estimated value should achieve a sale price per square foot above Sales 1, 2 and 5 (a range of \$402 to \$413), and below Sales 3 and 4 (\$541 and \$467, respectively). Consideration was also given to the sale in May 2014 of the adjacent parcel at \$395 per square foot. A value between \$413 and \$467 per square foot, equal to \$440 per square foot is supported by the analysis for waterfront land. This represents an increase of 11.4% since the most recent sale, an average of approximately 4.56% per year over the 30 months since May 2014.

## Valuation of the Subject Property – Non-Waterfrontage

The subject property has 25 feet of street frontage and a depth of 193 to 204 feet, but lacks water frontage. It extends to a point 30 feet from the water's edge. It does benefit from water views looking west and northwest over the 30 feet at the northwest corner of the main parcel, but note that because the City proposes to retain an easement over the subject property for public utilities, no construction on the subject property would be possible.

The subject property is a City- owned parcel and is unlike any other parcel based on its location, size and shape. Only general comparisons can be made to other parcels. Generally, subject property is inferior to other properties on the west side of North Bay Road as it lacks waterfrontage. At the subject location, where large single-family parcels with substantial water frontage are among the most valuable in the region, this is a significant factor. However, the location is considered superior to otherwise similar non-waterfront parcels (including those on the east side of N Bay Road) because land on the west side of N Bay Road benefits from proximity to the water. These considerations indicate that, in estimating the across the fence value for the subject property, a downward adjustment to the value per square foot of waterfrontage for location is estimated. Also, a positive adjustment for location is indicated with respect to the sales of dry parcels (discussed on the following pages).

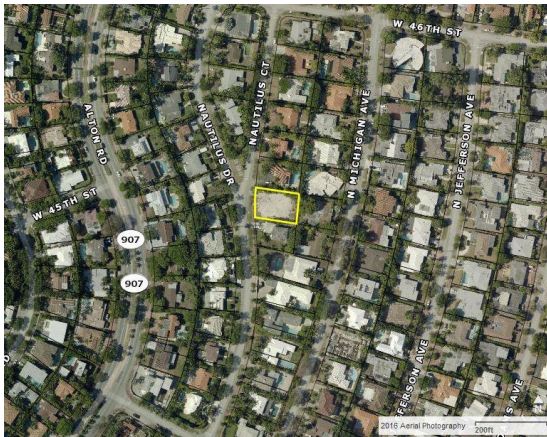
Below is a summary grid of several additional sales of non-waterfront parcels in the area. The summary grid is followed by aerial photographs of each property.

## Vacant Land Sales – Non-Waterfrontage

| Sale    | Sale Date | Location                            | Zoning | Sale Price  | Square feet Size | Price/ Sq.Ft. |
|---------|-----------|-------------------------------------|--------|-------------|------------------|---------------|
| 6       | 8/2015    | 4535 Nautilus Court<br>Miami Beach  | RS-4   | \$1,005,000 | 9,283            | \$108         |
| 7       | 2/2016    | 5900 Pine Tree Drive<br>Miami Beach | RS-4   | \$1,238,000 | 8,603            | \$144         |
| 8       | 2/2016    | 5435 La Gorce Drive<br>Miami Beach  | RS-4   | \$1,190,000 | 7,768            | \$153         |
| 9       | 2/2016    | 6015 N Bay Road<br>Miami Beach      | RS-4   | \$1,450,000 | 9,371            | \$155         |
| 10      | 4/2016    | 4740 Alton Road<br>Miami Beach      | RS-4   | \$710,000   | 6,000            | \$118         |
| Subject |           | 5860 N Bay Road<br>Miami Beach      | RS-2   |             | 4,973            |               |



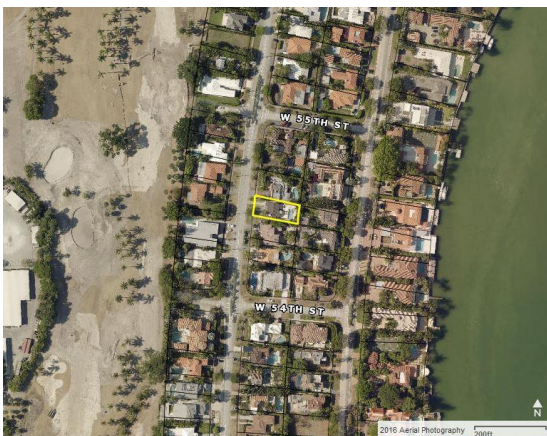
## Vacant Land Sales Map – Non-Waterfront Sales



Sale 6



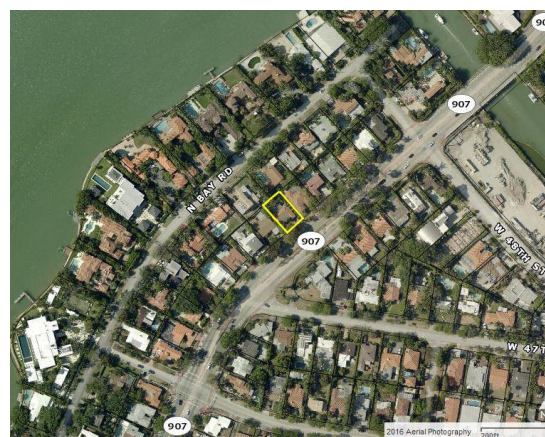
Sale 7



Sale 8



Sale 9



Sale 10



## Conclusion of Land Value – Non-Waterfrontage

For simplicity, the following analysis excludes consideration of the effect of the easement. In other words, the supplemental sales are considered first in comparison to the subject property assuming no easement. The effect of the easement on the value of the subject property is considered separately in a following discussion.

All the supplemental sales are recent sales of similar sized dry lots located close to the subject property. Sales 7 and 9 are located across the street from waterfront parcels and Sale 8 is located across the street from parcels fronting the La Gorce golf course. These sales occurred in February 2016 in the range of \$144 to \$155 per square foot. Sale 6 at \$108 per square feet occurred in August 2015 and is located several streets further in from the water. Sale 10 at \$118 per square feet occurred in April 2016 but is disadvantaged by its location directly on Alton Road, a high-traffic street in comparison to the other sales and the subject.

In terms of location, Sales 6 and 10 at \$108 and \$118 per square feet are very inferior to the subject, and Sales 7, 8 and 9 at \$143 to \$155 are inferior. On balance, the analysis indicates that a value per square foot is between the market value of waterfront land (\$440) and the range indicated by the supplemental non-waterfront sales (\$108 to \$155). A reconciled value closer to the indication by the non-waterfront sales would be appropriate. The concluded value for the subject property which considers it is not waterfront, however is located on the west side of North Bay Road, is \$200 per square foot. A value of \$200 per square feet times 4,973 square feet indicates a value for the subject property of \$995,000 (rounded), ***before consideration of the impact of the City of Miami Beach easement.***

### ***Discussion of the Impact of the Easement on Value***

The subject property is encumbered by an easement that would prohibit any construction on the entire 25-foot width of the tract. The City indicated that the easement would permit non-attached items such as patio furniture, and would allow a fence to be constructed around the perimeter. Also, allowed would be a paved patio area (such as brick pavers) and other types of landscaping. However, any permanent structures that would require footings or a foundation would be prohibited. The easement would give the City the right to periodically enter the area, remove any fencing, paving, trees and landscaping, and excavate to make repairs or modifications to underground facilities. The City would be obligated only to return the work area to a typical landscaped condition (e.g. sod and standard type shrubs). In practice, this sort of work is done very infrequently, and the City has been known to perform more extensive restoration work than just sod and shrubs. However, easement provides no guarantees beyond the obligations stated above, and does give the City the right to access its underground facilities at any time.

Having the easement on the subject property reduces the utility of the site as it will not allow for construction. The result would be a site that could be used for parking, open areas, landscaping and other uses that do not require construction.

Estimating the loss in value due to the easement is difficult. There are instances where a utility company, such as FPL, will sell land under a powerline easement that will not allow any construction, however can be used for parking. Historically these type sites sold at discounts from 25%+/- to 90% of the fee simple values of adjoining sites.

A lot of the price differences considers the buyers and their respective needs for land that was adjacent to their existing use. In part, an adjustment for an easement of this type is subjective. In the case of the subject property, the adjacent owner would likely pay a greater amount as it would increase the allowable buildable area. However, this appraisal is not an estimate of the value to the adjoining owner.

Considering the site cannot be built upon, is subject to the potential for the City to access the site for repairs and maintenance for time periods that are not limited, the value of the subject property is for surplus land. The adjoining owner could use this site for landscaping, recreational use and possibly to park cars. The estimated discount is 75% to reflect the restrictions on the site and the inability to construct on the site. On the following two pages is an analysis which indicates the discount should be greater than 62.5%. Applying a discount of 75% to the \$995,000 estimated fee simple value, indicates a value of \$250,000 (\$995,000 – 75%, rounded).

In summary, the subject property has been valued based upon an “across the fence value” to reflect an estimated value as if it was a buildable site. Next, consideration was given to this site, although valued as a buildable site, will be restricted by an easement that does not allow construction. As such, this limits the uses of the site. The adjacent owner would be the likely only purchaser that could utilize the property. This appraisal does not value the site based on a premium that might be paid by the adjoining owner. It values the site based on an across the fence value, with that value discounted for the inability to construct on the site and the effects of the easement.

On the following page is an analysis of the effect of the buildable area that would be gained by the adjoining property owner by acquiring the subject property.

## **Analysis of Setbacks and Potential for Increased Buildable Area**

The following analysis considers the effect of the easement. To understand the effect of the easement on what could be constructed on the combined site, the following analysis considers the changes resulting from the addition of the subject property to the adjoining parcel.

For the subject parcel, the RS-2 zoning district stipulates interior side yard setbacks of 10% of lot width, a front yard setback of 20 feet, and a rear yard setback of 15% of lot depth. It also imposes a maximum lot coverage of 30% of lot area for two-story homes, making it unlikely for the typical design to reach the setback limits on all four sides.

Following is an analysis of the effects of the buildable frontage if the subject property is added to the adjacent parcel.

### **Adjacent Parcel Existing Setbacks**

The existing setbacks for the buildable width are 10% each on the north and south sides. Based on the 100 feet of frontage the deducts total 20 feet, leaving a buildable width of 80 feet. 100 feet less 10% for each setback).

### **Adjacent Parcel Setbacks with the Subject Property Added**

The existing setbacks for the buildable width are 10% each on the north and south sides. If the subject property is added to the adjacent property, the total frontage would be 125 feet. Based on the 125 feet of frontage the deducts total 25 feet, leaving a buildable width of 80 feet (125 feet less 10% for each setback).

### **Adjacent Parcel Setbacks with the Subject Property Added and with the Easement**

If the subject property is added to the adjacent property, the total frontage would be 125 feet. If the subject property's easement not to allow construction is considered, the 25 feet of the subject property cannot be constructed upon and therefore the north set back would be 25 feet. Based on the 125 feet of frontage the south set back would be 12.5%. (125 feet times 10%). This leaves buildable frontage of 87.5 feet (125 feet less 25 feet for the north setback and less 12.5 feet for the south setback).

To estimate a discount attributed to the subject property considered was the effect of the easement if the subject property were combined with the adjacent parcel. As analyzed above, without the easement on the subject property, the buildable foot print width would have increased from 80 feet to 100 feet when adding the subject property to the adjoining site. Because of the easement, the buildable foot print width would only increase to 87.5 feet. This means that because of the easement the buildable width decreased from 20 feet to 7.5 feet, or a discount of 62.5%. This discount does not reflect the inability to construct on the easement and the inability to construct a wall to enclose the area. These additional restrictions place downward pressure on the value and indicates a discount should be greater than 62.5%. The above scenario assumes that construction could take place right on the property line. Because the easement does not allow construction it might be necessary to setback an additional one to two feet. Applying the same calculations, the implied discount would increase to 67.5% to 72.5%.

## Reconciliation of Value

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

|                                       |                       |
|---------------------------------------|-----------------------|
| <b>Cost Approach</b>                  | <b>Not applicable</b> |
| <b>Income Capitalization Approach</b> | <b>Not applicable</b> |
| <b>Sales Comparison Approach</b>      | <b>\$250,000</b>      |

The cost approach estimates the land value and adds the depreciated value of the improvements. As the land being appraised is vacant, this approach is not applicable and was not applied herein.

The income capitalization approach analyzes the projected income and expenses of a property and capitalizes the net income into a value estimate. Typically, vacant land is not purchased based on its ability to generate income. This approach is not applicable and was not applied herein.

The sales comparison approach compares sales of similar properties to the subject property and is the only applicable approach to value. These sales were analyzed for differences such as conditions of sale, financing, market conditions, location, zoning, shape/size, and other characteristics. The strength of this approach relies on the quality of the comparable sales. Sales which closely resemble and can be compared easily with the subject are most desirable. The sales utilized were considered comparable and make the sales comparison approach the only reliable indication of value. The sales comparison approach was used to estimate the across the fence value of the subject property. The estimated value was discounted to reflect a decrease in value based upon the easement that would be in place.

As the subject property is vacant land total reliance was placed on the sales comparison approach. Based on the analysis, the market value of the subject property, subject to an easement, as of November 23, 2016, is estimated at \$250,000.

**This appraisal report contains extraordinary assumptions. The reader is strongly advised to be familiar with the definition of an extraordinary assumption because it is significant in understanding the premise of this appraisal. The definition is detailed on page 3 in the letter of transmittal. It is applicable to this appraisal because a change in the extraordinary assumptions could cause a change in the opinions and conclusions herein.**

# Addenda

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## **County Area Description**

## Miami-Dade County and Area Description

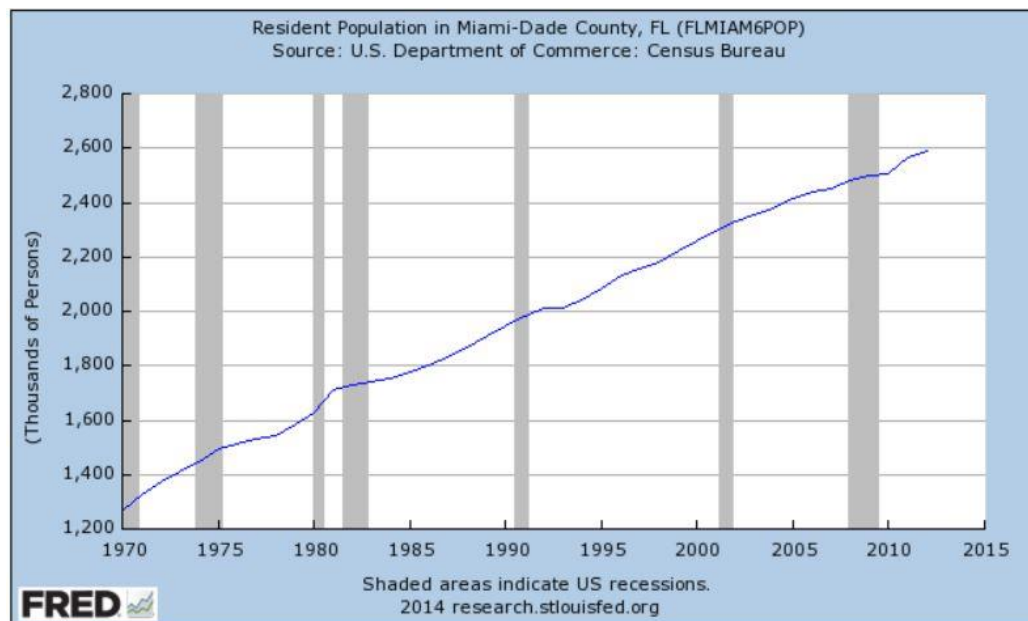
### General Overview

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

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

### Demographics

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



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

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

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

### **Brief History**

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

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

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

### **Government**

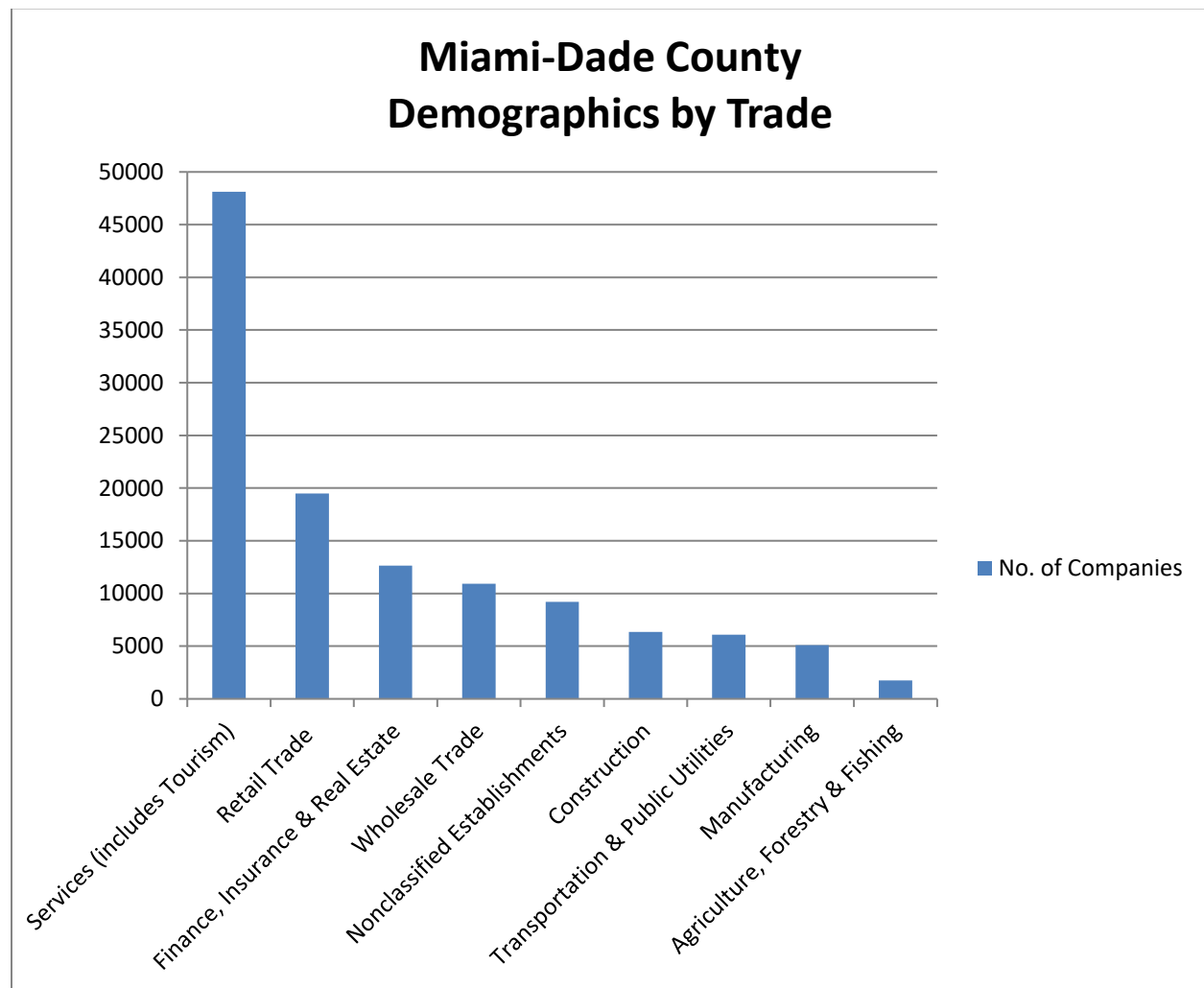
Miami-Dade County has a strong mayor form of government, with nine elected individuals (one mayor and eight commissioners) making up the Miami-Dade County Board of Commissioners. The mayor appoints a professional administrator to manage the daily activities of the county government and a county attorney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

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



## Economic Base

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



Source: The Beacon Council

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

## Transportation

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

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

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

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

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

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

## Education

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

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

## **Medical**

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

## **Sports**

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

## **Arts and Culture**

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

## **Summary**

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

*Sources including, but not limited to:*

United States Census Bureau (Jan. 2014). <http://quickfacts.census.gov/qfd/states/12/12086.html>

Miami-Dade County Portal (Jan. 2014). [www.miamidade.gov](http://www.miamidade.gov)

The Beacon Council (Jan. 2014). [www.beaconcouncil.com](http://www.beaconcouncil.com)

Federal Reserve Economic Data (Jan. 2014). <http://research.stlouisfed.org/fred2/>

Miami Herald (various articles). <http://www.miamiherald.com/>