

BLAZEJACK & COMPANY
REAL ESTATE COUNSELORS

December 21, 2017

Mark Milisits, RPA
Asset Manager
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

RE: North Beach Town Center – Post Election Value Update

Dear Mark:

The purpose of this correspondence is to report my conclusions regarding the values of the three parcels and the retail reservation in Parcel 3 in light of the electorates' decision to permit higher density at the North Beach Town Center locations. A second purpose is to incorporate and respond to ideas and perspectives provided in our meetings and in written comments.

Our conclusions are summarized as follows:

North Beach Town Center - Summary of Post Election Value Estimates							
Parcel		1	2	Subtotal		3	Difference
	Concluded Values:	\$4,200,000	\$5,800,000	\$10,000,000		\$9,200,000	\$800,000
	Per SF:	\$332.67	\$309.33			\$301.64	
	Per SF of FAR:	\$95.05	\$88.38			\$86.18	
	Plus Retail Development Reservation on Parcel 3 (does not include parking spaces)						\$1,680,000
	Total						\$2,480,000

The scope of my follow up work included:

- Review and expanded investigation to gain a better understanding of the new sale at 7128 Indian Creek Drive and the “Post Office Assemblage”. A description of the new sale is attached. Mr. Graziano’s report includes an excellent description of the Post Office Assemblage.
- I reanalyzed the subject properties in relation to the new data, adjusting for market conditions (the election result), location (corner proportion), size, and zoning (permitted land uses) to test the value indications formed earlier. The value estimates for Parcel 1 and 2 were reaffirmed by this analysis. Parcel 3 has the most benefit from the increased FAR provision. Permitted development there is doubled though, as planners point out, still constrained by a 4 story height limitation and setback provisions. Still, since we would expect most of the upper floor FAR area to be residential, the zoning difference is reduced. Hence, the value estimate for Parcel 3 is increased from our original appraisal, but not from our most recent analysis.
- The value of the retail component in Parcel 3 was reexamined. This time, rather than considering the interest to be a condominium with exclusive control of 70 parking spaces, the interest appraised is a reservation of 14,000 SF of commercial area on the ground floor that is proximate to adequate parking, but without any particular control of specific parking spaces. It was concluded that this is best reflected by the Price per FAR Foot a typical investor/user would expect to pay for the ground floor location at Parcel 3. We considered the FAR acquisition price paid by the developer for the assemblage that includes the property, the price paid in the recent Indian Creek sale and the prices

paid in the sales analyzed in the appraisal submitted earlier this year (No. 201722). The FAR analysis is summarized as follows:

Retail Reservation - Without Parking:				Essentially, price per FAR foot for ground floor facing Abbott					
				\$/SF Max FAR					
New Sale				\$ 174.46		\$ 2,442,462			
Assemblage									
	When purchased			\$ 124.66		\$ 1,745,235			
	Today @ 3.5 FAR			\$ 76.28	(lower limit of value - includes equity contributed by voters)				\$ 1,067,976.91
Post Office Assemblage				\$ 128.10					
Range in Sales in Original Appraisal									
Parcels 1 & 2									
	Low			\$ 105.67					\$ 1,479,380.00
	High			\$ 254.44					\$ 3,562,160.00
	Used - Parcel 1			\$ 170.00	(prior to election - 2.25 FAR density)				\$ 2,380,000.00
	Used - Parcel 2			\$ 140.00	(prior to election - 2.25 FAR density)				\$ 1,960,000.00
Parcel 3									
	Low			\$ 70.09					\$ 981,260.00
	High			\$ 166.67					\$ 2,333,380.00
	Used - Parcel 3			\$ 92.50	(prior to election - 1.25 FAR density)				\$ 1,295,000.00
Concluded				\$ 120.00					\$ 1,680,000.00

The concluded price per FAR foot of \$120 is slightly lower than the overall price per square foot paid in the developer's assemblage because it is at the south end of the development in the TC-3 zone which limits uses relative to TC-1.

The total differential for the land remains \$800,000 and the total for the retail reservation in Parcel 3 is \$1,680,000 for a total of \$2,480,000.

The Certification and Assumptions and Limiting Conditions presented in our earlier report on the property (Our number 201722) are incorporated into this document in their entirety by reference.

I think this analysis addresses most of the concerns raised in prior meetings and correspondence. Please let me know if you have feedback or if I can provide anything else.

Sincerely,

Thomas J. Blazejack

Thomas J. Blazejack, MAI, AI-GRS, CCIM
State Cert. Gen. R.E.A. RZ1015
Blazejack & Company
305-608-9448

7128 Indian Creek

Folio	02-3211-002-0130
Grantor	The Schmaltz Group, LLC
Grantee	IC Property Capital Corp.
Date of Sale	4/27/2017
Recording	30519-3291
Price	\$ 1,417,500
Parcel Size	6500 SF 50' X 130'
Zoning	TC-3 - Town Center Transition Zone
Maximum FAR	1.25
Maximum Development	8125
Price per Square Foot	\$ 218.08
Price per SF Max FAR	\$ 174.46
Comments	Property Improved with an eight-unit apt. building Buyer plans boutique hotel - 16 keys

