



# Commercial Evaluation Report

Subject Property: 1880 E Fabyan Pkwy 1888, Batavia, IL 60510

## Request Information

### Ordered By

Division One

### Contact

Division One Admin

chararchen@firstam.com

777-777-7777

### Inspection Details

Exterior Only Inspection

Contact Not Permitted

### Approaches & Add Ons

Sales and Income Approach

Comparable Sales Images

Local Market Analytics

## Introduction and Methodology

**Report Definition** This report ("Report") is a commercial evaluation and it does NOT constitute an appraisal.

**Intended User** Division One

**Intended Use** For the intended user's own internal decision making.

**Property Interest** Leased Fee Estate

**Effective Date of Value** 02/28/2021, the date of inspection.

**Report Date** 03/17/2023, the date of completion.

**Scope of Work** The physical characteristics of the Subject Property are verified with public records, or third-party sources. The Subject Property is inspected, and its neighborhood is analyzed by one of First American's inspection vendors. The inspector completes a public access field inspection with photographs. National databases and public records are researched to collect sales of similar properties. Using a Sales Comparison Approach, differences between the Subject Property and comparable sales are analyzed, adjusted and reconciled to formulate an opinion of the value of the Subject Property. The Income Capitalization Approach ("Income Approach") simulates the reasoning of a typical market participant who views the anticipated revenue and expense on a property to base their buying decisions. The income approach initially develops a fee simple interest in the subject based on estimated market rental rates for the subject's space. The net income developed in our analysis is the balance of potential income remaining after consideration for vacancy and collection loss, and operating expenses, otherwise known as the net operating income ("NOI"). The resulting NOI is then capitalized at an appropriate market capitalization rate to derive a fee simple estimate of value. The Income Approach is based solely upon a direct capitalization analysis. The fee simple value indications via the Sales Comparison and Income approaches to value are then reconciled to arrive at a fee simple value. Next, the subject's contract rental rates are analyzed and compared against the previously utilized market rental rates to determine any potential leasehold interest in the contract leases. Thereafter, any leasehold interest is applied to the concluded fee simple interests arrived via the Sales Comparison and Income approaches to value, with these two approaches then reconciled, resulting in an overall leased fee conclusion of value. The reconciliation is used to analyze the quality of data applied, along with the significance of each approach to value as it relates to market behavior and the defensibility of each approach. These factors are considered and weighed separately and comparatively with each other, concluding in an "as is"



leased fee market value as of the effective date of the valuation. In the event that the subject is not encumbered by any leases the concluded value is reflective of the "as is" fee simple market value as of the effective date of value.

**Extraordinary Assumptions** This Report relies upon public records to provide property characteristic information about the Subject Property; as well as a third-party inspector regarding the physical condition of the improvements. Only an exterior inspection of the subject property was completed. As such, it is an extraordinary assumption of this report that the interior condition of the property is commensurate with that observed with the exterior of the property. Assumptions are made that the information collected is accurate; if later found to be inaccurate, First American reserves the right to amend its opinion of market value.

SAMPLE



## Subject Property

**Address** 1880 E Fabyan Pkwy 1888, Batavia, IL 60510  
**Owner** West Wind Properties LLC  
**Parcel(s)** 12-12-476-001

## Property Details

### Property Characteristics

**Property Category** Industrial  
**Property Use** Flex Building  
**Total Building Area** 18,500 sq ft  
**Lot Size** 70,567 sq ft  
**# of Buildings/Stories** 1 / 1  
**Year Built/Effective Year** 2003 / 2010  
**Exterior Walls** Masonry  
**Zoning** GI  
**Tenancy** Multi-Tenant

### 2020 Assessment Information \*

**Land Value** \$290,675.00  
**Improvement Value** \$949,525.00  
**Total Full Value** \$1,240,200.00

\* Assessment information was provided by Kane County.

The zoning jurisdiction for this property is the City of Batavia, which has zoned this property GI. The zoning was confirmed using the City of Batavia zoning map.

### Condition and Repairs

The inspection of the exterior revealed the Subject Property to be in good condition and good construction quality. There were no visible signs that any major repairs are needed and the property is not involved in a significant construction project.

**Highest and Best Use** For the purpose of this Report, the existing use constitutes the highest and best use of the Subject Property.

### Front View



### Rear View





## Subject Location

### Street View



### Location and Neighborhood Description

The Subject Property, located at 1880 E Fabyan Pkwy 1888, Batavia, IL 60510, is an industrial property located on a moderately trafficked commercial arterial. This location is primarily commercial and possesses good street visibility. Property is close to Dupage Airport and Northwestern Medicine Deiror Hospital. No major employers in very close proximity, but there is a good amount of minor retail and office properties in the surrounding towns. During the course of the inspection the inspector noted no public works projects potentially limiting access to the Subject Property.

### Environmental Observations

While no environmental analysis was conducted for this Report, no obvious adverse environmental conditions were observed during the inspection.

## Market Area Data and Analysis

### Aerial View



### Market Area

Properties adjacent to the Subject Property appear to be in good condition. Based on information obtained from CoStar, neighborhood vacancy rates are moderate. The market trend in this area is steady and overall real estate values appear to be holding.

### Market Area Characteristics at a Glance

Market Trend	Stable
Neighborhood Vacancy	6-10%
Overall Values	Stable
Predominant Use	Commercial

## Sales Information

### Prior Sale

No prior sales within the past three years

### Active Listing

No active listings found

### Broker Signage

No broker signage visible

### Pending Sale

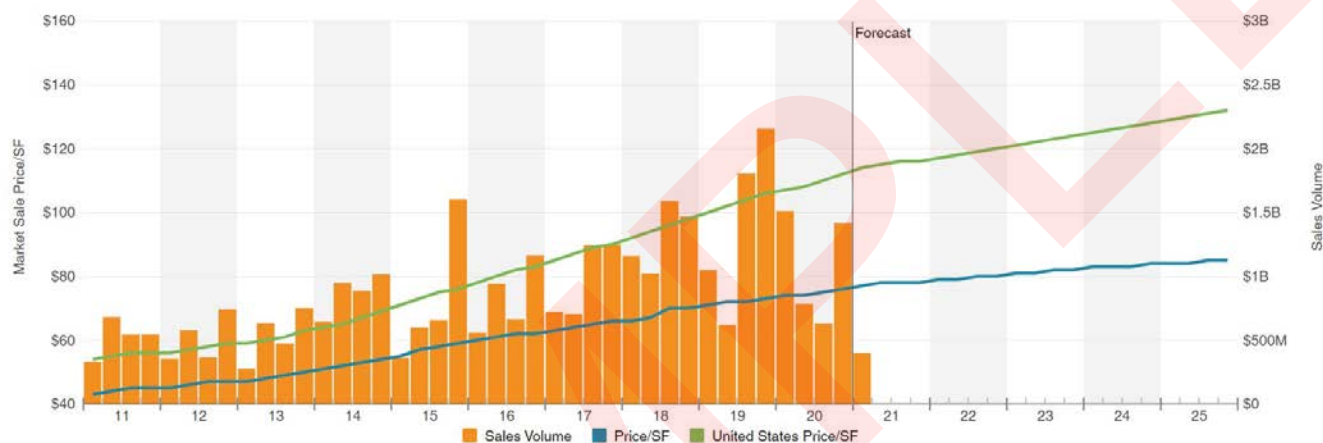
No pending sale information



## CoStar Market Analysis

In order to determine if a market condition adjustment is warranted CoStar market analysis data for the subject's market and/or submarket was considered. CoStar is a provider of information, analytics, and marketing services to the commercial property industry and is the most widely used commercial real estate sales and listing database in the United States. The market condition adjustment is based on the variance in the market indicators for the subject's property classification as measured between the date of sale and the date of value for each of the comparable sales utilized. The following information was based upon the most recent available information from CoStar for the subject's Central Kane / DuPage Industrial Submarket Submarket as of 03/11/2021, with the market condition adjustment on a per comparable sale basis presented in the Comparable Sale Analysis grid.

SALES VOLUME & MARKET SALE PRICE PER SF



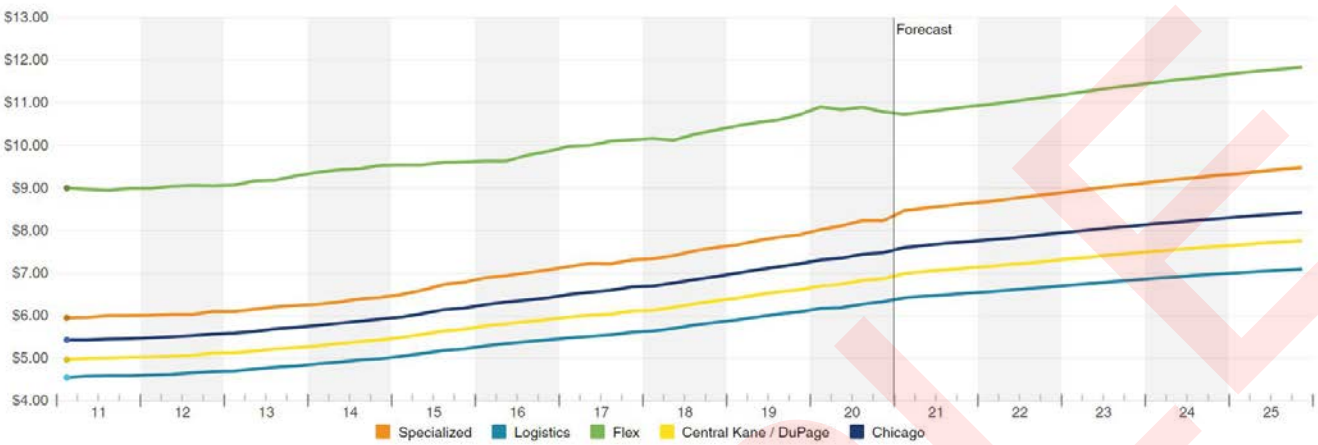
Sales Volume & Market Sale Price Per SF

Period	Sales Volume	Price/SF	United States Price/SF
2023 Q4	-	\$82	\$124
2023 Q3	-	\$82	\$123
2023 Q2	-	\$81	\$122
2023 Q1	-	\$81	\$121
2022 Q4	-	\$80	\$120
2022 Q3	-	\$80	\$119
2022 Q2	-	\$79	\$118
2022 Q1	-	\$79	\$117
2021 Q4	-	\$78	\$116
2021 Q3	-	\$78	\$116
2021 Q2	-	\$78	\$115
2021 Q1 EST	-	\$77	\$114
2021 Q1 OTD	\$399,106,905	\$76	\$113
2020 Q4	\$1,417,039,396	\$76	\$112
2020 Q3	\$632,470,436	\$75	\$110
2020 Q2	\$781,989,819	\$74	\$108
2020 Q1	\$1,511,773,275	\$74	\$107
2019 Q4	\$2,155,247,478	\$73	\$106
2019 Q3	\$1,804,713,554	\$72	\$104
2019 Q2	\$618,340,207	\$72	\$102
2019 Q1	\$1,048,120,082	\$71	\$100
2018 Q4	\$1,467,234,575	\$70	\$98
2018 Q3	\$1,587,452,644	\$70	\$96
2018 Q2	\$1,022,111,235	\$67	\$94
2018 Q1	\$1,159,796,041	\$66	\$92





### MARKET RENT PER SF

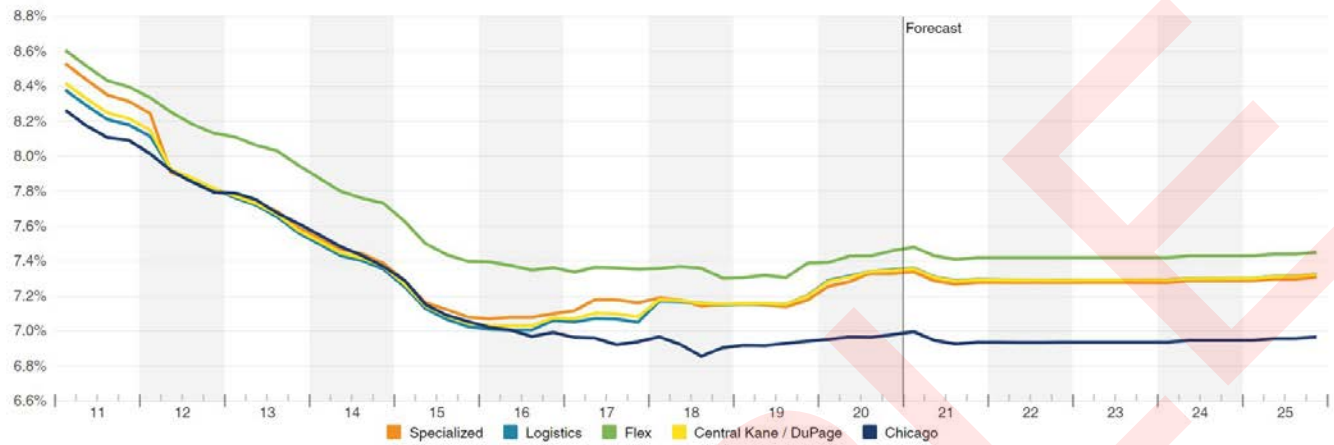


### VACANCY & MARKET RENT PER SF

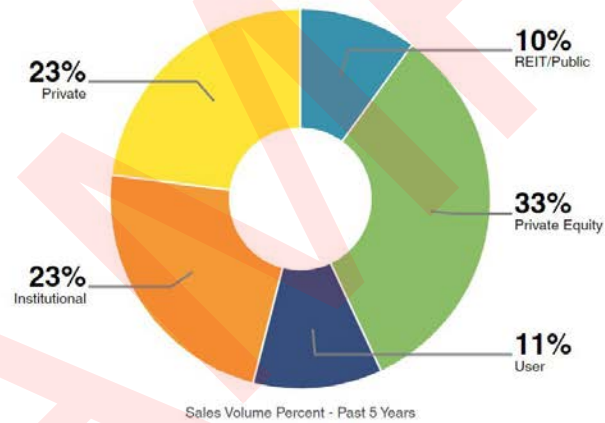




#### MARKET CAP RATE



#### SALE BY BUYER TYPE





## Sales Comparison Approach to Value

The "Unit" of measurement utilized in this grid is square footage of building area.

	Subject Property	Comparable Sale 1	Adj 1	Comparable Sale 2	Adj 2	Comparable Sale 3	Adj 3
<b>Address</b>	1880 E Fabyan Pkwy 1888 Batavia, IL 60510 (Kane)	310 Saint Paul Blvd #38-38 Carol Stream, IL 60188 (Dupage)		565 Randy Rd Carol Stream, IL 60188 (Dupage)		340 Industrial Dr #50- 50 South Elgin, IL 60177 (Kane)	
Proximity		8.25 miles		8.63 miles		9.73 miles	
Assessment Year	2020	2020		2020		2020	
Land Value	\$290,675.00	\$314,341.00		\$271,768.00		\$274,281.00	
Improvement Value	\$949,525.00	\$825,233.00		\$374,677.00		\$1,129,321.00	
Total Full Value	\$1,240,200.00	\$1,139,574.00		\$646,445.00		\$1,403,602.00	
Sale Price		\$1,400,000		\$775,000		\$1,475,000	
Recording Date		02/25/2021		10/05/2020		04/13/2020	
<b>Price per Unit</b>		<b>\$71.94</b>		<b>\$90.45</b>		<b>\$62.12</b>	
<b>Transaction Adjustments</b>							
Property Interest	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Financing	Cash/Cash Equivalent	Cash/Cash Equivalent		Cash/Cash Equivalent		Cash/Cash Equivalent	
Conditions of Sale	Standard Sale	Standard Sale		Standard Sale		Standard Sale	
Market Conditions		Inferior	6%	Inferior	7%	Inferior	9%
<b>Transactional Adj Value per Unit</b>	<b>\$0.00</b>	<b>\$76.26</b>	<b>6%</b>	<b>\$96.78</b>	<b>7%</b>	<b>\$67.71</b>	<b>9%</b>
<b>Property Adjustments</b>							
Property Use	Flex Building	Flex Building	0	Flex Building	0	Flex Building	0
General Location	\$75	Superior (\$81)	-8%	Superior (\$81)	-8%	Similar (\$75)	0
Site Prominence	Good	Average	5%	Average	5%	Average	5%
Total Units / Average Size	N/A	N/A	0	N/A	0	N/A	0
Building Area	18,500 sq ft	19,460 sq ft	0	8,568 sq ft	-5%	23,745 sq ft	1%
Year Built / Effective Year	2003 / 2010	1987 / -	14%	1980 / 1990	12%	1996 / -	8%
Condition of Building	Good	Good	0	Good	0	Average	5%
Construction Quality	Good	Good	0	Good	0	Good	0
Lot Size	70,567 sq ft	54,886 sq ft		47,480 sq ft		63,328 sq ft	
Land Value per Square Foot	\$4.12	\$5.73		\$5.72		\$4.33	
Land to Building Ratio	3.81	2.82		5.54		2.67	
Build-Out	50% or more	25% or less	10%	50% or more		25% or less	10%
Air Conditioned Warehouse	Yes	No	5%	No	5%	No	5%
<b>Property Adjusted Value per Unit</b>		<b>\$96.08</b>	<b>26%</b>	<b>\$105.49</b>	<b>9%</b>	<b>\$90.73</b>	<b>34%</b>
Gross Adjustment			48.0%		44.6%		43.8%
Site Adjustment per Unit		\$2.04		-\$4.95		\$2.35	
<b>Indicated Value per Unit</b>		<b>\$98.12</b>		<b>\$100.54</b>		<b>\$93.08</b>	
Weighted Percentage	0	25%		50%		25%	
Weighted Average	\$0.00	\$24.53		\$50.27		\$23.27	
Total Weighted Average	\$98.00						
Subtotal Value	\$1,813,000						
Estimated Market Value	\$1,815,000						
Contributory Value	\$0						
<b>Final Concluded Value</b>	<b>\$1,815,000</b>						





The gross adjustment formula is as follows:  $[(\text{Price per Unit} \times \text{Gross Transactional adjustment \%}) + (\text{Transactional Adjusted Value per Unit} \times \text{Gross Property adjustment \%}) + \text{Gross Site Adjustment Value}] / \text{Price per Unit}$

SAMPLE



## Reconciliation

### Subject Property Information

The Subject Property, located at 1880 E Fabyan Pkwy 1888, Batavia, IL 60510 and identified by parcel number 12-12-476-001, is an industrial property that is currently being utilized as a flex building. The Subject Property is considered to be in good condition and of good quality of construction. The Subject Property improvements consist of one structure with a total of 18,500 square feet located on an approximately 70,567 square foot site. These measurements result in a 3.81 land to building ratio. The improvement was constructed in 2003 and has an effective year built of 2010. The average price per square foot in the submarket is \$75. According to public record the Subject Property has not sold or transferred ownership within the past three years. As per public databases utilized by the analyst, the Subject Property is also not currently listed for sale. A total of three flex building property comparable sales were identified to analyze the Subject Property. Due to a lack of comparable sales located within the immediate Subject Property market area the date range of comparable sales had to be extended. These sales occurred between 04/13/2020 and 02/25/2021 and sold at a price per square foot range of \$62.12 to \$90.45.

### Comparable Property Information

Comparable Sale 1 improvements total 19,460 square feet and are considered to be in good condition, which is considered to be similar to the Subject Property. The quality of the property is considered to be good, which is considered similar to the Subject Property. This comparable has a 54,886 square foot site, yielding a 2.82 land-to-building ratio, which is considered inferior to the Subject Property. The improvements were constructed in 1987. The average submarket price in this location is considered superior to that of the Subject Property, with a downward general location adjustment warranted. In addition, the build-out of this comparable sale is considered inferior to the Subject Property and the air conditioned warehouse is inferior to the Subject Property. The market conditions as of the date of this transaction are considered inferior to current market indicators based on the Local Market Analytics performed for this report. The parcel number associated with this sale is 02-32-206-001. Sources: Assessor, DataTree, CoStar.

Comparable Sale 2 improvements total 8,568 square feet and are considered to be in good condition, which is considered to be similar to the Subject Property. The quality of the property is considered to be good, which is considered similar to the Subject Property. This comparable has a 47,480 square foot site, yielding a 5.54 land-to-building ratio, which is considered superior to the Subject Property. The improvements were constructed in 1980 and have an effective year built of 1990. The average submarket price in this location is considered superior to that of the Subject Property, with a downward general location adjustment warranted. In addition, the build-out of this comparable sale is considered similar to the Subject Property and the air conditioned warehouse is inferior to the Subject Property. The market conditions as of the date of this transaction are considered inferior to current market indicators based on the Local Market Analytics performed for this report. The parcel number associated with this sale is 02-33-300-029. Sources: Assessor, DataTree, CoStar.

Comparable Sale 3 improvements total 23,745 square feet and are considered to be in average condition, which is considered to be inferior to the Subject Property. The quality of the property is considered to be good, which is considered similar to the Subject Property. This comparable has a 63,328 square foot site, yielding a 2.67 land-to-building ratio, which is considered inferior to the Subject Property. The improvements were constructed in 1996. The average submarket price in this location is considered similar to that of the Subject Property, with no general location adjustment warranted. In addition, the build-out of this comparable sale is considered inferior to the Subject Property and the air conditioned warehouse is inferior to the Subject Property. The market conditions as of the date of this transaction are considered inferior to current market indicators based on the Local Market Analytics performed for this report. The parcel numbers associated with this sale are 06-26-154-014 and 06-26-154-012. Sources: Assessor, DataTree, CoStar.



### Sales Comparison Approach Conclusion

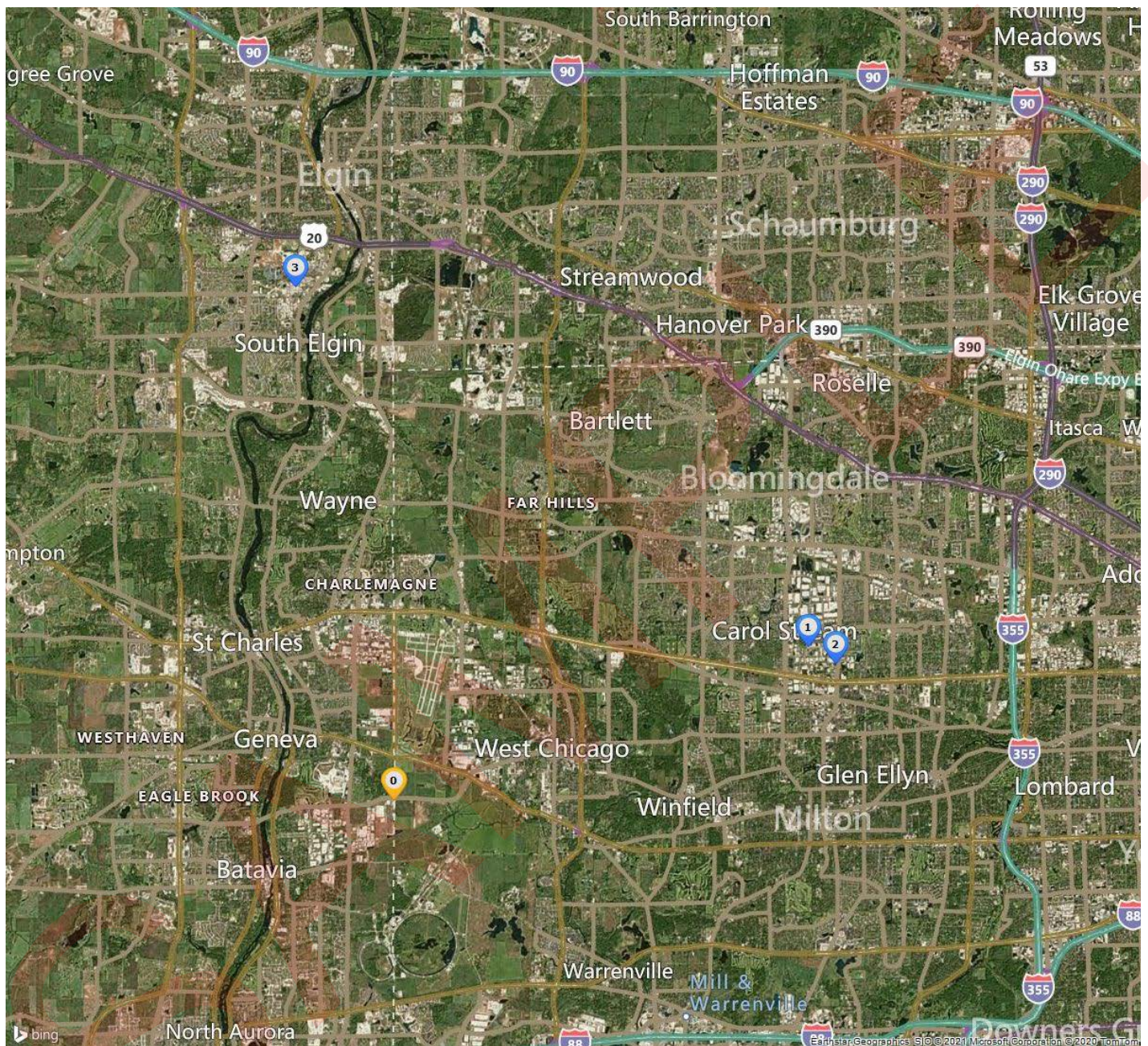
Adjustments are made to account for differences in location, year built, improvement size, condition and quality of improvements, sale dates, land areas and any other characteristics which would require adjustment. Giving consideration to the recording dates of the comparable sales and the foregoing adjustments, the three comparable sales indicate a range of value per square foot after adjustments of \$93.08 to \$100.54, and our estimate of fee simple market value is \$98.00 per square foot, for a final concluded estimate of the "as is" fee simple value of \$1,815,000 (rounded). Comparable Sale 2 was given the most weight due to its overall similarity to the Subject Property.

SAMPLE





## Comparable Map



- 0 Subject Property** - 1880 E Fabyan Pkwy 1888, Batavia, IL 60510
- 1 Comparable Sale 1** - 310 Saint Paul Blvd #38-38 Carol Stream, IL 60188 (8.25 miles)
- 2 Comparable Sale 2** - 565 Randy Rd Carol Stream, IL 60188 (8.63 miles)
- 3 Comparable Sale 3** - 340 Industrial Dr #50-50 South Elgin, IL 60177 (9.73 miles)





## Comparable Sale Photos



### Comparable Sale 1

**Address** 310 Saint Paul Blvd #38-38, Carol Stream, IL 60188 (Dupage)

**Property Type** Flex Building

**Property Condition** Good

**Construction Quality** Good



### Comparable Sale 2

**Address** 565 Randy Rd, Carol Stream, IL 60188 (Dupage)

**Property Type** Flex Building

**Property Condition** Good

**Construction Quality** Good



### Comparable Sale 3

**Address** 340 Industrial Dr #50-50, South Elgin, IL 60177 (Kane)

**Property Type** Flex Building

**Property Condition** Average

**Construction Quality** Good





## Income Approach to Value

The direct capitalization approach was used to develop a market value opinion for the subject property. Market rent and a market derived capitalization rate were used within this analysis.

The subject is encumbered by three leases, with current contract rents of \$12.81, \$12.20, and \$14.00 per square foot per annum, on a modified gross basis.

A summary of the lease comparables has been included in the following table.

### Summary of Industrial Rent Comparables

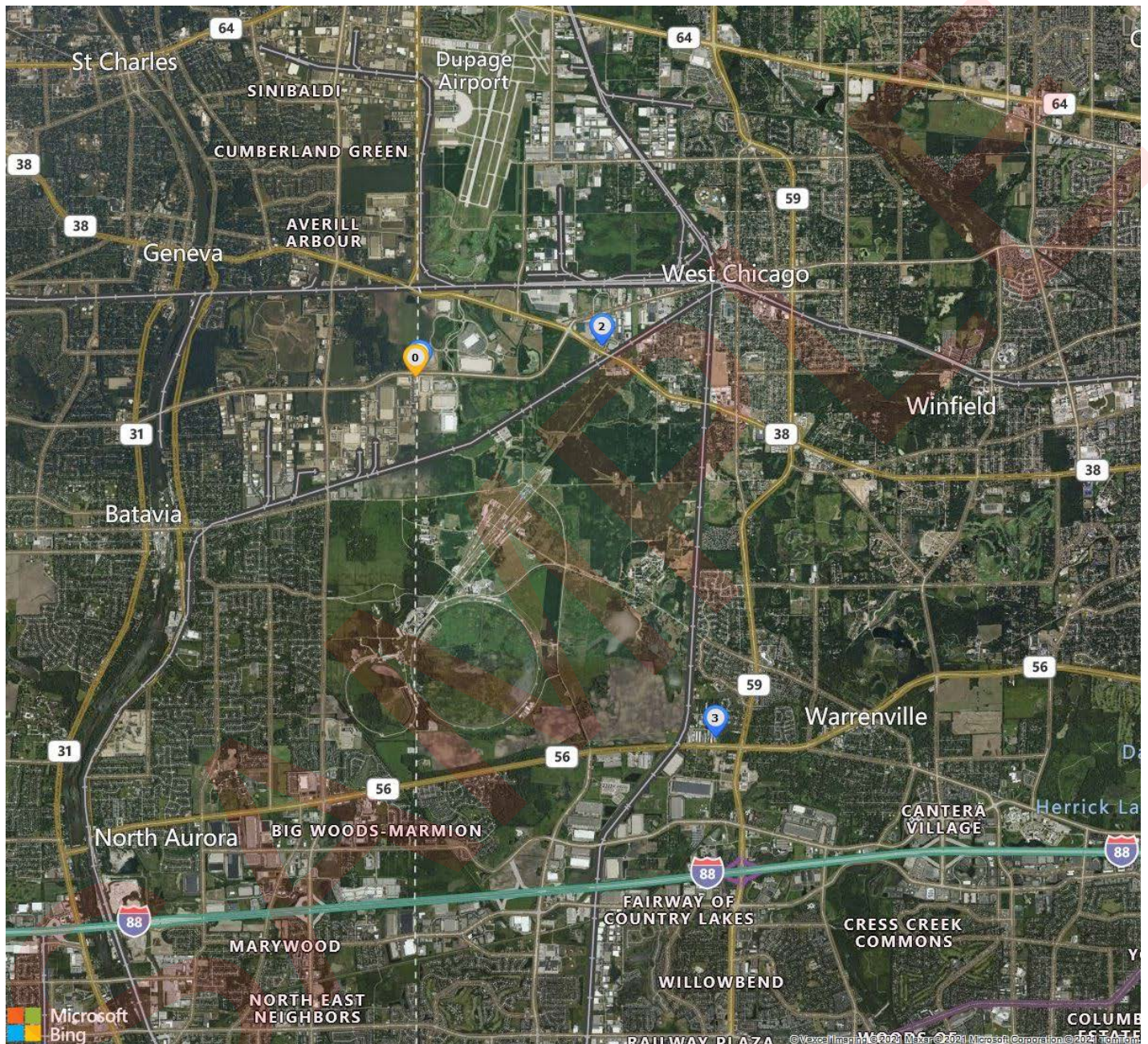
	Subject	Rent Comp 1	Adj 1	Rent Comp 2	Adj 2	Rent Comp 3	Adj 3
Address	1880 E Fabyan Pkwy 1888 Batavia, IL 60510 (Kane)	33W480 Fabyan Pkwy West Chicago, IL 60185 (Kane)		1275 W Roosevelt Rd West Chicago, IL 60185 (Dupage)		30W100 Butterfield Rd Warrenville, IL 60555 (Dupage)	
Proximity		0.05 miles		1.77 miles		4.39 miles	
Lease Rate/SF	\$11.82	\$12.90		\$10.00		\$11.95	
Rate Type		Contract Rate		Contract Rate		Contract Rate	
Lease Type	Modified Gross	Modified Gross	\$0.00	Triple Net	\$2.69	Modified Gross	\$0.00
Adjusted Rent/Unit		\$12.90		\$12.69		\$11.95	
Lease Start Date	-	12/30/2020		12/19/2020		02/12/2021	
Lease Term	-	3		3		3	
Market Conditions		Similar	4%	Similar	4%	Similar	3%
General Location	\$75	Similar (\$75)	0	Similar (\$75)	0	Similar (\$75)	0
Site Prominence	Good	Good	0	Good	0	Average	5%
Average Unit Size	18,500						
Comparable Unit Size		3,674	0%	1,792	0%	7,412	0%
Tenancy	Multi-Tenant	Multi-Tenant		Multi-Tenant		Multi-Tenant	
Year Built / Effective Year	2003 / 2010	1981 / 2000	4%	1986 / 2000	4%	1996 / 2005	2%
Condition of Building	Good	Good	0	Good	0	Good	0
Construction Quality	Good	Good	0	Good	0	Good	0
Adjusted Rent/Unit		\$13.93	8%	\$13.70	8%	\$13.14	10%
<b>Concluded Market Rate/SF</b>	<b>\$13.00</b>						

The comparable industrial rents revealed Modified Gross equivalent rental rates ranging from \$11.95 to \$12.90 per square foot per annum. After taking into consideration market conditions, locational, and physical characteristic differences, the comparables reveal an adjusted market rental rate for the subject ranging from \$13.15 to \$13.93 per square foot per annum, with an average of \$13.59 per square foot, per annum, on a Modified Gross basis. The contract rental rate for the subject of \$11.82 considered to be above market. Based upon the characteristics of the subject, a market rental rate for the industrial space has been estimated at \$13.00 per square foot, per annum, on a Modified Gross basis.





## Industrial Rent Comparable Map



- 0 Subject Property** - 1880 E Fabyan Pkwy 1888, Batavia, IL 60510
- 1 Rent Comparable 1** - 33W480 Fabyan Pkwy West Chicago, IL 60185 (0.05 miles)
- 2 Rent Comparable 2** - 1275 W Roosevelt Rd West Chicago, IL 60185 (1.77 miles)
- 3 Rent Comparable 3** - 30W100 Butterfield Rd Warrenville, IL 60555 (4.39 miles)





## Industrial Rent Comparable Photos



### Rent Comparable 1

**Address** 33W480 Fabyan Pkwy, West Chicago, IL 60185  
(Kane)

**Property Condition** Good

**Construction Quality** Good



### Rent Comparable 2

**Address** 1275 W Roosevelt Rd, West Chicago, IL 60185  
(Dupage)

**Property Condition** Good

**Construction Quality** Good



### Rent Comparable 3

**Address** 30W100 Butterfield Rd, Warrenville, IL 60555  
(Dupage)

**Property Condition** Good

**Construction Quality** Good



## Direct Capitalization Intro

The expense reimbursement structure for the subject, as well as the most properties similar to the subject, is primarily a modified gross basis, with the landlord responsible for taxes, insurance, repairs & maintenance, common area maintenance, contracted services, while the tenant is responsible for janitorial, utilities, and all other operating expenses. A 7.00% vacancy and collection loss was concluded based upon the most recent market or submarket vacancy levels reported by CoStar. Expense conclusions were based upon an examination of the subject's historical expenses and/or information obtained from national surveys, such as IREM and Realty Rates. The overall capitalization rate was concluded after examining data obtained from national surveys along with rates extracted from recent transactions of similar properties.

A summation of our Income Approach utilizing the Direct Capitalization Method has been included in the following table, with the second table including a summary of the market extracted capitalization rates. Note: The following analysis is based on market extracted rents, resulting in a fee simple value. If the subject is encumbered by a lease(s), it has been taken in the Leasehold Analysis section of this report.

## Direct Capitalization Analysis

Property Type: Flex Building	Area Leased (SF)		\$/SF	Annual
Annual Rental Revenue	18,500		\$13.00	= \$240,500
Miscellaneous Revenue			\$0.00	= \$0
Expense Reimbursement			<u>\$0.18</u>	= <u>\$3,330</u>
Potential Gross Income			\$13.18	= \$243,830
Vacancy & Collection Loss	7.00% of PGI		<u>(\$0.92)</u>	= <u>\$-17,068</u>
<b>Effective Gross Income</b>			<b>\$12.26</b>	= <b>\$226,762</b>

Less Expenses:	Annual	\$/SF	% of EGI	Reimbursed
Real Estate Taxes	\$35,633	\$1.93	15.71%	No
Property Insurance @ \$0.25 per sq. ft.	\$4,625	\$0.25	2.04%	No
Utilities	\$3,330	\$0.18	1.47%	Yes
Janitorial	\$0	\$0.00	%	Yes
Repairs & Maintenance	\$2,590	\$0.14	1.14%	No
Common Area Maintenance (CAM)	\$4,995	\$0.27	2.20%	No
Contract Services @ \$0.10 per sq. ft.	\$1,850	\$0.10	.82%	No
Property Management @ 3.00% Effective Gross	\$6,710	\$0.36	3.00%	No
Replacement Reserves	\$4,585	\$0.25	2.05%	No
<b>Total Estimated Expenses</b>	<b>\$64,318</b>	<b>\$3.47</b>	<b>28.36%</b>	

<b>Estimated Net Operating Income</b>	<b>\$162,444</b>
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	Cap Rate Comp 1	Cap Rate Comp 2	Cap Rate Comp 3
Address	391 Wegner Dr West Chicago, IL 60185 (Dupage)	2150 Point Blvd Elgin, IL 60123 (Kane)	1852 Janke Dr #39 Northfield, IL 60090 (Cook)
Property Use	Flex Building	Flex Building	Flex Building
Recording Date	12/09/2019	04/07/2020	01/07/2021
Building Area	21,900 sq ft	46,206 sq ft	35,000 sq ft
Year Built	1988	2002	1979
% Occupied	100%	100%	100%
Sale Price	\$1,270,000	\$4,400,000	\$2,195,000
Price Per Unit	\$57.99	\$95.23	\$62.71
Overall Cap Rate	9.00%	8.96%	9.30%

Capitalization Rates	Rate(s)
Market Extractions	8.96% to 9.30%
Concluded Capitalization Rate	9.25%
Indicated Fee Simple Value (NOI/Concluded Cap Rate)	\$1,756,151
<b>Rounded</b>	<b>\$1,755,000</b>
Fee Simple Value/SF	\$95





## Reconciliation

The previous analysis indicates the fee simple interest for the subject via the Sales Comparison Approach of \$1,815,000 and the Income Approach of \$1,755,000. However, the subject property is encumbered by leases. As such, we have analyzed the subject's lease(s) and reconciled to a leased fee value for the subject below.

### Leasehold Analysis

The previous analysis was based on the fee simple interest in the subject. In order to estimate the impact the subject's contract rent(s) has on value, we have completed the following analysis.

#### Above/Below Leasehold Value

##### 1880 E Fabyan Pkwy

Contract Information		Start	Contract	Market	Difference	PV Difference
Lease Term	12/01/2017 to 12/28/2023	March 2021	\$40,987	\$41,600	(\$613)	(\$559)
Leased Sq Ft.	3,200	March 2022	\$42,012	\$42,432	(\$420)	(\$349)
Rent/SF (Initial/Current)	\$11.82/\$12.81	March 2023	\$35,751	\$36,067	(\$316)	(\$239)
Rent Growth Rate	2.50%					
Market Information						
Market Rent/SF	\$13.00					
Rent Growth Rate	2.00%					
Discount Rate						
Discount Rate	9.75%					

##### 1884 E Fabyan Pkwy

Contract Information		Start	Contract	Market	Difference	PV Difference
Lease Term	12/01/2017 to 03/03/2123	March 2021	\$39,045	\$41,600	(\$2,555)	(\$2,333)
Leased Sq Ft.	3,200	March 2022	\$40,021	\$42,432	(\$2,411)	(\$2,011)
Rent/SF (Initial/Current)	\$11.26/\$12.20	March 2023	\$41,022	\$43,281	(\$2,259)	(\$1,721)
Rent Growth Rate	2.50%	March 2024	\$42,047	\$44,146	(\$2,099)	(\$1,460)
Market Information		March 2025	\$43,098	\$45,029	(\$1,931)	(\$1,227)
Market Rent/SF	\$13.00	March 2026	\$44,176	\$45,930	(\$1,754)	(\$1,018)
Rent Growth Rate	2.00%	March 2027	\$45,280	\$46,848	(\$1,568)	(\$831)
Discount Rate		March 2028	\$46,412	\$47,785	(\$1,373)	(\$664)
Discount Rate	9.50%	March 2029	\$47,573	\$48,741	(\$1,168)	(\$516)
		March 2030	\$48,762	\$49,716	(\$954)	(\$385)

##### 1886 E Fabyan Pkwy

Contract Information		Start	Contract	Market	Difference	PV Difference
Lease Term	12/01/2017 to 03/31/2022	March 2021	\$78,402	\$72,800	\$5,602	\$5,116
Leased Sq Ft.	5,600	March 2022	\$6,655	\$6,188	\$467	\$389
Rent/SF (Initial/Current)	\$12.92/\$14.00					
Rent Growth Rate	2.50%					
Market Information						
Market Rent/SF	\$13.00					
Rent Growth Rate	2.00%					
Discount Rate						
Discount Rate	9.50%					

Above/Below Leasehold Value (Rounded)

-\$5,000



## Overall Value Reconciliation

Based on the previous discussion, with the leased fee interest considered below market in the amount of -\$5,000 (Rounded). Deducting the subject's leasehold value from the previously concluded fee simple values results in a leased fee value via the Sales Comparison Approach of \$1,810,000, with a fee simple value via the Income Approach of \$1,750,000.

As the subject is an income producing property, greatest weight is placed on the Income Approach to Value for a final indication of the leased fee value, in its "as-is" condition as of 02/28/2021, is:

\$1,775,000



## Certification Statement

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

The statements of fact contained in this Report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the Property that is the subject of this Report and no personal interest or bias with respect to the parties involved.

I have no bias with respect to the Property that is the subject of this Report or to the parties involved in this assignment.

My engagement in this assignment or in any future assignment is not contingent upon the developing or reporting predetermined results.

My compensation is not contingent upon the 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.

My analyses, opinions, and conclusions were developed, and this Report is prepared, in compliance and comports with federal laws and agency regulations applicable to commercial evaluations.

I have not made a personal inspection of the property that is the subject of this Report.

No one provided significant professional assistance to myself in signing this Report.

### Final Concluded Market Value

\$1,775,000

### Effective Date of Value

02/28/2021

### Analyst

Marlene Castillo

Completion Date 03/17/2023

## Contact Information

**Email** CustomerCare@ces-fa.com

**Phone** (877) 998-2620



## Exterior Images





## Definition of Market Value

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

- 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
- 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.

(Definition Source: 12 C.F.R. Part 34.42(h) June 7, 1994 )

**Fee Simple Estate** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Definition Source: *The Dictionary of Real Estate Appraisal* (Fifth ed.). (2010). Appraisal Institute)

**Leased Fee Estate** A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Definition Source: *The Dictionary of Real Estate Appraisal* (Fifth ed.). (2010). Appraisal Institute)

**Leasehold Interest** The tenant's possessory interest created by a lease. (Definition Source: *The Dictionary of Real Estate Appraisal* (Fifth ed.). (2010). Appraisal Institute)





## Terms and Conditions

**THIS EVALUATION IS *NOT* AN APPRAISAL PERFORMED IN COMPLIANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.** This evaluation report follows the December 2010 Interagency Appraisal and Evaluation Guidelines Final Guidance prepared jointly by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of the Treasury Office of Thrift Supervision and the National Credit Union Administration ("Federal Guidelines"), as amended.

## DEFINITIONS

**INSPECTION:** First American's independent network of contractors ("Contractors") will conduct an exterior inspection of the Subject Property provided it can do so without violating any law. Contractors will only rely on conditions of the Subject Property which are readily visible from the exterior, unless the client has arranged with Contractors, for an additional fee, an interior inspection and has secured necessary permission to allow Contractors to legally enter the Property. Any interior inspection will be reflected in the images provided in the Interior Images Section.

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There may be governmental, public records, or independent third party sources with relevant information which were not known to, nor used by, First American unless specifically referenced in this Report.

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## Terms and Conditions Continued

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- 2 ) Be responsible for any changes in either the Subject Property and/or market conditions occurring after the Report Date.
- 3 ) Consider income and expense of the Subject Property.
- 4 ) Consider any personal property in the Subject Property.
- 5 ) Be responsible for inaccurate address information provided for the Subject Property.
- 6 ) Be responsible for any information known to the client and not disclosed in writing to First American.

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