

REGION INFORMATION

Introduction

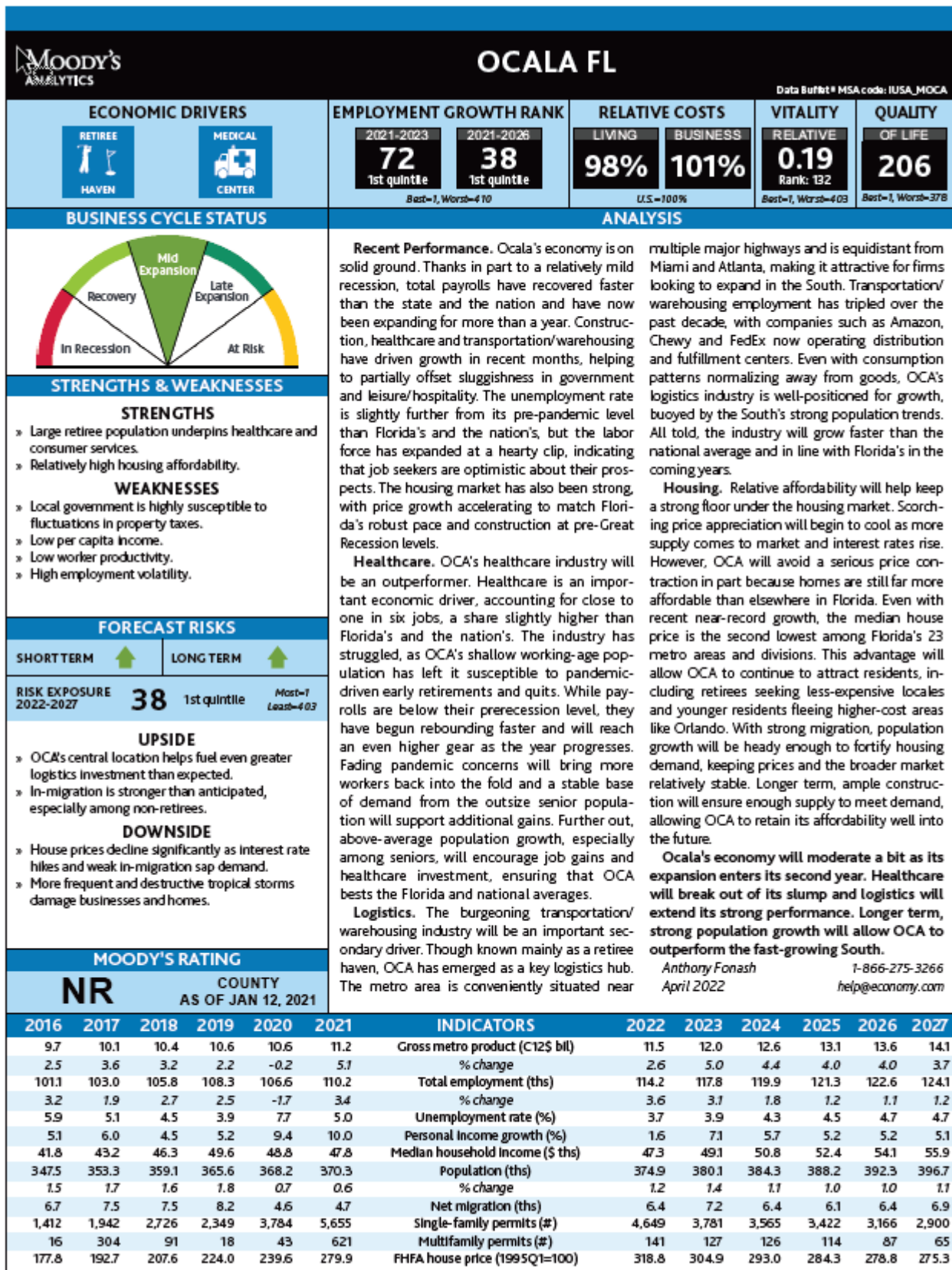
The short- and long-term value of real estate is influenced by a variety of interacting factors. Regional analysis identifies those factors that affect property value, and the role they play within the region. The four primary forces that determine the supply and demand for real property, and consequently affect market value, are: environmental characteristics, governmental forces, social factors, and economic trends.

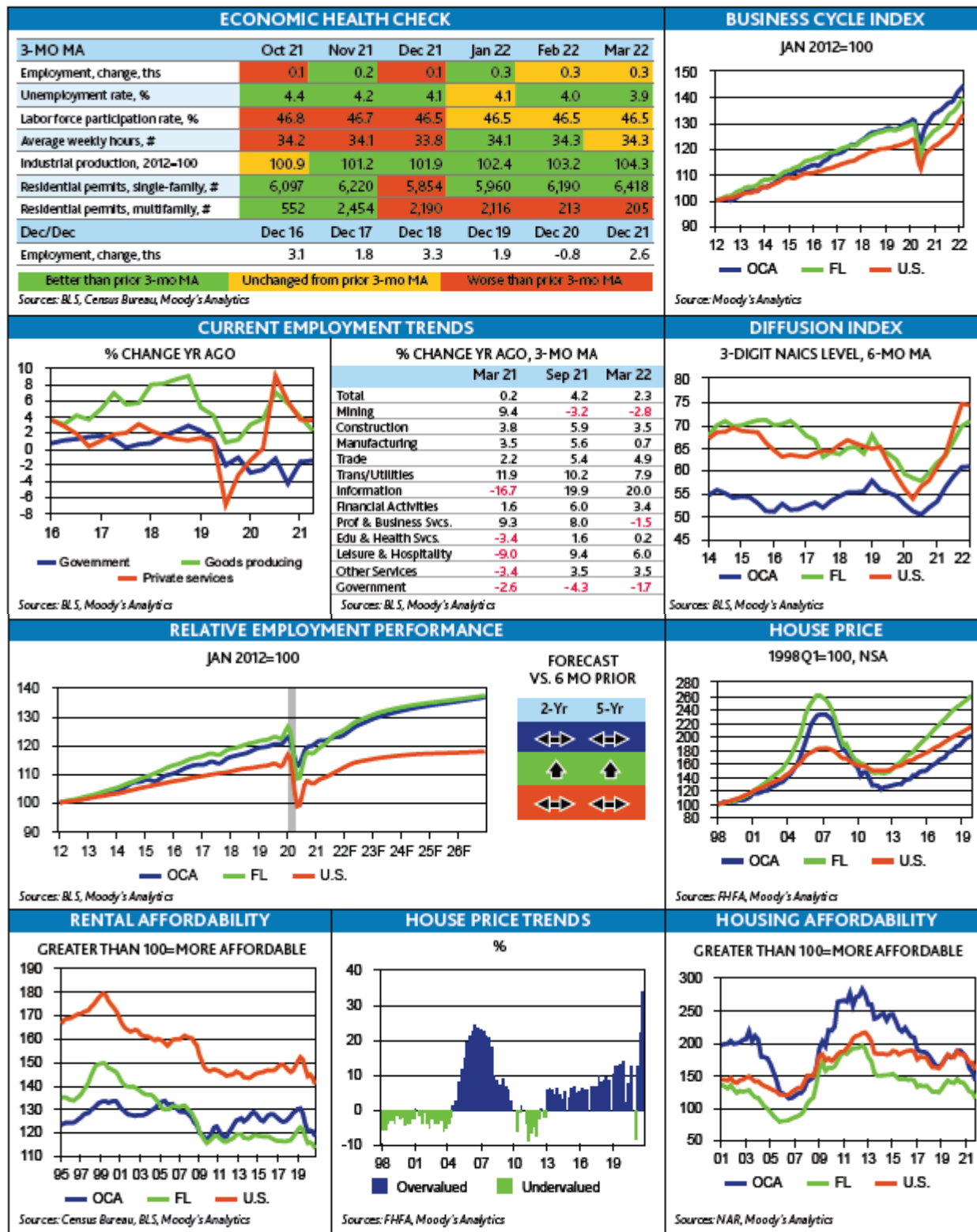
The subject property is located within the western city limits of Ocala in the northwestern portion of the Ocala CBSA.

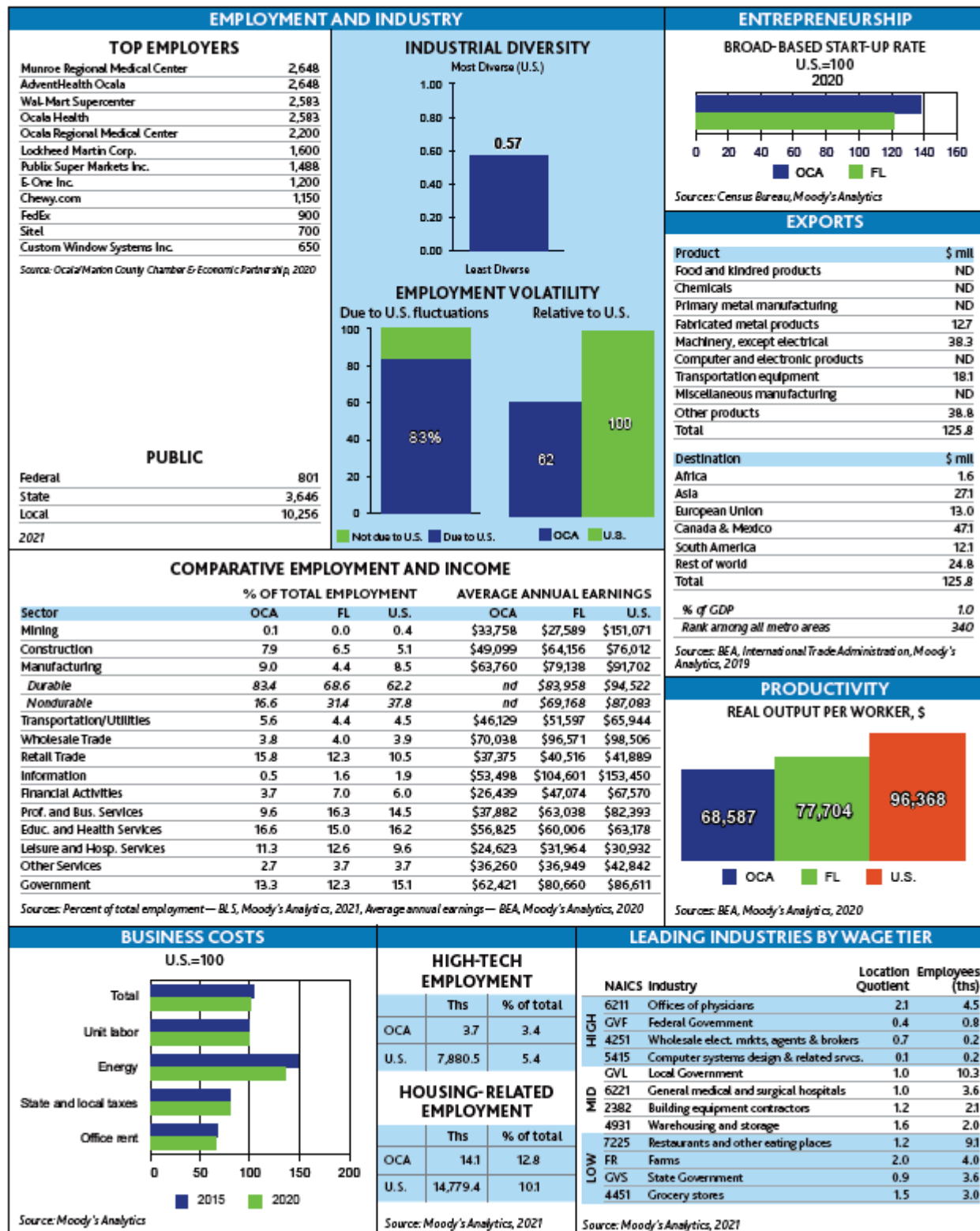
Economic & Demographic Profile

The following profile of the Ocala CBSA was provided by Moody's Economy.com, whose core assets of proprietary editorial and research content, as well as economic and financial databases, are a source of information on national and regional economies, industries, financial markets, and demographics.

Economy.com's approach to the analysis of the US economy consists of building a large-scale simultaneous-equation econometric model, which they simulate and adjust with local market information, creating a model of the US macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York and Texas, play a major role in shaping the national outlook. In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Economy.com's model structure also considers migration between states.







REGION INFORMATION- (Cont)

The following is a summary of some of our general observations about the subject's region.

- **Location** - The subject property is in the Ocala CBSA. The Ocala CBSA is located within the northern sector of central Florida, approximately 80 miles north-northeast of Orlando and approximately 90 miles southwest of Jacksonville.
- **Economy** - Ocala's economy is on solid ground. Employment is well diversified. Construction, healthcare and transportation/warehousing have driven growth in recent months, helping to partially offset sluggishness in government and leisure/hospitality. Ocala's health-care industry will be an outperformer. Above-average population growth, especially among seniors, will encourage job gains and healthcare investment, ensuring that Ocala bests the Florida and national averages. The burgeoning transportation/ warehousing industry will be an important secondary driver. Though known mainly as a retiree haven, Ocala has emerged as a key logistics hub and is conveniently located near multiple major highways.
- **Population** – Long term, strong population growth will allow Ocala to outperform the fast-growing south. A low cost of living compared with that in some other retiree destinations in Florida, coupled with increased household mobility as the national recovery progresses, bolsters the metro area's profile further. Consistent in-migration for years to come will provide local restaurants and retailers with steady demand for goods and services.
- **Income** - Income levels are projected to increase in the near term. The unemployment rate is slightly further from its pre-pandemic level than Florida's and the nation's, but the labor force has expanded at a hearty clip, indicating that job seekers are optimistic about their prospects. Per capita income is below statewide levels and below the national average, with a relatively low cost of living.
- **Strengths** - Strengths of the region include a strong migration of retirees promoting growth in services and close proximity to national markets and tourism cities such as Orlando, Tampa, and Jacksonville. The CBSA also benefits from an efficient transportation network and a good quality of life. The presence of State government and education also help to stabilize the workforce.
- **Weaknesses** - Weaknesses within the CBSA include the low per capita income, low worker productivity, high employment volatility, and the lack of available and affordable multi-family residential housing. Furthermore, local government is highly susceptible to fluctuations in property taxes.

Conclusion

Considering the social and economic attributes of the greater Ocala area, we are optimistic about the short-term outlook. Long-term, the region should see stability and moderate growth, with increasing real estate values stemming from the growing demand for services in the area. An influx of retirees will drive near-term gains in healthcare and consumer services, though an improving US economy will continue to support tourism. Ocala's central location will fuel even greater logistics investment than expected. Long-term, favorable demographics indicate the region should experience stability with continued moderate growth. However, house prices may decline significantly as interest rate hikes and weak in-migration sap demand.

LOCATION OVERVIEW

The property is located in the western city limits of Ocala, Marion County, Florida. The general neighborhood which has the greatest impact upon the highest and best use of the property is generally described as the geographical area which lies north of State Road 200 (Southwest College Road), east of Northwest 60th Avenue, south of State Road 326, and west of North Pine Avenue (US Highway 441/301). The subject property is in the west-central region of the neighborhood, along the northerly side of Northwest Blitchton Road/US Highway 27 and just east of Interstate Highway 75.

NEIGHBORHOOD ANALYSIS

The economic neighborhood is probably best described as the area which lies north of State Road 200 (Southwest College Road), east of Northwest 60th Avenue, south of State Road 326, and west of Northeast/Southeast 36th Avenue. The subject property is situated on the north side of Northwest Blitchton Road/US Highway 27 just east of its intersection with Interstate Highway 75.

Nearby uses to the property include a mixture of residential, commercial and industrial uses. Most of the uses along Northwest Blitchton Road/US Highway 27 in the general proximity of the property are commercial in nature. In the western region of the neighborhood, the Interstate Highway 75 interchange with US Highway 27 is heavily improved with a variety of commercial uses that are fairly typical of such intersections. These include several hotels/motels (including Howard Johnson's, Motel 6, Budget Host Inn, and Comfort Suites Hotel), restaurants, gas stations, scattered convenience stores, and retail outlets. US Highway 27 is a four lane, asphalt paved, divided arterial roadway which experiences a significant amount of local and business traffic daily. It extends northwesterly through Florida, exiting the state and extending north along the eastern seaboard. It also runs southeast and then southerly through the city limits of Ocala, where it intersects with US Highways 301 and 441 about three miles east of I-75.

In addition to the commercial and residential uses in the neighborhood, there are a wide variety of industrial uses as well. This includes several older industrial parks located along US Highway 27, including Besco Industrial Park, Pine Oaks Industrial Park, Bryan Industrial Park, Shady Road Industrial Park, and Galloway & Sands Industrial Park.

In the eastern region of the neighborhood, US Highway 441/301 is a four-lane, asphalt paved, divided US highway which runs north/south through Ocala, Marion County and across Florida. A wide variety of commercial uses are found along this corridor. Examples of uses in this area include the Gary Yeomans Ford auto dealership, Ocala North Shopping Center (anchored by a Harvey's Supermarket), several restaurants (such as McDonald's, Wendy's, Taco Bell/KFC, Zaxby's, Burger King, and Dunkin' Donuts), free-standing pharmacies (CVS/Walgreen's), and a variety of local businesses (such as used auto sales, auto repair, a pawn shop, RideNow Powersports, and others).

Other influences of interest within the neighborhood include the location of Howard Middle School and the Mildred Boynton Head Start Early Childhood Center (located adjacent west of Howard Middle School). There are several residential subdivisions, including a combination of single family and multi-family uses, located north and south of US Highway 27/Northwest 10th Street and west of Northwest Martin Luther King Jr. Avenue. Pine Oaks Golf Course, a former city-owned golf facility, is also located in the area along the north side of Northwest 21st Street and the east side of Northwest 27th Avenue. The golf course is closed, and the City recently sold the land to a developer for a residential subdivision which is currently being developed.

NEIGHBORHOOD ANALYSIS- (Cont)

One other important characteristic of the neighborhood is the development of a large industrial tract (sometimes referred to as the “Ocala 489 Tract” due to its 489-acre size) along the east side of Interstate 75, just north of US Highway 27. It was originally intended for use as a thoroughbred racing facility, but those plans never came to fruition. The property has now been developed as the Ocala/Marion County Commerce Park. FedEx Ground Systems has developed a 383,161 SF distribution facility in this commerce park, a \$122.9 million project. Another parcel in this commerce park was acquired by AutoZone for a distribution center. They recently built a \$49 million distribution center with about 440,000 SF. The facility serves 290 AutoZone stores in Florida and Puerto Rico. Even more recently, a 50-acre parcel within the commerce park was acquired by Chewy, an on-line retailer of pet foods and other pet-related products founded in 2011 and based in Dania Beach, Florida. The company was recently acquired by PetSmart. Chewy recently built an e-commerce distribution fulfillment center which will eventually create 600 jobs. The \$39+ million facility has about 600,000 SF. Amazon has also just recently leased a new 617,000 SF distribution facility in the commerce park. The company will create 120 jobs initially, with anticipation of over 300 jobs in the near future. Other new warehouse/distribution facilities are currently under construction in the commerce park. There is also the potential for using this commerce park as an inland port to accommodate shipping of goods from ports around Florida to locations throughout the southeastern United States.

Just outside the western region of the neighborhood, the World Equestrian Center is being developed just outside the western city limits of Ocala between US Highway 27 and State Road 40. It offers a 140,000 square foot arena seating 10,000 people. As part of the master development, the WEC includes a 260-room hotel (now open) and the development of 2,400 new homes on 3,145 acres in Ocala, west of Interstate 75. A new \$11.7 million 400-suite five-story pet-friendly hotel has recently been completed and is now open.

In summary, the neighborhood can generally be described as a mixed-use area in north and west Ocala. The immediate area is primarily developed with commercial uses along US Highway 27, with a mixture of light industrial uses, wholesale businesses, and residential uses throughout the balance of the area. Overall, the neighborhood has shown light to moderate growth over the past two decades. The existing uses blend together to form a well-established neighborhood area. The strong growth rate in the Ocala/Marion County area between 2000 and 2006 had declined during the recent recession and the subsequent Covid-19 pandemic (much like other areas throughout Ocala/Marion County, Florida and much of the US). However, economic conditions appear to have stabilized, and it is reasonable to predict that this location should benefit as economic conditions continue to improve. The continuing development in the Ocala/Marion County Commerce Park and World Equestrian Center provides support for this conclusion.

Nearby and Adjacent Uses

The subject’s local area is composed of a mixture of commercial, industrial and residential properties, with most of the commercial properties found along the US Highway 27 and US Highway 441/301 corridors. The industrial and residential uses are found throughout the neighborhood outside the commercial influences of the main roadways.


Special Hazards or Adverse Influences


We observed no detrimental influences in the immediate market area, such as flood areas, noisy or air polluting industrial plants, or chemical factories.

NEIGHBORHOOD ANALYSIS- (Cont)

Access

Local area accessibility is generally good, relying on the following transportation arteries:

Local:  US Highway 27 runs northwest/southeast through this region of Ocala and provides access to much of the west coast of Florida, particularly the Panhandle area of the state. US Highway 441/301 is a north/south thoroughfare through the subject's local neighborhood. It provides access to Interstate Highway 10 and the state of Georgia to the north, and to Belleview, Lady Lake, Leesburg, and Orlando/Interstate Highway 4 to the south. Much of the development along these roadways is commercial in nature. There are numerous residential uses which lie outside the commercial influences along these roadways, as well as scattered industrial uses throughout the area.

Regional:  Interstate 75 is located approximately one mile west of the subject property, with the nearest interchange at US Highway 27. Interstate 75 travels from State Road 826 in Miami, Florida throughout the southeast US and northward to Sault Ste. Marie, Michigan.

Conclusion

The location facilitates characteristics that are inherent in a variety of uses. The neighborhood can best be characterized as a mixed-use area in or just outside the northwest and western Ocala city limits. The Ocala area had strong growth between 2000 and 2006, prior to the recession. More recently, economic conditions throughout the region have experienced a recovery from the economic recession and the Covid-19 pandemic. This particular market area would be expected to remain viable into the long-term future, particularly as the economy continues to strengthen and improve. This trend is expected to continue and should have a positive effect on the overall economic vitality of the surrounding area.

LOCAL MARKET ANALYSIS

Introduction

Market Characteristics: The Ocala/Marion County market is located northwest of the Orlando area and is situated along the Interstate 75 corridor. The location of the City of Ocala along Interstate 75 makes it a major hub for distribution as Interstate 75 has access to many parts of Florida and intersects with Interstate 4 to the south. Typical users in the market include medical, professional, financial, retail, and industrial.

Population & Growth: The Ocala/Marion County market has been growing steadily over the past few years. The 2010 population in Marion County was estimated at 331,298 persons. The 2023 population was estimated at 409,959 persons, a 23.7% increase over this period. Some of this growth is associated with The Villages, a self-contained retirement community with a population estimated at over 125,000 persons and located in southern Marion County and northern Lake and Sumter Counties. The chart below provides a synopsis of the growth that has taken place in the area.





Summary	Census 2010	2016	2021
Population	331,298	344,417	357,308
Households	137,726	141,510	146,211
Families	92,554	94,370	97,107
Average Household Size	2.35	2.37	2.38
Owner Occupied Housing Units	105,075	102,002	104,928
Renter Occupied Housing Units	32,651	39,508	41,283
Median Age	47.3	49.3	51.0

Households/Median Household Income: The number of households in the Marion County area was estimated at 154,996 in 2022. The median household income was estimated at \$55,265 and the per capita income was \$31,086.

Households, 2018-2022	154,996
Median household income (in 2022 dollars), 2018-2022	\$55,265
Per capita income in past 12 months (in 2022 dollars), 2018-2022	\$31,086

Workforce/Employment: The following chart illustrates labor and employment information.

Ocala, FL

Data Series	Back Data	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	June 2022
Labor Force Data							
Civilian Labor Force ⁽¹⁾		143.2	142.3	142.6	142.5	(P) 144.2	
Employment ⁽¹⁾		137.4	137.1	138.2	138.6	(P) 139.9	
Unemployment ⁽¹⁾		5.9	5.1	4.4	4.0	(P) 4.3	
Unemployment Rate ⁽²⁾		4.1	3.6	3.1	2.8	(P) 3.0	

Footnotes

(1) Number of persons, in thousands, not seasonally adjusted.

(2) In percent, not seasonally adjusted.

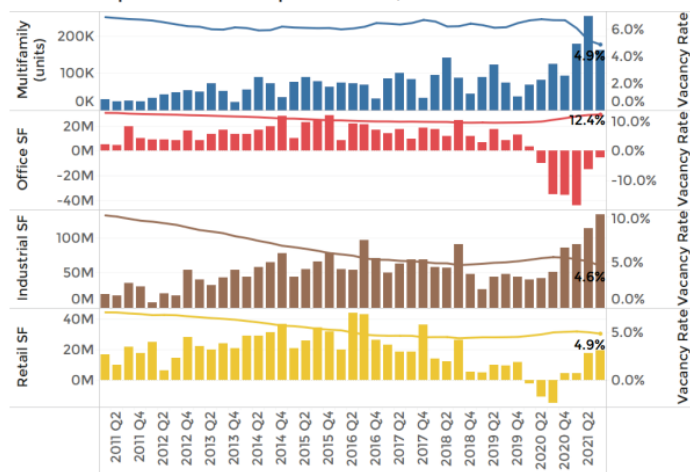
Data extracted on: August 02, 2022

Source: U.S. Bureau of Labor Statistics

LOCAL MARKET ANALYSIS- (Cont)

National Market Statistics

Rising Absorption and Declining Vacancy Rates Except for Office Properties as of September 19, 2021



Source of data: NAR analysis of CoStar data



Convenience Stores

On April 3, 2017, the Ocala Star Banner newspaper published an article about six new convenience stores coming to the Ocala area. The article mentions that Wawa submitted plans for four new convenience stores in the Ocala market, while RaceTrac has plans for two such projects. Both companies have indicated that Florida is an important market for them, but the Ocala market area is currently underserved. At the effective date of appraisal, most of these new locations are complete. Another article from March 2018 indicates RaceTrac is developing two additional locations, both along the Interstate Highway 75 corridor, one on State Road 40 and the other on US Highway 27, both just east of I-75. These locations are now open for business. Even more recently, 7-Eleven has announced plans to develop four new convenience stores in Ocala, some of which have already opened for business.

In early December 2017, Temple, Texas-based McLane Company, Inc., a wholly owned subsidiary of Berkshire Hathaway, announced plans to purchase the 114,360 SF Gordon Food Service facility in Ocala International Commerce Center off West State Road 40. They plan to expand it and transform it into a wholesale grocery distribution center to service convenience stores, adding 125 full time jobs to the local area. McLane is the nation's largest distributor to the convenience store industry with annual revenue of \$35 billion from their 80 distribution centers nationwide.

Equine Industry: Ocala/Marion County is often recognized as the Horse Capital of the World™ and is home to the largest number of horses and ponies in the US. The area is famed for its significant breeding operations and Ocala Breeders Sales thoroughbred auctions, as well as success at the track including Affirmed, a Triple Crown winner. But the area is also home to a wide number of breeds including Arabian, Paso Fino, Gypsy Vanner, and Quarter horses among many others. The area hosts HITS Ocala Winter Circuit, Live Oak International Combined Driving competition, and the Florida Horse Park which has recently undergone \$4 million in capital expansion and hosts more than 70 events a year.

LOCAL MARKET ANALYSIS- (Cont)

The community is also home to two major horse feed manufacturers and suppliers, including Ocala Breeders' Sales Company, which is located along Southwest 60th Avenue across from the Ocala International Airport.

A recent study commissioned by the Ocala/Marion County Chamber & Economic Partnership with support from HITS (Horse Shows in the Sun) and Hampton Inn & Suites found that the equine industry has a \$2.62 billion economic impact on the Ocala/Marion County area. This study was conducted by Kathleen Davis of Sports Marketing Research Institute in Carlsbad, California, a research firm dedicated to helping major companies determine where and how consumers are spending their discretionary income. Their clients include Major League Baseball, NASCAR, and the NFL. A two-phase onsite/online approach was used to determine the economic impact of the equine industry.

Summary of Economic Impacts of the Equine Industry

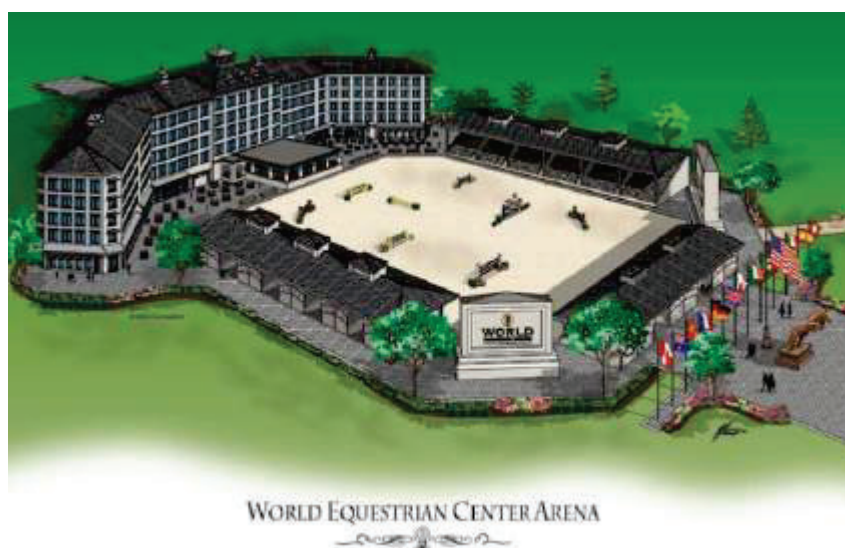
		Horse Farms & Training Facilities	All Other Sectors	Total All Sectors	Share of County Economy
Survey results	Number of survey respondents	317	207	524	
	Share of surveyed firms with equine business sales from nonlocal sources	66.6%	37.7%	55.2%	
Business population	Number firms in Marion County	1,017	7,990	9,007	
	Number of firms in Marion County with equine business sales from nonlocal sources	677	3,011	3,688	
Average equine-related nonlocal sales and employment per firm	Sales (\$)	\$832,700	\$397,379	\$684,218	
	Jobs	3.41	1.78	2.85	
Expanded county equine-related nonlocal sales and employment	Sales (million \$)	\$564	\$1,196	\$1,760	11.2%
	Jobs	2,307	5,366	7,673	5.8%
Regional economic multipliers	Industry Output	1.709	1.381		
	Value Added (GDP)	1.039	0.848		
	Employment final demand indirect/induced effects (jobs/M\$ output)	7.36	6.68		
Regional Economic Impacts	Industry Output (M\$)	\$963	\$1,653	\$2,616	16.6%
	Value added (GDP) (M\$)	\$586	\$1,014	\$1,600	18.3%
	Employment (fulltime & part-time jobs)	6,246	12,963	19,209	14.5%
<i>Employment impacts estimated using direct jobs reported. Industry average sales and employment from online survey (Aug 2014). Impacts represent direct, indirect & induced multiplier effects in regional economic model for Marion County FL (IMPLAN Group LLC). Average multipliers weighted by total value/jobs in each industry group; 25% gross margin applied to wholesale & retail trade sectors. Sources for number of firms: U.S. Department of Agriculture, 2012 Census of Agriculture (horse farm operations with sales); Florida Department of Labor, Quarterly Census of Employment and Wages, 3rd quarter, 2013 (all other business sectors).</i>					

Overall, the results of this study indicated that the total economic impact of the equine industry annually in Marion County is \$2.62 billion in revenues, \$1.60 billion in value added contribution to the Gross Domestic Product (GDP), and employment of 19,209 full-time and part-time jobs.

LOCAL MARKET ANALYSIS- (Cont)

For horse farms/training facilities, industry output impacts were \$963 million, value added impacts were \$586 million and employment impacts were 6,246 jobs. For all other business sectors, industry output impacts were \$1.65 billion, value added impacts were \$1.01 billion and employment impacts were 12,963 jobs. These impacts represent 15 to 18 percent of the overall Marion County economy.

In addition to the existing facilities, the World Equestrian Center (WEC, drawing below) is being developed just outside the western city limits of Ocala between State Road 40 and US Highway 27. It will offer a 140,000 square foot arena seating 10,000 people. As part of the master development, the WEC includes a 260-room hotel (now open) and 2,400 new homes on 3,145 acres in Ocala, west of Interstate 75.



Higher Education: Ocala is home to two institutions of higher learning, the College of Central Florida (CF) and a satellite campus for Rasmussen College. The College of Central Florida reported a total 2018-19 enrollment 10,854 at its four campuses, of which about 7,931 are enrolled at the Ocala campus. Rasmussen College operates seven campuses including its Ocala satellite campus. Rasmussen College-Ocala reported a total enrollment in 2018-19 of 6,318.

Health Care: Several renovation and expansion projects are underway, or soon will be. Ocala medical facilities are in a building boom, with expansions and renovations at several facilities. In addition to the continued construction at AdventHealth, West Marion Community Hospital and Ocala Regional Medical Center, work on additions is underway at Encompass Health Rehabilitation Hospital of Ocala and One Health Center. Several of these projects are summarized below and on the following page.

The Heart of Florida Health Center is renovating an area at its central location to include a pharmacy. The organization also recently closed on the purchase of a nearly 70,000-square-foot former supermarket location along East Silver Springs Boulevard/State Road 40, which has recently undergone extensive interior renovations.

LOCAL MARKET ANALYSIS- (Cont)

Encompass Health Rehabilitation Hospital, formerly HealthSouth, at 2275 SW 22nd Lane near Paddock Mall, started construction on a new \$5.5 million wing that will add room for up to 20 more patients at the 60-bed facility. Ten beds opened immediately when the more than 10,000-square-foot expansion was completed. They will have room for 10 more beds in the future. The addition includes expansion of the cafeteria and will bring the hospital to almost 70,000-square-feet on the 6.74-acre campus. Last June, the hospital bought an adjacent one-acre property that included a building that housed a Hardee's restaurant. Recently, the hospital demolished the building, and the area has been converted into a parking lot. The Ocala facility provides rehabilitation to patients recovering from strokes, hip fractures and other injuries or illness. It offers a wide range of therapies, including physical, occupational, respiratory, and speech.

One Health Center, the mega healthcare facility at 1714 SW 17th Street (State Road 464), recently completed a 5,500 square-foot addition on the east side of the facility. The addition includes administration offices and more space for the imaging department. One Health Center includes an urgent care center, cardiology, endocrinology and radiology services, and programs for senior citizens.

Heart of Florida has started construction on a pharmacy at the 1025 SW First Avenue facility. Once finished, the pharmacy will serve the organization's patients only with lower-cost medications. Another Heart of Florida pharmacy opened in late 2018 at the east facility inside the Florida Department of Health in Marion County at 1801 SE 32nd Avenue. The organization, which provides health care services to low-income residents, also recently purchased the former Albertsons building at 2553 E Silver Springs Boulevard (State Road 40), for \$2.9 million. Heart of Florida renovated the interior at an additional cost of about \$2 million.

The Vines Hospital plans a nearly \$800,000 interior renovation at its 3130 SW 27th Avenue facility near Paddock Mall. The project will convert 22 beds from adolescent residential treatment to adult inpatient, according to a statement from the hospital. The Vines has 98 beds and offers crisis stabilization, psychiatric care, detox services, a women's trauma program, the H.O.P.E. program for active-duty females and female veterans, and outpatient services.

Ocala Eye recently opened a new facility in the Market Street at Heath Brook complex at 4414 SW State Road 200. The new location replaced the Paddock Park office. The facility offers optometry services as well as LASIK, hearing and aesthetic services. The ophthalmology practice has five offices and serves Marion County and The Villages. Founded in 1971, the practice offers a wide range of services, including cataract surgery and glaucoma treatment.

Ocala Health System continues its more than \$120 million in expansions and renovations at West Marion Community Hospital, Ocala Regional Medical Center (ORMC) and a stand-alone emergency room in Ocala. The addition of 36 beds on the newly constructed fifth floor at West Marion will cap a \$62.7 million expansion at the hospital, which included nine additional emergency treatment rooms for a total of 32 and the addition of four operating rooms, doubling the previous total. At ORMC, 34 news beds are part of \$56.8 million in additions and renovations that also include 12 new emergency department rooms and two new operating rooms, as well as the redesign and renovation of several areas of the hospital. In addition, Ocala Health recently completed construction on a \$13 million freestanding ER on 4.38 acres at the corner of Southeast Maricamp Road/State Road 464 and Southeast 30th Avenue, in the shadow of First Baptist Church of Ocala. Ocala Health, which is part of the Tennessee-based Hospital Corporation of America, opened the facility in September 2019.

LOCAL MARKET ANALYSIS- (Cont)

AdventHealth Ocala continues a \$26 million expansion to the emergency department. In addition, the hospital, which is part of Adventist Health System, is pushing to build a \$110 million hospital at the TimberRidge location on State Road 200. While the project received initial approval in 2016 from the state, challenges, including from Ocala Health, scuttled the plans. The Florida Agency for Health Care Administration again approved the plan in 2019 and challenges soon followed. In the interim, the lease to operate the hospital, formerly Munroe Regional Medical Center, changed hands from Community Health Systems to Advent Health System.

Interstate Highway 75 Corridor: The Interstate 75 commercial corridor is the primary retail and hospitality corridor of Ocala. There are three key Ocala exits off Interstate 75. The southern exit at State Road 200/Southwest College Road represents the primary commercial hub of Ocala. In this area, retail is anchored by Paddock Mall, Best Buy, Wal-Mart, Kohl's, Belk, Macy's, TJ Maxx, Lowe's, Home Depot, PetSmart, Sam's Club, and JCPenney. Other retailers in this submarket include gas stations/convenience stores, mobile phone stores, pharmacies, home décor shops, and the like. This area is also a hub for restaurants that trend to the nationally franchised variety such as Cracker Barrel, Red Lobster, Olive Garden, Outback Steakhouse, Cheddar's Scratch Kitchen, as well as most national quick service/fast-food eateries such as McDonald's, Burger King, Wendy's, Taco Bell, Panda Express, Chick-fil-A, etc. The State Road 200 interchange also represents the high-end hotel market in Ocala with a Hilton, Courtyard, Hampton Inn & Suites, Holiday Inn Express & Suites (2018), SpringHill Suites (2019), La Quinta Inn & Suites, Country Inn & Suites, Quality Inn, Best Western, and Holiday Inn and Suites/Conference Center. Overall, the State Road 200/Southwest College Road corridor is likely to remain the primary retail and hospitality center of Ocala. Land is still available, but parcels with good frontage are less common and development is expanding west, further from the city and interstate, where land is more readily available. It is noted that these lands are infringing on unincorporated sections of Marion County where utilities availability may be inferior.

The middle exit along I-75 is the State Road 40/West Silver Springs Boulevard interchange; an old growth submarket anchored by the Ocala International Airport. This exit is a mix of industrial uses in outlying areas and highway support uses near the interstate. Near the interstate uses include gas station/convenience stores such as Chevron, RaceTrac and Wawa; some quick service restaurants such as Taco Bell, McDonald's, Burger King, Wendy's, and Denny's; and older economy class hotels such as Days Inn, Super 8, and Red Roof Inn. Industrial uses include distribution/warehouses and semitruck repair shops. Overall, this is considered to be a tertiary submarket of Ocala with limited land available within the city limits.

The northern exit along I-75 is the US Highway 27/Northwest Blythe Road interchange. Previously, this interchange was considered an outlier for development with a couple of golf course communities located west of the interstate. The hotels at this interchange are mostly in the economy class such as Howard Johnson, Days Inn, and Motel 6 with the top end of the market held by a Comfort Suites. Several gas station/convenience stores and quick service restaurants populate both sides of the interstate. The World Equestrian Center (WEC) that continues to be developed south of US Highway 27 and west of Southwest 80th Avenue is expected to be a "game changer" to this interchange (according to the Economic Development Corporation/Chamber of Commerce). The WEC may absorb the existing Golden Ocala Golf and Equestrian Club subdivision while adding a 140,000 square foot equestrian arena that will seat 10,000 spectators. Additionally, this master development will offer a 260-room hotel (now open) and build 2,400 luxury homes. Overall, this development will cover 3,145 acres. In February 2022, WEC announced plans for a new \$11.7 million 400-suite five-story pet-friendly hotel. It has recently been completed and is now open.

LOCAL MARKET ANALYSIS- (Cont)

Conclusion

The population in Marion County has grown fairly rapidly over the past few decades. The population in Marion County has grown from 258,916 persons in 2000 to an estimated 409,959 persons in 2023, or an increase of 58% over this time period. Marion County is the 17th most populous county in Florida.

The subject property is located in an area with an expanding population base. Based on the recent improvement in the local economy, and the number of new and redevelopment projects being undertaken in the local commercial market in 2023-2024, the Ocala/Marion County area should continue to grow in the foreseeable future. As vacancies continue to decrease, and rental rates continue to increase, market demand for additional commercial, retail and office space should also increase. The subject property is well positioned in its market area and net appreciation of real estate values is expected to be good.

Coronavirus/Covid-19 Pandemic

The coronavirus pandemic has affected the lifestyles and economic activities of residents around the state and the US. In Marion County, there have been 110,305 people (the most recent figures as reported on October 12, 2023) affected by the virus out of a population of over 409,000 persons. This amount represents nearly 27% of the entire population of the county. Local government agencies closed non-essential business activities during part of 2020. Businesses have since reopened. State officials have made it difficult for local government officials to make decisions for their own areas due to the Florida Governor's mandates overriding local/home rule. As a result, Florida has been one of the worst states in the US in terms of the number of Covid cases and deaths. The number of infections from Covid and its variants has been decreasing substantially.

The significant loss in the stock market during early to mid-2020 reportedly caused investors to consider real estate as a safer investment than stocks. Also, continued recovery from the pandemic in China, where the virus was initially found, and elsewhere in the world, would seem to indicate that the affects in the market will be for a relatively short period of time. Although additional "waves" of the virus have been experienced in many areas throughout the US and the world, now that vaccines are available the impact is anticipated to be somewhat short-lived. In that case, overall real estate markets should be stable and/or continue to grow in the long-term, but could potentially suffer some fluctuations in value during the short-term.