

# APPRAISAL REPORT

**1115 BRACKENRIDGE AVENUE**  
Brackenridge, Pennsylvania 15014

## VALUATION DATES

As-Is Market Value: January 14, 2022

Date of Report: February 4, 2022



## PREPARED BY

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File No: PR-22287

## PREPARED FOR

1115 Brackenridge, LLC



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February 4, 2022

1115 Brackenridge, LLC

RE: **Appraisal Report**

1115 Brackenridge Avenue, Brackenridge, Pennsylvania 15014

Owen Appraisal Service LLC File No: PR-22287

Mr. Williams:

Owen Appraisal Service LLC is proud to present the appraisal that satisfies the agreed upon scope of work with 1115 Brackenridge, LLC.

The subject property, located at 1115 Brackenridge Avenue, Brackenridge, PA, located in the Northeast Pittsburgh submarket, is a mixed use commercial property with a three story brick building improvement and detached one level single unit dwelling. The mixed use building contains two commercial spaces and an apartment unit on the first floor, and 10 apartments on the second and third floors. The total GBA is estimated at 12,140 SF. The subject property is currently vacant.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Owen Appraisal Service internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Fee Simple). The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	INTEREST APPRAISED	DATE	VALUE
As-Is Market Value	Fee Simple	January 14, 2022	\$260,000

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), the Financial Institutions Reform and Recovery and Enforcement Act (FIRREA) standards.

**EXTRAORDINARY ASSUMPTIONS**

The use of an extraordinary assumption(s) may have impacted the results of the assignment. The GBA and NRA estimates are accurate. The renovation cost estimated utilized in this report was provided by the owner and assumed to be true and correct. If it is determined that the cost to renovate is in fact different, the results of this report would be impacted. We have relied on information provided by the client as well as from public records as it relates to building size, year of construction, land size, and other physical, financial, and economic



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characteristics. It is an extraordinary assumption of this appraisal that this information is accurate and was not misrepresented. We relied on public records for items such as real estate tax information, zoning information and in some cases, site and building size information. We assume this information is accurate. However, should other information be provided that have a material impact on our conclusion, then we would reserve the right to readdress our conclusion. This analysis makes the extraordinary assumption that the non-inspected areas of the property are in a similar condition to the areas inspected by the appraiser unless otherwise noted. Detached dwelling is estimated to be in average overall condition based on exterior inspection.

### **HYPOTHETICAL CONDITIONS**

No Hypothetical Conditions were made for this assignment.

### **RELIANCE LANGUAGE**

No liability is assumed, expressed or implied by Owen Appraisal Service LLC, or the appraiser(s) for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations or groups that are explicitly identified as an intended user may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk or peril.

If there are any specific questions or concerns regarding the attached appraisal report, or if Owen Appraisal Service LLC can be of additional assistance, please contact the individuals listed below.

**AT THE TIME OF THIS ASSIGNMENT, A GLOBAL PANDEMIC IS UNDERWAY AND NORMAL MARKET ACTIVITY WAS SUSPENDED BY THE GOVERNOR EFFECTIVE FROM MARCH 2020 UNTIL MAY 29, 2020. ALL BUSINESSES WERE ORDERED TO CLOSE AND NORMAL MARKET ACTIVITY HAD BEEN TEMPORARILY PAUSED. NO DATA EXISTS UNDER THESE CIRCUMSTANCE AND THIS APPRAISER CANNOT FORECAST THE IMPACT ON REAL ESTATE PRICES, AVAILABILITY OF FINANCING AND BUYER DEMAND AND OR BUYING POWER. THIS REPORT, AS IS THE CASE WITH ANY CURRENT MARKET VALUATION, RELIES ON HISTORICAL DATA UP TO THE EFFECTIVE DATE OF VALUE.**

Respectfully Submitted,

**OWEN APPRAISAL SERVICE LLC**

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## LETTER OF TRANSMITTAL

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## PROPERTY IDENTIFICATION

Name	1115 Brackenridge Avenue
Property	Commercial - Mixed Use Commercial
Address	1115 Brackenridge Avenue
City, State Zip	Brackenridge, Pennsylvania 15014
County	Allegheny County
MSA	Pittsburgh, PA MSA
Market / Submarket	Pittsburgh Area / Northeast Pittsburgh
Geocode	40.606233,-79.735669
Census Tract	42-003-402000

## SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	1224-D-20	
Land Area	Square Feet	Acres
Usable	13,588	0.31
Total	13,588	0.31
Zoning	General Retail and Business (C-1)	
Shape	Generally Rectangular	
Topography	Level at street grade	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Unknown	

## IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Vacant - 14 Tenant Spaces
Net Rentable Area (NRA)	12,140
Gross Building Area (GBA)	12,140
Ground Floor SF	4,588
Units	14
Total Buildings	1
Floors	3
Year Built	1900
Actual Age	122 Years
Effective Age	40 Years
Economic Life	55 Years
Remaining Economic Life	15 Years
Land To Building Ratio	1.12 : 1
Site Coverage Ratio	33.8%
Parking	0.8 / 1,000 SF NRA

## QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Average
Building Condition	Fair
Building Appeal	Below Average

## HIGHEST & BEST USE

Proposed Construction	No
As Vacant	Hold for future development
As Improved	Renovate current mixed use building

## EXPOSURE & MARKETING TIME

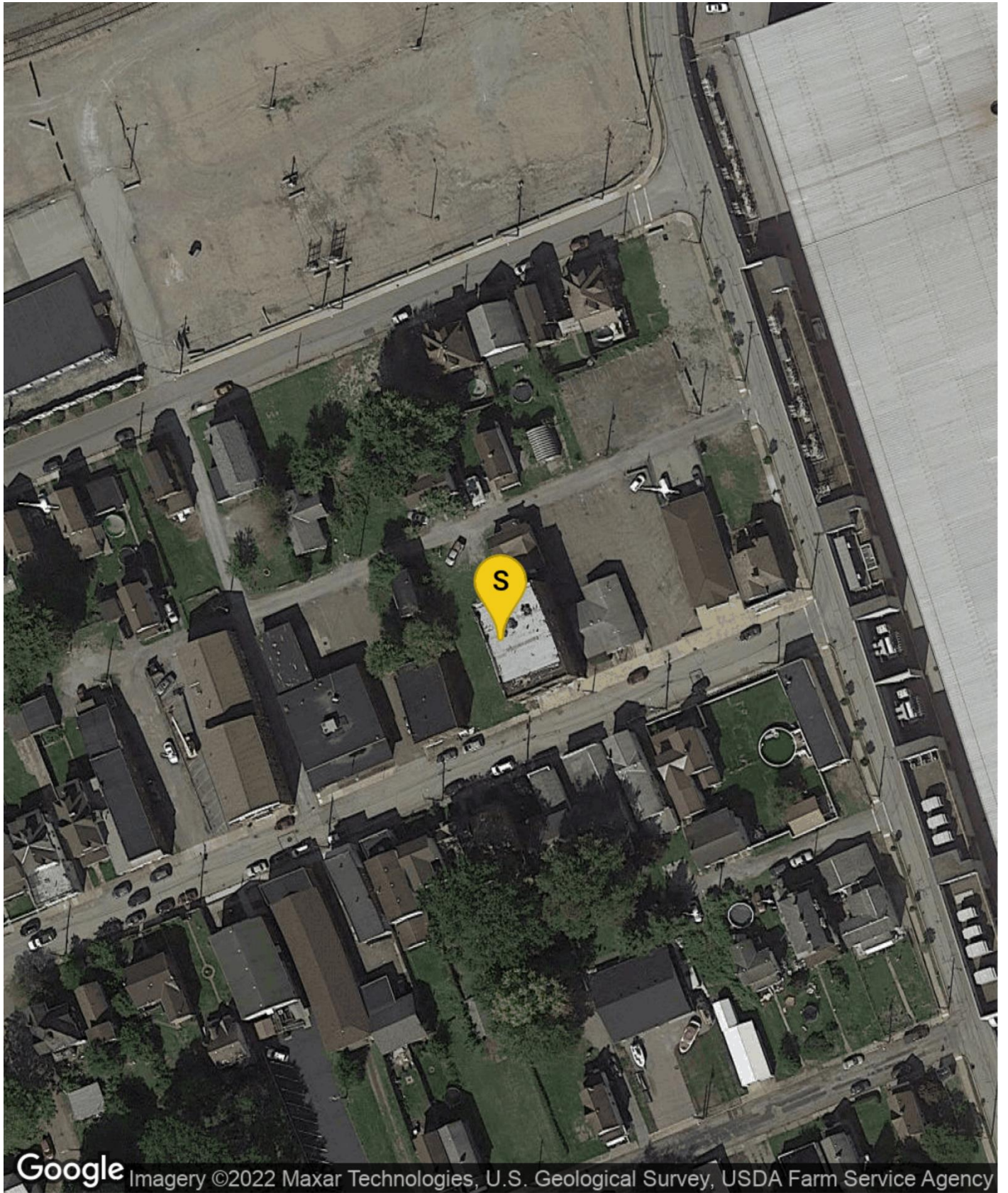
Exposure Time	9 to 12 Months
Marketing Time	9 to 12 Months

## INVESTMENT INDICATORS

Current Occupancy / Current Vacancy	0.00%	100.00%
Stabilized Occupancy / Stabilized Vacancy & Credit Loss	92.00%	8.0%
Lease Up Period	12 Months	
Occupied SF / Vacant SF	0	12,140
Number of Tenants in Occupancy / Vacant Spaces	0	14
Total Contract Rent (Occupied Space)	\$0	
Total Market Rent (Occupied Space)	\$0	
Contract Rent As % of Market Rent	-	
Expense Ratio (Expenses/EGR)	29.36%	
Direct Capitalization NOI	\$70,519	\$5.81PSF
Capitalization Rate (OAR) Conclusion	12.00%	

## VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple
Date	January 14, 2022
Site Value	Not Presented
Cost Approach	Not Presented
Sales Comparison Approach	\$225,000
Income Capitalization Approach	\$275,000
<b>FINAL VALUE CONCLUSION</b>	<b>\$260,000</b>





Front View



Rear View



Street Scene



Alternate Street Scene



Alley Scene



Off Street Parking





Electrical Meters



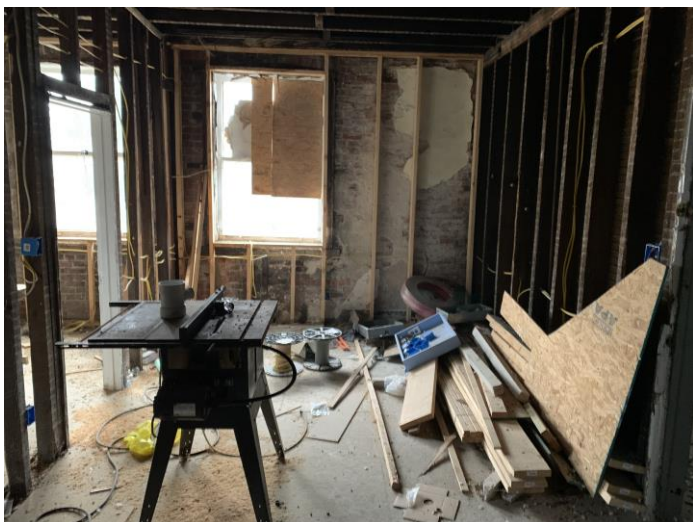
First Floor Retail/Office Unit



Second First Floor Retail/Office Unit



Entrance to Upper Level Apartments



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Interior



Apartment Kitchen



Apartment Bathroom



Detached Dwelling Unit

## **PROPERTY IDENTIFICATION**

The subject property, located at 1115 Brackenridge Avenue, Brackenridge, PA, located in the Northeast Pittsburgh submarket, is a mixed use commercial property with a three story brick building improvement and detached one level single unit dwelling. The mixed use building contains two commercial spaces and an apartment unit on the first floor, and 10 apartments on the second and third floors. The total GBA is estimated at 12,140 SF. The subject property is currently vacant.

The assessor parcel number is: 1224-D-20.

## **LEGAL DESCRIPTION**

The legal description of the subject property is as follows: BRACKENRIDGE EXTN PLAN 296-297 PT 295 LOT 98X138.5X98.22 RR IN ALL BRACKENRIDGE AVE IMP-DESC: 3 STY BRK BLDG 1115-1117 1 STY FRA & INS BRK HSE

## **CLIENT IDENTIFICATION**

The client of this specific assignment is 1115 Brackenridge LLC.

## **INTENDED USE & INTENDED USERS**

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. 1115 Brackenridge LLC or assigns are the only intended users of this report.

## **PURPOSE**

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Fee Simple).

## **PERSONAL PROPERTY & BUSINESS INTANGIBLE**

There is personal property (FF&E) with contributory value included in the conclusion reported herein. Further details are provided later in this report. There is no business or intangible value included in the value conclusion reported herein.

## **PROPERTY AND SALES HISTORY**

### **Current Owner**

According to Allegheny County Public Records, legal title to the subject property is held by 115 Brackenridge LLC. The subject property was transferred from River Stone Lofts & Apartments LLC to 115 Brackenridge LLC on August 1, 2017 for the consideration of \$130,000 indicating a price paid of \$10.71 PSF. This transaction is recorded under Book 16919 & Page 147 of the Public Records of Allegheny County. This transfer of ownership is believed to be Arm's Length transaction.

### **Three-Year Sales History**

According to county records there has been no transfer of ownership for the subject property in the past three years and there is no known pending sale. The subject is currently listed for sale on the MLS. The beginning list date was 10/4/2021 with a list price of \$279,000. The asking price was reduced on 10/21/2021 to \$259,000, 11/11/2021 to \$219,000, 11/27/2021 to \$209,000 and 12/08/2021 to \$199,000. As of the date of this report, the subject's current list price is \$199,000 with a total days on market of 102.



**EXPOSURE & MARKETING TIME**

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. The following information is used to estimate exposure time and marketing time for the subject:

EXPOSURE & MARKETING TIME			
SOURCE	YEAR/QUARTER	MONTHS RANGE	AVERAGE
Improved Sales		2.7 to 12.5	7.6
<b>OVERALL AVERAGE</b>			<b>7.6</b>
Exposure Period Conclusion			9 to 12 Months
Marketing Time Conclusion			9 to 12 Months
Most Probable Buyer			Local Investor

**Exposure Time Conclusion**

The subject is a commercial (mixed use commercial) use totaling 12,140 SF (NRA) on 0.3119-acres (13,588 SF) located at 1115 Brackenridge Avenue in Brackenridge, Allegheny County, Pennsylvania. Considering these factors, a reasonable estimate of exposure time for the subject As-Is Market Value (Fee Simple) is 9 to 12 months.

**Marketing Time Conclusion**

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Overall market conditions are expected to remain stable, so a marketing time of 9 to 12 months is predicted for the subject.

**DEFINITION OF MARKET VALUE**

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, knowledgeably, and assuming that 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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. 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>1</sup>

**PROPERTY RIGHTS APPRAISED**

The property rights appraised constitute the fee simple interest.

<sup>1</sup> Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

## VALUE SCENARIOS

### As-Is Value

The estimate of the value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>2</sup>

## SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access and site exposure.
- ▶ The appraisal includes a small mixed use retail/office w/apartments property market analysis for the Pittsburgh Area market and Northeast Pittsburgh submarket using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site and existing improvements.
- ▶ In selecting applicable approaches to value, the appraisers considered the agreed upon appraisal scope and assessed the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Sales Comparison and Income (Direct Capitalization) approaches. The values presented represent the As-Is Market Value (Fee Simple).
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a summarized level of analysis.
- ▶ The authors of this report are aware of the Competency Rule of USPAP and meet the standards.

## ASSISTANCE PROVIDED

No one provided real property appraisal assistance to the individuals signing this report.

## SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

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<sup>2</sup> *The Dictionary of Real Estate Appraisal, 6th Ed.* (Chicago: Appraisal Institute 2015)



**INFORMATION PROVIDED**

Property/Tax	Allegheny County Assessor
Zoning	Brackenridge Borough Zoning
Site Size	Allegheny County Assessor
Building Size	Physical Measurement by Appraiser
Supply & Demand	CoStar
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	CoStar and confirmed by local agents
Legal Description	Tax Assessor
Construction Costs/Budget	Property Owner

**INFORMATION NOT PROVIDED**

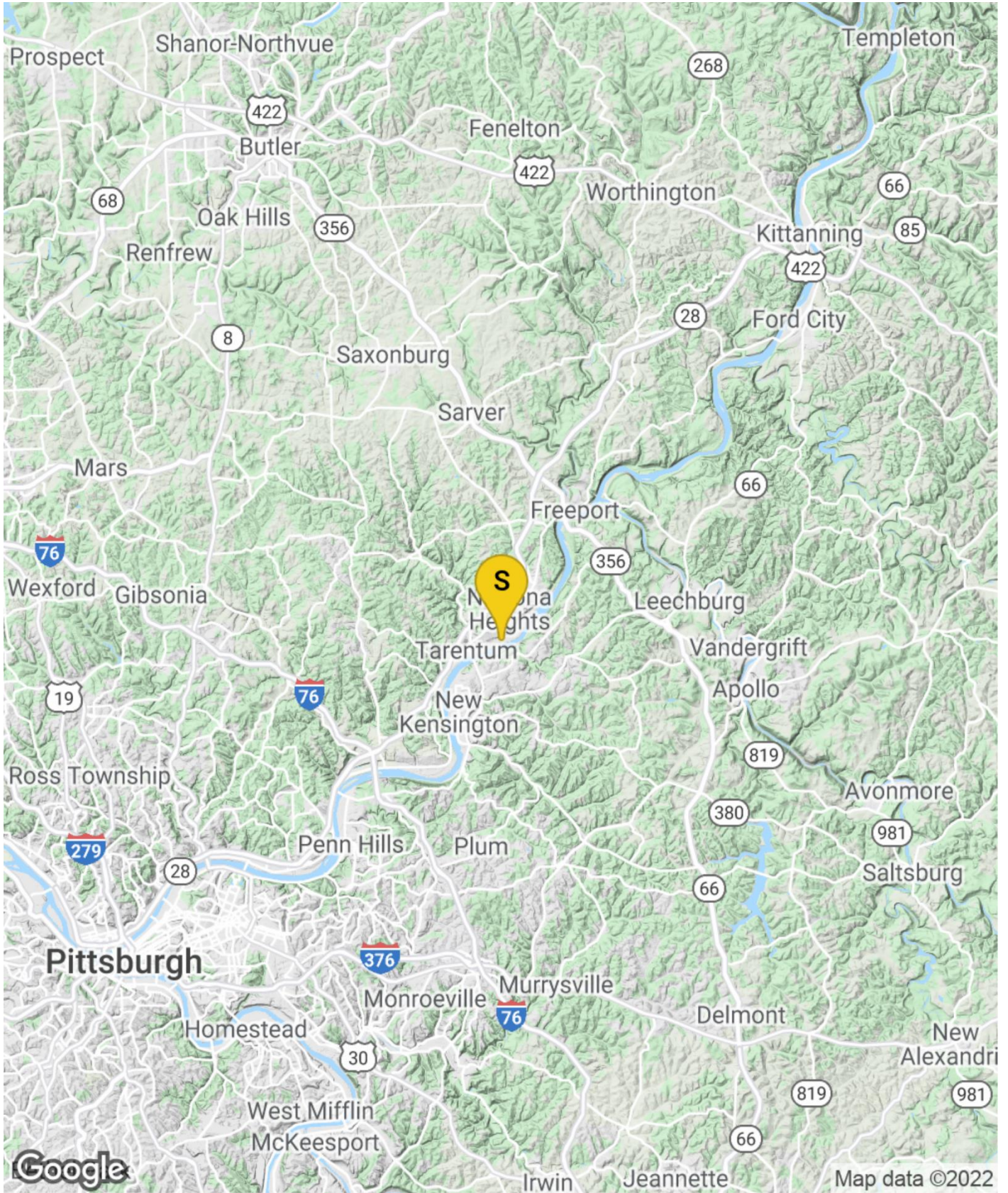
- Income/Expense Statements
- Income/Expense Budget
- Physical Inspection Report
- Building Plans/Specs
- Title Report
- Phase I Environmental Report
- Lease Documents

The lack of the unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

**SUBJECT PROPERTY INSPECTION**

**PROPERTY INSPECTION**

<b>APPRAISER</b>	<b>INSPECTED</b>	<b>EXTENT</b>	<b>DATE</b>	<b>ROLE</b>
Timothy J. Sakmar	Yes	Interior & Exterior	January 14, 2022	Appraiser
Anthony J. Owen	No	N/A		Appraiser





**INTRODUCTION**

In order to understand the subject’s position in the area or region, we have undertaken a brief analysis in order to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject’s area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we undertake a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and the subject’s neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

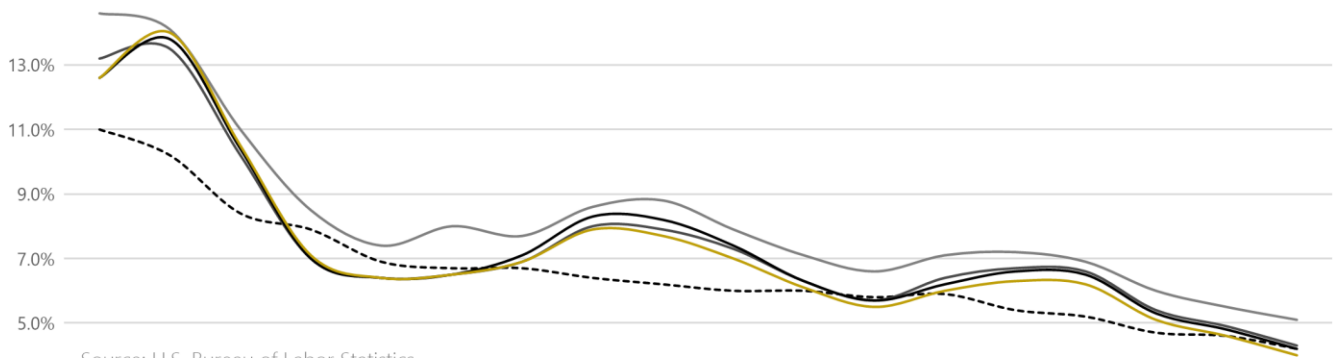
**REGIONAL AREA ANALYSIS**

The subject property is located in Brackenridge, Pennsylvania. The map presented on the previous page illustrates the subject property location relative to the Pittsburgh, PA MSA metropolitan area.

**Unemployment**

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Middle Atlantic Division, Pennsylvania, Pittsburgh, PA MSA, and Allegheny County.

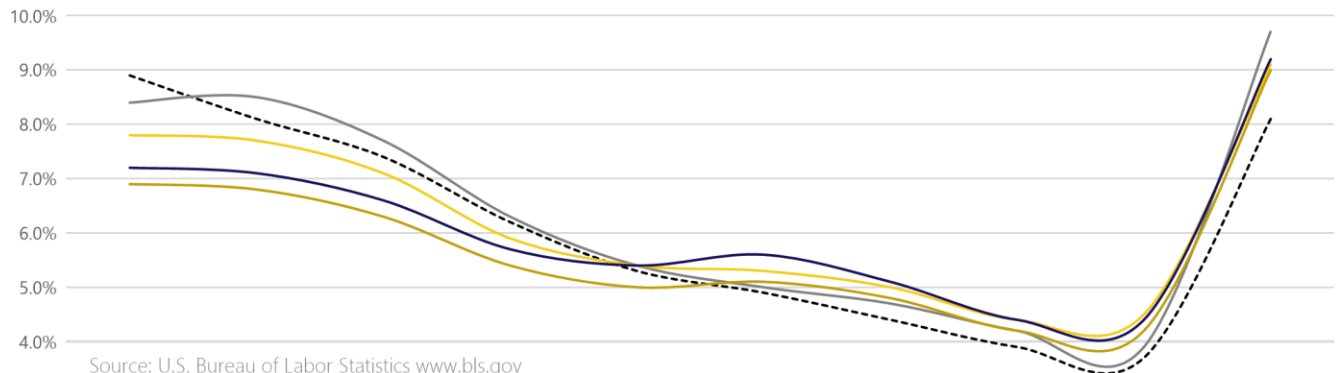
**MONTHLY UNEMPLOYMENT RATE (18 MONTHS)**



Source: U.S. Bureau of Labor Statistics

	Jun	Jul	Aug	Sep	Oct	2020 Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2021 Nov
---Nation	11.0%	10.2%	8.4%	7.9%	6.9%	6.7%	6.7%	6.4%	6.2%	6.0%	6.0%	5.8%	5.9%	5.4%	5.2%	4.7%	4.6%	4.2%
—Region	14.6%	14.1%	11.0%	8.5%	7.4%	8.0%	7.7%	8.6%	8.8%	7.9%	7.1%	6.6%	7.1%	7.2%	6.9%	6.0%	5.5%	5.1%
—State	13.2%	13.5%	10.2%	7.0%	6.4%	6.5%	6.9%	8.0%	7.9%	7.3%	6.3%	5.7%	6.4%	6.7%	6.6%	5.4%	4.9%	4.3%
—Area	12.6%	13.8%	10.4%	7.0%	6.4%	6.5%	7.1%	8.3%	8.2%	7.4%	6.3%	5.7%	6.2%	6.6%	6.5%	5.3%	4.8%	4.2%
—County	12.6%	14.0%	10.5%	7.1%	6.4%	6.5%	6.9%	7.9%	7.7%	7.0%	6.1%	5.5%	6.0%	6.3%	6.2%	5.1%	4.6%	4.0%

### ANNUAL UNEMPLOYMENT RATE (10 YEARS)



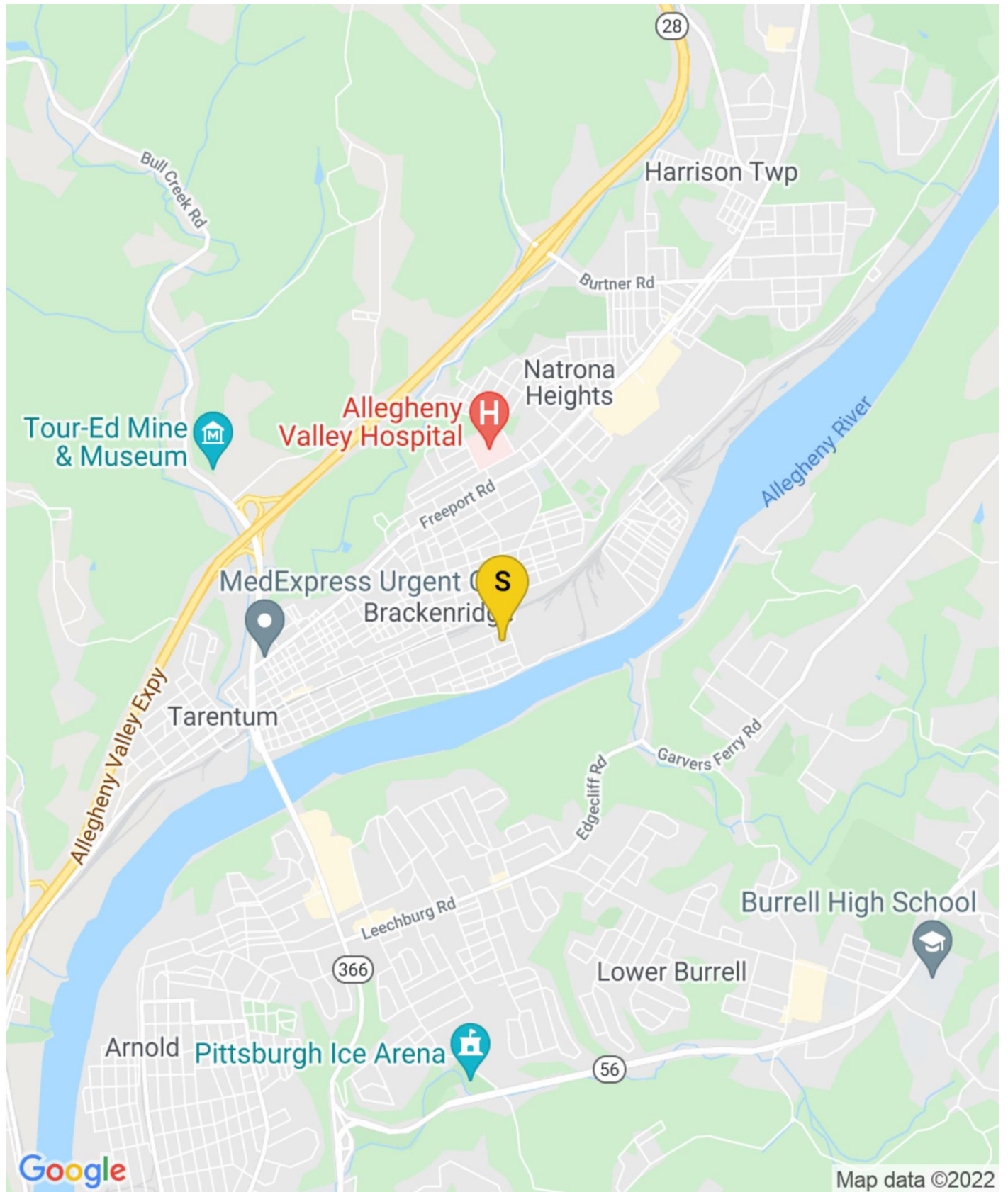
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
---Nation	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%
—Region	8.4%	8.5%	7.7%	6.3%	5.4%	5.0%	4.7%	4.2%	3.9%	9.7%
—State	7.8%	7.7%	7.1%	5.9%	5.4%	5.3%	5.0%	4.4%	4.5%	9.1%
—Area	7.2%	7.1%	6.6%	5.7%	5.4%	5.6%	5.1%	4.4%	4.4%	9.2%
—County	6.9%	6.8%	6.3%	5.4%	5.0%	5.1%	4.8%	4.2%	4.2%	9.0%

### Employment

The following chart shows the trailing 10 years employment for the state of Pennsylvania, Pittsburgh, PA MSA, and Allegheny County.

STATE & REGIONAL EMPLOYMENT						
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.
2011	5,886,748	0.8%	1,121,008	1.4%	597,225	1.6%
2012	5,955,409	1.2%	1,138,447	1.5%	607,613	1.7%
2013	5,962,130	0.1%	1,137,835	(0.1%)	608,249	0.1%
2014	6,010,075	0.8%	1,140,402	0.2%	610,849	0.4%
2015	6,076,402	1.1%	1,147,309	0.6%	615,035	0.7%
2016	6,114,644	0.6%	1,147,140	(0.0%)	615,242	0.0%
2017	6,101,860	(0.2%)	1,143,635	(0.3%)	614,522	(0.1%)
2018	6,145,958	0.7%	1,150,019	0.6%	617,815	0.5%
2019	6,206,707	1.0%	1,158,038	0.7%	622,714	0.8%
2020	5,807,942	(6.9%)	1,076,533	(7.6%)	578,590	(7.6%)
<b>CAGR</b>	<b>-0.1%</b>	<b>-</b>	<b>-0.4%</b>	<b>-</b>	<b>-0.4%</b>	<b>-</b>

Source: U.S. Bureau of Labor Statistics www.bls.gov





**INTRODUCTION**

The subject property is located in the Brackenridge area of the Northeast Pittsburgh submarket. The immediate area of the subject is characterized by industrial and residential uses with residential and commercial uses in the surrounding area.

**Demographics**

The following information reflects the demographics for the subject’s area.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILE	5 MILE	DESCRIPTION	1 MILE	3 MILE	5 MILE
<b>POPULATION TOTAL</b>				<b>HOUSEHOLDS</b>			
2000 Census	10,614	45,820	66,012	2000 Census	4,461	19,808	28,142
2010 Census	9,966	42,764	61,663	2010 Census	4,316	18,969	27,121
2021 Estimate	9,693	41,115	58,866	2021 Estimate	4,273	18,570	26,378
2026 Projection	9,580	40,402	57,735	2026 Projection	4,249	18,343	26,009
Δ 2000-2010	(6.11%)	(6.67%)	(6.59%)	Δ 2000-2010	(3.25%)	(4.24%)	(3.63%)
Δ 2010-2021	(2.74%)	(3.86%)	(4.54%)	Δ 2010-2021	(1.00%)	(2.10%)	(2.74%)
Δ 2021-2026	(1.17%)	(1.73%)	(1.92%)	Δ 2021-2026	(0.56%)	(1.22%)	(1.40%)
Total Daytime Population	9,957	21,780	30,661	<b>HOUSEHOLDS BY INCOME (2021 ESTIMATE)</b>			
<b>HOUSING UNITS</b>				<\$15,000	14.3%	12.4%	12.4%
Total (2021 Estimate)	5,000	21,221	30,069	\$15,000 - \$24,999	12.1%	10.8%	10.4%
Owner Occupied	51.2%	58.7%	60.4%	\$25,000 - \$34,999	11.7%	11.0%	10.6%
Renter Occupied	34.3%	28.8%	27.3%	\$35,000 - \$49,999	13.6%	14.5%	13.8%
Vacant Housing Units	14.5%	12.5%	12.3%	\$50,000 - \$74,999	20.8%	20.5%	19.4%
Total (2026 Projection)	5,023	21,284	30,136	\$75,000 - \$99,999	12.2%	12.4%	13.3%
Owner Occupied	51.3%	58.4%	60.0%	\$100,000 - \$149,999	9.7%	12.8%	13.0%
Renter Occupied	33.2%	27.8%	26.3%	\$150,000 - \$199,999	3.1%	3.7%	4.5%
Vacant Housing Units	15.4%	13.8%	13.7%	\$200,000+	2.5%	1.9%	2.6%
<b>AVERAGE HOUSEHOLD INCOME</b>				<b>AVERAGE HOUSEHOLD SIZE</b>			
2021 Estimate	\$61,663	\$63,924	\$67,531	2021 Estimate Estimate	2.23	2.19	2.22
2026 Projection	\$69,807	\$71,546	\$76,113	2026 Projection Projection	2.21	2.18	2.20
Δ 2021-2026	13.21%	11.92%	12.71%	Δ 2021-2026	(0.90%)	(0.46%)	(0.90%)
<b>MEDIAN HOUSEHOLD INCOME</b>				<b>MEDIAN HOME VALUE</b>			
2021 Estimate	\$47,607	\$51,074	\$52,448	2021 Estimate	\$90,022	\$117,399	\$127,717
2026 Projection Projection	\$53,104	\$55,218	\$57,139	2026 Projection	\$110,000	\$142,307	\$159,858
Δ 2021-2026	11.55%	8.11%	8.94%	Δ 2021-2026	22.19%	21.22%	25.17%
<b>PER CAPITA INCOME</b>				<b>AVERAGE HOME VALUE</b>			
2021 Estimate	\$27,742	\$28,781	\$30,239	2021 Estimate	\$126,416	\$146,397	\$166,295
2026 Projection	\$31,594	\$32,381	\$34,263	2026 Projection	\$152,744	\$177,370	\$203,568
Δ 2021-2026	13.89%	12.51%	13.31%	Δ 2021-2026	20.83%	21.16%	22.41%

Source: Sites To Do Business Online

**Population**

The estimate provided by ESRI for the current 2021 population within the subject neighborhood’s 3 mile radius is 41,115 representing a -3.86% change since 2010. ESRI’s 2020 population estimate for the subject’s 5 mile radius is 58,866, which represents a -4.54% change since 2010.

Looking forward, ESRI estimates that the population within the subject neighborhood’s 3 mile radius is forecasted to change to 40,402 by the year 2026. As for the broader area, ESRI forecasts that the population within the subject’s 5 mile radius will change to 57,735 over the next five years. The population estimates for the next five years within the subject’s 5 mile radius represents a -1.92% change as well as a -1.17% change within the subject’s 1 mile radius for the same period.

## **Households**

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius is 18,570, which is a -2.10% change since 2010. Within the subject's broader 5 mile radius, ESRI estimates that the number of households is 26,378, a -2.74% change over the same period of time.

By the year 2026, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius will change by -1.22% to 18,343 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5 mile radius indicates an expected change of -1.40% which will result in a total household estimate of 26,009.

Looking back, the number of households in the subject neighborhood's 3 mile radius changed -4.24% during the ten-year period of 2000 to 2010. Since then it has changed by -2.10%.

## **Income**

Income estimates provided by ESRI for the subject neighborhood's 3 mile radius indicates that the median household income is \$51,074 and that the average household income is \$63,924. Further, the estimates provided by ESRI indicate that, for the subject's broader 5 mile radius the median household income is \$52,448, and the average household income is \$67,531. Given that there are reportedly 26,378 households in the subject's 5 mile radius, it is estimated that the local effective buying income is around \$1,781,332,718.

## **CONCLUSION**

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit average characteristics in terms of reported population growth and income levels. As previously mentioned, the population for the subject's 3 mile radius has decreased 3.86% since 2010 and based on the projections provided by ESRI, it is expected to continue to decrease another 1.73% during the next 5 years. Lastly, we perceive that, since average household incomes are around the national average (\$63,924, for the subject's 3 mile radius) and given that the area is adequately populated (18,570 households in a 3 mile radius), developments like the subject should be supported.

**SURROUNDING LAND USES**

The following tables and maps highlight the development in and around the subject.

LOCAL AREA OFFICE - ONE-MILE RADIUS				
CLASS	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
A	0 SF	-	-	0
B	303,219 SF	1950	98.3	27
C	210,822 SF	1962	93.7	32
<b>TOTAL</b>	<b>514,041 SF</b>	<b>1958</b>	<b>96.4</b>	<b>59</b>

Source: CoStar

**LARGEST OFFICE DEVELOPMENTS - ONE-MILE RADIUS**



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A	Allegheny Ludlum	1300 Pacific Ave, Natrona Heights	0.6 mi	157,476	0	B	100
B	The Grace Center	1329 Freeport Rd, Natrona Heights	0.8 mi	31,000	1965	C	100
C	HIGHLANDS ADMINISTRATIVE CENTI	1330 11th Ave, Natrona Heights	0.6 mi	22,500	1940	B	100
D		413 E 4th Ave, Tarentum	0.9 mi	18,940	0	C	100
E	Family Services of Western Pennsylv	321 E 5th Ave, Tarentum	0.9 mi	16,751	1920	B	100
F	1600 Plaza Professional Suites	1600 Pacific Ave, Natrona Heights	1.1 mi	15,000	1970	C	86.49
G	PAZ PAZ PAZ	543 E 10th Ave, Tarentum	0.9 mi	13,562	0	C	100
H	GREATER PITTSBURGH ORTHOPAEDI	1030 Broadview Blvd, Natrona Heights	0.6 mi	12,187	0	B	100
I	Professional Center	415 E 4th St, Tarentum	0.9 mi	11,784	1971	C	100
J		1425 Freeport Rd, Natrona Heights	0.9 mi	10,481	0	B	100

Source: CoStar

## LOCAL AREA INDUSTRIAL - ONE-MILE RADIUS

TYPE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
Flex	0 SF	-	-	0
Gen-Ind <25,000 FT	140,678 SF	1908	100	16
Gen-Ind >25,000 FT	1,830,370 SF	#DIV/0!	100	2
<b>TOTAL</b>	<b>1,971,048 SF</b>	<b>1908</b>	<b>100.0</b>	<b>18</b>

Source: CoStar

## LARGEST INDUSTRIAL DEVELOPMENTS - ONE-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	TYPE	%LEASED
A		100 River Rd, Brackenridge	0.2 mi	1,718,271	0	Industrial	100
B		851 3rd Ave, Brackenridge	0.4 mi	112,099	0	Industrial	100
C	Warehouse	849 6th Ave, Brackenridge	0.4 mi	20,004	0	Industrial	100
D		806 Fifth Ave, Tarentum	0.5 mi	15,499	0	Industrial	100
E	D & J DISTRIBUTING	401 Allegheny St, Tarentum	0.8 mi	14,044	0	Industrial	100
F		109-111 Chestnut St, Natrona Heights	0.8 mi	13,000	0	Industrial	100
G		317 E 3rd Ave, Tarentum	0.9 mi	10,905	0	Industrial	100
H		100 Federal St, Natrona Heights	1.0 mi	9,200	1907	Industrial	100
I		954 Prospect St, Brackenridge	0.6 mi	8,020	0	Industrial	100
J	TARENTUM WATER WORKS	618 E 5th Ave, Tarentum	0.6 mi	7,988	0	Industrial	100

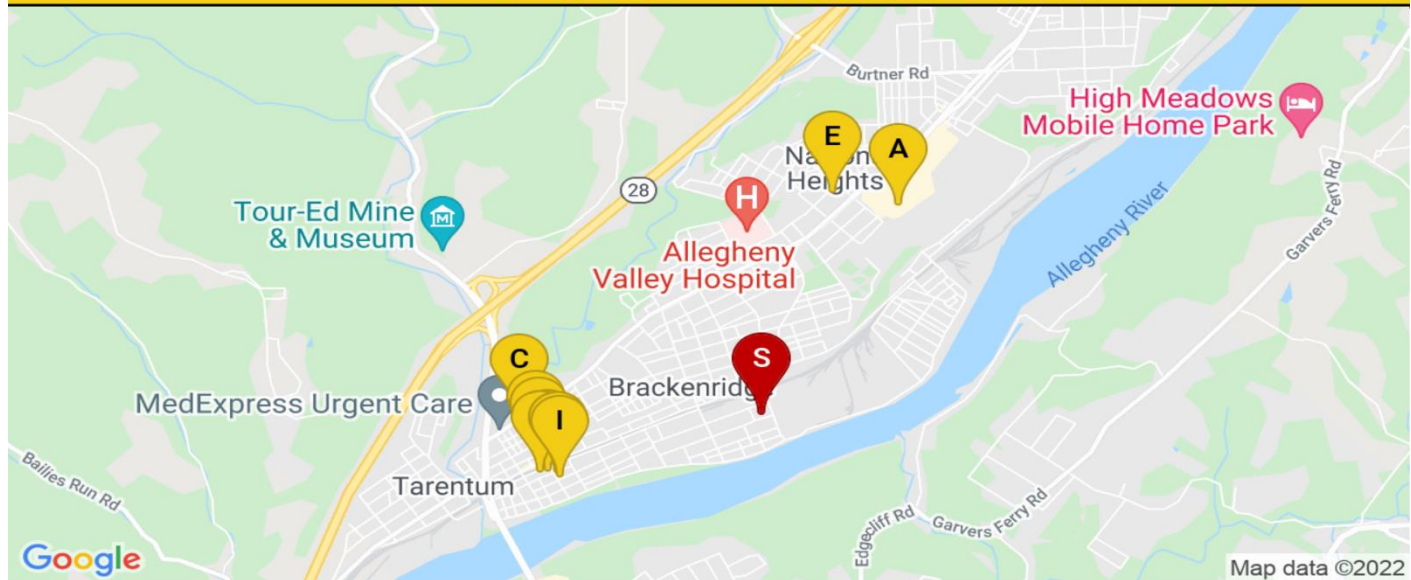
Source: CoStar

## LOCAL AREA RETAIL - ONE-MILE RADIUS

SIZE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
<5,000 FT	167,029 SF	1947	95.4	57
>5,000 FT-<20,000 FT	348,460 SF	1932	96.4	40
>20,000 FT	128,844 SF	1987	100.0	4
<b>TOTAL</b>	<b>644,333 SF</b>	<b>1945</b>	<b>96.9</b>	<b>102</b>

Source: CoStar

## LARGEST RETAIL DEVELOPMENTS - ONE-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A		1616-1632 Pacific Ave, Natrona Heights	1.1 mi	47,059	0	B	100
B		401-411 Corbet St, Tarentum	0.9 mi	31,477	1987	B	100
C	Duster Funeral Home Inc	347 E 10th Ave, Tarentum	1.0 mi	26,925	0	B	100
D	GATTO	345 E 7th Ave, Tarentum	0.9 mi	23,383	0	C	100
E	CICHOLSKI-ZIDEK FUNERAL HOME	1522 Carlisle St, Natrona Heights	1.1 mi	18,232	0	C	100
F		312-316 Corbet St, Tarentum	0.9 mi	14,877	1800	C	100
G		312-316 Corbet St, Tarentum	0.9 mi	14,877	1800	C	100
H	GATTO OUTLET	344 E 7th Ave, Tarentum	0.9 mi	14,707	1915	C	100
I		300 Corbet St, Tarentum	0.9 mi	13,592	1923	B	100
J		313-315 E 5th Ave, Tarentum	0.9 mi	13,140	0	C	100

Source: CoStar



**LOCAL AREA MULTI-FAMILY - ONE-MILE RADIUS**

CLASS	RBA	YEAR BUILT	UNITS	PROPERTIES
A	0 SF	-	-	0
B	294,423 SF	2002	266	6
C	254,093 SF	1943	263	21
<b>TOTAL</b>	<b>548,516 SF</b>	<b>1973</b>	<b>529</b>	<b>29</b>

Source: CoStar

**LARGEST MULTI-FAMILY DEVELOPMENTS - ONE-MILE RADIUS**



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	STORIES
A	Brackenridge Hall Apartments	887 E 1st Ave, Brackenridge	0.3 mi	95,000	0	B	7
B	Dalton's Edge Apartments II	704 E 2nd Ave, Tarentum	0.5 mi	82,995	2007	B	3
C	Pacific Highlands Apartments	1404-1424 Pacific Ave, Natrona Heights	0.9 mi	56,961	0	B	3
D	Dalton's Edge Apartments I	700 E 2nd Ave, Tarentum	0.5 mi	52,167	2006	B	3
E	Golden Towers	200 Allegheny St, Tarentum	0.8 mi	42,176	1964	C	8
F	Prospect Square Apartments	729 Prospect St, Brackenridge	0.4 mi	30,160	0	C	2
G		863-881 8th Ave, Brackenridge	0.5 mi	24,000	0	C	2
H	Philip Burtner Apartments	524-527 E Cleveland Ave, Tarentum	0.7 mi	22,293	1971	C	3
I		701-713 Prospect St, Brackenridge	0.4 mi	18,414	0	C	2
J	Keystone United Properties	328 E 9th Ave, Tarentum	0.9 mi	16,968	0	C	2

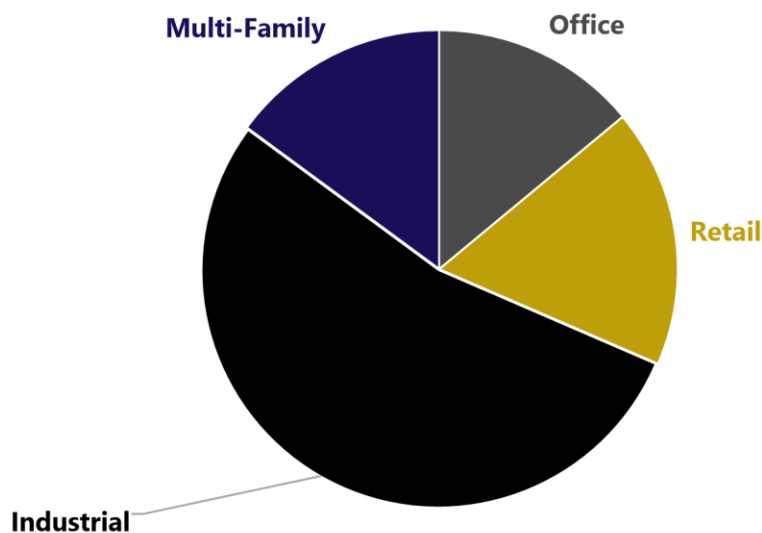
Source: CoStar



Source: CoStar

The land use in the subject’s immediate neighborhood consists of a significant amount of commercial property, comprising of a mix of many property types. Commercial uses in the area include the small- to-medium sized freestanding office and retail properties, as well as service-related uses, restaurants, gas stations/convenience stores and banks. The following chart illustrates the high concentration of industrial compared to multi-family, office and retail properties.

**COMMERCIAL LAND USE**



**RECENT DEVELOPMENT**

No recent developments noted.

**DEVELOPMENT PIPELINE**

**Under Construction**

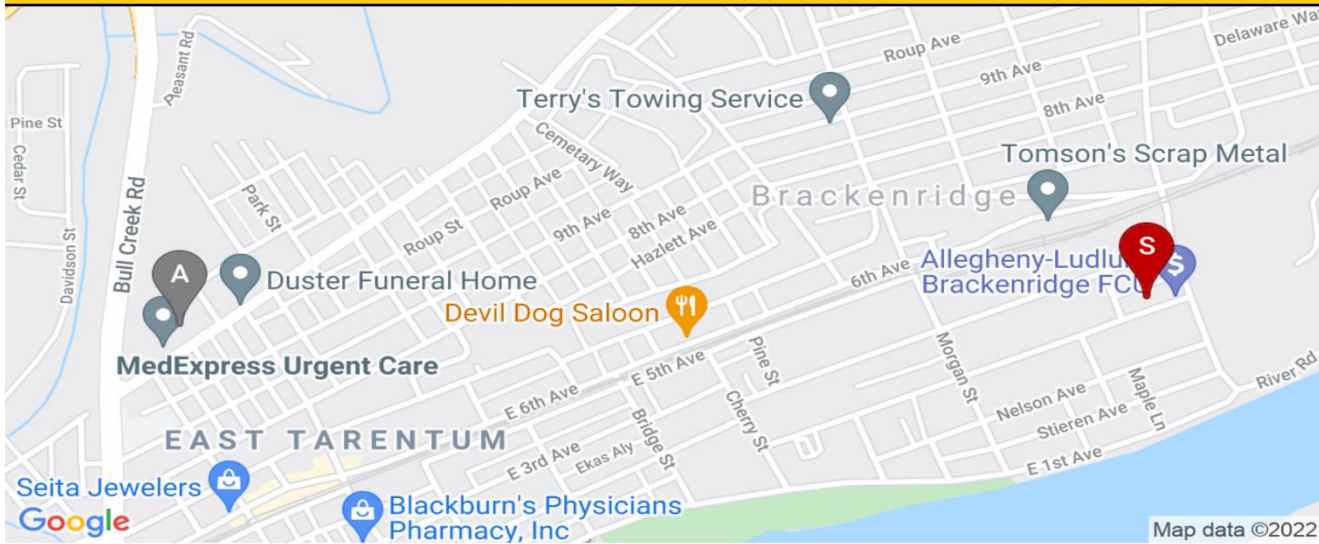
No current developments under construction noted.

**Proposed**

Based on our findings, there appears to be 1 project that is proposed for construction. This project is perceived to be within 1.1 miles of the subject. The size of the proposed development is 7,200 SF. Further, it appears that the development that is proposed will be retail in nature.

The following table details our findings:

**CURRENTLY PROPOSED DEVELOPMENT IN A ONE-MILE RADIUS**



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	TYPE	CLASS
A		301-303 E 10th Ave, Tarentum	1.1 mi	7,200	Retail (Strip Center)	B

Source: CoStar

**ECONOMIC INFLUENCES**

The local area economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the population’s appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction.

The best measure of any impact on values due to COVID-19 would be in direct transaction indicators that are objectively verified. However, given that the pandemic is ongoing as of the date of this report, minimal activity is evident from which to draw benchmark comparisons based on transactional data.

As the COVID-19 pandemic is continuing, items that are considered to influence conditions include: market confidence, expectations of impaired property/operating performance, interest rate change risk (debt and equity), the amount of time of liquidity and affected market and pricing activity.

All or some of these conditions may be shorter term issues, but others may linger and have a lasting impact on valuations in the commercial real estate sector for months or years to come.

Based on discussions and interviews with a wide range of market participants, a variety of factors and concerns are prevalent in the market that will likely have a negative impact broadly on values, depending on property type and region. Essential Service Providers will be less impacted (distribution facilities, medical facilities, grocery service) as these sectors performance is expected to continue.

Uncertainty, lender concerns, public traded securities and return requirements provide evidence that the market has shifted downward and real estate values will likewise impacted, but to what degree is not certain. Few experts or economists at this point are willing to state a threshold duration at which point everything will return to normal quickly, versus a duration of limited economic activity that spirals into worldwide recession.

### **GOVERNMENT INFLUENCE**

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax and empowerment zones.

Zoning in the area is mixed, including commercial, residential and industrial designations. Zoning code is enforced by the municipality and enforcement in all areas of Brackenridge Borough is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

Property taxes in the area are established by Allegheny County and are assessed based on valuation. Considering broad authority of the county administration, the assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are no known special assessments that affect property in the neighborhood.

### **ACCESS/PUBLIC TRANSPORTATION**

With the existing transportation system, most areas of metropolitan Brackenridge are accessible from the subject neighborhood and access is considered average for the metropolitan area. Public bus service is available throughout the area.

### **ENVIRONMENTAL INFLUENCES**

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances or hazards. Public utilities are available in most all areas in quantities from public and private sources. The area has both public and private schools in adequate supply and quality.

### **LOCAL AREA SUMMARY**

The market benefits from a diverse blend of residential, commercial, and community uses and close proximity to many recreational activities. The area suffered during the recession of the late 2000's and into the 2010's, and the market has been strengthening since roughly 2011-2012, due to the good livability factors associated with the region. However, the area in general has been on a stable decline since the steel industry exit of the region in the 1980's and 1990's. The small river side towns, such as the subject's neighborhood, flourished during the steel and manufacturing industry boom in the region but have since experienced declines in population. The outlook for this market area is average into the foreseeable future.

The subject site consists of one parcel and has 13,588 SF (0.3119 AC) of land area. The size of the site area was estimated based on the assessor's parcel map. It is perceived that there is no surplus or excess land at the subject. If a professional survey is provided then precise measurements may be available. Unless otherwise noted, the usable site area has been utilized herein. The following summaries the salient characteristics of the subject site.

**Address** 1115 Brackenridge Avenue, Brackenridge, Pennsylvania.

**Census Tract** 42-003-402000

<b>Number of Parcels</b>	1		
<b>Assessor Parcel</b>	1224-D-20		
<b>Land Area</b>	Square Feet	Acres	
Economic Unit (Primary) Site Size	13,588	0.31	
Usable Site Size	13,588	0.31	
<b>Total Land Area</b>	<b>13,588</b>	<b>0.31</b>	
<b>Excess/Surplus Land</b>	No		
<b>Corner</b>	No		
<b>Permitted Building Height</b>	40 Feet		
<b>Floor Area Ratio (FAR)</b>	Not Available		
<b>Site Topography</b>	Level At street grade		
<b>Site Shape</b>	Generally Rectangular		
<b>Site Grade</b>	At street grade		
<b>Site Quality</b>	Average		
<b>Site Access</b>	Average		
<b>Site Exposure</b>	Average		
<b>Site Utility</b>	Average		
<b>Utilities</b>	All available		

**Accessibility** Access to the subject site is considered average overall.

**STREET & TRAFFIC DETAIL**

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
Brackenridge Avenue	Neighborhood street	One-Way	1	x	x	x			x		
<b>Frontage</b>											
Brackenridge Avenue	98 Feet										

**Exposure & Visibility** Exposure of the subject is average with frontage on Brackenridge Avenue, a neighborhood street, with average visibility to traffic.

**Flood Plain** Zone X (Unshaded). This is referenced by Panel Number 42003C0251H, dated September 26, 2014. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available

in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

**Seismic**

The subject is in an unknown area.

**Easements**

A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

**Soils**

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

**Hazardous Waste**

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

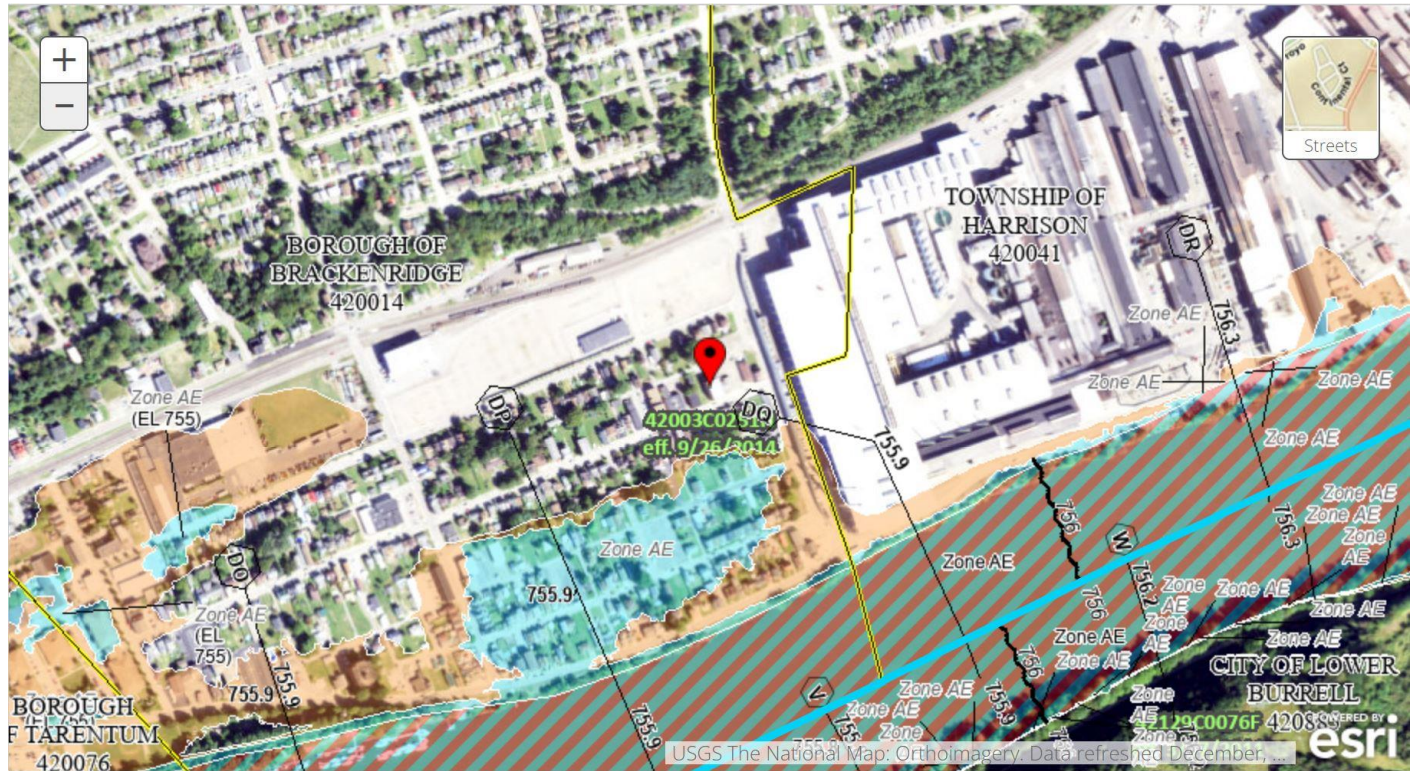
**Site Rating**

Overall, the subject site is considered a good mixed use commercial site in terms of its location, exposure and access to employment, education and shopping centers, recognizing its location along a neighborhood street, adjacent to a mix of commercial, residential and industrial property uses.

**Site Conclusion**

In the final analysis of the site, no significant detriments were discovered which would inhibit development according to its highest and best use. The site displays adequate accessibility and locational features for commercial development. The site's physical and legal characteristics appear to be supportive of and suitable for the subject's current use.





<p><b>PIN</b></p> <ul style="list-style-type: none"> <li>Approximate location based on user input and does not represent an authoritative property location</li> </ul>	<p><b>MAP PANELS</b></p> <ul style="list-style-type: none"> <li>Selected FloodMap Boundary</li> <li>Digital Data Available</li> <li>No Digital Data Available</li> <li>Unmapped</li> </ul>	<p><b>OTHER AREAS</b></p> <ul style="list-style-type: none"> <li>Area of Minimal Flood Hazard Zone X</li> <li>Effective LOMRs</li> <li>Area of Undetermined Flood Hazard Zone L</li> <li>Otherwise Protected Area</li> <li>Coastal Barrier Resource System Area</li> </ul>	<p><b>SPECIAL FLOOD HAZARD AREAS</b></p> <ul style="list-style-type: none"> <li>Without Base Flood Elevation (BFE) Zone A, V, A99</li> <li>With BFE or Depth</li> <li>Regulatory Floodway Zone AE, AO, AH, VE, AI</li> </ul>	<p><b>OTHER AREAS OF FLOOD HAZARD</b></p> <ul style="list-style-type: none"> <li>0.2% Annual Chance Flood Hazard, Area of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone J</li> <li>Future Conditions 1% Annual Chance Flood Hazard Zone X</li> <li>Area with Reduced Flood Risk due to Levee. See Notes. Zone X</li> <li>Area with Flood Risk due to Levee Zone D</li> </ul>	<p><b>CROSS SECTIONS</b></p> <ul style="list-style-type: none"> <li>20.2 Cross Sections with 1% Annual Chance Water Surface Elevation</li> <li>17.5 Coastal Transect</li> <li>Base Flood Elevation Line (BFE)</li> <li>Limit of Study</li> <li>Jurisdiction Boundary</li> <li>Coastal Transect Baseline</li> <li>Profile Baseline</li> <li>Hydrographic Feature</li> </ul> <p><b>OTHER FEATURES</b></p> <ul style="list-style-type: none"> <li>Channel, Culvert, or Storm Sewer</li> <li>Levee, Dike, or Floodwall</li> </ul>
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**TAX HISTORY**

The subject’s assessment history is shown in the following table:

SUBJECT PROPERTY ASSESSMENT AND TAX HISTORY						
YEAR	TOTAL ASSESSED VALUE	TAX RATE	TAXES	TAXES/SF	CHANGE	
2021	\$92,400	0.03586	\$3,313	\$0.27	0.0%	
2020	\$92,400	0.03586	\$3,313	\$0.27	0.0%	
2019	\$92,400	0.03586	\$3,313	\$0.27	0.7%	
2018	\$92,400	0.03561	\$3,290	\$0.27	0.0%	

**CURRENT TAXATION & ASSESSMENT DESCRIPTION**

Throughout Allegheny County, the Total Assessed Value is supposed to represent 100% of market value for all properties. Given the actual price movement of properties relative to the limited frequency of re-assessment the State publishes an annual “Common Level Ratio” which is the percentage of accuracy of property assessments relative to their respective sale prices. Current (to July 2022) Common Level Ratio is 1.23; or  $1 / 1.23 = 81.30\%$ . This implies that any property in Allegheny County is likely assessed at 81.30% of its market value. The total assessment for the subject property for the tax year 2021 is \$92,400 or \$7.61 PSF. There are no exemptions in place. The total tax bill for the property is \$3,313 or \$0.27 PSF.

This is within the general range for comparable mixed use commercial uses in the area. The subject’s assessed values and property taxes for the current year are summarized in more detail in the following table.

ASSESSMENT & TAXES (2021)							
TAX RATE AREA						TAX RATE	35.8600
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX	
1224-D-20	\$38,000	\$54,400	\$92,400	\$0	\$92,400	\$3,313	
Subtotal	\$38,000	\$54,400	\$92,400	\$0	\$92,400	\$3,313	
Subtotal \$/GBA	\$3.13	\$4.48	\$7.61	\$0.00	\$7.61	\$0.27	
<b>TOTAL BASE TAX \$/GBA / \$ TOTAL</b>					<b>\$0.27</b>	<b>\$3,313</b>	

Source: Allegheny County Assessment & Taxation

The last assessment for the subject was January 2012 with future assessments not scheduled. In this instance, the assessment is equal to the market value multiplied by the assessment ratio. The Allegheny County Tax Authority does not usually reassess upon sale. Based on the foregoing, and the current assessment's relationship to market value, we perceive that the risk of a reassessment is average. Should a reassessment occur, we believe it could be around 81% of market value. An estimated change in the estimate of taxes is presented in the income capitalization approach using a loaded cap rate.

The subject county tax is paid and current through 2021. It is unknown whether the subject property is currently encumbered by municipal or school district delinquent taxes. For the purposes of this appraisal, we assume that all outstanding taxes have been paid, and that the subject has a clear and marketable title. Pending tax liens are NOT CONSIDERED IN THE VALUE CONCLUSION.

**CALCULATE STABILIZED TAXES**

We have estimated that the assessment for the subject would change once completed and stabilized. This is because we perceive that the fee simple market value of the subject will change as a result of the stabilization/renovation/lease-up.

## **CONCLUSION**

In this section, we analyzed the subject's historical and current assessment, as well as considered the subject's tax burden as it relates to its current stabilized market value on a fee simple basis. An estimate of a change in tax burden is noted in the income approach section of this report utilizing a loaded cap rate.

The subject is located in the General Retail and Business (C-1) zoning area.

ZONING	
Designation	General Retail and Business (C-1)
Zoning Authority	Brackenridge Borough
Permitted Uses	See Attached Addenda
Current Use	Mixed Use Commercial
Current Use Legally Permitted	Yes
Conforming Use	The improvements conform to the bulk and parking requirements of the ordinance.
Conforming Lot	The improvements conform to the bulk and parking requirements of the ordinance.
Zoning Change	Not Likely
Parking Spaces Required	N/A
Parking Spaces Provided	10

Source: Brackenridge Borough Planning & Zoning Department

**Parking Requirements**

Parking varies by use. The subject provides 10+ parking spaces and is therefore conforming to zoning requirements. The parking ratio is at the high end of the typical range of properties in the market area and are within zoning requirements.

**Zoning Conclusion**

The current use for the subject property is mixed use commercial and is a permitted use based on the current zoning guidelines. A zoning change for the subject does not appear likely. Based on the foregoing, it appears that the subject’s improvements are a legally conforming use of the subject site.

No zoning map was available through common sources. Zoning information based on available municipality ordinance.

The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources. The description in this section is of the As-Is condition. (Quality, condition and appeal ratings in the following sales comparison and rent comparison grids are based on renovated/repaired state of improvements)

## OVERVIEW

The subject property, located at 1115 Brackenridge Avenue, Brackenridge, PA, located in the Northeast Pittsburgh submarket, is a mixed use commercial property with a three story brick building improvement and detached one level single unit dwelling. The mixed use building contains two commercial spaces and an apartment unit on the first floor, and 10 apartments on the second and third floors. The total GBA is estimated at 12,140 SF. The subject property is currently vacant.

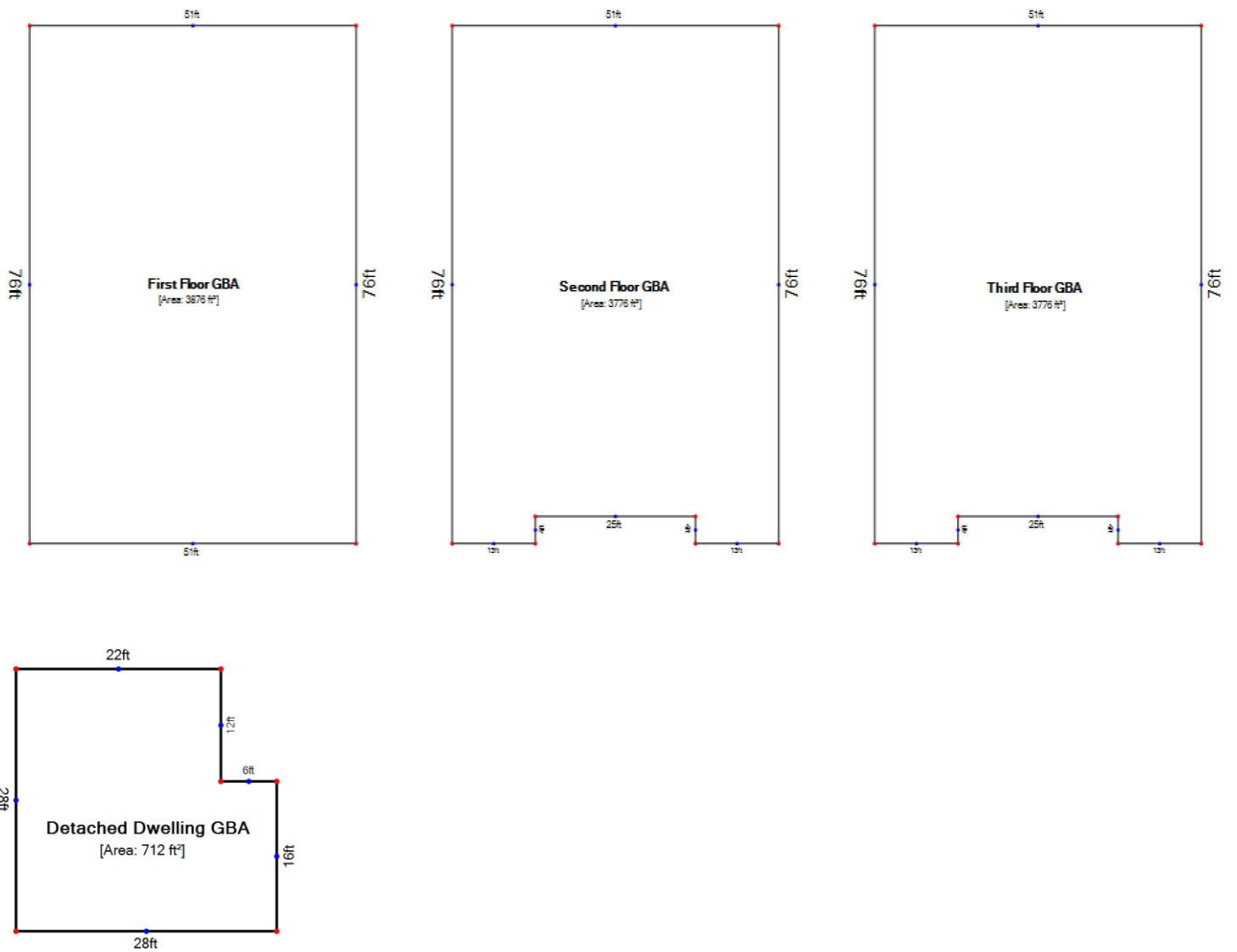
<b>Property Type</b>	Commercial - Mixed Use Commercial
<b>Tenancy</b>	Multi-Tenant Vacant - 14 Tenant Spaces
<b>Net Rentable Area (NRA)</b>	12,140
<b>Gross Building Area (GBA)</b>	12,140
<b>Total Buildings</b>	1
<b>Density Per Unit (AC)</b>	44.9
<b>Floors</b>	3
<b>Year Built</b>	1900
<b>Age/Life Analysis</b>	
Actual Age	122
Effective Age	40
Economic Life	55
Remaining Economic Life	15
<b>Overall Building Quality</b>	Average
<b>Overall Building Condition</b>	Fair
<b>Overall Building Appeal</b>	Below Average
<b>Land to Building Ratio</b>	1.12 : 1
<b>Site Coverage Ratio</b>	33.77% (Based On Total Overall Site Area)
<b>Floor Area Ratio (FAR)</b>	0.89
<b>Total Parking Spaces</b>	10 - Off-Street spaces
<b>Parking Ratio</b>	0.8 / 1,000 SF NRA
<b>Size</b>	The Net Rentable Area (NRA) and gross building area (GBA) are determined by physical measurement by appraiser during site inspection. Additional support provided by County assessment sketch.

## COMPONENT DESCRIPTION

<b>Foundation</b>	Stone, Block
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<b>Exterior Walls/Framing</b>	Brick / Masonry Framing
<b>Roof</b>	Flat
<b>Elevator</b>	None
<b>Heating &amp; AC (HVAC)</b>	Unfinished interior
<b>Insulation</b>	Unfinished interior
<b>Lighting</b>	Unfinished interior
<b>Electrical</b>	Individually metered spaces - assumed to meet the code requirements for the future use
<b>Interior Walls</b>	Unfinished interior
<b>Doors and Windows</b>	Steel exterior doors; Unfinished interior doors; Wood/Metal double hung windows
<b>Ceilings</b>	Unfinished interior
<b>Plumbing</b>	Unfinished interior
<b>Floor Covering</b>	Unfinished interior
<b>Fire Protection</b>	None
<b>Site Improvements</b>	Concrete sidewalks
<b>Landscaping</b>	Low maintenance grass.
<b>Signage</b>	There is a monument style sign along Brackenridge Avenue
<b>Parking</b>	Parking varies by use. The subject provides space for 10+ parking spaces and is therefore conforming to zoning requirements. The parking ratio for proposed use is above the typical range of spaces per unit and within zoning requirements.
<b>Site Coverage Ratio</b>	33.8% (4,588 SF footprint / 13,588 SF site), which is within market standards for similar mixed use commercial buildings in the area.
<b>Deferred Maintenance</b>	Based on an interview with the property owner and property contact, and the onsite inspection by the field appraiser, deferred maintenance items were noted and are discussed later in this section. The cost to cure existing deferred maintenance totals \$160,000 based on an estimate by a cost budget provided by the owner. This estimate is treated as a deduction ahead within the Valuation section in development of the As-Is Market Value.
<b>Functional Design</b>	The building will feature a functional mixed use commercial design with typical site coverage and adequate off-street parking.
<b>ADA Comment</b>	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
<b>Hazardous Materials</b>	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials,

including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.



In this section, market conditions which influence the subject property are analyzed. An overview of Retail supply and demand conditions for the Pittsburgh Area market and Northeast Pittsburgh submarket are presented. Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years are summarized in the tables below.

RETAIL/OFFICE W/APT MARKET AND SUBMARKET DATA SUMMARY (10 YEARS)					
INVENTORY SUPPLY (SF)				VACANCY (%)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q4	2021	8,887,820	1,617,047	4.8%	3.9%
Q3	2021	8,887,820	1,617,047	4.9%	4.3%
Q2	2021	8,893,520	1,617,047	5.0%	4.4%
Q1	2021	8,900,060	1,617,047	5.1%	4.2%
	2020	8,900,060	1,614,547	5.3%	2.3%
	2019	8,885,463	1,614,547	4.2%	2.3%
	2018	8,937,878	1,614,547	3.5%	5.5%
	2017	8,941,441	1,614,547	3.6%	5.7%
	2016	8,941,941	1,610,532	3.1%	3.7%
	2015	8,961,746	1,620,163	4.3%	4.8%
	2014	8,959,875	1,620,163	4.7%	5.2%
	2013	8,985,165	1,620,163	5.0%	3.8%
	2012	8,998,708	1,620,182	5.6%	4.5%
	2011				

RENT \$/SF				NET ABSORPTION (SF)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q4	2021	\$19.35	\$11.80	12,649	5,525
Q3	2021	\$18.77	\$11.80	4,428	1,212
Q2	2021	\$19.39	\$11.80	988	(3,000)
Q1	2021	\$19.77	\$11.80	14,768	(2,870)
	2020	\$17.56	\$13.29	(76,205)	(24,849)
	2019	\$17.07	\$13.29	(112,964)	51,191
	2018	\$16.29	\$13.76	925	4,099
	2017	\$17.09	\$11.80	(42,163)	(28,351)
	2016	\$18.27	\$11.80	82,514	7,822
	2015	\$14.92	\$10.00	42,476	6,478
	2014	\$15.17	-	715	(22,325)
	2013	\$14.14	\$13.30	37,499	11,509
	2012	\$14.07	\$13.30	(30,710)	2,758
	2011			0	0

Source: CoStar Property®

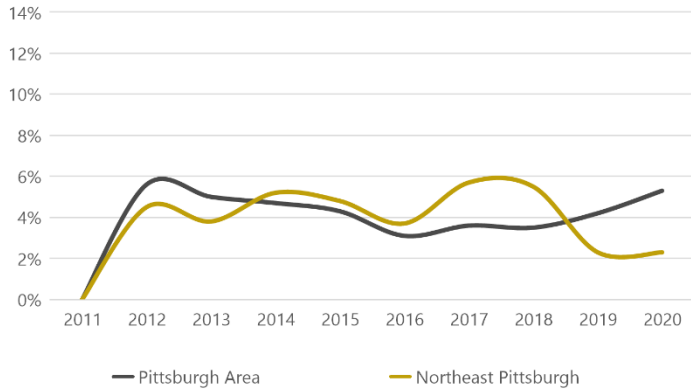
The Pittsburgh Area Retail market demonstrates stable conditions. There has been little variance in supply over the last year. Vacancy has continued to decrease slightly over the last year to the most recent figure at 4.8%. Asking rents fluctuated in each quarter of 2021. Net absorption was positive for the last year.

The Northeast Pittsburgh Retail submarket demonstrates mostly stable conditions. Vacancy had only minor fluctuations between 3.9% and 4.4% throughout 2021. Asking rents were relatively stable as well at \$11.80/SF. It is noted that rents in this submarket are historically below that of the Pittsburgh MSA. Net absorption was negative in Q1 & Q2 2021 but positive again in Q3 & Q4 2021.

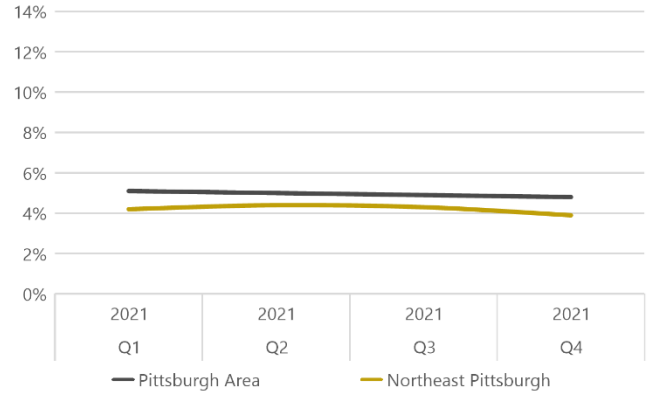
**VACANCY**

The following tables provide visual illustration of the long term and short term Retail vacancy for the Pittsburgh Area market and Northeast Pittsburgh submarket.

**LONG TERM VACANCY**



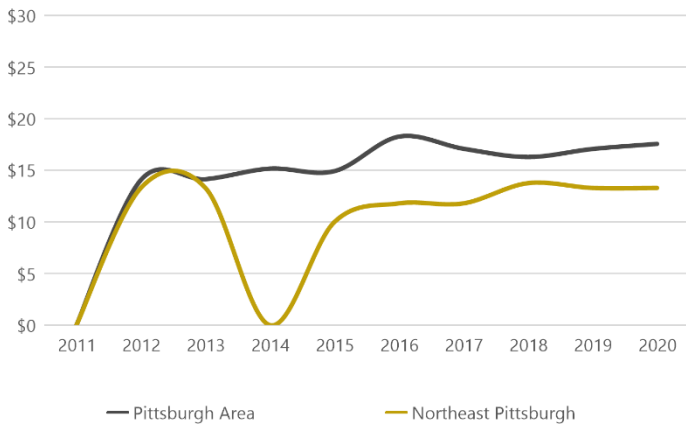
**SHORT TERM VACANCY**



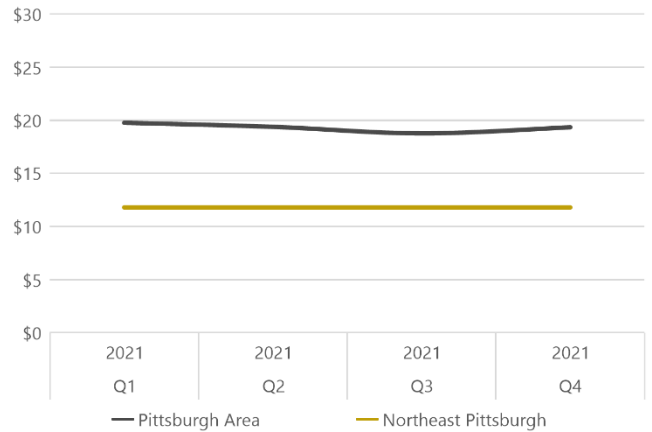
**RENTAL RATES**

The following tables provide a visual illustration of rental Retail trends for the Pittsburgh Area market and Northeast Pittsburgh submarket in the short and long term:

**LONG TERM RENT**

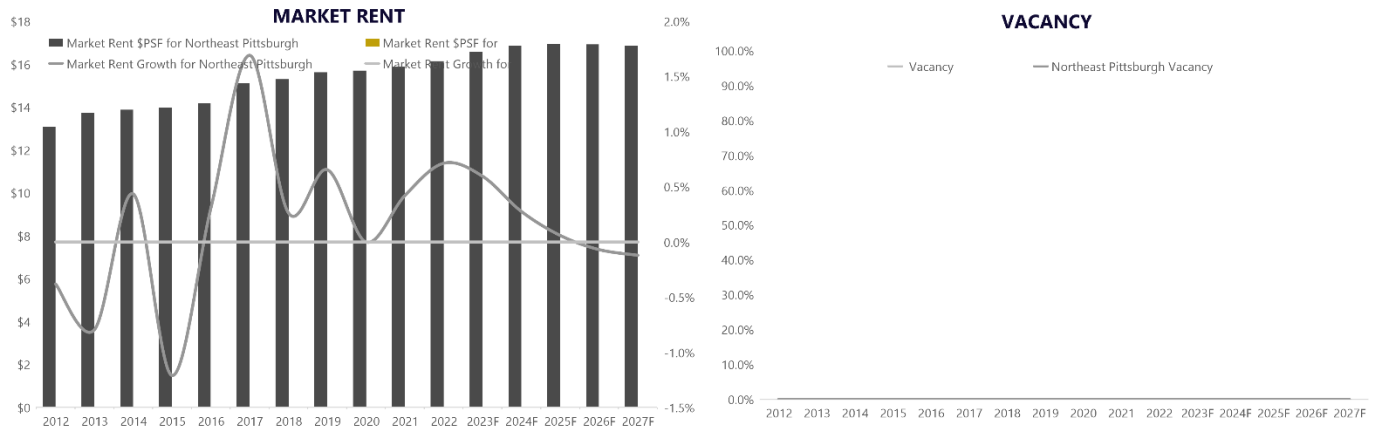


**SHORT TERM RENT**





**MARKET RENT & VACANCY**

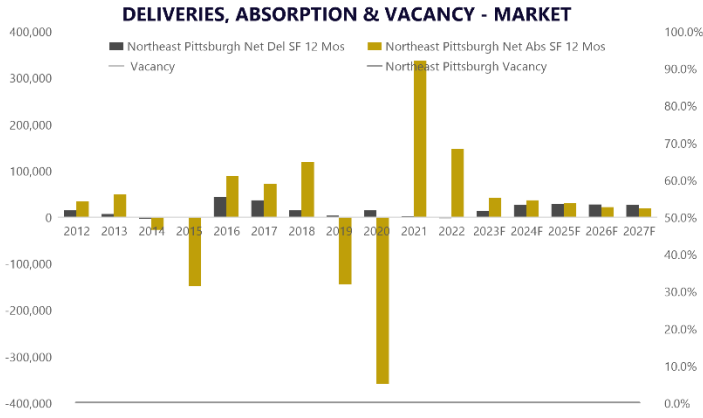


**DELIVERIES**

The following tables provides the recently delivered and under construction Retail supply for the Pittsburgh Area market and Northeast Pittsburgh submarket:

DELIVERIES (SF)						
QTR	YEAR	MARKET	% OF TOTAL	SUBMARKET	% OF TOTAL	
Q4	2021	0	0.0%	0	0.0%	
Q3	2021	0	0.0%	0	0.0%	
Q2	2021	0	0.0%	0	0.0%	
Q1	2021	0	0.0%	0	0.0%	
		18,130	0.2%	2,500	0.2%	
		0	0.0%	0	0.0%	
		62,124	0.7%	0	0.0%	
		29,898	0.3%	10,000	0.6%	
		30,624	0.3%	0	0.0%	

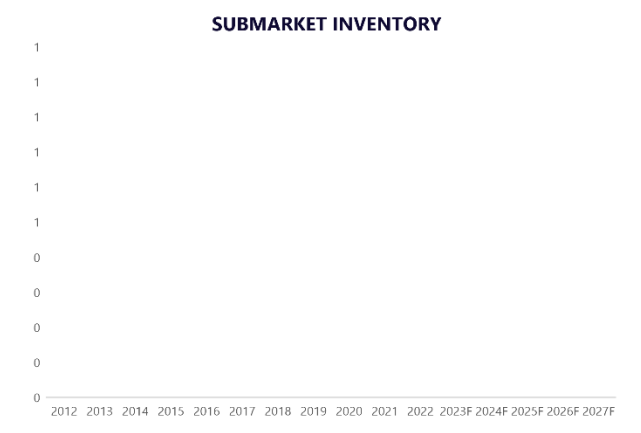
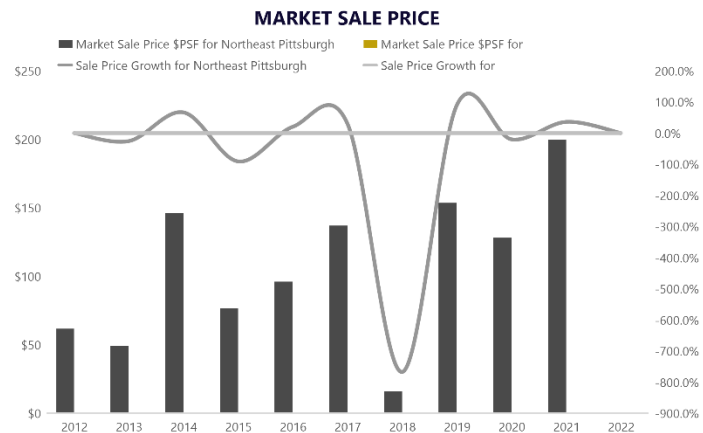
UNDER CONSTRUCTION (SF)						
QTR	YEAR	MARKET	BUILDINGS	SUBMARKET	BUILDINGS	
Q4	2021	60,000	3	0	0	
Q4	2020	32,130	2	2,500	1	
Q4	2019	14,000	1	0	0	
Q4	2018	46,088	2	0	0	
Q4	2017	17,050	2	0	0	



**MARKET INTERVIEWS**

As part of this analysis, recent transactions and trends were discussed with knowledgeable local brokers, agents, and owners. Of the participants that were interviewed, the majority pointed to an increase in pricing in the residential market, with stable pricing in the commercial market, in the immediate area, and was optimistic of new activity and recently completed transactions.

**SALE PRICE & INVENTORY**



**CONCLUSION**

Overall, investors would recognize the general mixed use property conditions and the subject’s positioning in the immediate market area as having an average overall influence when contemplating purchase of the subject.

The subject property, located at 1115 Brackenridge Avenue, Brackenridge, PA, located in the Northeast Pittsburgh submarket is a mixed use commercial property with a three story brick building improvement and detached one level single unit dwelling. The mixed use building contains two commercial spaces and an apartment unit on the first floor, and 10 apartments on the second and third floors. The total GBA is estimated at 12,140 SF. The subject property is currently vacant.

The market generally classifies the subject as a value-add mixed use investment property that if exposed to the open market would command average interest from local buyers that are actively pursuing similar investment properties in the \$150,000 to \$300,000 price range. Currently there is limited buyer demand as well as limited availability for this property type on the supply side.

Based on the above factors the subject is considered to have average investment appeal. Further, the subject is considered to have below average overall tenant appeal with a typical competitive position for attracting and retaining tenants.

## INTRODUCTION

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 6<sup>th</sup> edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015), as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

This section develops the highest and best use of the subject property As-Vacant and As Improved.

## AS VACANT ANALYSIS

In this section the highest and best use of the subject as vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

### Legally Permissible

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's General Retail and Business (C-1) include retail, office and mixed-use projects. Zoning change is not likely; therefore, uses outside of those permitted by the C-1 zoning are not considered moving forward in the as-vacant analysis.

### Physical Possible

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 0.3119-acres (13,588 SF), it is generally rectangular in shape and has a level topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

### Financial Feasibility

Based on the analysis of the subject's market and an examination of costs, a newly constructed building similar to the subject would likely have a value commensurate with its cost; however, a speculative build is not prudent and the site should only be developed for an identified user.

## **Maximum Productivity**

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be hold for future development. Timing is estimated to be 2-3 years.

## **AS IMPROVED ANALYSIS**

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in 1900 and are a legal, conforming use. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in fair condition, with adequate site coverage and parking ratios. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal and physical considerations, analysis of the subject property as-improved requires consideration of alternative uses. The five possible alternative treatments of the property are demolition (not warranted as the improvements contribute substantial value to the site), expansion (not warranted, no excess or surplus land), renovation, conversion (not applicable), and continued use "as-is".

Among the five alternative uses, renovate current mixed use building is the Highest and Best Use of the subject As Improved.

## **MOST PROBABLE BUYER**

Based on the type of property and the income generating potential of the improvements, it is our opinion that the most probable buyer for the subject would be local investor.

In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

## **SITE VALUATION**

The site value is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide valuation of the subject site.

## **COST APPROACH**

The cost approach considers the cost to replace the proposed improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Profit for coordination by the entrepreneur is included in the value indication.

The Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

## **SALES COMPARISON APPROACH**

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, we gather data on reasonably substitutable properties and make adjustments for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

## **INCOME APPROACH**

The income capitalization approach ("income approach") simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in our analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis. Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

The Income Approach is a scope requirement for this assignment. The subject is a leased investment property making this valuation technique particularly applicable. Therefore, the Income Approach is developed. The

Direct Capitalization method is used in this analysis. The Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

### **CORRELATION AND CONCLUSION**

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) approaches. The values presented represent the As-Is Market Value (Fee Simple) .

The sales comparison approach is a method of estimating market value whereby a subject property is compared with similar properties that have recently sold or are currently listed for sale. The sales comparison approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The reliability of this approach is dependent on the availability and verification of data, degree of comparability to the subject and absence of atypical conditions affecting the sale price. The following steps describe the applied process of the sales comparison approach.

- ▶ The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- ▶ The most pertinent data is further analyzed, and the quality of the transaction is determined.
- ▶ The most meaningful unit of value for the subject property is determined.
- ▶ Each comparable sale is analyzed and where appropriate, adjusted to account for differences the subject property.
- ▶ The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the sales comparison approach.

## COMPARABLE SELECTION

Our survey of the market uncovered several recent transactions of comparable commercial properties. The information collected on these transfers serves two primary functions. First, they establish the investment criteria and parameters upon which office properties are being purchased in the market. Second, the information obtained in the sales comparison approach will be utilized to derive an independent indication of value. The presented transactions will initially be examined on a sale price per sf basis to standardize our comparison effort.

Unit of Comparison: In estimating the value for the subject property via the sales comparison approach, we have employed the price per sf method. The price per sf utilizes an analysis of the sales and concludes to an adjusted value per sf. This is then applied to the subject property's size in order to derive a value estimate.

IMPROVED SALES SUMMARY							
	DATE OF SALE	LOCATION	CITY	YR. BLT	NRA	TRANSACTION PRICE	\$/SF
1	10/9/2020	825 10th Avenue	Brackenridge	1966	4,946	\$227,000	\$46
2	12/16/2019	352 Freeport Road	Pittsburgh	1940/Est.	3,170	\$230,000	\$73
3	7/29/2019	533-535 Allegheny Avenue	Oakmont	1900	10,342	\$450,000	\$44
4	4/8/2020	825 5th Ave	New Kensington	1900	21,740	\$150,000	\$7

## ADJUSTMENT PROCESS

Adjustments to the comparable sales were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures after sale and market conditions.

### Transactional Adjustments

Real Property Rights Conveyed<sup>1</sup> When real property rights are sold, they may be the sole subject of the contract or the contract may include other rights, less than all of the real property rights, or even rights to another property or properties. The property rights sold in a comparable should be similar to the property rights being appraised. Typical property rights include the fee simple interest, leased fee interest and leasehold interest.



Financing Terms<sup>2</sup> The transaction price of one property may differ from that of an identical property due to different financing arrangements. An adjustment for financing terms usually reflects non-market financing as either above or below market.

Conditions of Sale<sup>3</sup> The definition of market value requires “typical motivations of buyers and sellers” where there is no duress on either party to consummate the sale. An adjustment for conditions of sale usually reflects the motivation of the buyer or seller who is under duress to complete a transaction.

Expenditures After Sale<sup>4</sup> Expenses that the buyer incurs after purchase (deferred maintenance, HVAC repairs, etc.). No adjustments are warranted based on review of the sales.

## **Time Adjustment**

Market Conditions<sup>5</sup> Comparable sales that occurred under market conditions different from those applicable to the subject on the effective date of value require adjustment for any differences that affect their values. An adjustment of market conditions is made if general property values have increased or decreased since the transaction dates. Change in market conditions may result from changes in income tax laws, building moratoriums, and fluctuations in supply and demand. A market conditions adjustment of 3% is applied on an Annual basis reflecting the relatively consistent appreciation that occurred between the oldest comparable sale date up through the effective valuation date.

## **Property Adjustments - Quantitative**

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Sales Comparison Approach.

Location: Location refers to the time-distance relationships, or linkages, between a property or neighborhood and all other possible origins and destinations of people going to or coming from the property or neighborhood. An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the subject property. The subject property is located in Brackenridge, PA, which is in the Pittsburgh, PA MSA metropolitan area. Based on the available information of similar commercial transactions, we have selected 4 comparable sales in the East and Northeast Pittsburgh submarket. The location adjustments applied had varying magnitudes based on the specific locational factors of the subject property. Our methodology was to compare the localized demographics and market fundamentals of each subject property to the comparables to estimate the magnitude and direction of the location adjustment.

Physical Characteristics: Physical characteristics may include differences for size, soils, site access, topography, quality of construction, architectural style, building materials, age, condition, functional utility, attractiveness, amenities, and other characteristics. The value added or lost by the presence or absence of an item in a comparable property may not equal the cost of installing or removing the item. The market dictates the value contribution of individual components to the value of the whole.

Economic Characteristics: Economic characteristics are the attributes of a property that directly affect its income and is typically applied to income-producing properties. Characteristics that typically affect a property’s income include operating expenses, quality of management, trade area demographics, tenant mix, rent concessions, lease terms, lease expiration dates, renewal options, and lease provisions.

The Improved Sales Comparison Table is on the following page.

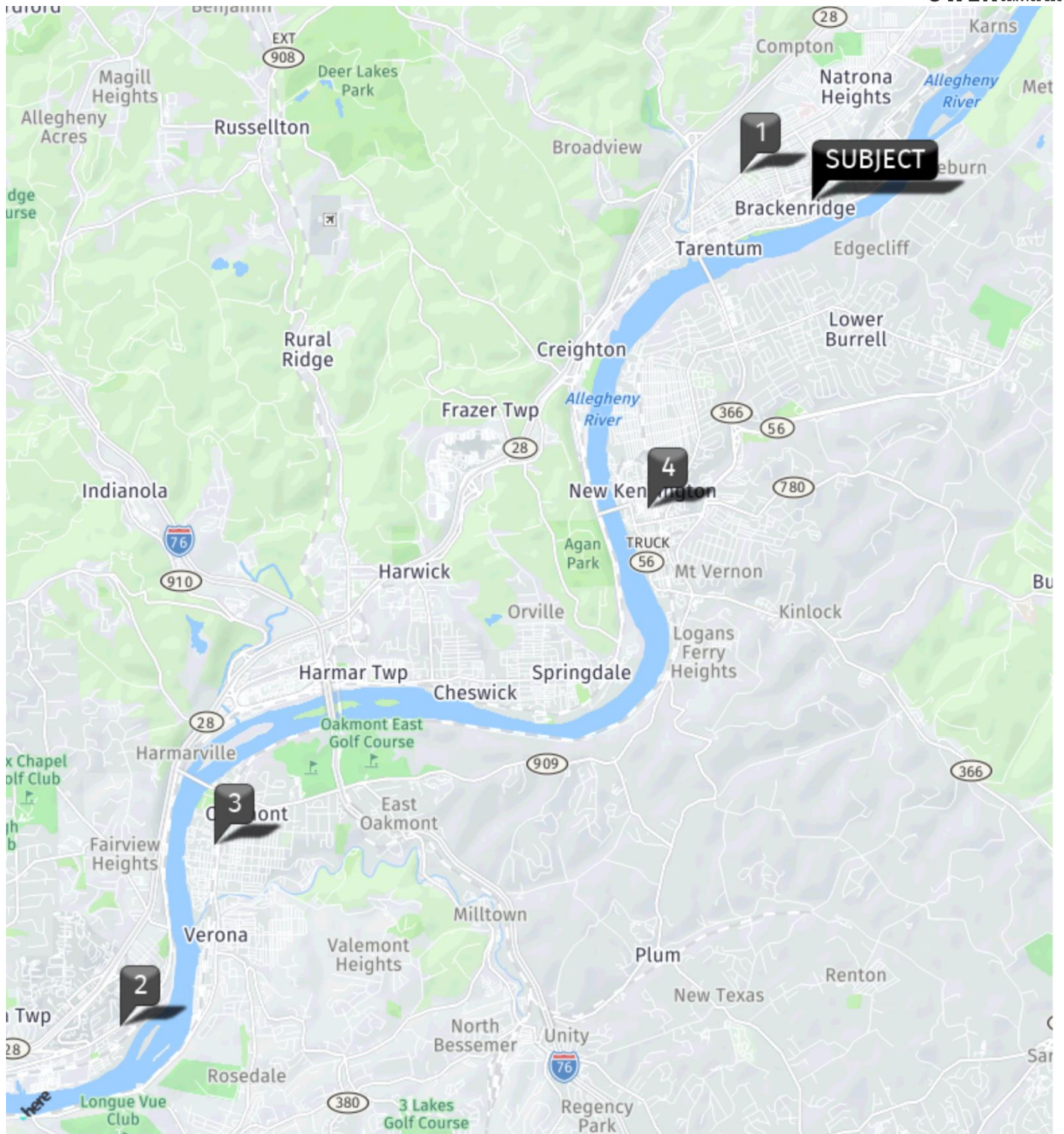
# SALES COMPARISON APPROACH



## IMPROVED SALES COMPARISON TABLE

SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	
Name	1115 Brackenridge Avenue	825 10th Avenue	352 Freeport Road	533-535 Allegheny Avenue	825 5th Avenue
Address	1115 Brackenridge Avenue	825 10th Avenue	352 Freeport Road	533-535 Allegheny Avenue	825 5th Ave
City	Brackenridge	Brackenridge	Pittsburgh	Oakmont	New Kensington
State	PA	PA	PA	PA	PA
Zip	15014	15014	15238	15139	15068
County	Allegheny	Allegheny	Allegheny	Allegheny	Westmoreland
Submarket	Northeast Pittsburgh	Northeast Pittsburgh	Northeast Pittsburgh	East Pittsburgh	Northeast Pittsburgh
SALE INFORMATION					
Transaction Price	\$227,000	\$230,000	\$450,000	\$150,000	
Transaction Price \$/SF NRA	\$46	\$73	\$44	\$7	
Property Rights <sup>1</sup>	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Financing <sup>2</sup>	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	
Sale Conditions <sup>3</sup>	-	-	-	-	
Expenditures After Sale <sup>4</sup>	-	-	-	-	
Market Conditions <sup>5</sup>	10/9/2020 3.8%	12/16/2019 6.2%	7/29/2019 7.4%	4/8/2020 5.3%	
Sale Status	Recorded	Recorded	Recorded	Recorded	
Marketing Status	Open Market	Open Market	Unknown	Unknown	
Marketing Period (Days)	376 Days	81 Days	-	-	
Total Transactional Adjustments	\$2 4%	\$5 7%	\$3 7%	\$0 0%	
<b>Adjusted \$/SF (NRA)</b>	<b>\$48</b>	<b>\$78</b>	<b>\$47</b>	<b>\$7</b>	
PHYSICAL INFORMATION					
GBA (SF)	12,140	5,262	4,469	10,342	22,646
NRA (SF)	12,140	4,946 (15%)	3,170 (20%)	10,342	21,740 25%
Year Built/Ren	1900	1966	1940	1900	1900
Location	Average	Average	Average	Above Average (15%)	Average
Access/Exposure	Average	Above Average (5%)	Good (10%)	Average	Above Average (5%)
Quality	Average	Average	Average	Average	Average
Condition	Above Average	Average 5%	Average 5%	Average 5%	Below Average 30%
Appeal	Average	Average	Above Average (5%)	Average	Average
Secondary Type	Mixed Use Building	Mixed Use Building	Mixed Use Building	Retail (5%)	Medical/General Purpose Office
Parking Type	Off-Street	Surface (10%)	Garage - Detached, Off-Street (10%)	On-Street 5%	On-Street 5%
Total Physical Adjustments	(\$12) (25%)	(\$31) (40%)	(\$5) (10%)	\$4 55%	
<b>Adjusted \$/SF (NRA)</b>	<b>\$36</b>	<b>\$47</b>	<b>\$42</b>	<b>\$11</b>	
CONFIRMATION INFORMATION					
Company	WPMLS, CoStar, Agent, Public Records	WPMLS, Public Records, Agent	Confidential	Broker, Public Records	
Name	Confidential	Confidential	Confidential	Confidential	
Affiliation	Confidential	Confidential	Confidential	Confidential	
Phone	Confidential	Confidential	Confidential	Confidential	
Date	1/26/2022	10/11/2019	Confidential	1/26/2022	

# SALES COMPARISON APPROACH



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	825 10th Avenue, Brackenridge, PA, 15014	0.7
COMPARABLE 2	2	352 Freeport Road, Pittsburgh, PA, 15238	10.2
COMPARABLE 3	3	533-535 Allegheny Avenue, Oakmont, PA, 15139	8.3
COMPARABLE 4	4	825 5th Ave, New Kensington, PA, 15068	3.3

IMPROVED SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4

**ANALYSIS OF COMPARABLE SALES**

The comparable sales indicate an overall unadjusted unit value range from \$7/SF to \$73/SF, and an average of \$43/SF. After adjustments, the comparables indicate a range for the subject property from \$11/SF to \$47/SF, and \$34/SF on average. The adjustment process is summarized below.

**Sale No. 1 (\$36/SF Adjusted)** - This property is a similar mixed use structure, located in the subject’s immediate setting. No adverse sales conditions were noted.

Sale 1 adjusted negatively for smaller NRA compared to the subject, as well as superior access/exposure and surface parking utility. This sale adjusted positively for inferior overall condition, assuming an above average renovation of the subject property. Sale 1 was given the most weight in the reconciliation.

**Sale No. 2 (\$47/SF Adjusted)** - This property is a similar mixed use structure, located in a competing neighborhood setting. No adverse sales conditions were noted.

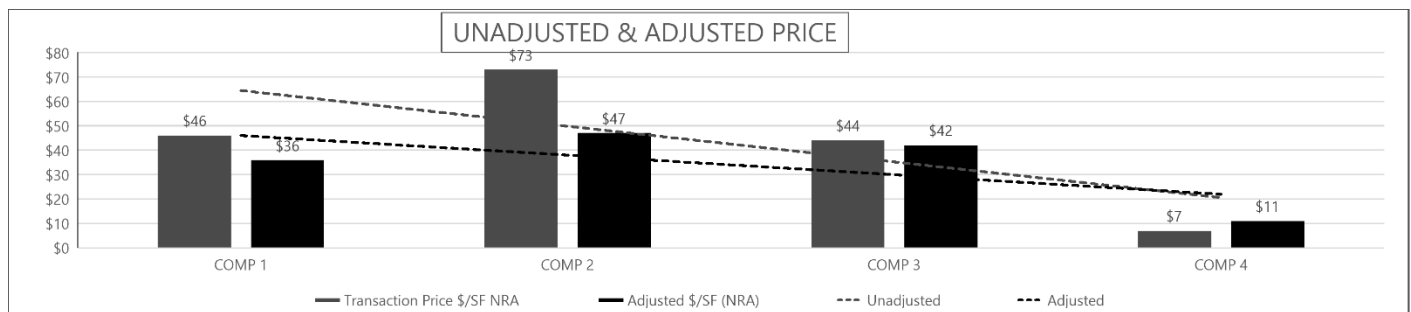
Sale 2 adjusted negatively for smaller NRA compared to the subject, as well as superior access/exposure and surface parking utility. Sale 2 is considered to have slightly superior appeal. This sale adjusted positively for inferior overall condition, assuming an above average renovation of the subject property. Sale 2 was given some weight in the reconciliation.

**Sale No. 3 (\$42/SF Adjusted)** - This property is a retail/office structure, located in a superior neighborhood setting. No adverse sales conditions were noted.

Sale 3 is similar to the subject’s overall size and adjusted positively for inferior overall condition, assuming an above average renovation of the subject property, as well as inferior on-street parking. Sale 3 was given some weight in the reconciliation.

**Sale No. 4 (\$11/SF Adjusted)** - This property is a mixed use office and retail structure, located in an inferior neighborhood setting. No adverse sales conditions were noted.

Sale 4 adjusted positively for a much larger NRA compared to the subject, as well as inferior condition and on-street parking utility. Sale 4 transferred in below average condition. Sale 4 was given little weight in the reconciliation but included as support for a low end price per SF.



**SALES COMPARISON APPROACH CONCLUSION**

Based on general bracketing, the comparable sales support an adjusted unit value range from \$11/SF to \$47/SF, with a unit value of \$35/SF concluded for the subject property. The concluded price per SF is based on property type, location and size. Sale 1 was given the most weight based on location and property type. The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject property by the Sales Comparison Approach.



**IMPROVED SALES COMPARISON APPROACH CONCLUSION (NRA)**

	TRANSACTION	ADJUSTMENT				NET ADJ	GROSS ADJ
	PRICE	TRANSACTIONAL <sup>1</sup>	ADJUSTED	PROPERTY <sup>2</sup>	FINAL		
1	\$46	4%	\$48	(25%)	\$36	(22%)	39%
2	\$73	7%	\$78	(40%)	\$47	(36%)	56%
3	\$44	7%	\$47	(10%)	\$42	(5%)	37%
4	\$7	0%	\$7	55%	\$11	57%	70%
HIGH	\$73	7%	\$78	55%	\$47	57%	70%
AVG	\$43	5%	\$45	(5%)	\$34	(1%)	51%
MED	\$45	6%	\$48	(18%)	\$39	(13%)	48%
LOW	\$7	0%	\$7	(40%)	\$11	(36%)	37%
<b>SUBJECT SF (NRA)</b>		<b>\$/SF CONCLUSION</b>		<b>VALUE</b>			
12,140		x	\$35	=	\$424,900		
INDICATED VALUE (ROUNDED TO NEAREST \$5,000)			\$35	\$425,000			
Lease-up Costs			(\$3)	(\$41,000)			
INDICATED VALUE (ROUNDED TO NEAREST \$5,000)			\$32	\$385,000			
Renovation/Repair Costs			(\$13)	(\$160,000)			
INDICATED VALUE (ROUNDED TO NEAREST \$5,000)			\$19	\$225,000			

<sup>1</sup>Cumulative <sup>2</sup>Additive

**SALES APPROACH RECONCILIATION**

**SALES COMPARISON APPROACH**

SALES COMPARISON APPROACH		
Indicated Value		\$225,000
\$/SF NRA		\$19

Given that the subject is an income producing asset with short term leasing posture, it is generally understood that the multiplier method is relevant, however, we perceive that the multiplier method is less reliable than the analysis of the sale comparables, and has therefore not been included in this approach. As confirmed by market participants and investors alike, the substitution method within this approach is the most relied upon method for buyers of this asset type. Accordingly, we have attributed single emphasis to the conclusion via the substitution method as reported herein.

*The renovation and lease-up cost deductions are explained in the Lease-up Cost Analysis at the end of the Income Approach section of this report.*

The income capitalization approach consists of methods, techniques, and mathematical procedures to analyze a property’s capacity to generate monetary benefits (i.e., income and reversion) and convert these benefits into an indication of present value. The present value of these benefits is an indication of the amount that a prudent, informed purchaser-investor would pay for the right to receive these benefits as of the valuation date. The principle of anticipation is fundamental to the approach. There are two primary methods for converting monetary benefits into present value: 1) discounted cash flow and 2) direct capitalization.

The discounted cash flow (“DCF”) analysis focuses on the operating cash flows expected from the property and the anticipated proceeds of a hypothetical sale at the end of an assumed holding period. These amounts are then discounted to their present value. The discounted present values of the income stream and the reversion are added to obtain a value indication. Because benefits to be received in the future are worth less than the same benefits received in the present, this method weights income projected in the early years more heavily than the income and the sale proceeds to be received later.

Direct capitalization uses a single year's stabilized net operating income as a basis for a value indication. It converts estimated “stabilized” annual net operating income to a value indication by dividing the income by a capitalization rate. The rate chosen includes a provision for recapture of the investment and should reflect all factors that influence the value of the property. The rate may be inferred from comparable market transactions and/or obtained from trade sources.

In some situations, both methods yield similar results. The DCF method is more appropriate for the analysis of investment properties with multiple or long-term leases, particularly leases with cancellation clauses or renewal options and especially in volatile markets. The direct capitalization method is normally more appropriate for properties with relatively stable operating histories and expectations.

For the purposes of our appraisal, we have utilized the Direct Capitalization method only.

**MULTIFAMILY REVENUE ANALYSIS**

**Subject Rent Roll**

The following table summarizes the subject’s in place unit mix and current leasing posture.

RENT ROLL													
TYPE	UNIT DETAIL							ASKING RENT		RECENT LEASES		ACTUAL RENT	
	OCC	VAC	TOT	% TOT	SIZE	VAC %	OCC %	\$/UNIT	\$/SF	\$/UNIT	\$/SF	\$/UNIT	\$/SF
Flat 1 Bed / 1 Bath	0	6	6	50%	685	100.0%	0.0%	\$0.00		\$0.00		\$0	\$0.00
Flat 2 Bed / 1 Bath	0	5	5	42%	785	100.0%	0.0%	\$0.00		\$0.00		\$0	\$0.00
Townhouse 2 Bed / 1 Bath	1	0	1	8%	712	0.0%	100.0%	\$0.00		\$0.00		\$0	\$0.00
<b>TOTAL / AVERAGE</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>100%</b>	<b>729</b>	<b>91.7%</b>	<b>8.3%</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0.00</b>

The subject is currently vacant. For projected market rents, it is assumed that the owner pays for water and sewage, and all other utilities directly billed to tenants.

**MARKET RENT SURVEY ANALYSIS**

This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property’s contract to what is attainable in the current market.

**Unit of Comparison**

The analysis is conducted on a dollar per unit per month basis, reflecting market behavior. The market rent analysis is based on a modified gross expense structure where the owner pays for all building maintenance and expenses including utility expense of water, sewer, and garbage. Tenants are responsible for direct payment of electric and cable. The comparables are adjusted to reflect water, sewer, and garbage as included in the base rent. This adjustment is based on the set value paid at the comparables.

**Selection of Comparables**

A complete search of the area was conducted to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

SURVEY COMPARISON SUMMARY									
	NAME	SUBMARKET	RENT/UNIT AVG	NRA (SF)	UNITS	AVG UNIT SF	OCCUPANCY	YEAR BUILT/REN	CONDITION
1	825 10th Avenue	Northeast Pittsburgh	\$445	4,946	3	620	100.0%	1966	Average
2	1048 Brackenridge Avenue	Northeast Pittsburgh	\$645	2,874	3	957	100.0%	1910	Average
3	1009 1st Avenue	Northeast Pittsburgh	\$631	3,827	5	709	100.0%	1920	Average
4	2511 Freeport Road	Northeast Pittsburgh	\$592	7,395	10	740	100.0%	1960	Average

**Adjustments**

The comparables have been evaluated for concessions such as free rent, atypical rent escalations, and atypical lease terms. Adjustment was made for these concessions based on their impact over the original term period. Quantitative percentage adjustments were made for location and physical features such as size, age, condition, and parking ratio. It is stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving market rent for the subject.

**Market Conditions (Time)**

Based on research and interpretation of rental value trends, the analysis applies an upward market conditions adjustment of 3% annually reflecting the relatively consistent rent growth that occurred between the oldest lease date up through the effective valuation date.

**Concessions**

Comparables with concessions that are outside market are adjusted to market standard.

**Presentation**

The following presentation summarizes the comparables most similar to the subject property. The Survey Comparison Table, location map, photographs, and an analysis of the rent survey are presented on the following pages.



# INCOME APPROACH



## SURVEY COMPARISON TABLE

SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	
Name	1115 Brackenridge Avenue	825 10th Avenue	1048 Brackenridge Avenue	1009 1st Avenue	2511 Freeport Road
Address	1115 Brackenridge Avenue	825 10th Avenue	1048 Brackenridge Avenue	1009 E 1st Ave	2511 Freeport Rd
City	Brackenridge	Brackenridge	Brackenridge	Brackenridge	Natrona Heights
State	PA	PA	PA	PA	PA
Zip	15014	15014	15014	15014	15065
County	Allegheny	Allegheny	Allegheny	Allegheny	Allegheny
Submarket	Northeast Pittsburgh	Northeast Pittsburgh	Northeast Pittsburgh	Northeast Pittsburgh	Northeast Pittsburgh

## RENT SURVEY INFORMATION

Rent Type	Market	Market	Market	Market	Market
Rent/Unit Avg	\$0	\$445	\$645	\$631	\$592
Rent/SF Avg	\$0.00	\$0.72	\$0.67	\$0.89	\$0.80
Avg Concessions	\$0	\$0	\$0	\$0	\$0
Utilities Includ.*	T, S, W	T, S, W	T, G, S, W (\$20)	S, W	S, W
RUBS \$/Unit Avg	\$0	\$0	\$0	\$0	\$0
Parking Includ.	Open	Open	None	Open	Open
<b>Subtotal Survey Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Electricity = E | Garbage = T | Gas = G | Hot-Water = HW | Sewer = S | Water = W | Cable/Satellite = C | Internet = I

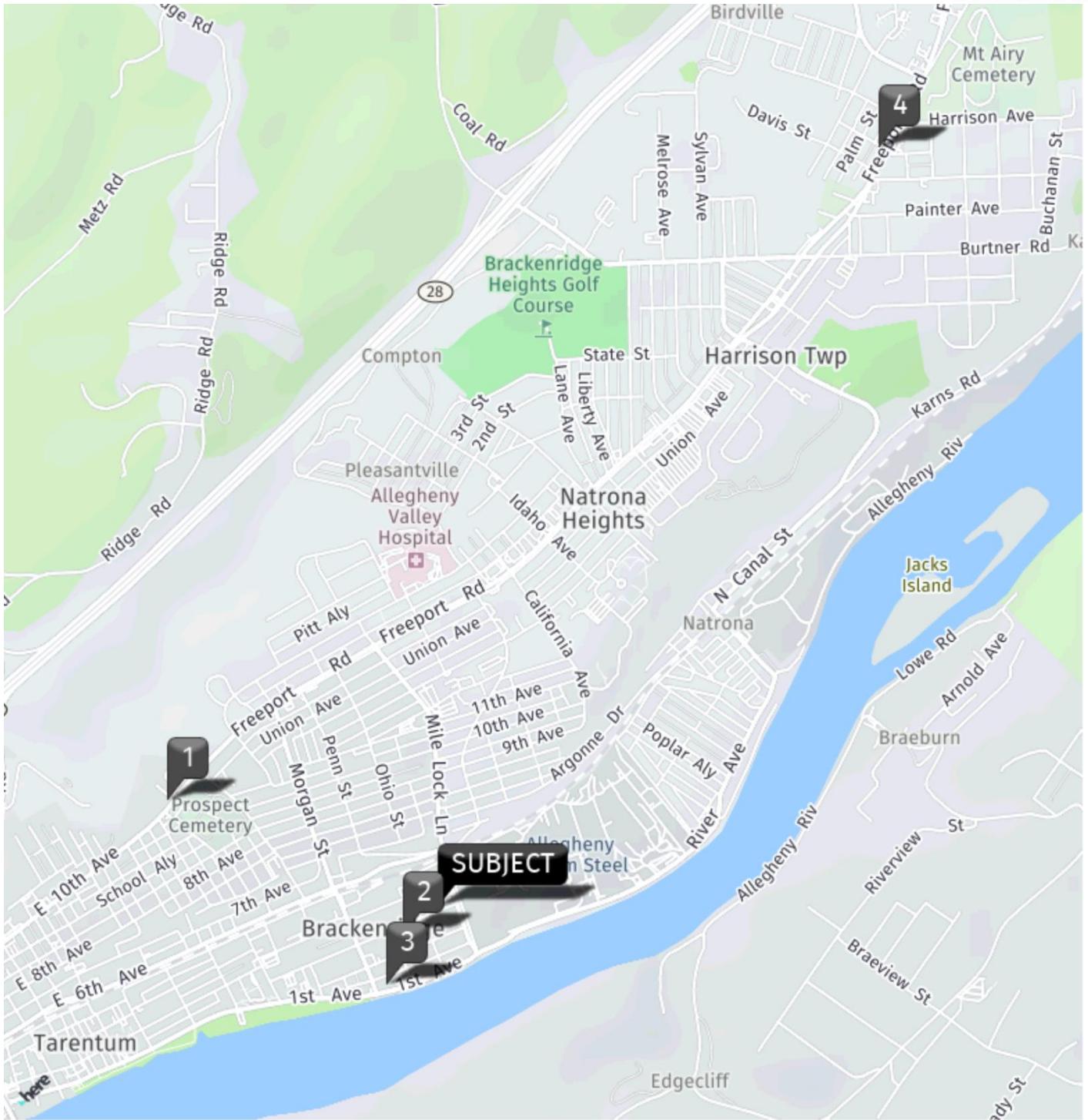
## BUILDING INFORMATION

Subtype	Mixed Use Commercial	Mixed Use Building	Multi-unit Residential	Multi-unit Residential	Multi-unit Residential
GBA (SF)	12,140	5,262	2,994	4,160	9,263
NRA (SF)	12140	4,946	2,874	3,827	7,395
Units	14	3	3	5	10
Avg Unit SF	729	620	957 (\$25)	709	740
Occupancy	100%	100.0%	100.0%	100.0%	100.0%
Year Built/Ren	1900	1966	1910	1920	1960
Location	Average	Average	Average	Average	Average
Access/Average	Average	Above Average (\$10)	Average	Average	Above Average (\$10)
Quality	Average	Average	Average	Average	Average
Condition	Above Average	Average \$10	Average	Average \$10	Average \$10
Appeal	Average	Average	Average	Average	Average
Security Features	Deadbolts, Exterior Lighting, Secured Entry	Deadbolts, Exterior Lighting, Secured Entry	Deadbolts, Exterior Lighting, Secured Entry	Deadbolts, Exterior Lighting	Deadbolts, Exterior Lighting, Security Alarm
Laundry	None	None	On Site	None	On Site
Parking Type	Off-Street	Surface	On-Street	Surface	Garage, On-Street, Surface
<b>Subtotal Building Adjustments</b>		<b>\$0</b>	<b>(\$15)</b>	<b>\$10</b>	<b>\$0</b>
<b>Total Adjustments</b>		<b>\$0</b>	<b>(\$15)</b>	<b>\$10</b>	<b>\$0</b>

## CONFIRMATION INFORMATION

Company	WPMLS, Agent, Leases	WPMLS, Public Records, Agent	WPMLS, Public Records, Agent	Owner
Name	Confidential	Confidential	Confidential	Confidential
Affiliation	Confidential	Confidential	Confidential	Confidential
Phone	Confidential	Confidential	Confidential	Confidential
Date	1/27/2022	1/27/2022	9/21/2020	9/21/2020

# INCOME APPROACH



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	825 10th Avenue, Brackenridge, PA, 15014	0.7
COMPARABLE 2	2	1048 Brackenridge Avenue, Brackenridge, PA, 15014	0.1
COMPARABLE 3	3	1009 E 1st Ave, Brackenridge, PA, 15014	0.2
COMPARABLE 4	4	2511 Freeport Rd, Natrona Heights, PA, 15065	2.2

RENT SURVEY PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4

**CONCLUSION OF MARKET RENT - APARTMENT**

The following table summarizes the various indicators of market rent for each unit type, and provides the market rent analysis and the conclusions for the subject property.

1 BED UNITS						
COMP TYPE	AVERAGE UNIT SIZE	UNADJUSTED	ADJUSTMENTS		ADJUSTED	NET
		RENT	SURVEY	BUILDING	RENT	ADJ
1 Flat 1 Bed / 1 Bath	620	\$445	\$0	\$0	\$445	0%
2 Flat 1 Bed / 1 Bath	672	\$550	\$0	(\$15)	\$535	(3%)
3 Flat 1 Bed / 1 Bath	690	\$614	\$0	\$10	\$624	2%
4 Flat 1 Bed / 1 Bath	534	\$515	\$0	\$0	\$515	0%
HIGH	690	\$614	\$0	\$10	\$624	2%
AVG	629	\$531	\$0	(\$1)	\$530	(0%)
MED	646	\$533	\$0	\$0	\$525	0%
LOW	534	\$445	\$0	(\$15)	\$445	(3%)

UNIT TYPE ANALYSIS & CONCLUSIONS				
TYPE	UNIT SIZE	RENT	ASKING	CONCLUSION
Flat 1 Bed / 1 Bath	685	\$0	\$0	\$515

2 BED UNITS						
COMP TYPE	AVERAGE UNIT SIZE	UNADJUSTED	ADJUSTMENTS		ADJUSTED	NET
		RENT	SURVEY	BUILDING	RENT	ADJ
2 Flat 2 Bed / 2 Bath	1,100	\$693	\$0	(\$15)	\$678	(2%)
4 Flat 2 Bed / 1 Bath	748	\$590	\$0	\$0	\$590	0%
HIGH	1,100	\$693	\$0	\$0	\$678	0%
AVG	924	\$642	\$0	(\$8)	\$634	(1%)
MED	924	\$642	\$0	(\$8)	\$634	(1%)
LOW	748	\$590	\$0	(\$15)	\$590	(2%)

UNIT TYPE ANALYSIS & CONCLUSIONS				
TYPE	UNIT SIZE	RENT	ASKING	CONCLUSION
Flat 2 Bed / 1 Bath	785	\$0	\$0	\$625
Townhouse 2 Bed / 1 Bath	712	\$0	\$0	\$575

**TOTAL RENTAL REVENUE - APARTMENT**

The Total Rental Revenue is based on the conclusions presented in the previous table.

TYPE	UNITS	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF(YR.)	\$/YEAR
Flat 1 Bed / 1 Bath	6	1 Bed	\$0	\$515	0%	\$9.02	\$37,080
Flat 2 Bed / 1 Bath	5	2 Bed	\$0	\$625	0%	\$9.55	\$37,500
Townhouse 2 Bed / 1 Bath	1	2 Bed	\$0	\$575	0%	\$9.69	\$6,900
UNIT MIX SUBTOTAL	12	-	\$0	\$566	0%	\$6.71	\$81,480

**Reimbursement Revenue**

No reimbursement revenue noted.

**Miscellaneous Revenue**

No miscellaneous revenue noted.

**RETAIL/OFFICE REVENUE ANALYSIS**

**Subject Lease**

The following table summarizes the subject’s in place contract rent.

MULTI-TENANT RENT ROLL											
VACANT SPACE											
SUITE NO	SPACE	TOTAL NRA (SF)	% OF NRA	TENANT GROUP	SPEC BEGIN	SPEC END	SPEC YEARS	LEASE STRUCTURE	ASKING RENT		
									\$/SF(YR.)	\$/SF(MO.)	ANNUAL
1	Retail/Office	1,172	37.9%	Retail/Office Flex			-	Modified Gross	\$0.00	\$0.00	
2	Retail/Office	1,917	62.1%	Retail/Office Flex			-	Modified Gross	\$0.00	\$0.00	
VACANT SUBTOTALS		3,089	100.0%						\$0.00	\$0.00	\$0
TOTAL NRA		3,089	100%						\$0.00	\$0.00	\$0

The subject is vacant.

**VACANT SPACE**

For the purpose of the projected pro-forma, an 8% vacancy rate is utilized.

**MARKET RENT ANALYSIS – RETAIL/OFFICE**

This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property’s contract to what is attainable in the current market.

**UNIT OF COMPARISON**

The analysis is conducted on a dollar per square foot annually, reflecting market behavior. The market rent analysis is based on a **modified gross** expense structure where the owner pays for taxes, insurance, structural maintenance, vacant space expenses and water and sewer utilities and management, and the tenants pay for all other utilities and common area maintenance.

**SELECTION OF COMPARABLES**

A complete search of the area was conducted in order to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

RENT COMPARABLE SUMMARY							
	START DATE	TENANT	LOCATION	YR. BLT	LEASE SF	LEASE STRUCTURE	\$/SF
1	6/1/2019	Spale	825 10th Avenue, Brackenridge, PA	1966	3,254	Modified Gross	\$8.59
2	10/1/2017	Unknown	352 Freeport Road, Pittsburgh, PA	1940/Est.	460	Modified Gross	\$11.36
3	12/12/2017	Nadelli	744 5th Ave, New Kensington, PA	1960	1,000	Modified Gross	\$7.13
4	Listing	Unknown	898 Pittsburgh Street, Springdale, PA	1960	840	Modified Gross	\$9.78

**ADJUSTMENTS**

The comparables have been evaluated for concessions such as free rent, tenant improvements in excess of the typical market, atypical rent escalations, and atypical lease terms. Adjustment was made for these concessions based on their impact over the original term period. Quantitative percentage adjustments were made for location and physical features such as size, age, condition, exposure and parking ratio. It is stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving market rent for the subject.

### **MARKET CONDITIONS (TIME)**

Based on research and interpretation of rental value trends, the analysis applies an upward market conditions adjustment of 2% annually reflecting the relatively consistent rent growth that occurred between the oldest lease date up through the effective valuation date.

### **TENANT IMPROVEMENTS & CONCESSIONS**

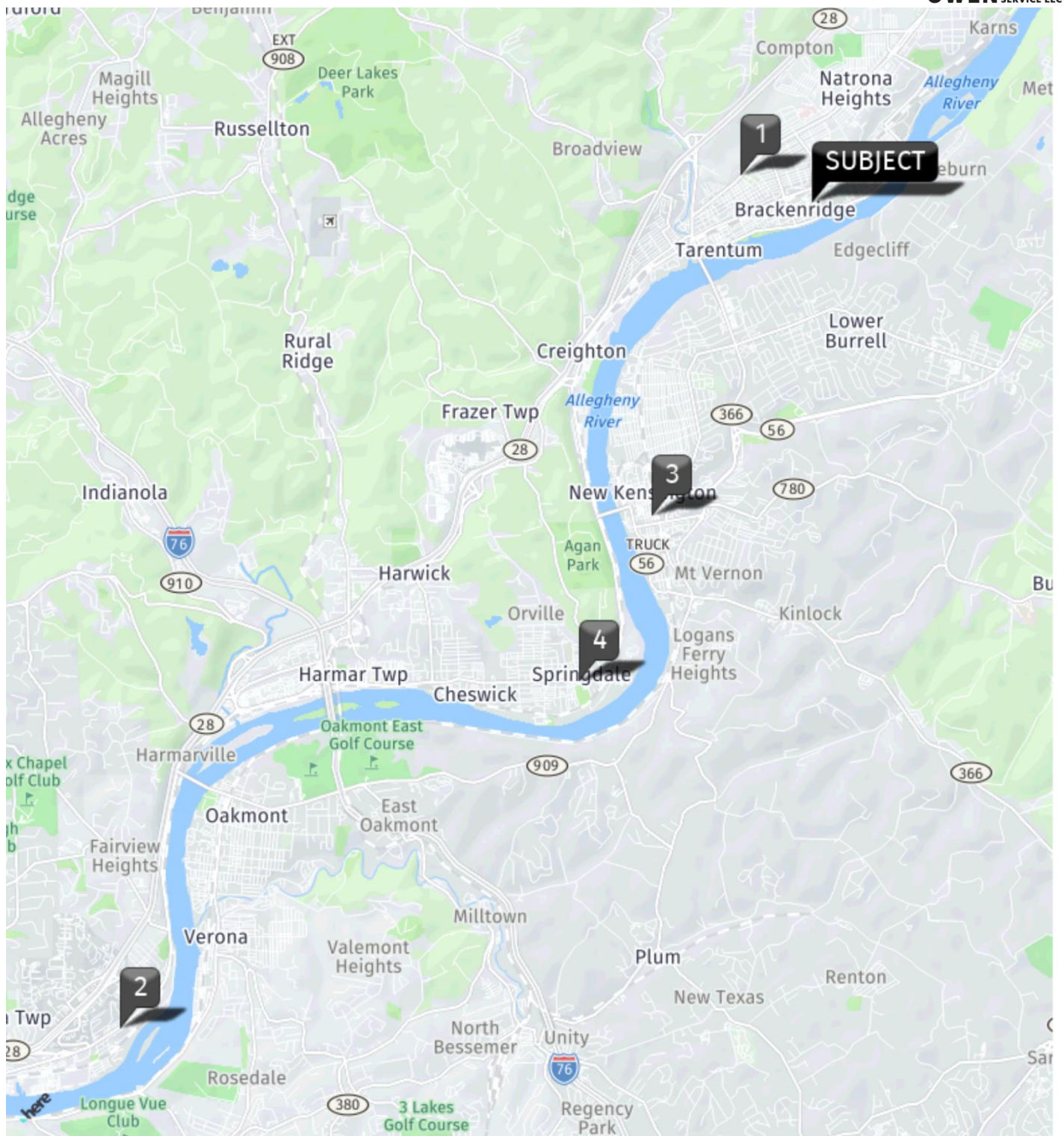
Market based concessions range from \$5.00/SF to \$20.00/SF for tenant improvements and 0 to 3 months of free rent. Comparables with concessions that are outside these defined market boundaries are adjusted to the closest boundary with this difference divided over the term of the lease.

**PRESENTATION**

The following presentation summarizes the comparables most similar to the subject property. The Lease Comparison Table, location map, photographs, and an analysis of the rent comparables are presented on the following pages.

RETAIL/OFFICE FLEX LEASE COMPARISON TABLE										
SUBJECT		COMP 1		COMP 2		COMP 3		COMP 4		
Name	1115 Brackenridge Avenue	825 10th Avenue		352 Freeport Road		744 5th Avenue		898 Pittsburgh Street		
Address	1115 Brackenridge Avenue	825 10th Avenue		352 Freeport Road		744 5th Ave		898 Pittsburgh Street		
City	Brackenridge	Brackenridge		Pittsburgh		New Kensington		Springdale		
State	PA	PA		PA		PA		PA		
Zip	15014	15014		15238		15068		15144		
County	Allegheny	Allegheny		Allegheny		Westmoreland		Allegheny		
Submarket	Northeast Pittsburgh	Northeast Pittsburgh		Route 28 Corridor		Westmoreland County		Northeast Pittsburgh		
LEASE INFORMATION										
Rent (\$/SF/Yr.)		\$8.30		\$14.35		\$6.60		\$11.43		
Tenant		Spale		Retail/Office Space		Nadelli		Unknown		
Start Date		6/1/2019	5%	10/1/2017	9%	12/12/2017	8%	-	0%	
Space Type		Office		Retail		Office		Office		
Lease Type		New		Renewal		New		Listing (\$1.14)		
Lease Str.	Modified Gross	Modified Gross		Modified Gross		Modified Gross		Modified Gross		
Size (SF)		3,254	\$0.83	460	(\$1.44)	1,000		840		
Term (Yrs.)		1		1		1		-		
Avg. Escalation		0.0%		0.0%		0.0%		0.0%		
Free Rent		None		None		None		None		
TI's (\$/SF)		None		None		None		None		
Options		One - 1 year option		None		None		None		
BUILDING INFORMATION										
NRA (SF)	12,140	4,946		3,170		3,648		840		
Year Built/Ren	1900	1966		1940/Est.		1960		1960		
Location	Average	Average		Average		Average		Average		
Access/Exposure	Average	Above Average (5%)		Good (10%)		Above Average (5%)		Good (10%)		
Quality	Average	Average		Average		Average		Average		
Condition	Above Average	Average 5%		Average 5%		Average 5%		Average 5%		
Appeal	Average	Average		Above Average (5%)		Average		Average		
Corner	No	Yes (5%)		Yes (5%)		Yes (5%)		No		
Parking Type	Off-Street	Surface (5%)		Garage - Detached, Off-Street (5%)		On-Street 5%		Off-Street		
Total Building Adjustments		(\$0.95) (10%)		(\$2.84) (20%)		\$0.00 0%		(\$0.51) (5%)		
<b>Adjusted Rent (\$/SF/Yr.)</b>		<b>\$8.59</b>		<b>\$11.36</b>		<b>\$7.13</b>		<b>\$9.78</b>		
CONFIRMATION INFORMATION										
Company		WPMLS, Agent, Lease			Owner		Berkshire Hathaway, CoStar		WPMLS, Public Records, Agent	
Name		Confidential			Confidential		Confidential		Confidential	
Affiliation		Confidential			Confirmed with Party Related		Confidential		Confidential	
Phone		Confidential			Confidential		Confidential		Confidential	
Date		1/26/2022			10/11/2019		3/19/2020		8/20/2021	

# INCOME APPROACH



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	825 10th Avenue, Brackenridge, PA, 15014	0.7
COMPARABLE 2	2	352 Freeport Road, Pittsburgh, PA, 15238	10.2
COMPARABLE 3	3	744 5th Ave, New Kensington, PA, 15068	3.3
COMPARABLE 4	4	898 Pittsburgh Street, Springdale, PA, 15144	5.0



**LEASE COMPARABLE PHOTOGRAPHS**



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4

**DISCUSSION OF LEASE COMPARABLES**

The lease comparables indicate an unadjusted range from \$6.60/SF to \$14.35/SF, and an average of \$10.17/SF. Rents are analyzed on a modified gross basis. After adjustments a narrower rental range is indicated for the subject from \$7.13/SF to \$11.36/SF and \$9.21/SF on average.

**Lease 1 (\$8.59/SF Adjusted)** – This lease is of similar retail/office flex space located in the subject’s immediate neighborhood area.

**Lease 2 (\$11.36/SF Adjusted)** – This lease is of retail/office flex space located in a competing neighborhood setting. This space is much smaller than the subject and has a dated lease start date.

**Lease 3 (\$7.13/SF Adjusted)** – This lease is of a similar retail/office flex space located in a competing neighborhood setting. Similar overall size and appeal.

**Lease 4 (\$9.78/SF Adjusted)** – This lease is of a similar retail/office flex space located in a competing neighborhood setting. Similar overall size and appeal.

**CONCLUSION OF MARKET RENT**

Based on general bracketing, the comparable leases support an adjusted market rent range from \$7.13/SF to \$11.36/SF, with a market rent of \$8.75/SF concluded for the subject property. Lease 1 was given the most

weight based on the location. The following table summarizes the various indicators of market rent, provides the market rent analysis and the conclusions for the subject property.

RETAIL/OFFICE FLEX MARKET RENT CONCLUSION							
	LEASE RATE	ADJUSTMENT			FINAL	NET ADJ	GROSS ADJ
		LEASE <sup>1</sup>	ADJUSTED	BUILDING <sup>1</sup>			
1	\$8.30	15%	\$9.55	(10%)	\$8.59	4%	35%
2	\$14.35	(1%)	\$14.20	(20%)	\$11.36	(21%)	49%
3	\$6.60	8%	\$7.13	0%	\$7.13	8%	28%
4	\$11.43	(10%)	\$10.29	(5%)	\$9.78	(14%)	25%
HIGH	\$14.35	15%	\$14.20	0%	\$11.36	8%	49%
AVG	\$10.17	3%	\$10.29	(9%)	\$9.21	(6%)	34%
MED	\$9.87	3%	\$9.92	(8%)	\$9.18	(5%)	32%
LOW	\$6.60	(10%)	\$7.13	(20%)	\$7.13	(21%)	25%
		AVG CONTRACT		ASKING		CONCLUSION	
Retail/Office Flex		-			Modified Gross	\$8.75	

Based on the average rental rates in the market, our estimate appears reasonable.

**POTENTIAL GROSS REVENUE (PGR) - OVERALL**

The potential gross revenue equals the gross rental revenue from the multifamily component as well as the retail component plus reimbursement and miscellaneous revenue. The total potential gross revenue for the subject is \$108,509 which is \$7,751 /Unit and \$8.94/SF.

**Vacancy and Credit Loss**

This category accounts for the time period between occupancies, as well as the potential for protracted vacancies during slow market conditions. Market participants typically expect a vacancy and credit loss of 3% to 10% of potential gross revenue for similar property types. This assignment reflects the probable vacancy during the economic life of the property and not necessarily the current or short-term vacancy. The findings of the Market Analysis section support a vacancy and credit loss allocation near the middle aspect of this range. As of the effective date, the subject is 0.0% occupied.

Based on current and perceived long-term market conditions and the subject's anticipated tenancy over a typical holding period, a vacancy and credit loss of 8.0% is concluded.

ALL VACANCY LOSS	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Rental Revenue	8.0%	8.7%	(\$0.72)	(\$8,681)
<b>TOTAL VACANCY &amp; CREDIT LOSS</b>	8.0%	8.7%	(\$0.72)	(\$8,681)

**Effective Gross Revenue (EGR)**

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$99,828 which is \$7,131 /Unit and \$8.22/SF.

**Operating History**

The subject’s operating history was not provided. The subject is vacant and uninhabitable.

**Expense Comparables**

The following table summarizes the expense comparables deemed to be applicable to the subject property.

EXPENSE COMPARABLES											
COMPARABLE	COMP 1		COMP 2		COMP 3		COMP 4		LOW	HIGH	AVG
City	Pittsburgh		Blawnox		Pittsburgh		Pittsburgh		-	-	-
State	PA		PA		PA		PA		-	-	-
Building Class	C		C		C		C		-	-	-
Expense Year	2019		2017		2020		2020		-	-	-
Actual/Budget	-		-		WPMLS; Agent		Owner		-	-	-
Units	9		10		2		2		2	10	6
Net Rentable Area	3,170		3,750		2,572		5,775		2,572	5,775	3,817
Year Built	1940		1940		1920		1949		1920	1949	1937
EFFECTIVE GROSS REVENUE	\$14.77 -		\$19.82 -		\$9.10 -		\$9.45 -		\$9.10	\$19.82	\$13.29
OPERATING EXPENSES	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	LOW	HIGH	AVG
Taxes	\$2.53	17.1%	\$1.91	9.6%	\$1.75	19.2%	\$2.25	23.8%	\$1.75	\$2.53	\$2.11
Insurance	\$0.69	4.7%	\$0.56	2.8%	\$0.66	7.3%	\$0.31	3.3%	\$0.31	\$0.69	\$0.56
Repairs & Maintenance	\$0.63	4.3%	\$0.67	3.4%	\$0.39	4.3%	\$0.42	4.4%	\$0.39	\$0.67	\$0.53
Water & Sewer	\$0.81	5.5%	\$1.15	5.8%	-	-	\$0.54	5.7%	\$0.54	\$1.15	\$0.83
Management Fees	\$1.03	7.0%	\$1.39	7.0%	\$0.62	6.8%	\$0.66	7.0%	\$0.62	\$1.39	\$0.93
Reserves	-	-	-	-	-	-	-	-	\$0.00	\$0.00	-
TOTAL OPERATING EXPENSES	\$5.69	38.5%	\$5.68	28.7%	\$3.42	37.6%	\$4.18	44.2%	\$3	\$6	\$5

**Expense Conclusions**

The individual expense conclusions for the subject are summarized in the following table. The analysis relies upon the subject’s historical data, expense comparable data and current general market conditions.

EXPENSE CONCLUSIONS				
OPERATING EXPENSES	%EGR	\$/SF NRA	TOTAL	COMMENT
Taxes	0.0%	\$0.00	\$0	Tax burden included in the loaded cap rate.
Insurance	6.0%	\$0.49	\$6,000	The concluded amount is based on the expense comparable information.
Repairs & Maintenance	4.9%	\$0.40	\$4,850	The concluded amount is based on the expense comparable information.
Water & Sewer	9.7%	\$0.79	\$9,650	The concluded amount is based on the expense comparable information.
Management Fees	7.0%	\$0.58	\$6,988	The concluded amount is based on 7.0% of the concluded Effective Gross Income.
Reserves	1.8%	\$0.15	\$1,821	The concluded amount is based on \$0.15/SF of the subject's building area.
TOTAL OPERATING EXPENSES	29.4%	\$2.41	\$29,309	

**Net Operating Income (NOI)**

The net operating income equals the effective gross income less the total expenses. The net operating income for the subject is \$70,519 which is \$5,037/Unit and \$5.81/SF.

**CAPITALIZATION RATE**

In this section, a capitalization rate for the subject is developed based upon market extraction and band of investment analysis.

**Market Extraction**

The following capitalization table restates the information for the sales previously presented in the Sales Comparison Approach.

MARKET EXTRACTION METHOD				
	COMP 1	COMP 2	COMP 3	COMP 4
Name	219 Center Avenue	352 Freeport Road	639 Merchant Street	487 3rd Street
Address	219 Center Ave	352 Freeport Road	639 Merchant St	487 3rd Street
City	Emsworth	Pittsburgh	Ambridge	Pitcairn
State	PA	PA	PA	PA
NRA (SF)	3,008	3,170	3,413	6,450
Units	4	9	2	8
Year Built/Ren	1900	1940/Est	1918	1920
Sale Date	7/24/2019	12/16/2019	6/17/2021	4/21/2020
Sale Price	\$212,500	\$230,000	\$169,000	\$157,500
Price/SF	\$71	\$73	\$50	\$24
Price/Unit	\$53,125	\$25,556	\$84,500	\$19,688
NOI/SF NRA	\$6.12	\$7.10	\$6.20	\$4.24
Occupancy	50%	78%	100%	50%
<b>Capitalization Rate</b>	<b>8.66%</b>	<b>9.78%</b>	<b>12.52%</b>	<b>17.34%</b>
HIGH	17.34%			
<b>AVERAGE</b>	<b>12.08%</b>			
LOW	8.66%			

In conclusion, the market extraction method brackets the subject’s applicable capitalization rate from 8.66% to 17.34%, and is supportive of a capitalization rate conclusion for the subject presented in the Capitalization Rate Conclusion section. A cap rate near the middle aspect of the range is supported.

**Band of Investment (Simple) Technique**

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. Available financing information from lenders and the sales comparables indicates the following terms. Equity dividend rates vary depending upon motivations of buyers and financing terms. The terms, appreciation, NOI growth and other rates used in the Band of Investment calculations along with the Band of Investment conclusions are presented in the following table:

SIMPLE BAND OF INVESTMENT				
ASSUMPTIONS				
Interest Rate	4.47%	Ten Year Treasury	300 bp	
Loan Amortization Period	20 Years	<u>Current 10-Yr. Treasury</u>	1.47% (as of report date)	
Loan-To-Value-Ratio	75.00%	6-Mos Trend		
Mortgage Constant	0.07572	<u>Current SOFR</u>	0.05% (as of report date)	
		6-Mos Trend		
CALCULATION				
Mortgage Component	75%	x	7.57%	= 0.0568
Equity Component	25%	x	15.00%	= 0.0375
<b>INDICATED CAPITALIZATION RATE</b>				<b>9.43%</b>

Our estimate for the interest rate is based on the range expressed by the Ten Year Treasury plus 300 bp (4.47%). These reasonable assumptions including Appreciation and Equity Yield Rate (EYR) are well supported by the market. The previous estimate for the EYR is near the upper aspect of the range quoted by market participants (10.0% to 15.0%).

Based on our research, and market participant input, we have estimated that a reasonable EYR should be 15.00%, which is supported by our analysis.

**Capitalization Rate Conclusion**

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion. Primary emphasis was placed on the Market Extraction Method, tempered by the balance of other supporting data.

CAPITALIZATION RATE CONCLUSION				
COMPONENT	RANGE			AVERAGE
Market Extraction	8.66%	to	17.34%	12.08%
Simple Band of Investment Calculation				9.43%
<b>CONCLUDED CAPITALIZATION RATE</b>				<b>12.00%</b>

**Real Estate Tax Load**

In order to estimate a projected tax burden to account for an upcoming county wide reassessment, a factor must be added to the concluded overall capitalization rate. This rate is referred to as a "tax load rate" and is the product of the common level ratio in the appropriate jurisdiction of the total millage rate. The total millage rate for the subject in 2021 was 0.03586 mills while the common level ratio in Allegheny County is 81.30%. The "loaded" tax rate takes into consideration; 1. The current millage rates and 2. The common level ratio. The real estate tax load calculation is as follows:

<b>TOTAL MILLAGE RATE</b>	<b>X</b>	<b>COMMON LEVEL RATIO</b>	<b>=</b>	<b>TAX LOAD RATE</b>
.03586	X	.8130	=	0.0292 OR 2.92% ROUNDED

**OVERALL CAPITALIZATION RATE SELECTION**

Concluded market cap rate	12.00%
Tax load rate	+ 2.92%
Loaded Overall Rate	<b>14.92%</b>

**DIRECT CAPITALIZATION CONCLUSION – As Is**

The table below summarizes the Direct Capitalization Method and its value conclusion.

DIRECT CAPITALIZATION							
<b>UNIT MIX</b>							
TYPE	UNITS	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF(YR.)	\$/YEAR
Flat 1 Bed / 1 Bath	6	1 Bed	\$0	\$515	0%	\$9.02	\$37,080
Flat 2 Bed / 1 Bath	5	2 Bed	\$0	\$625	0%	\$9.55	\$37,500
Townhouse 2 Bed / 1 Bath	1	2 Bed	\$0	\$575	0%	\$9.69	\$6,900
<b>UNIT MIX SUBTOTAL</b>	<b>12</b>	<b>-</b>	<b>\$0</b>	<b>\$566</b>	<b>0%</b>	<b>\$6.71</b>	<b>\$81,480</b>
<b>OCCUPIED SPACE</b>							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
<b>OCCUPIED SUBTOTALS</b>	<b>0</b>	<b>-</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-</b>	<b>-</b>	<b>\$0</b>
<b>VACANT SPACE</b>							
SPACE	NRA (SF)	CATEGORY	ASKING	MARKET	ASK V MKT	\$/SF (YR.)	\$/YEAR
Retail/Office	1,172	Retail/Office Flex	\$0.00	\$8.75	0%	\$8.75	\$10,255
Retail/Office	1,917	Retail/Office Flex	\$0.00	\$8.75	0%	\$8.75	\$16,774
<b>VACANT SUBTOTALS</b>	<b>3,089</b>	<b>-</b>	<b>\$0.00</b>	<b>\$8.75</b>	<b>0%</b>	<b>\$8.75</b>	<b>\$27,029</b>
<b>TOTAL</b>	<b>3,089</b>	<b>-</b>	<b>\$0.00</b>	<b>\$8.75</b>	<b>0%</b>	<b>\$8.75</b>	<b>\$27,029</b>
<b>GROSS RENTAL REVENUE</b>							
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Potential Apartment Unit Mix Revenue			75%	75%	82%	\$6.71	\$81,480
Potential Retail/Office Base Rent			25%	25%	27%	-	\$27,029
<b>TOTAL RENTAL REVENUE</b>						<b>\$8.94</b>	<b>\$108,509</b>
<b>POTENTIAL GROSS REVENUE</b>						<b>\$8.94</b>	<b>\$108,509</b>
ALL VACANCY LOSS			%PGR	%EGR		\$/SF (YR.)	\$/YEAR
Rental Revenue			8.0%	8.7%		(\$0.72)	(\$8,681)
<b>TOTAL VACANCY &amp; CREDIT LOSS</b>			8.0%	8.7%		<b>(\$0.72)</b>	<b>(\$8,681)</b>
<b>EFFECTIVE GROSS REVENUE</b>						<b>\$8.22</b>	<b>\$99,828</b>
OPERATING EXPENSES		%GOP		%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Taxes		0.00%				-	\$0
Insurance		(5.53%)		5.5%	6.0%	(\$0.49)	(\$6,000)
Repairs & Maintenance		(4.47%)		4.5%	4.9%	(\$0.40)	(\$4,850)
Water & Sewer		(8.89%)		8.9%	9.7%	(\$0.79)	(\$9,650)
Management Fees		(6.44%)		6.4%	7.0%	(\$0.58)	(\$6,988)
Reserves		1.7%		1.7%	1.8%	(\$0.15)	(\$1,821)
<b>TOTAL OPERATING EXPENSES</b>		<b>(27.01%)</b>		<b>27.0%</b>	<b>29.4%</b>	<b>(\$2.41)</b>	<b>(\$29,309)</b>
<b>NET OPERATING INCOME</b>						<b>\$5.81</b>	<b>\$70,519</b>
Capitalization Rate					50%		14.92%
Capitalized Value							\$472,648
<b>INDICATED VALUE (ROUNDED TO NEAREST \$5,000)</b>						<b>\$39</b>	<b>\$475,000</b>
Lease-up Costs						(\$3.38)	(\$41,000)
<b>INDICATED VALUE (ROUNDED TO NEAREST \$5,000)</b>						<b>\$36</b>	<b>\$435,000</b>
Renovation/Repair Costs						(\$13.18)	(\$160,000)
<b>INDICATED VALUE (ROUNDED TO NEAREST \$5,000)</b>						<b>\$23</b>	<b>\$275,000</b>

**LEASE UP COSTS**

The As-Is Market Value is estimated by deducting the costs to lease-up the vacant space until the property is stabilized at 98.0% occupancy. The As-Is value incorporates further discounts for the costs necessary for renovations/repairs as of the date of inspection. Finally, profit incentive is calculated and deducted.

**Rental Loss**

To achieve a stabilized level of occupancy, another 6 Units needs to be absorbed. A lease-up period of 3 months is estimated to secure each tenant.

**Marketing**

Marketing costs are estimated at \$250 per unit.

**Turnaround Profit Incentive**

The subject property is not operating at a stabilized occupancy level. A prospective buyer would likely anticipate some sort of turnaround profit incentive to bring this non-stabilized asset up to full occupancy. This analysis applies an unearned profit component of 5.00% of the lease-up costs, which takes into account the amount of space remaining to be leased to achieve stabilized occupancy, the subject’s competitive position, and the amount of tenant activity reported in the market at present.

**CONCLUSION**

The following tables summarize the total absorption costs, which are deducted from the stabilized value estimate in the As-Is Market Value conclusion.

LEASE-UP COSTS					
TOTAL UNITS	12	UNITS OCCUPIED	0		
ABSORPTION RATE (UNITS/MONTH)	2	PGI/UNIT/MONTH	\$572		
STABILIZED OCCUPANCY (11 UNITS)	92.0%	DISCOUNT RATE	5.00%		
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	2	9	2	\$5,148	\$5,127
2	2	7	4	\$4,004	\$3,971
3	2	5	6	\$2,860	\$2,825
4	2	3	8	\$1,716	\$1,688
5	2	1	10	\$572	\$560
<b>TOTAL LOST RENTAL INCOME</b>					<b>\$14,170</b>
<b>MARKETING \$250/Unit</b>					<b>\$2,750</b>
<b>PROFIT 5.0% of \$16,920</b>					<b>\$846</b>
<b>TOTAL LEASE-UP COSTS (ROUNDED TO NEAREST \$1,000)</b>					<b>\$18,000</b>

LEASE-UP COSTS			
UNIT	Retail/Office	Retail/office	TOTAL
Lease-Up Period (Months)	6	9	9
Vacant Space Square Feet (SF)	1,172	1,917	3,089
Market Annual Rent \$/SF	\$8.75	\$8.75	-
Leasing Commissions Percent	5%	5%	-
Tenant Improvements \$/SF	\$0.00	\$0.00	-
Lease Term (Years)	3	3	-
Concessions (Free Months Rent)	0	0	-
Rent Loss	\$5,128	\$12,580	\$17,708
Expense Carry	\$0	\$0	\$0
Leasing Commissions	\$1,538	\$2,516	\$4,054
Tenant Improvements	\$0	\$0	\$0
Free Rent	\$0	\$0	\$0
Subtotal Lease-Up Costs			\$21,762
Profit Incentive	5%		\$1,088
Total Lease-Up Costs			\$22,850
<b>TOTAL LEASE-UP COSTS (ROUNDED TO NEAREST \$1,000)</b>			<b>\$23,000</b>

Also included are repairs/renovation costs necessary to complete units to a rentable condition. These costs included: 11 apartment Units; drywall, electrical and plumbing finish, flooring and fixtures, kitchens and bathrooms. 2 retail Units walls, flooring fixtures. Exterior roof/water issue repair. According to the owner, total cost is estimated at \$160,000. \* This estimated is provided by the owner and for the purpose of this report we are assuming this figure to be true and correct. If this cost estimated is in fact different, the results of this report would likely change.\*

Total renovation and lease-up costs is estimated to be **\$201,000**. This is the amount of the below the line adjustment for both Sales and Income Approach conclusions to determine the current As-Is value.

**INCOME APPROACH RECONCILIATION**

INCOME CAPITALIZATION APPROACH	
DIRECT CAPITALIZATION	
INCOME CAPITALIZATION CONCLUSION	\$275,000
\$/SF NRA	\$23

Given that the subject is a multitenant asset with short term leases, it is generally understood that the direct capitalization (DCap) method is preferred, making the discounted cash flow (DCF) method less meaningful. Based on our findings and interviews with other participants, we concur that the DCap is largely the preferred method. For this reason we have completed only the DCap, and have attributed single emphasis to the conclusion via this approach in this instance.



The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other. Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) approaches. The values presented represent the As-Is Market Value (Fee Simple).

Reconciliation is the process of analyzing the relevance of the indicated values, resulting in a final value estimate. In each of the two approaches, the appraisers have documented all of the input data and briefly explained the methodology in processing and/or analyzing this data. Insofar as the appraisers were able to determine, the data furnished is from reliable sources and has been accepted as being accurate. Because the appraisal of real estate is not, by any means, an exact science, a great deal of subjective judgment on the part of the appraisers becomes a part of each of the recognized approaches.

As previously discussed, the **Cost Approach** was not presented in this analysis. This approach has limited application due to the age of the improvements and lack of market-based evidence to support accrued depreciation. Additionally, investors typically do not place emphasis on replacement cost in establishing value for properties with stabilized income in place such as the subject. The exclusion of the Cost Approach does not diminish the credibility of the value conclusion.

The price per square foot method has been presented in the **Sales Comparison Approach**. There have been several recent sales of properties similar to the subject in the market area in the current market conditions, which increases the validity of this approach. The most likely buyer for the subject would most likely be an investor and consequently, this approach is given secondary weight.

The **Income Approach** to value is generally considered to be the best and most accurate measure of the value of income-producing properties. The value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision-making processes regarding this type of property. As consistent and reliable market data was readily available to reliably estimate gross income, vacancy, expenses and capitalization rates for the subject property, this approach is given weight in our reconciliation. Further, the property is tenant-occupied and consequently, this approach is given primary emphasis.

After considering all factors relevant to the valuation of the subject property, primary emphasis is placed on the Income Approach with minor secondary emphasis placed on the Sales Comparison Approach in the following As-Is market value.

RECONCILIATION OF VALUES	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple
Date	January 14, 2022
SALES COMPARISON APPROACH	
SALES COMPARISON APPROACH	
Indicated Value	\$225,000
\$/SF NRA	\$19
INCOME CAPITALIZATION APPROACH	
DIRECT CAPITALIZATION	
INCOME CAPITALIZATION CONCLUSION	
	\$275,000
\$/SF NRA	\$23
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	
	\$260,000
\$/SF NRA	\$21

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 of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report has 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.
- ▶ Timothy J. Sakmar and Anthony J. Owen have performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The 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.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Timothy J. Sakmar inspected the property that is the subject of this report.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Timothy J. Sakmar and Anthony J. Owen have completed the Ethics requirement of the Appraisal Institute.



Timothy J. Sakmar  
PA Certified General Real Estate Appraiser  
Pennsylvania License No. GA003735  
Expiration Date 6/30/2023



Anthony J. Owen  
PA Certified General Real Estate Appraiser  
Pennsylvania License No. GA004566  
Expiration Date 6/30/2023

- ▶ Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- ▶ This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- ▶ This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- ▶ The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- ▶ The statements of value and all conclusions shall apply as of the dates shown herein.
- ▶ There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- ▶ Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- ▶ This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- ▶ We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- ▶ The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- ▶ The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- ▶ The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- ▶ The liability of Owen Appraisal Service LLC, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- ▶ The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Owen Appraisal Service LLC and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- ▶ The appraiser assumes no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Owen Appraisal Service LLC, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.
- ▶ This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- ▶ Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.



January 5, 2022

Fenton Williams

**RE:** Appraisal Report of 1115 Brackenridge Avenue, Brackenridge, PA 15014:  
An existing mixed-use property

To whom it may concern:

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Reports of the above referenced real estate.

## PROPOSAL SPECIFICATIONS

**Valuation Premise:** Form an opinion of the As Is Fair Market Value

**Property Rights Appraised:** Leased Fee Interest

**Intended Use:** Asset Valuation

**Intended Users:** Fenton Williams and/or assigns

**Scope of Work:** All Applicable Approaches to Value

**Inspection:** Owen Appraisal Service, LLC will conduct an Interior and Exterior Inspection of the Property

**Site/Property Contact:** Unknown – Please Provide

**Appraisal Standards:** Uniform Standards of Professional Appraisal Practice (USPAP), December 2010 Interagency Appraisal and Evaluation Guidelines and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute

**Report Type:** Summary Appraisal Report

**Report Format:** Narrative

**Fee:** \$1,800

**Retainer:** None



**Payment Terms:** Balance is due and payable upon inspection of the property.

**Report Copies:** 1 Final PDF

**Delivery Date:** No later than January 28, 2022

**Report Delivery Recipients:** If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:

**Acceptance Date:** Date of Execution

**Property Information Request:** The following list of items will be needed within 3 days in order to meet the above referenced delivery date:

- Property contact for site inspection (if not already provided)
- Detailed Rent Roll including unit size, unit count, additional rent (ie garage, pet, etc.)
- Operating Statements for 2019, 2020, 2021
- Operating Budget for 2022 (excel version preferred)
- Floorplans of unit types
- Building Plans (if available)
- Purchase Contract if recently purchased or currently under contract

Do not provide: Personally Identifiable Information (PII) to Owen Appraisal Service, LLC or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security Number, driver's license number, and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Owen Appraisal Service, LLC and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.



We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



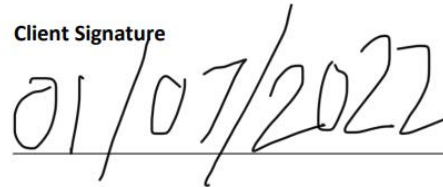
Anthony J. Owen, J.D.  
412-921-6936; Extension 106  
ajo@owenappraisal.com

AGREED AND ACCEPTED



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Client Signature



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Date



SCHEDULE II<sup>1</sup>  
REGULATIONS GOVERNING RETAIL BUSINESS, GENERAL BUSINESS, HEAVY COMMERCIAL AND MANUFACTURING USES  
IN THE BOROUGH OF BRACKENRIDGE

ZONE DISTRICT	C-1	C-2	M-1 <sup>2</sup>	
PRINCIPAL PERMITTED USES	Automobile parts and supply stores Bakeries, retail sales only Banks and other financial institutions Barbershops and beauty salons Bicycle shops Book and stationary stores Business schools and colleges Cigar stores Clothing shops Department stores Drug stores Dry cleaning and clothes pressing establishments Dry goods and variety stores Florist Food stores Furniture stores Gift shops Hardware stores Household appliance stores Laundries, hand or automatic self-service Locksmiths Music, radio and television stores Billiard parlors	Newsstands Offices, business, professional and governmental Package stores (liquor) Parking lots and garages, community and public Pet shops Photographic studios and supply shops Repair shops, including musical instruments, radio, television and household appliances, typewriter and similar types of repair Restaurants and night clubs Social halls, lodges, fraternal organizations and clubs Sporting and athletic goods stores Tailors and furriers, custom Taverns Theaters Undertakers and funeral homes Upholsterers Other similar retail and service uses	All uses permitted and in the manner permitted in C-1 zones Automotive sales Automotive service stations including major repairs Plumbing, heating and ventilating equipment showrooms Trade and technical schools Wholesale offices showrooms but not for storage, distribution or sales Printing and engraving including photoengraving Animal hospitals Automobile, truck, trailer, motorcycle sales and repair shops Car wash establishments Building materials showrooms & sales but not including lumber yards Cleaning and dyeing establishments Drive-in establishments including eating and drinking Linen & towel supply & service Monument works Sign painting Motels Bowling alleys & commercial recreation centers	Wholesale offices and storerooms including storage distribution and sales establishments Wholesale produce and meat markets Building materials sales, including lumber yards Bakeries Radio, television transmission or receiving towers and facilities Railroad yards and freight stations Automobile and metal appliance manufacturing and assembly, structural steel fabricating shops, machine shops, forges and foundries Primary metal reduction Manufacturing, assembly or packing of products from previously prepared materials such as cloth, rubber, glass, plastic, paper, leather, precious or semiprecious metals or stones Manufacturing of electric and electronic instruments and devices such as television, radio and phonographic equipment Manufacturing of food products, pharmaceuticals and the like but not including production of fish or meat products, sauerkraut, vinegar or the like, or the rendering of fats and oils Industrial and scientific research & testing centers
ACCESSORY USES	Private parking and loading areas Signs as regulated §509	Other accessory uses customarily appurtenant to permitted use	An accessory use customarily appurtenant to a permitted use, including off-street parking and loading	
MINIMUM SETBACK & YARDS			20 feet from any property or street right-of-way line	
Front	-	25		
Side	-	5		
Rear	-	15		
MAXIMUM LOT COVERAGE	80%	80%	65%	
MAXIMUM BLDG. HT.				
Stories	4	4	3	
Feet	40	40	45	

<sup>1</sup> The provisions contained in this schedule shall be supplemented by Parts 4 and 5.  
<sup>2</sup> Minimum lot frontage shall be 150 feet in M-1 Districts.  
 Minimum lot depth shall be 200 feet in M-1 Districts.

## Timothy J Sakmar

300 Bilmar Drive, Suite 230

Pittsburgh PA 15205

412-921-6936 ext. 104 Fax 412-928-3232

tjs@owenappraisal.com

### Employment

Owen Appraisal Service LLC	Appraiser, Agent	2006 to Current	Appraiser (Ind. Contractor), RE Sales Agent
Francis Appraisal Service	Residential Appraiser Assistant	2004-2006	Appraisal Assistant
C&R Appraisal Services	Commercial Appraiser Assistant	2004-2006	Appraisal Assistant
Industrial Appraisals, Inc.	Commercial Appraiser Assistant	2003-2004	Appraisal Assistant

### Professional Licenses & Affiliations

Candidate for MAI Designation, Appraisal Institute	2019	
PA Certified General Appraiser	2008	GA003735
PA Certified Residential Appraiser	2006	RL139332
PA Real Estate Salesperson	2005	RS290389

### Education

BS, University of Pittsburgh	May 2002	Major: Information Science
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### Appraisal Institute – 2020

Quantitative Analysis  
USPAP Standards  
Advanced Market Analysis and Highest & Best Use

### Appraisal Institute - 2019

Solving Land Valuation Puzzles  
Advanced Income Capitalization  
Advanced Concepts and Case Studies

### McKissock - 2018

Real Estate Investing: Beyond the Basics  
PA Real Estate Rules and Regulations  
FHA Handbook 4000.1

### McKissock - 2016-2017

PA Mandate Course  
USPAP Standards  
Residential Property Inspection for Appraisers  
Understanding Residential Construction  
FHA Handbook 4000.1

### McKissock - 2015

USPAP Standards  
PA Mandate Course  
The FHA Handbook 400.01  
The Cost Approach

### McKissock – 2015

Essential Elements of Disclosures and Disclaimers

### McKissock – 2013

USPAP Standards  
PA Mandate Course  
Construction Details and Trends  
Essential Elements of Disclosures and Disclaimers

### Appraisal Institute – 2013

Using Realist to Service the Client  
Using Fusion MLS to Service the Client

### McKissock - 2011

REO & Foreclosures  
USPAP Standards  
PA Mandated Course

### Vintage Real Estate - 2011

Mineral Rights Issues for Appraisers

### Appraisal Institute - 2011

Understanding Assessment Appeals

### McKissock - 2010

Construction Details & Trends  
RESPA

Property Management  
Principles of Finance & the Mortgage Department

### McKissock - 2009

PA Mandated Course

### McKissock - 2009

USPAP Standards  
Appraisal Trends  
REO & Foreclosures

### Realtors Education Institute – 2003-2008

USPAP Standards  
Valuation of Residential Property  
Valuation of Income Producing Property  
Real Estate Fundamentals  
Real Estate Practices

### Appraisal Institute – 2003-2008

Evaluating Commercial Construction  
Advanced Sales Comparison and Cost Approach  
Residential Market Analysis and Highest and Best Use  
Scope of Work: Expanding Your Range of Service  
FHA Appraising

Professional References Available Upon Request





**Anthony Owen**  
**Commercial Division Managing Director**  
**Work: 412-921-6936**  
**Cell: 412-327-8193**  
**Email: ajo@owenappraisal.com**

## **Profile**

Anthony Owen is the Commercial Division Managing Director at Owen Appraisal Service, LLC. Since 2017, Mr. Owen has previously been engaged with commercial real estate appraisals throughout the entire west coast of the United States. Beginning in 2021, Mr. Owen now proudly serves his hometown Western Pennsylvania region. His scope of competency expands across a broad range of asset types and assignment conditions.

Mr. Owen is well versed in appraising all commercial property types. Mr. Owen averages over one hundred assignments annually. Client profile includes balance sheet lenders, agency lenders, owners, life insurance companies, and governmental agencies.

Mr. Owen is currently a certified general appraiser. In Law School, Mr. Owen was a member of the award-winning Urban Development Law Clinic, which specialized in part in zoning and municipal code issues. This experience has given him a unique outlook on the functionality and detail of various appraisal platforms.

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## **Professional Affiliations**

### Appraisal Institute

Candidate for MAI Designation – National

State of Pennsylvania – Certified General Real Estate Appraiser, GA004566

State of California – Certified General Real Estate Appraiser, 3008642

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## **Education**

Bachelor of Science, Business Management and Business Law Minor, Pennsylvania State University 2013

Juris Doctorate, Duquesne University School of Law 2016

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