



December 13, 2021

Provident Bank  
Attn: John Giangrossi  
100 Wood Avenue South  
Iselin, NJ 08830

Re: Appraisal of Restaurant Property  
512 Paterson Plank Road  
(Block 503, Lot 21)  
Jersey City, New Jersey, 07307

Dear Mr. Giangrossi:

At your request, I appraised the property owned by Diamond Tech Group, Limited Liability Company and located at 512 Paterson Plank Road (Block 503, Lot 21), Jersey City, Hudson County, New Jersey. The report is being performed for the purpose of estimating the value of real estate assets held as investments or collateralizing loans owned by Provident Bank. The appraisal report is intended to assist the Client in a lending decision. The accompanying report, including all exhibits and attachments, describes the appraisal process including the method of valuation used to derive the final value estimate. Please note the assumptions and limiting conditions appearing in the addenda of the report.

The subject property consists of a two-story, 6,538 square foot (sf) restaurant building with a 2,910-sf roof deck and a 909 sf basement situated on a 3,996 sf site. The building was constructed circa 1887 and was gut renovated and expanded circa 2018. The first floor has a part vaulted ceiling, bar, seating area, kitchen, and bathrooms. The partial second floor contains a bar, seating area, and DJ area. There is a rooftop seating area with covered bar and two bathrooms. The basement contains walk in coolers, a food preparation area, some utilities, and an employee locker area. A stainless steel dumbwaiter provides food access from the kitchen to each the second floor and the rooftop. The property is in overall good condition.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, all other applicable federal and state regulations and/or guidelines as well as standards set forth in OCC Regulation Part 12 CFR, 34.33. This report meets requirements of Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and conforms to the FDIC 12 CFR Part 323, Fair Lending.

Based on the market data and valuation analysis appearing in this report, I conclude that the subject property's market value of the fee simple estate as of November 29, 2021 was:

**Three Million Seven Hundred Thousand Dollars**

**\$3,700,000**

I conclude the subject property's insurable value as of November 29, 2021 was \$2,440,000.

HELIX REAL ESTATE, LLC



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Jason A. Weinstein, MAI  
State Certified General Real  
Estate Appraiser (RG 001993)  
File: 1154

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**APPRAISAL REPORT**

**RESTAURANT PROPERTY**

**512 PATERSON PLANK ROAD**

**BLOCK 503, LOT 21**

**CITY OF JERSEY CITY, HUDSON COUNTY, NEW JERSEY**

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**CLIENT**

**PROVIDENT BANK**

**INTENDED USER(S)**

**PROVIDENT BANK, ITS SUCCESSORS  
AND/OR ASSIGNS**

**DATE OF REPORT**

**DECEMBER 13, 2021**

**DATE OF VALUE**

**NOVEMBER 29, 2021**

**PREPARED BY:**

**JASON A. WEINSTEIN, MAI**

**HELIX REAL ESTATE, LLC**

**34 PARK AVENUE**

**MAPLEWOOD, NJ 07040**

## Certification for Appraisal Assignments

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Jason Weinstein made a personal inspection of the property that is the subject of this report.
8. No one provided significant real property appraisal assistance to the person signing this certification.
9. I have not performed a previous appraisal involving the subject property within the three years prior to this assignment.
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. Jason Weinstein is currently a State Certified General Real Estate Appraiser in the State of New Jersey.
13. As of the date of this appraisal, I have completed the requirements of the continuing education program of the Appraisal Institute.



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Jason A. Weinstein, MAI  
State Certified General Real  
Estate Appraiser (RG 001993)



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## Appraisal Summary

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<u>Owner:</u>	Diamond Tech Group, Limited Liability Company
<u>Location:</u>	512 Paterson Plank Road City of Jersey City, New Jersey
<u>Blocks/Lot:</u>	503/21
<u>Lot Size:</u>	3,996-sf +/- , 0.09-acres (Site Plan)
<u>Zoning:</u>	R-1, One- & Two-Family Housing
<u>Site Description:</u>	Generally level, irregular shaped site with 65 +/- feet of frontage on Paterson Plank Road. Municipal water and sewer is available.
<u>Improvements:</u>	The subject property consists of a two-story, 6,538 square foot (sf) restaurant building with a 2,910-sf roof deck and a 909 sf basement situated on a 3,996 sf site. The building was constructed circa 1887 and was gut renovated and expanded circa 2018. The first floor has a part vaulted ceiling, bar, seating area, kitchen, and bathrooms. The partial second floor contains a bar, seating area, and DJ area. There is a rooftop seating area with covered bar and two bathrooms. The basement contains walk in coolers, a food preparation area, some utilities, and an employee locker area. A stainless steel dumbwaiter provides food access from the kitchen to each the second floor and the rooftop. The property is in overall good condition.
<u>Exposure Time:</u>	Less than one year
<u>Date of Valuation:</u>	November 29, 2021
<u>Market Value Estimate</u>	
Sales Comparison Approach	\$3,900,000
Income Approach	\$3,870,000
Cost Approach	\$3,620,000
<b>Market Value Conclusion</b>	<b>\$3,700,000</b>
<b>Insurable Value</b>	<b>\$2,270,000</b>

## Photographs Taken November 29, 2021



Front View from Paterson Plank Road facing west



Side View from Leonard Street facing northeast

**First Floor**



Front seating area with vaulted ceiling



Alternate view of front seating area





Bar and Seating



Bar



Kitchen



Rear Staircase





Dumbwaiter



Ventilation and HVAC systems at rear of site





Typical Bathroom

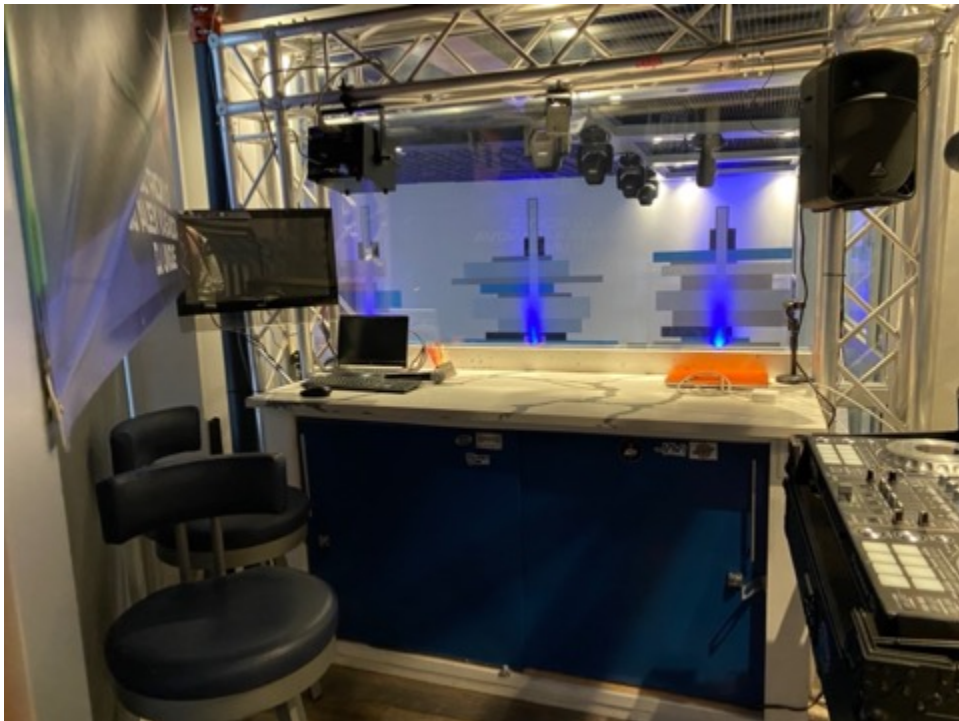
**Second Floor**



Seating and Bar



Bar



DJ Booth



Typical Bathroom



Office



## Rooftop



Bar



Rooftop Deck



Rooftop HVAC



Dumbwaiter





Typical Bathroom

**Basement**



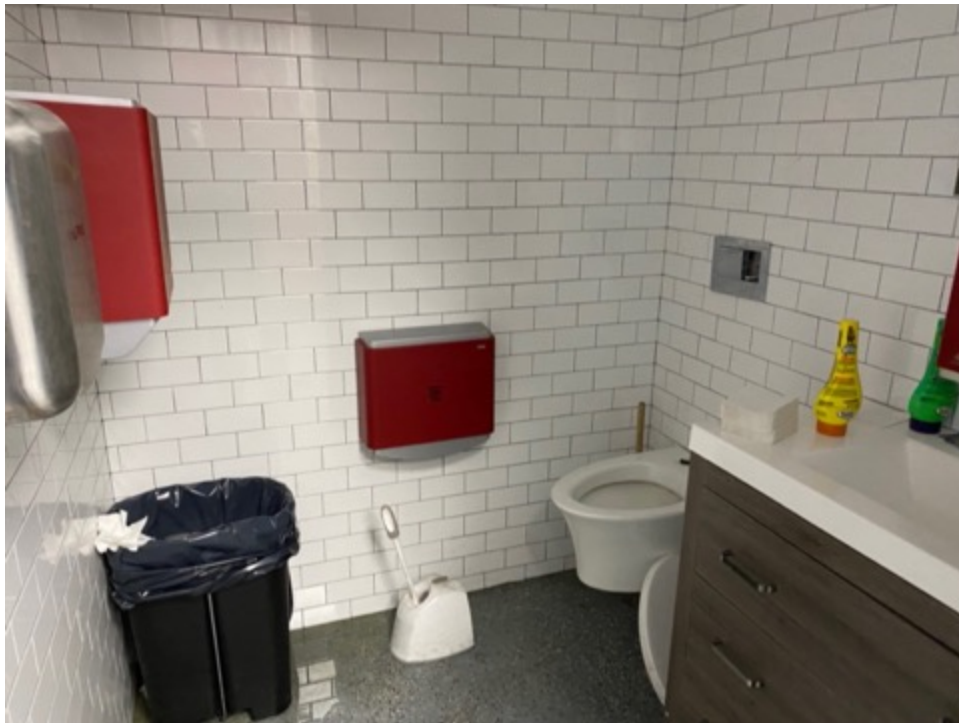
Food Preparation Area



Walk in Cooler and Beer Refrigerator



Sprinkler and Locker Room



Half Bathroom



Mechanical Area



*Appraisal Report*

*512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey*



Neighborhood view along Paterson Plank Road at the intersection of Central Avenue facing southeast. The subject is not shown, behind and to the right of the photographer.



Neighborhood view along Paterson Plank Road facing northwest. The subject is on the left.



## Aerial Photograph



## The Appraisal Process

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The appraisal process is a systematic procedure used to answer questions about real property value. The process involves a series of steps that, when completed, lead to a well-supported and persuasive opinion of a property's value.

The first step in the valuation process is the **definition of the appraisal problem**, which includes identification of the real estate and property rights to be valued, specification of the use of the appraisal, definition of the value sought, specification of the date of the value estimate, description of the scope of the appraisal, and identification of other limiting conditions.

Next, a **preliminary analysis** is performed to determine the character and scope of the assignment and the amount of work that will be required to gather the necessary data.

During the **selection and collection of data** phase of the appraisal process, the appraiser gathers general data on the value influences and trends; specific data pertaining to the subject property's financing, cost, income and expenses, and legal, physical, and locational features; and competitive supply and demand data that describe the position of the subject property in its future market.

After all the pertinent data has been collected, a **highest and best use analysis** is performed. That is, the use that will embody the most profitable use of the subject site, as if vacant, is identified and then compared to the site as currently improved. By comparing the highest and best use of the site as if vacant with the property as improved, important observations can be made regarding the property's level of physical, functional, and economic obsolescence.

Once all the factual data has been reported and analyzed, and the property's highest and best use has been determined, value estimates for the subject property are possible. First, a **land value estimate** is made to identify the site's contribution to the total property value. Next, the three approaches to value, namely, **the cost approach**, the **sales comparison approach**, and the **income capitalization approach** are used to provide independent indications of the subject property's overall value. The value indications derived by the three approaches are then **reconciled** to provide a single value estimate for the subject property.

## **General Data**

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### **Property Identification**

The subject property is located at 512 Paterson Plank Road (Block 503, Lot 21), City of Jersey City, Hudson County, New Jersey. The subject property is a single-user restaurant property that is owner occupied.

### **Inspection**

Jason Weinstein performed a complete interior and exterior inspection of the property on November 29, 2021. William Martinez accompanied Mr. Weinstein on the inspection.

### **Purpose and Date of the Appraisal**

The appraisal is being performed for the purpose of estimating the value of real estate assets held as investments or collateral loans owned by Provident Bank, and may not be used by any other person or for any other purpose unless authorized by Provident Bank in writing. The valuation date is November 29, 2021.

### **Function of the Appraisal**

This appraisal is to provide an opinion of market value and insurable value of the subject property. This document is an appraisal report prepared in accordance with all applicable report writing requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Standards of Professional Practice of the Appraisal Institute.

## Definition of Market Value

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their 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>

## Prior Services Disclosure

Uniform Standards of Professional Appraisal Practice requires analysts to disclose any prior services rendered in connection with the subject property over the last three years. Prior services include valuation, consulting, brokerage, or property management services. Helix Real Estate, LLC has not performed any real estate services regarding the subject property within the last three years of accepting this assignment.

## Exposure Time

Exposure time is the estimated length of time the subject property would have been offered on the market prior to the consummation of a hypothetical sale at market value. Based on my analysis of the market conditions and the physical and functional characteristics of the subject, I estimate a reasonable exposure time of less than one year.

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<sup>1</sup> As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation (FDIC) in compliance with Title XI of FIRREA.

## Property Rights Appraised

The property rights appraised in this report is the Fee simple Estate. The fee simple estate is defined as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

## Scope of the Appraisal

The scope of the assignment, pursuant to client request, is to prepare an appraisal report in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and all other federal and state regulations and/or guidelines as well as standards set forth in the OCC Regulation Part 12 CFR, 34.44 for the purpose of estimating the value of the real estate assets held as investments or collateral loans by Provident Bank. The report contains the identification of the property, title history, purpose and function of the appraisal report, date of valuation, identification of property rights appraised, zoning, property assessments and taxes, site data, highest and best use conclusion, a discussion and presentation of the appraisal techniques considered and used in the valuation process, and a reconciliation of the approach(es) into a final valuation estimate as of the appraisal date. My research was limited to transactions occurring as near the valuation date as possible since they are most representative of the current market conditions and revealed pertinent trends in values. Only the most comparable data was utilized and then confirmed to the fullest extent possible.

## Title and Marketing History

Diamond Tech Group, Limited Liability Company purchased the subject property and Block 503 Lot 23 from Big Blue Meenie Recording Studio Inc. on November 25, 2014 for \$600,000 according to Hudson County Deed Clerk Book 9008 at Page 815.

I am unaware of any recent transfers of property title, and marketing of the property for sale or lease.

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<sup>2</sup>The Dictionary of Real Estate Appraisal, Sixth Edition. (Chicago, Illinois: Appraisal Institute, 2015)

## History, Use and Occupancy

The subject property is a single-user restaurant that is owner occupied. The building was originally constructed circa 1887 (tax records). The property owner purchased the property in 2014 and circa 2018 gut renovated the building into a restaurant.

## Assessment and Tax Data

The City of Jersey City assessed the property for the 2021 tax year as shown on the chart below. The 2022 ratio is also shown; however, the 2022 assessment is not finalized until the beginning of January 2022.

2021 Assessment	Land	\$ 854,000
	Improvements	3,346,000
	<u>Total</u>	<u>\$ 4,200,000</u>
Building Area	6,538 sf	
2021 Tax Rate	1.604%	
2021 Real Estate Taxes	\$67,368	\$10.30/sf
2021 Chapter 123 Ratio	85.88%	
2021 Equalized Value	\$4,890,545	\$748/sf
2022 Chapter 123 Ratio	87.37%	
2022 Equalized Value	\$4,807,142	\$735/sf

The property is over assessed based on the valuation in this report. According to the property owner, he was able to affect a reduction of his real estate taxes recently. A further reduction is warranted. Since a tax appeal can take several years to work out and the outcome is uncertain, I based the real estate tax burden on the current real estate taxes in the income approach. This report is authorized and intended to be used for financing purposes and may not be used for any other purpose.

## Economic Data

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### Regional and Municipal Data

#### ***State - New Jersey***

The State of New Jersey is located on the northeastern coast of the contiguous United States. It is bordered to the north and east by the State of New York, to the southeast by the Atlantic Ocean, to the southwest by the State of Delaware, and to the west by the State of Pennsylvania. Most of the state lies in either the New York City or Philadelphia metropolitan area. In total, New Jersey has 21 counties, 565 municipalities, and 22 cities. The largest city is Newark, and the state capital is Trenton.

#### ***Hudson County***

Hudson County is in the northeastern corner of the State. It is bordered by the Hudson River and the Boroughs of Manhattan and Brooklyn (New York City) to the east, Bergen County to the north, Essex County and Newark Bay to the west, and the Kill Van Kull and Borough of Staten Island (New York City) to the south. The largest city (by population) and county seat is Jersey City. Hudson County is part of the New York Metropolitan Statistical Area.

#### ***City of Jersey City***

The City of Jersey City is in the eastern portion of the County of Hudson. It is bounded to the east by the Hudson River, to the west by the Hackensack River, to the north by Hoboken, Union City, and Secaucus, and to the south by Bayonne.

#### ***Neighborhood Description***

The subject is in the Jersey City Heights areas of Jersey City, atop the Palisades and in the northern part of the municipality. Union City is across the street from the subject property. Paterson Plank Road is a through street providing access to Secaucus Road and Route 1 & 9, also known as Tonnele Avenue, to the west, and to Hoboken to the south and east. The neighborhood is mature and built up. Washington Park is a half block from the subject property, an open space and recreation area. Most buildings in this area are two to five stories in height. On either side of the subject along Paterson Plank Road is a three-story building with apartments over retail. Across the street is a multi-family residential property. All neighborhood properties and street improvements in the immediate area are in generally average to good overall condition.



## Demographics

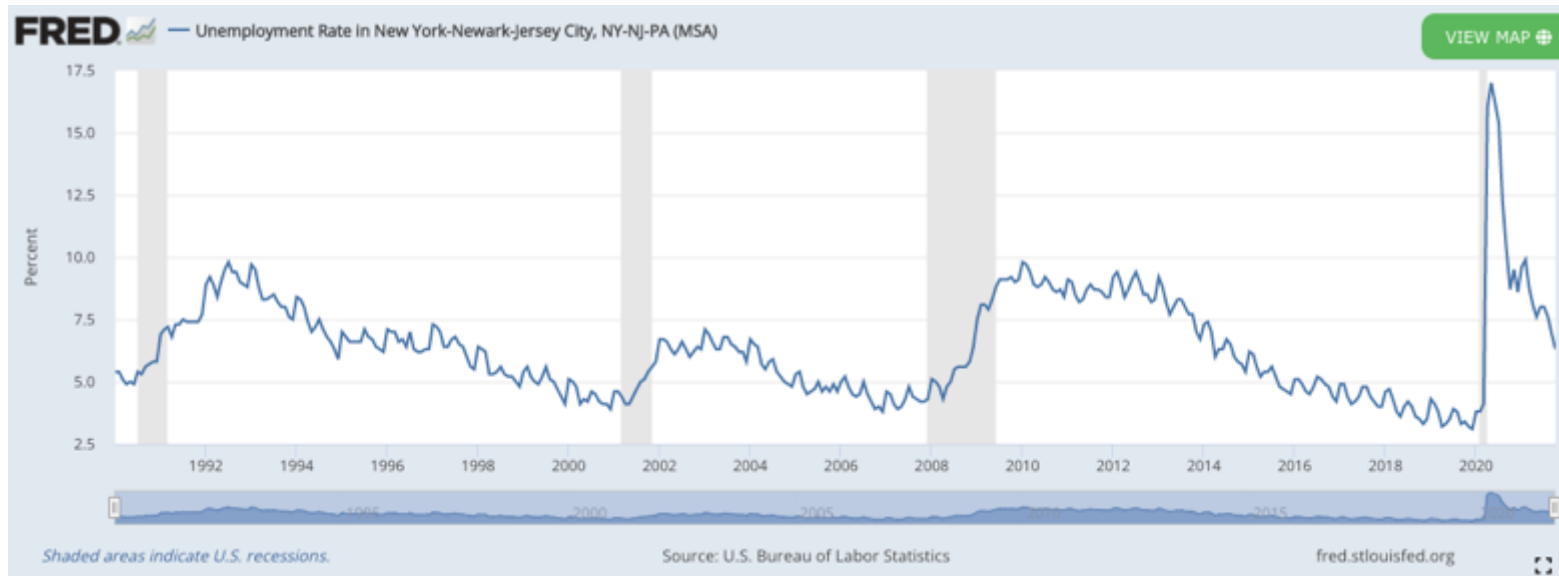
<b>Population estimates, July 1, 2019, (V2019)</b>	<b>262,075</b>
Population estimates base, April 1, 2010, (V2019)	247,608
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	5.8%
Population, Census, April 1, 2020	292,449
Population, Census, April 1, 2010	247,597
<b>Age and Sex</b>	
Persons under 5 years, percent	7.7%
Persons under 18 years, percent	20.6%
Persons 65 years and over, percent	11.1%
Female persons, percent	50.4%
<b>Race and Hispanic Origin</b>	
White alone, percent	35.9%
Black or African American alone, percent (a)	22.9%
American Indian and Alaska Native alone, percent (a)	0.5%
Asian alone, percent (a)	25.1%
Native Hawaiian and Other Pacific Islander alone, percent (a)	0.0%
Two or More Races, percent	3.8%
Hispanic or Latino, percent (b)	28.5%
White alone, not Hispanic or Latino, percent	21.9%
<b>Population Characteristics</b>	
Veterans, 2015-2019	4,197
Foreign born persons, percent, 2015-2019	41.8%
<b>Housing</b>	
Housing units, July 1, 2019, (V2019)	X
Owner-occupied housing unit rate, 2015-2019	29.1%
Median value of owner-occupied housing units, 2015-2019	\$373,700
Median selected monthly owner costs -with a mortgage, 2015-2019	\$2,683
Median selected monthly owner costs -without a mortgage, 2015-2019	\$1,045
Median gross rent, 2015-2019	\$1,401
<b>Economy</b>	
In civilian labor force, total, percent of population age 16 years+, 2015-2019	68.4%
In civilian labor force, female, percent of population age 16 years+, 2015-2019	61.2%
Total accommodation and food services sales, 2012 (\$1,000) (c)	422,529
Total health care and social assistance receipts/revenue, 2012 (\$1,000) (c)	1,073,908
Total manufacturers shipments, 2012 (\$1,000) (c)	857,582
Total retail sales, 2012 (\$1,000) (c)	2,568,076
Total retail sales per capita, 2012 (c)	\$10,093
<b>Transportation</b>	
Mean travel time to work (minutes), workers age 16 years+, 2015-2019	37.2
<b>Income &amp; Poverty</b>	
Median household income (in 2019 dollars), 2015-2019	\$70,752
Per capita income in past 12 months (in 2019 dollars), 2015-2019	\$42,022
Persons in poverty, percent	17.2%

Source: Census.gov

## Employment and the Economy

### Unemployment Rate

According to the US Bureau of Labor Statistics, the unemployment rates for the New York-Newark-Jersey City Metropolitan Statistical Area (MSA) is 6.3% as of October 2021. This rate has rebounded from the roughly 17% unemployment rate high circa April/May 2020, at the beginning of the pandemic. By comparison, the unemployment rate in Hudson County is 6.0% as of October 2021.



### **Largest Employers – Hudson County**

<u>Company</u>	<u>Employees</u>
Insurance Service Office Inc.	6,495
Goldman Sachs & Co. Inc.	3,782
Kuehn & Nagel, Inc.	3,300
City of Jersey City	3,171
County of Hudson	2,800
Jersey City Board of Education	2,494
US Postal Service	2,200
Healthcare Staffing & Consultant LLC	2,000
Pershing LLC/Mellon Bank	2,000
New Jersey City University	1,663
Imperial Bag & Paper Co. Inc.	1,627
JP Morgan Chase Bank	1,592
I.P.C. Systems Inc.	1,555
Citigroup Inc.	1,500
AvePoint Inc.	1,400
Christ Hospital Health Service	1,206
Computershare Investor Services LLC	1,000
Fidelity Investments	1,000

Source: Hudson County Economic Development Corporation

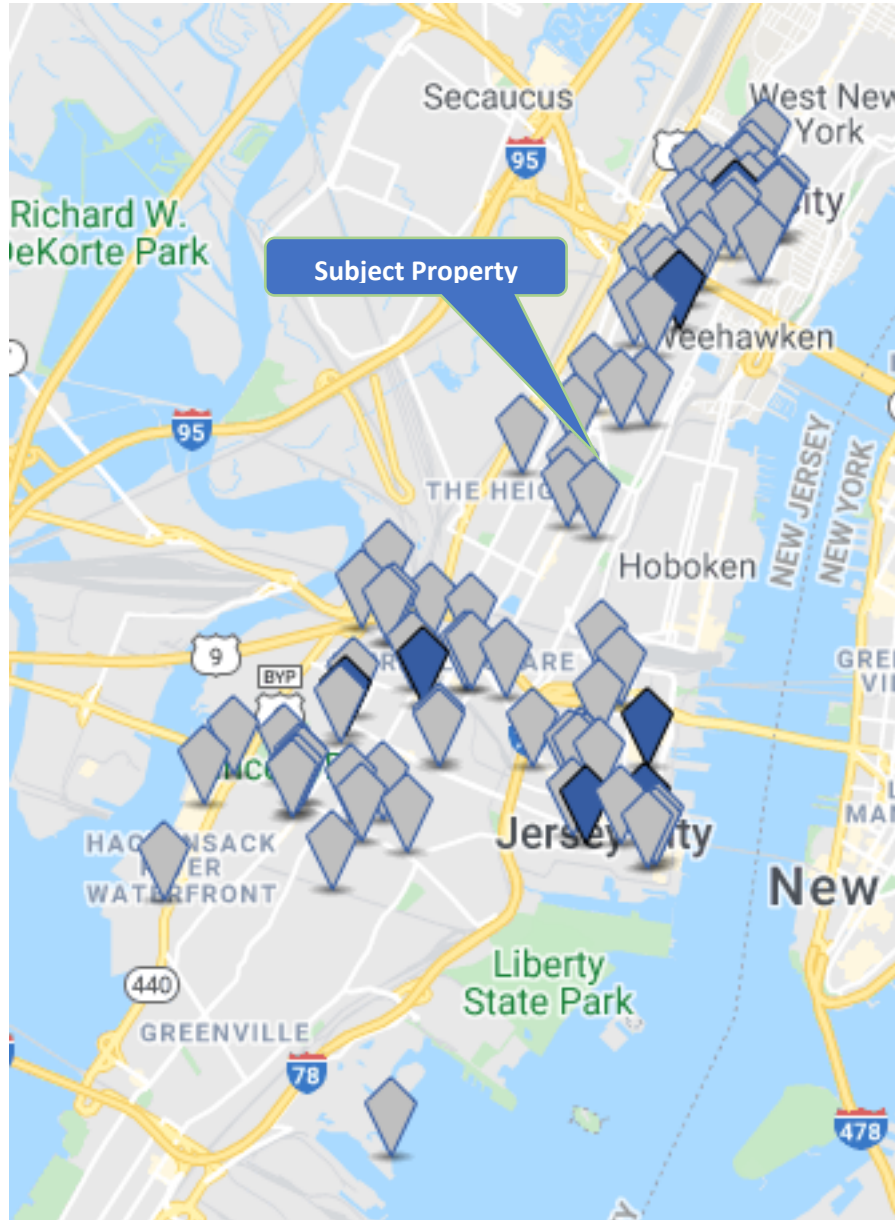
### **Commuting Patterns**

Being within a major metropolitan area, most local commuters travel to Jersey City of into New York City for employment. The typical commute is 37 minutes per the census. There is good access to highways and public transportation from the subject property.

## Market Analysis

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Using CoStar, a commercial property database, I compiled subject market data for restaurant properties in Jersey City and Union City. The subject's location is shown below. Key metrics for this submarket is on the following pages.



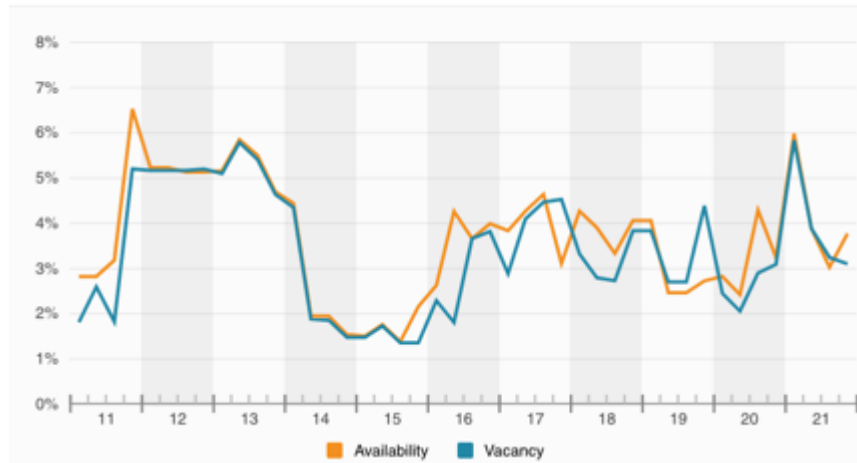
Note: Costar did not have the subject property in their database. CoStar is used as a guide to illustrate trends in real estate and may not be accurate.

Appraisal Report  
 512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey

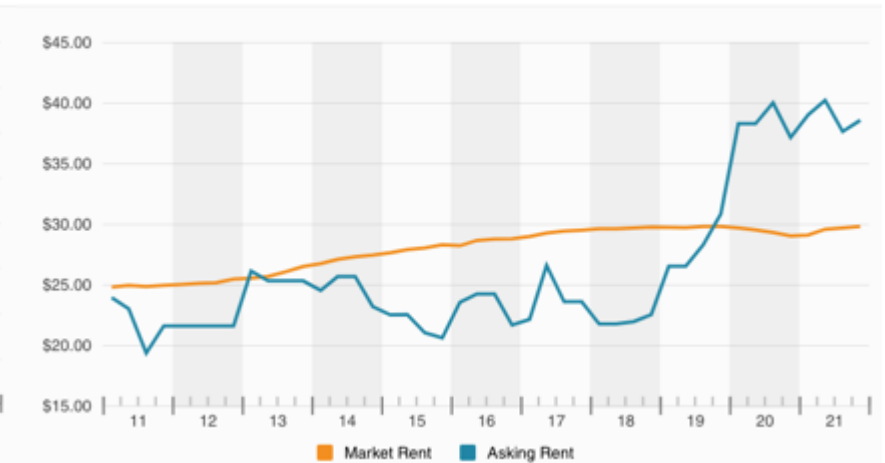
INVENTORY SF <b>372K</b> +0% Prior Period 372K	UNDER CONSTRUCTION SF <b>0</b> - Prior Period 0	12 MO NET ABSORPTION SF <b>(257)</b> -101.1% Prior Period 23.7K	VACANCY RATE <b>3.1%</b> +0.1% Prior Period 3.0%	MARKET RENT/SF <b>\$29.78</b> +2.3% Prior Period \$29.10	MARKET SALE PRICE/SF <b>\$274</b> +1.8% Prior Period \$269	MARKET CAP RATE <b>6.7%</b> +0% Prior Period 6.7%
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Availability		Inventory		Sales Past Year		Demand	
Vacant SF	11.5K ↓	Existing Buildings	78 ↓	Asking Price Per SF	\$204	12 Mo Net Absorp % of Inventory	-0.1% ↓
Sublet SF	0 ↓	Under Construction Avg SF	-	Sale to Asking Price Differential	-12.0%	12 Mo Leased SF	4.9K ↓
Availability Rate	3.8% ↓	12 Mo Demolished SF	0 ↓	Sales Volume	\$1.1M ↓	Months on Market	3.0 ↓
Available SF	14K ↓	12 Mo Occupancy % at Delivery	-	Properties Sold	5 ↓	Months to Lease	-
Available Asking Rent/SF	\$38.55 ↓	12 Mo Construction Starts SF	0 ↓	Months to Sale	11.3	Months Vacant	-
Occupancy Rate	96.9% ↓	12 Mo Delivered SF	0 ↓	For Sale Listings	1 ↓	24 Mo Lease Renewal Rate	80.6%
Percent Leased Rate	96.9% ↓	12 Mo Avg Delivered SF	-	Total For Sale SF	1.8K ↓	Population Growth 5 Yrs	1.0%

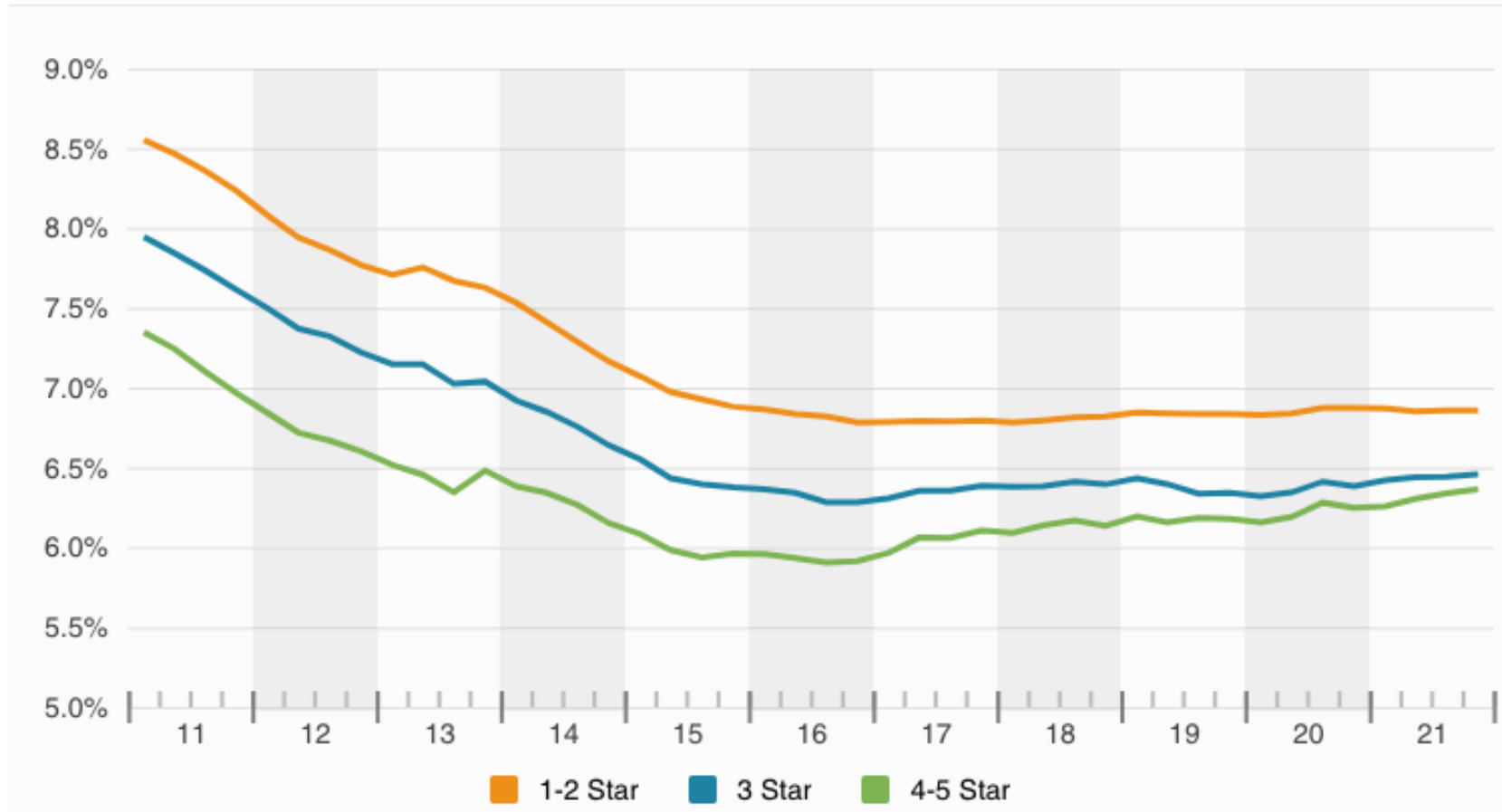
Availability & Vacancy Rate



Market Rent & Asking Rent Per SF



## Market Cap Rate By Star Rating



### **Supply**

The subject is in a mature and built-up urban area. The restaurant market has had limited and slow growth over the past ten years. There is little to no new construction of restaurant properties in the area. Most restaurant properties are older, aging structures. The subject property is a local retail establishment and is in a densely populated area. I do not anticipate any significant and impactful increase in supply of restaurants that would adversely impact the subject property.

### **Demand**

The local restaurant market has low vacancy rates. Many local restaurant properties are owner occupied. Therefore, the subject attracts both owner-users and investors. The vacancy and availability rate increased to roughly 6% during the beginning of the pandemic and has since declined to a stabilized and low 3% rate. Rents have steadily increased over time and asking rents have increased within the past few years. Costar's rents largely reflect older and smaller inventory, not modern and newer property like the subject. Housing and population fuels commercial properties. The local population has been growing and is anticipated to keep growing. Unemployment is relatively low and the subject is in a densely populated area. Consequently, I anticipate stable demand for a newer restaurant and bar property like the subject.

### **Conclusion**

While the pandemic did impact dining for some time in 2020, the desire for people to congregate and be together has returned in 2021. The subject property has good appeal and visibility. The supply of newer bar and restaurant properties like the subject is low in this area of Jersey City/Union City. Demand is steady for these types of properties, especially outdoor dining that is afforded on the rooftop. Based on these factors, I anticipate demand to be steady over the next several years, vacancy to be low, and rent on the rise.

## Site Data and Analysis

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The subject property is roughly 3,996 sf or 0.09-acres in size and located on the western side of Paterson Plank Road. The site is irregular in shape and has a generally level topography. The site has 65 feet +/- of frontage on Paterson Plank Road. The site is served by municipal water and sewer.

Site characteristics are as follows:

<u>Lot Area:</u>	3,996 sf +/-; 0.09 acre
<u>Topography:</u>	Generally level
<u>Shape:</u>	Irregular
<u>Zoning:</u>	R-1, One- & Two-Family Housing
<u>Access:</u>	65 feet +/- frontage on Paterson Plank Road
<u>Utilities:</u>	Municipal water and sewer
<u>Easements &amp; Encroachments:</u>	According to the tax map there are no easements on the subject property. A survey of the subject was not provided, and a site plan was provided. Based on a physical inspection, the site plan, and the tax map, there are no known easements or encroachments at the site that would impact the marketability and utility of the subject site.
<u>Flood Zone:</u>	According to National Flood Insurance Community Panel Number 340223-34017C0043D, dated August 16, 2006, the property is in Zone X (an area determined to be outside the 100- and 500- year floodplains)
<u>Soil Conditions:</u>	A soils analysis was not provided. I assume the site has adequate soils to support the existing improvements based on historic and current use of the property. If a qualified professional study is provided, then I may change my opinion of value.



## Site Data and Analysis (continued)

### Environmental Hazards:

I did not observe any readily apparent environmental conditions and am not qualified to make an environmental study of the site. For purposes of this assignment, I assume that the site is not adversely affected by environmental hazards on or near the property that would substantially affect the marketability or utility of the site.

### Site Improvements:

The building occupies most of the site. The rear of the site is paved concrete and fenced; and there are two HVAC systems and the kitchen ventilation mechanical equipment at the rear of the site.

### Linkages:

The site is located on the west side of Paterson Plan Road, which provides access to Hoboken to the south and east, and to Tonnele Avenue (Route 1&9) to the north and west. Route 1&9 provides access to Route 495. There is NJ Transit local bus service available with access to Hoboken, New York City and the region. Overall, the subject property has good access to essential services, retail, employment, major highways and public transportation.

### Neighborhood:

The subject is located on a through street in a densely populated area of Jersey City Heights atop the Palisades. The subject is in a residentially desirable neighborhood with good access to public transportation, Hoboken and attractive amenities like nearby Washington Park, which includes baseball fields, basketball courts, tennis courts, playgrounds, walking paths.

### Conclusion:

The site is in a densely populated and built up area with good access, visibility, and linkages and these qualities contribute to the marketability of the property.

## Zoning

The subject property is in the R-1, One- & Two-Family Housing zone according to the City of Jersey City zoning map.

### **Purpose**

1. The purpose of this district is to accommodate existing housing and encourage compatible in-fill development with detached one- and two-family homes that preserve the streetscape, utilize on-street parking where the frontages are narrow and maintain the low-rise character of the area.
2. An intended consequence of this designation is preserving the integrity of residential neighborhoods, limiting non-residential uses to appropriate areas, increasing the availability of community resources and reinforcing the viability of existing neighborhood districts.

### **Principal Permitted Uses**

1. One family dwellings
2. Dwellings with two dwelling units
3. Houses of worship
4. Parks and playgrounds
5. Essential services
6. Schools
7. Governmental uses
8. Conversions of first floor commercial to a single residential unit per commercial unit converted, in addition to and regardless of the number of existing residential units (Provided, however, that the original storefront character including window configuration shall be maintained or restored as per the 1938 Tax Assessor's photo).
9. Assisted living residences
10. Nursing homes
11. Senior housing
12. Public utilities, except that natural gas transmission lines shall be prohibited.

### **Accessory Uses**

1. Private garages in accordance with R-1 bulk standards
2. Off-street parking
3. Fences and walls
4. Meeting rooms, recreation areas and similar uses normally associated with houses of worship
5. Home occupations
6. Swimming pools
7. Signs
8. Decks and patios

## Zoning (Continued)

### **Conditional Uses**

1. Mortuaries

### **Area, Yard and Bulk Requirements**

1. All existing lots of record at time of the adoption of this ordinance are considered conforming.
2. Minimum Lot Size: Two thousand five hundred (2,500) square feet.
3. Minimum Lot Width: Twenty-five (25) feet.
4. Minimum Lot Depth: One hundred (100) feet.
5. Front Yard Setback:

Front yard setback shall match the setback of the Front Primary Façade of the closest permitted use on either side of the subject parcel, provided that the building setback to be matched shall be closest to the predominant (most frequently occurring) setback on the blockfront. A current signed and sealed survey of the subject property showing adjacent building setbacks on both sides along with photos showing the entire blockfront to the left and right of the subject property must be provided to the Zoning Officer as part of the application for a building permit.

6. Side Yards:

- a. Detached Buildings:

Minimum setback for one side: Two feet.

Minimum setback for both sides: Five feet one inch.

- b. Attached Buildings:

- i. If adjacent building has zero side yard setback (i.e., is built to the side lot line), a zero feet side yard may be permitted (i.e., new house may also be built to the side lot line).
- ii. In the instance the adjacent building has a zero side yard setback but also has an existing window that is either directly on the side lot line or setback less than three feet, the new building may still build to the zero side lot line, starting at the front building line, but shall be required to setback the new building three feet, starting from one foot in front of the existing window, to the rear building line.

- c. All side yard setback three feet or greater: The side yard starting at the front of the building shall be enclosed with a fence constructed in compliance with the design standards in 345-67.B.

## Zoning (Continued)

7. Minimum Rear Yard:
  - a. The rear yard setback shall be added to the front yard setback (as determined above) to produce a total of not less than thirty-five (35) feet, provided however, that in no case shall a rear yard be less than twenty (20) feet.
  - b. Where lot depth exceeds one hundred (100) feet, the minimum rear yard as determined by the above standard shall be increased by fifty percent (50%) of the portion of the lot depth in excess of one hundred (100) feet.
8. Maximum Building Height: Three stories with a minimum floor to ceiling height of nine feet, a maximum floor to ceiling height of twelve (12) feet, and a maximum of five additional feet between the top of the third floor and the topmost point of any peaked roof (where a peaked roof is deemed appropriate under the design standards), provided that a minimum of two adjacent floors must be connected solely by means of a staircase internal to the unit, and provided that only one of the two internally connected floors may have a kitchen and/or a full bath.

In the case of varied floor to ceiling heights, the total permitted building height with a flat roof shall be the sum of the floor to ceiling heights of each floor plus twelve (12) inches per floor. The total permitted building height with a peaked roof is five (5) feet higher than with a flat roof.
9. Maximum Building Coverage: Sixty percent (60%).
10. Maximum Lot Coverage: Eighty-five percent (85%).

### ***Off-Street Parking***

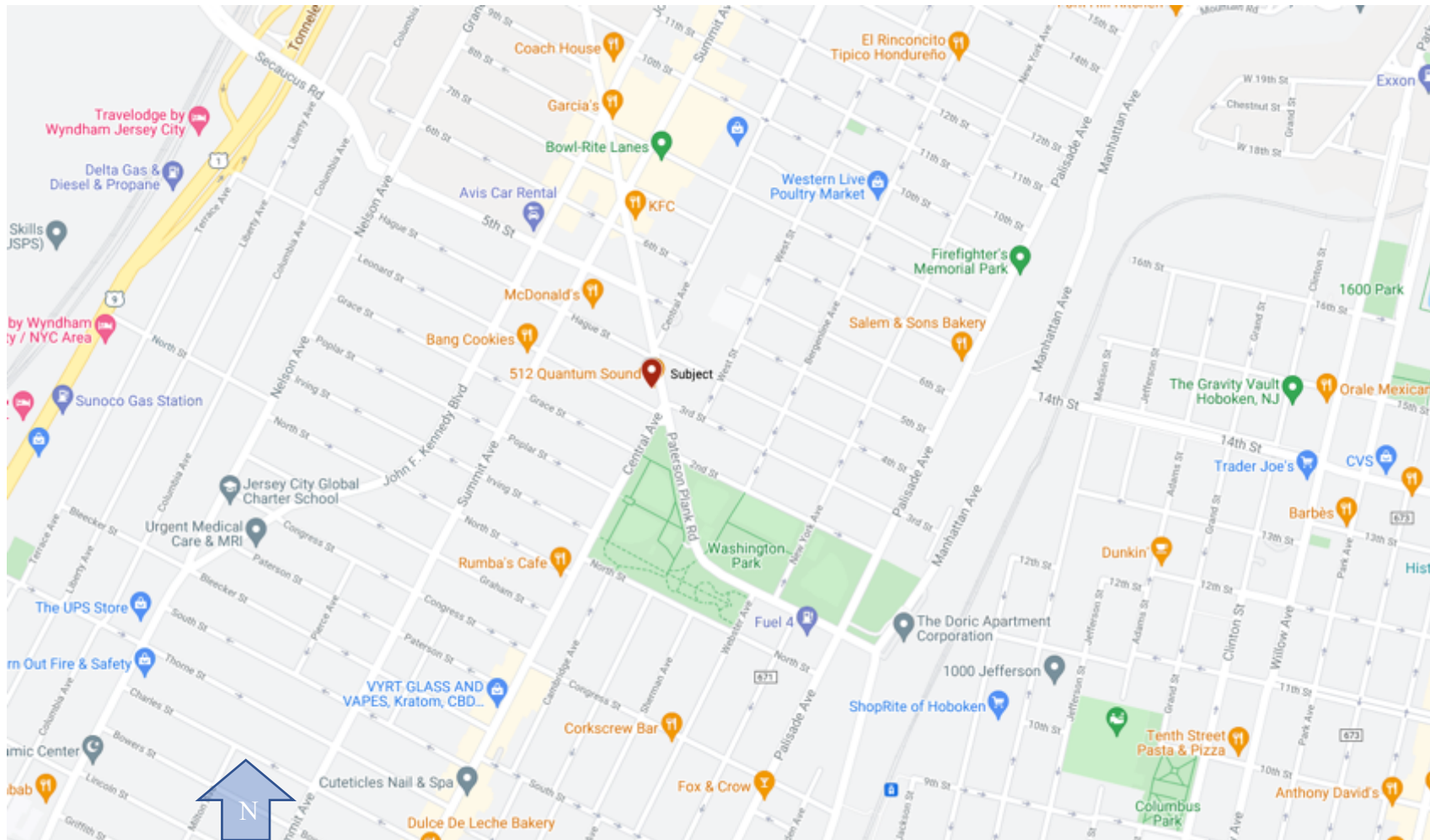
Retail, service, and restaurants 6,000 sf to 20,000 sf: 4 spaces per 6,000 sf gross floor area

### ***Statement of Conformance***

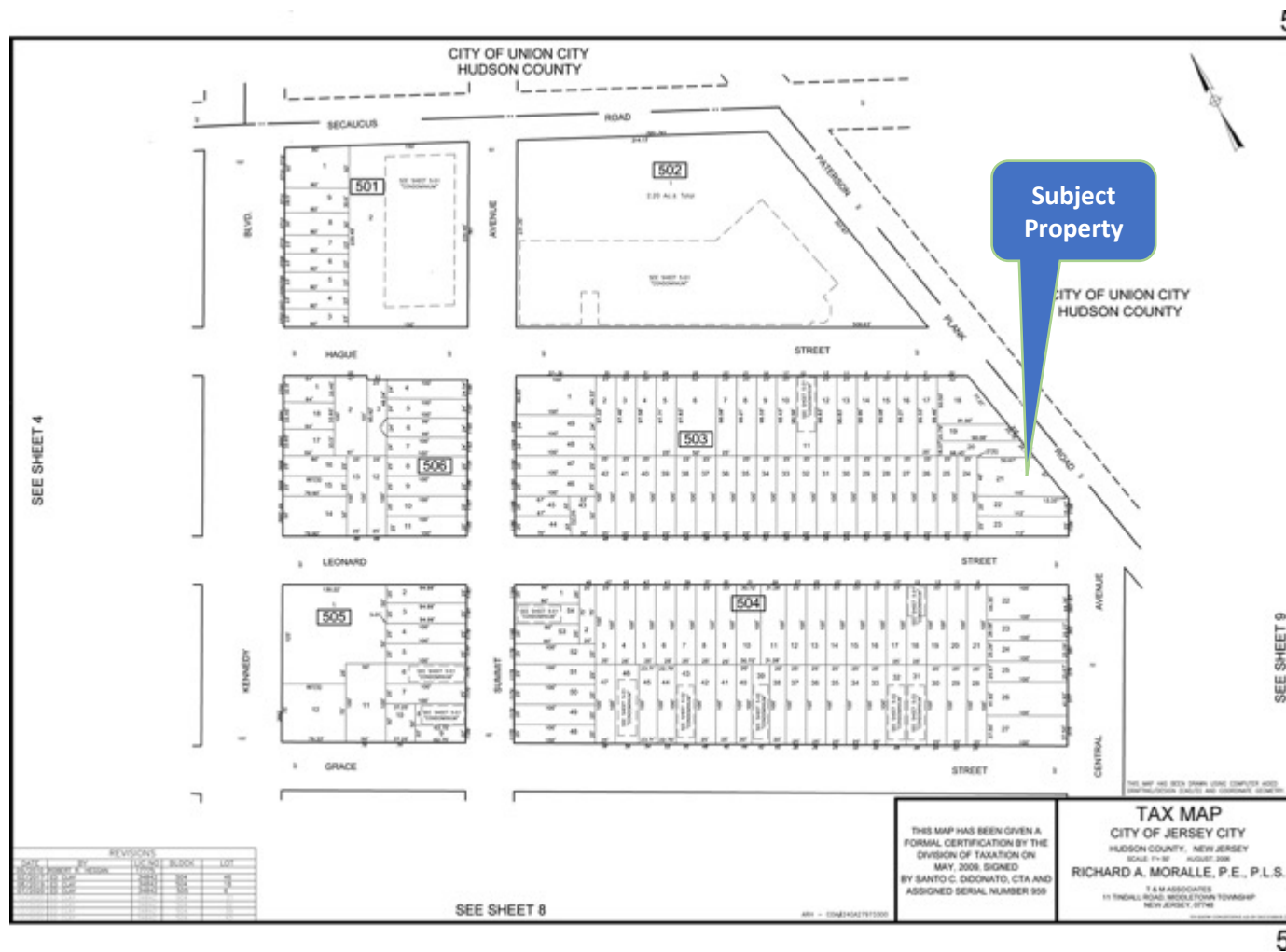
The subject property's restaurant use conforms to a legal site plan and a variance was required for this use. Commercial uses in the residential district are common on through streets in this neighborhood. The subject property conforms to an existing site plan and it is a legal, non-conforming use.

Appraisal Report

512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey



Location Map

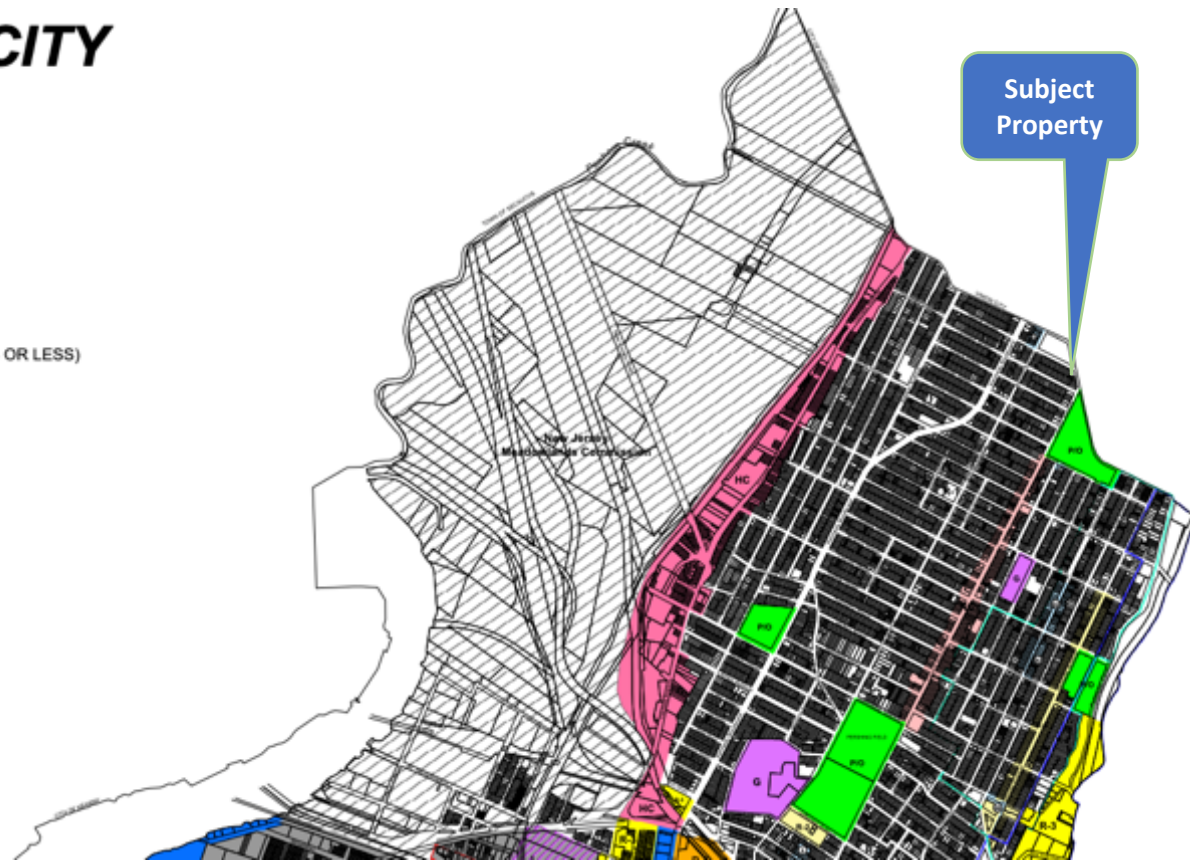


Tax Map

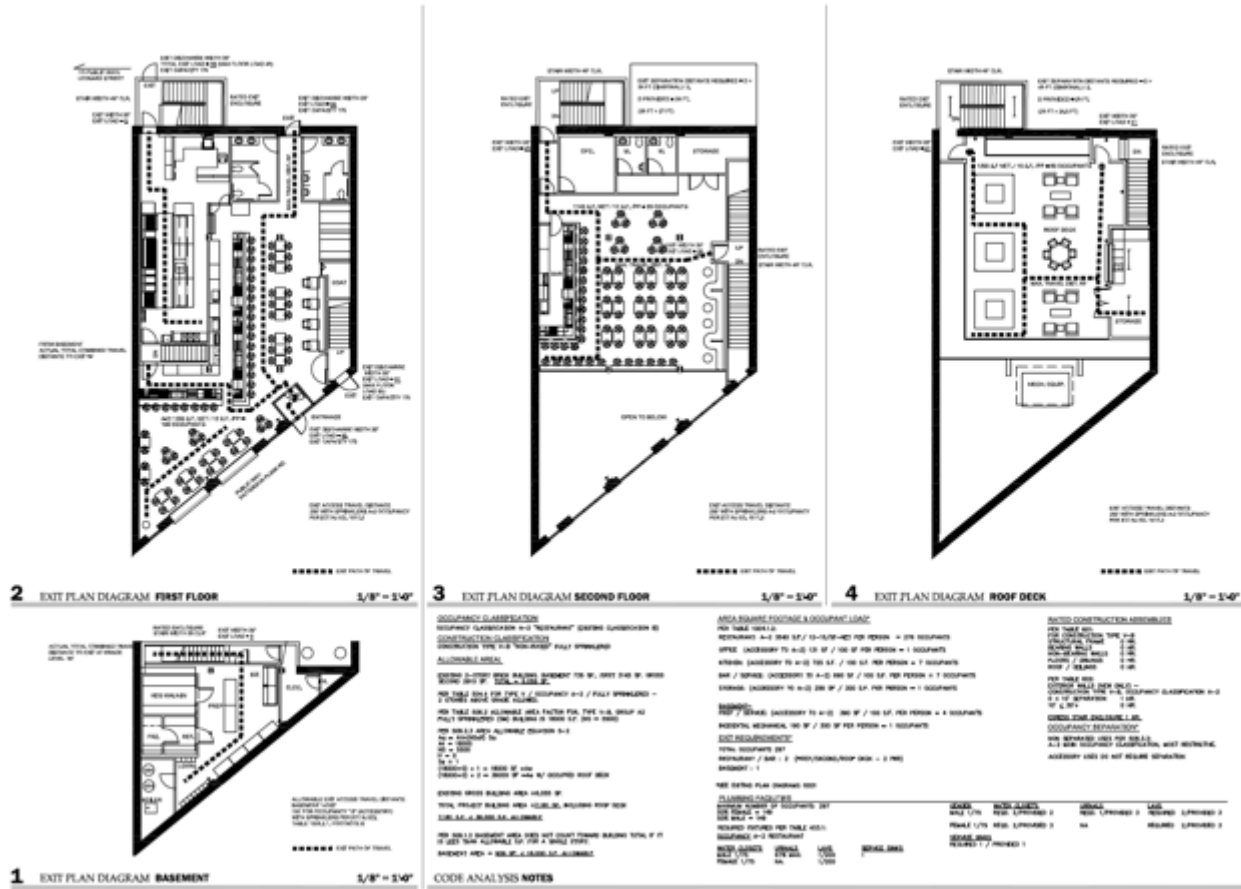
# CITY OF JERSEY CITY ZONING MAP

## ZONING DISTRICTS

-  R-1 ONE AND TWO FAMILY HOUSING
-  R-1A ONE AND TWO FAMILY HOUSING
-  R-1F ONE AND TWO FAMILY HOUSING
-  R-2 MULTI-FAMILY ATTACHED HOUSING (4 STORIES OR LESS)
-  R-3 MULTI-FAMILY MID-RISE
-  R-4 MULTI-FAMILY HIGH-RISE
-  H HISTORIC DISTRICTS
-  OR OFFICE/RESIDENTIAL
-  NC NEIGHBORHOOD COMMERCIAL
-  C/A COMMERCIAL/AUTOMOTIVE
-  HC HIGHWAY COMMERCIAL
-  CBD CENTRAL BUSINESS DISTRICT
-  U UNIVERSITY
-  M MEDICAL
-  G GOVERNMENT
-  I INDUSTRIAL
-  PI PORT INDUSTRIAL
-  WPD WATERFRONT PLANNED DEVELOPMENT
-  DT DESTINATION TOURISM
-  C CEMETERY
-  P/O PARKS/OPEN SPACE
-  NJMC NEW JERSEY MEADOWLANDS COMMISSION



Zoning Map



James M. Coyle  
 Architect

512 QUANTUM SOUND RESTAURANT & BAR  
 COMMERCIAL ALTERATION I  
 EXISTING FLOOR PLANS AND  
 EXISTING EGRESS PLAN

CODE ANALYSIS  
 NOTES  
 EXIT DIAGRAMS

6001

### Floor Plans<sup>3</sup>

<sup>3</sup> Note that the roof deck plan does not accurately show the location of the bar and omits the finished bathroom on that level. The roof deck has the same gross floor area as the second floor based on my inspection.



## Improvement Description

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The subject property consists of a two-story, 6,538 square foot (sf) restaurant building with a 2,910-sf roof deck and a 909 sf basement situated on a 3,996 sf site. The building was constructed circa 1887 and was gut renovated and expanded circa 2018. The first floor has a part vaulted ceiling, bar, seating area, kitchen, and bathrooms. The second floor contains a bar, seating area, and DJ area. There is a roof deck area with covered bar and two bathrooms. The basement contains walk in coolers, a food preparation area, some utilities, and an employee locker area. A stainless steel dumbwaiter provides food access from the kitchen to each the second floor and the roof deck.

Details of the improvements are as follows:

Gross Building Area:	6,538-sf <sup>4</sup>
Basement:	909 sf
First Floor:	3,628 sf
Second Floor:	2,910 sf
Roof Deck:	2,910 sf
Year Built:	1887
Year Renovated:	2018
Foundation:	Concrete
Construction:	Wood frame and steel beam
Foundation:	Concrete slab bearing on grade beams and footings
Superstructure:	Steel columns and subfloor structure
Exterior Wall:	Masonry and metal frame commercial storefront window framing; double folding doors at front sidewalk
Stories:	2-story plus roof deck walk-up
Roof:	Flat roof with roll membrane cover that is metallic painted

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<sup>4</sup> The building area is based on public records, information in the architectural drawings provided and aerial map measurements. If information be provided by a qualified engineer or architect then I may amend my analysis and conclusion. All building areas are listed as gross building areas, inclusive of outer walls and stairwells.

### **Improvement Description (Continued)**

Ceiling Height:	12'6" per floor
Plumbing:	Employee bathroom in the basement; two bathrooms in each the first floor, second floor and roof deck, all with good quality ceramic tile wall finishes, polished concrete or ceramic tile floors, and quartz countertops
Conveyance Systems:	Three-stop dumbwaiter
Sprinklers:	100% sprinkler coverage. Dry sprinkler for the roof deck level and wet sprinkler system on the first and second floor.
HVAC:	Three (3) package HVAC systems, two at grade and one is roof mounted. Ventilation system for the kitchen at the rear of the property.
Electric:	Adequate supply
Bars:	On each level there is a bar with quartz countertops on the first and second levels, and a wood countertop on the roof deck. Each bar has a beer tap, refrigeration space, glass washers, sinks, soda gun equipment, ice bins and refrigeration units.
Kitchen:	Dishwashing area and dishwashing machine; stainless steel racking and counters, ice machine, ventilation hood with fire suppression, food preparation stations, racking, ovens, gas ranges, grill, handwashing station; plastic sandwich walls, recessed fluorescent lighting and drop acoustic tile ceiling, concrete floors with floor drainage
Basement:	Walk-in combination cooler and freezer; walk-in beer refrigerator, draught beer mechanical equipment, a food preparation area, some utilities, and an employee locker area.
Stairwells:	Masonry and painted drywall, steel stairs with concrete risers

First Floor Finishes:	Part vaulted ceiling, polished concrete floors, quartz bar countertops and large “L” shaped bar, steel grate ceiling cover; wall mounted televisions and a large screen tv; painted and poster walls
Second Floor Finishes:	Faux wood laminate flooring, painted walls, open and painted ceiling; alcohol storage room
Roof Deck:	Fiberglass decking; two (2) two-fixture bathrooms, two stairwell access, dumbwaiter, bar and bar storage
Amenities:	Security cameras, fire and burglar alarm

### ***Condition and Functionality***

The property was completed renovated in 2018 with foundation, superstructure, interior finishes and the property is in overall good condition.

The roof deck is attractive and highly functional. There are heat lamps and some canopied seating.

## Highest and Best Use

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Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value.

Highest and best use of land or a site as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. With this assumption, uses that create value in the marketplace can be identified, and the appraiser can begin to select comparable properties and estimate land value. Land as though vacant is a fundamental concept of valuation theory and the basis for the Cost Approach.

Highest and best use of a property as improved pertains to the use that should be made of an improved property considering its improvements. The use that maximizes an investment property's return on a long-term basis is its highest and best use as improved.<sup>5</sup> There are four basic criteria that are considered and analyzed in determining the highest and best use of a property:

1. **Physically possible.** What uses are physically possible given the constraints of the size and physical characteristics of the site?
2. **Legally permissible.** What uses are permitted by zoning or other restrictions (i.e. deed restrictions) on the property?
3. **Financially feasible.** Of the physically possible and legally permitted uses, which are financially feasible in that they will produce a net return to the property owner?
4. **Maximally productive.** Of the financially feasible uses, which use will produce the highest net return, or result in the highest present value of the property?

### **Physically Possible**

The physically possible uses of any property are dictated by the size and physical characteristics of the site itself. Its size, shape, topography, physical characteristics and location within its block are generally the more important physical factors that control its potential uses. In general, the larger a site is, the greater its potential to realize economies of scale and flexibility in development.

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<sup>5</sup>The Appraisal of Real Estate, 15<sup>th</sup> Edition, Chicago: Appraisal Institute, 2020.

### ***Physically Possible (Continued)***

The subject property has a generally level topography and contains 0.09 acres of land. The site has good access and visibility. Any use that is appropriately scaled to the site is physically possible.

### ***Legally Permissible***

The subject site is in a mixed-use, densely populated area. The subject is in the R-1 One and two family residential zone which allows for mostly residential uses. The subject conforms to an existing site plan and it is a legal, non-conforming use as improved. As though vacant, the subject property conforms to minimum lot size standards. This size property is common in the area. Any use that conforms to the existing zoning and other governmental regulations is considered a legally permissible use. For purposes of this assignment, it is assumed that similar improvements could be constructed should the subject property become damaged or destroyed.

### ***Financially Feasible***

Restaurant and bar use is financially feasible on the subject property as evidenced by the subject's existing and historic use, and sales and leases in the market of similar properties. The performance of similar type properties from March 2020 through roughly June 2021 does not reflect stabilized conditions. This period was characterized by quarantining due to the pandemic and many public health restrictions and personal choices impacted properties like the subject during this time. Despite some other variants posing world health risks, due to the high level of vaccinations and emerging therapies, I anticipate that restaurant and bar properties like the subject will be financially feasible and economically viable in 2022, more closely aligned with 2019's performance.

### ***Maximally Productive and Conclusion – As Though Vacant***

Based on the preceding factors, the maximally productive use and the highest and best use of the site as though vacant is for the development of a restaurant property.

### ***Maximally Productive and Conclusion – As Improved***

There are no other uses of the site that result in a higher value and justify demolition or alteration of the existing improvements since the improvements contribute significant value to the site. The current restaurant and bar use is the maximally productive use of the site. Based on the preceding criteria, the highest and best use of the subject property is continuation of its current restaurant use. Properties similar to the subject are purchased by investors and owner-users.

## Method of Valuation

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To derive market value indications for the subject property, I considered the three traditional approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

### ***Cost Approach***

In the Cost Approach, the cost to develop a property is compared with the value of the existing developed property. The Cost Approach reflects market thinking by recognizing that market participants relate value to cost. Buyers tend to judge the value of an existing structure by considering the prices and rents of similar buildings as related to the cost to create a new building with optimal physical and functional utility.

### ***Sales Comparison Approach***

The Sales Comparison Approach is a method of estimating market value by comparing the subject property to similar properties that have been sold recently, or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The comparative analysis in this approach focuses on differences in the legal, physical, location and economic characteristics between similar properties and the subject, all of which can account for variations in prices.

### ***Income Capitalization Approach***

The Income Capitalization Approach to value consists of methods, techniques and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (usually monetary) and to convert those benefits into an indication of present value.<sup>6</sup>

### ***Selected Approaches***

The Sales Comparison Approach, Cost Approach and the Income Approach were used to estimate the market value of the subject property as of November 29, 2021. The Cost Approach was used to estimate the insurable value.

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<sup>6</sup>The Appraisal of Real Estate, 15<sup>th</sup> Edition, Chicago: Appraisal Institute, 2020.

## Sales Comparison Approach

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The Sales Comparison Approach is a method of estimating market value by comparing the subject property to similar properties that have sold recently. A major premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties. Essentially, the Sales Comparison Approach is a systematic procedure for carrying out comparative shopping. In this approach, the comparative analysis is applied to the unique characteristics of real estate that cause its prices to vary.

In applying the Sales Comparison Approach, the subject market was researched for similar restaurant, bar and nightclub properties in the local market. There was a scarce number of transactions in the local area and region of restaurant, bar and nightclub properties that are newer and similar to the subject. Therefore, the search criteria were expanded to other regional locations for new or newly renovated restaurant properties. The most comparable sales are included for analysis in this report. A brief description of these sales is shown below followed by a more detailed description of each transaction.

### Comparable Sale Summary Grid

Sale No.	Address	Year Built/ Renovated	Building Area (sf)	Sale Date	Sale Price	Price Per SF
1	2020 Central Road Fort Lee, NJ	1995	3,690	10/26/2018	\$1,750,000	\$474
2	80 Elm Street Morristown, NJ	1884/2018	4,400	11/21/2018	\$2,805,750	\$638
3	412 Bergen Boulevard Palisades Park, NJ	2015	4,900	10/9/2019	\$2,600,000	\$531
4	4 Little Falls Road Fairfield, NJ	1997	6,072	5/28/2021	\$1,450,000	\$239
5	774-778 Main Street Hackensack, NJ	1947/2010	7,134	6/25/2021	\$2,400,000	\$336

### Comparable Sale Data

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Sale No.					
Property Address	2020 Central Road Fort Lee, NJ	80 Elm Street Morristown, NJ	412 Bergen Boulevard Palisades Park, NJ	4 Little Falls Road Fairfield, NJ	774-778 Main Street Hackensack, NJ
Property County	Bergen	Morris	Bergen	Essex	Bergen
Block/Lot	4855/3	4701/7	420/26	2703/23	535/1
Zoning	R6A	B	M-C	C-1, MUO-1	B-1
Land Area AC	0.05	0.05	0.23	0.78	0.71
Land Area SF	2,352	2,222	10,115	34,064	30,910
Year Built/ Renovated	1995	1884/2018	2015	1997	1947/2010
Building SF	3,690	4,400	4,900	6,072	7,134
Condition	Above Average	Good	Good	Average	Above Average
Deed Book/Page	3105/224	23458/474	3420/184	2021075886 (Instrument #)	4339/174
Grantor	Evangelos Rizos	R. Gerard Capital, LLC	SJK 412, LLC	Tierneys Real Estate LLC	Palushi LLC
Grantee	2020 Central Road FL LLC	80 Elm Street LLC	412 Bergen Blvd LLC	Spencer65 LLC	774 Main Street LLC
Sale Date	10/26/2018	11/21/2018	10/9/2019	5/28/2021	6/25/2021
Sale Price	\$1,750,000	\$2,805,750	\$2,600,000	\$1,450,000	\$2,400,000
Price Per SF	\$474	\$638	\$531	\$239	\$336
Remarks	Restaurant with outdoor patio at rear of property; renovated after the sale. There is a basement. The second floor is 1,100 sf of office space that is vacant with an asking rent of \$30.25/sf on a gross plus tenant utility basis. Adjacent to municipal parking; no off-street parking on site. Located one block from downtown and in a medium- to high-density residential neighborhood.	Two story building plus basement with 560 +/- sf roof deck.	There were roughly 26 off-street parking spaces.	The building was built in 1997 and sits on .78 acres of land. It was previously used as a restaurant and has 47+/- surface parking spaces for tenants and guests.	The seller had purchased the restaurant property from Curmmy LLC on March 28, 2018 for \$1.5 million according to Bergen County Clerk Deed Book 2924 at Page 2145. There were roughly 45 off-street parking spaces.



**Comparable Sale Photographs**



Sale 1



Sale 2



Sale 3



Sale 4



Sale 5

## Explanation of Adjustments

### *Elements of Comparison*

Elements of comparison are the characteristics of properties and transactions that cause prices paid for real estate to vary.<sup>7</sup> All reasonable differences between the comparable sales and the subject property are identified and analyzed. Market data is examined to determine which elements affect the market value of a property. Adjustments for differences that impact value are in order. Adjustments can be made to the total sales price, the common unit price, or both. The amount of adjustment depends on the degree of difference between the subject and comparable properties. Special care must be taken to ensure adjustments are applied consistently and no adjustment should be made more than once.

Elements of comparison common in commercial property valuation include property rights, legal encumbrances, financing terms, conditions of sale (motivation), market conditions (sale date), location, size and physical condition. The most variable elements of comparison for commercial locations are the physical characteristics of the building, utility and amenities, including parking.

The most common units of comparison for commercial properties is price per square foot of building. After reviewing the comparable sales data, I concluded that the most reliable way of comparing the subject to comparable properties is on a price per square foot unit basis.

I considered adjusting each of the comparable sales for property rights conveyed, conditions of sale, financing, market conditions, location, size, physical condition, off-street parking and amenities. Where the subject is superior to the comparable an upward (+) adjustment to the comparable sale is made. If the subject is inferior to the comparable sale, the comparable sale is adjusted downward (-). The adjustments to the comparable sales are explained in the following paragraphs.

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<sup>7</sup> The Appraisal of Real Estate, 15<sup>th</sup> Edition. Chicago: Appraisal Institute, 2020.

## Explanation of Adjustments (continued)

### ***Real Property Rights Conveyed***

A transaction is always predicated on the real property interest conveyed. Fee simple property rights are defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.”<sup>8</sup> Fee simple rights become divided when an owner chooses to lease, restrict use, or bequeath all or part of his/her property to another party. In this case, other interest or rights are created such as an estate (inherited), a leasehold estate (tenants' rights), or leased fee state (landlords' rights). In this case, all the sales represent the conveyance of leased fee or fee simple property rights. Without evidence to the contrary, all leases in place at the time of sale are presumed to be at market. There is no evidence of an adjustment for this factor. Consequently, no property rights adjustment is necessary.

### ***Terms of Financing***

The transaction price of one property may differ from that of an identical property due to different financing arrangements. If a purchaser obtains advantageous mortgage terms such as a favorable financing rate or a higher loan to value ratio, that buyer could afford to pay more for a property by applying the savings derived from the favorable mortgage terms. One of the components of the definition of market value is the assumption that payment is made in cash, its equivalent, or in other precisely revealed terms. If one party is advantaged in a transaction, the resulting sales price may not be reflective of that property's true market value. Therefore, the financing terms, if any, of all comparable sales must be examined to ensure that the terms at the time of sale were consistent with market rates and representative of cash or its equivalent. All the comparable sales were bought with cash or its equivalent. Consequently, no financing adjustment is necessary.

### ***Conditions of Sale***

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. If a property has a special value to one buyer, that buyer may pay above market price to secure ownership. Conversely, a seller may have to sell a property due to a personal situation. In these instances, a sale does not reflect normal conditions and is not considered an arm's length transaction. Such non-market conditions must be identified and adjusted for if a comparable sale is to reflect market value. In this case, all sales reflected typical buyer motivations. Consequently, no condition of sale adjustment is necessary.

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<sup>8</sup> The Dictionary of Real Estate Appraisal, Sixth Edition. (Chicago, Illinois: Appraisal Institute, 2015)

## Explanation of Adjustments

### ***Time and Market Conditions***

The sales occurred between October 2018 and June 2021. Prices and values of comparable properties in the subject's market have remained increased during this time as evidenced by the paired sale analysis of Sale 5, which had sold in 2018 and again in 2021. The increase in value indicated by this paired sale analysis is 18.5% per year. Consequently, a 5% per year adjustment is applied for increase in market conditions.

### ***Location***

The subject property is located on a thoroughfare in the Jersey City Heights section of Jersey City. The neighborhood is densely populated. Sales 1-3 and 5 are on through streets and located in densely populated areas or areas with good disposable income. After considering all location adjustment factors, no location adjustment was necessary in this case to Sales 1-3 and 5. This factor will be more heavily weighed on a qualitative basis when reconciling a unit value. The subject is in a superior location to Sale 4, in a single-family bedroom community with less dense population, thus fewer potential users. The subject is superior and an upward adjustment is applied based on the trend of the sale data.

### ***Building Area (SF)***

The subject contains a total of 6,538 sf, compared to the comparable sales, which range in size from 3,690 to 7,134 sf. Due to economies of scale for larger properties, size is typically inversely proportional to price (i.e., the larger the property the lower the price per sf and vice-versa). In this case, the subject is significantly larger than Sales 1, 2, and 3 and, consequently, a downward adjustment is applied based on the trend of the sale data.

### ***Condition***

The subject property was gut renovated in 2018 and it is in overall good condition. The subject is in overall similar condition to Sales 2 and 3, which are newer or newly renovated properties. The subject is superior to Sales 1, 4 and 5 and upward adjustments are applied.

## Explanation of Adjustments

### ***Off-Street Parking***

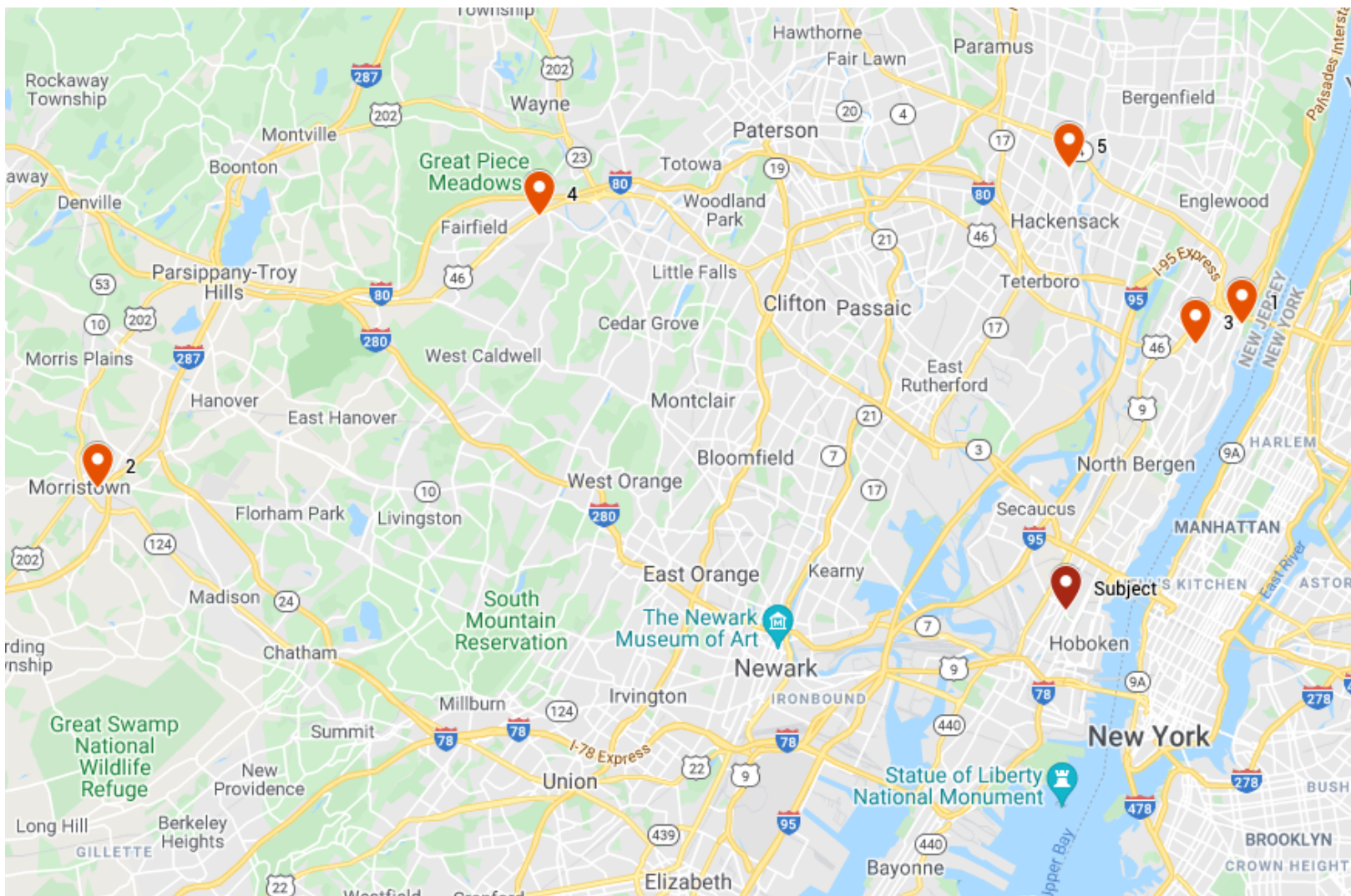
The subject property has no off-street parking, and there is sufficient on-street parking in the immediate area. Sales 1 and 2 also do not have off-street parking and have sufficient neighborhood on-street parking or municipal parking. Sales 3, 4 and 5 provide off-street parking. The subject property is a bar, restaurant, entertainment venue and nightclub, and draws most of their clientele from the immediate area. In this case, the subject's lack of off-street parking does not impact value based on the trend of the sale data. Sales 1 and 2, without off-street parking but with sufficient neighborhood parking are stronger per sf values than Sales 3-5, properties with off-street parking. While off-street parking is valued and desired, there is no justification for an adjustment in this case. The subject's densely populated neighborhood is a prime factor for a lack of parking adjustment. As an example, properties in densely populated New York City, where off-street parking is available in the neighborhood, have significant value even though they do not have their own off-street parking. Consequently, no parking adjustment is necessary in this case.

### ***Amenities***

The subject property has a roof deck complete with a bar, dumbwaiter access, canopies seating, and two dedicated bathrooms. The roof deck is attractive and highly functional. Sale 1 has an outdoor patio and Sale 2 has a small, 560-sf roof deck. The subject is superior to all the sales and upward adjustments are applied. The subject's roof deck has significant contributory value. This space can be used for roughly half to one third of the year. As such, it has a roughly \$50 per sf of the entire building contributory value, or \$100 per sf of the roof deck. Upward adjustments were applied to the sales based on this analysis. Smaller upward adjustments were applied to Sales 1 and 2 since they already had some outdoor amenity space.



## Comparable Sale Location Map





## Comparable Sale Adjustment Grid

Element	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
Property Address	512 Paterson Plank Rd Jersey City, NJ	2020 Central Road Fort Lee, NJ	80 Elm Street Morristown, NJ	412 Bergen Boulevard Palisades Park, NJ	4 Little Falls Road Fairfield, NJ	774-778 Main Street Hackensack, NJ
Sale Price		\$1,750,000	\$2,805,750	\$2,600,000	\$1,450,000	\$2,400,000
Building Area (sf)	6,538	3,690	4,400	4,900	6,072	7,134
Sale Price/sf		\$474	\$638	\$531	\$239	\$336
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%	0%
Adj Sale Price/sf		\$474	\$638	\$531	\$239	\$336
Financing	Market	Market	Market	Market	Market	Market
Adjustment		0%	0%	0%	0%	0%
Sale Conditions	Market	Market	Market	Market	Market	Market
Adjustment		0%	0%	0%	0%	0%
Adj Sale Price/sf		\$474	\$638	\$531	\$239	\$336
Market Conditions	11/29/21	10/26/2018	11/21/2018	10/9/2019	5/28/2021	6/25/2021
Adjustment		15.5%	15.0%	1.0%	2.5%	2.0%
Adj Sale Price/sf		\$548	\$733	\$536	\$245	\$343
Location	512 Paterson Plank Rd Jersey City, NJ	2020 Central Road Fort Lee, NJ	80 Elm Street Morristown, NJ	412 Bergen Boulevard Palisades Park, NJ	4 Little Falls Road Fairfield, NJ	774-778 Main Street Hackensack, NJ
Adjustment		0%	0%	0%	20%	0%
Building Area (sf)	6,538	3,690	4,400	4,900	6,072	7,134
Adjustment		-10%	-10%	-10%	0%	0%
Physical Condition	Good	Above Average	Good	Good	Average	Above Average
Adjustment		15%	0%	0%	30%	15%
Off-Street Parking	None	None	None	Adequate	Adequate	Adequate
Adjustment		0%	0%	0%	0%	0%
Amenities	Roof Deck	Patio	Roof Deck (560+/-sf)	None	None	None
Adjustment		5%	5%	10%	20%	15%
Adj Sale Price/sf		\$603	\$697	\$536	\$416	\$446

## Sales Comparison Approach - Conclusion

The following shows the sales prices per square foot prior to and after adjustments were applied.

The subject is an attractive restaurant, bar, nightclub property located in a densely populated area.

Sale 2 is the most like the subject as evidenced by the fewest number of adjustments and the lowest overall adjustments to that property. Therefore, the most weight was given to Sale 2 in my final analysis. Sale 4 was given the least weight in my final analysis since it required significant adjustments due to the significant differences to the subject.

After careful consideration of all factors, it is our opinion that the combined weight of all sales provides firm and persuasive support for a unit value estimate for the subject property as of November 29, 2021 of \$600 per square foot.

Therefore,

6,538 X \$600 per square foot:           \$3,922,800

**\$3,900,000 (Rounded)**

## Income Capitalization Approach

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The income capitalization approach to value consists of methods, techniques and mathematical procedures that an appraiser uses to analyze a property's capacity to generate monetary benefits and to convert those benefits into an indication of present value.

Income producing property is typically purchased for investment purposes, and from the investor's point of view, earning power is the critical element that affects its value. One essential investment premise is that the higher the earnings, the higher the value. An investor who purchases income-producing real estate is essentially trading a sum of present dollars for the right to receive future dollars.

In our analysis, we employed the Direct Capitalization approach which converts a single year's income estimate into value in one step. The approach is most used when the property appraised is assumed to be in a stabilized economic condition.

In this case, the leased fee interest in the subject property is being valued. The existing lease is compared to market leases to determine if the subject's rents are at market.

In this approach, we performed the following steps:

1. Derived a market rent for the subject,
2. Developed an indication of vacancy and rent loss expectancy on a stabilized basis,
3. Estimated operating expenses,
4. Deducted operating expenses from the income after vacancy to determine the net operating income,
5. Converted the net operating income into value by applying an appropriate capitalization rate.

The result of the analysis and value conclusion by use of the income approach is provided on the following pages.

## Derivation of Market Rent

I reviewed leases for comparable spaces to determine market rent. The most comparable leases are shown below. I searched for restaurant, bar and nightlife venue leases in the Jersey City area and expanded my search to include other areas of northern New Jersey. There is a paucity of lease data, partly due to a large number of owner occupied properties. In a gross lease, tenants are typically responsible for a base rent and no additional operating expenses. In a net lease, tenants are typically responsible for all property expenses including, but not limited to, real estate taxes, maintenance and repairs, insurance, and utilities. Lease terms are typically 10 years and have periodic, usually annual, rent escalations. Rents vary depending on lease terms and whether the landlord is willing to build out the space for the tenant.

### Summary of Comparable Storefront Leases

Lease	Address	Lease Start	Leased SF	Rent/SF	Expenses	Term	Notes
1	570 Washington Boulevard Jersey City, NJ	1/1/19	4,300	\$47.00	Net	9 years 5 months	Tenant is Chef Tan. Effective rent shown.
2	564-566 Newark Avenue Jersey City, NJ	2/1/19	3,400	\$28.98	Net	10 years	Tenant is Grub Takeaway. Effective rent shown. Building constructed circa 1930. No off-street parking. Located near the County Courthouse, in the Journal Square area.
3	435 Palisade Avenue Jersey City, NJ	5/1/19	1,200	\$31.00	Gross	5 years	Tenant is Bread and Salt, Inc. Starting rent shown. Located in Jersey City Heights area.
4	23 University Place Boulevard Jersey City, NJ	9/1/19	2,500	\$29.92	Net	10 years	Tenant is Five Guys. Effective rent shown. Located near Route 440. Located on the ground floor of the Rivet apartment building.
5	23 University Place Boulevard Jersey City, NJ	6/1/21	1,600	\$28.50	Net	15 years	Tenant is BK Lobster. Starting rent shown. Located on the ground floor of the Rivet apartment building.
6	564-566 Newark Avenue Jersey City, NJ	7/1/21	3,400	\$27.50	Net	10 years	The tenant is Cilantros. Building constructed circa 1930. No off-street parking. Located near the County Courthouse, in the Journal Square area.

**Comparable Lease Photographs**



**Comparable Lease 1**



**Comparable Lease 2 & 6**



**Comparable Lease 3**



**Comparable Lease 4**



**Comparable Lease 5**

### Comparable Lease Map





### ***Lease Analysis and Market Rent Conclusion***

The subject is in new/good overall condition, is in a densely populated area and has a highly attractive roof deck. The subject is a restaurant, bar and nightclub. The subject contains several floors of event space and can accommodate many types of get togethers.

Market rent has been increasing over the time span of the comparable leases as evidenced by a comparison of lease 4 and 5 that transacted in September 2019 versus June 2021. The effective lease rate for lease 4, on a ten year basis, is \$29.92/sf. The starting rent for lease 5 is \$28.50/sf. While the effective rent rate is not known for the 15 year second lease, it is typical for the effective rent to be several dollars more than starting rent. For this reason and based on the market value increase as demonstrated in the sales comparison approach, I conclude that rents have increased over the past several years. This trend is anticipated to continue due to inflation.

The comparable leases are in buildings of varying age. The subject has superior finishes and condition to Leases 2, 3 and 6.

The restaurant leases range from \$27.50/sf to \$47.00/sf on a net basis.

Based on the condition of the subject property, its location and use, it is my opinion that the comparable leases and the market analysis section data in this report provide good support of a market rent estimate of \$40 per sf for the ground floor, \$30 per sf for the second floor, and \$20 per sf for the roof deck. Rent is estimated on a net basis whereby the tenant pays for insurance, real estate taxes, utilities and repairs and maintenance.

## Potential Gross Income (PGI)

The subject's potential rental income is estimated as follows:

<u>Income</u>	<u>Annual</u>	<u>\$/sf</u>	<u>Area (sf)</u>
First Floor	\$145,120	\$40.00	3,628
Second Floor	\$87,300	\$30.00	2,910
Roof Deck	\$58,200	\$20.00	2,910
Potential Rental Income	\$290,620	\$30.76	9,448

Reimbursement income from real estate taxes, insurance, repairs and maintenance and utilities are included in potential gross income to account for periodic payment of these expenses by the landlord.

## Vacancy and Collection Loss

A stabilized vacancy and collection loss is used in the analysis and factors in periodic swings in market conditions and collection loss due to potential non-payment and tenant turnover. Current restaurant vacancy rate in the area is 3.1% based on the market analysis. Stabilized vacancy rate over the past ten years is under 5%. Investors typically use a 5% vacancy and collection loss factor in retail and similar type property valuations. A 5% vacancy and collection loss is reasonable and used in the analysis.

## Operating Expenses

Operating expense information is based on typical property owner expenditures for properties with net lease terms. In this case, the property owner typically will incur real estate tax and insurance costs, repairs and maintenance and utility costs when the property is vacant. These costs are factored by including the reimbursement of these costs by a tenant and deducting them as an expense. In this way, the expenses that will periodically flow through to the property owner will be reflected in the pro forma. . Tenant improvement and leasing commission costs are omitted from the analysis since these expenses are typically calculated below the net income line, as evidenced by the capitalization rate sources methodologies. The property owner pays management fees, administrative and professional fees and reserves for capital replacements.

### **Real Estate Taxes**

The current real estate taxes increased by a factor was included in the analysis. Of note, the property may be able to appeal local real estate taxes.

### **Insurance**

Insurance rates are based on \$0.50/sf estimated fire and casualty insurance. While the owner occupant pays a larger sum for insurance, only fire and casualty insurance is estimated in the pro forma.

### **Repairs and Maintenance**

The repairs and maintenance that the landlord would be responsible for from time to time when the property is vacant is estimated at \$1 per sf.

### **Management**

A 5% management fee is considered reasonable for a small-scale commercial property like the subject and is applied to the subject's effective gross income (EGI).

### **Administrative and Professional Fees**

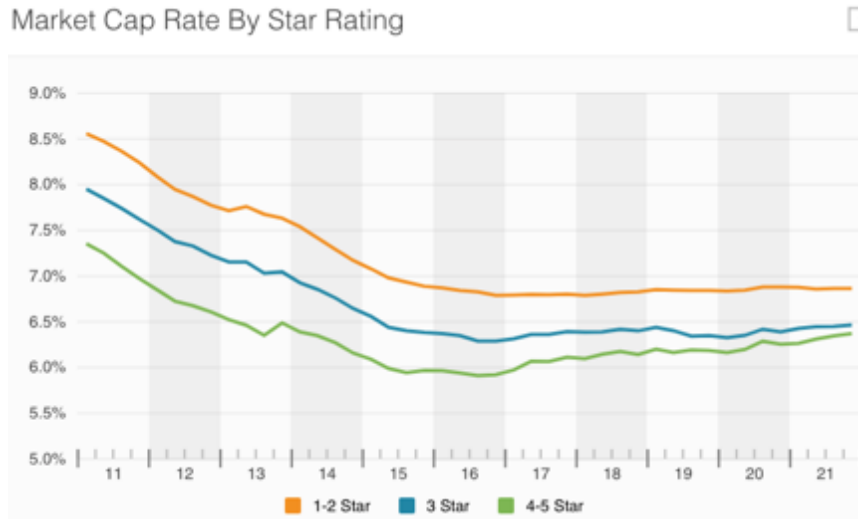
Professional and administrative costs are estimated at \$2,500 per year, inclusive of accounting fees and office expenses.

### **Capital Reserves**

A 2% reserve for replacement of capital and short-lived items is considered standard for properties like the subject and is applied in the pro forma.

### Derivation of Overall Capitalization Rate

A capitalization rate reflects the quality, quantity and durability of the income stream. To gain a better understanding for properties that are like the subject, the capitalization rate chart is included below from the market analysis section. The chart shows that restaurant properties are trading at an average overall capitalization rate of 6.5% in the local market and are expected to remain stable in upcoming years due to continued low interest rate environment.



The subject is in a densely populated area where there is steady demand for properties like the subject. The property has good visibility, and it is in an area with good disposable incomes. The property owner will likely be able to reduce the real estate tax burden. Based on the preceding information, I consider the subject to have a low risk profile.

The band of investments analysis is a weighted average of mortgage and equity requirements that, when combined, provides an indication of an overall capitalization rate. In this case, I used a 70% loan to value ratio, a 5% interest rate and a 30-year amortization for the mortgage requirements, which resulted in a 6.44% mortgage constant. This going-in equity dividend rate is estimate at 6%, reflective of the low risk associated with the property.

**Derivation of Overall Capitalization Rate (Cont'd)**

The band of investment analysis is as follows:

	LTV	Interest Rate	Term (years)	Monthly Constant	Annualized Constant	
Mortgage	70%	5.00%	30	0.00537	0.06442	4.51%
Equity	30%	6.00%			0.06000	1.80%
						6.31%

Based on the subject's quality, quantity and durability of the income stream, I estimate a **6.3%** overall capitalization rate.

## Direct Capitalization as of November 29, 2021

<u>Income</u>	<u>Annual</u>	<u>% of EGI</u>	<u>\$/sf</u>	<u>Area (sf)</u>
First Floor	\$145,120		\$40.00	3,628
Second Floor	\$87,300		\$30.00	2,910
Roof Deck	\$58,200		\$20.00	2,910
<hr/>				
Potential Rental Income	\$290,620			
Reimbursement Real Estate Taxes	\$68,715			
Reimbursement Insurance	\$4,724			
Reimbursement CAM & Utilities	\$14,445			
<hr/>				
Subtotal Reimbursement Income	\$87,884			
<hr/>				
Potential Gross Income	\$378,504			
Vacancy & Collection Loss (5%)	(\$18,925)			
<hr/>				
Effective Gross Income	\$359,579	100%	\$55.00	
<u>Operating Expenses:</u>	<u>Annual</u>	<u>% of EGI</u>	<u>\$/sf</u>	
Real Estate Taxes	(\$68,715)	19%	\$10.51	
Insurance	(\$4,724)	1%	\$0.72	
Repairs and Maintenance	(\$9,448)	3%	\$1.45	
Utilities	(\$5,000)	1%	\$0.76	
Management Fee	(\$17,979)	5%	\$2.75	
Administrative and Prof. Fees	(\$2,500)	1%	\$0.38	
Reserves for Replacement	(\$7,192)	2%	\$1.10	
<hr/>				
Total Operating Expenses	(\$115,558)	32%	\$17.67	
<hr/>				
Net Operating Income	\$244,021	68%	(\$37.32)	
Capitalization Rate	6.30%			
Indicated Value:	\$3,873,348			
<b>Rounded to:</b>	<b>\$3,870,000</b>			
<b>Per sf</b>	<b>\$592</b>			



## Cost Approach

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The cost approach consists of valuing the land and improvements as separate components. The cost approach reflects market thinking because market participants relate value to cost. Buyers adjust the price they are willing to pay based on the cost to bring an existing structure up to a physical condition and utility they desire<sup>9</sup>. The cost approach to value is based on market comparisons between the costs of construction to develop similar improvements with similar utility. Buyers tend to judge the value of an existing structure by considering the prices and rents of similar buildings and the cost to create a new building with optimal physical condition and functional utility. Existing properties are measured against a new property with optimal utility. Because cost and market value are closely related when a property is new, the cost approach is very useful in estimating the market value of recently constructed properties.

After inspecting the neighborhood, the site and the improvements, and gathering all relevant data, an appraiser follows a series of steps to derive a value indication by the cost approach. The steps followed for this assignment were as follows:

- Step 1** Estimate the value of the site as though vacant and available to be developed to its highest and best use;
- Step 2** Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date;
- Step 3** Estimate an appropriate entrepreneurial profit or incentive from analysis of the market;
- Step 4** Add estimated direct costs, indirect costs, and entrepreneurial profit or incentive to arrive at the total cost of the improvements;
- Step 5** Estimate the site improvement costs that have not already been considered;
- Step 6** Add site value to the total cost of all the improvements to develop the market value of the property.

The as is value of the subject property's land is estimated using the sales comparison approach.

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<sup>9</sup>Appraisal Institute, The Appraisal of Real Estate, 15<sup>th</sup> Edition (Chicago: Appraisal Institute, 2020).

## Land Valuation - Sales Comparison Approach

The Sales Comparison Approach is a method of estimating market value by comparing the subject property to similar properties that have sold recently. A major premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties. Essentially, the Sales Comparison Approach is a systematic procedure for carrying out comparative shopping. In this approach, the comparative analysis is applied to the unique characteristics of real estate that cause its prices to vary.

In applying the Sales Comparison Approach, the subject market was researched for sales of land in the R-1 zone, similar in size to the subject, and in the Jersey City Heights section of Jersey City. Most of the sales that fit these criteria were purchased for multi-family or mixed use development. The most comparable sales are included for analysis in this report and are summarized below. A description of these sales is shown on the following pages.

### Comparable Land Sale Summary Grid – Jersey City, NJ

Sale No.	Address	Sale Date	Sale Price	Land Area (sf)	Price Per SF Land
1	578 Palisade Avenue	12/28/2017	\$1,150,000	5,000	\$230
2	3716-3718 John F Kennedy Boulevard	9/5/2018	\$845,000	4,000	\$211
3	97 Laidlaw Avenue	1/21/2020	\$1,150,000	5,189	\$222

**Comparable Land Sale Data**

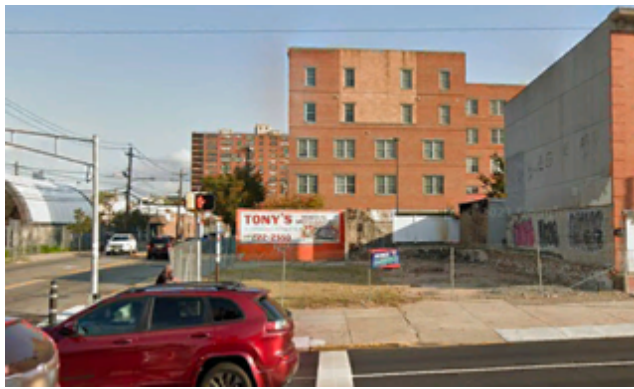
Sale No.	<u>1</u>	<u>2</u>	<u>3</u>
Address	578 Palisade Avenue	3716-3718 John F Kennedy Blvd	97 Laidlaw Avenue
Block/Lot	2402/10 & 11	501/1	5705/14
Sale Date	12/28/2017	9/5/2018	1/21/2020
Sale Price	\$1,150,000	\$845,000	\$1,150,000
Grantor	James F. Ryan Jr., Administrator of the Estate of Alfonso Cruz	Dorothy H. Berthe	97 Laidlaw Ave LLC
Grantee	578 Palisade LLC	Star Home Builders, LLC	85USA-97 LLC
Deed Book/ Page	9285/778	9341/671	9459/472
Land Area (Acres)	0.11	0.09	0.12
Land Area (sf)	5,000	4,000	5,189
Proposed Use	Mixed-use 13 Apartments, 1 Commercial	As of right	Multi-family residential
Zoning	R-1	R-1	R-1
Price Per AC Land	\$10,016,797	\$9,204,351	\$9,583,700
Price Per SF Land	\$230	\$211	\$222
Remarks	The buyer demolished the improvements, assembled the property with an adjacent site and built a four-story mixed use property with 13 residential units above one commercial unit.	The property was vacant at the time of sale. The former improvements were damaged in a fire and the seller had demolished the improvements prior to the sale.	The land was purchased with the intention to build a 5-unit condominium building. Luis and Betty Calahorrano sold the property to 97 Laidlaw Ave LLC on June 22, 2017 for \$665,000 according to Hudson County Clerk Deed Book 9229 at Page 632.

*Appraisal Report*

*512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey*



Land Sale 1:



Land Sale 2:



Land Sale 3:

## Explanation of Adjustments

### ***Elements of Comparison***

The most common units of comparison for land are price per acre, price per square foot of land area, price per square foot of potential building and price per proposed number of units (if residential). After reviewing the comparable sales data, I concluded that the most reliable way of comparing the subject site to comparable sites is on a price per square foot of land basis.

I considered adjusting each of the comparable land sales for property rights conveyed, conditions of sale, financing, market conditions, location, size, site approvals at the time of sale, use and physical characteristics (size, shape, utilities, improvements, etc.). Where the subject is superior to the comparable an upward (+) adjustment to the comparable sale is made. If the subject is inferior to the comparable sale, the comparable sale is adjusted downward (-). The adjustments to the comparable sales are explained in the following paragraphs.

### ***Real Property Rights Conveyed***

A transaction is always predicated on the real property interest conveyed. Fee simple property rights are defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.”<sup>10</sup> Fee simple rights become divided when an owner chooses to lease, restrict use, or bequeath all or part of his/her property to another party. In this case, other interest or rights are created such as an estate (inherited), a leasehold estate (tenants' rights), or leased fee state (landlords' rights). In this case, all the land sales represent the conveyance of fee simple property rights. Therefore, no adjustment is necessary for this factor.

### ***Terms of Financing***

The transaction price of one property may differ from that of an identical property due to different financing arrangements. If a purchaser obtains advantageous mortgage terms such as a favorable financing rate or a higher loan to value ratio, that buyer could afford to pay more for a property by applying the savings derived from the favorable mortgage terms. One of the components of the definition of market value is the assumption that payment is made in cash, its equivalent, or in other precisely revealed terms. If one party is advantaged in a transaction, the resulting sales price may not be reflective of that property's true market value. Therefore, the financing terms, if any, of all comparable sales must be examined to ensure that the terms at the time of sale were consistent with market rates and representative of cash or its equivalent. All the comparable land sales were bought with cash or its equivalent. Consequently, no financing adjustment is necessary.

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<sup>10</sup> The Dictionary of Real Estate Appraisal, Sixth Edition. (Chicago, Illinois: Appraisal Institute, 2015)

## Explanation of Adjustments (Continued)

### ***Conditions of Sale***

Adjustments for condition of sale usually reflect the motivations of the buyer and seller. If a property has a special value to one buyer, that buyer may pay above market price to secure ownership. Conversely, a seller may have to sell a property due to a personal situation. In these instances, a sale does not reflect normal conditions and is not considered an arm's length transaction. Such non-market conditions must be identified and adjusted for if a comparable sale is to reflect market value. In this case, thorough verification of each comparable sale revealed that all the comparable sales reflect normal conditions, and all are arm's length transactions. No adjustment for this factor was required.

### ***Time and Market Conditions***

The sales occurred from December 2017 to January 2020. The market has been active and there is a scarcity of vacant land. For this reason, many properties sell at a premium. The former land sale for Sale 3 and the current sale reflects an increase in value of nearly 30% per year. Based on the trend of the market, I applied a 5% per year upward adjustment to each sale.

### ***Location***

All the properties are in the Jersey City Heights section of Jersey City. Though the subject is on a more heavily trafficked street, and this visibility is attractive to commercial properties, there is little evidence to suggest an adjustment for this factor.

### ***Land Size***

The subject is 3,996 sf of land and the sales range from 4,000 to 5,189 sf of land. There is no evidence to suggest an adjustment for this factor.

### ***Physical Condition***

Differences between the subject property and the comparable sale properties in topography, shape, site conditions, and contributory value of existing improvements are all reconciled in an adjustment for physical condition. The subject is valued in as though vacant condition. Sale 1 had improvements that the buyer demolished after the sale. The subject is superior, and an upward adjustment is applied.

### ***Approvals***

The subject is approved for a non-conforming use. Despite this factor having value, in a built up and mature area like Jersey City, this type of variance is not uncommon. No adjustment is applied for this factor.



## Comparable Land Sale Location Map



## Comparable Land Sale Adjustment Grid

Element	Subject	Sale #1	Sale #2	Sale #3
Property Address	512 Paterson Plank Rd	578 Palisade Avenue	3716-3718 John F Kennedy Blvd	97 Laidlaw Avenue
Sale Price		\$1,150,000	\$845,000	\$1,150,000
Land Area (sf)	3,996	5,000	4,000	5,189
Sale Price/sf		\$230	\$211	\$222
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%
Adj Sale Price/sf		\$230	\$211	\$222
Financing	Market	Market	Market	Market
Adjustment		0%	0%	0%
Sale Conditions	Market	Market	Market	Market
Adjustment		0%	0%	0%
Adj Sale Price/sf		\$230	\$211	\$222
Market Conditions	11/29/21	12/28/2017	9/5/2018	1/21/2020
Adjustment		19.0%	16.0%	4.0%
Adj Sale Price/sf		\$274	\$245	\$230
Location	512 Paterson Plank Rd	578 Palisade Avenue	3716-3718 John F Kennedy Blvd	97 Laidlaw Avenue
Adjustment		0%	0%	0%
Land Area (sf)	3,996	5,000	4,000	5,189
Adjustment		0%	0%	0%
Physical Condition	As Though Vacant	Demolition	Vacant	Vacant
Adjustment		5%	0%	0%
Approvals	Approved	As of Right	As of Right	As of Right
Adjustment		0%	0%	0%
Adj Sale Price/sf		\$287	\$245	\$230

## Sales Comparison Approach - Conclusion

The following shows the sales prices per square foot prior to and after adjustments were applied.

	<b>Low</b>	<b>High</b>	<b>Mean</b>	<b>Median</b>
<b>Before Adjustments</b>	\$211	\$230	\$221	\$222
<b>After Adjustments</b>	\$230	\$287	\$254	\$245

The subject is an attractive restaurant, bar, nightclub property located in a densely populated area.

Sale 2 is the most like the subject since it was the closest in proximity to the subject property and had good frontage and visibility. Therefore, the most weight was given to Sale 2 in my final analysis. Sale 3 was also given significant weight since it received the lowest overall adjustment.

After careful consideration of all factors, it is our opinion that the combined weight of all sales provides firm and persuasive support for a unit value estimate for the subject property as of November 29, 2021 of \$250 per square foot of land.

Therefore,

3,996 X \$250 per square foot: \$999,000

**Sales Comparison Approach,  
Land Value Conclusion (Rounded): \$1,000,000**

## Cost Analysis

The subject property's replacement cost is estimated, which is the cost to replace the subject's improvements with a substitute of like or equal utility using current standards of materials and design.

### ***Accrued Depreciation***

Depreciation is a loss in value due to any cause and is divided into three general categories, physical depreciation, functional obsolescence and external obsolescence. Physical depreciation is a loss in value due to physical deterioration. Functional obsolescence is a loss in value due to the lack of utility or desirability. External obsolescence is a loss in value attributable to forces outside of the property. In this case, all three forms of depreciation were considered, and a 3% physical depreciation estimate was applied. The property is newer and there were no forms of functional or external obsolescence identified.

### ***Entrepreneurial Profit***

Entrepreneurial profit, or incentive, is a market-derived figure that represents the amount an entrepreneur expects to receive as repayment for their expenditure (direct and indirect costs) and as compensation for providing coordination and expertise and assuming the risks associated with the development of a project.<sup>11</sup> Entrepreneurial profit is the difference between total cost of development and marketing and the market value of the property after completion and achievement of stabilized occupancy.<sup>12</sup> The difference is that entrepreneurial incentive is anticipated while profit is earned. This profit ranges from 5% for larger projects to 30% for smaller projects. In this case, I estimated a 10% entrepreneurial profit is reasonable and will provide enough incentive to entice development.

### ***Contingency***

Contingency accounts for inevitable changes that occur during design and construction of the improvements. An appropriate contingency varies from a low of 5% to a high of 30%. Usually, a higher contingency is estimated when the costs are more uncertain. In this case, a 5% contingency is reasonable. In addition, a soft cost contingency of 10% is estimated on the overall contingency.

### ***Conclusion***

The Marshall and Swift Valuation service pages are included in the addendum and the result of the cost analysis is shown on the following pages. The concluded market value of the subject property using the cost approach as of November 29, 2021 was **\$3,840,000**.

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<sup>11</sup> Appraisal Institute, The Appraisal of Real Estate, 15<sup>th</sup> Edition, (Chicago, Illinois: Appraisal Institute, 2020).

<sup>12</sup> Ibid.

## Section 13, Page 15 - Restaurants

### Building Cost Estimate

**Source: Marshall Valuation Service**

Valuation Date: **11/29/21**

Occupancy:	Single
Class:	A
Quality Rank:	Average
Total Area:	6,538
Number of Stories:	2
Average Ceiling Height:	12.5
Year Built:	2018
Accrued Depreciation	3%

### Base Building Cost Calculation

Base Building Cost	\$168.00
Perimeter Multiplier	0.931
Story Height Multiplier	1.010
<u>Number of Story Multiplier</u>	<u>1.000</u>
Unit Cost:	<u>\$157.97</u>

<b>Cost Item</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Total</b>
<b>Base Building Cost</b>	6,538		\$1,032,821
Roof Deck	2,910	\$100.00	291,000
Dumbwaiter	1	\$25,300.00	25,300
Basement	909	\$83.47	75,874
Sprinklers	7,000	\$4.50	<u>31,500</u>
<b>Subtotal</b>			1,456,496
Current Cost Multiplier			1.22
Local Cost Multiplier			<u>1.31</u>
<b>Subtotal</b>			2,327,771
<b>Site Improvements</b>			
Concrete Paving	368	\$6.00	2,208
Fencing	55	\$30.00	<u>1,650</u>
Subtotal Site Improvements			3,858
Current Cost Multiplier			1.22
Local Cost Multiplier			<u>1.26</u>
Subtotal Site Improvements			<u>5,931</u>
Subtotal Building and Site Improvements			2,333,702
Plus Contingencies @ 5.0%			116,685
Plus Soft Cost Contingency @ 10.0% of Contingency			<u>11,669</u>
<b>Total Replacement Cost</b>			<u>\$2,456,125</u>

*Appraisal Report*

*512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey*

<b>Depreciated Cost Estimate</b>	<b>Total</b>
<b>Replacement Cost New:</b>	\$2,456,125
Plus Entrepreneurial Profit @ 10.0%	245,613
Total Replacement Cost New:	2,701,738
Accrued Depreciation	(81,052)
Total Depreciated Replacement Cost:	2,620,685
Land Value Estimate	1,000,000
Total Value, Cost Approach	\$3,620,685
Rounded	<b>\$3,620,000</b>
Cost/Unit	\$554/sf



## Insurable Value

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Insurable value is reflected by the property's replacement cost. The Dictionary of Real Estate Appraisal defines replacement cost for insurance purposes as follows:

The estimated cost, at current prices as of the effective date of valuation of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

The subject property's replacement cost for insurance purposes is estimated below. Cost estimates were based on information from the Marshall and Swift Cost Manual. Land value, site improvement, entrepreneurial profit, depreciation, extraordinary costs, unfinished basement and foundation costs, and miscellaneous costs were excluded from the replacement cost estimate.

I have not been provided any policies for the subject. It should be noted that the method for estimating insurable value varies among underwriters. Therefore, no weight should be placed on my estimate unless the client independently determines that the items included in my estimate are consistent with the terms of the subject's insurance coverage. The insurable value calculation is as follows.

Basement Excavation	3,628	0.47	\$1,705
Foundation below ground	10,357	4.43	\$45,882
Piping below ground	909	15.45	\$14,044
Subtotal			\$61,631
Current Cost Multiplier			1.22
Local Cost Multiplier			1.31
Subtotal			\$98,498
Depreciation			\$81,052
Site improvements			\$5,931
Architects plans and specifications (6.6% of Replacement Cost New)			\$162,104
Total Exclusions for Insurable Value			\$347,585
Total Cost			\$3,620,685
Less Land Value			(1,000,000)
Less Exclusions			(347,585)
Insurable Value			\$2,273,100
<b>Insurable Value (Rounded)</b>			<b>\$2,270,000</b>

## Reconciliation and Final Value Estimate

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The methods of valuation used in this report resulted in the following market value indications:

Sales Comparison Approach:	\$3,900,000
Income Capitalization Approach:	\$3,870,000
Cost Approach:	\$3,620,000

When there is an active market for a specified property type, as is the case with the subject property, the sales comparison approach may provide the most reliable and supportable indication of market value. The sales comparison approach is a particularly reliable method of valuation for owner-occupied properties, and the subject is an attractive option for an owner-user. The quality of the improved sale data is poor. Few properties transact within the past five years that are similar to the subject's condition, layout, location and other features. For these reasons, less weight is given to the sales comparison approach in my final analysis.

The income capitalization approach measures the value of the property to an investor. The investment market is active in the region as evidenced by leasing in the market. Sufficient information relative to anticipated occupancy levels, operating expenses, net operating income and capitalization rates were derived from the market. However, the rental data does not accurately reflect the subject's layout, configuration, and location. For these reasons, I gave less weight to the income approach in this case.

The Cost Approach is predicated upon the principle of substitution whereby investors and owner occupants alike compare existing properties to what can be achieved by assembling the land and constructing the improvements. By adding the cost of the improvements to the estimated site value, an overall indication of market value is derived. The value of the site was estimated through the sales comparison approach. Several sales in the subject's neighborhood were available and demonstrate land value. While these land sales have a different use than the subject, they share many similar traits, and these properties represent substitute or alternative uses of properties in a similar location and similar in size. The strength of the cost approach is that it offers a detailed, itemized list of all the components of property value. It addresses site value and the contributory value of the improvements. Design and construction features of a property are fully explored as they relate to overall value. Overall, there was sufficient and reliable information available to determine the property's value via the cost approach. In this case, the

cost approach was the most reliable indicator of value and was given the most weight in my final analysis.

After careful consideration of all the factors impacting the value of the subject property, I conclude that the market value of the subject's fee simple estate as of November 29, 2021 was:

**Three Million Seven Hundred Thousand Dollars**

**\$3,700,000**

I estimate and conclude the subject property's insurable value as of November 29, 2021 was \$2,270,000.

## **Addenda**

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Marshall and Swift Valuation Service

Economic Indicators

Assumptions and Limiting Conditions

Engagement Letter

Appraiser License

Qualifications of the Appraisers

*Appraisal Report*

*512 Paterson Plank Road, Block 503, Lot 21, City of Jersey City, Hudson County, New Jersey*

## **Marshall and Swift Valuation Service**

**CALCULATOR METHOD**

**RESTAURANTS (350)**

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	*HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
A-B	Excellent	Stone, face brick, best metal walls, usually part of a building	Best plaster and paneling, highly ornamental, carpeted, deluxe quality	Special lighting fixtures and effects, deluxe restrooms	Complete H.V.A.C.	3207.64	24.82	298.00
	Good	Concrete, metal/glass or masonry panels, usually part of a building	Plaster with enamel & vinyl, carpet & vinyl flooring, decorated interior	Good lighting and outlets, good plumbing and restrooms	Complete H.V.A.C.	2400.35	18.58	223.00
	Average	Brick or concrete, usually part of a building	Plaster or drywall, acoustic tile, carpet, ceramic, rubber, or vinyl comp. tile	Adequate lighting outlets, adequate plumbing	Complete H.V.A.C.	1808.34	13.99	168.00
C	Excellent	Individual design, highly ornamental exterior	High-quality detail, best acoustics, carpeted, deluxe quality	Special lighting effects, tiled restrooms, good fixtures	Complete H.V.A.C.	3078.48	23.82	286.00
	Very good	Individual design, brick, good metal and glass, ornamentation	Typically best chain restaurants, carpeted lounge and dining room	Good lighting/restrooms with good-quality fixtures and tile	Complete H.V.A.C.	2378.82	18.41	221.00
	Good	Brick, concrete or metal and glass panels, ornamentation	Typical chain restaurant or coffee shop, vinyl and ceramic floors	Good lighting and service outlets, tiled restrooms	Complete H.V.A.C.	1851.39	14.33	172.00
	Average	Brick, block, tilt-up, plain building, stock plans	Typical neighborhood restaurant, vinyl composition, small kitchen	Adequate lighting and outlets, small restrooms	Complete H.V.A.C.	1442.36	11.16	134.00
D	Low cost	Cheap brick or block, very plain, low-cost front	Low-cost short order cafe, minimum finish, asphalt tile	Minimum lighting and outlets, minimum plumbing	Forced air and ventilation	1049.48	8.12	97.50
	Excellent	Individual design, highly ornamental exterior, stone veneer	High-quality detail, best acoustics, carpeted, deluxe quality	Special lighting effects, tiled restrooms, good fixtures	Complete H.V.A.C.	2949.31	22.82	274.00
	Very good	Individual design, brick veneer, good metal and glass, ornamentation	Typically best chain restaurants, carpeted lounge and dining room	Good fixtures, good restrooms w/good-quality fixtures and tile	Complete H.V.A.C.	2249.66	17.41	209.00
S	Good	Stucco or siding, metal and glass, some ornamentation	Typical chain restaurant or coffee shop, vinyl and ceramic floors	Good lighting and service outlets, tiled restrooms	Complete H.V.A.C.	1732.99	13.41	161.00
	Average	Stucco or siding, plain building and front, stock plans	Typical neighborhood restaurant, vinyl composition, small kitchen	Adequate lighting and outlets, small restrooms	Complete H.V.A.C.	1334.72	10.33	124.00
	Low cost	Pole frame, good metal panels, lined and insulated plain front	Low-cost short order cafe, minimum finish, asphalt tile	Minimum lighting and plumbing	Forced air/vent.	952.61	7.37	88.50
DPOLE	Low cost	Insulated sandwich panels, metal and glass, some ornamentation	Comparable to typical chain coffee shop, vinyl and ceramic floors	Good lighting and service outlets, tiled restrooms	Forced air and ventilation	871.88	6.75	81.00
	Good	Insulated panels, metal and glass, little ornamentation	Typical neighborhood coffee shop, vinyl comp., some ceramic or pavers	Adequate lighting and outlets, small restrooms	Complete H.V.A.C.	1700.70	13.16	158.00
	Average	Insulated panels, metal and glass, little ornamentation	Typical neighborhood coffee shop, vinyl comp., some ceramic or pavers	Adequate lighting and outlets, small restrooms	Complete H.V.A.C.	1280.90	9.91	118.00
S	Low cost	Finished interior, some front	Low-cost finish, asphalt tile	Minimum lighting and plumbing	Forced air/vent.	862.64	6.83	82.00

**BASEMENTS AND MEZZANINES**

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	*HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
A-B	Basement, finished	Plaster interior	Finished ceiling and floors, banquet, service functions	Adequate lighting/plumbing, restrooms, utility rooms	Low-cost complete H.V.A.C.	1205.66	9.33	112.00
	Mezzanine, open	Not included	Open, finished floors, plaster soffit, minimum work stations	Adequate lighting, minimum plumbing	Included in building cost	468.23	—	43.50
CDS	Basement, finished	†Plaster or drywall interior	Finished ceiling and floors, banquet, service functions	Adequate lighting/plumbing, restrooms, utility rooms	Forced air and ventilation	828.82	6.41	77.00
	Basement, open	†Painted interior, outside entry	Paint only, some partitions	Adequate lighting, drains	None	398.26	3.08	37.00
S	Mezzanine, open	Not included	Open, finished floors and soffit, minimum work stations	Adequate lighting, minimum plumbing	Included in building cost	336.37	—	31.25

†For fire-resistant Type I basements, with concrete slab separation under Class C, D or S units, add \$ 6.47 per square foot (\$69.64 per square meter). \*Adjust for heat from table on following page.

**NOTES:** For other basement types, see Page 30.  
 Add 0.5% (1/2%) for each story over three, above ground, to all base costs, including basements but excluding mezzanines, up to 30 stories. Over 30 stories, add 0.4% (4/10%) for each additional story.

**MULTISTORY BUILDINGS**  
 To determine the cost for exterior balconies use one of the following: Page 40 in this section; compute from the Segregated Costs in Section 43; or from Unit-in-Place Costs in Section 66.

**BALCONIES**  
 Do not use story height or areal/perimeter multipliers with mezzanine costs.  
 Sprinkler systems are not included. Costs should be added from Page 40.  
 Elevators are not included. Costs should be added from Page 39. Add for dumbwaiters from Section 58.

**MEZZANINES**  
 Do not use story height or areal/perimeter multipliers with mezzanine costs.  
**SPRINKLERS**  
 Sprinkler systems are not included. Costs should be added from Page 40.  
**ELEVATORS**  
 Elevators are not included. Costs should be added from Page 39. Add for dumbwaiters from Section 58.

**MARSHALL VALUATION SERVICE**  
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**CALCULATOR METHOD**

**HOTELS: FULL SERVICE (594)**

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
<b>A</b>	Excellent	Best metal or stone, heat-absorbent or double glazing panels, individual design	Fine detail and carpet, good plaster and wall coverings	*Best lighting, top-quality plumbing	Hot and chilled water (zoned)	2863.20	26.60	266.00
	Good	Face brick, metal or concrete panels, individual design	Good detail, carpeted, highly decorated public rooms	*Good lighting, good plumbing fixtures	Hot and chilled water (zoned)	2335.77	21.70	217.00
	Average	Face brick, metal, concrete or stucco panels, plain exterior	Typical good transient or average business hotel, adequate public rooms	*Lighting/plumbing above code, standard fixtures	Warm and cool air (zoned)	1829.66	17.00	170.00
	Low cost	Brick, concrete block, metal stud panels, little ornamentation	Small lobby, coffee shop, minimum transient facilities	*Minimum lighting/plumbing, few extras	Hot water	1453.13	13.50	135.00
	Excellent	Best metal or stone, heat-absorbent or double glazing panels, individual design	Fine detail, carpeted, highly decorated public rooms	*Best lighting, top-quality plumbing	Hot and chilled water (zoned)	2766.32	25.70	257.00
<b>B</b>	Good	Face brick, metal or concrete panels, individual design	Good detail, carpeted, highly decorated public rooms	*Good lighting, good plumbing fixtures	Hot and chilled water (zoned)	2249.66	20.90	209.00
	Average	Face brick, metal, concrete or stucco panels, plain exterior	Typical good transient or average business hotel, adequate public rooms	*Lighting/plumbing above code, standard fixtures	Warm and cool air (zoned)	1765.28	16.40	164.00
	Low cost	Brick, concrete block, synthetic plaster, little ornamentation	Small lobby, coffee shop, minimum transient facilities	*Minimum lighting/plumbing, few extras	Hot water	1399.31	13.00	130.00
	Excellent	Best metal or concrete panels, stone, face brick	Fine detail and carpet, good plaster and wall coverings	*Excellent lighting, quality plumbing	Hot and chilled water (zoned)	2281.95	21.20	212.00
	Good	Brick, metal or concrete and glass, good trim and entrance	Plaster or drywall, carpeted, public rooms, good decorating and detail	*Good lighting/plumbing	Warm and cool air (zoned)	1851.39	17.20	172.00
<b>C</b>	Average	Brick, stucco on block, some front ornamentation	Carpeted, plaster or drywall and painted masonry, adequate facilities	*All rooms with bath, adequate electric service	Heat pump system	1550.00	14.40	144.00
	Low cost	Brick or concrete block	Few public rooms, small coffee shop	*Minimum lighting/plumbing	Indiv. ht. pumps	1259.38	11.70	117.00
	Excellent	Best masonry veneer, metal and glass panels, highly decorative	Fine detail and carpet, good plaster and wall coverings	*Excellent lighting, quality plumbing	Hot and chilled water (zoned)	2185.07	20.30	203.00
	Good	Brick veneer, metal and glass, good entrance and trim	Good finishes, carpeted rooms, good public rooms, lobby and detailing	*Good lighting/plumbing	Warm and cool air (zoned)	1765.28	16.40	164.00
	Average	Stucco or siding, brick trim, some front ornamentation	Plaster or drywall, carpeting, adequate ancillary facilities, dining and bar	*All rooms with bath, adequate electric service	Heat pump system	1474.65	13.70	137.00
Low cost	Stucco or siding	Few public rooms, small coffee shop	*Minimum lighting/plumbing	Indiv. ht. pumps	1184.03	11.00	110.00	

**BASEMENTS AND MEZZANINES - HOTELS**

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
<b>A-B</b>	Finished basement	Plaster or drywall interior	Plaster or drywall, vinyl composition, acoustic ceiling, shops, service functions	Adequate lighting/plumbing, restrooms, utility rooms	Hot water	1087.15	10.10	101.00
	Parking basmt.	Unfinished	No partitions or floor covering	Minimum lighting/plumbing	Ventilation	640.45	5.95	59.50
	Unfin/Utility basmt	Painted interior	Few partitions and fire walls	Utility lighting/plumbing	None	592.01	5.50	55.00
	Mezzanine	Not included	Typical hotel finish and detail	Adequate lighting/plumbing	In bldg. cost	914.93	8.50	85.00
	Finished basement	Plaster or drywall interior	Plaster or drywall, vinyl composition, finished ceiling, service functions	Adequate lighting/plumbing, utility outlets and fixtures	Forced air	791.15	7.35	73.50
<b>C-D</b> †	Parking basmt.	Unfinished	Plaster ceiling, concrete floor	Minimum lighting/plumbing	Ventilation	427.87	3.98	39.75
	Unfin/Utility basmt	Unfinished	Unfinished, no ceiling	Minimum lighting/plumbing	None	390.19	3.63	36.25
	Mezzanine	Not included	Typical hotel finish and detail	Adequate lighting/plumbing	In bldg. cost	678.13	6.30	63.00
	Finished basement	Plaster or drywall interior	Plaster or drywall, vinyl composition, finished ceiling, service functions	Adequate lighting/plumbing, utility outlets and fixtures	Forced air	791.15	7.35	73.50
	Parking basmt.	Unfinished	Unfinished, no ceiling	Minimum lighting/plumbing	Ventilation	427.87	3.98	39.75

†For fire-resistant Type I basements, with concrete slab separation under Class C, D or S units, add \$6.51 per square foot (\$7.07 per square meter). Where utilized as courtyard deck on top side, add \$13.20 per square foot (\$142.08 per square meter). See bottom of Page 20 for other refinement notes, Page 37 for cost per room figures.

\*ELEVATORS - Building base costs which include elevators are marked with an asterisk (\*). If the subject building has no elevators, deduct the following from the base costs for buildings on this page which are so marked. For buildings not marked, or for basement and mezzanine slabs, add costs from Page 34.

CLASS	Sq. M.	Sq. Ft.	CLASS	Sq. M.	Sq. Ft.
CLASSES A and B	104.09	9.67	CLASSES C and D	62.43	5.60
	Average	40.90		3.80	Good
Excellent	75.89	7.05	Average	47.58	4.42
Low	7.05	6.51	Low	28.20	2.62

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SECTION 13 PAGE 41  
May 2020

**CALCULATOR METHOD**  
**STORES AND COMMERCIAL BUILDINGS**  
**FLOOR AREA/PERIMETER MULTIPLIERS**

AVERAGE FLOOR AREA Sq. Ft.	M. FT.	15	23	30	38	46	53	61	76	91	107	122	137	152	183	213	244	AVERAGE FLOOR AREA Sq. Ft.
46	500	1.183	1.376	1.566	1.753	1.940	2.127	2.314	2.501	2.688	2.875	3.062	3.249	3.436	3.623	3.810	4.000	500
70	750	1.042	1.183	1.324	1.465	1.606	1.747	1.888	2.029	2.170	2.311	2.452	2.593	2.734	2.875	3.016	3.157	750
93	1,000	.969	1.079	1.189	1.299	1.409	1.519	1.629	1.739	1.849	1.959	2.069	2.179	2.289	2.399	2.509	2.619	1,000
139	1,500	.852	.962	1.072	1.182	1.292	1.402	1.512	1.622	1.732	1.842	1.952	2.062	2.172	2.282	2.392	2.502	1,500
186	2,000	.854	.912	.970	1.028	1.086	1.144	1.202	1.260	1.318	1.376	1.434	1.492	1.550	1.608	1.666	1.724	2,000
232	2,500	.831	.878	.925	.972	1.019	1.066	1.113	1.160	1.207	1.254	1.301	1.348	1.395	1.442	1.489	1.536	2,500
279	3,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	3,000
372	4,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	4,000
465	5,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	5,000
557	6,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	6,000
650	7,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	7,000
743	8,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	8,000
836	9,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	9,000
929	10,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	10,000
1,115	12,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	12,000
1,301	14,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	14,000
1,486	16,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	16,000
1,672	18,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	18,000
1,858	20,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	20,000
2,323	25,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	25,000
2,787	30,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	30,000
3,252	35,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	35,000
3,716	40,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	40,000
4,181	45,000	.815	.854	.893	.932	.971	1.010	1.049	1.088	1.127	1.166	1.205	1.244	1.283	1.322	1.361	1.400	45,000

AVERAGE FLOOR AREA Sq. Ft.	M. FT.	274	305	335	366	396	427	457	488	518	549	579	610	671	731	792	853	AVERAGE FLOOR AREA Sq. Ft.
836	9,000	1.183	1.230	1.276	1.323	1.370	1.417	1.464	1.511	1.558	1.605	1.652	1.699	1.746	1.793	1.840	1.887	9,000
929	10,000	1.140	1.183	1.226	1.269	1.312	1.355	1.398	1.441	1.484	1.527	1.570	1.613	1.656	1.700	1.743	1.786	10,000
1,115	12,000	1.079	1.117	1.153	1.189	1.225	1.261	1.297	1.333	1.369	1.405	1.441	1.477	1.513	1.549	1.585	1.621	12,000
1,301	14,000	1.030	1.060	1.090	1.121	1.151	1.182	1.213	1.244	1.275	1.306	1.337	1.368	1.399	1.430	1.461	1.492	14,000
1,486	16,000	.967	1.025	1.053	1.080	1.106	1.133	1.160	1.187	1.214	1.241	1.268	1.295	1.322	1.349	1.376	1.403	16,000
1,672	18,000	.968	.969	.990	1.011	1.032	1.054	1.075	1.096	1.117	1.138	1.159	1.180	1.201	1.222	1.243	1.264	18,000
1,858	20,000	.948	.969	.990	1.011	1.032	1.054	1.075	1.096	1.117	1.138	1.159	1.180	1.201	1.222	1.243	1.264	20,000
2,323	25,000	.906	.925	.942	.959	.975	.992	1.009	1.025	1.042	1.059	1.075	1.092	1.109	1.126	1.143	1.160	25,000
2,787	30,000	.878	.894	.909	.925	.940	.956	.971	.987	1.002	1.018	1.033	1.049	1.064	1.080	1.096	1.112	30,000
3,252	35,000	.859	.872	.884	.896	.908	.920	.932	.944	.956	.968	.980	.992	1.004	1.016	1.028	1.040	35,000
3,716	40,000	.843	.854	.866	.878	.889	.900	.911	.922	.933	.944	.955	.966	.977	.988	.999	1.010	40,000
4,181	45,000	.831	.842	.852	.862	.871	.881	.891	.900	.910	.919	.929	.938	.947	.956	.965	.974	45,000
4,645	50,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	50,000
5,674	60,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	60,000
6,503	70,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	70,000
7,432	80,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	80,000
8,361	90,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	90,000
9,290	100,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	100,000
11,613	125,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	125,000
13,935	150,000	.831	.841	.851	.860	.869	.878	.887	.896	.905	.914	.923	.932	.941	.950	.959	.968	150,000

5/29/20

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## ELEVATORS – ESCALATORS

### PASSENGER ELEVATORS – SELECTOMATIC/AUTOMATIC

(completely automatic, gearless machines, group-controlled elevators)

SPEED (Feet per minute)	CAPACITY (Pounds)				
	2000	2500	3000	3500	5000
300	209000.00 – 232000.00	222000.00 – 244000.00	234000.00 – 259000.00	247000.00 – 273000.00	259000.00 – 288000.00
400	230000.00 – 254000.00	243000.00 – 268000.00	258000.00 – 285000.00	272000.00 – 302000.00	286000.00 – 319000.00
500	253000.00 – 281000.00	269000.00 – 298000.00	283000.00 – 314000.00	301000.00 – 331000.00	317000.00 – 350000.00
600	278000.00 – 310000.00	298000.00 – 329000.00	314000.00 – 347000.00	331000.00 – 365000.00	350000.00 – 392000.00
700	310000.00 – 345000.00	327000.00 – 363000.00	347000.00 – 384000.00	365000.00 – 404000.00	387000.00 – 427000.00
800	344000.00 – 380000.00	355000.00 – 402000.00	383000.00 – 422000.00	404000.00 – 444000.00	427000.00 – 470000.00
1,000	415000.00 – 463000.00	439000.00 – 487000.00	465000.00 – 514000.00	484000.00 – 524000.00	476000.00 – 524000.00
1,200	506000.00 – 564000.00	536000.00 – 596000.00	567000.00 – 627000.00	601000.00 – 662000.00	639000.00 – 700000.00
1,400	619000.00 – 689000.00	655000.00 – 725000.00	694000.00 – 767000.00	734000.00 – 807000.00	776000.00 – 851000.00
PLUS COST PER STOP	7600.00 – 8350.00	8250.00 – 8950.00	8350.00 – 9000.00	8550.00 – 9200.00	9000.00 – 9450.00

**EXPRESS ELEVATORS:** Cost per bypassed floor, without an opening, is 3150.00 to 4275.00 per floor. With openings, use cost per stop from table.

**OBSERVATION ELEVATORS:** Price with cost additives listed on Page 3

### ESCALATORS

(Costs are averages per each moving stairway)

RISE	32" WIDTH 5,000 persons per hour		48" WIDTH 8,000 persons per hour	
	COST	RISE	COST	RISE
10'	193000.00	10'	209000.00	
12'	199000.00	12'	214000.00	
14'	204000.00	14'	223000.00	
18'	214000.00	18'	238000.00	
22'	228000.00	22'	253000.00	
25'	238000.00	25'	266000.00	

For glass balustrade panels or stainless steel sides, add 805.00 to 2525.00 per foot of rise per unit.

**RESIDENTIAL ELEVATORS:** The small handicapped or two- or three-passenger elevators found in single-family dwellings cost 23000.00 to 46500.00 for two stops, plus 3150.00 to 4950.00 for each additional stop. For larger capacities over 700 lbs., the cost is 48900.00 to 68500.00 for two stops, plus 11800.00 to 15600.00 for each additional stop. For custom cabs (decorative hardwood, brass and glass, etc.), add 50%.

**INCLINED RAILWAYS:** Inclined elevators (chairlifts) cost 9300.00 to 14000.00 for normal 14' to 17' runs. Add 136.00 per foot for longer runs. Add 2000.00 to 2550.00 for a two-passenger lift. Add 2800.00 to 4025.00 for each turn. Add 50% for wheelchair capability. For exterior (hillside) installation, add 2250.00.

**VERTICAL WHEELCHAIR-PORCH LIFT:** For 400 lb. capacity with 5' maximum lift, the cost is 12300.00 to 17400.00. For each additional foot of height to a maximum of 12', add 2220.00 to 3375.00 per foot.

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### MOVING WALKS

(Costs are averages per each section, up to 2% gradient)

LENGTH Linear Feet	COST PER LINEAR FOOT			
	24" WIDE	36" WIDE	48" WIDE	54" WIDE
40	6300.00	6850.00	7600.00	7850.00
60	5250.00	5500.00	5900.00	6000.00
100	3525.00	3650.00	4250.00	4300.00
300	2550.00	2800.00	3100.00	3150.00
500	2320.00	2525.00	2725.00	2925.00
750	2100.00	2390.00	2490.00	2675.00
1,000	2030.00	2220.00	2390.00	2490.00
1,400	1810.00	2080.00	2250.00	2320.00
1,800	1660.00	1960.00	2080.00	2220.00

For gradients up to 20%, add 1% for each percent over two. Costs include handrails.

**SIDEWALK ELEVATORS:** With sidewalk doors, 2,000 lb. to 3,000 lb. capacity, 25 square foot platform, the cost is 49900.00 to 72000.00.

**PERSONNEL LIFTS:** Revolving vertical belts with one-man platforms cost 20900.00 to 28200.00, plus 5550.00 per stop over two.

**WINDOW-WASHING LIFTS:** Exterior building maintenance platforms, self-powered, 24' to 26', cost 70000.00 to 100000.00. Custom engineered platforms can run as much as two times the cost of standard lifts. Supporting davits cost 11500.00 to 14900.00 per pair and sockets, 700.00 to 945.00 each.

**DUMBWAITERS:** Automatic electric dumbwaiters, 500 lb. capacity, 50-FPM, stainless steel cab, cost 20300.00 (manual doors) to 52000.00 (power doors), plus 4575.00 to 5850.00 per stop over two. For 100-FPM operation, add 30%; 150-FPM, add 50%. For 200 lb. capacity, deduct 25%; 75 lb., deduct 50%. For hand operation, deduct 50%.

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SECTION 99 PAGE 3  
November 2021

### CURRENT COST MULTIPLIERS

These multipliers bring costs from preceding pages up to date. Also apply Local Multipliers, Section 99, Pages 5 through 10.

		CALCULATOR COST SECTIONS					SEGREGATED COST SECTIONS										
(Effective Date of Cost Pages)		11	12	13	14	15	16	17	18	41	42	43	44	45	46	47	48
		(11/20)	(8/20)	(5/20)	(2/20)	(11/21)	(9/21)	(5/21)	(2/21)	(12/20)	(9/20)	(6/20)	(3/20)	(12/19)	(9/21)	(6/21)	(3/21)
<b>EASTERN</b>	A	1.23	1.22	1.22	1.21	1.05	1.13	1.19	1.22	1.19	1.20	1.18	1.20	1.18	1.17	1.19	1.22
	B	1.19	1.20	1.18	1.20	1.00	1.07	1.13	1.17	1.19	1.20	1.18	1.20	1.18	1.07	1.13	1.17
	C	1.20	1.20	1.22	1.21	1.00	1.08	1.16	1.15	1.20	1.20	1.22	1.21	1.23	1.08	1.16	1.15
	D	1.21	1.23	1.23	1.22	0.97	1.08	1.14	1.16	1.21	1.23	1.23	1.22	1.23	1.08	1.14	1.16
	S	1.26	1.25	1.25	1.23	1.03	1.08	1.14	1.21	1.26	1.25	1.25	1.23	1.26	1.08	1.14	1.21
<b>CENTRAL</b>	A	1.19	1.18	1.18	1.19	1.01	1.10	1.14	1.16	1.19	1.18	1.18	1.19	1.19	1.10	1.14	1.16
	B	1.13	1.14	1.14	1.15	0.99	1.03	1.07	1.09	1.13	1.14	1.14	1.15	1.17	1.03	1.07	1.09
	C	1.18	1.18	1.19	1.18	0.97	1.03	1.10	1.12	1.18	1.18	1.19	1.18	1.19	1.03	1.10	1.12
	D	1.18	1.21	1.22	1.22	0.99	1.08	1.11	1.15	1.18	1.21	1.22	1.22	1.25	1.08	1.11	1.15
	S	1.15	1.19	1.17	1.20	0.97	1.04	1.13	1.13	1.15	1.19	1.17	1.20	1.20	1.04	1.13	1.13
<b>WESTERN</b>	A	1.19	1.22	1.24	1.25	1.07	1.12	1.17	1.16	1.19	1.22	1.24	1.25	1.24	1.12	1.17	1.16
	B	1.14	1.15	1.20	1.19	1.02	1.09	1.13	1.12	1.14	1.15	1.20	1.19	1.20	1.09	1.13	1.12
	C	1.18	1.22	1.20	1.24	1.00	1.09	1.13	1.17	1.18	1.22	1.20	1.24	1.22	1.09	1.13	1.17
	D	1.23	1.23	1.24	1.27	0.98	1.06	1.18	1.18	1.23	1.23	1.24	1.27	1.24	1.06	1.18	1.18
	S	1.19	1.20	1.25	1.24	1.00	1.12	1.17	1.14	1.19	1.20	1.25	1.24	1.23	1.12	1.17	1.14

### UNIT-IN-PLACE COST SECTIONS (51 - 70)

Sec. Page	Date	Eastern	Central	Western
51 - 2-3	(3/21)	1.13	1.09	1.13
51 - 4	(3/21)	1.15	1.11	1.16
51 - 7-8	(3/21)	1.14	1.08	1.13
51 - 3.7	(3/21)	1.14	1.13	1.19
52 - 1-4, 6	(3/21)	1.14	1.13	1.16
52 - 5	(3/21)	1.18	1.13	1.16
53 - 1-8	(6/21)	1.13	1.11	1.16
53 - 9-12	(6/21)	1.14	1.10	1.16
54 - 1-6	(6/21)	1.15	1.19	1.15
55 - 3-7	(8/21)	1.07	1.05	1.12
56 - 1-2	(8/21)	1.08	1.06	1.11
56 - 3-6	(8/21)	1.08	1.06	1.11
56 - 7	(8/21)	1.04	1.05	1.10
56 - 8	(8/21)	1.06	1.06	1.11
56 - 1-6	(9/21)	1.03	1.04	1.07
58 - 1	(9/21)	1.03	1.02	1.07
58 - 2-8	(9/21)	1.08	1.07	1.11

Sec. Page	Date	Eastern	Central	Western
61 - 1-8	(12/20)	1.19	1.18	1.22
62 - 1	(6/20)	1.24	1.16	1.28
62 - 2-3, 6	(6/20)	1.24	1.16	1.28
62 - 4	(6/20)	1.24	1.16	1.28
62 - 5	(6/20)	1.24	1.16	1.28
62 - 6	(6/20)	1.17	1.12	1.21
63 - 1-4	(9/20)	1.24	1.16	1.28
63 - 5-10	(9/20)	1.17	1.18	1.24
64 - 1-6	(3/20)	1.20	1.21	1.25
64 - 7-9	(3/20)	1.23	1.20	1.22
64 - 7-8	(3/20)	1.22	1.19	1.25
65 - 1-12	(3/20)	1.23	1.22	1.25
66 - 1	(12/19)	1.21	1.21	1.21
66 - 2-9	(12/19)	1.21	1.19	1.25
66 - 10-11	(12/19)	1.22	1.19	1.27
67 - 1-2	(12/19)	1.20	1.20	1.25
67 - 3-7	(12/19)	1.20	1.21	1.23
70 - 1-32	(1/21)	1.14	1.14	1.20

This page supersedes the October 2021 Green Supplement.

The date included on this page becomes obsolete after update delivery, scheduled for December 2021.



LOCAL MULTIPLIERS

Apply to costs brought up-to-date from preceding pages. Do not apply to Section 98 or any other indexes.

UNITED STATES										
CLASS	A	B	C	D	S	CLASS	A	B	C	S
<b>NEW JERSEY</b>						<b>OHIO (Continued)</b>				
Asbury Park	1.25	1.26	1.20	1.19	1.21	Lima	0.96	0.98	0.97	0.98
Atlantic City	1.13	1.14	1.09	1.08	1.12	Lorain County	1.00	1.03	1.05	1.04
Bayonne	1.24	1.26	1.24	1.26	1.25	Mansfield	1.00	1.01	0.98	0.97
Camden	1.30	1.33	1.24	1.23	1.25	Marion	1.00	1.01	0.97	1.00
Clifton	1.19	1.19	1.14	1.12	1.16	Middletown	0.83	0.95	0.96	0.97
East Orange	1.28	1.29	1.22	1.20	1.24	Newark	0.91	1.01	0.99	0.98
Edison	1.29	1.28	1.22	1.21	1.23	Portsmouth	0.91	0.89	0.90	0.90
Elizabeth	1.29	1.28	1.23	1.21	1.23	Springfield	0.96	0.97	0.97	0.98
Fairlawn	1.30	1.27	1.21	1.20	1.22	Toledo	0.95	1.06	1.07	1.07
Hackensack	1.29	1.30	1.22	1.21	1.25	Youngstown	1.04	1.07	1.05	1.03
Irvington	1.29	1.31	1.24	1.22	1.26					
Jersey City	1.30	1.28	1.23	1.22	1.24	<b>OKLAHOMA</b>				
Lakewood	1.31	1.31	1.24	1.22	1.25	Ardmore	0.90	0.90	0.91	0.90
Morristown	1.11	1.14	1.11	1.09	1.11	Blair	0.92	0.91	0.93	0.91
New Brunswick	1.30	1.30	1.24	1.23	1.25	Bartlesville	0.86	0.84	0.85	0.85
Newark	1.29	1.28	1.23	1.21	1.23	Enid	0.94	0.88	0.89	0.89
Passaic	1.31	1.29	1.24	1.24	1.25	Lawton	0.85	0.86	0.86	0.84
Paterson	1.29	1.30	1.22	1.21	1.25	Norman	0.92	0.96	0.96	0.94
Plainfield	1.18	1.17	1.12	1.11	1.14	Oklahoma City	0.87	0.87	0.90	0.89
Somerville	1.26	1.27	1.21	1.18	1.24	Tulsa	0.87	0.87	0.90	0.89
Teaneck	1.29	1.31	1.24	1.22	1.25					
Trenton	1.23	1.23	1.19	1.18	1.19	<b>OREGON</b>				
Vineland	1.12	1.15	1.14	1.14	1.15	Albany	1.10	1.10	1.07	1.06
West Orange	1.26	1.27	1.21	1.20	1.21	Altamont	1.10	1.09	1.05	1.03
						Astoria	1.08	1.08	1.05	1.03
<b>NEW MEXICO</b>						Blend	1.18	1.13	1.11	1.10
Alamogordo	0.83	0.92	0.93	0.92	0.93	Cocoa Bay	1.05	1.07	1.05	1.05
Albuquerque	0.89	0.90	0.91	0.90	0.90	Corvallis	1.00	1.09	1.05	1.03
Albuquerque	0.89	0.90	0.91	0.91	0.91	Eugene	1.08	1.13	1.11	1.10
Carlsbad	0.95	0.95	0.95	0.95	0.93	Grants Pass	0.88	0.89	0.93	0.95
Clovis	0.95	0.92	0.94	0.93	0.92	Klamath Falls	1.00	1.07	1.04	1.03
Farmington	0.89	0.87	0.88	0.88	0.90	Medford	1.09	1.11	1.09	1.09
Gallup	0.90	0.90	0.91	0.91	0.89	North Bend	0.95	1.07	1.05	1.06
Hobbs	0.84	0.92	0.91	0.91	0.89	Portland	1.11	1.10	1.10	1.11
Las Cruces	0.99	0.93	0.94	0.95	0.96	Roseburg	1.05	1.06	1.03	1.03
Los Alamos	0.87	0.87	0.86	0.86	0.86	Salem	1.12	1.12	1.07	1.06
Portales	0.94	0.94	0.96	0.95	0.96	Springfield	1.04	1.05	1.04	1.04
Roswell	0.98	0.93	0.94	0.93	0.95	The Dalles	1.16	1.14	1.08	1.11
Santa Fe	1.05	1.02	1.04	1.04	1.04					
Taos	1.05	1.07	1.07	1.07	1.07	<b>PENNSYLVANIA</b>				
						Allentown	1.07	1.11	1.08	1.08
<b>NEW YORK</b>						Altoona	1.11	1.16	1.10	1.12
Albany	1.11	1.11	1.10	1.10	1.11	Bethlehem	1.08	1.13	1.11	1.12
Amsterdam	1.09	1.08	1.02	1.03	1.03	Easton	1.06	1.12	1.06	1.07
Auburn	0.98	1.01	0.99	1.00	1.00	Erie	1.06	1.08	1.09	1.07
Binghamton	0.98	1.01	0.99	1.00	1.00	Harrisburg	1.04	1.09	1.07	1.06
Buffalo	1.05	1.09	1.11	1.09	1.08	Johnstown	1.05	1.08	1.08	1.06
Buffalo	0.96	1.00	1.01	1.02	1.00	Lancaster	1.06	1.07	1.04	1.04
Elmira	0.96	0.99	1.01	1.01	0.99	Northampton	1.24	1.23	1.20	1.21
Ithaca	0.96	1.00	1.03	1.01	1.00	Philadelphia	1.22	1.23	1.20	1.20
Jamestown	1.18	1.20	1.15	1.16	1.18	Pittsburgh	1.09	1.10	1.07	1.06
Kingston	1.05	1.08	1.07	1.08	1.06	Reading	1.07	1.10	1.07	1.06
Laguna Falls	1.05	1.08	1.07	1.08	1.06	Scranton	1.01	1.02	1.02	1.02
						State College	1.01	1.06	1.05	1.05
						Wilkes-Barre	1.00	1.05	1.04	1.02
						Williamsport	1.01	1.06	1.04	1.04
						York	1.04	1.09	1.06	1.05

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SECTION 97 PAGE 11  
December 2020

### LIFE EXPECTANCY GUIDELINES

TYPICAL BUILDING LIVES

OCCUPANCY	CLASS	A	B	C	D	S	OCCUPANCY	CLASS	A	B	C	D	S
<b>SECTIONS 12 &amp; 42, RESIDENCES, MULTIPLES (GARDEN APTS.) AND MOTELS (Continued)</b>													
Single-family, historical residences, excellent					70	65	Laundry/dry cleaning, good					45	40
good and very good					65	60	average					40	35
low cost, fair and average					60	55	Laundromats, average					35	30
Town and row houses, excellent					60	55	Luxury boutiques, good		60	60	55	50	45
good					55	50	low cost and average		55	55	45	40	40
average					55	50	Markets and supermarkets, excellent		40	40	40	35	35
low cost and fair					50	45	average and good					30	30
Tropical houses, good					50	45	low cost					30	30
average					45	40	Modular, restaurants excellent					30	30
low cost					45	40	low cost, average and good		45	45	40	40	40
Yurts, good					40	35	Restaurants, very good and excellent		40	40	35	35	35
average					40	35	average and good					30	30
low cost					30	20	low cost					20	20
					15	15	Retail stores, good and excellent					15	15
<b>SECTIONS 13 &amp; 43, STORES AND COMMERCIAL BUILDINGS</b>													
Banquet halls, excellent					50	45	average					45	40
good					45	40	low cost					40	35
average					40	35	Roadside markets, excellent					35	30
low cost					40	35	good					30	25
Barber and beauty shops, good		45	45	40	35	35	average					30	25
low cost and average		40	40	35	30	30	community, good and excellent					20	20
Bars and taverns, good		40	40	35	30	30	regional, good and excellent		55	55	50	45	45
average		45	45	40	35	35	average		55	55	50	45	45
low cost		45	45	40	35	35	regional discount, good		50	50	50	45	45
Callejuelas, excellent					45	40	average		45	45	45	40	40
good					40	35	average					40	40
low cost and average					40	35	moved retail centers with office/residential units, good					40	40
Cocktail lounges, good and excellent					40	35	low cost and average					35	35
average					40	35	Snack bars, excellent					30	30
low cost					40	35	average					30	30
Convenience stores, excellent					40	35	low cost					30	30
average and good					40	35	average					30	30
low cost					40	35	low cost and average					30	30
Mini-marts, good and excellent					40	35	mega discount, average and good					30	30
low cost and average					40	35	food, good					30	30
Dairy sales buildings, average					40	35	average					30	30
Department stores, good and excellent		55	50	45	40	35	low cost					30	30
low cost and average		50	50	45	40	35	low cost					30	30
mall anchor stores, average and good		45	45	40	35	35	average					30	30
low cost		45	45	40	35	35	Warehouse discount stores, good					30	30
Dining atriums and playrooms, good to excellent					30	30	low cost and average					30	30
low cost and average					30	30	average					30	30
cheap					40	35	low cost					30	30
Discount stores, good					40	35	low cost					30	30
low cost and average		40	40	35	30	30	average					30	30
Drug stores, excellent		45	45	40	35	35	low cost					30	30
average and good		45	45	40	35	35	average					30	30
low cost		40	40	35	30	30	low cost					30	30
Fast-food restaurants, very good and excellent		40	40	35	30	30	low cost and average					30	30
low cost, average and good		35	35	30	30	30	average					30	30
Florist shops, excellent		50	50	45	40	40	low cost					30	30
average and good		50	50	45	40	40	average					30	30
low cost		50	50	45	40	40	low cost					30	30
Kiosks, miscellaneous stands					5	5 to 20 years	low cost					30	30

MARSHALL VALUATION SERVICE  
low cost and fair

12/2020



## DEPRECIATION – COMMERCIAL PROPERTIES

SECTION 97 PAGE 24  
December 2020

EFFECTIVE AGE IN YEARS	TYPICAL LIFE EXPECTANCY IN YEARS										EFFECTIVE AGE IN YEARS	TYPICAL LIFE EXPECTANCY IN YEARS																				
	70	60	55	50	45	40	35	30	25	20		70	60	55	50	45	40	35	30	25	20											
1	0	0	0	0	1	1	1	2	2	3	1	69	59	54	49	44	39	34	29	24	19	1	69	59	54	49	44	39	34	29	24	19
2	0	1	1	1	1	2	3	4	5	7	2	68	58	53	48	43	38	33	28	23	18	2	68	58	53	48	43	38	33	28	23	18
3	0	1	1	1	2	3	4	5	7	10	3	67	57	52	47	42	37	32	27	22	17	3	67	57	52	47	42	37	32	27	22	17
4	1	1	1	2	3	4	5	7	10	14	4	66	56	51	46	41	36	31	26	21	16	4	66	56	51	46	41	36	31	26	21	16
5	1	1	2	3	4	5	6	9	13	18	5	65	55	50	45	40	35	30	25	20	15	5	65	55	50	45	40	35	30	25	20	15
6	1	2	3	4	6	8	11	16	22	30	6	64	54	49	44	39	34	29	24	19	14	6	64	54	49	44	39	34	29	24	19	14
7	1	2	3	4	5	7	10	14	19	26	7	63	53	48	43	38	33	28	23	18	13	7	63	53	48	43	38	33	28	23	18	13
8	1	2	3	5	6	8	11	16	22	30	8	62	52	47	42	37	32	27	22	17	12	8	62	52	47	42	37	32	27	22	17	12
9	2	3	4	5	7	10	13	18	25	35	9	61	51	46	41	36	31	26	21	16	11	9	61	51	46	41	36	31	26	21	16	11
10	2	3	4	6	8	11	15	21	29	40	10	60	50	45	40	35	30	25	20	15	10	10	60	50	45	40	35	30	25	20	15	10
11	2	4	5	7	9	13	17	24	32	45	11	59	49	44	39	34	29	24	19	14	9	11	59	49	44	39	34	29	24	19	14	9
12	2	4	6	8	10	14	19	26	36	50	12	58	48	43	38	33	28	23	18	13	8	12	58	48	43	38	33	28	23	18	13	8
13	2	5	6	9	12	16	22	29	40	55	13	57	47	42	37	32	27	22	17	12	7	13	57	47	42	37	32	27	22	17	12	7
14	3	5	7	10	13	18	24	32	44	60	14	56	46	41	36	31	26	21	16	11	6	14	56	46	41	36	31	26	21	16	11	6
15	3	5	8	11	14	20	26	35	48	65	15	55	45	40	35	30	25	20	15	10	5	15	55	45	40	35	30	25	20	15	10	5
16	3	7	9	12	16	22	28	39	52	69	16	54	44	39	34	29	24	19	14	9	4	16	54	44	39	34	29	24	19	14	9	4
17	4	7	10	13	18	24	31	42	56	73	17	53	43	38	33	28	23	18	13	8	3	17	53	43	38	33	28	23	18	13	8	3
18	4	8	11	14	19	26	34	46	60	76	18	52	42	37	32	27	22	17	12	7	2	18	52	42	37	32	27	22	17	12	7	2
19	4	9	12	16	21	28	36	49	64	76	19	51	41	36	31	26	21	16	11	6	1	19	51	41	36	31	26	21	16	11	6	1
20	5	9	13	17	23	30	39	53	68	79	20	50	40	35	30	25	20	15	10	5	1	20	50	40	35	30	25	20	15	10	5	1
21	5	10	14	18	25	32	42	57	71	80	21	49	39	34	29	24	19	14	9	4	1	21	49	39	34	29	24	19	14	9	4	1
22	6	11	15	20	27	35	45	60	73	80	22	48	38	33	28	23	18	13	8	4	1	22	48	38	33	28	23	18	13	8	4	1
23	6	12	16	21	29	37	48	63	75	80	23	47	37	32	27	22	17	12	7	3	1	23	47	37	32	27	22	17	12	7	3	1
24	7	13	17	23	31	40	52	66	77	80	24	46	36	31	26	21	16	11	6	2	1	24	46	36	31	26	21	16	11	6	2	1
25	7	14	19	25	33	43	55	69	79	80	25	45	35	30	25	20	15	10	6	2	1	25	45	35	30	25	20	15	10	6	2	1
26	8	15	20	27	35	46	58	72	80	80	26	44	34	29	24	19	14	9	5	2	1	26	44	34	29	24	19	14	9	5	2	1
27	9	16	21	28	37	49	61	75	80	80	27	43	33	28	23	18	13	8	4	4	1	27	43	33	28	23	18	13	8	4	4	1
28	9	17	23	30	40	52	64	77	80	80	28	42	32	27	22	17	12	7	4	4	1	28	42	32	27	22	17	12	7	4	4	1
29	10	18	24	32	42	54	68	78	80	80	29	41	31	26	21	16	11	7	3	3	1	29	41	31	26	21	16	11	7	3	3	1
30	11	20	26	34	45	57	72	79	80	80	30	40	30	25	20	15	10	6	3	3	1	30	40	30	25	20	15	10	6	3	3	1
32	13	22	30	38	50	62	75	80	80	80	32	38	28	23	18	13	8	5	2	3	1	32	38	28	23	18	13	8	5	2	3	1
34	15	25	34	43	55	68	77	80	80	80	34	36	26	21	16	11	7	4	4	4	1	34	36	26	21	16	11	7	4	4	4	1
36	17	28	38	48	61	73	79	80	80	80	36	34	24	19	14	10	6	3	3	3	1	36	34	24	19	14	10	6	3	3	3	1
38	19	32	42	53	67	77	80	80	80	80	38	32	22	17	12	8	5	2	2	2	1	38	32	22	17	12	8	5	2	2	2	1
40	21	35	46	59	72	79	80	80	80	80	40	30	20	15	10	7	4	4	4	2	1	40	30	20	15	10	7	4	4	4	2	1
42	25	39	51	65	75	80	80	80	80	80	42	28	18	13	9	6	3	3	3	3	1	42	28	18	13	9	6	3	3	3	3	1
44	28	43	56	70	77	80	80	80	80	80	44	26	16	12	8	5	3	3	3	3	1	44	26	16	12	8	5	3	3	3	3	1
46	31	48	60	74	78	80	80	80	80	80	46	24	14	10	7	4	4	4	4	4	1	46	24	14	10	7	4	4	4	4	4	1
48	34	53	64	77	79	80	80	80	80	80	48	22	13	9	6	3	3	3	3	3	1	48	22	13	9	6	3	3	3	3	3	1
50	38	58	68	79	80	80	80	80	80	80	50	20	11	8	5	3	3	3	3	3	1	50	20	11	8	5	3	3	3	3	3	1
55	48	67	75	80	80	80	80	80	80	80	55	16	8	6	3	3	3	3	3	3	1	55	16	8	6	3	3	3	3	3	3	1
60	57	74	78	80	80	80	80	80	80	80	60	12	6	4	4	4	4	4	4	4	1	60	12	6	4	4	4	4	4	4	4	1
65	65	78	80	80	80	80	80	80	80	80	65	9	4	3	3	3	3	3	3	3	1	65	9	4	3	3	3	3	3	3	3	1
70	71	80	80	80	80	80	80	80	80	80	70	7	3	3	3	3	3	3	3	3	1	70	7	3	3	3	3	3	3	3	3	1
75	75	80	80	80	80	80	80	80	80	80	75	5	3	3	3	3	3	3	3	3	1	75	5	3	3	3	3	3	3	3	3	1
80	78	80	80	80	80	80	80	80	80	80	80	4	3	3	3	3	3	3	3	3	1	80	4	3	3	3	3	3	3	3	3	1

**PROPERTIES INCLUDED**  
 Section 11 All apartments, hotels, resorts  
 Section 12 Motels, lodges, large multiples & resorts  
 Section 13 All  
 Section 14 All  
 Section 15 All except libraries  
 Section 16 All except churches and fraternal bldgs.  
 Section 17 All commercial and industrial uses  
 Section 18 None  
 Section 64 All commercial and industrial uses  
 For lives less than 20 years, see Page 25.

**SEGREGATED COST METHOD**

**STORES AND COMMERCIAL BUILDINGS**

Stores, restaurants and other commercial buildings usually have fairly large open spaces designed to accommodate a large number of people. The costs given are average costs of various components including the contractors' profit and overhead but not the architect's fees. They cover the basic construction of the building, including most items usually found in the general contract, but do not include furnishing and fixtures peculiar to a definite tenant such as bars, kitchen equipment, counters or seating. Prices of such items may be found in Section 65. They do include all fixed partitioning, ceilings, air-conditioning ducts, flooring, etc.

Where several occupancies are found in one building, such as apartments over a store building, the two portions should be priced separately from the appropriate sections, i.e., Section 41 for the apartments and Section 43 for the stores. For descriptions of buildings included in this section, see Page 1, Section 13.

Foundations in Class A and B commercial structures can be priced quite accurately on a square foot of floor area basis. However, in light Class C, D and S buildings, the perimeter foundation may carry most or all of the load, and the cost is generally proportional to the perimeter. Such foundations often may better be priced on the basis of a linear foot of bearing wall, with costs of column footings added if there are interior columns supporting a roof or floor load above.

Frame costs should be adjusted for partial bearing walls, as described in Section 51, using a cost

proportional to the load which is carried by the frame. If the frame members are visible and uniform enough to be easily measured and counted, they may be priced from Section 51. When a complete frame cost is used, generally the trusses or girders would be included as the horizontal members of the frame. See explanations in Section 51 or 40. In single-story buildings where the frame supports only a light roof, Rating 1 might often be chosen, even in average buildings.

Interior construction varies widely in commercial structures. The costs given in Table I are only typical ranges and should be used with caution. Partitions may be measured and priced from Table II which includes a typical number of openings and covers only common types of partitions. If desirable, partition costs may also be built-up from Section 52. However, the interior construction costs (Table I) also includes miscellaneous cabinets, shelves, stairs and other items.

Plumbing in commercial buildings, such as stores, where costs can vary widely, often may be best priced on a per fixture basis. Square foot costs given are typical ranges for complete plumbing costs.

Exterior wall costs and interior construction costs, with regard to shopping centers, do not include storefronts, signs or marquees which can be priced in detail from Section 56.

**SEGREGATED COSTS**

(For explanation of the rating numbers which head the cost columns, see Section 40.)

EXCAVATION AND SITE PREPARATION	1	2	3	4
Excavation (per cu. ft.).....	0.35	0.46	0.61	0.82
Fill (per cu. ft. of compacted earth).....	0.35	0.44	0.56	0.71
Site preparation (per sq. ft. of site).....	0.26	0.36	0.47	0.61

**FOUNDATION** - Table I gives complete average costs per square foot of floor area, if a more detailed estimate is desired for Class C, D or S buildings with bearing walls, use Tables II and III as appropriate

**TABLE I. CONCRETE FOUNDATIONS** - Apply to total floor area including basements, but excluding mezzanines or balconies.

Concrete foundations for:	2.61	3.40	4.43	5.78
Class A.....	2.81	3.63	4.67	6.02
Class B.....	2.47	3.25	4.26	5.57
Class C, bearing wall.....	2.38	3.13	4.08	5.34
nonbearing wall.....	2.20	2.90	3.83	5.04
Class D, masonry veneer.....	1.93	2.55	3.36	4.45
siding or stucco.....	1.62	2.37	3.13	4.09
pole-frame construction.....	1.88	2.49	3.30	4.37
Class S.....	0.78	1.02	1.31	1.70
Classes C, D and S light perimeter foundation for large, open-shell-type structures.....	0.11	0.18	0.27	0.43
Classes C, D and S light perimeter foundation for small, open-shell-type structures.....	0.14	0.24	0.39	0.61
Add for perimeter insulation, ground floor area only.....	4.64	6.72	9.74	14.15
earth-sheltered structures.....	1.89	2.56	3.51	4.78
Add for seismic base isolators and damping devices.....				

**FOUNDATION (Continued)**

**TABLE II. ALTERNATE METHOD** - Apply to linear feet of continuous footings or foundation walls if Table I is not used. See discussion above.

	1	2	3	4
Heavy-grade beam or stem footing.....	32.25	43.50	58.50	79.00
Class C.....	29.25	39.50	53.50	72.00
Class D, masonry veneer.....	25.75	34.50	46.75	63.50
siding or stucco.....	25.00	34.25	46.00	62.50
Class S.....	19.60	27.00	36.75	50.50
Light reinforced-grade beam, Classes C, D and S.....	1.05	2.30	4.15	6.92
Add for perimeter insulation.....	1.57	3.38	6.09	10.15
earth-sheltered structures.....	3.13	3.73	4.43	5.26
Add for perimeter radon-control matting.....	9.27	10.80	12.55	14.65

**TABLE III. CONCRETE COLUMN FOOTINGS** - Apply to total number of columns if Table I is not used. Costs apply to one-story buildings. For others, add 20% for each story over one.

Concrete columns.....	62.50	104.00	166.00	250.00
Steel columns.....	55.50	94.50	152.00	240.00
light pre-engineered frame.....	44.75	68.50	75.50	98.60
light tubular-steel frame.....	33.25	45.50	62.50	86.50
Wood columns.....	31.00	79.00	121.00	183.00
light pole-frame.....	34.50	47.75	65.50	90.50

**FOUNDATION ADJUSTMENTS** - Apply to base cost used.

Add 2% for each foot over 12' average story height.  
 Deduct 2% for each foot under 12' average story height.  
 Deduct 8% for each story over one, aboveground, for multistory buildings.  
 For one-story buildings with foundations and footings formed and poured monolithically with floor slabs, use 70% of the above costs, for that floor only.  
 Add for pilings from Section 51, if foundations are brick or stone instead of concrete, increase costs by 200%. For concrete block, reduce costs by 6%.

The data included on this page becomes obsolete after update delivery, scheduled for June 2022.



SECTION 43 PAGE 4  
June 2020

SEGREGATED COST METHOD

STORES AND COMMERCIAL BUILDINGS

INTERIOR CONSTRUCTION (Continued)

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Banquet Halls	12.65	18.20	26.25	37.50
Barbershops	8.63	11.45	15.05	19.90
Bars	10.10	13.00	16.65	21.45
cocktail lounges	11.00	14.65	19.45	26.00
Dairy sales	13.00	14.90	17.10	19.50
Department stores	13.20	15.35	17.85	20.70
mail anchor stores	6.15	8.42	11.55	15.80
Discount stores	7.37	8.00	8.69	9.45
warehouse discount	4.34	5.56	7.08	9.08
food marts	8.56	9.35	10.20	11.20
mega warehouse discount	2.27	2.96	3.87	5.06
showrooms	5.57	6.55	7.71	9.09
Drugstores	20.75	24.40	28.75	33.50
Florist shops	15.10	16.45	17.90	19.50
Laundromats	8.97	10.60	12.50	14.75
Laundrydry cleaners	9.45	11.30	13.45	16.00
Markets	13.50	14.60	15.75	17.00
convenience stores	17.20	18.50	19.95	21.55
mini-marts	46.25	48.50	50.50	53.00
roadside stands	1.84	4.37	8.14	13.80
supermarkets	13.30	14.40	15.55	16.80
Restaurants, small fast food	25.25	40.75	63.50	98.00
snack bars	10.30	22.45	40.75	68.00
table service	24.65	32.50	43.00	57.00
cafeterias	13.10	18.70	26.75	37.75
truck stops	31.50	33.50	35.50	37.75
dining atriums/playrooms	16.60	21.00	26.50	33.50
Retail stores	8.88	10.30	12.00	13.95
luxury boutiques	32.00	47.25	69.00	101.00
Shopping center stores, neighborhood	10.10	11.30	12.50	13.85
community	10.25	11.50	12.90	14.45
regional	11.40	13.05	15.00	17.20
discount	7.94	8.89	9.97	11.25
Winery shops	14.20	23.20	36.75	57.00

TABLE II. ALTERNATE METHOD - Apply to square feet of partition area. Costs include doors and openings only. See discussion on Page 1. Do not use these costs if Table I is used. Section 52 has a more detailed list.

Acoustic accordion partitions	43.00	60.50	85.00	119.00
Clear glass, full height, framed	30.75	42.75	59.00	82.00
Masonry, tile or concrete block	9.46	13.85	20.45	30.25
Metal partitions	18.50	23.90	30.75	39.75
Metal and glass	19.15	24.95	32.25	42.50
Steel studs, drywall, two sides	6.71	9.22	12.65	17.45
plaster, two sides	9.72	13.15	17.85	24.15
Wood frame, drywall, two sides	5.91	8.25	11.55	16.15
plaster, two sides	8.78	12.10	16.60	22.90
For polyaminated panels (FRP), add	2.27	3.79	6.06	9.46
For wood paneling, add	1.70	3.88	7.16	12.05

MARSHALL VALUATION SERVICE

The data included on this page became obsolete after under delivery scheduled for June 2023

PLUMBING - Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Banquet Halls	8.11	11.05	15.10	20.70
Barbershops	4.60	6.27	8.54	11.65
Bars	8.53	11.50	15.45	20.75
cocktail lounges	9.23	12.40	16.60	22.25
Dairy sales	6.80	8.24	10.00	12.15
Department stores	1.61	2.79	4.54	7.17
mail anchor stores	1.27	2.25	3.69	5.86
Discount stores	1.53	2.24	3.23	4.69
warehouse discount	0.92	1.12	1.33	1.60
mega warehouse discount	0.84	1.03	1.24	1.49
food marts	1.95	3.00	4.55	6.87
Drugstores	3.03	4.06	5.41	7.23
Florist shops	5.56	6.86	8.49	10.50
Laundromats	10.40	12.30	14.50	17.15
Laundrydry cleaners	7.60	9.66	12.80	16.60
Markets	3.23	4.50	6.26	8.76
convenience stores	4.43	5.55	6.94	8.69
mini-marts	10.75	13.50	17.00	21.35
roadside stands	0.20	1.15	2.56	4.69
Supermarkets	3.40	4.58	6.17	8.31
Restaurants, lower qualities	7.40	9.20	11.45	14.25
higher qualities and small fast food	10.35	14.40	20.00	28.00
cafeterias	7.71	11.35	16.65	24.45
snack bars	5.34	12.35	22.75	38.00
truck stops	10.40	15.25	22.25	32.50
dining atriums/playrooms	3.99	5.03	6.31	7.96
Retail stores	1.97	3.74	6.37	10.30
luxury boutiques	8.57	10.70	13.35	16.70
Shopping center stores, neighborhood	3.77	4.92	6.40	8.36
community	4.10	5.41	7.14	9.43
regional	4.43	5.62	7.12	9.03
discount	1.78	2.86	4.46	6.85
Winery shops	7.07	8.55	10.35	12.50

SPRINKLERS - Apply to sprinklered area. Costs include all piping and connections to main for light-hazard occupancies, but do not include tanks. For double sprinkler systems with heads both above and below a ceiling, use sprinklered area and 1.6 times the listed cost.

1,000 square feet	4.18	5.40	6.98	9.04
2,000	3.77	4.82	6.16	7.89
3,000	3.54	4.50	5.74	7.31
5,000	3.27	4.15	5.26	6.67
10,000	2.94	3.69	4.64	5.83
15,000	2.75	3.45	4.32	5.40
20,000	2.64	3.30	4.12	5.13
30,000	2.49	3.09	3.83	4.76
50,000	2.31	2.85	3.50	4.30
75,000	2.15	2.64	3.24	3.98
100,000	2.05	2.52	3.09	3.79
150,000	1.93	2.37	2.89	3.54
200,000	1.86	2.27	2.74	3.32
300,000	1.74	2.10	2.54	3.08
400,000	1.66	2.01	2.41	2.89
600,000	1.57	1.87	2.26	2.70
800,000	1.51	1.81	2.15	2.56
1,000,000	1.46	1.74	2.06	2.46

## **Economic Indicators**

**Economic Indicators** | PwC Real Estate Investor Survey, Q2 2021

	Regional Mall		CBD Office		Warehouse		Apartment	
	Q2 2021	Q1 2021	Q2 2021	Q1 2021	Q2 2021	Q1 2021	Q2 2021	Q1 2021
<b>Discount Rate (IRR)<sup>a</sup></b>								
Range (%)	6.00 – 14.00	6.00 – 14.00	6.00 – 10.50	5.75 – 10.50	5.00 – 7.50	5.00 – 7.50	5.00 – 10.00	5.00 – 10.00
Average (%)	7.93	7.73	7.33	7.28	6.06	6.08	6.69	6.73
Change (bps)		+20		+5		-2		-4
<b>Overall Cap Rate (OAR)<sup>a</sup></b>								
Range (%)	4.50 – 13.50	4.50 – 14.00	4.25 – 8.00	3.75 – 8.00	3.30 – 6.50	3.30 – 7.00	3.50 – 7.00	3.50 – 7.00
Average (%)	7.40	7.35	5.78	5.70	4.77	4.80	4.96	5.04
Change (bps)		+5		+8		-3		-8
<b>Residual Cap Rate</b>								
Range (%)	4.50 – 14.00	4.50 – 14.00	4.75 – 8.00	4.75 – 8.00	4.25 – 7.00	4.25 – 7.00	4.00 – 7.00	4.00 – 7.00
Average (%)	7.40	7.35	6.10	6.08	5.36	5.45	5.31	5.42
Change (bps)		+5		+2		-4		-11

<sup>a</sup>Rate on unleveraged, all-cash transactions. Definitions: bps — basis points. Discount Rate (IRR) — internal rate of return in an all-cash transaction, based on annual year-end compounding. Overall Cap Rate (OAR) — initial rate of return in an all-cash transaction. Residual Cap Rate — overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following the forecast. Survey involves institutional-grade properties. Source: PwC Real Estate Investor Survey; personal survey conducted by PwC during April 2021. For subscription information, please email us-pwcsurvey@pwc.com.

## **Assumptions And Limiting Conditions**



### ASSUMPTIONS AND LIMITING CONDITIONS

Unless otherwise stated, this report and appraisal are subject to the following conditions and stipulations:

1. The appraiser has not examined into and does not pass upon the title to the property, nor is it to be construed or implied that this report in any manner passes upon, counsels or advises in matters legal in character.
2. The description of the premises as reported herein is in accordance with information furnished by the property owner, local governing agencies, or other sources considered by the appraiser to be reliable. This information is accepted as correctly designating the property boundary lines, but no investigations or surveys have been made of same.
3. The property is appraised as a whole free of liens, mortgages, restrictions of use or other encumbrances, and easements running in favor or against the property.
4. Insofar as computations are based upon operating expenses, income and/or existing contract, zoning, regulations or other use restrictions, boundary lines, engineering surveys and conditions not evident upon surface inspection of the property, information pertaining thereto has been obtained from sources considered reliable and accepted and reported herein as correct and authentic but not guaranteed.
5. The value herein applies only to the premises described. It is not to be employed in making summation appraisals of said land and building or buildings which may be placed thereon; nor is said value, any analysis thereof, or any unit values thereby derived, to be construed as applicable to any other property however similar.
6. Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose other than as indicated in the appraisal.
7. The appraiser is not to be required because of this appraisal, to give testimony or attendance in Court in reference to the property appraised.
8. Employment in, and compensation for, making this appraisal are in no manner contingent on the matter involved.
9. The appraiser has no present or contemplated future interest in the property appraised.
10. 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, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is

connected, or any reference to the Appraisal Institute, or to the MAI designation.

11. This appraisal has been made in conformance with the Standards of Practice of the Appraisal Institute of which the appraiser is a member and represents the best judgment of the appraiser.
12. The physical condition of any improvements described herein was based on visual inspection. No liability is assumed for the soundness of structural members.
13. This appraisal does not consider conditions relating to surface or subsurface waters including water table, flood plain, rights of the State in riparian lands and drainage and any rights of governmental body to control or restrict the use of the property by reason thereof, and the valuation as found is exclusive of the foregoing factors.
14. Unless otherwise stated in this report, the existence of any hazardous material, which may or may not be present on the subject property, was not observed by the appraiser. The appraiser has no knowledge of the existence of any such materials on, in or about the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation (UFFI), or other potentially hazardous materials may affect the value of the property. The value estimate derived herein is predicated on the assumption that there is no such material on, in or about the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise of engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
15. The Americans with Disabilities Act ("ADA") was passed into law on January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If the property is in violation, it could have a negative effect upon the value of the property. Because I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

## **Engagement Letter**

**Engagement Letter**

## **Provident Bank**

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100 Wood Ave South  
Iselin, NJ 08830

**To:** Jason Weinstein

34 Park Avenue

Maplewood, Nj 07040

**Re:** Diamond Tech Group

512 Paterson Plank Road

Jersey City, NJ 07307

To return the completed Engagement Letter, [click here](#).

10/29/2021

Dear Jason Weinstein, Helix Real Estate,

As consultant to our client Provident Bank, this letter will authorize you to prepare a professional appraisal report as detailed below:

**Property Description:**

Oxford File Number: TPB-9137

Property Address: 512 Paterson Plank Road , Jersey City, NJ 07307,

Property Description: Bar/restaurant called 512 Quantum Sound.

Any deviation from the engagement letter (such as a change in fee rights appraised, extraordinary assumptions, etc.) should be brought to the attention of Oxford Appraisal Management before completion of the report.

If the appraiser is not able to gain full access to the interior of the property, the appraiser should not assume that the condition is "average" or "similar to the exterior of the property". The appraiser should corroborate the interior condition of property with a 3rd party sources such as the property owner, broker, owner representative or tenant(s). Verification can be verbal or by video/photo. Naturally an extraordinary assumption is advised regarding the validity of all 3rd party information.

Property Type: Land - Restaurant

Report Format: Self-Contained Report - As Is - Fee Simple. Insurable Value.

Property Contact: William Martinez 2015226327wm@gmail.com, 201-522-6327,

(Please contact within 48 hours of receipt of this letter)

**Purpose of the Appraisal**

The appraisal is being performed for the purpose of estimating the value of real estate assets held as investments or collateralizing

loans owned by Provident Bank, and may not be used by any other persons for any other purpose unless authorized by Provident Bank, in writing.

Value and interest to be appraised and present in the Appraisal Report:

- Market Value As Is
- Market Value
- Stabilized Value
- Fee Simple Estate
- Leased Fee Interest
- Subject to Existing Leases
- Assume Vacant
- Assign Market Rent to Vacant or Owner Occupied Spaces
- Value as of the Date of Property Inspection
- Value as of a Specific Date
- Please provide insurable value
- Additional Instructions

The properties will be assumed to be free and clear of any existing mortgages unless otherwise specified herein. In the event that the leased fee value is estimated to be above the fee simple value, the fee simple value must also be presented in the appraisal report.

Assignment Scope and Appraisal Standards

The appraisal reports will be prepared in conformity with the Uniform Standards of Professional Practice of the Appraisal Foundation, all other applicable federal and state regulations and/or guidelines as well as standards set forth in OCC Regulation Part 12 CFR, 34.44.

Environmental Issues

The appraiser will note any potential environmental hazards such as: underground storage tanks, storage containers or known or unknown contents, evidence of waste disposal such as sludge, paints, chemical residues, oil spillage, asbestos content in building material, etc. Appropriate note will be made of flood hazard areas, wetlands, and other environmental acts and regulations that can impact value.

Additional Instructions

The report must be signed by the individual identified in this engagement letter.

If using ARGUS, the following report must be included in the appraisal addenda:

- A) the annual cash flow printout
- B) the Input Assumptions (select all)
- C) The Lease Expiration report - All Terms
- D) the Occupancy and Absorption Rate Report
- E) the Presentation Rent Roll
- F) the Individual Tenant Cash Flows.

We reserve the right to request an electronic copy of the ARGUS file and you agree to perform some sensitivity testing if requested by Oxford AMC during the review process.

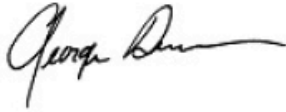
ONE copy must be sent to the bank. All reports and the invoice must be addressed to John Giangrossi at Provident Bank, 100 Wood Avenue South, Iselin, NJ, following the completion of the review.

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One copy of the report must be uploaded to the Oxford Appraisal Management system.

Your client for this assignment is Provident Bank. Provident Bank is responsible for your fee in accordance with the terms of this engagement. Please confirm by signing the enclosed copy of the letter and returning it as soon as possible.

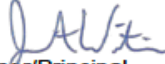
Provident Bank,



George Denman, MAI  
Agent for Provident Bank

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We have received the original letter and agree to perform the appraisal in accordance with the stipulation mentioned herein and consent to the release of the appraisal to Provident Bank's customer upon their request.

Signed:   
Title: Owner/Principal  
Date: 10/31/21

Appraisal Due Date: 11/12/2021  
Appraisal Fee: \$2,800.00

## **Appraiser License**



THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**

HAS CERTIFIED

**Jason A. Weinstein**  
34 Park Avenue  
Maplewood NJ 07040

FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**

**12/10/2019 TO 12/31/2021**  
VALID

**42RG00199300**  
LICENSE/REGISTRATION/CERTIFICATION #

  
Signature of Licensee/Registrant/Certificate Holder

  
ACTING DIRECTOR



## **Qualifications of the Appraiser**

## Qualifications

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### Jason A. Weinstein, MAI

#### General

Principal: Helix Real Estate, LLC  
Owner & Principal  
34 Park Avenue  
Maplewood, NJ 07040

#### Professional Certifications and Affiliations

MAI: Appraisal Institute  
Certified: General Appraiser, State of New York (46000045023)  
Certified: Certified General Appraiser, State of New Jersey (42RG00199300)  
Licensed: Real Estate Salesperson, State of New Jersey  
CTA: Certified Tax Assessor, State of New Jersey

#### Education

Graduate: B.A.; University of Wisconsin, Madison, Wisconsin.

#### Professional Education: Courses, Seminars and Conferences

Appraisal Institute:

- Uniform Standards of Professional Appraisal Practice (USPAP) – Biannual Certification
- New Jersey Appraisal Laws and Regulations – Biannual Certification
- Business Practices and Ethics – Five-year certification cycle
- Appraisal Principles
- Basic Income Capitalization
- Appraisal Procedures
- Advanced Income Capitalization
- Report Writing
- Highest and Best Use and Market Analysis
- Advanced Applications
- Advanced Sales Comparison and Cost Approaches
- Evaluating Commercial Construction
- Various Conferences and Seminars
- Uniform Appraisal Standards for Federal Land Acquisitions
- New Jersey Appraiser Law and Regulations
- Comparative Analysis

### **Qualified as Expert Witness**

- New Jersey Superior Court
- Condemnation Proceedings, State of New Jersey
- County Board of Taxation, Pennsylvania
- County Board of Taxation, Essex and Hudson County
- Saddle Brook Planning Board, New Jersey

### **Experience**

Jason A. Weinstein has been actively engaged in real estate appraisal and valuation consulting services since 2001. Mr. Weinstein has performed valuations of many property types. A partial list of appraisal assignments completed include:

- Vacant land;
- Multi-family housing;
- Subsidized and low income housing;
- Condominium projects;
- Residential properties including luxury or high-value residences;
- Two- to four-family residences;
- Retail properties;
- Mixed-use properties;
- Easements;
- Partial takings;
- Right of way;
- Industrial properties;
- Office properties;
- Automobile related properties;
- Banks;
- Golf courses;
- Power generation facilities;
- Contaminated property;
- Rent comparability studies;
- Marketability and feasibility study;
- Review appraisals;
- Green acres and highlands;
- Cellular telecommunication sites; and
- Limited use properties and open space.

### **Certification**

The Appraisal Institute conducts a continuing education program with a five-year cycle for its designated members. Jason A. Weinstein is currently certified under this program.