



REAL ESTATE APPRAISAL

271 Columbia Avenue & Grant Street
Village of Depew
Erie County, New York

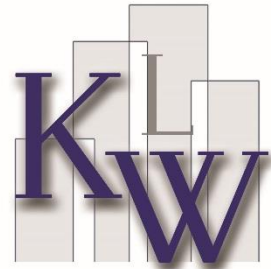
Property Type
BANQUET & EVENT CENTER

For
RICHARD JOSEPH
Joseph's Catering Service
275 Columbia Avenue
Depew, New York 14043

Effective Date of Valuation
March 6, 2023

Prepared By
JAMES T. SZAKÁCS
KLW Appraisal Group, Inc.
247 Cayuga Road
Buffalo, New York 14225
KLW File: 13431-04





April 3, 2023

Richard Joseph
Joseph's Catering Service
271 Columbia Avenue
Depew, New York 12207

**Re: Real Estate Appraisal
271 Columbia Avenue & Grant Street
Village of Depew, Erie County, New York**

Dear Mr. Joseph:

As requested, we have undertaken the real property appraisal of the above-captioned property. This is an **appraisal report** as defined by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP 2020-23). This appraisal is prepared in accord with the scope of services set out in this report. The appraisal is intended to provide a summary of the pertinent aspects of the property and market information, sufficient to produce a credible estimate of market value.

The property appraised consists of two non-contiguous tax parcels totaling 6.32 acres improved with the following building improvements:

Building	Type	Stories	Built	Sq. Ft.
Banquet Hall	Class D	1	1975	19,083
Office	Class D	2	1880's	<u>2,703</u>
Total				21,786

The subject property has seating capacity for 916 guests. Additional site improvements include a covered pavilion, extensive grove and lawn area with nine-hole putt putt course, volleyball court, baseball backstop, basketball court, horseshoe pits and playground. The subject offers ample parking accommodations. As of the date of inspection, the property was owner-occupied and operating as Joseph's Catering.

The purpose of the appraisal is to estimate the "as is" market value of the fee simple interest of the real property.

Value Type	Interest Appraised	Date of Valuation	Value Conclusion
Market Value	Fee Simple	March 6, 2023	\$2,275,000

This appraisal is contingent upon the following **extraordinary assumption***: None.

Hypothetical condition**: There are no hypothetical conditions attached to this assignment.

Note: The Global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a global pandemic by the World Health Organization (WHO). It is currently unknown what long term direct and indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this report apply only as of the effective date indicated. we have, to the best of our ability, considered the impact of this concern on the value of the property appraised.

The market value estimate is subject to the general assumptions and limiting conditions that follow and are made part of this letter.

The value is intended to reflect real estate only; furniture, fixtures, machinery or equipment are not included unless otherwise noted.

The estimated exposure period for the property to have achieved the as is appraised value is 6 to 12 months, which is characteristic of this property type and the market conditions preceding the effective date of the appraisal.

The intended user of this report is Richard Joseph c/o Joseph’s Catering Service.

The value estimate and opinions expressed reflect market conditions in the local market area as of the valuation date.

The following report sets forth, in more detail the scope of my investigation and the conclusions drawn from my analyses.

Respectfully submitted,

KLW Appraisal Group, Inc.



James T. Szakács
New York State Certified General
Real Estate Appraiser
Certificate #46-2331

***Extraordinary Assumption**: An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. (USPAP, 2020-2023 Edition, pg. 4).

****Hypothetical Condition**: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the of the assignment results but is used for the purpose of analysis. (USPAP 2020-2023 ed., pg. 4).

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS:

1. That the date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
2. That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
3. That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable; free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
4. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
5. The maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
6. That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
7. That testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.
8. That since a title report was not made available no responsibility is assumed for such items of record not disclosed by his normal investigation.
9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated.
10. Furthermore, the appraiser is not qualified to test for such substances or conditions. The presence of such substances (e.g. asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions) may affect the marketability and/or value of the property. The opinions rendered in this report are predicated on the assumption that there are no such conditions on or in the property or in such proximity thereto that would cause a loss in marketability and/or value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS: (Cont'd.)

11. Regarding improved property, the Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed 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 so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we do not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.
12. The information within this report is presented with the understanding that appraisals and reporting formats vary greatly, depending upon the client's individual needs, time constraints, the size and complexity of the property, and the intended use of the data. It should be clearly understood this appraisal has been prepared subject to certain limitations as detailed in the scope of work detailed in the report.
13. The possession of this report does not carry with it the right of publication or copying in whole or in part, and there is no accountability or obligation expressed or implied to anyone other than the "intended user(s)". If this report is placed in the hands of anyone other than the intended user, it is at your risk and obligation to make such party aware of all of the limiting conditions and assumptions of this assignment, and any of the related discussions. Furthermore, this appraisal report is to be used only in its entirety and may not be used for any purpose other than its intended use.
14. **The site and building description is based on the property inspection but it is not intended as an engineering report. We assume no liability for undetected physical inadequacies, hazardous conditions, or materials.**

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Certification

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved. Furthermore, this appraisal report was not based on reporting a minimum valuation, specific valuation or approval of a loan.
- compensation for this assignment is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute which include the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and its Competency Rule.
- I am competent to undertake the appraisal assignment that is the subject of this report based on my achievement of voluntary certification as a General Real Estate Appraiser within the State of New York, previous experience in valuing similar properties, attendance at seminars and courses relating to the specific subject matter or related matters and also based upon personal study and readings relative to the subject property type.
- I am currently certified as a General Real Estate Appraiser with the State of New York's Voluntary Certification Program. This certification indicates competency to perform residential and non-residential appraisals.
- as of the date of this report I have completed the Standards and Ethics Education requirement for Practicing-Affiliates of the Appraisal Institute.
- I have made an interior and exterior inspection of the property that is the subject of this report.
- use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have provided no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- no one provided real property appraisal assistance to the persons signing this certification.

Date: April 3, 2023



James T. Szakács
New York State Certified General
Real Estate Appraiser
Certificate #46-2331

Executive Summary:

Property Information:

Address:	271 Columbia Avenue & Grant Street Village of Depew, Erie County, New York
Parcel ID (SBL#s):	104.23-1-3 & 31
Ownership:	Richard & David Joseph
Property Rights Appraised:	Fee Simple
Assessment/Taxes:	\$1,266,300 / \$45,261

Site Information:

Land Area:	6.32 Acres
Zoning:	R-1, Single Family Residence District
Shape:	Irregular
Frontage:	611.64 Feet
Utilities:	All Public Services Available
Flood Zone:	Zone X & AE
Easements:	Utility Easements Assumed
Parking:	385 Spaces
Wetlands:	None
Environmental:	Assumed Clean

Building Data:

Type of Property:	Banquet Hall & Event Center
Year Built:	1880's 1960 & 1975
Gross Building Area (GBA):	21,786 SF
Number of Stories:	One and Two
Condition:	Average
Land to Building Ratio:	12.64:1
Effective Age:	25 Years
Remaining Economic Life:	25 Years

Highest & Best Use:

As Is:	Current Use
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Executive Summary: (Cont'd.)

Tenancy Information:

Occupancy:	100% Owner
Occupied SF:	21,786 SF
Vacant SF:	None
Number of Units:	One

Sales Comparison Approach:

Sales Conclusion:	\$2,396,000
Sales Conclusion/SF:	\$110.00

Income Capitalization Approach:

Net Operating Income (NOI):	\$179,826
NOI \$/SF:	\$8.25
Overall Capitalization Rate:	8.75%
Direct Capitalization Value:	\$2,055,000
Direct Capitalization \$/SF:	\$94.33

Cost Approach:

Not developed

Final Market Value Conclusion:

Final Value:	\$2,275,000
Final Value/SF:	\$104.42
Implied Capitalization Rate:	7.9%

Effective Date of Valuation & Exposure Time:

Effective Date of Valuation:	March 6, 2023
Date of Inspection:	March 6, 2023
Estimated Exposure Time:	6 to 12 Months

Identification of the Subject Property:



Front View of 271 Columbia Avenue & Grant Street, Village of Depew, New York
Photograph Taken By James T. Szakács on March 6, 2023

Identification of the Subject Property: (Cont'd.)

The subject property is located on the south side of Columbia Avenue and French Road (paper street) in the village of Depew, County of Erie and State of New York. The property is further identified as follows:

<u>Legal Address</u>	<u>SBL#</u>	<u>Property Type</u>	<u>Dimensions</u>
271 Columbia Ave.	104.23-1-3	Improvement	611.64' x Irregular/ 3.8 Acres
Grant St.	104.23-1-31	Grove	Interior Parcel /2.52 Acres

The subject is improved with a banquet and event center.

Regional Map:



Property Rights Appraised:

The rights appraised are those inherent in the fee simple estate, subject to police powers, taxation, eminent domain, escheat and existing easements and/or encroachments. Non realty rights and values such as special tax benefits, unique financing terms, personal property not permanently attached to the real estate or business value were not considered.

Intended Use of the Appraisal:

The intended use of this appraisal is to aid the client in determining a disposition price.

Intended Users:

The intended user of this report is Richard Joseph c/o Joseph's Catering Service.

Definition of Market Value:

The most probable price which a property should bring in a competitive and open market under all condition's requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeable 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 each acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U. S. 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990 as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994).

Effective Date of Valuation:

The effective date of the valuation is March 6, 2023; the date of the property inspection. Marketing conditions analyzed, are those in effect as of the inspection date. Opinions rendered in this report may not be valid for any future date due to the changing nature of the determinants of value. Unforeseen changes in the future economic conditions (rise or decline) or dynamic changes in any of the financial markets of US could have a material effect on the estimated value of property. Additionally, new legislation (state or federal) or modifications to existing laws that may occur after the effective date, could also impact on the estimated value of the property. No responsibility is assumed for changes in market conditions or legislation.

Scope of the Assignment:

The scope of the appraisal assignment is intended to encompass the investigations, research and analysis necessary to prepare the report in accord with 1) the intended use of the report; 2) the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and 3) Title XI of the Financial Institutions Reform, Recovery Act (FIRREA) as amended. Regarding this assignment it involved the following:

- Research and collection of market data related to market conditions and market activity.
- An interior and exterior inspection of the subject property.
- Review and analysis of the public records pertaining to the property.
- Review of the zoning ordinance which governs the subject property.
- An exhaustive and detailed investigation of comparable data sources.
- Market and highest and best use analysis.
- Consideration of all valuation methods.
- Development and application of the methods of appraisal required to produce a credible appraisal.
- Reconciliation and conclusion of final estimate of market value.

The appraisal is intended to provide a summary of the pertinent aspects of the property and market information, sufficient to produce a credible estimate of market value.

In the course of collecting and confirming market data, no important information has been knowingly withheld.

A current legal description or title report was not provided, therefore, a detailed analysis of easement and encroachments is not possible; further this appraisal does not consider any non realty rights or value, i.e. special tax benefits (abatements, and unique financing terms), unless otherwise noted.

The property's gross building area (GBA) is based on the appraiser's measurements and assessor records.

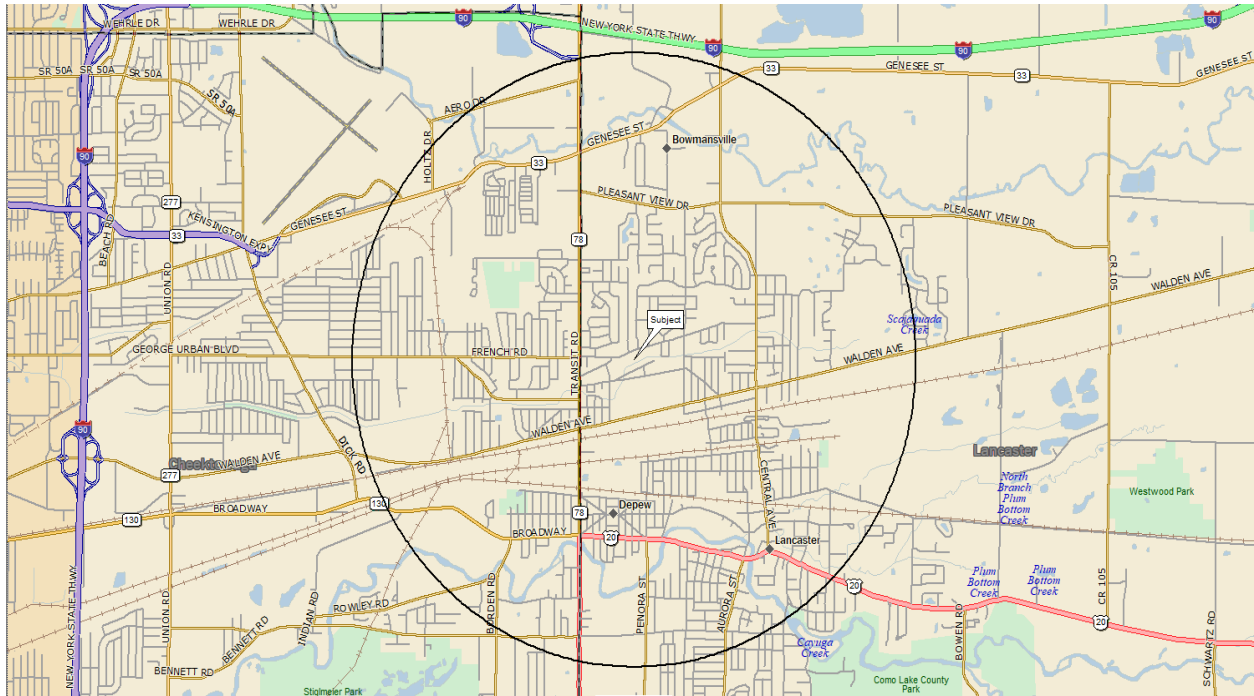
The land areas are based on county tax maps.

The subject property is appraised free and clear of any and all environmental contaminants.

No one has provided significant real property appraisal assistance to the person signing this certification.

Market Area Analysis:

The same locational, social, economic and governmental influences which act on a regional basis also operate on individual market areas. The term "market area" here is being defined as an area with complimentary land use and linkages. Although the area boundaries often coincide with physical features, the concept of the market area is more importantly related to economic and land use patterns.



Geographic Boundaries - The market area, given the subject's use, is best defined by a two mile radius. This area is loosely bounded by Interstate 90 (I-90) to the north, Stony Road to the east, Como Park Boulevard to the south, and Dick Road to the west.

Linkages – The subject property is located on the north side of Columbia Avenue, between Transit Road and Warner Road, in the village of Depew, town of Lancaster. Walden Avenue is the main east/west route leading to the subject property. It runs west into the city of Buffalo's Central Business District (CBD) and east concluding at an intersection with Genesee Street (NY-33) in the town of Alden. Broadway Street (NY-130) is located south of the subject property. It runs east/west from the Central Business District in the city of Buffalo to the west to the village of Depew to the east, where it terminates at US-20 and NY-78 (Transit Road).

NY-33 (Genesee Street) is a main east/west route through the market area. The route extends for from NY-5 in Buffalo in the west to NY-31 in Rochester (Monroe County) in the east. The westernmost ten miles of NY-33 in Buffalo and the neighboring town of Cheektowaga have been upgraded into the Kensington Expressway. This section of NY-33 is one of several expressways leading out of downtown and serves as a main route to the Buffalo Niagara International Airport.

Market Area Analysis: (Cont'd.)

Linkages (cont'd)

Transit Road (NY-78), is a major trunk road through the center of Erie and Niagara counties. NY-78 begins at an intersection with NY-19 at the northern end of the Wyoming County village of Gainesville. The highway joins Transit Road north of East Aurora (Erie County) and stays with the road until nearly its end in the city of Lockport (Niagara County). The part of the route north of East Aurora follows a generally north-south alignment to an intersection with NY-18 in the Niagara County town of Newfane (at the hamlet of Olcott), just south of the Lake Ontario shoreline.

Interstate 90 (I-90), located north of the subject, with closet access via Walden Avenue southwest or Dick Road northwest via the Kensington Expressway. I-90 extends from the Pennsylvania state line at Ripley to the Massachusetts state line at Canaan. The Thruway begins at the Pennsylvania state line in Chautauqua County, following the shore of Lake Erie northeast and passes through the town of Cheektowaga, a large suburb of Buffalo directly east of the city.

Land Uses - The subject property is located in a village, mostly residential area. The subject is immediately bordered by a single-family residential to the north and south, a church to the east and Southeast Works to the west.

The Buffalo Niagara International Airport (BNIA) is located about less than three miles northwest of the subject along the north side of Genesee Street (NY-33). The BNIA is situated on 1,000 acres and is a full-service airport operated by the Niagara Frontier Transit Authority (NFTA). The airport has two runways and on average there are over 100 flights per day, with non-stop service to 30 airports across the United States, Mexico, Jamaica and the Dominican Republic.

The Buffalo-Lancaster Regional Airport is located less than five miles at 4343 Walden Avenue. The airport is a privately owned, publicly accessible airport situated on about 100 acres and its main runway (asphalt) is 3,199 feet long and 75 feet wide. The airport provides a range of services including re-fueling, parking, hangars, flight training, and maintenance.

The market area consists of portions of both the towns of Cheektowaga and Lancaster. The Transit Road corridor divides the village of Depew. The west side of Transit is located within the town of Cheektowaga and the east side of Transit is located within the town of Lancaster. Only a portion of the village of Depew is located within the town of Lancaster, the other portion being located in the town of Cheektowaga.

Residential development is concentrated along side streets originating from Transit Road, Walden Avenue, Broadway Street, Central Avenue, French Road and Pleasant View Drive. The majority of housing is single-family detached homes built between 1940 and 1960. Between 2013 and 2017, the village issued building permits for four new single-family dwellings, three new commercial buildings, 53 residential additions and 15 commercial additions in existing buildings.

Commercial development is concentrated along major thoroughfares, including Broadway Street, Walden Avenue and Transit Road with retail centering on Broadway and Transit Road in the village of Depew and along Broadway and Central Avenue in the nearby village of Lancaster which includes retail, offices, and other business uses. Additional commercial development can be found along the major corridors of Transit Road (NY-78), Genesee Street (NY-33) and Walden Avenue which includes a mix of local and regional retail uses.

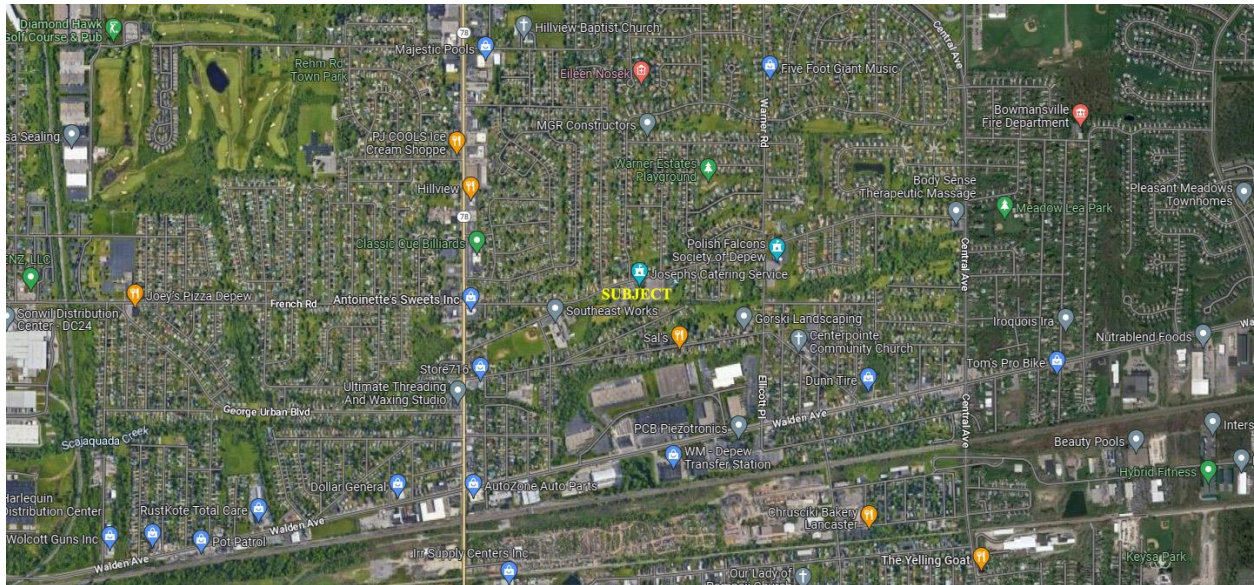
Market Area Analysis: (Cont'd.)

Industrial uses are primarily found south along Broadway Street and Walden Avenue due to the proximity of the railroad tracks. The Buffalo Crushed Stone quarry is located north of the Thruway (I-90) along the east side of Harris Hill Road and the south side of Wehrle Drive. Another quarry is located off Genesee Street east of Pavement Road.

Cayuga Creek, located south of the subject, flows generally east/west through Erie and Wyoming counties. The creek enters Buffalo Creek in the northwest corner of West Seneca, just past the NYS Thruway crossing.

In August 2021, Paul Bliss of Bliss Contraction, announced plans for a mixed-use project on ten acres of vacant land at 5695 and 5731 Transit Road, Depew, across from the Transit Middle School. The \$20 million project would feature a combination of commercial space and multi-family housing along with a fitness center, a pool area w/pool house, a dog park, eight detached garages with 54 bays and 206 parking spaces. Carmina Woods Morris PC is proposing a three-story 90,300 square foot mixed-use building containing 22,575 square feet of retail/restaurant space on the first floor, with 61 apartments on all three levels within the same complex. Additionally, there will be six four-unit two-story townhome buildings with 24 detached units.

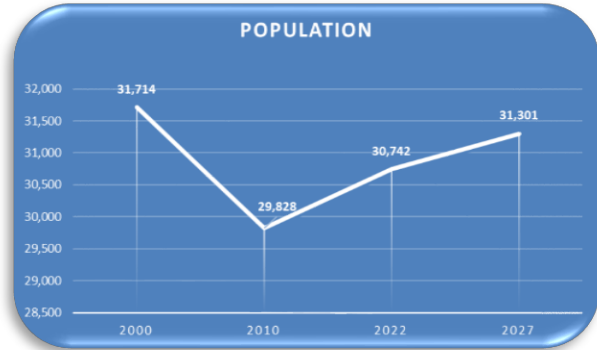
Construction began in Spring 2021 on a \$12 million mixed-use retail and housing development project along West Main Street, in the village of Lancaster. The three-phase project calls for three buildings next to the former Erie 1 BOCES currently being used as a Save-A -Lot. A total of 49 upscale apartments of various sizes are proposed over the next three years, along with ground floor retail in each building. Phase one, which is expected to be complete by Spring 2022, will consist of a 27,000 square foot building at 11 West Main Street that will house six retail units on the first floor and 18 apartments on the upper floors. The first floor storefronts will be occupied by All Is One Gifts, Bathe Store, Gabriel's Bakery, Lancaster Story House, 716 Sports Apparel and Wine Bar.



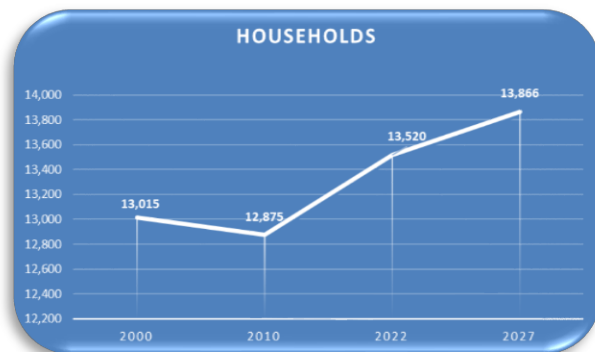
Market Area Analysis: (Cont'd.)

Following is a summary of the demographic information for a two-mile radius surrounding the subject site (source: gallery.alteryx.com)

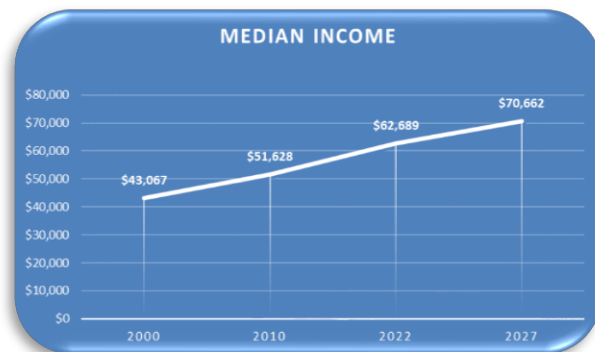
Population –The 2022 population estimate in this market area was 30,742. The 2010 Census revealed a population of 29,828, and in 2000 it was 31,714 representing a decrease of 5.9%. It is projected the population in this market area will be 31,301 in 2027, representing a change of 1.8% from 2022. The 2022 estimated population was 51.9% female and 48.1% male. In 2022, the estimated median age of the population in this market area was 43.4. The estimated population density in this market area was 2,441 people per square mile.



Households – There were 13,520 estimated households in this market area in 2022. The Census revealed household counts of 12,875 in 2010 and 13,015 in 2000, representing a change of -1.1%. It is projected the number of households in this market area will be 13,866 in 2027, representing an increase of 2.6% from 2022. In 2022, the estimated average number of years in residence in this market area was 20. The estimated average household size in this market area was 2.3 people. The 2022 estimated average number of vehicles per household in this market area was 1.8.



Income – In 2022, the estimated median household income in this market area was \$62,689. The Census revealed a median household income of \$51,628 in 2010. It is projected the median household income in this market area will be \$70,662 in 2027, which would represent a change of 12.7% from 2022. In 2022, the estimated per capita income in this market area was \$33,820. The estimated 2022 average household income for this market area was \$76,619.



Market Area Analysis: (Cont'd.)

Housing – The estimated median housing value in this market area was \$152,214 in 2022. The Census revealed a median housing value of \$108,712 in 2010, representing a change of 28.6%. In 2010 there were 70.5% owner occupied housing units in this market area vs. 68.6% estimated in 2022. Also, in 2010, there were 24.8% renter occupied housing units in this market area vs. 26.5% estimated in 2022.

Employment – In 2022, there were an estimated 25,666 people over the age of 16 in this market area of which 16,383 (63.8%) were in the labor force, an estimated 95.9% (15,708) were employed, 4.1% (675) were unemployed, none were in the Armed Forces and 36.2% (9,283) were not in the labor force. In 2022, it was estimated that there were 25,353 employees in this market area (daytime population age 16+) and 1,163 establishments. For this area, estimated in 2022, white collar workers made up 60.2% of the population, and those employed in blue collar occupations made up 39.8%.

Two-Mile Demographic Trends Summary:

	2000 Census	2010 Census	2022 Estimate	2027 Projection	%Δ 2000-2010	%Δ 2022-2027
Population	31,714	29,828	30,742	31,301	-5.9%	1.8%
Households	13,015	12,875	13,520	13,866	-1.1%	2.6%
Median Income	\$43,067	\$51,628	\$62,689	\$70,662	19.9%	12.7%

Life Cycle - The subject neighborhood can be described as being in a stable phase. This period is a stage in which the neighborhood experiences equilibrium without marked gains or losses, even though there has been a decrease in population which is forecast to slightly increase in the near future. Property values as well as median household income are also increasing.

Conclusion: The subject market is conducive to the ongoing use of as a banquet and events center due to area demand as well as providing easy access to major transportation routes.

Competitive Analysis:

Summarized below are banquet facilities that are identified as direct competitors to the subject property.

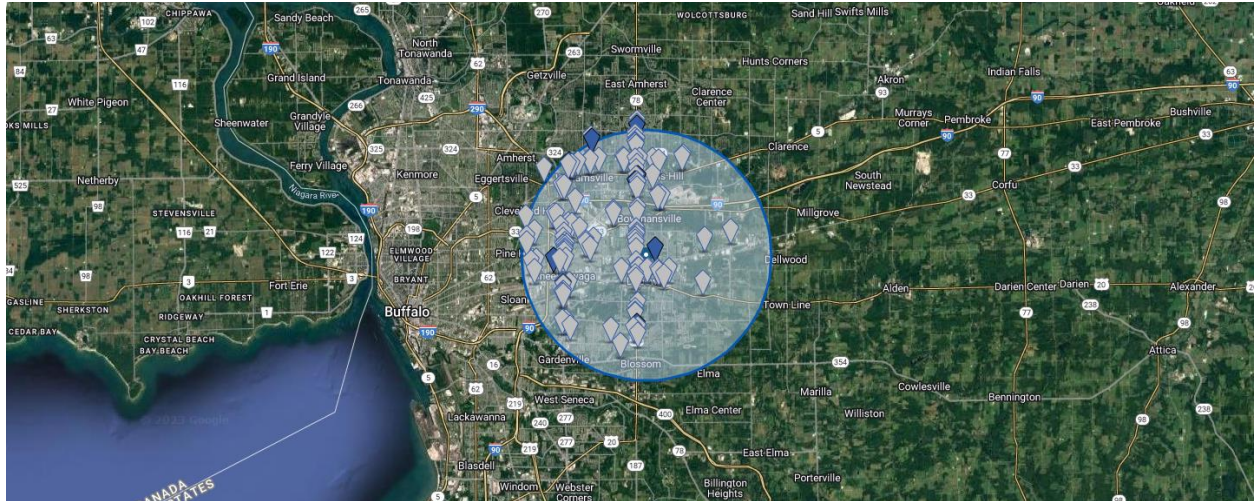
Name/Address	Size	Distance/Location from Subject
Polish Falcons Society 445 Columbia Avenue Depew	11,328 SF 4.95 Acres Up to 150 Guests	Just East of the Subject
Italian Village 6354 Transit Road Depew	13,967 SF .70 Acres Up to 125 Guests	Less than one Mile Northwest
The Grapevine Banquets 333 Dick Road Depew	29,648 SF 4.90 Acres Up to 40-1,000 Guests	2.3± Miles West
Ripa's Italian Restaurant 4218 Walden Avenue Lancaster	17,100 SF 1.10 Acres Up to 300 Guests	3.5± Miles East
Lancaster Country Club 6061 Broadway Lancaster	35,195 SF 239.58 Acres Up to 250 Guests	3.8± Miles Southeast
The Cove – Seafood & Banquets 4701 Transit Road Depew	26,290 SF 1.70 Acres 200+ Guests	3.8± Miles South
Variety Banquet & Party Room 6114 Broadway Lancaster	12,190 SF 3.80 Acres Up to 200 Guests	4.0± Miles Southeast
Creekside Banquet Facility 2669 Union Road Cheektowaga	17,867 SF 2.27 Acres Up to 50-200 Guests	4.1± Miles Southwest

Subject
21,786 SF
6.32 Acres
916 Guests



Please Note: CoStar data is limited, and we have included it for informational purposes only. The following data includes all restaurants within a five-mile radius of the subject property. CoStar does not distinguish between restaurants and banquet facilities.

General Market Overview For Property Type – The following is a summary of restaurant data within a five-mile radius of the subject property obtained from CoStar Analytics.



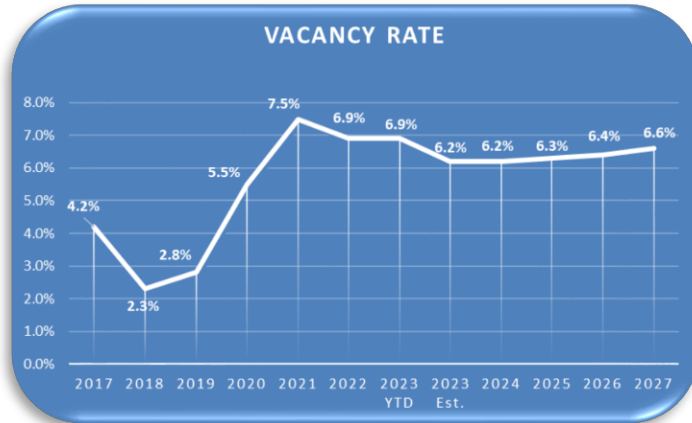
Year	# of Bldgs	Total SF	SF Vacant	% Vacant	Net Absorption	Overall Rent All Svc. Types	Overall NNN Rent
2027	-	687,591	45,040	6.6%	(525)	-	-
2026	-	687,078	44,176	6.4%	(448)	-	-
2025	-	686,694	43,414	6.3%	(270)	-	-
2024	-	686,298	42,842	6.2%	(219)	-	-
2023 EST	-	686,131	42,401	6.2%	4,857	-	-
2023 YTD	115	686,379	47,436	6.9%	(39)	\$20.80	\$20.80
2022	115	686,379	47,397	6.9%	35,482	\$19.30	\$19.30
2021	113	652,179	48,679	7.5%	(12,587)	\$26.79	\$26.75
2020	113	652,179	36,092	5.5%	(18,030)	\$22.43	\$21.49
2019	113	652,179	18,062	2.8%	(2,962)	\$19.43	\$17.97
2018	113	652,179	15,100	2.3%	(3,783)	-	-
2017	114	668,651	27,789	4.2%	3,367	\$7.72	-

- **Supply** – According to CoStar Analytics there are 115 restaurants year-to-date 2023 ranging in size from 1,200 square feet to 48,974 square feet. Records indicate construction between 1800’s and 2022.
- **Price Trends** – Our review of the local area of restaurants/banquet facilities indicates an unadjusted sales range of \$23.96-\$187.13 per square foot for similar properties sold between 2019 and 2022.
- **Rent** – Our review of the subject’s market area indicates a rent range of \$6.50-\$14.00 per square foot typically on a triple net basis.

CoStar Analytics:

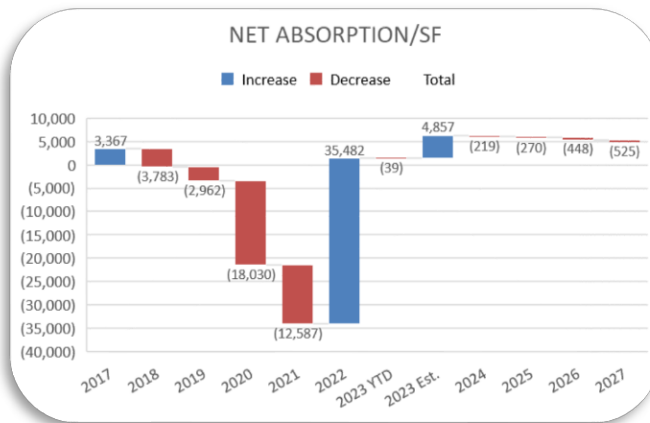
Vacancy – As shown in the CoStar charts below, the average vacancy rate for restaurant properties surveyed has decreased from 2017 through 2019. CoStar indicates a vacancy rate of 6.9% for year-to-date 2023 with a slight decrease to 6.2% year-end 2023. It is forecast that the vacancy rate will remain between 6.2% and 6.6% through 2027.

Year	Vacancy Rate
2017	4.2%
2018	2.3%
2019	2.8%
2020	5.5%
2021	7.5%
2022	6.9%
2023 YTD	6.9%
2023 Est.	6.2%
2024	6.2%
2025	6.3%
2026	6.4%
2027	6.6%



Absorption – According to CoStar Analytics for restaurant properties had a positive net absorption of 35,482 square feet in 2022 and a negative absorption of 39 square feet year-to-date 2023. The following graph shows net absorption from 2017 through year-to-date as well as projections for year-end 2022 through 2027.

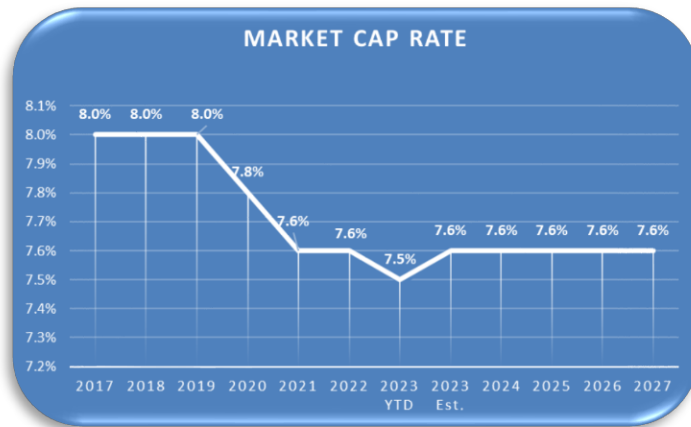
Year	Net Absorption
2017	3,367
2018	(3,783)
2019	(2,962)
2020	(18,030)
2021	(12,587)
2022	35,482
2023 YTD	(39)
2023 Est.	4,857
2024	(219)
2025	(270)
2026	(448)
2027	(525)



Market Cap Rate - The overall cap rates remained fairly stable from 2017 through year-to-date 2023 between 7.6% and 8.0%. It is forecast that the cap rate will remain between 7.5% to 7.6% through 2027. The following graphs show market cap rates from 2017 through year-to-date as well as projections for year-end 2023 through 2027.

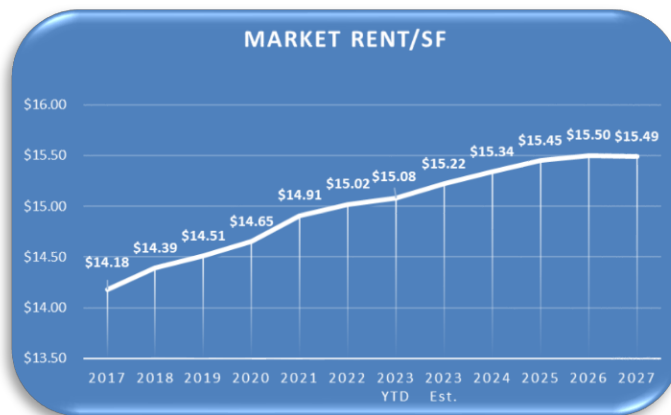
CoStar Analytics: (Cont'd.)

Year	Market Cap Rate
2017	8.0%
2018	8.0%
2019	8.0%
2020	7.8%
2021	7.6%
2022	7.6%
2023 YTD	7.5%
2023 Est.	7.6%
2024	7.6%
2025	7.6%
2026	7.6%
2027	7.6%



Market Rent – The average rental rate has generally been fairly stable since 2017, only increasing slightly annually. The overall rental rate increased from \$15.02 per square foot in 2022 to \$15.08 year-to-date 2023. CoStar forecasts that the market rent will continue to increase through 2027.

Year	Market Rent
2017	\$14.18
2018	\$14.39
2019	\$14.51
2020	\$14.65
2021	\$14.91
2022	\$15.02
2023 YTD	\$15.08
2023 Est.	\$15.22
2024	\$15.34
2025	\$15.45
2026	\$15.50
2027	\$15.49



Information contained herein, including projections, has been obtained from sources believed to be reliable but has not been verified for accuracy or completeness. KIW Group makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk.

Exposure and Marketing Time:

The exposure time (which looks backward in time) for the subject property to have achieved the as is appraised value as of the effective date of the valuation is estimated to have required 6 to 12 months. This estimate is based upon the following:

- Statistical information about days on the market
- Information gathered through sales verification; and
- Interviews with market participants, primarily brokers

Marketing time (which is forward working) is also based on the preceding data and considers the current inventory available for the subject property type. The marketing time for the subject is estimated to require 6-12 months. This assumes reasonable pricing and proactive marketing.

Market Area Photographs:



Columbia Avenue Viewing East/West



Ownership and Occupancy:

As of the date of valuation, the property was owned by:

Richard & David Joseph
275 Columbia Avenue
Depew, New York 14043

As of the date of inspection, the property was owner-occupied and operating as Joseph’s Catering.

Sales History:

The subject property has not transferred in the past decade.

I am **not aware** of any transactions, contracts, including leases, offerings for sale or lease, pending contracts or options involving the subject property within the past three years, except as noted above.

Tax and Assessment Analysis:

The subject is assessed as two tax parcels in the village of Depew, town of Lancaster and Depew School District tax roll as Section Block and Lot # 104.23-1-31 & 104.23-1-31 follows:

Address		271 Columbia Ave.	Grant St.
Assessment & Taxes	SBL #s	104.23-1-3	104.23-1-31
Land		\$87,500	\$61,300
Improvements		<u>\$1,117,500</u>	<u>\$0</u>
Total Assessment		\$1,205,000	\$61,300
Equalization Rate			87%
Equalized Assessment		\$1,385,057	\$70,460
Total Equalized Assessment		\$1,455,517	
Town/County Tax Rate	\$7.44	\$8,960.90	\$455.85
Village	\$10.00	\$12,053.10	\$613.16
School Tax Rate	\$17.65	\$21,269.29	\$1,082.00
Special District	<u>Per Unit</u>	\$826.40	\$0.00
Combined Tax Rate per K	\$35.09		
		\$43,110	\$2,151
Total Tax Obligation		\$45,261	

Municipal officials have verified the tax and assessment information above. Based upon our analysis the subject is underassessed; however, is equitably assessed as compared to competing properties. No change in assessment is anticipated.

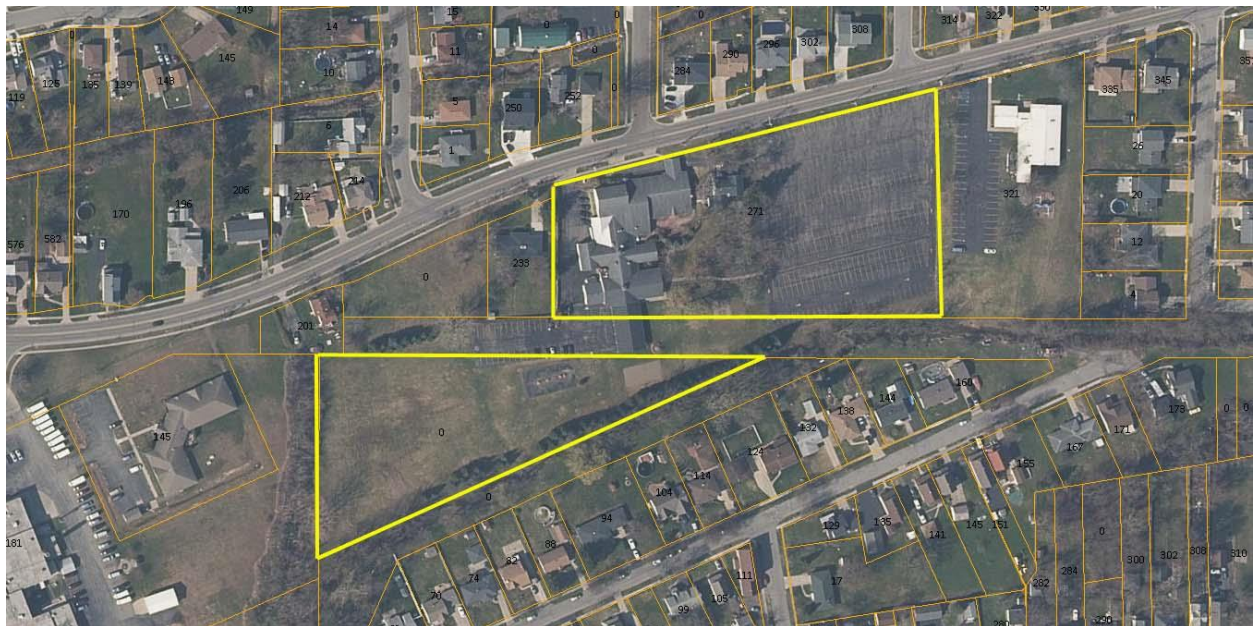


Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Tax Map:



Aerial:

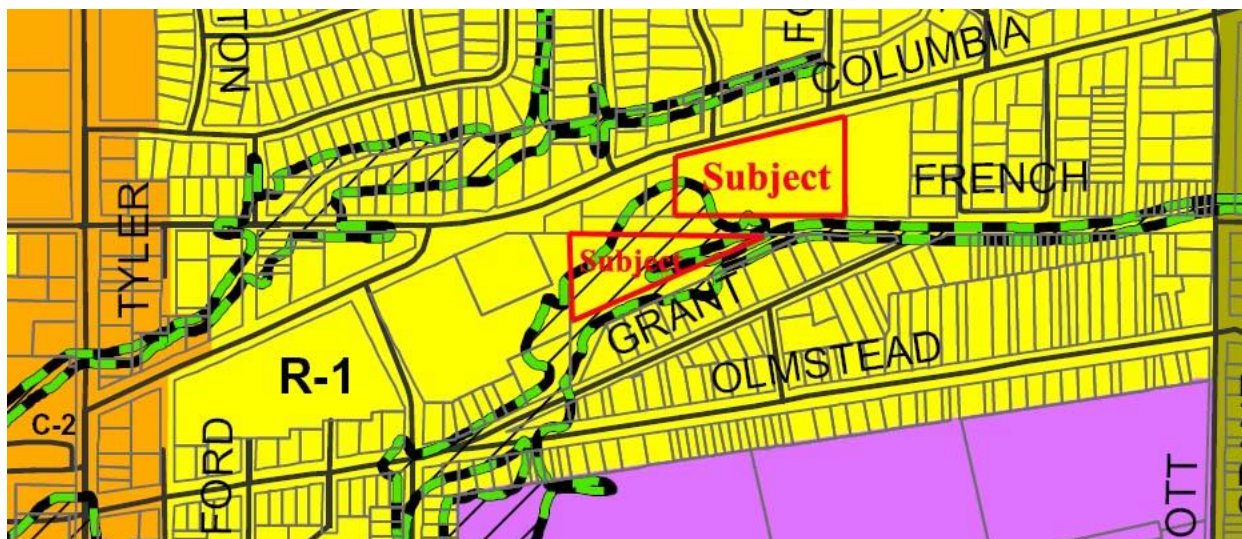


Description of Real Estate:

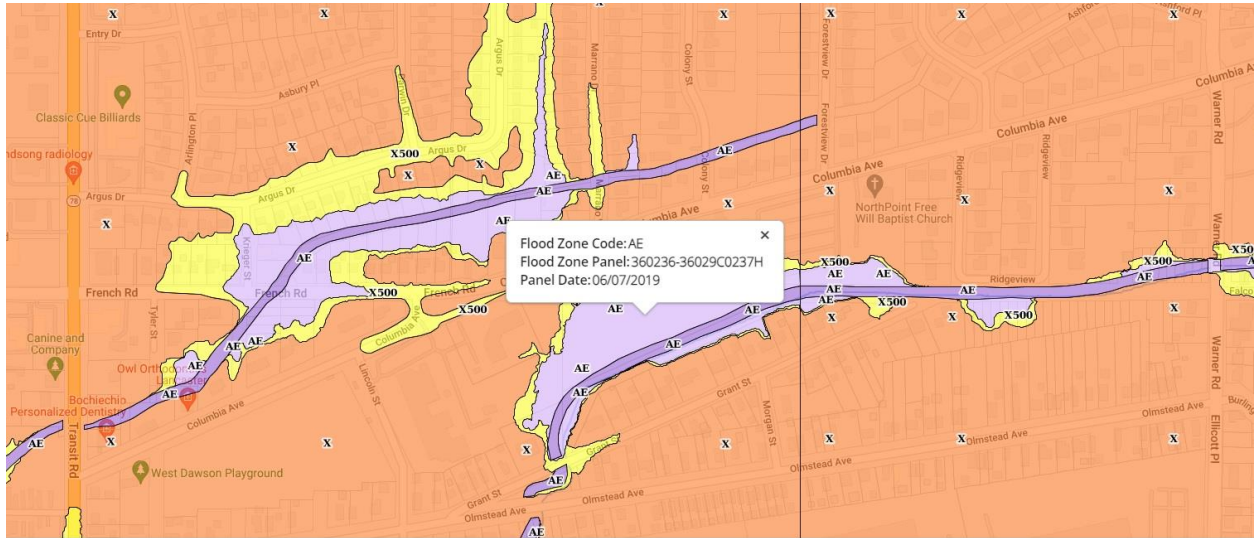
Summary of Site Characteristics	
Land Area	6.32 Acres
Frontage	611.64 Feet
Shape / Dimensions	Irregular
Access / Visibility	Average accessibility and visibility from Columbia Avenue
Topography	Generally, level at grade to the rear of the site
Utilities	All public services available
Easements / Encroachments	Typical utility easements assumed / no encroachments noted
Flood Hazard Data	Community # 360236; Panel 29C0237H; Zone X & AE; Date 6/7/2019
Drainage	Adequate drainage via municipal storm sewers
Detrimental Conditions	Non-contiguous sites separated by paper street

Zoning:

The subject properties are located in an area zoned R-1, Single Family Dwelling District. Permitted uses within this zoning classification include, but are not limited to, single family dwelling and related uses. Community buildings, social halls, private clubs, lodges and fraternal organization require a special permit. The current use as a banquet hall and event center is considered a legal non-conforming use due to the subject “grandfathered in” status. Excerpts of the zoning ordinance, as it pertains to the subject property, can be found in the addendum.



Flood Map:



The property is located in an AE flood zone. AE flood zones are areas that present a 1% annual chance of flooding and a 26% chance over the life of a 30-year mortgage; mandatory flood insurance required.

New York State Wetlands Map:



Federal Wetlands Map:



The properties are not located in a state or federally regulated wetland.

Site Summary:

As illustrated by the preceding tax map, the subject sites comprise to irregular non-contiguous sites. The subject sites are separated by a paper road; however, this is only a technicality since the village does not plan to utilize the roadway and the area is fully developed. The sites are suitable for small or moderate sized development. The subject has average access to area roadways and highway.

Yard Improvements:

The subjects include the following yard improvements:

- Concrete patios with outdoor seating available
- Asphalt and paved driveway and parking lots
- Concrete sidewalk and walkways
- Nine-hole putt putt course
- Volleyball court
- Baseball backstop
- Horseshoe pits
- Playground
- Gazebo
- Lighting and signage
- Professional landscaping



Parking Accommodations:

Parking accommodations are located on the eastern and southwest portions of the site and provides parking for approximately 385 vehicles. This represents a ratio of 1 space per 56 square feet of gross building area. Parking accommodations are considered ample, similar or exceeding competitors parking accommodations and in compliance with zoning regulations.

Sketch:

SKETCH/AREA TABLE ADDENDUM

SUBJECT INFO						
File No.: 13431-04	Parcel No.: 104.23-1-3 & 31					
Property Address: 271 Columbia Avenue						
City: Depew	County: Erie	State: New York	ZipCode: 14043			
Owner: Richard & David Joseph						
Client: Richard & David Joseph		Client Address: Depew, New York				
Appraiser Name: James T. Szakacs			Inspection Date: March 6, 2023			
SKETCH						
AREA CALCULATIONS SUMMARY						
Code	Description	Factor	Net Size	Perimeter	Net Totals	
GBA0	1/2 Floor Office	1.0	85.0	37.0	85.0	
GBA1	Office	1.0	1544.0	208.0		
	Main Bldg.	1.0	19083.0	904.0	20627.0	
GBA2	Office	1.0	1074.0	148.0	1074.0	
Net BUILDING		cnt	4	(rounded)	21,786	

Description of Improvement:

Building Description:

The physical, functional and economic aspects of the improvement are an important determinant in the conclusion as to the highest and best use of the subject, as well as the basis for adjustments in the approaches to value.

Summary of Improvement Characteristics	
<i>Building Improvement</i>	
<i>Construction Type / Quality</i>	Class D / Average
<i>Excavation</i>	Banquet hall and event center on footers and concrete slab, office building contains partial basement with Bilco door access utilized for utilities and storage
<i>Stories</i>	One Banquet & Event Center One & Two Office
<i>Seating Capacity</i>	916
<i>Gross Building Area*</i>	19,083 Banquet & Events Center Office
1 st Floor	1,544 Square Feet
2 nd Floor	1,159 Square Feet
Total	2,703 Square Feet
<i>Total Gross Building Area</i>	21,786 Square Feet
<i>Mezzanine</i>	1,500 Square Feet Banquet & Event Center

*See Sketch

<i>Year Built / Condition</i>	1880's 1960 & 1975 / Average
<i>Use and Occupancy</i>	As of the date of inspection, the property was owner-occupied and operating as Joseph's Catering
<i>Exterior Finish</i>	
<i>Walls</i>	Vinyl
<i>Roof</i>	Gable, asphalt shingle covering, office building roof replaced in 2018
<i>Doors</i>	Main doors are glass doors
<i>Windows</i>	Casement and double hung
<i>Interior Finish</i>	
<i>Floors</i>	<u>Banquet & Event Center</u> Tile, quarry tile, concrete <u>Office</u> Hardwood, tile, carpeting
<i>Ceilings</i>	Drywall with wood beams, sprayed stucco, suspended acoustical tile Drywall
<i>Walls</i>	Drywall with wood trim Drywall
<i>HVAC</i>	Both buildings are heated by gas fired hot air furnaces with cooling units
<i>Electrical</i>	Assumed adequate Extensive hanging lighting

Description of Improvement: (Cont'd.)

<i>Plumbing</i>	Copper and PVC supply and waste lines, banquet and event center contain two sets of gender lavatories and office contains bathroom on first and second floor
<i>Stairwell/Elevator</i>	One in office/None
<i>Security</i>	Direct line burglar and fire
<i>Sprinkler</i>	None
<i>Shipping/Receiving</i>	Two grade level bays on the western elevation
<i>Miscellaneous</i>	Banquet and event center has walk in coolers and freezers, large wood burning fireplace
<i>Land to Building Ratio</i>	12.6:1
<i>Environmental</i>	Assumed clean
<i>American w/Disabilities</i>	Unknown

Design/Layout:

Banquet and Facilities

The banquet and event center were constructed in 1960 with addition in 1960 as a banquet facility.

The improvement contains a front entrance with vestibule and coat room that provides access to the main banquet room The Meadows. The southern elevation of the Meadows contains an elongated area with a double door and windowed wall providing view of an outside terrace area utilized to perform nuptials and other events. The southern elevation of the building also contains a full-service bar and one set of gender lavatories that provides access to the smaller Ratskeller banquet room which accommodates smaller events. The bar area provides access to a full-service kitchen with receiving bays, storage and garage. The rear of the improvement contains The Grove banquet room a glass enclosed three season room with one set of gender lavatories. The rear of the improvement contains an open-air pavilion (40' x 70'). The front of the improvement contains a mezzanine utilized for storage. The subject banquet room are delineated as follows:

Banquet Area	Seating Capacity
Meadows	313
Ratskeller	103
Grove	<u>500</u>
Total	916



Description of Improvement: (Cont'd.)

Office

The subject office was originally constructed as a single-family dwelling in the 1880's and subsequently converted to office use. The first floor contains two offices, living room, break room and one bathroom. The second floor contains three bedrooms and one bathroom.

The subject design and layout is suited for continued use as banquet and events center or related uses due to adequate seating capacity, bar and ample parking and is typical of the vintage. The subject two building configuration is less than ideal.

Quality and Condition Analysis:

The structure is considered a Class D, average quality banquet and events center building as defined in the Marshall and Swift Cost Manual. The improvements are well maintained, with no items of deferred maintenance noted. Finishes are of average quality throughout the public areas including a large fireplace, decorative ceilings and hanging lighting. The structure is in average condition with an economic life of 25 years and remaining economic life is 25 years.

Environmental:

- The property is not listed by the New York State Department of Environmental Conservation, as a Hazardous Waste Site.
- Based on a review of the area wetlands maps, the subject parcel is not located within a designated freshwater wetland area.
- Soil types are unknown therefore, soil stability and federal wetland concerns cannot be addressed.
- The property is located within a 100-year flood plain.

Property Summary:

The subject design and layout is suited for continued use as banquet and events center or related uses due to adequate seating capacity, bar and ample parking and is typical of the vintage.

Flood insurance should be a concern because of the Zone AE location. The property is located in an AE flood zone. AE flood zones are areas that present a 1% annual chance of flooding and a 26% chance over the life of a 30-year mortgage; mandatory flood insurance required. Wetlands should not be a concern. Soil stability and compatibility should be confirmed by an appropriate engineering study.

The land and property are appraised as if free and clear of any environmental problems including but not limited to flood hazards, wetlands, soil and building materials contaminants.

No engineering or environmental reports are known of, which would compromise these assumptions.

Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Front Views



Subject Photographs:



Front Views Banquet and Event Center



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Side Views (Eastern Elevation) Banquet and Event Center



Subject Photographs:



Side Views (Western Elevation) Banquet and Event Center



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Covered Pavilion / Rear View



Subject Photographs:



Rear Views



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Front View Office



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Side View (Eastern Elevation) Office / Side View (Western Elevation) and Rear Office



Subject Photographs:



Parking Lot



Subject Photographs:



Concrete Patio / Sports Venue



Subject Photographs:



Playground / Meadows Banquet Room



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Meadows Banquet Room / Bar



Property: 271 Columbia Avenue & Grant Street, V/O Depew, Erie County, New York

Subject Photographs:



Ratskeller Banquet Room / Grove Banquet Room



Subject Photographs:



Grove Banquet Room



Subject Photographs:



Grove Banquet Room / Full-Service Kitchen



Subject Photographs:



Full-Service Kitchen / Mezzanine Storage



Subject Photographs:



Office First Floor



Subject Photographs:



Office Second Floor



Highest and Best Use:

Introduction:

Highest and best use is defined as:

"the reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity".¹

Highest and Best use of Site - As Vacant:

The basic assumption that is required in this scenario is that the site is vacant or could be made vacant through the demolition of improvements. Based on the subject's zoning and other regulations, the physical characteristics of the site and the market conditions in the area, the highest and best use of the land as if vacant, as of the effective date of this assignment, is for residential or related development.

Highest and Best Use - As Improved:

The analysis of the highest and best use of the property, as improved, attempts to determine how the property should be used, going forward given legal restrictions, condition, quality and functional utility of its existing improvements as well as current and prospective market conditions.

Based on the subject's zoning and other regulations, the physical characteristics of the property and the areas market conditions, the highest and best use of the appraised property as of the effective date of valuation is for continued use as a banquet and event center.

Typical Buyer:

The typical buyer of each property would be an owner/user operator.

¹The Dictionary of Real Estate Appraisal, sixth edition (Chicago, Illinois: Appraisal Institute, 2015), p. 109.

Appraisal Process:

The purpose of the appraisal is to estimate the “as is” market value of the fee simple interest of the real property as of the date of inspection. The site and building improvement analysis formalized the physical aspects of the subject property. The market area analysis focused on the existing development in the area and on the future prospects for changes in supply and demand. Highest and Best Use Analysis built on all of these sections to conclude the most profitable use for the subject property. The conclusion from that analysis is one of the most important in the appraisal. Given that, a selection can now be made from among the alternative analytical techniques, the ones that will be most effective and appropriate in developing a value estimate.

The final conclusion as to the market value of the subject property is based on judgment of the appropriateness of the individual approaches, the accuracy and the quantity of the data available for analysis.

The typical user/most probable buyer for this property type would be an owner occupant. The current occupant is an owner operator. Further, most other similar properties in the market area are owner occupied.

The sales comparison approach as improved, is developed, since properties of this type are typically traded in the market for owner occupancy.

The income capitalization approach is also developed as a secondary valuation method as a check of reasonableness only.

The cost approach was considered for the appraisal; however, it is not a necessary approach, nor is it required to produce a credible estimate of market value. The subject condition and age do not warrant the use of this approach to value.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH:

Introduction:

The most important underlying principle supporting the sales comparison approach is that the market value of a property is directly related to the prices being paid for competitive properties. In this approach, market value is developed by comparing the subject to similar properties that have sold or for which offers to purchase are pending. The applicability of this approach is predicated on the fact that there is an active market for properties similar to the subject. If the number of market sales of similar properties is limited, so will be the reliability of the indicated value. Likewise, if economic conditions (i.e. tax laws, inflation) are changing rapidly, the usefulness of historical comparable sales as a basis on which to make adjustments is less reliable.

Methodology:

With the conceptual groundwork laid, the application of the sales comparison approach will be accomplished as follows:

1. Analyze the subject market area to develop information on sales of properties or purchase offers which are similar to the subject in terms of the basic characteristics identified in the highest and best use analysis.
2. Confirm the sales information developed is factual and that there are no unusual conditions of sale or financing.
3. Choose relevant units of comparison and develop a comparative analysis.
4. Compare the subject property and the comparable sales based on the elements of comparison and adjust the sale price of the comparables to reflect those differences.
5. Reconcile the various value indications and conclude as to the market value of the subject via this approach.

SALES COMPARISON APPROACH: (Cont'd.)

Improved Valuation:

In estimating value of the improved property, sales of similar improved properties are compared on a unit basis such as square foot of building area (including land) or square foot of land area (including improvements). The sales are analyzed and adjusted for individual characteristics including the following:

- *Property Rights Conveyed:* fee simple, fee simple, partial interest, etc.
- *Financing Terms:* Seller financing or assumption of existing mortgage with favorable finance, installment sale contract, etc.
- *Conditions of Sale:* Motivation of buyer or seller, assemblage, forced sale, REO transaction, related parties' transaction, etc.
- *Market Conditions at the Time of Sale:* appreciation, depreciation, changes in supply and demand, etc.
- *Location:* demand, traffic, exposure, corner, view, surrounding uses, etc.
- *Physical Characteristics:* land area (building to land ratio) yard improvements e.g. parking and for building factors including, but not limited to quality, size, finish, functional utility (age and condition) and other, amenities or deficiencies.
- *Legal Encumbrances:* deed restrictions, easements, etc.
- *Availability of Utilities:* distance to bring to site, type, etc.
- *Zoning:* similarity, likelihood/probability of change, density, etc.
- *Highest and best Use:* similarity in type of development.

An adjustment grid is used to summarize the direction and magnitude of adjustments judged appropriate to the comparable sales. Again, adjustments may be derived directly from quantifiable data; however, in many instances the adjustments involve judgment.

Improved Sales Analysis:

The market was researched for sales of similar properties, consistent with the highest and best use analysis conducted in this report. Few banquet and event center sales in Western New York have transferred in the past several years. As a result, we extended our sale to include Rochester.

Each of the following comparable sales were analyzed and compared to the subject property and all relevant details have been considered in order to develop an opinion of market value.

Comparable Sale #1

Class Code: 421 Restaurant



Address: 1830 Abbott Road
City: Lackawanna
Description: Urban Residential & Commercial

County: Erie

State: NY

Sale Price: \$950,000
Contract Date:
Deed Recorded: 11/10/2022

Days on Market: N/A
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Financing: Cash or Equivalent
Grantor: Luke's Catering Service LLC
Grantee: Alwasim Development LLC

Tax Map Number: 142.20-1-17.1
Liber: 11410
Page: 4054

Taxes: N/A
Assessment: \$1,200,000.00
Zoning: NC

Utilities: All Public
Lot Size: 3.07
Building Size: 39,651
Price Per SqFt: \$23.96

Verification: File# 9850, Deed, Buffalo Business First Article

Date: 11/17/2022

Remarks: Sale of a one and two story, Class C (masonry) restaurant/banquet center constructed in 1955 over partial basement and slab foundation with subsequent additions and renovations operating as Luccarelli's Banquet Center. Irregular shaped parcel located on the east side of Abbott Road with 235 feet of frontage. The building consists of 4 banquet rooms each equipped with separate bathrooms and kitchens. Seating capacity for about 1,000 guests. There is also outdoor patio space. Adequate off-street parking available. LBR:3.37.

Comparable Sale #2

Class Code: 593 Picnic Grounds



Address: 1235-1245 Seneca Creek Road
Town: West Seneca
Description: Suburban Residential

County: Erie

State: NY

Sale Price: \$2,500,000

Contract Date:

Deed Recorded: 10/14/2022

Days on Market: N/A

Sale Conditions: Normal

Rights Conveyed: Fee Simple

Financing: Cash or Equivalent

Grantor: Joseph C. Kloc

Grantee: Harbro Properties LLC (Diana Hartfouche)

Tax Map Number: 135.08-1-12 & 13

Liber: 11409

Page: 1559

Taxes: N/A

Assessment: \$403,800.00

Zoning: M-1

Utilities: All Public

Lot Size: 18.7

Building Size: 13,360

Price Per SqFt: \$187.13

Verification: Landmax, Erie County GIS, Deed, Buffalo Business First

Date: 11/17/2022

Remarks: Sale of a one-story, Class C (masonry) banquet facility, known as Kloc's Grove, constructed in 1955 over a full unfinished basement and a single-family dwelling (3 bedrooms 2 baths). The event center contains 10,564 SF, there is a 796 SF utility building, and the single-family dwelling contains 2,000 SF. Irregular shaped tax parcels located on the south side of Seneca Creek Road with 583 feet of frontage (combined). Not located within a wetland area, flood zone, or historic district. The building, (SBL# 135.08-1-13), contains two banquet rooms and an outdoor pavilion. Site improvements include outdoor gardens, ponds and pergolas. Seating capacity for about 700 guests. Adequate off-street parking is available. SBL# 135.08-1-12 is a contiguous vacant land parcel. LBR=61. The business operation was also purchased for an undisclosed amount.

Comparable Sale #3

Class Code: 421 Restaurant



Address: 5877 Main Street
Village: Williamsville
Description: Village Commercial

County: Erie

State: NY

Sale Price: \$2,050,000
Contract Date:
Deed Recorded: 06/28/2019

Days on Market: N/A
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Financing: Cash or Equivalent
Grantor: Kollidas Properties, LLC
Grantee: 5877 Main Street, LLC

Tax Map Number: 81.06-2-3.11
Liber: 11346
Page: 3571

Taxes: N/A
Assessment: \$1,100,000.00
Zoning: Mixed-Use

Utilities: All Public
Lot Size: 1.44
Building Size: 12,320
Price Per SqFt: \$166.40

Verification: Landmax. Erie County GIS

Date: 10/21/2019

Remarks: Sale of a two story, Class C (masonry), restaurant, constructed in 1935 over a 300 sf basement, formerly used as Milo's restaurant and banquet facility. Flag shaped parcel on the southwest corner of Main Street and Highland Drive in the village of Williamsville with 250 feet of road frontage along Main Street and 300 feet of frontage along Highland Drive with street access on both roads. Large paved parking lot with spaces for approximately 113 vehicles. AADT Eastbound: 16,608; Westbound: 17,935.

Comparable Sale #4

Class Code: 421 Restaurant



Address: 1 East Church Street
Village: Fairport
Description: Village Commercial & Residential

County: Monroe

State: NY

Sale Price: \$1,600,000
Contract Date: 01/2021
Deed Recorded: 05/27/2021

Days on Market: N/A
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Financing: Cash or Equivalent
Grantor: Speakeasy Properties, LLC
Grantee: KRO Events Holding LLC

Tax Map Number: 153.13-1-48
Liber: 12508
Page: 194

Taxes: N/A
Assessment: \$700,000.00
Zoning: B-1 Business

Utilities: All Public
Lot Size: 1.09
Building Size: 18,923
Price Per SqFt: \$84.55

Verification: LandMax, CoStar, ORPTS, County Real Property Portal, Listing

Date: 09/22/2022

Remarks: Sale of a one, two and three-story Class C (masonry) & Class D (frame) restaurant/event center/ballroom building (formerly Dominic's on Main, The Deland House and the Green Lantern Inn) built over a full unfinished basement. Originally constructed in 1876 as a single-family dwelling. The French Chateau style building is a historic landmark listed on the Registry of Historic places in 1980. Located on the north side of E. Church Street, between S. Main Street and Parker Street, with 275 feet of road frontage. Adequate parking for about 50 vehicles. LBR=2.51

IMPROVED SALES LOCATION MAP:



SALES COMPARISON APPROACH: (Cont'd.)

File #: 13431-04 DSA SF

	SUBJECT	SALE NO. 1	SALE NO. 2	SALE NO. 3	SALE NO. 4
ADDRESS	271 Columbia Ave. Depew	1830 Abbott Rd. Lackawanna	1235-1245 Seneca Creek Rd. West Seneca	5877 Main St. Williamsville	1 East Church St. V/O Fairport
SALE PRICE:		\$950,000	\$2,500,000	\$2,050,000	\$1,600,000
PROPERTY RIGHTS:	Fee Simple	\$0	\$0	\$0	\$0
FINANCING:	Cash	\$0	\$0	\$0	\$0
CONDITIONS:	Normal	\$0	\$0	\$0	\$0
ADJUSTED PRICE:		\$950,000	\$2,500,000	\$2,050,000	\$1,600,000
DATE:	Mar-23	Nov-22	Oct-22	Jun-19	May-21
ADJUSTMENT:		\$0	\$0	\$0	\$0
TIME ADJ.PRICE:	N/A	\$950,000	\$2,500,000	\$2,050,000	\$1,600,000
UNIT PRICE:		\$23.96	\$187.13	\$166.40	\$84.55
LOCATION:	Residential Area	Inferior	Similar	Superior	Similar
ADJUSTMENT:		\$4.79	\$0.00	(\$41.60)	\$0.00
LAND TO BUILDING RATIO:	6.32 Acres/ 12.64: 1	3.07 AC/ 3.37	18.7 AC/ 60.97:1	1.44 AC/ 5.09:1	1.09 AC/ 2.51
ADJUSTMENT:		\$9.27	(\$48.33)	\$7.55	\$10.13
SITE UTILITY/PARKING:	Average/Adequate	Similar	Similar	Similar	Similar
ADJUSTMENT:		\$0.00	\$0.00	\$0.00	\$0.00
BUILDING FACTORS					
TYPE/QUALITY:	Class D/Average	Similar	Similar	Similar	Similar
ADJUSTMENT:		\$0.00	\$0.00	\$0.00	\$0.00
SIZE:	21,786 Sq. Ft.	39,651	13,360	12,320	18,923
ADJUSTMENT:		\$3.23	\$0.00	\$0.00	\$0.00
PROPERTY TYPE:	Banquet & Event Center	Banquet & Event Center	Banquet & Event Center	Restaurant & Banquet	Banquet & Event Center
ADJUSTMENT:		\$0.00	\$0.00	\$0.00	\$0.00
OTHER:	Mezzanine, Sport Venues, Flood Plain	None	Similar	None	Basement
ADJUSTMENT-OTHER:		\$5.00	\$0.00	\$5.00	\$5.00
EFF. AGE/CONDITION:	25 Years/Average	Inferior	Similar	Similar	Similar
ADJUSTMENT:		\$2.42	\$0.00	\$0.00	\$0.00
NET ADJUSTMENT:		\$24.71	(\$48.33)	(\$29.05)	\$15.13
Net Percent Adjustment		103.13%	-25.83%	-17.46%	17.89%
ADJUSTED UNIT PRICE:		\$48.67	\$138.80	\$137.35	\$99.68

Improvement Allocations

	SUBJECT	SALE NO. 1	SALE NO. 2	SALE NO. 3	SALE NO. 4
EST. LAND VALUE:		\$310,000	\$1,400,000	\$1,000,000	\$100,000
per acre					\$11
EST. PRICE BUILDING:		\$640,000	\$1,100,000	\$1,050,000	\$1,500,000
UNIT PRICE BUILDING:		\$16.14	\$82.34	\$85.23	\$79.27
Average Adjusted Price	\$106.12				
Median Adjusted Price	\$118.51				
	Gross Adjustment	\$24.71	\$48.33	\$54.15	\$15.13
	Gross Percent Adjustment	103.1%	25.8%	32.5%	17.9%



SALES COMPARISON APPROACH: (Cont'd.)

Adjustment Process:

The Adjustment Process for the improved property attempts to answer the questions:

1. What would the comparable property have sold for if it was identical to the subject property?
2. What is the difference in price attributable to the differing characteristics?

Adjustment factors considered relevant are as follows.

Real Property Rights Conveyed:

The purchase price of a property is always based on the real property rights that are conveyed. The interest being appraised in this analysis is the fee simple interest since the property will be owner occupied. The sales reflect fee simple acquisitions no adjustments are made.

Financing Terms:

The purchase price of a property may differ from that of a seemingly identical property due to the difference in the way the acquisition was financed. It would be reasonable to expect that a purchaser would be willing to pay more for a property to obtain below market financing.

Cash equivalency analysis is the process in which the sale price of a comparable with non-market financing is adjusted to reflect atypical market terms. All of the sales involved conventional financing or its equivalent. No adjustment is required for this element of comparison.

Conditions of Sale:

This category attempts to reflect the motivations of buyers and sellers. Implicit in the definition of market value is the fact that the buyer and seller are typically motivated; that all parties were informed or advised and that a reasonable amount of time was allowed for the exposure of the property in the market. If non-market conditions of sale exist, an adjustment must be made or the comparable must be disregarded. None of the grantors or grantees in any of the comparables transactions are believed to be related. Therefore, each sale is considered to be an arm's length transaction and no adjustments are required.

Market Conditions:

Changes in market conditions are caused by changes in the relationship between supply and demand, inflation and other factors. These changes will have an effect on the prices paid for the property. The market has been stable or offsetting over the time period of the sales and no adjustments are made.

SALES COMPARISON APPROACH: (Cont'd.)

Units of Comparison:

In order to proceed to the analysis of the elements of comparison, the sale price of the comparables will be reduced to a common unit of comparison. The most frequently used unit of comparison for banquet and event centers, restaurants and related buildings configured similarly to the subject is the price per square foot of building area including land. The following adjustments are made on this basis.

Location:

An adjustment for location is required when the locational characteristics of the comparable properties are different from those of the subject. The subject and sales two and four have similar locations; therefore, no adjustment is required. The subject has a superior location as compared to sale one and inferior location as compared to sale three. Sales one was adjusted up 20% per square foot based upon variances in land value and rental levels and sale three down 25%.

Land to Building Ratio/Parking:

The subject has a land to building ratios of 12.64 to 1. The ratio variances encompass parking availability and green areas. The subject has a superior ratio as compared to sales one, two and four and an inferior ratio as compared to three. Sales one, two and four were adjusted down based on the ratio difference and a land factor of \$2.25 per square foot and sale three up.

Building Factors:

The sale price of each sale is allocated to reflect land and building components of the property. This allocation is based on land values, market extraction, as well as information from market participants. This allocation is made to better account for adjustments that are building components only.

Type/Quality:

Variances exist between the subject and sales however they are considered offsetting, or the market does not indicate an adjustment is required.

Size:

The size adjustment is made based upon the premise that a smaller number of units will generally sell for more per unit than a larger volume of comparable units. The subject and comparables with the exception of sale one has relatively similar size improvements for banquet and event center users; therefore, no adjustments were required. The subject has significantly smaller building area than sale one. Sale one was adjusted down 20% per square foot of its building unit price to reflect the subject's significantly smaller size.

SALES COMPARISON APPROACH: (Cont'd.)

Other:

The subject contains a mezzanine and extensive sport venues. The subject and sale two contain offsetting amenities; therefore, no adjustments were required. The subject is located in a flood zone. Sales one, three and four were adjusted up to reflect the estimate contributory value of the sport venues.

Effective Age/Condition:

The subject improvement as complete is estimated to have an effective age of 25 years and reflects overall average condition. The subject and comparables, with the exception of sale one, have similar and offsetting effective age and condition levels; therefore, no adjustments were required. The subject is considered superior to sale one. Sale one was adjusted up 15% per square foot to reflect the subject's superior effective age and condition.

Reconciliation of the Sales Comparison Approach:

The sales comparison approach has, as its premise, that the market value of the subject is directly related to the prices being paid for competing properties. To this end, comparable sales were researched based on the physical, economic and locational aspects previously outlined in the Market Area Analysis and the Highest and Best Use Analysis. Four comparables were selected from among those that were available and analyzed.

After adjusting for items of difference, the comparables indicate a value range of \$48.67 to a high of \$138.80 per square foot of gross building area. The adjusted mean and median prices are \$106.12 and \$118.51 per square foot respectively. Primary consideration was given to sales two, three and four requiring the least amount of gross percentage adjustments.

Based on elements of comparison of the sales as related to the subject property, the subject's market value is estimated at **\$110.00** per square foot of gross building area, including land.

Applying the unit value indicator to the subject's gross building area develops an overall value as follows:

21,786 SF x 110.00/SF= \$2,396,000 (Rounded)



INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH:

Introduction:

Income producing real estate is most often purchased as an investment. The investor is less interested in amenities than in the earning power of the property. Therefore, it follows that the higher the income generated by a property, the more an investor would be willing to pay for that property. The person who invests in income producing property gives up the use of present dollars and the use of the property in exchange for the right to receive rent and the expectation of appreciation in the future. The focus of this approach is to analyze the subject's ability to generate income, both current and future and convert it into an indication of present value. The basic valuation formula underlying the approach is: $\text{Value} = \text{Income}/\text{Rate}$. The balance of this analysis attempts to estimate the future income (I) and the appropriate capitalization rate (R) necessary to calculate the present value of the property.

The derivation of the capitalization rate is also market derived. The capitalization rate reflects the compensation necessary for investors to give up the use of their current dollars, their having to forego alternative investments, the time required to manage the investment, and the risk associated with relying on forecasting future benefits.

Methodology:

There are two income capitalization methods, direct and yield; both require similar procedures, outlined as follows:

1. Estimate the effective gross income for the subject property. The subject is compared with other competing comparable property types in the area in an attempt to estimate the gross rental income for the subject. A market derived vacancy factor will be deducted from the gross rental income.
2. Estimate annual operating expenses of the subject. Operating expenses are "the periodic expenditures necessary to maintain the real property and continue production of the effective gross income, assuming prudent and competent management."²
3. Deduct the annual operating expenses from the effective gross income to derive the net operating income for the subject.
4. Convert the net operating income into an estimate of value through the capitalization process.

Because the subject is owner occupied, the estimate of market value premised on a stabilized occupancy. The most applicable technique for valuation by this approach is direct capitalization. The market participants buying, selling and investing in this property type place significant weight on this analysis. The capitalization process developed for the analysis is direct capitalization.

²ibid., p. 252

INCOME CAPITALIZATION APPROACH: (Cont'd.)

Income Expectancy:

The first step in the income approach is to derive an estimate of the effective gross income for the subject property. The estimate of income that will be developed will be for the twelve-month period following the effective date of valuation. The methodology used to accomplish this will be as follows:

1. Analyze the subject market area to develop information on properties which are similar to the subject in terms of the basic characteristics identified in the highest and best use analysis.
2. Confirm that the rental information is factual and that there were no unusual conditions involved.
3. Compare the subject property and the comparable properties based on their differing elements of comparison and adjust the rental of the comparables to reflect these differences.
4. Conclude as to the market rent for the subject property.
5. Adjust the gross rental income for the expected vacancy over the holding period.

Market Rent Analysis:

As of the date of inspection, the property was owner-occupied and operating as Joseph's Catering.

Rental Survey:

Since the subject is an owner occupied and operated banquet and event center, I have conducted a rental survey of the subject market area. The results of my survey are illustrated as follows:

Location	Leased Area	Annual Rent	Rent/SF	Type
92 Pearl Street, Buffalo	11,950	\$128,005	\$10.71	NNN
1738 Elmwood Avenue, Buffalo	18,607	\$216,772	\$11.65	NNN
391 Washington Street, Buffalo	11,000	\$150,000	\$13.64	MG
3800 Hoover Road, Hamburg	10,637	\$109,536	\$10.30	NNN
6354 Transit Road, Lancaster	5,219	\$57,620	\$11.04	NNN
Milestrip Road, Hamburg	10,000	\$90,000	\$9.00	NNN
8222 Transit Road, Amherst	5,600	\$78,400	\$14.00	NNN
2669 Union Road, Cheektowaga	18,093	\$217,116	\$12.00	NNN
988 Route 22, Brewster	20,087	\$241,044	\$12.00	NNN
5600 Newport Rd., Camillus	10,000	\$65,000	\$6.50	MG
Subject	21,786			

INCOME CAPITALIZATION APPROACH: (Cont'd.)



INCOME CAPITALIZATION APPROACH: (Cont'd.)

Summary of Rent Comparables:

The market rents range from \$6.50 to \$14.00 per square foot, reflecting net to modified gross expense responsibilities. Supply and demand factors for space of the subject size in the market area and physical differences are the primary concerns in formulating an estimate in market rent. After adjustments the rental comparables reflect a relatively tight range. Based upon these factors we have adopted a market rent level of **\$10.75** per square on a triple net basis.

Gross Potential Income:

Gross potential income is derived as follows:

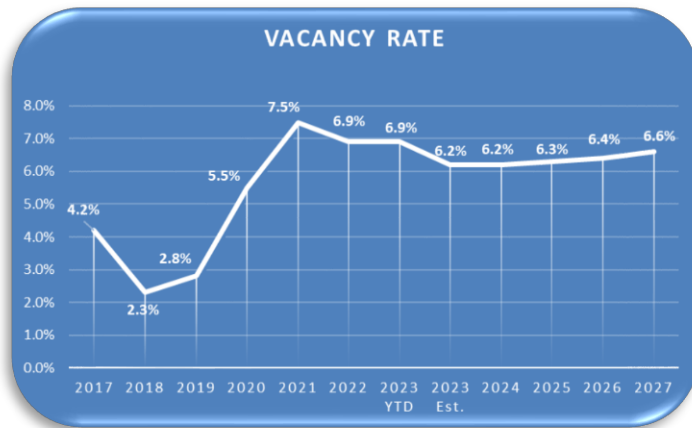
Tenant	S.F.	Rent Per S.F.	Annual Rent
Prospective Gross Potential Income	21,786	\$10.75	\$234,200

Vacancy and Credit Loss:

Please Note: CoStar data is limited, and we have included it for informational purposes only. The following data includes all restaurants within a five-mile radius of the subject property. CoStar does not distinguish between restaurants and banquet facilities.

Vacancy – As shown in the CoStar charts below, the average vacancy rate for restaurant properties surveyed has decreased from 2017 through 2019. CoStar indicates a vacancy rate of 6.9% for year-to-date 2023 with a slight decrease to 6.2% year-end 2023. It is forecast that the vacancy rate will remain between 6.2% and 6.6% through 2027.

Year	Vacancy Rate
2017	4.2%
2018	2.3%
2019	2.8%
2020	5.5%
2021	7.5%
2022	6.9%
2023 YTD	6.9%
2023 Est.	6.2%
2024	6.2%
2025	6.3%
2026	6.4%
2027	6.6%



As of the date of valuation the subject property was owner occupied. While researching rentals of competing properties in the subject area, the level of vacancy was also analyzed. Our survey indicates vacancy levels ranging from 0% to 30%. CoStar levels reflect a smaller market sampling than our survey. Based upon these factors a vacancy and credit loss allowance of 10% is adopted and applied against the potential gross income. The vacancy and credit loss allowance adopted is considered reasonable in consideration of the subject location, current market conditions and the space available.

INCOME CAPITALIZATION APPROACH: (Cont'd.)

Operating Expenses:

Operating expenses are defined as the periodic expenditures necessary to maintain the real property and to continue the production of income at market levels. Historical operating statements were not provided. I have surveyed the market for expense comparables to support expense levels, illustrated below. Market rent is based on net terms, with the tenant responsible for directly paying or reimbursing for real estate taxes, insurance, utilities, repair and maintenance. The lessor is responsible for managements, professional services, and tenant expenses during vacancy, leasing commissions, tenant fit and replacement reserves.

The following are the individual categories of expenses relating to the subject's operation and our conclusions as to stabilized annual operating expenses.

Management & Professional Services:

This expense assumes the property is professionally managed which would include office expense and telephone. Our expense survey indicated a management fee of 3% to 8% of the effective gross income (EGI). Management providers surveyed included CBRE, Longley Jones, McGuire Development Co. and Ciminelli Real Estate Corp. Based upon these factors a reasonable management and oversight expense for the subject is estimated at **4% of EGI**. This expense is intended to include office related costs such as phone, mailings, advertising, miscellaneous expenses and annual professional service.

Vacancy Expenses:

This expense category anticipates coverage of expense for taxes, insurance, utilities and maintenance during periods of lease up. Given discussions with the subject property owner, vendors and including insurance brokers, utility representatives, maintenance survey providers, the comparables expenses levels and recognizing that utility and maintenance costs would be reduced during a period of vacancy, these expenses are estimated at \$3.00 per square of the effective building area annually or \$65,358. Applying a 10% factor indicates an average annual vacancy expense of **\$6,536**.

Leasing Commissions:

This category is intended to reflect leasing commissions incurred by the lessor to lease the premises on a stabilized basis. In order to determine local industry standards, we review recent listing agreements of similar lease transactions. In addition, we have surveyed David Schiller of Pyramid Brokerage, Michael Clark of CBRE and James Militello of Militello Real Estate. Leasing commissions is estimated at **5%** of the gross income.

Tenant Fit:

The subject rental level estimated "as is" with no allocation for additional build out.

INCOME CAPITALIZATION APPROACH: (Cont'd.)

Replacement Allowance:

While not typically identified by property owners, it is reasonable to account for a reserve for replacement. This assumes that an annual reserve account would be set aside to repair major structural items that will wear out or require replacement before the end of the building's useful life including the roof, HVAC, etc.

Item	Cost	Units	Cost New	Life Years	Reserve
HVAC	\$5,000	5	\$25,000	15	\$1,667
Roof	\$120,000	1	\$120,000	25	\$4,800
Flooring	\$10,000	1	\$10,000	10	\$1,000
Site/Parking Lot	\$100,000	1	\$100,000	30	\$3,333
Total:			\$230,000		\$10,800
			Per Sq. Ft.		\$0.50

Based upon this analysis and considering alternatives to straight line analysis, replacement, reserves are estimated at \$.25 per square foot, of the gross building area equating to an annual reserve of \$5,447.

**Reconstructed Operating Statement
271 Columbia Avenue
Village of Depew, Erie County, New York**

Gross Potential Income			
	21,786	SF @	\$10.75
			\$234,200
Vacancy & Collection Loss			10%
			(\$23,420)
Effective Gross Income			\$210,780
Operating Expenses			
<i>Fixed:</i>			
Real Estate Taxes			Tenant
Insurance			Tenant
<i>Variable:</i>			
Utilities			Tenant
Repairs/Maintenance			Tenant
Management Fees	4%		\$8,431
Vacancy Expense			\$6,536
Leasing Commissions	5%		\$10,539
Tenant Fit			\$0
Reserves for Replacements			\$5,447
Total Expenses	14.7%		(\$30,953)
Net Operating Income			\$179,826

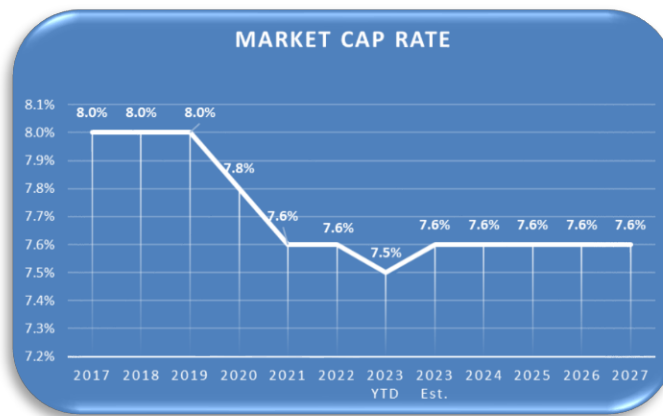
INCOME CAPITALIZATION APPROACH: (Cont'd.)

Capitalization:

Because of the subject property’s income producing characteristics and also recognizing the purpose and intended use of this report, the direct capitalization process has been selected for processing the subjects’ income to a value indication. Several methods of determining overall capitalization rates have been employed.

CoStar Market Cap Rate - The overall cap rates remained fairly stable from 2017 through year-to-date 2023 between 7.6% and 8.0%. It is forecast that the cap rate will remain between 7.5% to 7.6% through 2027. The following graphs show market cap rates from 2017 through year-to-date as well as projections for year-end 2023 through 2027.

Year	Market Cap Rate
2017	8.0%
2018	8.0%
2019	8.0%
2020	7.8%
2021	7.6%
2022	7.6%
2023 YTD	7.5%
2023 Est.	7.6%
2024	7.6%
2025	7.6%
2026	7.6%
2027	7.6%



Price Waterhouse Coopers / Korpacz and Associates, Inc. a specific category does not exist for the restaurant category and the National Strip Shopping Center Market survey (1st Quarter 2023) has been utilized as a substitute and is referenced. This survey reflects market activity in metropolitan areas, most superior to the subject.

Institutional		
Market	Range	Average
National Strip Shopping Center	6.50-12.0%	8.83%
Institutional- Grade OARs		
Institutional		
Market	Range	Average
National Strip Shopping Center	5.0-10.0%	7.23%

Realty Rates Investor Survey: Restaurants-All Types – 2nd Quarter 2021

Technique	DSCR	Mort. Equity	Survey
Minimum	6.00%	7.48%	6.04%
Maximum	18.86%	18.67%	17.55%
Average	10.50%	11.97%	13.18%

INCOME CAPITALIZATION APPROACH: (Cont'd.)

Mortgage Equity:

The mortgage equity technique of capitalization can be defined briefly as a method of converting an income stream into an indication of value by dividing a composite overall rate into net annual (operating) income.

The overall rate has built into it six significant components that relate to the basic concepts of mortgage equity. Three of the variables concern financing: (1) the loan ratio (dollar amount of the mortgage as a percent of value); (2) the term of the loan in years and its amortization period; and (3) the loan interest rate. The other three include: (1) the holding period, which is a limited term of ownership before selling, refinancing or exchanging the property; (2) the equity yield rate (yield to maturity, which encompasses both current yield and deferred yield); and (3) estimate of appreciation or depreciation in property value within the duration of the expected holding period.

In developing estimates for these variables, numerous sources were consulted. With regard to the financing variables, three local commercial banks were consulted.

All indicated that the financing terms utilized in this analysis were within the range of recently financed projects. The estimate for value change over the holding period is based on the results of the market area analysis. The equity yield rate has been based on an ongoing survey of local investor's requirements.

Interest rates are generally related to 10-year constant maturities in so far as "mark up" above the 10-year treasuries. The mark up of basis ranges from 150 to 300 points, depending on various factors including project location and age and quality of the property. As of the week ending March 31, 2023, the basic, or safe rate, for five to ten-year U. S. Treasury bonds and liquid corporate bonds rated Aaa & Baa were as follows:

Dates	Week Ending March 31, 2023
5 to 10- Year Treasuries	3.60 to 3.48
Corporate Bonds Aaa	4.60
Baa	5.71

Utilizing 3.5% as a base, real estate requires an upward adjustment for additional risk, management, and reduced liquidity. Assuming a 300-basis point mark up this indicates an interest rate of 6.50%.

Local Investor Survey - Investors in Western New York were interviewed. The expected yield rate indicated by these owners is 9% to 16%. This range is also consistent with ongoing surveys of owners of different property types in Western New York. Listed below are the quoted rates from three local investors/developers.

Investor/Developer	Indicated Yield
1	10.5-15%
2	9-12%
3	11.0-16%

These rates are anticipated yields on invested capital.

INCOME CAPITALIZATION APPROACH: (Cont'd.)

Capitalization Rate Mortgage Equity			
Assumptions:			
Interest Rate:	6.50%	Loan Factor	0.0716
Amortization Schedule/Years:	20 Years	Equity Factor	<u>0.0300</u>
Term/Years:	10 Years	Basic Rate	0.1016
Loan Value Ratio:	80%	Equity Factor Pay Off	0.0135
Equity:	20%	HP Value Change	0.0000
Equity Yield Rate:	15%		
Value Change:	0%		
Holding Period /Years:	10 Years		
Mortgage Constant:	0.0895		
Sinking Fund:	0.0493		
Pay Off HP:	0.343	OAR	0.0880

Band of Investment			
Mortgage Constant	0.089	80%	= 0.0716
Equity Dividend	0.080	20%	= <u>0.0160</u>
Capitalization Rate	OAR		= 0.0876

Debt Service Coverage	
Loan to Value	= 0.8000
Mortgage Constant	= 0.0895
Debt Coverage Ratio	= <u>1.3000</u>
DSCR Cap rate	= 0.0930

Summary of the Income Capitalization Approach:

Based on the market derived cap rates and the data gathered, we have adopted an overall capitalization rate of **8.75%**. Applying it to the stabilized income stream previously calculated, the value from this approach is developed as follows:

Net Operating Income	=	Value
Capitalization Rate		
<u>\$179,826</u>		
8.75%	=	\$2,055,159
Indicated Value Via Income Approach (Rounded)		\$2,055,000

RECONCILIATION AND CONCLUSION OF VALUE:

The value indications for the subject, by use of the applicable approaches to value, are as follows:

Value Indicators:	
Sales Comparison Approach	\$2,396,000
Income Capitalization Approach	\$2,055,000
Final Estimate of Market Value	\$2,275,000

The appraised properties include an owner-occupied and operated banquet and event center.

The sales comparison approach was developed as the primary method of valuation. The value of the improved property was developed based on four comparables plus two active listings.

The analysis of the banquet and event center also considered the income capitalization approach. The value estimate is consistent with the owner occupancy indication of the sales comparison approach. However, it is a secondary method of valuation because this property type is typically acquired for owner occupancy. The approach is employed as a test of reasonableness only.

The cost approach was not developed since it is not necessary to produce a credible appraisal. Furthermore, market participants do not normally consider cost analysis in their buy/seller decisions.

After considering all of the evidence and indications of value develop-ed in this report and weighing the reliability of each, we have estimated the as is market value of the fee simple interest of the subject real property to be:

Value Type	Interest Appraised	Date of Valuation	Value Conclusion
Market Value	Fee Simple	March 6, 2023	\$2,275,000

The estimated exposure time for the subject property to have achieved the as is appraised value is 6 to 12 months in this market area. This is estimated from the exposure periods of properties similar to the subject in the Western New York market.

