

APPRAISAL OF THE  
FORMER COMMUNITY CORRECTIONAL CENTER PROPERTY  
1004 NORTH 10<sup>TH</sup> STREET  
CITY OF MILWAUKEE, WISCONSIN

PREPARED FOR:

Ms. Emily Van Deraa  
Associate Project Manager  
Milwaukee County  
Department of Administrative Services  
2711 W. Wells St. 3<sup>rd</sup> Floor  
Milwaukee, WI 53208

PREPARED BY:

Ann R. Davis, MAI  
Davis Appraisals, Inc.  
8329 Jackson Park Blvd.  
Wauwatosa, WI 53213

AS OF:

October 28, 2014

# DAVIS APPRAISALS, INC.

ANN R. DAVIS, MAI

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November 19, 2014

Ms. Emily Van Deraa  
Associate Project Manager  
Milwaukee County  
Department of Administrative Services  
2711 W. Wells St. 3<sup>rd</sup> Floor  
Milwaukee, WI 53208

Ref. No. 1421

Dear Ms. Van Deraa:

At your request, I have prepared an appraisal report of the property located at 1004 North 10<sup>th</sup> Street, in the City of Milwaukee, Milwaukee County, Wisconsin. I have personally inspected the property and have made a careful and detailed analysis of all factors pertinent to the estimate of value. The accompanying report sets forth my personal, unbiased professional analyses, opinions and conclusions.

The subject property is comprised of a 5-story, 57,800 square foot building on an 18,520 square foot site. Originally built in 1931 and 1946 as St. Anthony's Hospital, the building has more recently been used as a Huber facility (work release housing) by Milwaukee County and has been vacant since 2010. The property is zoned C9D(A), Civic Activity, by the City of Milwaukee. The property is described in greater detail in the appraisal.

Included within the report that follows is documented data in support of the value conclusion, exhibits, and certification. Also included is a list of assumptions and limiting conditions which should be reviewed by the reader. Significant material collected during this analysis has been retained and is available for inspection upon request.

This appraisal is in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Ms. E. Van Deraa  
November 19, 2014  
Page 2

The subject property is currently part of a tax parcel that includes an adjacent, connected building and a total of 1.68 acres of land. This appraisal is based on the extraordinary assumption that the property can be divided as proposed. The appraisal is also based on the extraordinary assumption that an estimate of demolition costs prepared by the Milwaukee County Department of Administrative Services and provided by the client is an accurate estimate of demolition costs. These are assumptions, which, if found to be false, could alter the appraiser's opinions or conclusions.

Based on my investigation, it is my opinion that the market value of the fee simple interest in the property located at 1004 North 10<sup>th</sup> Street, in the City of Milwaukee, as of October 28, 2014, is

\$750,000

(SEVEN HUNDRED FIFTY THOUSAND DOLLARS)

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 57 NUMBERED PAGES, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

Respectfully submitted,

Davis Appraisals, Inc.



By Ann R. Davis, MAI  
Wisconsin Certified  
General Appraiser #34

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SUBJECT PHOTOS TAKEN OCTOBER 28, 2014



Subject Property Looking Northeast



Main Entrance On N. 10<sup>th</sup> Street

SUBJECT PHOTOS



South Side Of Subject Property On West State Street



Looking Northwest Towards Subject Property (On Left)

SUBJECT PHOTOS



North And West Sides Of Subject Property (Carport Not Included)



Entrance On North Side Of Subject Property

SUBJECT PHOTOS



East Side Of Subject Seen In Distance (Past One-Story Building)



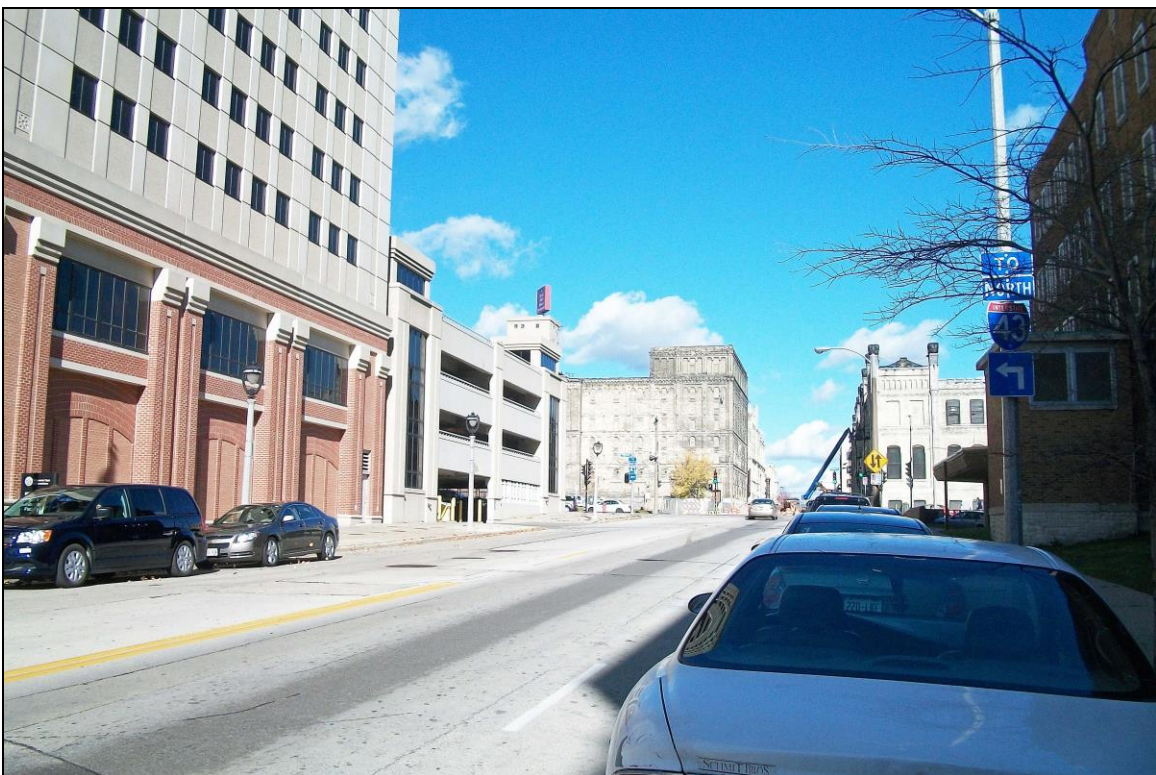
Looking East On West State Street (Subject On Left)



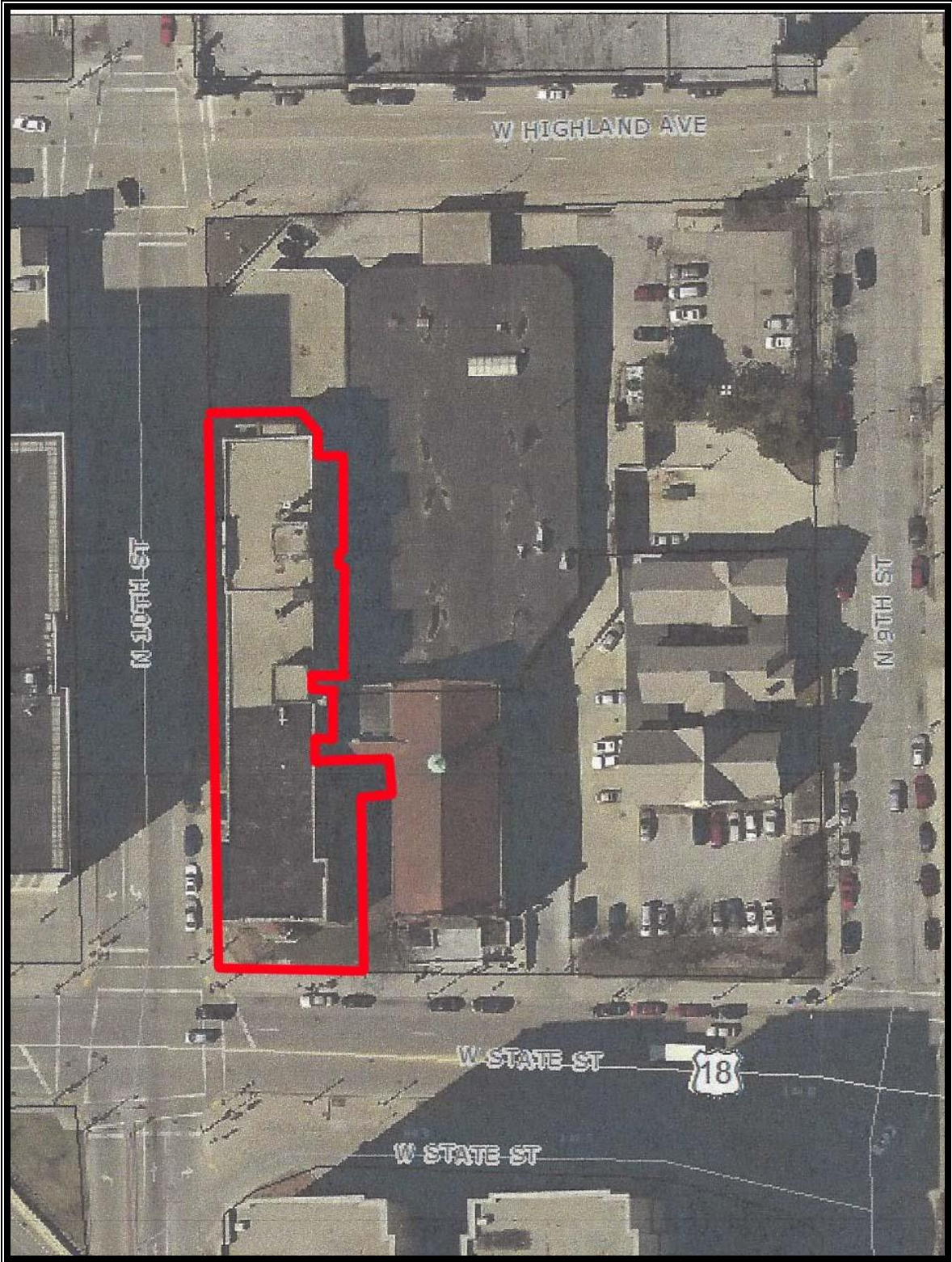
SUBJECT PHOTOS



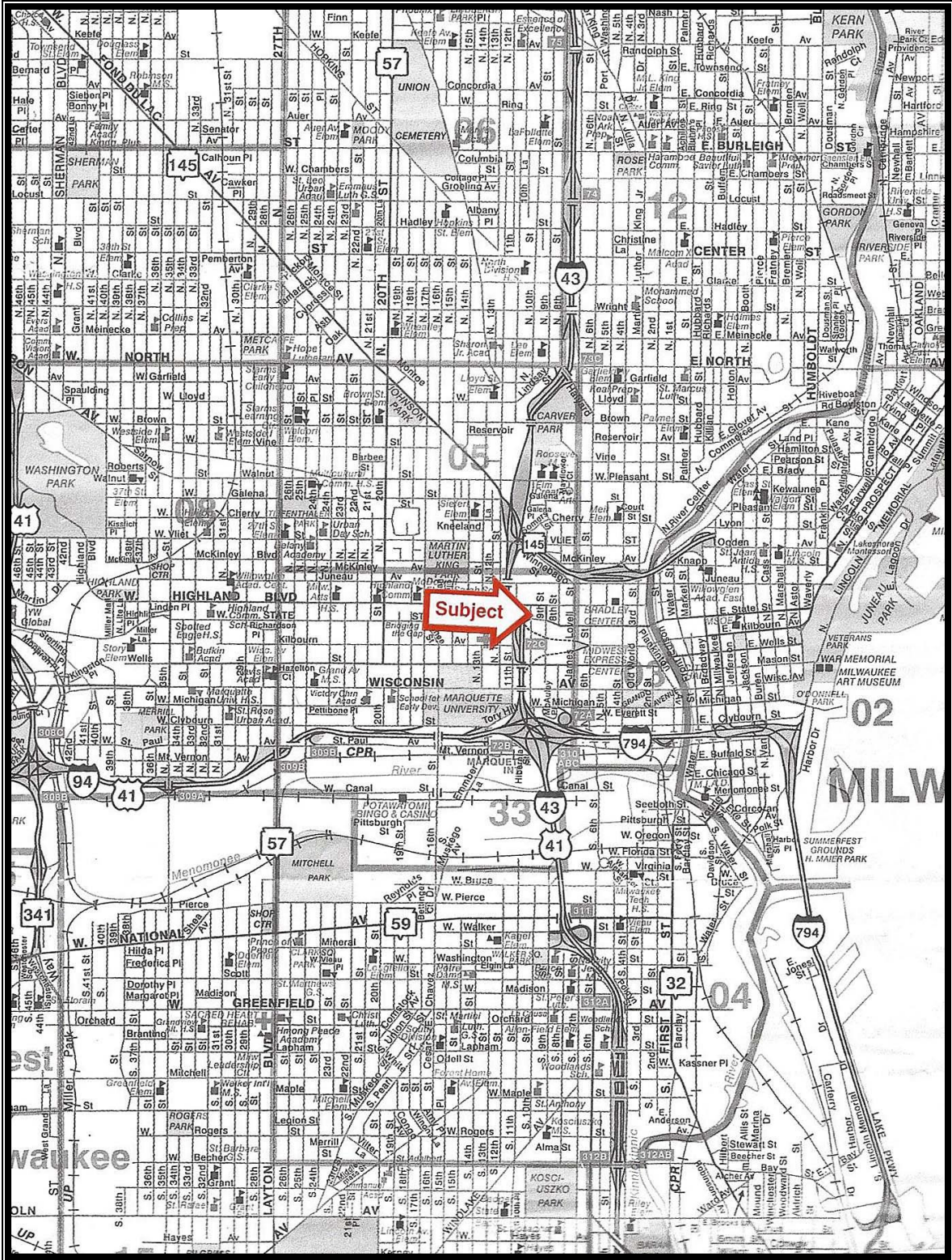
Looking West On West State Street (Subject On Right)



Looking North On North 10<sup>th</sup> Street (Subject On Right)



AERIAL PHOTOGRAPH



LOCATION MAP

**EXECUTIVE SUMMARY**

PROPERTY IDENTIFICATION: Former St. Anthony's Hospital Building  
1004 North 10<sup>th</sup> Street  
Milwaukee, Wisconsin

DATE OF INSPECTION: October 28, 2014

DATE OF VALUATION: October 28, 2014

INTEREST APPRAISED: Fee Simple

OWNER OF RECORD: Milwaukee County

ZONING: C9D(A), Civic Activity

TAX KEY NUMBERS: Part of 391-0258-111

ASSESSMENT: Tax exempt owner; not assessed

SITE DATA: Irregularly shaped site with 18,520 square feet

IMPROVEMENT DATA: 5-story brick building with approx.  
57,800 square feet above grade

VALUE CONCLUSIONS:

SITE VALUE (IF VACANT):	\$740,000
ESTIMATED DEMOLITION COSTS:	\$1,800,000
SITE VALUE (AS IS):	\$0
VALUE AS IMPROVED:	\$750,000
FINAL VALUE CONCLUSION:	\$750,000

## INTRODUCTION

### Legal Description

The proposed legal description for the subject property is:

A division of all of Lots 1,2,3,4,14,15 and 16 and parts of Lots 5,6,7,8,12 and 13 in Block 198 of the Subdivision of the North 30 acres of the Northwest 1/4 of the Northwest 1/4 of Section 29, Township 7 North, Range 22 East, City of Milwaukee, Milwaukee County, Wisconsin, described as follows:

Commencing at the Northwest corner of the Northwest 1/4 of said Section 29, thence North 88°57'51" East along the north line of said 1/4 section, 993.29 feet; thence South 1°02'09" East 886.56 feet to the point of beginning on the East right of way line of North 10<sup>th</sup> Street; thence along said east line South 0°57'00" East 261.86 feet to a point on the North right of way line of West State Street; thence South 88°16'02" East 72.11 feet along said north right of way line; thence North 0°58'44" West 74.02 feet to a point; thence North 89°01'58" East 21.33 feet to a point; thence North 0°58'02" West 22.32 feet to a point; thence South 88°27'53" West 35.45 feet to a point on an exterior wall of an existing brick building; thence North 1°32'07" West 7.40 feet along said exterior wall to a point; thence North 88°27'53" East 8.25 feet along said exterior wall to a point to intersection of of an interior wall of said building; all courses are along interior walls of said building until otherwise noted; thence North 1°32'07" West 32.48 feet to a point; thence South 88°27'53" West 4.75 feet to a point; thence North 1°32'07" West 1.83 feet to a point; thence North 88°27'53" East 9.69 feet to a point; thence North 1°32'07" West 45.35 feet to a point; thence South 88°27'53" West 1.51 feet to a point; thence North 1°32'07" West 5.40 feet to a point; thence North 88°27'53" East 0.70 feet to a point; thence North 1°32'07" West 52.75 feet to a point; thence South 88°27'53" West 10.55 feet to a point; thence North 1°32'07" West 15.60 feet to a point; thence North 44°02'45" West 11.97 feet to a point also on the north exterior wall of said building; thence South 88°42'20" West 49.88 feet along said north exterior wall to said point of beginning. Containing 18,520 sq. ft or 0.43 acres +/-.

This legal description is from a preliminary Certified Survey Map (CSM) that will divide the subject property from the adjacent Medical Examiner's building. The CSM has not yet been approved so the legal description is not final, but the appraisal is based on the assumption that the property will be divided as proposed. The legal description is believed to be accurate but is not warranted.

### Property History

The subject property is owned by Milwaukee County. It was purchased in 1987 from St. Anthony's Family Medical Center Inc. for \$2,075,000. Included in that purchase were the adjacent Medical Examiner's building and a 1.76-acre parking lot located across the street. No transfers of the property have occurred since 1987. The property is not currently on the market but there is some interest in possibly selling the facility.

## **Purpose and Intended Use of the Appraisal**

The purpose of the appraisal is to provide an estimate of the market value of the fee simple interest in the subject property as of the date of inspection. Ann Davis met with Emily Van Deraa and David Cialdini of Milwaukee County to inspect the property on October 28, 2014. The date of valuation is the date of inspection, October 28, 2014.

According to The Dictionary of Real Estate Appraisal (Fifth Edition), fee simple is defined as: "Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat".

The intended use of the appraisal is to provide an estimate of market value for possible sale of the property. The intended users of the appraisal are Milwaukee County and its agents.

## **Definition of Value**

In this appraisal, market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are 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 are 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.

This definition of market value is used by agencies that regulate federally insured financial institutions in the United States and is a commonly accepted definition. In this appraisal the market value estimate is based on an estimated exposure time of up to 2 years.

### **Extraordinary Assumptions**

The Uniform Standards of Professional Appraisal Practice (USPAP) (2014-2015 Edition) defines an extraordinary assumption as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.” The subject property is currently part of a tax parcel that includes the adjacent, connected building occupied by the Medical Examiner’s office and a total of 1.68 acres of land. This appraisal values only the five-story portion of the building and the underlying portion the site, and is based on the extraordinary assumption that the property can be divided as described.

The appraisal also relies upon an estimate of demolition costs prepared by the Milwaukee County Department of Administrative Services and provided by the client. Although cost estimates can vary substantially, this appraisal is based on the assumption that the provided estimate is an accurate estimate of demolition costs.

### **Hypothetical Conditions**

The Uniform Standards of Professional Appraisal Practice (USPAP) (2014-2015 Edition) defines a hypothetical condition as “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 assignment results, but is used for the purpose of analysis.” This appraisal is not based on any hypothetical conditions.

### **Scope of the Appraisal**

The process of preparing this report included the following:

- Inspection of the property. Ann Davis met with Emily Van Deraa and David Cialdini of Milwaukee County to inspect the property on October 28, 2014.
- Description of the property, including zoning, taxes, site and building characteristics. The appraiser relied on information provided by Milwaukee County and the City of Milwaukee regarding zoning, availability of utilities and other characteristics of the property.
- Analysis of highest and best use.
- Estimation of value using the sales comparison approach. The sales comparison approach was used to value the site as if vacant and the property as currently improved. Demolition costs were based on an estimate provided by the client. Comparable sales used in this report were inspected and the terms of the transactions were verified with the buyer, seller or broker when possible. Data may have been used without verification by a party to the transaction if attempts to contact these individuals were unsuccessful and/or if the data was obtained from a reliable source and appeared to be correct.
- Preparation of an appraisal report.

## DESCRIPTION

### Area Data

The subject property is located in the City of Milwaukee, on the northeast corner of West State Street and North 10<sup>th</sup> Street. The neighborhood is on the west side of the downtown area, in the vicinity of the Milwaukee County Courthouse. There are many civic uses in the area, including Milwaukee Secure Detention Facility, Milwaukee County Jail, Milwaukee County Sheriff's Office, Milwaukee County Medical Examiner, Milwaukee Municipal Court, and Milwaukee Public Museum.

The Milwaukee County Medical Examiner's office is in a one-story building attached to the subject property. Immediately east of the subject on West State Street is St. Benedict the Moor church, which is known for its nightly community meal for the homeless and hungry. The church also owns three residences on North 9<sup>th</sup> Street, which are used for its outreach programs. To the immediate south of the subject are the Milwaukee County Safety Building and the Milwaukee County Jail. The courthouse lies just south of these buildings. To the immediate west of the subject is the Milwaukee Secure Detention Facility, a medium security correctional facility built in 2001 with a capacity of 1,040 prisoners.

To the north of the subject property, across West Highland Avenue, is the former Pabst Brewery property, now known as The Brewery. Pabst Brewery operated in Milwaukee for over 150 years but closed in 1996 leaving over a dozen historic buildings vacant. In 2006 developer and philanthropist Joseph Zilber purchased the complex and entered into a partnership with the City of Milwaukee to develop an historic mixed-use neighborhood. The City has invested millions in infrastructure and site improvements and Zilber has sold the shells of many of the historic buildings and vacant sites to third-party developers. Properties developed at The Brewery include affordable loft apartments, senior apartments, office space, buildings for Cardinal Stritch University's School of Education and Leadership and the University of Wisconsin – Milwaukee's School of Public Health, a 90-room extended stay hotel with a restaurant, and a parking garage. Other projects in the works are apartments for international students attending nearby colleges and some high-end apartments. The subject property is located about one-half mile from Marquette University, Milwaukee Area Technical College and Milwaukee School of Engineering, and is about three miles from the main campus of the University of Wisconsin – Milwaukee.

The subject's neighborhood has convenient highway access. Interstate Highway 43 runs north-south one block west of the subject property and Interstate Highway 794/94 runs east-west about five blocks to the south. Access to both is within a few blocks. I-94 provides a convenient link to Madison and Chicago, and I-43 heads north to Fond du Lac and Appleton and southwest to Beloit.



### **Area Data, continued**

The city of Milwaukee had a 2010 population of 594,833, a less than 1 percent decline from the 2000 population of 596,974. The outlying counties of metropolitan Milwaukee are currently experiencing population growth while the city of Milwaukee and Milwaukee County are remaining stable or declining slightly in population. This phenomenon is occurring in most of the large metropolitan areas of the United States.

Milwaukee's economy continues to recover from the recession of 2007 to 2009. The City of Milwaukee unemployment rate for August 2014 was 8.3 percent, down from 10.1 percent in August 2013 but still higher than before the recession. In August 2007 the unemployment rate in Milwaukee was 6.2 percent.

Despite slow jobs growth, development is occurring in the downtown area again, including new office space, hotels, and apartment projects. The recently completed Pabst Professional Center added 42,000 square feet of office space, Northwestern Mutual has begun construction of a \$1.1 million square foot office tower, and Irgens Development Partners is building 833 East Michigan, which will add 350,000 square feet of class A office space. Recently completed hotels in Milwaukee include Hilton Garden Inn, Marriott Milwaukee Downtown, Potawatomi Casino Hotel, and the Brewhouse Inn. Also proposed is a boutique Kimpton hotel in the Historic Third Ward. There are over 1,200 apartment units under construction or planned in the downtown area including 218 units in The Brewery, just north of the subject property.

The outlook for the neighborhood is stable. With so many civic uses in the area, no significant changes in land use are expected. Replacement or renovation of older buildings that have reached the end of their economic lives is expected to continue.

## **Zoning**

The subject property is zoned C9D (A), Civic Activity, Sub-district A, by the City of Milwaukee. The Civic Activity district is intended to serve as a regional center for office, government, educational, cultural and recreational activities. Retail uses in the district are limited to those that serve employees in the district, patrons of cultural, recreational, or educational activities, or district residents. Allowed uses in the C9D zoning include schools, colleges, religious assembly, general and government offices, financial institutions, medical offices, business services, dry cleaners, hotels, restaurants and taverns, and broadcasting or recording studios. Other uses that may be permitted as limited or special uses include multi-family dwellings, rooming houses, dormitories, correctional facilities, general retail, hospitals, and social service facilities. If multi-family dwellings are permitted, no dwelling unit or accessory parking may be located on the street level.

In Sub-district A, lots must be at least 100 feet wide and have at least 20,000 square feet. Buildings must have a front setback of 10 feet and combined side setbacks of at least 8 feet. There is no rear setback required. Buildings must be at least 30 feet tall. There is no maximum building height restriction. No off-street parking is required in the C9D zoning district. The proposed subject site does not meet the minimum required lot size. However, it may be permitted with a variance. The appraisal is based on the assumption that the proposed division will be approved.

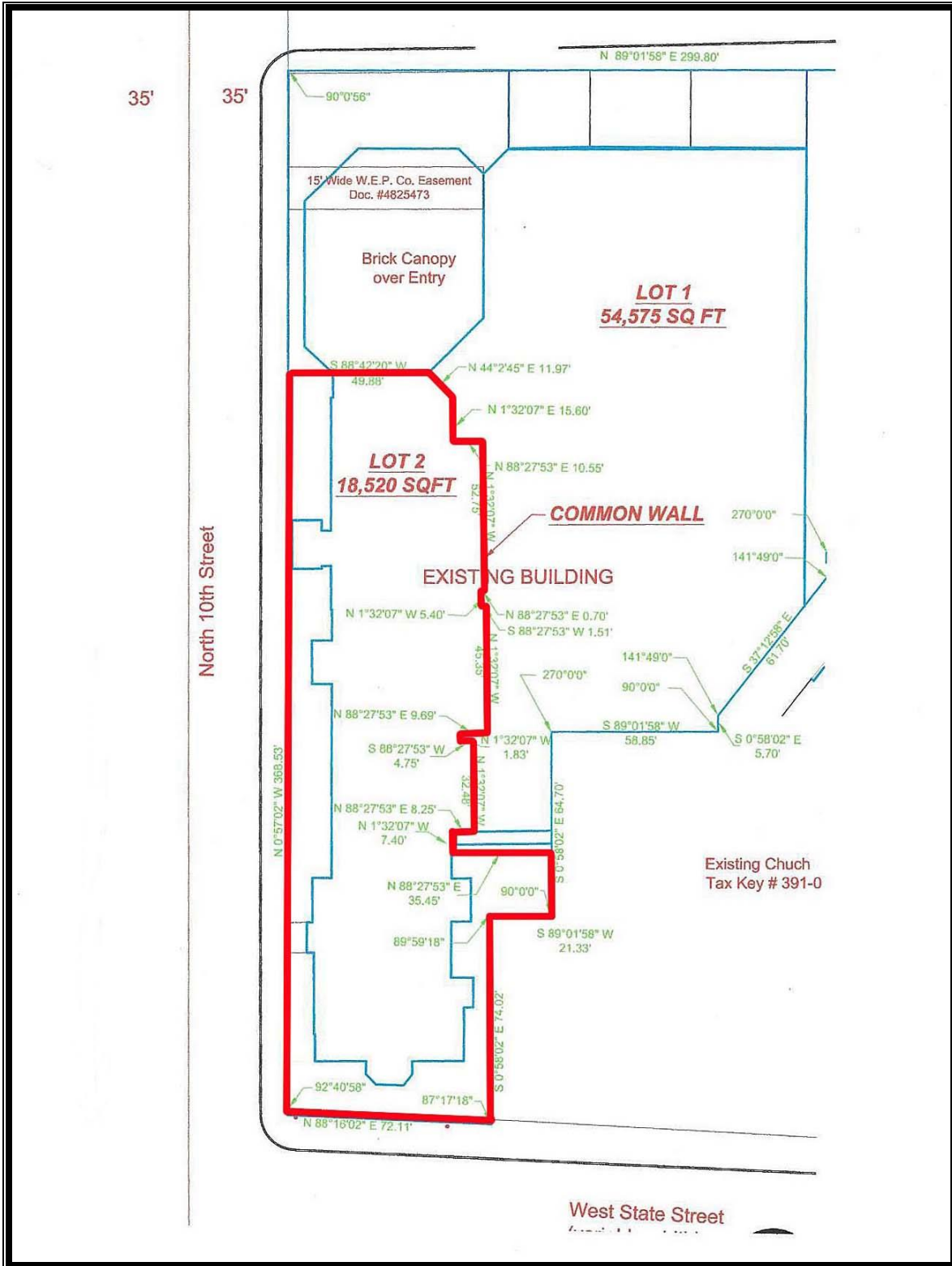
## **Property Taxes and Assessment**

The subject property is not separately assessed but is part of tax parcel #391-0258-111. The parcel is owned by Milwaukee County and is tax exempt. Therefore, it is not assessed.

## **Site Description**

The subject property is currently part of a larger property that has a 1.68-acre site. This appraisal is based on a proposed division of the property, with 18,520 square feet (.43 acre) to be allocated to the subject property. The proposed lot will have 72.11 feet of frontage on West State Street and 261.86 feet on North 10<sup>th</sup> Street. The east property line is very irregular and a portion of it runs along the common wall between the subject property and the adjacent building.

The site is level and at road grade. West State Street is a two-way, four-lane road and North 10<sup>th</sup> Street is a two-way, two-lane road. There is street parking on both streets and both are paved thoroughfares with curbs, gutters, street lights, and sidewalks. Municipal water and sewer services are available. According to Federal Emergency Management Agency Map #55079C0091E, effective September 26, 2008, the subject property is in Zone X, which lies outside of the floodplain. No evidence of toxic materials or environmental contamination was noted on the site and there is no known past use of the site that would indicate possible or likely contamination. However, an environmental study was not provided. This appraisal is based on the assumption that there is no contamination of water or soil.



SURVEY

## **Description of Improvements**

The subject site is improved with a 5-story building originally designed and used as a 102-bed hospital, and later converted to a Huber facility to house prisoners in a work-release program. Built in 1931 and expanded in 1946, it is a reinforced concrete structure with a combination of solid brick and face brick over concrete block exterior walls. There is a flat roof with a built-up tar and gravel roof covering. The building is heated by WE Energies steam and radiators, and is not air conditioned. There are two elevators and five stairways.

Interior finishes include a variety of materials. Flooring is terrazzo, vinyl or asbestos tile, carpeting and ceramic tile. Interior walls are painted plaster or drywall. Ceilings are mostly suspended acoustic tile with fluorescent lighting. Windows are wooden, double hung with security screens. Each floor has a central hallway with rooms on either side. Many of the rooms have a private bathroom with a toilet and sink, and there are also larger shared bathrooms and shower rooms on the upper floors. It appears there was a kitchen on the first floor but all appliances and plumbing fixtures are gone.

Interior finishes are old and worn and the building is in poor condition. It has been vacant since 2010 but reportedly has been heated while empty. Many of the plumbing fixtures have been removed and the roof leaks. There was standing water on the fifth floor when inspected. It is unknown if the elevators still work, and the condition of the plumbing, electrical wiring and mechanicals is unknown. The building exterior appears to be in good condition, although the concrete stairs to the entrance on N. 10<sup>th</sup> Street are deteriorating. The property no longer functions for its original intended use as a hospital and will require extensive renovation to convert the building to an alternative use.

The subject property has no on-site parking. Although no on-site parking is required by zoning, a successful re-use of the building will need to provide parking either within the building or nearby. There is a public parking garage located about one block away, but its availability is unknown.

SUBJECT PHOTOS – INTERIOR



Typical Interior Hallway



Typical Interior Finish

SUBJECT PHOTOS – INTERIOR



Typical Interior Finish



Shared Bathroom With Missing Plumbing Fixtures

SUBJECT PHOTOS – INTERIOR



Typical Interior Finish



Water Damage

SUBJECT PHOTOS - INTERIOR



Typical Interior Hallway



Damage On 5<sup>th</sup> Floor From Leaking Roof



## HIGHEST AND BEST USE

Highest and best use is defined by The Dictionary of Real Estate Appraisal as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value".

The following tests must be passed in determining highest and best use:

- 1) The use must be legally permissible
- 2) The use must be physically possible
- 3) The use must be financially feasible
- 4) The use must be maximally productive, that is, it must provide the highest rate of return or value

### **As Vacant**

The primary legal consideration that typically affects highest and best use is the zoning of a property. The subject property is zoned C9D(A), Civic Activity, Sub-district A, by the City of Milwaukee. The Civic Activity district is intended to serve as a regional center for office, government, educational, cultural and recreational activities. Retail uses in the district are limited to those that serve employees in the district, patrons of cultural, recreational, or educational activities, or district residents. Allowed uses in the C9D zoning include schools, colleges, religious assembly, general and government offices, financial institutions, medical offices, business services, dry cleaners, hotels, restaurants and taverns, and broadcasting or recording studios. Other uses that may be permitted as limited or special uses include multi-family dwellings, rooming houses, dormitories, correctional facilities, general retail, hospitals, and social service facilities. If multi-family dwellings are permitted, no dwelling unit or accessory parking may be located on the street level.

Physically, the subject site can support many of the legally permitted uses. It is a level site with typical access and is fully improved with municipal water and sewer services. There are no known contamination or subsoil deficiencies that would prohibit development. Although it is a relatively small site with a long, narrow shape, in the downtown area where setback requirements are minimal and no on-site parking is required the site could support a high-density development.

Considering the financially feasible uses of the site, if vacant, potential uses include office space, apartments with commercial space on the ground floor, or student housing. These are the types of uses that are being developed in the area, which indicates there is market demand. A complete financial feasibility analysis is beyond the scope of this appraisal, but it appears that a variety of potential uses may be financially feasible.

### **Highest and Best Use, continued**

Use of the site for a high-density commercial, multi-family or mixed-use development would maximize property value. Therefore, highest and best use of the site is for a high-density commercial, multi-family or mixed-use development.

### **As Improved**

The subject property is improved with a five-story building with a basement. It was built in 1931 and 1946 as a hospital but no longer functions for this use. The existing building is a legally permitted structure and redevelopment of the property for a variety of commercial and multi-family uses would be legally permissible in the C9D(A), Civic Activity, zoning district.

Physically, the building has been vacant for four years and interior finishes are in poor condition. The building likely needs all new interior finishes and mechanicals. However, the brick and concrete building exterior appears to be in good condition and is believed to be suitable for redevelopment. The lack of on-site parking may limit potential uses of the property. It may be possible to add indoor parking in the basement but if not, a use that does not require parking, such as student housing, may be possible.

Considering the financially feasible uses of the building, the same uses that are feasible for the site, if vacant, would be financially feasible as a redeveloped use of the building. Potential uses include office space, apartments with commercial space on the ground floor, or student housing. As mentioned, these are the types of uses that are being developed in the area, which indicates there is market demand. Because the estimated cost to remove the existing building far exceeds the value of the site if vacant, the property offers no potential as a redevelopment site unless the building removal is undertaken or subsidized by the county or city.

The property value is maximized by re-use of the existing structure for redevelopment. Therefore, highest and best use of the property as improved is for redevelopment of the existing building for a commercial, multi-family or mixed use.

# VALUATION

## Introduction

In the appraisal of real estate, there are three traditional approaches that provide indications of value for a property. Ideally each of these approaches is used in the market value estimate. Practically, however, not all approaches are necessarily applicable to the valuation of all types of real estate. The three traditional approaches are the cost approach, sales comparison approach, and income capitalization approach.

The cost approach is based on the principle of substitution: that no prudent person would pay more for a property than the cost to acquire a similar site and construct a building of equal desirability and utility. The procedure involves estimating the value of the site, as if vacant, then estimating the costs to reconstruct improvements. Deductions are made from the construction cost estimate for accrued depreciation caused by physical deterioration and functional and external obsolescence, and the estimated site value is then added.

The sales comparison approach is based on the principle of supply and demand, recognizing that prices are determined in the market as a result of negotiations between buyers and sellers. The methodology used in this approach consists of gathering and analyzing recent sales, listings, or offers of similar properties. Relevant units of comparison are selected to compare sale properties to the appraised property and adjustments are made to provide an indication of market value.

The income capitalization approach involves conversion of anticipated benefits to be derived from ownership or purchase of a property into an estimate of its present worth or value. The methodology used in this approach can take many formulations, but it is generally the process of converting a series of anticipated future benefits, in the form of income and/or reversion value, into a present value. This process is known as capitalization and depends on alternative market investments to indicate an applicable capitalization or discount rate.

The final step in the appraisal process is the reconciliation of the estimates arrived at by the appropriate approaches described above. Rather than a mere averaging of the value indications, the reconciliation considers factors such as the reliability of data used in the various approaches, the appropriateness of the approaches in dealing with any unique or unusual features of the property, and the importance that investors or purchasers of this type of property place on the value conclusions of the different approaches.

The only approach used in this appraisal is the sales comparison approach. The cost approach will not be used because of the difficulty of estimating all forms of depreciation for an old building in poor condition. Additionally, the income capitalization approach will not be used because the property could not be rented in its current condition. The sales comparison approach will be used to value both the site, as if vacant, and the property as currently improved.

### **Sales Comparison Approach – Site Valuation**

The sales comparison approach estimates the market value of the subject property by comparing it to similar properties that have been sold recently. This approach is based on the premise that market value is directly related to the prices of comparable properties, and it is usually a reliable indicator of value if adequate sales of similar properties have occurred. The sales comparison approach will be used to value both the underlying land and the property as improved.

The following land sales were considered in the analysis to value the subject site, as if vacant.

### **Comparable Land Sales Summary Chart**

Sale #	Address	Sale Date	Lot Size (Sq.Ft.)	Sale Price	Price/ Sq. Ft.
1	810-840 W. Juneau Ave. Milwaukee	3/11/14	56,939	\$1,425,000	\$25.03
2	1036-42 W. Juneau Ave. Milwaukee	7/24/13	19,050	\$362,000	\$19.00
3	1244 N. 9th St. Milwaukee	2/15/12	18,412	\$569,000	\$30.90
4	200-216 N. Broadway St. Milwaukee	8/23/13	16,800	\$2,000,000	\$119.05
5	170 N. Broadway Milwaukee	2/24/14	7,200	\$450,000	\$62.50
6	412-420 N. Plankinton Ave. Milwaukee	Current Listing	18,840	\$775,000	\$41.14

LAND SALE #1



LOCATION: 810-840 West Juneau Avenue  
Northeast corner of West Juneau Ave. and North 9<sup>th</sup> St.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 362-0561-000

DATE OF SALE: 3/11/14

SALE PRICE: \$1,425,000

LAND AREA: 1.31 acres  
56,939 square feet

PRICE PER SQUARE FOOT: \$25.03

GRANTOR: Brewery Project LLC

GRANTEE: Frederick Lofts, LLC

ZONING: C9G, Mixed Activity

INTENDED USE: Apartments

LAND SALE #1, CONTINUED

RECORDING DATA: Document #10342950, Warranty Deed

LEGAL DESCRIPTION: Lot 1, CSM #8580 in the SW 1/4 Section 20-7-22

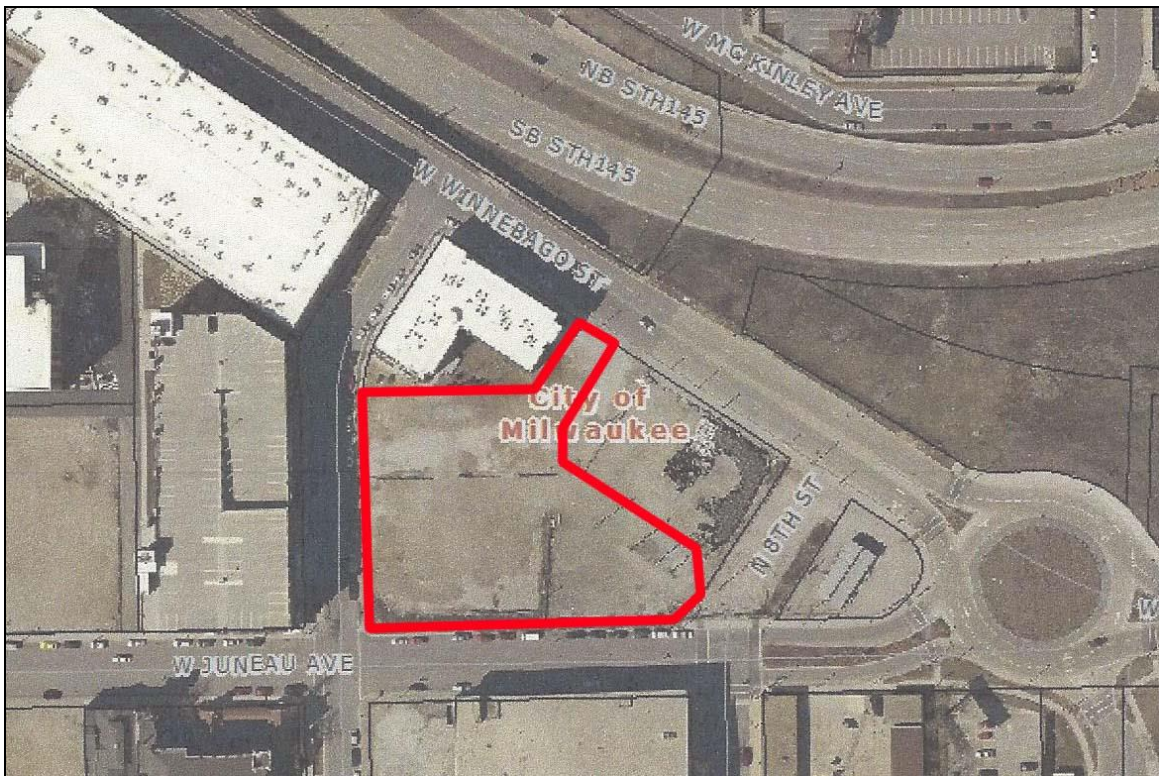
CONDITIONS OF SALE: Arm's length

SHAPE & ACCESS: Irregular shape with typical access

TOPOGRAPHY: Level site at road grade

UTILITIES: Public water and sewer available

COMMENTS: This site is the location of the Frederick Lofts, which are currently under construction. The 100 high-end units are expected to be completed by spring 2015. This property is part of the former Pabst Brewery development, now known as The Brewery. The developer, Wisconsin-based Gorman & Co., has also developed the 95-unit Blue Ribbon Lofts apartments and the Brewhouse Inn & Suites hotel in this area.



LAND SALE #2



LOCATION: 1036-42 West Juneau Avenue  
Northeast corner of West Juneau Ave. and North 11<sup>th</sup> St.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 362-0508-000

DATE OF SALE: 7/24/13

SALE PRICE: \$362,000

LAND AREA: .44 acre  
19,050 square feet

PRICE PER SQUARE FOOT: \$19.00

GRANTOR: Brewery Project, LLC

GRANTEE: Blue Ribbon Redevelopment Fund III, LLC

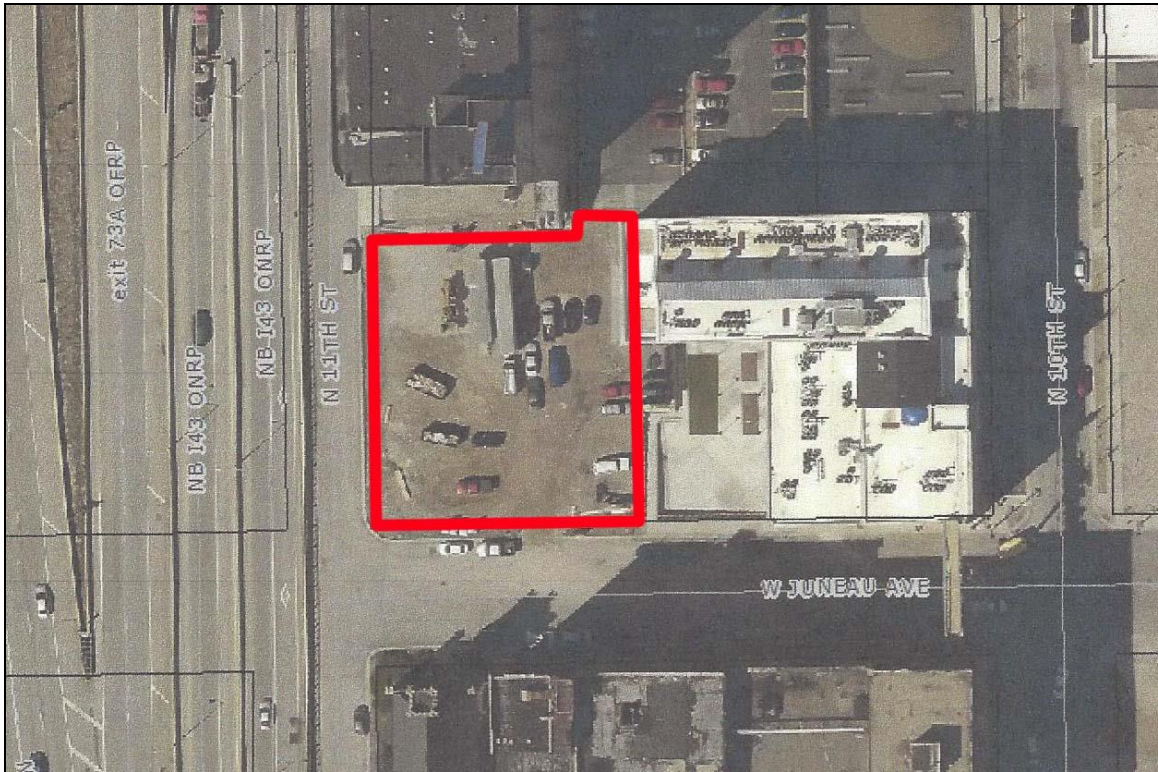
ZONING: C9G, Mixed Activity

INTENDED USE: Office

LAND SALE #2, CONTINUED

RECORDING DATA: Document #10275217, Warranty Deed  
LEGAL DESCRIPTION: Lot 1, CSM #8301 in the SW 1/4 Section 20-7-22  
CONDITIONS OF SALE: Arm's length  
SHAPE & ACCESS: Nearly square site with vehicular access to indoor parking  
TOPOGRAPHY: Level site at road grade  
UTILITIES: Public water and sewer available

COMMENTS: This site is the location of the new Pabst Professional Center, a recently constructed 4-story office building. The 73,100 square foot building has approximately 42,000 square feet of leasable office space and 65 indoor parking spaces. Other parking is provided by a new parking garage located within one block. The project was reportedly financed through the EB-5 program, which allows foreign citizens to obtain U.S. residency by investing in job-creating programs. This property is part of the former Pabst Brewery development, now known as The Brewery.





LAND SALE #3



LOCATION: 1244 North 9<sup>th</sup> Street  
Southeast corner of West Winnebago St. and North 9<sup>th</sup> St.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 362-0521-000

DATE OF SALE: 2/15/12

SALE PRICE: \$569,000

LAND AREA: .42 acre  
18,412 square feet

PRICE PER SQUARE FOOT: \$30.90

GRANTOR: Brewery Project, LLC

GRANTEE: Brewery Point Apartments, LLC

ZONING: C9G, Mixed Activity

INTENDED USE: Senior apartments

LAND SALE #3, CONTINUED

RECORDING DATA: Document #10085185, Warranty Deed

LEGAL DESCRIPTION: Lot 1, CSM #8092 in the SW 1/4 Section 20-7-22

CONDITIONS OF SALE: Arm's length

SHAPE & ACCESS: Irregular site with vehicular access to indoor parking

TOPOGRAPHY: Level site at road grade

UTILITIES: Public water and sewer available

COMMENTS: This site is the location of the 48-unit Brewery Point senior apartments. The four-story building has one- and two-bedroom units and underground parking. Developed by CommonBond Communities, it was financed with federal low-income housing tax credits. This property is part of the former Pabst Brewery development, now known as The Brewery.



LAND SALE #4



LOCATION: 200-216 North Broadway Street  
Northeast corner of North Broadway St. and East Chicago St.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 392-1027-000

DATE OF SALE: 8/23/13

SALE PRICE: \$2,000,000

LAND AREA: .39 acre  
16,800 square feet

PRICE PER SQUARE FOOT: \$119.05

GRANTOR: Term-Broadway, LLC

GRANTEE: Chicago Street Holdings, LLC

ZONING: C9G, Mixed Activity

INTENDED USE: Hotel

LAND SALE #4, CONTINUED

RECORDING DATA: Document #10286491, Warranty Deed

LEGAL DESCRIPTION: Lots 7, 8 and S ½ of 9, Block 39, Plat of Milwaukee  
On The East Side Of The River, in the SW 1/4 Section 28-7-22

CONDITIONS OF SALE: Arm's length

SHAPE & ACCESS: Rectangular site with vehicular access to indoor parking

TOPOGRAPHY: Level site at road grade

UTILITIES: Public water and sewer available

COMMENTS: This site is the location of a proposed Kimpton Hotel. The 9-story, 158-room boutique hotel is expected to break ground by the end of 2014 and be complete in 2016. Located in the Historic Third Ward just south of downtown, the site is a prime corner at the heart of the commercial district. There are retail stores, restaurants, art galleries, a theater, apartments and condominiums in the area.



LAND SALE #5



LOCATION: 170 North Broadway Street  
East side of North Broadway St., south of East Chicago St.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 392-1037-000

DATE OF SALE: 2/24/14

SALE PRICE: \$450,000

LAND AREA: .17 acre  
7,200 square feet

PRICE PER SQUARE FOOT: \$62.50

GRANTOR: 311 Chicago, LLC

GRANTEE: Chicago Street Holdings, LLC

ZONING: C9G, Mixed Activity

INTENDED USE: Parking or future commercial development

LAND SALE #5, CONTINUED

RECORDING DATA: Document #10338769, Warranty Deed

LEGAL DESCRIPTION: Lot 9, Block 40, Plat of Milwaukee  
On The East Side Of The River, in the SW 1/4 Section 28-7-22

CONDITIONS OF SALE: Arm's length

SHAPE & ACCESS: Rectangular site with vehicular access from N. Broadway and alley

TOPOGRAPHY: Level site at road grade

UTILITIES: Public water and sewer available

COMMENTS: This site was purchased by the developers of a proposed Kimpton Hotel, to be built one-half block to the north. Located in the Historic Third Ward just south of downtown, the site is in the heart of the commercial district, next to the Broadway Theater. The site is currently used as a parking lot.



LAND LISTING #6



LOCATION: 412-420 North Plankinton Avenue  
East side of North Plankinton Ave., north of E. St. Paul Ave.  
City of Milwaukee, Milwaukee County, Wisconsin

TAX KEY NUMBER: 361-0923-100

DATE OF SALE: Current listing

ASKING PRICE: \$775,000

LAND AREA: .43 acre  
18,840 square feet

PRICE PER SQUARE FOOT: \$41.14

GRANTOR: Walker's Landing Associates

GRANTEE: N/A

ZONING: C9G, Mixed Activity

INTENDED USE: Future development

LAND LISTING #6, CONTINUED

RECORDING DATA: N/A

LEGAL DESCRIPTION: Lots 6, 7, and 8, Block 87, Original Plat of Milwaukee  
On The West Side Of The River, in Sections 20 & 29-7-22

CONDITIONS OF SALE: Arm's length

SHAPE & ACCESS: Nearly rectangular site with typical access

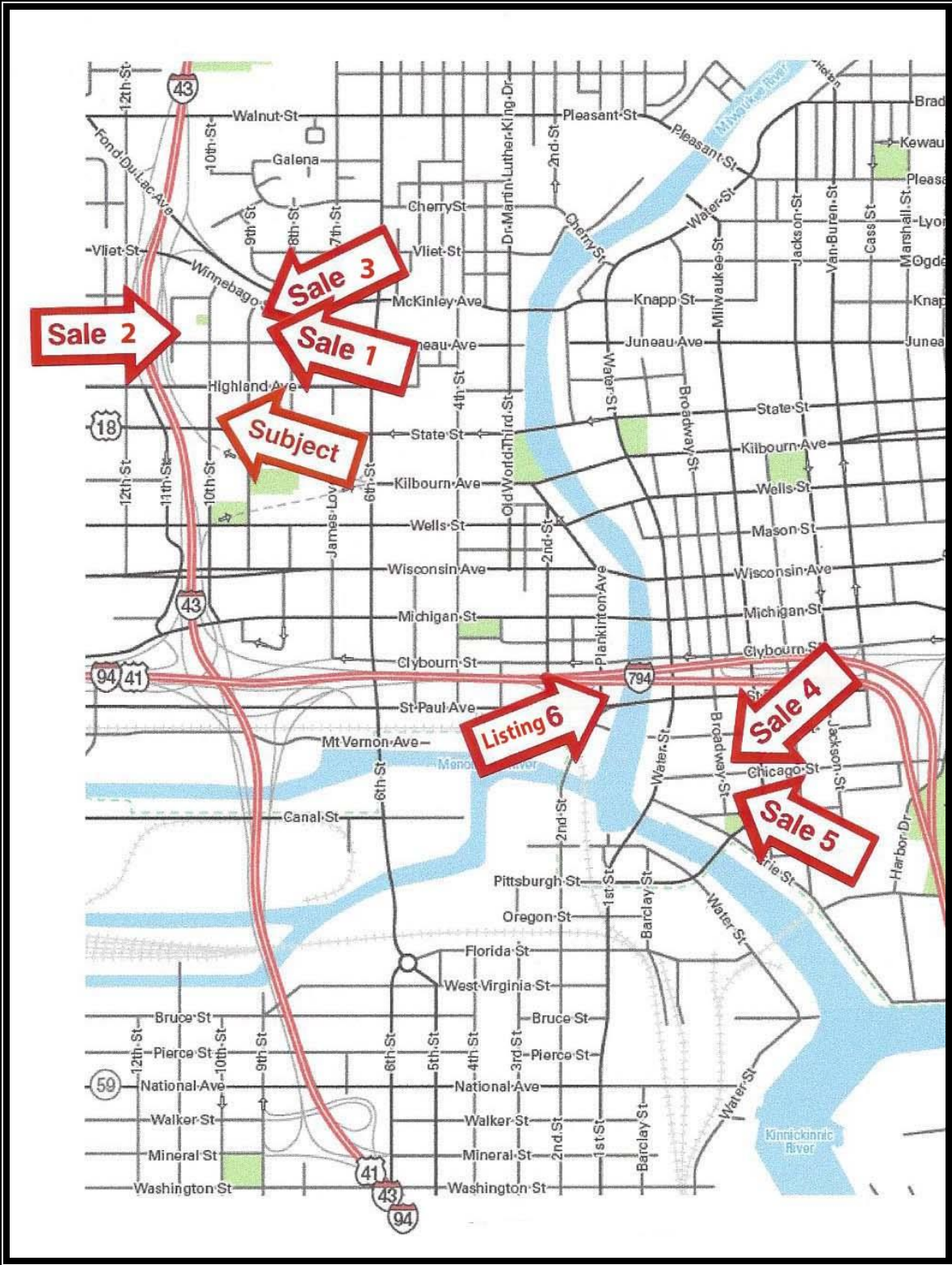
TOPOGRAPHY: Level site at road grade; river frontage

UTILITIES: Public water and sewer available

COMMENTS: This site is located south of downtown Milwaukee and west of the Historic Third Ward neighborhood, in an area somewhat isolated by I-794 to the north and busy St. Paul Avenue to the south. There is no development in the immediate area.







COMPARABLE LAND SALES MAP

## Analysis of Land Sales

The comparable land sales and one current listing range in price from \$19.00 to \$119.05 per square foot. The differences in price are due to factors such as the date of sale, site size and shape, location and highest and best use. None of the sales involved favorable financing terms, so no adjustments for cash equivalency are made.

Land sale #1 is a 56,939 square foot site being developed with apartments. The site sold in March 2014 for \$25.03 per square foot. It is located within a few blocks of the subject property, in The Brewery development. The subject's location is considered superior because of its close proximity to the Milwaukee County Courthouse and because it is on a main thoroughfare, West State Street. Upward adjustment is made to the sale for location. Additional upward adjustment is made for the subject's smaller site size, since small parcels tend to sell for a higher unit price. Downward adjustment is made for the subject's inferior long, narrow shape, which would create some limitations for the layout and design of a building. Slight upward adjustment is also made for the date of sale. In the past two years, demand for new development has increased in the downtown area, after years of minimal demand due to the economic recession. The increasing demand puts upward pressure on land prices and a modest appreciation of 3 percent per year is estimated. The net adjustment to this sale is upward.

Land sale #2 is a 19,050 square foot site that sold in July 2013 for \$19.00 per square foot. The site has been improved with a four story office building. This was one of the first office buildings constructed in downtown Milwaukee since the economic recession. It is located in The Brewery development, on the western edge of downtown and just a few blocks from the subject. The subject property's location near the courthouse and on a main thoroughfare is considered superior, although the comparable sale does have highway visibility. Upward adjustment is made for location. Slight upward adjustment is also made for the date of sale and downward adjustment is made for the subject's inferior long, narrow shape. The net adjustment to this sale is slightly upward.

Land sale #3 is another site in The Brewery development, just north of the subject property. The 18,412 square foot site sold in February 2012 for \$30.90 and has been improved with senior apartments. The sale is adjusted upward for the date of sale and for the subject's superior location. Downward adjustment is made for the subject's inferior shape. The net adjustment is upward.

Land sale #4 is a 16,800 square foot site that sold in August 2013 for \$119.05 per square foot, the highest unit price indicated by the comparable sales. This property is located in the Historic Third Ward, an area south of downtown that has experienced significant commercial and residential redevelopment. Although, in general, a downtown location is considered superior to a location in the Third Ward, this site is a prime corner at the commercial center of the redevelopment area. Therefore, no adjustment for location is made. Slight upward adjustment is made for the date of sale and downward adjustment is made for the subject's inferior shape. Significant downward adjustment is made for highest and best use, since this site was purchased for and has been approved for a very high density hotel development. The proposed building will have nine stories. Although there is no building height restriction imposed on the subject

### **Analysis of Land Sales, continued**

site by its zoning, it is more likely to be developed with a mid-rise building. The net adjustment to this sale is significantly downward.

Land sale # 5 is a 7,200 square foot site located just south of sale #4 and purchased by the same owners. It sold in February 2014 for \$62.50 per square foot. This sale is adjusted slightly upward for the date of sale. Additional upward adjustments are made for its inferior location outside of the downtown area and for its interior location in the block, since corner locations typically offer better visibility and access. Downward adjustments are made for the subject's larger site size, since large properties tend to sell for a lower unit price, and for the subject's inferior shape. The net adjustment to this sale is slightly downward.

Land listing #6 is an 18,840 square foot site currently on the market for \$41.14 per square foot. Located on the southern edge of downtown, the site is somewhat isolated from other development by a highway to the north and a busy street to the south. Although the comparable does have river frontage, overall its location is considered inferior to that of the subject and the asking price is adjusted upward for location. Downward adjustments are made for the subject's inferior shape and because the comparable is a listing, not an actual sale, and the selling price will likely be less than the asking price. The net adjustment to the listing is slightly upward.

Following adjustment, the sales range in unit price from \$19.76 to \$60.56 per square foot and average \$40.71 per square foot. Based on these indications, the subject property is estimated to have a market value, if vacant, of \$40.00 per square foot, or a total value of \$740,800 (\$40.00 per square foot x 18,520 square feet), rounded to \$740,000.

### **Demolition Costs**

Because the subject property is not a vacant site, estimated demolition costs to remove the existing 5-story building must be deducted from the land value to provide an indication of the market value of the property if purchased for redevelopment of the site. The client provided a demolition cost estimate prepared by the Milwaukee County Department of Administrative Services. The estimate includes complete structural removal, utility disconnections and abandonment, IT infrastructure removal and relocation, data network disconnections, hazardous material abatement and site restoration for future site development. The cost estimate is approximately \$1.8 million.

The demolition cost estimate far exceeds the value of the site as if vacant, indicating a value of \$0 for the improved property as a redevelopment site.

## Land Sales Adjustment Chart

Sale #	Subject Property						
	1	2	3	4	5	6	
Date of Sale	10/14	3/11/14	7/24/13	2/15/12	8/23/13	2/24/14	Listing
Sale Price	\$1,425,000	\$362,000	\$569,000	\$2,000,000	\$450,000	\$775,000	
Total Area (S.F.)	18,520	56,939	19,050	18,412	16,800	7,200	18,840
Price/Sq. Ft.		\$25.03	\$19.00	\$30.90	\$119.05	\$62.50	\$41.14
Rights Transferred		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Date of Sale		2%	4%	8%	4%	2%	-10%
Adjusted Price/Sq. Ft.		\$25.53	\$19.76	\$33.38	\$123.81	\$63.75	\$37.02
Other Adjustments:							
Location		15%	10%	15%	0%	15%	25%
Corner/Interior		0%	0%	0%	0%	5%	0%
Site Size		15%	0%	0%	0%	-15%	0%
Site Shape/Depth		-10%	-10%	-10%	-10%	-10%	-10%
Access		0%	0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%	0%
Zoning/Highest & Best Use		0%	0%	0%	-45%	0%	0%
Utilities		0%	0%	0%	0%	0%	0%
Total Other Adjustments		20%	0%	5%	-55%	-5%	15%
Adjusted Price/Sq. Ft.		\$30.63	\$19.76	\$35.04	\$55.71	\$60.56	\$42.58

**Sales Comparison Approach – Valuation As Improved**

The subject property is improved with a 5-story, 57,800 square foot building. The building is in poor condition and no longer functions for its original use as a hospital, but the building structure is suitable for an alternate use. The following sales are buildings that were purchased to be rehabbed for an alternate use and are considered in the analysis.

**Comparable Improved Sales Summary Chart**

#	Location	Sale Date	Sale Price	Year Built	Building Sq. Feet	Land (S.F.)	Land: Bldg.	Price/S.F. Building
	Subject Property 1004 N. 10th St. Milwaukee			1931 & 1946	57,800	18,520	.32:1	
1	700-714 W. Michigan St. Milwaukee	6/11/12	\$535,500	1910 &1949	57,671	28,125	.49:1	\$9.29
2	925-945 W. Winnebago St. Milwaukee	6/5/08	\$2,264,000	1911	138,187	61,515	.46:1	\$16.38
3	1203-1211 N. 10th St. Milwaukee	9/30/11	\$2,000,000	1892	115,087	27,357	.24:1	\$17.38
4	500-512 N. Water St. Milwaukee	3/20/14	\$1,550,000	1892	66,913	14,400	.22:1	\$23.16

IMPROVED SALE #1  
700-714 WEST MICHIGAN STREET  
MILWAUKEE, WISCONSIN



TAX KEY NUMBERS: 361-0711-000, 361-0712-000, and 361-0834-210

GRANTOR: GAHA Liberty, LLC

GRANTEE: 700 West Michigan, LLC

DATE OF SALE: 6/11/12

RECORDING DATA: Warranty Deed, Document #10127985

YEAR BUILT: 1910, 1949

GROSS BUILDING AREA: 57,671 square feet

CONSTRUCTION TYPE: Reinforced concrete and brick

LAND AREA: 28,125 square feet

SALE PRICE: \$535,500

PRICE/SQUARE FOOT OF BUILDING: \$9.29

REMARKS: This property includes two older, largely vacant office buildings that are being converted into 50 apartments. The buildings include 66 underground parking spaces. Some of the units will be for lower-income renters and the project is being financed in part with federal affordable housing tax credits. The project is known as the 700 Lofts.

IMPROVED SALE #2  
925-45 WEST WINNEBAGO STREET  
MILWAUKEE, WISCONSIN



TAX KEY NUMBER: 362-0441-000  
GRANTOR: Brewery Project, LLC  
GRANTEE: Blue Ribbon Loft Apartments, LLC  
DATE OF SALE: 6/5/08  
RECORDING DATA: Warranty Deed, Document #09602459  
YEAR BUILT: 1911  
GROSS BUILDING AREA: 138,187 square feet  
CONSTRUCTION TYPE: Brick  
LAND AREA: 61,515 square feet  
SALE PRICE: \$2,264,000  
PRICE/SQUARE FOOT OF BUILDING: \$16.38

REMARKS: This property is the former Pabst Brewery keg house that has been converted to 95 loft apartments. The Blue Ribbon Lofts were developed with a mix of low income housing and historic restoration tax credits. The building has 15-foot ceilings and indoor parking.

IMPROVED SALE #3  
1203-1211 NORTH 10<sup>TH</sup> STREET  
MILWAUKEE, WISCONSIN



TAX KEY NUMBER:	362-0509-000
GRANTOR:	Brewery Project, LLC
GRANTEE:	Brewery House, LLC
DATE OF SALE:	9/30/11
RECORDING DATA:	Warranty Deed, Document #10039458
YEAR BUILT:	1892
GROSS BUILDING AREA:	115,087 square feet
CONSTRUCTION TYPE:	Brick
LAND AREA:	27,357 square feet
SALE PRICE:	\$2,000,000
PRICE/SQUARE FOOT OF BUILDING:	\$17.38

REMARKS: This property is the former Pabst Brewery brew house and mill house that have been converted to a 90-room extended stay hotel called the Brewhouse Inn and a restaurant called Jackson's Blue Ribbon Pub. The buildings had been vacant since 1996 but retained many of their original features such as spiral stairwells, arched stone doorways and stained glass windows. The development received historic restoration tax credits.



IMPROVED SALE #4  
500-512 NORTH WATER STREET  
MILWAUKEE, WISCONSIN



TAX KEY NUMBER: 392-0658-000 and 392-0659-000

GRANTOR: Button Block, LLC

GRANTEE: Texas City Venture, Ltd.

DATE OF SALE: 3/20/14

RECORDING DATA: Special Warranty Deed, Document #10344797

YEAR BUILT: 1892

GROSS BUILDING AREA: 66,913 square feet

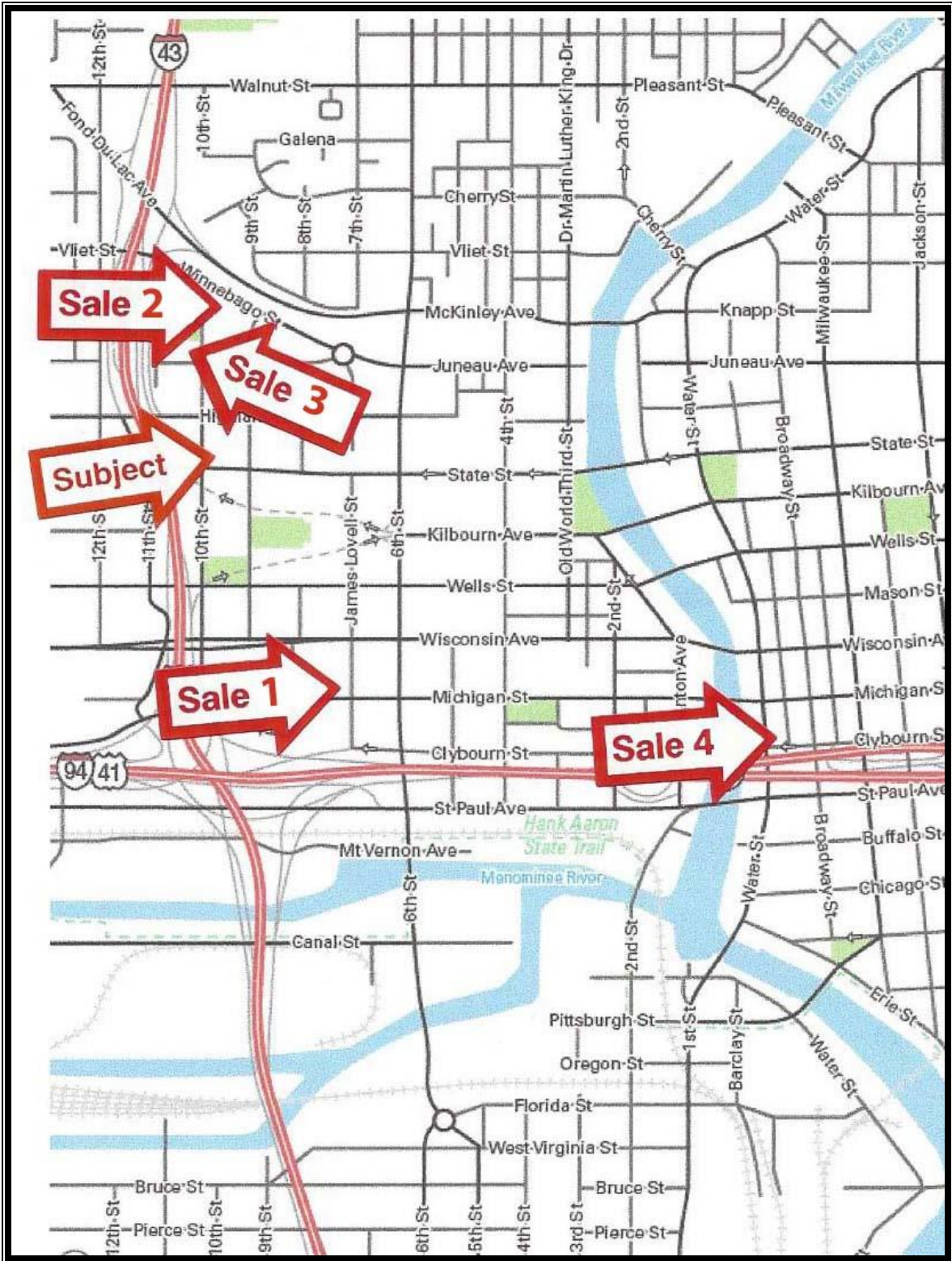
CONSTRUCTION TYPE: Brick

LAND AREA: 14,400 square feet

SALE PRICE: \$1,550,000

PRICE/SQUARE FOOT OF BUILDING: \$23.16

REMARKS: This property is the historic Button Block building, designed in the Romanesque Revival architectural style. The seven-story building houses Joey Buona's restaurant on the first and second floors. The upper five stories were vacant and in poor condition when purchased. Plans for the building are unknown but the buyer is Kenosha-based Bear Development, which is known for its residential projects.



COMPARABLE IMPROVED SALES MAP

## Analysis of Improved Sales

The comparable improved sales range in price from \$9.29 to \$23.16 per square foot of above grade building area, with price differences attributed primarily to the date of sale, building size and architectural design. All of the comparables are properties that were purchased for major redevelopment and are essentially building shells, except for sale #4, which has two floors of good finished space. Therefore, the quality and condition of the building interiors was immaterial to the sales and no adjustments for these factors are warranted other than a condition adjustment to sale #4. None of the properties was purchased with atypical financing so no adjustments for financing terms are made.

Sale #1 is the sale of two adjacent former office buildings purchased for conversion to apartments. The 57,671 square foot buildings sold in June 2012 for \$9.29 per square foot of building area. The sale is adjusted upward for the date of sale. Demand for redevelopment in the downtown area has increased in the past few years, since the local and national economies have begun recovering from the recession. A modest 2 percent annual increase is estimated to have occurred in redevelopment properties since about 2012, indicating a 5 percent adjustment for this sale. The sale is also adjusted upward for the subject's superior central location, since the comparable is located at the outskirts of downtown development. This property is similar to the subject in terms of total building size and type of construction, so no other adjustments are made. The net adjustment is upward.

Sale #2 is the sale of a former warehouse located in The Brewery development, just north of the subject property. The 138,187 square foot building sold in June 2008 for \$16.38 per square foot of building area, and was converted to loft apartments. Although this is an older sale it is included in the analysis because of its close proximity to the subject and the lack of a sufficient number of more recent sales. This sale occurred during the economic recession, although the unit price is not significantly less than the price indicated by sale #3, which is also in The Brewery development. During the recession and for several years after no appreciation in this type of property was seen. Therefore, adjustment of 2 percent per year is made beginning in 2012, resulting in an upward adjustment of 6 percent for this property. The sale is also adjusted upward for the subject's superior central location and smaller building size, since small properties tend to sell for a higher unit price. Significant downward adjustment is made for the subject's less desirable architecture, with a plain exterior and average height ceilings. The comparable has high ceilings, interior exposed brick walls and large windows. With the date of sale adjustment, the net adjustment to this sale is slightly upward.

Sale #3 is another property in the former Pabst Brewery development, now known as The Brewery. The 115,087 square foot building sold in September 2011 for \$17.38 per square foot and was converted to a hotel and restaurant. The sale is adjusted upward by 6 percent, for appreciation that is estimated to have occurred since 2012. Additional upward adjustments are made for the subject's superior, central location and for the subject's smaller building size. Downward adjustment is made for the subject's lack of significant historic architectural features. The various adjustments are approximately offsetting and with the date of sale adjustment, the net adjustment to this sale is slightly upward.

**Analysis of Improved Sales, continued**

Sale #4 is the sale of an historic building known as the Button Block building. The 66,913 square foot building sold in March 2014 for \$23.16 per square foot. The sale is adjusted upward slightly for the date of sale. Significant downward adjustments are made for the subject's inferior condition, since the comparable includes two floors that are in good condition and are used as a restaurant and banquet facilities, and for the subject's lack of significant historic architectural features. The net adjustment to this sale is significantly downward.

Following adjustment, the sales range in price from \$10.53 to \$17.50 per square foot of building area and average \$13.81 per square foot. With the greatest emphasis on sale #1, which required the fewest adjustments, the subject property is estimated to have a market value below the average adjusted price, or \$13.00 per square foot of above grade building area, indicating a total value of \$751,400 (57,800 square feet x \$13.00 per square foot), rounded to \$750,000.

**Improved Sales Adjustment Chart**

Sale #	Subject	1	2	3	4
Date of Sale	10/14	6/11/12	6/5/08	9/30/11	3/20/14
Sale Price		\$535,500	\$2,264,000	\$2,000,000	\$1,550,000
Building Square Feet	57,800	57,671	138,187	115,087	66,913
Price/ S.F.of Building		\$9.29	\$16.38	\$17.38	\$23.16
Rights Transferred		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%
Date of Sale		5%	6%	6%	1%
Adjusted Price/S.F.		\$9.75	\$17.36	\$18.42	\$23.39
Other Adjustments:					
Location		10%	15%	15%	0%
Building Size		0%	10%	10%	0%
Condition		0%	0%	0%	-25%
Historic Architecture		0%	-30%	-30%	-30%
Basement		0%	0%	0%	0%
Total Adjustments		10%	-5%	-5%	-55%
Adjusted Price/S.F.		\$10.73	\$16.49	\$17.50	\$10.53

## Correlation and Final Estimate of Value

The value conclusions to the three approaches are:

Cost Approach	Not Used
Sales Comparison Approach	
Site Value If Vacant:	\$ 740,000
Site Value As Improved (Less Demolition):	\$ 0
Value As Improved:	\$ 750,000
Income Capitalization Approach	Not Used

Each of the three approaches to value has strengths when applied correctly and when adequate data is available. In this appraisal, only the sales comparison was used.

The cost approach typically provides a reliable estimate of value for newer buildings that do not suffer from significant physical depreciation, or functional or external obsolescence. The subject property is older and in poor condition, and suffers from significant depreciation. Therefore, the cost approach was excluded from the analysis.

The sales comparison approach was used to value both the site as if vacant and the property as improved. The value of the site is nearly as much as the value of the property as improved, but the cost to demolish the existing building would far exceed the site value. Therefore, it is not financially feasible for a potential buyer to raze the improvements for redevelopment of the site. Unless demolition was paid for with a public subsidy, the subject property would sell for re-use of the existing structure. Four comparable sales of properties that sold as building shells were considered in the sales comparison approach and after adjustment they provide a reliable indication of value for the subject property if purchased for conversion to an alternative use.

The income capitalization approach was omitted from this appraisal. Because the subject property is in poor condition and could not be leased in its present state, the income capitalization approach would not provide a reliable value estimate.

Based on my investigation, it is my opinion that the market value of the fee simple interest in the property located at 1004 North 10<sup>th</sup> Street, in the City of Milwaukee, as of October 28, 2014, is

\$750,000 (SEVEN HUNDRED FIFTY THOUSAND DOLLARS)

## ADDENDUM

## **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. I have not provided any services regarding the subject property within the past three years.
- Neither my engagement to make this appraisal (or any future appraisals for this client) nor any compensation therefore are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event or the approval of a loan.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report.
- the use of this report is subject to the requirements of the Appraisal Institute relating to its review.
- as of the date of this appraisal, Ann R. Davis has completed the requirements of the continuing education program of the Appraisal Institute.

*Ann R. Davis*

Ann R. Davis, MAI  
Wisconsin Certified  
General Appraiser #34

Date Signed : November 19, 2014

## **LIMITING CONDITIONS**

The following is in accordance with the policy of this office, in the acceptance of this appraisal report, and the completion of the assignment submitted herewith. It is assumed by this appraiser that:

- 1) The title to the property is marketable. The property is appraised free and clear of all encumbrances, unless otherwise noted.
- 2) No responsibility is assumed by this appraiser for legal matters, especially those affecting title to the property, which is assumed to be good.
- 3) The legal description, as given, is correct.
- 4) Certain opinions and data furnished by others in the course of this investigation are correct.
- 5) Neither all nor any part of the contents of this report shall be used for any purpose without the author's consent, or conveyed to the public through advertising, public relations, news, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm, or any reference to the Appraisal Institute or to the MAI designation.
- 6) This appraisal is not based upon any completion of public improvements, unless otherwise stated.
- 7) The appraiser, by reason of this appraisal, is not required to give testimony or appear in court or any pre-trial conference or appearance required by subpoena with reference to the property in question, unless arrangements have been previously made and a fee of \$130.00 per hour is paid by you for such appearances and the preparation necessitated thereby, with a minimum fee of \$300.00.
- 8) The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
- 9) Unless informed in writing to the contrary, no abnormal soil conditions exist which will result in additional costs to cure any proposed improvements or affect any existing improvements.



## LIMITING CONDITIONS

- 10) Should the client request the attendance of the appraiser at conference for the purpose of discussing certain aspects of the appraisal report, additional compensation shall be paid for such time spent by the appraiser in conference at the rate of \$130.00 per hour. In the event a revision of the appraisal report is necessary through the fault of the appraiser, such revisions and corrections shall be made as part of the fee herein established. However, if the client requires additional work on the part of the appraiser, the appraiser shall be paid at the hourly rate established in this paragraph.
- 11) Opinions and estimates expressed herein represent the opinion of the appraiser and should not be construed as a guarantee or warranty, either expressed or implied, that the property described herein will actually sell for the market value contained in this opinion. Any actions taken by you, the client, or any others should be based on your own judgment and the decision process should consider many factors other than just the value estimate. For this reason, our liability is limited to the amount of the fee paid.
- 12) The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions that would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

**Qualifications**  
**Ann R. Davis**  
**Davis Appraisals, Inc.**  
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**Wauwatosa, WI 53213**  
**Phone (414) 476-9449 · Fax (414) 476-9950**  
**Email anndavis421@gmail.com**

### Professional

- **Member Appraisal Institute (MAI) #8854**
- **Certified General Appraiser, License #34-010, State of Wisconsin, September 1991**
- **Admissions Committee member, Wisconsin Chapter of Appraisal Institute, 1991-1997**
- **Education Committee chair, Wisconsin Chapter of Appraisal Institute, 1994-1995**
- **Board of Directors, Wisconsin Chapter of Appraisal Institute, 1997- 1998; 2005 - 2007**

### Education

- **Master of Business Administration, University of South Florida, 1989**
- **Bachelor of Arts in Economics, College of Arts and Sciences, Boston College, 1982**

### Work Experience

- **June 1993 - Present. President, Davis Appraisals Inc., Wauwatosa, Wisconsin. Have appraised a wide variety of commercial, light industrial and multi-family residential properties, including office buildings, retail, warehouses, subdivisions, apartments, and vacant land. Experienced in eminent domain appraisal for government and property owners.**
- **September 1990 - May 1993. McCartan-Egan Appraisal Co., Brookfield, Wisconsin. Fee appraiser. Appraised a variety of commercial properties.**
- **November 1984 - January 1990. Valuation Services Inc., St. Petersburg, Florida. Fee appraiser. Appraised a variety of commercial properties.**

### Recent Continuing Education

- **Seminars and Courses:**
  - 7-Hour National USPAP Course, November 2012**
  - Attacking and Defending An Appraisal In Litigation, December 2012**
  - Uniform Appraisal Standards for Federal Land Acquisitions, April, 2013**
  - 10<sup>th</sup> Annual Condemnation Appraisal Symposium, May, 2013**
  - Complex Litigation Appraisal Case Studies, October, 2013**
  - 7-Hour National USPAP Course, February 2014**
  - 11<sup>th</sup> Annual Condemnation Appraisal Symposium, June 2014**