

**AN APPRAISAL REPORT OF**

**A 5.34 ACRE MULTI FAMILY SITE  
LOCATED AT  
SW 97 AVENUE AND SW 178 STREET  
PALMETTO BAY, FLORIDA 33157**

Appraisal No. 05-17-185

FOR

Mr. Edward Silva, RA  
City Manager  
Village of Palmetto Bay  
9705 Hibiscus Street  
Palmetto Bay, Florida 33157

BY

**APPRAISALFIRST  
REAL ESTATE APPRAISERS LLC**  
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June 5, 2017

Mr. Edward Silva, RA  
City Manager  
Village of Palmetto Bay  
9705 East Hibiscus Street  
Palmetto Bay, Florida 33157

Re: A 5.34 Acre Multi Family Site, located at  
SW 97 Avenue and SW 178 Street  
Palmetto Bay, Florida 33157

Dear Mr. Silva:

As requested we have prepared the attached appraisal report of the above referenced property. The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site.

Market Value may be defined as the most probable price in terms of money 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.

The subject property consists of 5.34 gross acres located in the Village of Palmetto Bay. The subject is situated on the east side of Franjo Road (SW 97 Avenue), and is currently an interior site. A site plan has been presented to the Village of Palmetto Bay, for 309 units and a charter school site. Another site plan was also provided, which reportedly has been approved, to utilize one acre of the site for a charter school. The subject is located within the Village of Palmetto Bay Downtown Urban Village, subject to DV (Downtown Village) regulations.

Mr. Silva  
Page Two

This is an Appraisal Report which is intended to comply with reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (2016-2017).

The appraisers have previously provided consultation and value estimates for properties similar to the subject property throughout the South Florida region. As such, the appraisers are in compliance with the competency provision contained within USPAP. A copy of the appraisers' qualifications are included in the Addenda.

We have performed no services, as an appraiser or in another capacity, regarding the property that is the subject of this report, in the three years prior to the acceptance of this assignment.

This report is intended to be utilized for internal purposes related to the possible purchase of the subject property by the Village of Palmetto Bay. The intended users may be the accountants and/or attorneys representing Village of Palmetto Bay.

This appraisal report is based on the Extraordinary Assumptions and Hypothetical Conditions contained herein.

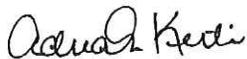
In our opinion, the **Hypothetical Market Value** of the subject property, under **Scenario #1**, at a maximum 8 story building site, and a possible charter school site, based on the provided site plan, in fee simple title, as of May 29, 2017, is:

**TEN MILLION DOLLARS**  
**(\$10,000,000)**

In our opinion, the **As Is Market Value** of the subject property, under **Scenario #2**, which is the most probable and likely approval, at a density of 60 units per acre in a 6 story maximum building height, in fee simple title, as of May 29, 2017, is:

**NINE MILLION DOLLARS**  
**(\$9,000,000)**

Respectfully submitted,



Adria M. Kerti, MBA  
State Certified General Real  
Estate Appraiser, No. 0001944



Frank Hornstein, MAI  
State-Certified General Real  
Estate Appraiser, No. 0001376

**EXECUTIVE SUMMARY**

Property Type: The subject property consists of 5.34 gross acres located within the Downtown Urban Village of Palmetto Bay.

Location: SW 178 Street and SW 97 Avenue  
Palmetto Bay, Florida 33157

Date of Inspection: May 29, 2017

Date of Report: June 5, 2017

Flood Zone: X

Census Tract: 82.08

**VALUE INDICATIONS:**

	<b>Scenario #1</b>	<b>Scenario #2</b>
Sales Comparison Approach:	\$10,000,000	\$9,000,000
<b>Final Market Value Conclusion:</b>	<b>\$10,000,000</b>	<b>\$9,000,000</b>

EXECUTIVE SUMMARY Continued)

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An **extraordinary assumption** is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute), 2015

This appraisal report is based on the following Extraordinary Assumption:

The subject is a 5.34 acre site, which reportedly has a contract for purchase for one acre for a charter school. Based on information obtained from several sources, the contract for purchase has not been signed by both parties and is therefore not executed. This appraisal report is based on the Extraordinary Assumption that the one acre site is free and clear to be sold and improved to its Highest and Best Use, which may or not may not be a charter school.

Any deviation from this assumption may have a direct effect on the value conclusions of this appraisal report.

A **hypothetical condition** is defined as: 1) A condition that is presumed to be true when it is known to be false and 2) 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. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

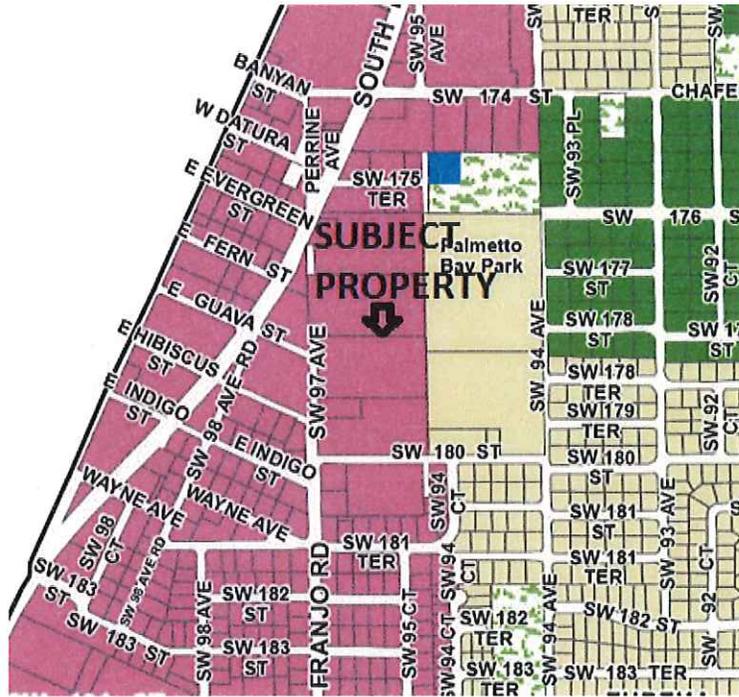
Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute), 2015

This appraisal report is subject to the following Hypothetical Condition:

The subject property consists of a 5.34 acre site being appraised under two different scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site. The first scenario is hypothetical, since all site plans submitted to the council have not been approved with 7 and 8 story building heights. All plans with those building heights have either been rejected by the council, or deferred for revisions for lower building heights. The only site plan that has been approved to date has 4 and 5 story building heights. The Market Value conclusion under the first scenario is based on the Hypothetical Condition that it would be approved by the village council.

Any deviation from this Hypothetical Condition may have a direct effect on the value conclusion of this appraisal report.

# ZONING MAP - PALMETTO BAY



## ZONING LEGEND

 <b>AG</b> <b>Agricultural / Residential</b> Minimum 5.0 gross acres	 <b>R-1</b> <b>Single Family Residential District</b> One unit per 7,500 net sq. ft.
 <b>B-1</b> <b>Business District - Limited</b> Maximum floor area ratio 0.4 at (1) story increased by 0.11 for each additional story	 <b>R-1M</b> <b>Modified Single Family Residential Dis</b> One unit per 5,000 net sq. ft.
 <b>B-2</b> <b>Business District - Special</b> Maximum floor area ratio 0.4 at (1) story increased by 0.11 for each additional story	 <b>R-2</b> <b>Two-Family Residential District</b> One two-family structure per 7,500 net sq. ft.
 <b>DUV</b> <b>Downtown Urban Village</b>	 <b>R-3</b> <b>Four-unit Apartment District</b> 7,500 net sq. ft.
 <b>E-1</b> <b>Estate - Single Family</b> One unit per gross acre or more	 <b>R-3M</b> <b>Minimum Apartment House</b> 12.9 units per net acre
 <b>E-1C</b> <b>Estate - Single Family</b> One unit per 2.5 gross acres	 <b>R-4L</b> <b>Limited Apartment House District</b> 23 units per net acre
 <b>E-2</b> <b>Estate - Single Family</b> One unit per 5 gross acres or more	 <b>R-5</b> <b>Semi-professional Office District</b> 10,000 net sq. ft.
 <b>E-M</b> <b>Estate Modified - Single Family</b> One unit per 15,000 net sq. ft.	 <b>R-TH</b> <b>Townhouse District</b> 8.5 units per net acre
 <b>E-S</b> <b>Estate Use - Suburban Single Family</b>	 <b>VMU</b> <b>Villane Mixed-Use</b>

Perine  
Wayside  
Park \*



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**IDENTIFICATION OF SUBJECT PROPERTY**

<b>LOCATION - ADDRESS</b>	SW 179 Street and SW 97 Avenue Palmetto Bay, Florida 33157
<b>OWNER OF RECORD</b>	Shores at Palmetto Bay LLC 888 Kingman Road Homestead, Florida 33035
<b>LEGAL DESCRIPTION</b>	Section 33, Township 55 South, Range 40 East, the North ½ of the Southwest ¼ of the Northwest ¼ of Southwest ¼, less the west 40 feet for ROW, all lying and being in Miami-Dade County, Florida.

The subject property consists of 5.34 gross acres located in within the Downtown Urban Village of Palmetto Bay.

**PURPOSE OF THE APPRAISAL**

The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site.

**DEFINITION OF MARKET VALUE**

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and 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 cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

Source: The Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010.

**EFFECTIVE DATE OF APPRAISAL**

The opinions and conclusions of this appraisal are stated as of May 29, 2017.

**DATE OF REPORT**

The date of this report is June 5, 2017.

**PROPERTY RIGHTS APPRAISED**

Fee Simple Estate, Leased Fee Interest, and Leasehold Interest are defined as follows: (The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute 2015):

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by the governmental powers of taxation, police power and escheat.

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

There are no known leases encumbering the subject. Therefore, the property rights that will be appraised are those existing in a fee simple estate.

**USE OF THE APPRAISAL**

This report is intended to be utilized for internal purposes related to the possible purchase of the subject property by the Village of Palmetto Bay. The appraisal report is for the sole use of the entity that engages the appraiser(s). The appraisal is not intended to be utilized by federally regulated institutions for financing. The appraisal is not intended to be utilized for litigation purposes. "Readdressing an appraisal report to another party that was completed and delivered to a client is prohibited by USPAP. Once an assignment is completed, it is misleading to try to add a new party as client or intended user who was not the original client or identified intended user." Any requests for updating or re-certification would constitute a new assignment at an additional fee.

**INTENDED USER OF THE APPRAISAL**

The intended users of this report are the Village of Palmetto Bay, The intended users may include the accountants and / or attorneys representing Village of Palmetto Bay.

### **SALES HISTORY OF THE SUBJECT PROPERTY**

The subject property has not transferred in the last three years. The subject is not under contract for sale and purchase, nor available for sale to the knowledge of the appraisers. The purpose of this report is to aid in the negotiations regarding the possible purchase of the subject property by the Village of Palmetto Bay.

### **SUMMARY OF SCOPE OF WORK**

As a part of this appraisal, the appraisers have made a number of independent investigations and analysis. We have made a personal inspection of the subject property.

Market surveys were conducted to determine the range of existing sales for properties similar to the subject. A review of similar sales within the subject neighborhood was conducted. Data sources include the Miami-Dade county website, Costar, Loopnet, CB Richard Ellis Market Overviews, Multiple Listing Service (MLS) and office files. Additionally, data has been collected via discussions with various participants familiar with the market.

Mr. Travis Kendall, on behalf of the Village of Palmetto Bay, has provided a copy of the rental multi family site plan which has been submitted for approval to the city, and identification of the subject property. Mr. Travis also provided the charter school site plan, and the Downtown Urban Village regulations.

Real estate taxes and zoning information has been obtained via various websites such as [www.Municode.com](http://www.Municode.com), [www.Miamidade.gov](http://www.Miamidade.gov), and [www.palmettobay-fl.gov](http://www.palmettobay-fl.gov).

Comparable sales that have been utilized in the appraisal report were confirmed through public records and/or with knowledgeable parties to the transactions where possible with primary and secondary data utilized. Confirmation with principals is often not possible due to their inaccessibility during the time frame over which the appraisal is being prepared. In the course of the sales investigation, proprietary information is often withheld from the appraisers. Such information, which is not a matter of public record is also not available to the general market and for that reason, the market is imperfect.

All data is verified to the best of our ability. The appraisers have no legal or technical expertise and if legal agreements and other factual data under review appear on the surface to be reasonable, the information is accepted as accurate. The extent of this verification is to confirm that the documents exist and to review them. It is assumed that they are legal and valid. The appraisers do not have the ability to audit, make legal interpretations, or to detect fraud. No in depth investigation is conducted of the individual lease documents nor is verification made with tenants regarding rent levels and terms.

**SUMMARY OF SCOPE OF WORK** (Continued)

The existence of any environmental hazard such as the presence of hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, etc, which may or may not be present in or on the subject property or any site within the vicinity of the property was not observed by the appraiser and the appraiser has no knowledge of any such environmental hazard. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.

Also, no independent investigation of concurrency matters regarding the subject or any comparable sale was made. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The user of the report should therefore consult an attorney, contractor, accountant, engineer or other experts as necessary to verify technical data which could impact on the value of the property.

There are three primary approaches to value which should be considered. They are: (1) the Cost Approach, (2) the Sales Comparison Approach, and (3) the Income Capitalization Approach.

The Cost Approach utilizes the value of the subject land as estimated from the market together with a replacement cost estimate of the structures and site improvements. From this a deduction must be made for accrued depreciation: physical, functional, and economic, if any, to provide an additional estimate of the total property value.

The Sales Comparison Approach involves an investigation and inspection of recent sales in the area and competing areas as nearly similar as possible to the subject. The sale properties (comparable sales) are then compared with the subject, and adjustments made for dissimilar characteristics.

The Income Capitalization Approach, designed for application to income producing properties, utilizes a technique of capitalizing the net income into an estimate of value. The factors included in the technique are derived from a study of other similar type income properties.

In all cases, except an appraisal of vacant land, it is necessary that all approaches should be considered and that those applicable approaches be utilized to form an estimate of value.

When more than one approach is used, although the indication of value may not be identical, they should establish a reasonable range and act as a cross check upon one another.

After arriving at the value estimates and establishing a range of value (by more than one approach), these estimates must be correlated into a single conclusion of value. In formulating this conclusion, it must be determined which approach is best supported and conforms realistically with the multitude of factors relating to the subject property.

**SUMMARY OF SCOPE OF WORK** (Continued)

The subject is a vacant site. As such, the Cost Approach and the Income Capitalization Approach were not considered to be applicable.

The Sales Comparison Approach is considered to be only applicable in the valuation of land and was performed as part of this appraisal. All applicable approaches to value are included in this appraisal report.

The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Springfield, Atlantico, and Shores at Palmetto Bay (subject property).

The client has requested the two scenarios due to the Village council not approving anything above 5 to 6 stories, even if zoning allows 8 stories with bonuses by right. The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended.

An **extraordinary assumption** is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

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**SUMMARY OF SCOPE OF WORK** (Continued)

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Any deviation from this Hypothetical Condition will have a direct effect on the value conclusion of this appraisal report.

**ASSESSED VALUE AND TAXES**

The following information is based on the Public Records of Miami-Dade County, Florida via the Property Appraisers Web Site:

<b>TAXES AND ASSESSMENT INFORMATION</b>	
<b>Folio Number</b>	<b>33-5033-000-0860</b>
<b>Address</b>	SW 178 Street & SW 97 Avenue (Franjo Road)
<b>Land Assessment</b>	\$2,839,915
<b>Land Size (Acres)</b>	5.01
<b>Land Assessment (\$/Acre)</b>	\$566,849
<b>Building Assessment</b>	\$0
<b>Building Size (SF)</b>	0
<b>Building Assessment (\$/SF)</b>	N/A
<b>XF Value</b>	\$0
<b>Total Market Value</b>	\$2,839,915
<b>Assessed Value</b>	\$2,839,915
<b>Taxes 2016</b>	\$51,950.67
<b>Status 2016 Taxes</b>	Paid, no other years delinquent

The subject is to be purchased by the Village of Palmetto Bay, which will be tax exempt. A tax comparable analysis was not performed.

## **NATIONAL ECONOMIC OUTLOOK AND INDICATORS**

The US economy, as measured by the Gross Domestic Product (GDP), slowed at an annualized rate of .7% during the first quarter months of 2017. This was down from the 2.1% posted during the fourth quarter of 2016, and the lowest rate since 2014. Personal consumption spending, business investment and both federal and state/local spending decelerated significantly from the previous quarter. Consumer spending was affected by weak auto sales and lower home-heating bills during the first quarter months.

In April 2017, the national unemployment rate decreased to 4.4%. The following table illustrates the recent unemployment rates.

	<b>February</b>	<b>March</b>	<b>April</b>
<b>National</b>	4.7%	4.5%	4.4%
<b>Florida</b>	5.0%	4.8%	4.5%
<b>Miami, Miami Beach, Kendall</b>	5.1%	5.4%	5.0%
<b>Fort Lauderdale MSA</b>	4.5%	4.0%	Not Published
<b>West Palm Beach - Boca MSA</b>	4.7%	4.2%	Not Published

Source: US Department of Labor.

The following is a list of key interest rates as of May 17, 2017.

	<b>This Week</b>	<b>Month Ago</b>	<b>Year Ago</b>
<b>Prime Rate</b>	4.00%	4.00%	3.50%
<b>Federal Discount Rate</b>	1.50%	1.50%	1.00%
<b>Libor, 6 Month</b>	1.42%	1.40%	0.91%
<b>Libor, 1 Year</b>	1.75%	1.76%	1.24%
<b>5 Year Treasury</b>	1.86%	1.71%	1.21%
<b>10 Year Treasury</b>	2.33%	2.18%	1.75%

Source: Bankrate.com.

## **MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW**

The following area and economic data was extracted from [www.miamidade.gov](http://www.miamidade.gov) and Reis's Miami Market Overview.

Miami-Dade County is Florida's most populous county with approximately 13.4% of its population. The county is comprised of 33 municipalities, plus unincorporated areas, and has a total land area of approximately 1,995 square miles. The county's location on Florida's southeast coast and warm, subtropical, climate is, and will no doubt continue to be a major factor in the area's growth patterns.

The county has seen a tremendous amount of growth over the past decade with annual population increases of about 1.0% since 2000. According to the Miami-Dade County Economic Development Agency the population as of 2010 was estimated at 2,496,435 and 2,712,945 (2016). The population as per the 2000 census was 2,253,362. The population for the State of Florida was 20,612,439 (2016).

The largest segment of the Miami-Dade County population, at 43%, is within the 25 to 44 year age group. The median age is 37.4 years. Due to a declining elderly population and a continued influx of international in-migrants the population has been trending younger over the past decade. Because of poor economic conditions and diminishing job opportunities population growth has slowed since 2005. There were 833,541 households with a median income of \$43,129.

A total of 2,343 new housing units were authorized by building permits in Miami-Dade County during the fourth quarter 2016, 40.2% less than the level of the third quarter of 2016 and 56.9% less than in the fourth quarter of 2015. Multi-family housing permitted during the fourth quarter of 2016 was 38.5% less than in the third quarter of 2016 and single family units permitted was 45.9% less than in the third quarter.

Housing starts in 2016 totaled 13,732 units, 16.4% less than the total for 2015. In 2017 starts are forecast to total about 14,340 units representing a 4.4% increase from the level of 2016. Multi-family housing starts in 2017 are forecast to total 11,465 units, up 6.4% from the level of 2016.

Trade with Latin America has long been a significant factor for the Miami-Dade economy. Miami has huge sea and airport facilities, and its condominium market has attracted countless Latin American buyers. Thus, changes in trade volumes or trade policies could have significant local effects, for better or worse, on the regional economy.

Lately, nonetheless, trends have all worked for the better. Job and population growth rates are favorable. Post-Panamax shipping is expected to enhance business at the port. And the recent relaxation of relations with Cuba, something eagerly awaited for a long while in Miami, is viewed hopefully as well. A wide range of companies in multiple sectors from hospitality and retail to tech and logistics could set up operation in Miami if trade relations move ahead. As much as it might be welcome in South Florida, however, increased trade with Cuba may not be in the cards for the near future. Lifting the trade embargo imposed by the U.S. on Cuba some 50 years ago is not likely to occur over the foreseeable future.

**MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW** (Continued)

While job growth has been less than torrential, and has slowed somewhat recently, its numbers remain substantial. U.S. Bureau of Labor Statistics (BLS) preliminary data for January 2017 show a gain of 31,800 jobs (2.8%) in total non-farm employment from 12 months prior. The gain over the previous 12 was 33,400 jobs (3.0%). Addressing the broader trend, growth in average non-farm employment for all of 2016 was 30,600 jobs (2.7%), down from 36,800 jobs (3.4%) in 2015.

The largest numerical increase in employment as well as the highest rate of job creation over the 12-month span ending with January belonged to the Education and Health Services sector, which added 8,100 jobs net for a 4.6% increase. Professional and Business Services and Trade, Transportation, and Utilities followed with net additions of 5,300 jobs each for respective growth rates of 3.2% and 1.8%. Miami-Dade's large Leisure and Hospitality industry, accounting for 13.9% of total private non-farm employment and playing a major role in the local economy, grew by 4,700 jobs over the period for a 3.4% increase. A small gain in Construction employment, meanwhile, seems disappointing; employment in that sector as of January was up just 300 jobs for a meager 0.7% gain. This sector, however, was quite strong in 2016: average employment in Construction for the year increased by 3,600 jobs, growth at fully 8.9%. All other sectors, including Government, showed smaller gains January to-January.

The lodging industry saw a slight decline in performance during 2016. Though visitor activity, increased by 1.5%, hotel occupancy rates declined 2.7% to 75.9%. Average Daily Rates and RevPAR also declined by 2.9% and 5.5% respectively. The visitor mix remained at 49% international and 51% domestic.

Miami is considered to be a gateway market that attracts nearly an equal amount of domestic and international visitors annually. The areas favorable weather and close proximity to South America is one of the main reasons for the area outpacing most of the Country. During 2016, however, the lodging industry felt the effects of: an increase in supply of 2,172 rooms; economic slowdown in emerging Latin American economies; currency issues related to a strengthening dollar; concerns of the Zika virus; and the partial closure and renovation of the Miami Beach Convention Center. Other secondary factors included the emergence of alternative lodging via Airbnb and other home sharing web sites.

Due to the large economic base from Latin America and the Caribbean, Miami International Airport (MIA) is one of the world's top ten airports with approximately 22 + million passengers annually. Airport activity was up .2% over 2015. Approximately 49% was due to international travel.

The airport currently includes just over 150 airlines and is ranked 2<sup>nd</sup> in international passenger travel in the U.S. and 27<sup>th</sup> in the world. The airport also ranks 1<sup>st</sup> in the U.S. in international freight and 10<sup>th</sup> in the world. The local economic impact from airport activities is about \$26 billion and 282,043 jobs. That equates to one out of 4.1 jobs.

**MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW** (Continued)

The most significant new construction at the airport was the North Terminal which houses the Latin American and Caribbean hub for American Airlines and American Eagle, includes 23 passenger gates and is almost 700,000 square feet in size.

Located just east of the Miami International Airport, the Miami Intermodal Center is a \$2 billion ground transportation hub built by the Florida Department of Transportation. The MIC Program consists of several completed and non-completed components: major roadway improvements, including a reconfigured Le Jeune Road (2008), Rental Car Center (2010); the MIA Mover (2011) which connects MIA to the Rental Car Center; the Miami Central Station, (2014); and Joint Development which is currently being explored. When complete, the MIC will provide connectivity via various modes of transportation between Palm Beach County, Fort Lauderdale, Miami, and the Florida Keys.

The Port of Miami was responsible for \$24.2 billion in business with nearly 7 billion tons of cargo shipped through the facility. The Port experienced a 5.2% increase in cruise activity during 2016.

**Conclusion**

Miami-Dade County had been one of the fastest growing areas in the United States since the 1960s. The rapid growth rate of the County in the past resulted in economic diversification, relieving the economy of its historical dependence on agriculture, construction, and tourist trades. The County's strategic location with a large port and international airport has continued to act as a draw for expanding the international population and economy.

Additional draws to the area include an excellent network of medical facilities, parks and recreation areas and schools strategically located throughout the County. Transportation is also excellent to all points of the County via a cross section of north-south and east-west expressways.

The US Governments current viewpoint towards NAFTA, as well as, the strengthening dollar makes international trade in the County vulnerable over the foreseeable future. The trends in the US dollar have also impacted the condominium market, with its many foreign buyers. The local economy remains perennially susceptible to trends in tourism, which tend to reflect trends in the national economy. For the moment, though, the outlook is favorable. The number of major mixed-use developments under way and planned should be helpful.

### **RESIDENTIAL NEW HOUSING MARKET SUMMARY**

The housing market of Miami-Dade County had been improving annually for the last five years. The first decline in units permitted was seen in 2016, for the first time in 5 years.

During the fourth quarter of 2016 a total of 2,343 new housing units were authorized by building permits in Miami-Dade County, 40.2% less than the 3,915 units permitted in the third quarter of 2016 and 56.9% less than the 5,432 of the fourth quarter of 2015.

The total housing permitted during 2016 was 13,732, 16.4% less than the 16,421 permitted 2015. The units permitted yearly has been as follows:

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Permits</b>	2,657	5,064	10,179	13,843	16,421	13,732
<b>% Increase</b>	N/A	90.59%	101.01%	36.00%	18.62%	-16.38%

The forecasted permits for 2017 is 14,340 units, representing an increase of 4.4% over the total in 2016.

The inventory and average pricing for new condominium units sold has been as follows:

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Units Sold</b>	2,246	1,332	577	827	1,786	1,027
<b>% Increase</b>	N/A	-40.69%	-56.68%	43.33%	115.96%	-42.50%
<b>Median Price</b>	\$347,380	\$327,557	\$390,448	\$402,196	\$435,748	\$424,447

A total of 302 new condominium units were sold (deeded) in Miami-Dade County during the fourth quarter of 2016. The fourth quarter sales were 73.6% greater than the 174 sold in the third quarter of 2016 but 37.9% less than the 486 sold in the fourth quarter of 2015. New condominium sales during 2016 totaled 1,027 units, 42.5% less than the 1,786 sold during 2015.

Reinhold no longer publishes statistics for new single family residences. The used single family homes sales and average pricing has been as follows:

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Units Sold</b>	13,788	14,064	17,048	20,474	21,025	16,551
<b>% Increase</b>	n/a	2.00%	21.22%	20.10%	2.69%	-21.28%
<b>Median Price</b>	\$165,671	\$196,747	\$200,020	\$221,570	\$233,839	\$258,893

**RESIDENTIAL NEW HOUSING MARKET SUMMARY** (Continued)

A total of 4,395 used single family homes, including all types of fee simple housing, were sold in the fourth quarter of 2016. This represented a 14.3% decline from the 5,128 resold in the third quarter of 2016 but was 1.27% greater than the 4,344 resold in the fourth quarter of 2015. Used home sales totaled 16,551 during 2016 representing a 21.3% decline from the 21,025 resold during 2015.

The median price of used homes sold during the fourth quarter of 2016 was \$293,174, up 2.4% from the \$286,393 median of the third quarter of 2016 and 11.9% greater than the \$262,009 median of the fourth quarter of 2015.

The highest median resale price was over \$600,000 found in six coastal submarket areas throughout the County. The lowest median price was \$155,084, found in the Northwest Miami area.

Source: Reinhold P. Wolff Economic Research, Inc. 1<sup>st</sup> Quarter 2017 Local Market Surveys

**RESIDENTIAL NEW HOUSING MARKET SUMMARY (Continued)**

Sub-Market Area	4 <sup>th</sup> Quarter 2015		4 <sup>th</sup> Quarter 2016	
	SFR Resales	Median Price	SFR Resales	Median Price
<b>N. Miami Beach</b>	165	\$261,248	141	\$302,082
<b>North Miami</b>	92	\$193,181	68	\$241,666
<b>North Dade Carol City</b>	471	\$148,731	469	\$180,425
<b>Miami Lakes</b>	205	\$314,406	192	\$317,421
<b>Miami Shores/NE Miami</b>	117	\$415,624	110	\$476,470
<b>North West</b>	362	\$118,492	378	\$155,084
<b>Hialeah</b>	179	\$227,403	162	\$270,857
<b>Miami Springs</b>	190	\$404,544	174	\$370,312
<b>Central Miami</b>	75	\$272,058	65	\$311,904
<b>North Gables</b>	139	\$286,428	143	\$321,874
<b>Bayshore/Brickell/S Gables</b>	120	\$600,000 +	143	\$600,000 +
<b>South Miami</b>	61	\$420,832	69	\$416,666
<b>West Miami</b>	225	\$310,365	223	\$332,827
<b>Sunset</b>	62	\$319,230	53	\$343,102
<b>NW Kendall Lakes</b>	149	\$335,332	189	\$372,471
<b>East Kendall</b>	71	\$445,237	77	\$535,713
<b>Central Kendall</b>	34	\$361,537	47	\$349,999
<b>Kendall West</b>	108	\$298,437	110	\$328,332
<b>Howard</b>	170	\$522,221	184	\$564,515
<b>Tamiami Airport Area</b>	42	\$295,454	65	\$338,332
<b>West Dade</b>	95	\$284,999	114	\$343,283
<b>Perrine</b>	509	\$220,362	607	\$261,963
<b>Goulds</b>	369	\$204,166	314	\$224,443
<b>Homestead</b>	248	\$260,525	222	\$282,726
<b>Key Biscayne</b>	9	\$600,000 +	3	\$600,000 +
<b>So Miami Beach</b>	21	\$600,000 +	20	\$600,000 +
<b>North Beach</b>	15	\$600,000 +	14	\$600,000 +
<b>North Miami Beach/No Bay Village</b>	32	\$600,000 +	30	\$600,000 +
<b>Surfside/Indian Creek/Bal Harbor/Golden Bch</b>	9	\$600,000 +	9	\$600,000 +
<b>Total County or Average</b>	4,344	\$262,009	4,395	\$293,174

Source: Reinhold P. Wolff Economic Research, Inc. 1<sup>st</sup> Quarter 2017 Used Single Family Homes

### MIAMI METRO APARTMENT MARKET OVERVIEW

The vacancy rate in mature (18 + months old) rental apartment complexes in Miami-Dade County stood at 3.6% in February, 2016 down slightly from the 3.9% rate of November, 2016 and slightly higher than the 3.4% rate of February, 2016.

During the fourth quarter 2016 a total of 1,729 new rental apartment units were absorbed in Miami-Dade County, 67.9% more than the 1,030 absorbed in the third quarter of 2016 and 85.9% more than the 930 absorbed in the fourth quarter of 2015. The 4,115 new apartments absorbed during 2016 was 50.5% more than the 2,735 absorbed during 2015.

The average apartment rent by unit type and vacancy rate are listed per area as follows:

Sub-Market Rental Apartments	Units Surveyed	# of Vacant Units	% Vacant	Avg. Rent 1 Bed.	Avg. Rent 2 Bed.	Avg. Rent 3 Bed.
N. Miami Beach	3,081	117	3.8%	\$1,376	\$1,697	\$1,954
North Miami	1,466	98	6.7%	\$1,308	\$1,584	-
Carol City	1,166	52	4.5%	\$824	\$1,297	\$1,643
Miami Lakes	3,323	111	3.3%	\$1,272	\$1,618	\$2,061
Northeast Miami	2,741	94	3.4%	\$1,993	\$2,731	\$2,787
Northwest Miami	1,828	68	3.7%	\$1,363	\$1,694	\$3,194
Hialeah	915	2	0.2%	\$1,049	\$1,283	\$1,529
Miami Springs/Flagler North	7,063	251	3.6%	\$1,615	\$1,878	\$2,183
Bayshore	1,413	50	3.5%	\$2,304	\$3,198	\$4,193
Old Southwest/N. Gables/S. Gables/South Miami	3,723	200	5.4%	\$1,638	\$2,415	\$3,186
Sunset/Sunset East/Sunset West	1,668	38	2.3%	\$1,157	\$1,439	\$1,597
East Kendall	2,700	53	2.0%	\$1,391	\$2,004	\$1,784
Kendall West	3,478	117	3.4%	\$1,175	\$1,439	\$1,597
Howard/West Miami/Perrine/Cutler Ridge/Tamiami	1,135	40	3.5%	\$1,457	\$1,654	\$1,942
Homestead/ SW Dade	2,222	37	1.7%	\$1,045	\$1,193	\$1,707
South Beach	1,872	82	4.4%	\$2,500	\$3,575	\$6,354
Central Beach/Surfside/North Beach	<u>1,902</u>	<u>77</u>	<u>4.0%</u>	<u>\$1,633</u>	<u>\$2,149</u>	<u>\$3,135</u>
<b>Total County or Average Rent</b>	41,696	1,487	3.6%	\$1,506	\$1,920	\$2,257

Source: Reinhold P. Wolff Economic Research, Inc. 1<sup>st</sup> Quarter 2017 Local Market Surveys for buildings 18 months or older.

**MIAMI METRO APARTMENT MARKET OVERVIEW (Continued)**

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County increased by \$19 from November, 2016 to February, 2017. The February, 2017 overall average rent of \$1,744 is 5.1% greater than the \$1,660 average rent found one year earlier. During the most recent three month period efficiency apartment rents declined by \$48 to \$1,428, one-bedroom rents increased by \$27 to \$1,506 and two-bedroom rents increased by \$20 to \$1,920. Three-bedroom rents increased by \$21 to \$2,257 in February, 2017. Changes in projects participating in the surveys from one period to another can result in some fluctuations in rents from one period to another.

The vacancy rate in mature (18 + months old) rental apartment complexes in Miami-Dade County stood at 3.6% in February, 2016 down slightly from the 3.9% rate of November, 2016 and slightly higher than the 3.4% rate of February, 2016.

The following table illustrate the Regional Apartment Market Investment Criteria for the southeast region of the country including Florida.

<b>SOUTHEAST APARTMENT MARKET INVESTMENT DATA</b>				
<b>Key Indicators</b>	<b>Current Quarter</b>	<b>Last Quarter</b>	<b>1 Year Ago</b>	<b>3 Years Ago</b>
<b>Discount Rate (IRR)</b>				
<b>Range</b>	5.70 % - 10.00%	5.70 % - 10.00%	6.00 % - 10.0%	6.50% - 10.0%
<b>Average Rate</b>	7.50%	7.53%	7.58%	7.85 %
<b>Change (Basis Points)</b>		- 3	- 8	- 35
<b>Overall Cap Rate (OAR)</b>				
<b>Range</b>	3.50% -6.50%	3.50% -6.50%	3.75 % - 7.00%	4.50 % - 7.25%
<b>Average Rate</b>	5.10%	5.10%	5.30 %	5.65 %
<b>Change (Basis Points)</b>		0	- 20	- 55
<b>Residual Cap Rate (OAR)</b>				
<b>Range</b>	4.50% - 7.00%	4.50% - 7.00%	4.50 % - 7.00%	5.25 % - 7.50%
<b>Average Rate</b>	5.75%	5.75%	5.78 %	6.30 %
<b>Change (Basis Points)</b>		0	- 3	- 55
<b>Marketing Rent Change*</b>				
<b>Range</b>	1.00% -4.00%	1.00% -4.00%	1.00% -4.00%	2.00% -4.00%
<b>Average Rate</b>	3.05%	3.05%	3.05%	3.05%
<b>Change (Basis Points)</b>		0	0	0
<b>Expense Change*</b>				
<b>Range</b>	2.00% -3.00%	2.00% -3.00%	2.00% -3.00%	2.00% -4.00%
<b>Average Rate</b>	2.80%	2.80%	2.80%	3.00%
<b>Change (Basis Points)</b>		0	0	- 20
<b>Marketing Time</b>				
<b>Range</b>	1-6	1-6	1-6	1-12
<b>Average</b>	3.1	3.1	3.1	4.0
<b>Change</b>		Equal	Equal	Lower

Source: PWC Investor Survey - 1<sup>st</sup> Quarter 2017

**MIAMI METRO APARTMENT MARKET OVERVIEW** (Continued)

Sales activity has picked up in 2016. The \$831.2 million exchanged in 68 transactions through the first three quarters of the year is close to exceeding the \$840.2 million recorded for 85 sales for all of 2015.\* The total for the third quarter of 2016 alone for 14 deals was \$234.2 million. Average selling prices for the latest quarter and first three of 2016 all told were \$149,000 and \$210,000 per unit, respectively. The average for all of 2015 was \$147,000. The mean cap rate for the latest quarter's deals was 5.6%. The 12-month rolling cap rate per quarter-end was 5.8%, down from 7.1% a year earlier. Reis expects the 12-month rolling rate to run in the range of 5.5% over the coming year.

In the third quarter's largest sale, second-largest in a year, The Blackstone Group paid Stellar Management \$117.0 million (\$135,417 per unit) in July for the 864-unit Portofino at Biscayne Apartments in North Miami.

Source: REIS Observer December 22, 2016 (Metro: Miami - and all submarkets)

**Conclusion**

Construction activity is projected to continue during each of the following two years. Also declining cap rates will continue to push property values upward over the foreseeable future.

## NEIGHBORHOOD DESCRIPTION

A neighborhood is defined as: A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

The neighborhood is largely comprised of the southern portion of the Village of Palmetto Bay, Cutler Bay to the east of South Dixie Highway and unincorporated Miami-Dade County to the west. The general boundaries of the subject's neighborhood are as follows:

North:	SW 152 Street (Coral Reef Drive)
South:	SW 211 Street/Black Creek Canal
East:	Biscayne Bay
West:	SW 117 Avenue and/or Florida Turnpike Extension

**Boundaries/Access:** Old Cutler Road is a major north/south roadway connecting the subject neighborhood to northern neighborhoods such as Pinecrest, Coral Gables and Coconut Grove. The land uses along this road are largely residential with some commercial uses near the intersection of Franjo Road.

South Dixie Highway is a major roadway that provides access to the neighborhood from the north and south. The southbound lanes serve as the western boundary for Palmetto Bay and Cutler Bay. This roadway provides much of the necessary retail and service needs for its surrounding neighborhoods.

Coral Reef Drive is the northern boundary of the subject neighborhood. This east/west roadway is lined with residential land uses to the east of the South Dixie Highway and connects to Old Cutler Road to the East.

Richmond Drive (SW 168 Street) provides east/west access to the neighborhood. The roadway stretches across the county and links Old Cutler Road to Krome Avenue (SW 177 Avenue).

Eureka Drive (SW 184 Street) provides east/west access to the neighborhood. Eureka Drive directly connects the neighborhood to a Florida Turnpike exchange found approximately two miles west. The Florida Turnpike is a major state toll road providing access to and from the rest of the state of Florida.

SW 211 Street extends along the southern boundary of Southland Mall. The roadway is lined with commercial uses and vacant commercial parcels and the South Dade Government Center and the Cultural Arts Center. Located south of SW 211 Street is the predominantly residential neighborhood of Goulds.

**NEIGHBORHOOD DESCRIPTION** (Continued)

**Neighborhood Demographics and Statistics:** The immediate area of the subject neighborhood's demographic data, per the FFIEC Census Report is as follows.

<b>Year</b>	2016
<b>MSA</b>	5000
<b>Census Tract</b>	82.08
<b>State</b>	12 (FL)
<b>County</b>	086 (Miami-Dade)
<b>Population</b>	4,527
<b>Income Level</b>	Upper
<b>Median Family Income</b>	\$105,281
<b>Total Housing Units</b>	1,435
<b>1 to 4 Family Units</b>	1,425
<b>Owner Occupied Units</b>	1,317
<b>Renter Occupied Units</b>	32
<b>Median Age of Housing Stock (Years)</b>	33

**Services:** Some of the public schools servicing the neighborhood area as follows:

Elementary: Perrine, Bel-Aire, Cutler Ridge, Coral Reef  
 Middle: Centennial, Goulds, Cutler Ridge  
 Senior High: Southridge, Palmetto

The utilities and governmental services are as follows.

Water: Miami-Dade County  
 Sewer: Miami-Dade County  
 Electrical Service: Florida Power and Light Company  
 Police: Miami-Dade County, Cutler Bay, or Palmetto Bay  
 Fire: Miami-Dade County  
 Telephone: Various including AT&T

**NEIGHBORHOOD DESCRIPTION** (Continued)**Residential Market:**

The east side of the neighborhood is primarily comprised of single family residential land uses with some multifamily residential and low rise condominium uses as well. Much of the single family development took place in the 1950's and 1960's with continued development through the 1980's. The following tables summarize residential market data within the Village of Palmetto Bay from MLS (Multiple Listing Service), year to date.

<b>SINGLE FAMILY SURVEY - VILLAGE OF PALMETTO BAY - YEAR TO DATE</b>	
No. of Homes Sold	118
No. of Homes Listed	175
Selling Price Range	\$200,000 to \$2,100,000
Listing Price Range	\$240,000 to \$5,100,000
Avg. Selling Price	\$580,302
Avg. Listing Price	\$802,882
Avg. Selling Price/SF	\$203
Avg. Listing Price/SF	\$270
Avg. DOM	98

<b>TOWNHOUSE / CONDOMINIUM SURVEY - VILLAGE OF PALMETTO BAY - YEAR TO DATE</b>	
No. of Homes Sold	17
No. of Homes Listed	10
Selling Price Range	\$84,000 to \$950,000
Listing Price Range	\$129,922 to \$1,295,000
Avg. Selling Price	\$317,985
Avg. Listing Price	\$651,607
Avg. Selling Price/SF	\$176
Avg. Listing Price/SF	\$334
Avg. DOM	108

**NEIGHBORHOOD DESCRIPTION** (Continued)**Residential Market:** (Continued)

The following is a sampling of apartment vacancy rates nearby the subject neighborhood.

APARTMENT VACANCY & RENTAL RATES						
Sub-Market	Units Surveyed	# Vacant Units	% Vacant	Average Rent 1 BR	Average Rent 2 BR	Average Rent 3 BR
Howard/West Miami/ Perrine/Cutler Ridge/Tamiami	1,135	40	3.5%	\$1,457	\$1,654	\$1,942

Source: Reinhold P. Wolff Economic Research, Inc. 1Q2017

Overall, few units have been added to the inventory of rental apartment in recent years. Surveyed vacancy rates have typically been near 3% and 4% over recent years; however, the surveyed indication has shown a decline in recent quarters.

Palmetto Bay implemented on January 15, 2016, a new zoning code named the Downtown Urban Village (DUV) which covers much of the South Dixie Highway and Franjo Road properties between SW 168 Street and SW 184 Street, and runs from US1 east to SW 94 Avenue. The new zoning includes incentives for higher density residential projects that may be able to achieve densities between 60 and 70 units per acre. While the code indicates base densities of 24 units per acre, TDRs and a pool of about 1,200 +/- surplus units in Palmetto Bay can be allocated towards new projects in the DUV area. Bonus densities will require plan approval by Palmetto Bay.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Springfield, Atlantico, and Shores at Palmetto Bay (subject property). These five projects have been grandfathered in and are subject to review and revisions.

The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended to have a maximum of 4 to 6 story buildings.

**NEIGHBORHOOD DESCRIPTION** (Continued)**Residential Market:** (Continued)

The following table summarizes four of the five planned projects that have been submitted for review to the Village of Palmetto Bay prior to the moratorium, within the Downtown Urban Village of Palmetto Bay:

PROPOSED DEVELOPMENT	
Name of Project	Comments
<b>Soleste</b> (18301 S Dixie Hwy)	This is a 1.95 acre site, originally proposed for 301 units, in a 6 to 8 story building. This proposal was <b>DENIED</b> , and the site plan is being revised to 218 units, in a 4 to 6 story building. The revisions are not guaranteed to be approved.
<b>Park View</b> (9500 SW 174 Street)	This is a 3.14 acre site, which has been <b>DEFERRED</b> for revisions. The site plan that has been submitted is 308 units, in a 4 to 6 story building.
<b>Atlantico</b> (17945 SW 97 Avenue)	This is a 4.02 acre site, on Franjo Road, adjacent to the subject property. The site was formerly improved with a Total Bank, which is being demolished. This proposed project is 271 units and 7,000 square feet of retail, and has been <b>APPROVED</b> .
<b>Shores at Palmetto Bay</b> SW 178 St & 97 Avenue)	This is the subject project, which is a 5.34 gross acre site. The proposed site plan is 309 units and 10,000 square feet of retail, in a 6 to 8 story building. There is also a charter school on the site plan with. Reportedly, revisions which the council would require would reduce to the residential units to 275. It has not yet been reviewed.

**Retail Market:**

The subject neighborhood falls within the Cutler Bay sub-market. The following table summarizes market data for the local retail sub-market, as surveyed by CB Richard Ellis.

RETAIL MARKET STATISTICS						
Market	Gross Leasable Area (SF)	Vac Rate %	Qtrly Net Absorption (SF)	YTD Net Absorption (SF)	U/C & Planned SF	Avg Dir Ask Lease Rate (NNN/SF/Yr)
<b>South Dade</b>	11,102,211	3.1%	37,541	37,541	0	\$18.69

Source: CB Richard Ellis Miami Retail Market Overview, 3<sup>rd</sup> Quarter 2016

Recent surveys from market participants indicate a stabilization in the retail market, particularly for those properties along the South Dixie Highway Corridor. Positive absorption within many of the centers over recent months has indicated base rents around \$14 to \$20 per square foot, NNN, for older centers along South Dixie. The bulk of the new leasing has been done by national and regional companies including names such as Dollar Store, Aldi supermarket and Burlington Coat Factory. The absorption of space to local businesses has been relatively stable over recent quarters.

**NEIGHBORHOOD DESCRIPTION** (Continued)**Retail Market:** (Continued)

The single largest retail land use is the Southland Mall, located between South Dixie Highway and the Florida Turnpike along the north side of SW 211 Street. The regional mall has over 1 million square feet of gross leasable area. Currently, Southland Mall tenants include JC Penney, Macy's, K Mart, Old Navy, LA Fitness, Sears, Regal Cinemas movie theater, DSW, and TJ Maxx.

The following table summarizes the majority of planned or recently completed projects within or near the subject neighborhood.

<b>RECENT DEVELOPMENT</b>		
<b>Name</b>	<b>Location</b>	<b>Comments</b>
<b>Walmart</b>	21151 South Dixie Highway	A new 100,000 +/- square foot Walmart was delivered in 2013.
<b>TD Bank</b>	19199 South Dixie Highway	A new bank branch was developed in 2009.
<b>Olive Garden</b>	20345 South Dixie Highway	A new restaurant was developed in 2012. The sale-leaseback investment was sold for \$5,460,000 in September, 2015. The reported OAR was at 5.2%.
<b>Point Royale Shopping Center</b>	19151 South Dixie Highway	A strip center with Starbuck's, Space Coast Credit Union and Chipotle was built on an outparcel. The 7,300 +/- square foot retail building was delivered in 2013.
<b>Ashley Furniture &amp; City Furniture</b>	18760 South Dixie Highway	Two new furniture showrooms totaling 97,000 +/- square feet were delivered in 2013/2014.
<b>El Dorado Plaza</b>	19250 South Dixie Highway	A new El Dorado Furniture showroom (60,000 +/- square feet) and The Vitamin Shoppe anchored strip (9,300 +/- square feet) was delivered in 2015.
<b>MD Now</b>	18851 South Dixie Highway	A former restaurant was redeveloped. A new urgent care center was delivered in 2015.
<b>Cutler Bay Gateway</b>	20001 South Dixie Highway	A multitenant retail strip (6,900 +/- square feet) is proposed and scheduled for a 2017 delivery.
<b>Lincoln of Cutler Bay</b>	109XX SW 186 Street	A Lincoln dealership will be developed.

**NEIGHBORHOOD DESCRIPTION** (Continued)**Retail Market:** (Continued)

As indicated in the previous table, most new retail development includes furniture showrooms as well as retail strips with most of the new development taking place in Cutler Bay.

The South Dixie Highway corridor remains heavily influenced by the auto dealers in the neighborhood. The largest type of commercial land use is for automobile sales. The largest single dealer site is the Maroone auto dealership, a 14+ acre tract is south of SW 170 Street between the north and southbound lanes of South Dixie Highway. This dealership has now gone out of business and the property is vacant. It is located within the Downtown Urban Village area, and is a prime site for development.

Additionally, most major manufacturers are represented with dealers such as South Motors Nissan, BMW, Volkswagen, Dadeland Dodge, Miami Acura and Gus Machado Ford. The majority of the dealers are located within Palmetto Bay; however, Bill Ussery Motors has developed a Mercedes dealership at the southeast corner of Southland Mall along SW 211 Street and the Florida Turnpike within Cutler Bay. Chrysler Group Realty purchased a small auto dealer site at 17220 South Dixie Highway for a Fiat dealership. Also, the Land Rover dealership and business was transferred at 16610 South Dixie Highway. The most recent proposed dealership is the Lincoln dealer at the Turnpike and SW 186 Street. Much of the neighborhood is expected to continue to attract dealers due to the availability of affordable land.

Investors have been active in the area over recent years. Most of the area's recently sold centers are summarized in the following table.

SHOPPING CENTER SALES							
Name	Location	Anchor	Date	Sale Price	SF	\$/SF	OAR
Best Plaza	19700 S Dixie Highway	Sherwin Williams	02/13	\$4,000,000	19,880	\$201.21	8.2%
Village Square South	19401 S Dixie Highway	West Marine	05/13	\$3,275,000	24,580	\$133.24	8.0%
Hibiscus Plaza	9823 S Dixie Highway	None	02/14	\$5,600,000	34,200	\$163.74	7.5%
n/a	20706 S Dixie Highway	None	10/14	\$2,950,000	16,200	\$182.10	7.9%
Colonial Shopping Plaza	9477 SW 160 Street	None	09/15	\$3,350,000	11,065	\$302.76	6.9%

Overall, retail market conditions appear to have stabilized. Some signs of continued improvement are represented by new construction and investment activity over recent quarters.

**NEIGHBORHOOD DESCRIPTION** (Continued)**Office Market:**

The subject neighborhood falls within the South Dade sub-market. The following table and data has been derived from the office market survey published by CB Richard Ellis.

OFFICE MARKET STATISTICS						
Market	Inventory (SF)	Direct Vacancy %	Total Vacancy %	Q4 2016 Absorption (SF)	Under Const (SF)	Avg Ask Rent (FS)
South Dade	467,756	22.3%	22.3%	(1,990)	0	\$25.07

Source: CB Richard Ellis Marketview, Miami Office Market, 4<sup>th</sup> Quarter 2016

The neighborhood's smallest commercial land use is for office product. The oldest concentration of office space within the neighborhood are the Cutler Ridge Regional Center (CR I) and South Dade Office Tower (CR II) located at 10700 and 10720 Caribbean Boulevard. 10720 Caribbean was purchased by Cutler Bay for its municipal offices.

The neighborhood's nearest corporate headquarters campus is located at 17777 Old Cutler Road. The 266,000+/- square foot, 80 acre complex was built for Burger King in 1988 but has been converted to multitenant use over the years. New construction has been extremely limited over recent years with one small proposed medical office building to be located at SW 109 Avenue and SW 184 Street. Some smaller land sales and pending sales have been recently targeted for new medical and professional office development but plans have yet to be submitted for approval. Also, a Leon Medical Center is to be developed on 6 +/- acres located at 10875 Quail Roost Drive. Overall, the office market has been relatively stable over recent quarters.

**Industrial Market:**

The subject neighborhood falls within the South Dade sub-market. The following table has been derived from the survey published by CB Richard Ellis.

INDUSTRIAL MARKET DATA							
Market	Rentable Area (SF)	Total Vacancy %	Total Avail %	Qtrly Absorption (SF)	YTD Net Absorption (SF)	Under Constr (SF)	Avg. Dir Ask Lease Rate, FS
South Dade	4,542,127	3.5%	5.0%	17,670	34,353	0	\$9.69

Source: CB Richard Ellis, MarketView, Miami Industrial, 4<sup>th</sup> Quarter 2016

**NEIGHBORHOOD DESCRIPTION** (Continued)**Industrial Market:** (Continued)

The largest industrial area within the neighborhood is located west of South Dixie Highway, south of Eureka Drive, and east of the Florida Turnpike. The industrial uses consist of mini-storage facilities, free-standing owner-user warehouses, multi-bay industrial flex rental and condominium projects. The bulk of newer construction was centered around the Marlin Road area that is home to a Home Depot along SW 106 Avenue. The most recent multitenant, flex development, Marlin Centre Shops, was completed in 2015.

Based on the previous table, the local industrial rental market appears to be indicating positive trends and improvement. Most of the larger multitenant buildings appears to be above 90% occupancy with rental rates between \$8 and \$9 per square foot, gross.

**Conclusion:**

The residential market is characterized as recovered with of asset appreciation in most areas evidenced over recent years. However, new multifamily development has not been evident in the market until now. Several rental projects are now planned, and one adjacent to the subject is already approved and being constructed. The industrial market has also shown positive signs in recent months and is expected to follow positive market forces indicated by nearby industrial markets. Common to much of the suburban areas of the county, the office markets has been the last sector to indicate sales momentum and stabilization. The retail market continues to show signs of positive growth. In an effort to revitalize the South Dixie Highway corridor, the Village of Palmetto Bay has rezoned much of "downtown" area of the municipality which is largely within and around the North and Southbound lanes of South Dixie Highway and Franjo Road. In general, the neighborhood's economic recovery has improved over recent quarters along with most suburban portions of the county.

**ZONING**

<b>Village of Palmetto Bay Downtown Urban Village (DUV) Adopted as of January 15, 2016</b>	
The subject property is within the Village of Palmetto Bay Downtown Urban Village (DUV). Some features of the codes are as follows.	
<b>Purpose and Intent</b>	The intention of this section is to facilitate the development of a community village center within the Village of Palmetto Bay. The section will provide for appropriate building and architectural scale through the inception of development standards that provide for a varied building form that responds to the individual districts within the Downtown Urban village (DUV); promote and enhance commercial and civic street scene activity through adequate provisions for the inclusion of sufficient ground level retail commercial oriented uses and retail commercial architectural typologies; promote and enhance the architectural character of the DUV through the inception of provisions that promote high-quality urban design form, architectural and complete streets design standards within the DUV.
<b>Sector Plan for Subject</b>	The <b>Downtown Village (DV)</b> sector applies to the primary area of the Downtown Urban Village (DUV), which is composed of the most vital, concentrated, ped/bike-oriented areas and defined by multi-story flexible block and flex building typologies. The flexible block and flex building typologies are suitable to satisfy the broad assortment of retail, office, light service and residential uses that serve a true mixed-use downtown area. Higher intensity commercial uses may line the street front at ground level with offices or multi-family residential units above. Landscape should reflect the urban character of the sector, emphasizing ped/bike protection and accentuating the architectural character of the area, by planting in tree grates or landscape islands. Parking is permitted both on-site and off-site within the DV
<b>Residential Density Plan</b>	24 du/ac max. base density (gross) with minimum average unit size of 750 square feet Maximum base density refers to the number of initial residential units permitted per acre before additional available reserve residential units and/or TDR residential units.
<b>Uses</b>	Residential (multiple family dwelling units only) Mixed Uses (The vertical or horizontal integration of two or more of residential, business and office, civic and institutional uses. Vertical integration of mixed-uses shall be required within buildings that have primary frontage along SW 97 Avenue.) Civic Uses (Religious Facilities, Schools K-12), Municipal Recreation, Group Residential Home, Big Box Retail/Service, General Retail/Personal Service, Neighborhood Proprietor Commercial-Retail/Office and Services, Office Uses, Colleges and Universities, Entertainment Uses, Food Beverage Establishments, Drive Through Facilities, Commercial Parking Structure Automotive Sale and Service Stations may be permitted with provisions.
<b>Permitted Building Types/Flexible Block</b>	A potential mixed-use building type, occupied by one of or a combination of multifamily residential, commercial or offices at the ground floor and office/multifamily residential units on the floor(s) above. The building is intended to front more than two street frontages and accommodate large footprint commercial uses or structured parking within the envelope.
<b>Permitted Building Types/Flexible Building</b>	A potential mixed-use building type, occupied by one of or a combination of multifamily residential, commercial or offices at the ground floor and office/multifamily residential units on the floor(s) above. The building is intended to front no more than two street frontages and the shallower footprint provides a versatile form for smaller lots with programmatic requirements, like service or parking in the rear.
<b>Building Height</b>	3 stories minimum; 5 stories maximum; 8 stories with bonus
<b>Lot Size</b>	160 feet x 160 feet minimum (flexible block); 80 feet x 100 feet minimum (flex building)

**ZONING** (Continued)

Palmetto Bay implemented on January 15, 2016, the new zoning code detailed on the previous page named the Downtown Urban Village (DUV) which covers much of the South Dixie Highway and Franjo Road properties between SW 168 Street and SW 184 Street, and runs from US1 east to SW 94 Avenue. The new zoning includes incentives for higher density residential projects that may be able to achieve densities between 60 and 70 units per acre. While the code indicates base densities of 24 units per acre, TDRs and a pool of about 1,200 +/- surplus units in Palmetto Bay can be allocated towards new projects in the DUV area. Bonus densities will require plan approval by Palmetto Bay.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Atlantico, Springfield, and Shores at Palmetto Bay (subject property). These five projects have been grandfathered in and are subject to review and revisions.

The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended to have a maximum of 4 to 5 or 6 story buildings.

The subject currently has a site plan approved for a charter school, which was provided by the client. The site plan encompasses the entire site, and is reportedly approved. However, the contract for purchase by the charter school is only for one acre of the subject, and has not been executed. The proposed charter school appears to be legally permissible, since it is a 4 story building at the rear of the site, fronting on Park Drive.

The proposed site plan for a rental multi family project has not yet been reviewed, but is the one that is to be considered for purposes of this appraisal report under **Scenario #1**. The site plan has been completed with the assumption that bonuses will be approved, and is a 7 and 8 story building (8 stories fronting on Franjo Drive), and a charter school site to the rear fronting on Park Drive, on one acre of the property.

Although permissible by right, since the zoning allows up to 8 stories with bonuses, the city council is not approving 8 stories.

There is no cap on the density, however, the density is regulated by the maximum building height. Per Mr. Travis Kendall of the Village of Palmetto Bay, the gross site size is utilized to calculate the density for residential multi family projects.

**SITE DESCRIPTION**

<b>Folio</b>	<b>33-5033-000-0860</b>
<b>Status</b>	Vacant site, never improved
<b>Shape</b>	Rectangular
<b>Size</b>	218,776 square feet (net lot size) 232,754 square feet (gross lot size)
<b>Access</b>	SW 97 <sup>th</sup> Avenue
<b>Topography</b>	Appears to be above road grade and in developed condition
<b>Environmental Note</b>	None noted
<b>Concurrency</b>	Not applicable
<b>Flood Zone</b>	Flood Zone X (see Addenda)
<b>Census Tract</b>	82.08
<b>Easements</b>	None noted
<b>Encroachments</b>	None noted
<b><u>Utilities:</u></b>	
<b>Water &amp; Sewer</b>	Miami-Dade
<b>Electrical Service Company</b>	FPL
<b>Police &amp; Fire Rescue</b>	Palmetto Bay (police) Miami-Dade County (fire rescue)
<b>Telephone</b>	Various
<b><u>Street Improvements:</u></b>	SW 97 <sup>th</sup> Avenue, two lanes of traffic, 70' ROW

### **PROPOSED IMPROVEMENTS**

The subject is a 5.34 gross acre tract of vacant land being appraised under two different scenarios which are not approved as of the date of appraisal. The scenarios will be detailed and discussed as possible uses in the Highest and Best Use section which follows. A description of improvements is not applicable.

### **HIGHEST AND BEST USE**

Highest and Best Use is defined as: The reasonably probable and legal use of that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute), 2015

The definition immediately above applies specifically to the Highest and Best Use of land. It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. There are four tests that a property must meet in order to indicate Highest and Best Use. The use must be physically and legally possible, financially feasible, and must be the most productive use among the possible alternative uses.

There are four tests that a property must meet in order to indicate Highest and Best Use. The use must be physically and legally possible, financially feasible, and must be the most productive use among the possible alternative uses.

#### **Physically Possible**

The site must possess the size, shape area, soil and other physical characteristics to support the improvements that will develop the site to its Highest and Best Use, as if vacant. The site is of sufficient size and shape for multi family residential development as permitted by the zoning code.

#### **Legally Permissible**

The use for the site must provide a yield on invested capital sufficient to warrant the investment. The most physically possible and legally permissible use of the site, as if vacant, is for the development of multi family units. The subject is in the Downtown Urban Village of Palmetto Bay and in the DV, Downtown Village sector. Multi family is legally permissible, with a three to five story building height, and eight stories with bonuses. There is no cap on the density, however, the density is regulated by the maximum building height. Per the Village of Palmetto Bay, the gross site size is utilized to calculate the density for residential multi family projects.

**HIGHEST AND BEST USE** (Continued)**Financially Feasible**

The use for the site must provide a yield on invested capital sufficient to warrant the investment. The most physically possible and legally permissible use of the site, as if vacant, is for the development of rental multi family units. There is demand for apartments in the subject market.

Apartments and condos for rent in Palmetto Bay range from \$1,200 to over \$2,000 per month. The average unit sizes are from 950 to 1,300 per square foot. Rent levels appear to be sufficient to warrant new construction. The proximity of the Downtown Urban Village of Palmetto Bay to the busway adjacent to South Dixie Highway in order to access the Metro Rail is particularly appealing to commuters. In addition, employees of numerous businesses in the area, such as the large car dealerships on South Dixie Highway, make rental projects in the DUV such as the subject very appealing.

Land values in the county for rental multi family land with similar density ranges from \$20,000 to \$30,000 per unit. The subject land was concluded to have a market value within this range. There are five projects which have been submitted for review by the council of the Village of Palmetto Bay. Atlantico, which is adjacent to the subject site, is already under construction, since it is the only project that has been approved. As vacant, rental multi family appears to be financially feasible.

**Maximally Productive**

That feasible use, based on financial use analysis and return to the land and/or capital, that provides the highest yield for the longest period of time. The only logical use for the subject site would be for the development of a rental multi family use.

**HIGHEST AND BEST USE** (Continued)**As Proposed**

The subject currently has a site plan approved for a charter school, which was provided by the client. The proposed charter school appears to be legally permissible, since it is a 4 story building at the rear one acre portion of the site, fronting on Park Drive.

The proposed site plan for a rental multi family project has not yet been reviewed, but is the one that is to be considered for purposes of this appraisal report under **Scenario #1**. The site plan has been completed with the assumption that bonuses will be approved, and is a 7 and 8 story building (8 stories fronting on Franjo Drive), and a charter school site to the rear fronting on Park Drive, on one acre of the property.

Although permissible by right, since the zoning allows up to 8 stories with bonuses, the city council is not approving 7 and 8 stories and is requesting revisions to proposed projects which include reducing the building heights.

**Scenario #2** assumes a building of 6 stories in height, with a maximum density of 60 units per acre, which is similar to the plan that has been approved for the adjacent project, Atlantico. This is the most probable and likely approval for the subject site, based on historical approvals and the revisions required by the city council to the site plans in process. The value conclusion under this scenario represents the **As Is Market Value**, since it is the most probable and likely to be approved.

Under either scenario, financial feasibility of rental units appears to be indicated.

The charter school site does not add an increment in value to the subject, and is valued similar to other properties in the DUV, based on the allowable density. This is evidenced by Sale #2 in the Sales Comparison Approach, which was not purchased for rental multi family use. To improve the charter school acre with rental multi-family units appears to be maximally productive, since it provides long term revenues to the property, as opposed to a one time sale revenue. Special uses are rarely the Highest and Best Use of a site.

The Highest and Best Use of the subject, as proposed, is to improve the site with rental multi-family units and no charter school.

### SALES COMPARISON APPROACH - LAND VALUATION

The Sales Comparison Approach is defined as: “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.”

Source: The Dictionary of Real Estate Appraisal, 6th Edition (Chicago: Appraisal Institute), 2015.

The client requested the valuation of the subject under two scenarios.

**Scenario #1:** The first scenario based on the site plan provided, at a maximum 8 story building, and a possible charter school site. Per the client, we are to assume that the proposed site plan, as provided, is approved. The site plan is for 309 units, plus a one acre site to be improved with a charter school. There is no contract for purchase on the charter school site, therefore this site will be valued as if an additional 60 units could be added to the project, which would be the value of the site.

**Scenario #2:** The second scenario requested by the client is with a density of 60 units per acre at a 6 story maximum building height, and a possible charter school site. The adjacent project, Atlantico, has been approved for 271 units, with a four and five story building. The indicated density for this project is 54 units per gross acre. Since this scenario, per the request of the client, allows 60 units per gross acre in six stories, the subject will be assumed to be developed with a total of 320 units, since an additional 6 units per acre could easily be included in a sixth story. This is the most probable and likely approval for the subject, thus represents the **As Is Market Value** of the subject.

Residential land sales were researched in order to estimate the Market Value of the subject land, under the two scenarios. Three sales in the DUV of Palmetto Bay were found and verified. In order to compare on an equal basis, the density of the sales with no approvals was projected at 54 units per acre, at the density of the only project that has been approved, Atlantico, which is Sale 3.

The following table summarizes the Palmetto Bay DUV land sales that were found and verified.

**SALES COMPARISON APPROACH - LAND VALUATION (Continued)**

<b>COMPARABLE DUV LAND SALES</b>				
<b>SALE #</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>Subject</b>
<b>LOCATION</b>	<b>18301 S Dixie Highway</b>	<b>17405 S Dixie Highway</b>	<b>17945 SW 97 Avenue</b>	<b>SW 178 Street &amp; SW 97 Avenue</b>
<b>SALE DATE</b>	Pending Sale	07/16	07/16	-
<b>FOLIO NUMBER</b>	33-5032-007-1030	33-5032-004-2480 et al	33-5033-000-0880	30-5033-000-0860
<b>SIZE (GROSS ACRES)</b>	3.00	2.42	5.00	5.34
<b>SIZE (GROSS SF)</b>	130,680	105,415	217,800	232,754
<b># PROPOSED LOTS WITH BONUS</b>	<b>218</b>	N/A	N/A	<b>369 (#1) 320 (#2)</b>
<b># OF APPROVED LOTS</b>	N/A	N/A	<b>271</b>	N/A
<b>APPROVED DENSITY</b>	N/A	N/A	<b>54 du/acre</b>	<b>69 (#1) 60 (#2)</b>
<b>CONDITION OF LAND</b>	Previously developed	Previously developed	Previously developed	Developed lot
<b>SALES PRICE</b>	<b>\$4,480,000*</b>	<b>\$6,000,000</b>	<b>\$7,975,000**</b>	-
<b>BUYER</b>	Confidential	South Dade Imports LLC	FCI Palmetto Bay LLC	-
<b>SELLER</b>	Perrine-Peters Methodist Church	Various, assemblage	Bank of Perrine	-
<b>OR BOOK/PAGE</b>	Not closed	30175 /1573, 1576, 1579, 1582,	30167 / 2550	-
<b>VERIFICATION</b>	Lee Katsikos	Confidential	Office files, Tom Blazejack	-
<b>\$/SF (GROSS)</b>	<b>\$33.67</b>	<b>\$56.86</b>	<b>\$35.81</b>	
<b>\$/UNITS APPROVED</b>	N/A	N/A	\$29,428	
<b># OF UNITS AT 54 DU/GROSS ACRES</b>	162	130	271	-
<b>\$/UNIT IF APPROVED AT 54 DU/GROSS ACRES</b>	<b>\$27,654</b>	<b>\$46,153</b>	<b>\$29,428</b>	

\*\$4,400,000 sales price adjusted upwards by \$80,000 demolition (at \$7.00/SF)

\*\*\$7,800,000 sales price adjusted upwards by \$175,000 demolition (at \$7.00/SF)

**SALES COMPARISON APPROACH - LAND VALUATION** (Continued)

**Sale 1** is a current contract on a church and school on South Dixie Highway and SW 183 Street. The property was originally proposed for 301 units in a 6 to 8 story building. The council denied the proposal. There is a new proposal for 218 units in a 4 to 6 story building. The proposed density is 72 units per gross acre. Reportedly, the council may not approve this plan. This is the most recently negotiated transfer in the area, and was negotiated in the third quarter of 2016, after Sales 2 and 3 had closed. This site is for the proposed project called Soleste Bay.

**Sale 2** is the July 2016 assemblage of five folio numbers from three sellers to one buyer. The property encompasses an entire city block, with 4 street frontage, and contains a gross size of 2.42 acres. The property is to be improved with an Audi dealership. Although not proposed for multi family, this property is located in the DUV and considered to be a comparable sale.

**Sale 3** is the sale of a former Total Bank building on 5 gross acres, which is adjacent to the subject on the south. It has been approved for 271 units, with building height of 4 and 5 stories. The plan was approved in June 2016 and the sale occurred in July 2016, since the contract for purchase was contingent on approvals in place. The gross lot area is 5 acres, and the indicated density is 54 units per acre. The existing improvements on the site are currently being demolished. This site is the Atlantico project.

**Analysis:**

The sales are all residential sites located within the Downtown Urban Village of Palmetto Bay. The price per planned unit is normally a good value indicator for properties of this nature.

Often times, comparable properties offer differences in such items as property rights conveyed, conditions of sale, financing, time, size, location, etc. The following analysis will discuss and compare the following characteristics of the comparable sales to the subject. The analysis will first analyze the transactional adjustments (property rights conveyed, conditions of sale, financing, time) and then the specific physical characteristics of the comparables. The differences will then be accounted for via quantitative adjustments. For the purposes of the quantitative adjustments, percentage (%) estimates or \$ amounts as supported by the comparables will be applied as necessary.

**SALES COMPARISON APPROACH - LAND VALUATION** (Continued)**Analysis** (Continued)**Transactional Adjustments****Property Right Conveyed:**

All of the comparable sales were comprised of vacant sites that were not encumbered by long term leases at the time of sale. Therefore, no adjustments will be applied.

**Conditions of Sale:**

Sales 1 and 3 represent transactions with normal marketing periods for the area. An adjustment for condition of sale was not necessary. Sale 2 is the aggregate purchase price of an assemblage from three different sellers, that encompassed an entire city block. It is typical to pay a premium for assemblages, since the buyers are over motivated to purchase certain sites, which are adjacent to others. Comparison of the value indication of this property, with the other two comparables, indicates that this sale requires a 40% downward adjustment for assemblage condition of sale.

**Financing:**

The closed sales all took place with typical financing. None of the sales appeared to be impacted by financing terms. Therefore, no adjustments will be applied.

**Time:**

The sales have all occurred within the past 10 months and represent current market levels. A time adjustment was not warranted.

**Physical Adjustments****Size:**

The comparables are all similar in size, and did not require a size adjustment.

**Location:**

The subject and sales are all located within the DUV of Palmetto Bay. A location adjustment is not necessary.

**SALES COMPARISON APPROACH - LAND VALUATION** (Continued)**Analysis** (Continued)**Physical Adjustments** (Continued)Zoning / Density:

Sales 1 and 2 were projected at a density of 54 units per acre, similar to Sale 3, which is the only approved project in the DUV thus far. The subject in **Scenario #2**, is being projected at 60 units per acre, which is similar to the comparables projected density. In **Scenario #1**, the subject is being projected at 69 units per acre, which is a slightly higher density.

Based on economies of scale, a project with higher density will sell for a lower value indication on a dollar per square foot, than a project with lower density. However, the differences in density are not directly proportional to the dollar per unit pricing, due to the law of diminishing returns.

The difference with **Scenario #2** is minimal. The difference with **Scenario #1** is slightly greater. Although a direct quantitative adjustment will not be made, the differences in densities under the two scenarios will be considered in the final reconciliation of value.

Site Conditions:

The subject and sales are all in developed condition or are formerly developed properties, and did not require an adjustment for site conditions.

The following table summarizes and applies the adjustments to the comparable sales:

**SALES COMPARISON APPROACH - LAND VALUATION (Continued)****Analysis (Continued)**

<b>COMPARABLES ADJUSTMENT GRID</b>			
<b>Comparable</b>	<b>Sale 1</b>	<b>Sale 2</b>	<b>Sale 3</b>
<b>Sale Price</b>	<b>\$4,480,000</b>	<b>\$6,000,000</b>	<b>\$7,975,000</b>
<b>Transactional Adjustments</b>			
<b>Property Rights Conveyed</b>	\$0	\$0	\$0
<b>Conditions of Sale</b>	\$0	(\$2,400,000)	\$0
<b>Financing</b>	\$0	\$0	\$0
<b>Time</b>	\$0	\$0	\$0
<b>Total Transactional Adjustment</b>	<u>\$0</u>	<u>(\$2,400,000)</u>	<u>\$0</u>
<b>Adjusted Sale Price (Trans)</b>	<b>\$4,480,000</b>	<b>\$3,600,000</b>	<b>\$7,975,000</b>
<b>Physical Adjustments</b>			
<b>Size</b>	\$0	\$0	\$0
<b>Location</b>			
<b>Zoning / Density</b>	\$0	\$0	\$0
<b>Site Conditions</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	\$0	\$0	\$0
<b>Net Adjustment</b>	\$0	(\$2,400,000)	\$0
<b>Adjusted Sale Price</b>	<b>\$4,480,000</b>	<b>\$3,600,000</b>	<b>\$7,975,000</b>
<b>Number of Units</b>	162	130	271
<b>Adjusted \$/Unit</b>	<b>\$27,654</b>	<b>\$27,692</b>	<b>\$29,428</b>

**SALES COMPARISON APPROACH - LAND VALUATION** (Continued)**Conclusion of Dollar Per Unit**

After adjustments, the sales ranged from \$27,654 to \$29,428 per unit. The market value is concluded at **\$28,000** per unit under **Scenario #2**, which is similar density to the projected density of the comparable sales. The market value is concluded at **\$27,000** per unit, just below the range, for the subject under **Scenario #1**, which has a larger difference in projected density. The market value under the two scenarios is calculated as follows:

**Hypothetical Scenario #1** (current site plan and charter school site)

# of Units	x	Value Per/Unit	=	Market Value
369		\$27,000		\$9,963,000
<b>Scenario #1, rounded to,</b>				<b>\$10,000,000</b>

**Scenario #2 - As Is Market Value** (6 story building, 60 units per acre)

# of Units	x	Value Per/Unit	=	Market Value
320		\$28,000		\$8,960,000
<b>Scenario #2, rounded to,</b>				<b>\$9,000,000</b>

**Dollar Per Square Foot**

The above value indications calculate to **\$42.96** per square foot under **Scenario #1** and **\$38.67** under **Scenario #2**. The comparable sales ranged from \$33.67 to \$56.86 per square foot. The sale at the high end of the range required a downwards adjustment for assemblage condition. The other two comparables were at \$33.67 and \$35.81 per square foot.

The dollar per square foot value indication is directly affected by the density of a sale, which reflects the utility of a property. The comparable sales were assumed at a density of 54 units per acre, and the subject scenarios were at 60 and 69 units per acre, indicating a higher utility to the land. Hence, the dollar per square foot value indications of the subject, under the requested scenarios, are higher than the comparable sales. It may be concluded that the dollar per square foot value indications of the subject property, under the two scenarios, is supported by the dollar per square foot indications of the comparable sales.

## RECONCILIATION AND FINAL VALUE CONCLUSION

The subject property, based on the request of the client, was valued under two scenarios.

**Scenario #1:** The first scenario based on the site plan provided, at a maximum 8 story building, and a possible charter school site. Per the client, we are to assume that the proposed site plan, as provided, is approved. The site plan is for 309 units, plus a one acre site to be improved with a charter school. There is no contract for purchase on the charter school site, therefore this site will be valued as if an additional 60 units could be added to the project, which would be the value of this one acre site. This is a hypothetical market value, since this scenario does not appear to be reasonable or probable to be approved.

**Scenario #2:** The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site. The adjacent project, Atlantico, has been approved for 271 units, with a four and five story building. The indicated density for this project is 54 units per acre. Since this scenario allows 60 units per gross acre, in six stories, the subject was be assumed to be developed with a total of 320 units. Since this is the most likely and probable density and project to be approved, the value conclusion of the subject property represents the **As Is Market Value** of the subject property.

The subject was valued by way of the Sales Comparison Approach, which is the only applicable indication for vacant land. Three sales in the DUV of Palmetto Bay were found and verified. In order to compare on an equal basis, the density of the sales with no approvals was projected at 54 units per acre, at the density of the only project that has been approved, Atlantico, which is Sale 3. The market value of the subject property, under the two scenarios, is well supported by the market.

In our opinion, the **Hypothetical Market Value** of the subject property, under **Scenario #1**, at a maximum 8 story building site, and a possible charter school site, based on the provided site plan, in fee simple title, as of May 29, 2017, is:

**TEN MILLION DOLLARS**  
**(\$10,000,000)**

In our opinion, the **As Is Market Value** of the subject property, under **Scenario #2**, which is the most probable and likely approval, at a density of 60 units per acre in a 6 story maximum building height, in fee simple title, as of May 29, 2017, is:

**NINE MILLION DOLLARS**  
**(\$9,000,000)**

## PERSONAL PROPERTY

No personal property is included in the estimate of market value.

**MARKETING / EXPOSURE TIME**

**Exposure time** is defined as follows:

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015.

**Marketing time** is defined as follows:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015.

(Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

Based on conversations with local market participants with support from the sales used in this report, an exposure time for the subject of 3 to 6 months is reasonable.

It is important to note that although a buyer for the subject could be easily contracted with an exposure time of 3 to 6 months, transactions in the area are being executed contingent on approvals in place. An actual closing date for the true exposure time can not be determined, since it is unknown how long it would take for the council to approve a site plan on the subject, with probable revisions requested.

The marketing time is the same as the exposure time, at 3 to 6 months.

**CERTIFICATION**

We certify to the best of our 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 are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- \* We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- \* We have performed no services, as an appraiser or in another capacity, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.
- \* We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- \* Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- \* Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- \* Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- \* We have made a personal inspection of the subject property on May 29, 2017.
- \* No one provided significant professional assistance to the persons signing this report
- \* The reported analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- \* The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- \* As of the date of this report, Frank Hornstein has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,



Adria M. Kerti, MBA  
State-Certified General  
Real Estate Appraiser, No. RZ1944

June 5, 2017  
Date of Report



Frank Hornstein MAI  
State-Certified General  
Real Estate Appraiser, No. RZ1376

June 5, 2017  
Date of Report

### ASSUMPTIONS AND LIMITING CONDITIONS

The value conclusion and certification within this report are made expressly subject to the following assumptions and limiting conditions as well as any further reservations or conditions stated within the text of the report.

1. This is an Appraisal Report which is intended to comply with reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in this report is complete and specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in this Appraisal Report.

**ASSUMPTIONS AND LIMITING CONDITIONS** (Continued)

10. It is assumed that all required licenses, certificates of occupancy or legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communication barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

**ASSUMPTIONS AND LIMITING CONDITIONS** (Continued)

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the property to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
19. This appraisal is based on current market conditions. It is assumed that market conditions will remain the same or similar to current conditions for our analysis and throughout the term of our projected sellout of the subject project.
20. The subject is a 5.34 acre site, which reportedly has a contract for purchase for one acre for a charter school. Based on information obtained from several sources, the contract for purchase has not been signed by both parties and is therefore not executed. This appraisal report is based on the Extraordinary Assumption that the one acre site is free and clear to be sold and improved to its Highest and Best Use, which may or may not be a charter school.
21. The subject property consists of a 5.34 acre site being appraised under two different scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site. The first scenario is hypothetical, since all site plans submitted to the council have not been approved with 7 and 8 story building heights. All plans with those building heights have either been rejected by the council, or deferred for revisions for lower building heights. The only site plan that has been approved to date has 4 and 5 story building heights. The Market Value conclusion under the first scenario is based on the Hypothetical Condition that it would be approved by the village council.

ADDENDA



**LOOKING EAST AT THE SUBJECT PROPERTY FROM SW 97 AVENUE**



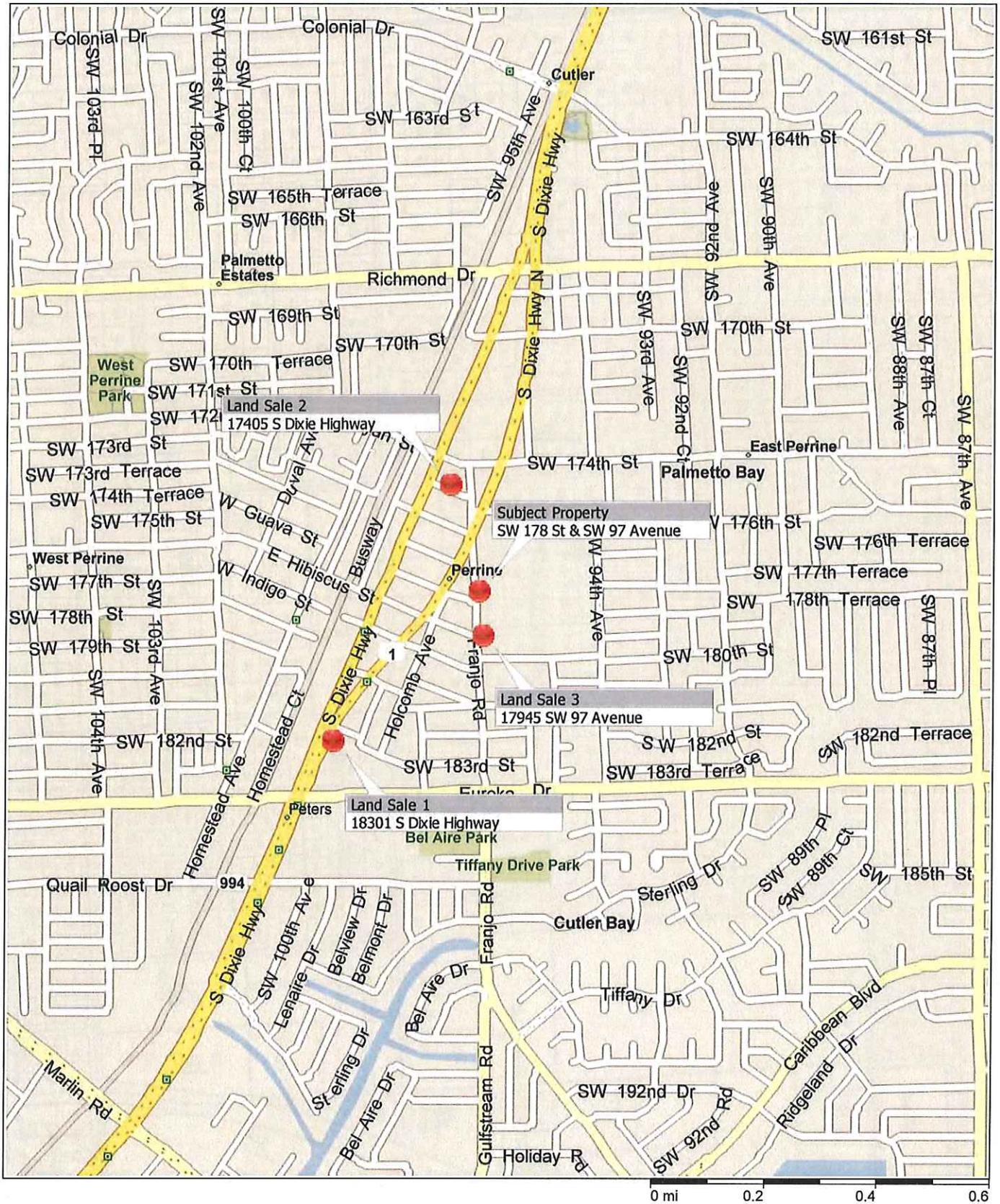
**SW 97 AVENUE (FRANJO ROAD) LOOKING SOUTH – SUBJECT IS ON THE LEFT**

# COUNTY MAP



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

# LAND SALES MAP



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

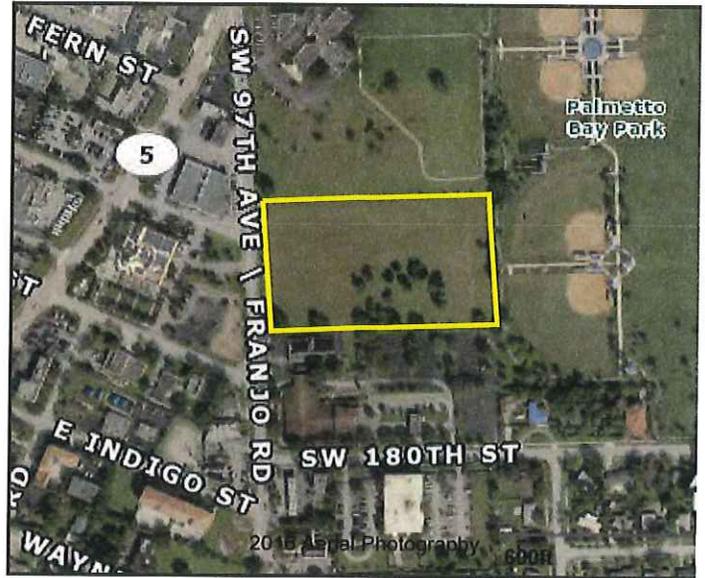


# OFFICE OF THE PROPERTY APPRAISER

## Summary Report

Generated On : 5/27/17

Property Information	
Folio:	33-5033-000-0860
Property Address:	
Owner	SHORES AT PALMETTO BAY LLC
Mailing Address	888 KINGMAN RD HOMESTEAD, FL 33035
PA Primary Zone	6200 COMMERCIAL - ARTERIAL
Primary Land Use	1081 VACANT LAND - COMMERCIAL : VACANT LAND
Beds / Baths / Half	0 / 0 / 0
Floors	0
Living Units	0
Actual Area	0 Sq.Ft
Living Area	0 Sq.Ft
Adjusted Area	0 Sq.Ft
Lot Size	218,455 Sq.Ft
Year Built	0



Assessment Information			
Year	2016	2015	2014
Land Value	\$2,839,915	\$2,839,915	\$2,839,915
Building Value	\$0	\$0	\$0
XF Value	\$0	\$0	\$0
Market Value	\$2,839,915	\$2,839,915	\$2,839,915
Assessed Value	\$2,839,915	\$2,839,915	\$2,839,915

Benefits Information				
Benefit	Type	2016	2015	2014
Note: Not all benefits are applicable to all Taxable Values (i.e. County, School Board, City, Regional).				

Short Legal Description
33 55 40 5.01 AC M/L N1/2 OF SW1/4 OF NW1/4 OF SW1/4 LESS W40FT FOR R/W F/A/U 30-5033-000-0860 COC 24034-4438 11 2005 1

Taxable Value Information			
	2016	2015	2014
<b>County</b>			
Exemption Value	\$0	\$0	
Taxable Value	\$2,839,915	\$2,839,915	\$2,839,915
<b>School Board</b>			
Exemption Value	\$0	\$0	
Taxable Value	\$2,839,915	\$2,839,915	\$2,839,915
<b>City</b>			
Exemption Value	\$0	\$0	
Taxable Value	\$2,839,915	\$2,839,915	\$2,839,915
<b>Regional</b>			
Exemption Value	\$0	\$0	
Taxable Value	\$2,839,915	\$2,839,915	\$2,839,915

Sales Information			
Previous Sale	Price	OR Book-Page	Qualification Description
11/01/2005	\$5,000,000	24034-4438	Sales which are qualified
03/01/2005	\$2,850,000	23165-4639	Sales which are qualified
05/01/2001	\$700,000	19762-3430	Sales which are qualified
08/01/1982	\$337,444	11513-1827	Other disqualified

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:



Online payments will be available through Wednesday, May 31, 2017, 11:59 p.m. EDT (Eastern Daylight Time).

Taxes become delinquent April 1. Delinquent Taxes (2016 only) may be paid online, by mail, or in person. If paying online, acceptable methods are: e-check (must use a regular checking account) or by credit card (Visa, Discover, and Mastercard). Credit card payments will be assessed a convenience fee in the amount of 2.31%. In cases where a delinquent tax has a certificate issued or an account is in Bankruptcy/Litigation, the payment button is disabled, therefore disallowing the taxpayer to pay taxes online.

If paying delinquent taxes (2016 and prior) by mail, acceptable forms of payment are: Cashier's Check, Certified Funds or Money Order.

If paying delinquent taxes (2016 and prior) in person, acceptable forms of payment are: Cashier's Check, Certified Funds, Money Order, or Cash.

The information contained herein does not constitute a title search or property ownership. Amount due May be subject to change without notice.

2016 Roll Details — Real Estate Account #33-5033-000-0860

Print this page

Real Estate Account #33-5033-000-0860

Parcel details

Latest bill

Full bill history

2016	2015	2014	2013	...	2001
PAID	PAID	PAID	PAID		PAID

**PAID** 2016-11-28 \$49,872.55  
Receipt #ECHECK-17-071585

Owner: SHORES AT PALMETTO BAY LLC  
888 KINGMAN RD  
HOMESTEAD, FL 33035  
Situs: (unknown)

Account number: 33-5033-000-0860  
Millage code: 3300 - PALMETTO BAY  
Millage rate: 18.29300

Assessed value: 2,839,915  
School assessed value: 2,839,915

Property Appraiser

2016 Annual bill

View

Ad valorem: \$51,950.57  
Non-ad valorem: \$0.00  
Total Discountable: 51950.57  
No Discount NAVA: 0.00  
Total tax:

Legal description

33 55 40 5.01 AC M/L N1/2 OF SW1/4 OF NW1/4 OF SW1/4 LESS W40FT FOR R/W F/A/U 30-5033-000-0860 COC 24034-4438 11 2005 1

Location

Range: 40E  
Township: 55S  
Section: 33  
Block: 60  
Use code: 1081  
Total acres: 5.000

# InterFlood

Instant flood maps and data

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- Get Maps
- My Account
- Questions
- a la mode

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## Flood Data

**USPS Address:** 17917 Franjo Rd  
Palmetto Bay FL 33157-5640

**Community Name:** PALMETTO BAY, VILLAGE OF

**Community #:** 120687

**County:** Miami-Dade

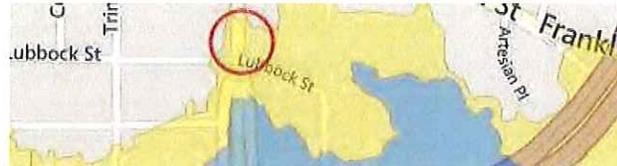
**Census Tract:** 0082.08

**Flood Zone:** X

**Map Date:** 2009-09-11

## Flood Map Type and Color Options

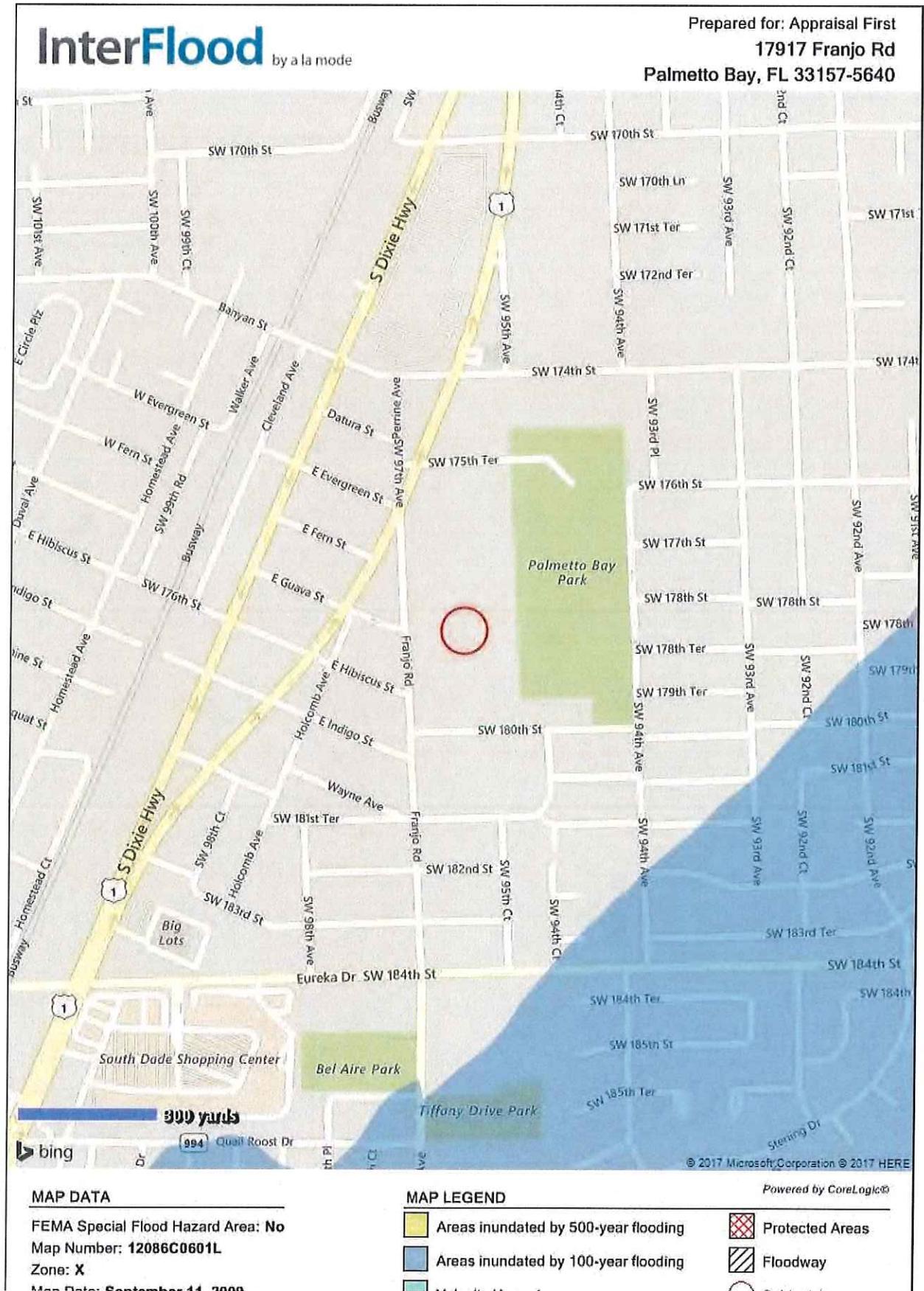
Type:  Zone Color:



## Flood Map

To Save your flood map, use your **right** mouse button and **click** directly on it. Then, depending on what you want to do, select:

- **Save Picture As...** to copy the flood map to your hard drive
- **Copy** to place the flood map in Windows memory so you can paste into another program
- **Print Picture ...** to print the flood map immediately

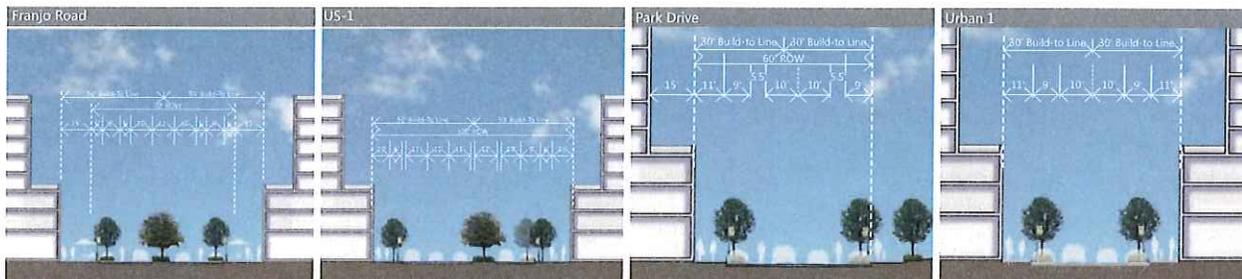


A. Downtown Village (DV)

Sector Summary

DV Downtown Village							
	Building Types	Lot Size W x D	Residential Density*	Building Height	Uses by Story		Private Open Space
	Flexible Block	160'x160' (min.)	24 du/ac	3 stories (min.) 5 stories (max.) 8 stories (with bonus)	1st 2nd+	C-R/O/R C-R/O/R	15% of site
	Flex Building	80'x100' (min.)	24 du/ac	3 stories (min.) 5 stories (max.) 8 stories (with bonus)	1st 2nd+	C-R/O/R C-R/O/R	15% of site
*Maximum Base Density: Maximum base density refers to the number of initial residential units permitted per acre before adding available reserve and/or TDR units.							
Streets and Building Placement							
Street Type	ROW	Build-To Line		Sidewalk	Bike Lanes	Uses (at Street)	Glazing (at Street)
		Primary	Secondary				
Franjo Road (FR)	70'	50' (from centerline of road, up to 2 stories)	65' (from centerline of road, >2 stories)	20'	Yes	C-R	70% (min)
US-1 (US1)	100'	50' (from centerline of road, up to 2 stories)	65' (from centerline of road, >2 stories)	16'	N/A	C-R O R	70% min. (C-R/O only)
Park Drive (P)	60'	30' (from centerline of road, up to 2 stories)	45' (from centerline of road, >2 stories)	10'	Yes	C-R O R	70% min. (C-R/O only)
Urban 1 (TS-U1)	50' or 60'	30' (from centerline of road, up to 2 stories)	45' (from centerline of road, >2 stories)	10'	N/A	C-R O R	70% min. (C-R/O only)

Key: Commercial-Retail: C-R Office: O Residential: R



Rowhouse typologies are introduced, with the ability to provide a mixed-use component to the district but remain compatible with higher intensity residential typologies like Stacked Apartment buildings. Single-Family houses may be developed as a more urban typology like sideyard and courtyard houses, which maintain the street edge and continue to respect the public realm.

Landscaping should be consistent with the neighborhood scale of the district with shade trees planted in landscape islands or planting strips and some shallow-depth landscaping in any setbacks separating building entrances and frontage features from the public sidewalks.

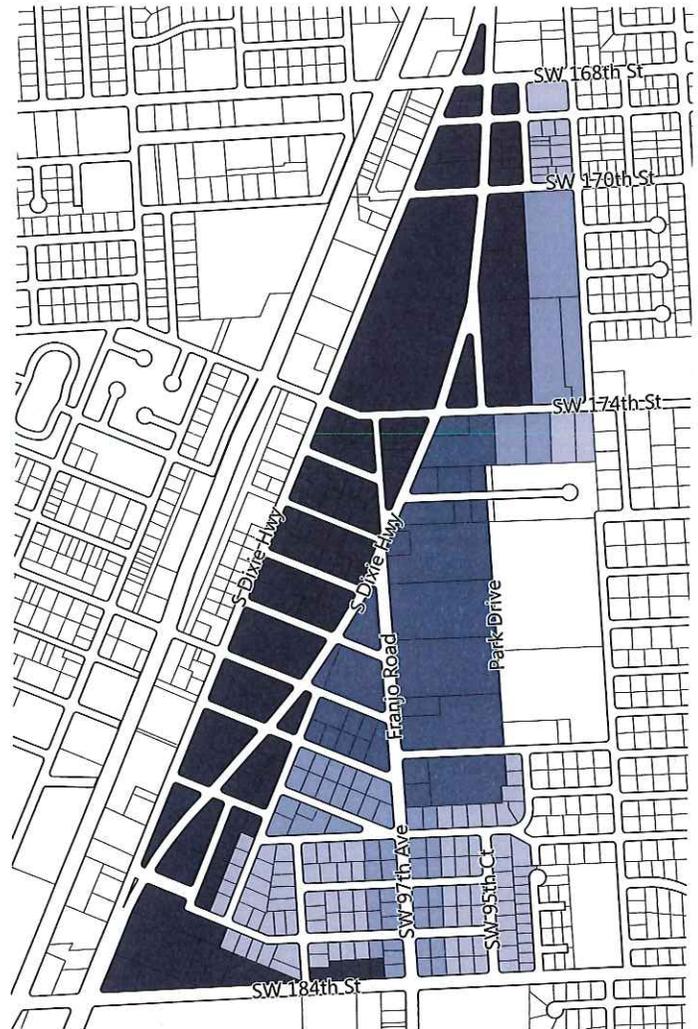
Parking is permitted both on-site and off-site within the NV Sector.

**Key**

- (DV) Downtown Village
- (DG) Downtown General
- (UV) Urban Village
- (NV) Neighborhood Village

**Figure 2**

**Sector Plan**



**Section 2.07 Uses**

No land, body of water or structure shall be used or permitted to be used, and no structure shall be hereafter erected, constructed, reconstructed, moved, structurally altered, or maintained for any purpose in the Downtown Urban Village (DUV), except as provided in this section. The uses delineated herein shall be permitted only in compliance with the regulating plans and general requirements provided in this section.

A. **Residential Uses:** Residential uses are permitted in the areas designated in the Sector Plan as Downtown Village (DV), Downtown General (DG), Urban Village (UV) and Neighborhood Village (NV), as provided in Table 3.

B. **Ancillary Uses:** The following uses shall be permitted as

**Table 3 Residential Uses**

Sectors				Residential Uses
DV	DG	UV	NV	
○	○	○	●	Detached single-family dwelling
○	○	●	●	Attached single-family dwelling
●	●	●	●	Multiple-family dwelling unit

**Key**  
 Permitted ●  
 Non-Permitted ○

ancillary uses to a lawful residential units in the areas designated:

- Urban Village (UV) and Neighborhood Village (NV) sectors:
  - The following accessory buildings and non-residential uses, when located in the rear yard: workshop, garage, utility shed, gazebo, cabana, garden features, basketball hoop, pool and carport;
  - For an attached or detached single-family dwelling, a single accessory dwelling unit with a maximum of 600 square feet of habitable building space under the same ownership as the single-family unit;
  - For Home office, as provided in Section 30-60.14-Home Office of the Village of Palmetto Bay Code.

C. **Mixed Uses:** The vertical or horizontal integration of two or more of residential, business and office, civic and institutional uses may be required as provided herein. Vertical integration allows any combination of primary uses, with commercial/retail uses typically located on the ground floor and office and/or residential uses on the upper floors. Horizontal integration allows any combination of parcels with different primary uses within the same block under the same ownership. Vertical integration of mixed-uses shall be required within buildings that have primary frontage along SW 97th Avenue (Franjo Road).

- The following non-residential uses shall be permitted

in the areas designated in the Sector Plan as Downtown Village (DV), Downtown General (DG), Urban Village (UV) and Neighborhood Village (NV), as provided in Table 4 and provide no outside storage and/

**Table 4 Non-Residential Uses**

Non-Residential Uses	Sectors			
	DV	DG	UV	NV
Civic Uses	●	●	○	○
Religious Facilities	●	●	○	○
Schools (K-12)	●	●	○	○
Municipal Recreation	●	●	●	●
Group Residential Home	●	●	●	●
Big-Box Retail/Service	●	●	○	○
General Retail/Personal Service	●	●	●	○
Neighborhood Proprietor Commercial-Retail/Office and Services	●	●	●	●
Automotive Uses	○	○	○	○
Gas/Service Stations	○	○	○	○
Office Uses	●	●	●	○
Colleges and Universities	●	●	●	○
Entertainment Uses	●	●	●	○
Accommodation Uses	●	●	●	○
Food Beverage Establishments	●	●	●	○
Drive-Through Facilities	○	○	○	○
Commercial Parking Structure	●	●	○	○

**Key**  
 Permitted ● Non-Permitted ○  
 Permitted with provision Sec.2.07 D ○

or display of merchandise, equipment, materials or supplies:

- Supplementary to Table 4, the following uses shall be permitted provided the following:
  - Civic uses on sites that are less than one (1) acre shall be permitted within the Urban Village (UV) and Neighborhood Village (NV) sectors
  - Automotive uses shall be permitted within the Downtown General (DG) sector subject to the following conditions:
    - Used sales shall only be permitted in conjunction with new sales; and
    - Ancillary sales, service and repair shall only be permitted in conjunction with new sales; and
    - No outside storage and/or display of merchandise, equipment, materials or supplies is permitted.
  - Legally established, presently operating gas stations shall continue to operate as legal but non-conforming and subject to the standards of Sec.1.04
  - Neighborhood Proprietor Commercial-Retail/Office and Services shall be permitted in the Neighborhood Village (NV) Sector and shall not exceed 20% of the buildings square footage and shall occur at the ground level.
  - Drive-through facilities shall:

**Section 2.06 Residential Density Plan**

The Residential Density Plan, Figure 6, illustrates the range of densities that shall be permitted on the parcels within the Downtown Urban Village (DUV). All densities shall be based on the gross lot area, meaning that parcels shall be extended to the center line of the street for the purpose of calculating the lot area.

- A. **Minimum Average Unit Size:** In total, a mixture of unit sizes and types shall be provided in all residential components of development. The number of units in a multi-family building to be constructed in the Downtown Urban Village (DUV) shall meet the minimum average required unit size of 750 sq.ft. minimum. This will encourage development of mainly one (1), two (2) and three (3) bedroom residential units. The minimum unit size for any residential units that shall be permitted within the DUV is 625 sq.ft. min.

**Key**

- 24 du/ac max. base density (gross)
- 14 du/ac max. base density (gross)



**Maximum Base Density:** Maximum base density refers to the number of initial residential units permitted per acre before adding available reserve residential units and/or TDR residential units.

**Table 2 Minimum Area of Multi-Family Units**

Multi-Family Units	Area (min.)
Studio	625 sq.ft.
1 Bedroom	650 sq.ft.
2 Bedroom	850 sq.ft.
3 Bedroom	1,100 sq.ft.

**Figure 6 Residential Density Plan**



Figure 27 Shared Access via Cross-Access Agreement

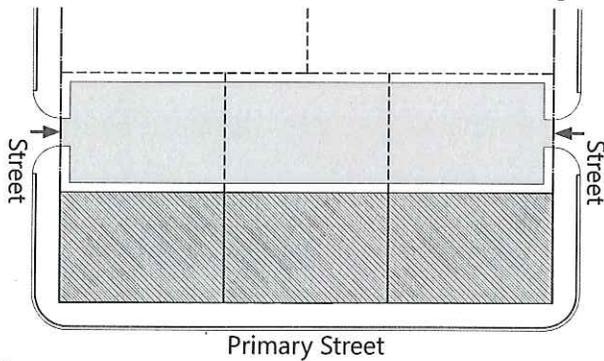
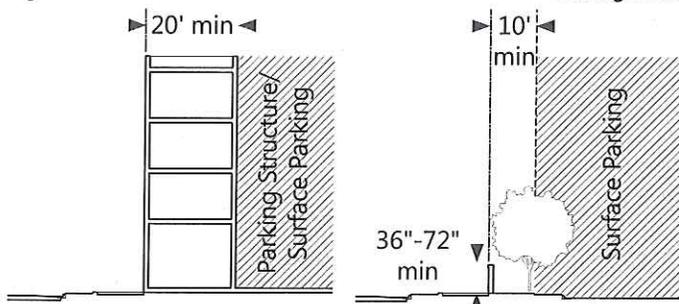


Table 31 Parking by Use

Building Types	Parking Requirement
(A) Single Family Residential	<ul style="list-style-type: none"> <li>• Single family detached: 2 spaces/unit</li> <li>• Rowhouse: 2 spaces/unit</li> </ul>
(B) Multi-Family Residential	<ul style="list-style-type: none"> <li>• Units 750 sq. ft. and less 1 space/residential unit</li> <li>• Units more than 750 sq. ft. 1.5 spaces/residential unit</li> </ul>
(C) Housing for the Elderly	• 0.5 spaces/unit
(D) Hotel/Motel	<ul style="list-style-type: none"> <li>• 1 space/guest rooms(up to 40 guest rooms)</li> <li>• 0.5 spaces/guest room(after 40)</li> </ul>
(E) Retail	• 1 space/300 sq. ft. of gross floor area
(F) Offices/Health Care	• 1 space/400 sq. ft. of gross floor area
(G) Food and Drink Establishments	• 1 space/50 sq. ft. of patron area

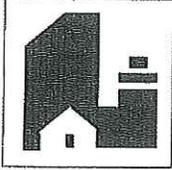
All other uses shall comply with the parking standards provided in 30-70.8 of the Village of Palmetto Bay Code.

Figure 28 Parking Liners



Bay Downtown Urban Village (DUV). See Sec.4.04 A-E 3(b-c)for parking options specific to each building type.

- (a) On-site parking shall be considered any parking structure, surface parking, tuck under parking, private parking garage or surface parking pad within the property lines and applicable build-to lines on private property.
    - (i) The roof of all parking structures shall be programmed with usable building surface such as: green roof, amenity deck (private open space) or for renewable energy generation.
  - (b) Off-site parking shall be considered any parking structure, surface parking or on-street parking located on a development parcel or adjacent public right of way other than the parcel being developed.
    - (i) The roof of all parking structures shall be programmed with usable building surface such as: green roof, amenity deck (private open space) or for renewable energy generation.
2. Parking requirements may be satisfied off-site within a parking structure or surface parking lot that shall be within 1,000 feet of the nearest point of the parcel being developed.
    - (a) For all off-site parking in a parking structure or surface parking lot subject to the standards above, applicant/owner must submit a parking covenant attached to proposed development plans.
  3. At a minimum, the number of parking spaces shall be provided in accordance with Table 31
    - (a) Reductions from the total parking spaces required by the development are offered as part of the Village Parking Incentives Program, Sec.1.07 A.
    - (b) In addition to the vehicle parking, for every 10 parking spaces required, 1 bicycle parking space shall be provided.
      - (i) A minimum of 25% of the required bicycle parking shall be provided along the primary street frontage as identified in the Street Hierarchy Plan, Sec.2.05.
  4. Parking structures shall be lined with a minimum of 20' of habitable building space along streets, to preserve the character of the street facade, Figure 28.
  5. Surface Parking shall be lined with habitable building space or decorative wall/landscaping at the build-to line, Figure 28.
    - (a) Wall/landscape hedge shall be minimum 36 inches and maximum 72 inches.
    - (b) Surface parking shall not encroach into any required yards.
  6. Private parking garages shall be located at the rear of the lot or facing the side of the lot. For lots with multiple frontages the garage shall face the lowest ranking street. See Sec.2.05 for Street Hierarchy Plan.
  7. Mechanized parking shall be allowed towards parking



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May 22, 2017

Mr. Edward Silva, RA  
City Manager  
Village of Palmetto Bay  
9705 East Hibiscus Street  
Palmetto Bay, FL 33157

Email: [esilva@palmettobay-fl.gov](mailto:esilva@palmettobay-fl.gov)

Re: A parcel of land (Shores at Palmetto Bay LLC) located along the SW 97<sup>th</sup> Avenue (Franjo Road), just north of SW 180<sup>th</sup> Street, the Village of Palmetto Bay, Florida 33157.

Dear Mr. Silva:

I propose to furnish you with an Appraisal Report setting forth the market value premised under two scenarios of the above referenced property. The first scenario is as right, with a density of 60 units per acre at a maximum 8 story building site, and with a charter school site. The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site. The reports will contain all of the data and analysis utilized in making the value estimate, and will be made according to the Standards of Practice and Code of Ethics of the Appraisal Institute and the guidelines according to USPAP and FIRREA.

I will have a draft copy of this appraisal completed by June 1, 2017, and final report ready for delivery by June 5, 2017. The total fee for this assignment is \$6,500. You may indicate your acceptance by returning a signed copy of this letter. The total fee is due upon completion of this assignment, at time of delivery of final copy on June 5, 2017.

The intended use of the appraisal report will be for internal purposes as it relates to estimating the market value, and possible purchase of the subject property. The intended users is the client stated herein.

Mr. Travis Kendall  
Planning & Zoning Division  
Page Two

**It is important to note that since the report is not intended to be used for financing they are only in compliance with the Code of ethics of the Appraisal Institute and the minimum standards of the 2014-2015 Uniform Standards of Professional Appraisal Practice (USPAP).** The reports may not be in conformance with the Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010.

Once completed and delivered readdressing the appraisal reports to another party or client is prohibited by USPAP. Once an assignment is completed, it is misleading to try to add a new party as client or intended user who was not the original client or identified intended user." Readdressing the appraisal will be considered a new assignment with a potential additional fee.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. The fee that is being paid for this appraisal is a non-refundable deposit.

Further, AppraisalFirst makes no assurance, representation or warranty that the appraised values of the subject properties will benefit or assist the client in said intended use of the appraisal reports.

This engagement is solely predicated upon valuation services and not court preparation, associated conference time or testimony. Additional time related to expert witness testimony and/or preparation will be billed at an hourly rate of \$300. Thank you very much for the opportunity of serving you.

Respectfully submitted,



Frank Hornstein, MAI  
State Certified General Real  
Estate Appraiser, No. RZ1376

I hereby authorize you to proceed with the appraisal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA  
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
FLORIDA REAL ESTATE APPRAISAL BD

LICENSE NUMBER

RZ1944

The CERTIFIED GENERAL APPRAISER  
Named below IS CERTIFIED  
Under the provisions of Chapter 475 FS.  
Expiration date: NOV 30, 2018

KERTI, ADRIA M  
1444 BISCAYNE BLVD #211  
MIAMI FL 33132



ISSUED: 11/30/2016

DISPLAY AS REQUIRED BY LAW

SEQ # L1611300002524

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA  
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
FLORIDA REAL ESTATE APPRAISAL BD

LICENSE NUMBER	
RZ1376	

The CERTIFIED GENERAL APPRAISER  
Named below IS CERTIFIED  
Under the provisions of Chapter 475 FS.  
Expiration date: NOV 30, 2018



HORNSTEIN, FRANK ALLEN  
1444 BISCAYNE BOULEVARD SUITE 211  
MIAMI FL 33132



ISSUED: 08/23/2016

DISPLAY AS REQUIRED BY LAW

SEQ # L1608230005347

## QUALIFICATIONS OF THE APPRAISER

Adria M. Kerti, MBA

State Certified General Real Estate Appraiser #1944

### **GENERAL EDUCATION:**

MBA - University of Miami, 1983 - Finance and Economics

BBA - University of Miami, 1975 - Accounting

### **PROFESSIONAL EDUCATION:**

#### **Society of Real Estate Appraisers:**

Course 101 Introduction to Appraising Real Property 1990

#### **Appraisal Institute**

Course 1BA - Capitalization Theory & Technique -A- 1991

Course SPPA - Standards of Professional Practice -A- 1991

Course 1B-B - Capitalization Theory & Technique -B- 1992

Course 2-1 - Case Studies in Real Estate Valuation 1992

Course 2-2 - Report Writing and Valuation Analysis 1993

Subdivision Analysis 1992

Valuation of Wetlands 2005

#### **Professional Seminars Recently Completed**

How to Value a Business 2000

How to Separate the Intangible Assets of a Business 2000

Residential Subdivision Analysis 2004

Real Estate, Mortgages, and the Law 2004, 2008

Uniform Standards of Professional Practice, An Update 2010, 2012, 2014, 2016

Florida Appraisal Laws and Regulations 2010, 2012, 2014, 2016

Florida Supervisor/Trainee Roles and Relationships 2010

Current Issues In Appraising 2010

The Cost Approach 2012

Appraising and Analyzing Retail Shopping Centers 2012

The Nuts and Bolts of Green Building for Appraisers 2012

Appraisal of Assisted Living Facilities 2014

Appraisal of Self Storage Facilities 2014

Essential Elements of Disclosures and Disclaimers 2014

Methodology and Applications of the Sales Comparison Approach 2016

Property and Valuation Analysis for FHA 2016

### **LICENSES:**

Florida State Certified General Real Estate Appraiser # 0001944

### **REAL ESTATE AND APPRAISAL EXPERIENCE:**

Independent Fee Contract Appraiser, **AppraisalFirst** 2011 - Present

Independent Fee Contract Appraiser, **AppraisalFirst, Inc.** 1990 - 2010

Professor of Corporate Finance, Real Estate Investment, Appraisal of  
Real Estate, **University of Miami and Florida International University** 1993 - 1995

Staff Appraiser, **Southeast Florida Appraisal Group** 1988 - 1990

### **TYPES OF PROPERTY APPRAISED:**

Industrial Buildings	Proposed Single Family Subdivisions and Townhouse Subdivisions
Office Buildings	Vacant Land, Wetlands, NFC Land, Agricultural Land and Nurseries
Rental Apartments	Hospitals, Assisted Living Facilities, Nursing Homes
Tourist Attractions	Public Parks and Other Special Use Properties
Shopping Centers	Private Schools, Public Schools, Charter Schools, Day Care Centers
Leasehold / Leased Fee	Religious Facilities
Hotels & Motels	Proposed Condominiums and Condominium Conversions
Restaurants	Partially Developed Projects, Fractured Condominiums
Public Right-of-Ways	Lakes and Landscape Tracts

### **GEOGRAPHICAL AREA SERVED:**

By Florida County Miami-Dade, Broward, Monroe and Palm Beach

**QUALIFICATIONS OF FRANK A. HORNSTEIN, MAI**

State-Certified General Real Estate Appraiser No. RZ 1376

[frank@appraisalfirst.net](mailto:frank@appraisalfirst.net)

**EXPERIENCE:**

Owner/Appraiser - AppraisalFirst Real Estate Appraisers LLC - 2010 to present  
Officer/Appraiser - AppraisalFirst, Inc. - 2005 to 2010  
Commercial Appraiser- AppraisalFirst, Inc. - 1993 to 2005  
Commercial Appraiser -Ames Appraisal Services - 1989 to 1993

**PROFESSIONAL AFFILIATIONS:**

Member of the Appraisal Institute, MAI

**STATE OF FLORIDA LICENSES:**

State-Certified General Appraiser, No. RZ 0001376  
Real Estate Broker, No. 0534448

**EDUCATION:**

B.S., Florida State University, Tallahassee, FL - 1989  
Major: Real Estate and Finance

**RECENT CONTINUING EDUCATION (2014-2016):**

- The Tough One: Mixed Use Properties, Appraisal Institute, 2016
- Advanced Spreadsheet Modeling, Appraisal Institute, 2016
- USPAP Update, Appraisal Institute, 2016
- Tightening the Appraisal, Appraisal Institute, 2015
- The Appraiser as an Expert Witness, Appraisal Institute, 2014
- USPAP Updated, Appraisal Institute, 2014

**APPLICATIONS OF APPRAISALS:**

Mortgage Loan	litigation (Expert Witness)
Securities Lending	Purchase or Sale
Foreclosure Proceedings	Estate
Bankruptcy	

**TYPES OF PROPERTIES APPRAISED:**

Industrial Buildings	Single Family Subdivisions
Office Buildings	Vacant Residential & Commercial Land
Rental Apartments	Retail/Showroom
Rental Townhouses	Manufacturing Buildings
Shopping Centers	Vacant Industrial Land
Leasehold Interest	Religious Facilities
Hotels & Motels	Gas Stations
Restaurants	Townhouse Subdivisions
Airport Hangars & FBO's	Condominium Projects

**Geographical Areas Served:**

Miami-Dade	Broward
Monroe	Palm Beach