

AN APPRAISAL OF:

PART OF 501 FOSTER STREET PARCEL (2,836 SF) AND EASEMENTS
LOCATED ON THE WEST SIDE OF RONEY STREET, NORTH OF HUNT STREET
DURHAM, DURHAM COUNTY
NORTH CAROLINA 27701

FOR:

MS. ELIZABETH HYLAND
OPERATIONS AND EVALUATION ADMINISTRATOR
GENERAL SERVICES, CITY OF DURHAM
101 CITY HALL PLAZA
DURHAM, NORTH CAROLINA 27701

DATE OF REPORT:

SEPTEMBER 1, 2015

BY:

ANALYTICAL CONSULTANTS
125 KINGSTON DRIVE, SUITE 206
CHAPEL HILL, NC 27514

PREPARED BY:

PAUL L. SNOW, MAI
CERTIFIED GENERAL APPRAISER NC #A4499

MICHELLE S. BENDER
CERTIFIED GENERAL APPRAISER NC #A6980

September 1, 2015

Ms. Elizabeth Hyland
Operations and Evaluation Administrator
General Services, City of Durham
101 City Hall Plaza
Durham, North Carolina 27701

Re: Part of 501 Foster Street Parcel (2,836 SF) and Easements located on the west side of Roney Street, north of Hunt Street in Durham, North Carolina 27701.

Dear Ms. Hyland:

In response to your engagement letter of August 6, 2015, we have prepared an Appraisal Report valuing the above referenced property. We have examined the physical property, inspected its neighborhood and analyzed the market for similar properties in Durham County and the surrounding area. Per the client's request, the purpose of this appraisal is to provide an opinion of the "As Is" Market Value of the subject land, 2,836 square feet, before and after the easements are in place.

The subject parcel, 2,836 square feet, will be carved out of a 2.758 acre parent parcel that is currently improved with Durham Central Park. The subject parcel is located on the west side of Roney Street (currently only a pedestrian pathway), north of Hunt Street.

The City of Durham has received an offer to purchase the subject parcel along with the following easements for \$135,549:

1. 4' permanent air rights easement needed for balconies in Hunt Street right of way
2. 25' temporary construction and grading easement
3. 20' permanent fire separation easement including:
 - a. 5' permanent foundation easement
 - b. 4' permanent air rights easement for balconies

The easements are shown on the diagram below.

The compensation due to the owner for an easement on their land is typically equal to either the fair market value of the land taken or the diminution in value of the property, whichever is greater. In this appraisal, we first examine whether the easements result in a diminution in value of the remainder, and then we estimate the fair market value of the easement. The property is zoned for a variety of uses, and it is our opinion that the most likely buyer of the subject would use the easements for development needs of the adjacent parcel. The easement areas do not affect the existing improvements, Durham Central Park and Hunt Street. The easements do not diminish the value of the remaining parent parcel, so we have estimated compensation based on the value of the land underlying the easement plus the potential damage to the improvements in the easement.

To estimate the value of the subject land and easements, we have prepared a Sales Comparison approach using sales of vacant land near the subject as comparables.

Subject to the conditions and explanations contained in the following report, and based on our analysis of the subject and the market, together with our experience appraising properties similar to the subject, it is our opinion that the value of the compensation due for purchase or use of the subject property as of August 21, 2015, the date of our site visit of the subject, is summarized as follows:

Easement	Size (SF)	Land Value (Per SF)	Value	% Compensation	Time (Yrs)	Easement Value
4 Foot Permanent Air Rights for Balconies	539	\$35	\$18,865	100%	Permanent	\$18,865
25 Foot Temporary Construction and Grading	2,489	\$30	\$74,670	2.5%	2	\$3,734
20 Foot Permanent Fire Separation	1,991	\$30	\$59,730	75%	Permanent	\$44,798
Total						\$67,396

The value concluded is the **Market Value** of the **Fee Simple Interest** in the subject land, "As Is", with and without easements, as of August 21, 2015, our most recent date of inspection:

Value Conclusions:	Value	Value/SF (Rounded)	Date of Valuation
2,836 SF Parcel of Unencumbered Land	\$85,000	\$30.00	August 21, 2015
Value of Easements	\$67,396		August 21, 2015
2,836 SF Parcel of Land with Easements	\$152,396		August 21, 2015

The following report presents the data, analyses and other materials that give support to our value conclusions. Within the report we provide a definition of *Market Value*, *Fee Simple Estate*, *Highest and Best Use*, and other appraisal terms used.

Please note that our opinion is not based on a requested minimum value, a specific valuation, or the approval of a loan amount.

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated

by the Appraisal Standards Board of the Appraisal Foundation in Washington DC. Under USPAP, this is an Appraisal Report.

This letter of transmittal precedes this Appraisal Report, further describing the property and containing the reasoning and most pertinent data leading to the final opinion of value. Your attention is directed to the "Certificate of Appraisal," "Hypothetical Conditions," "Extraordinary Assumptions," "General Assumptions," and "General Limiting Conditions" which are considered usual for this type of assignment and have been included within the text of this report.

It was a pleasure preparing this appraisal for you. Please contact us if you have unanswered questions regarding our appraisal or if we can be of further assistance in the interpretation of our findings and opinions.



Paul L. Snow, MAI
President, Analytical Consultants
Certified General Appraiser # A4499



Michelle S. Bender
Certified General Appraiser NC #A6980

I. Introduction

CERTIFICATE OF APPRAISAL

We certify that 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 and our personal, impartial, and unbiased professional analyses.
- 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement of 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.
- Michelle S. Bender has made a personal inspection of the appraised property. Paul L. Snow has reviewed the appraisal for content and methodology.
- No one provided significant real property appraisal assistance to the persons signing this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the 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, Paul L. Snow has completed the continuing education program of the Appraisal Institute.
- We previously appraised the property in January 2015 and July 2015 for the City of Durham. However, the size of the parcel appraised and the easements have changed since the earlier appraisals.



Paul L. Snow, MAI
President, Analytical Consultants
Certified General Appraiser # A4499



Michelle S. Bender
Certified General Appraiser NC #A6980

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EXECUTIVE SUMMARY OF SALIENT FACTS

File Number: C15-286

Type of Property: Part of 501 Foster Street Parcel (2,836 SF) and Easements

Location of Property: The property is located on the west side of Roney Street, north of Hunt Street.

Street Address: Part of 501 Foster Street, Durham, Durham County, North Carolina 27701

Site Area: 0.0651 Acres, or 2,836 Square Feet

Parcel Number: Part of 0821-08-89-9253

Property Rights Appraised: Fee Simple Estate

Zoning: DD-C, Downtown Design Core District

Highest and Best Use "As Vacant": Mixed-Use Or Commercial Development
 Highest and Best Use "As Improved": Redevelopment into mixed-use development or commercial development

Report Date: September 1, 2015
 Date of Inspection: August 21, 2015
 Date of Valuation "As Is": August 21, 2015

Value Indications:

Easement	Size (SF)	Land Value (Per SF)	Value	% Compensation	Time (Yrs)	Easement Value
4 Foot Permanent Air Rights for Balconies	539	\$35	\$18,865	100%	Permanent	\$18,865
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DEFINITIONS

Market Value

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made terms of cash in United States dollars or in terms of financial arrangements comparable thereto;
5. The price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

The reader is referred to the latter part of this report for an analysis of exposure time for the subject property.

Fee Simple Estate

The Dictionary of Real Estate Appraisal defines Fee Simple Estate as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Highest and Best Use

The Dictionary of Real Estate Appraisal defines Highest and Best Use as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

OVERVIEW OF THE APPRAISAL ASSIGNMENT AND PROCESS

Client and Intended User/Intended Use of the Appraisal

This report is intended for use by the City of Durham in negotiating a potential sale of the property and compensation for easements on adjacent property. Use of this report by others is not the intent of the appraiser.

Real Property Interest Appraised

The legal interest appraised herein is the Fee Simple Estate.

Purpose of the Appraisal

The purpose of the appraisal is to provide an opinion of the Market Value, "As Is", in the defined legal interest of the subject land before and after the easements are in place. The value opinions are based on the definition of Market Value that was presented previously in this report.

Effective Date of the Appraisal

The effective date of the appraisal for the subject "As Is" is August 21, 2015, which is also the date of our most recent inspection of the subject property. This value is meant to reflect current, rather than prospective or retrospective property use conditions.

Date of the Report

The date of this report is September 1, 2015.

Form of the Report

This is an Appraisal Report in compliance with the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington D.C.

Scope of the Appraisal

The scope of an appraisal assignment can be defined as the extent of the process of collecting, verifying analyzing and reporting the general and specific data that the appraiser has used to form an opinion of value. In collecting the data necessary to form an opinion of value regarding the subject property, the appraiser has personally checked county tax records and other sources of data concerning the subject's immediate market area. In addition, local brokers, developers and other appraisers active in the subject's market were contacted for recent sales information of similar properties. The site area was determined based on the most recent plats, deeds and tax records in Durham County. We were provided with information on the proposed purchase of the subject parcel and the accompanying easements.

Competency of the Appraisers

The appraiser's specific qualifications are included within the Addenda to the report. These qualifications serve as evidence of our competence for the completion of this appraisal assignment in compliance with the *competency provision* contained within the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The appraiser's knowledge and experience, combined with his professional qualifications, are commensurate with the complexity of this assignment, based on the following:

- Professional experience
- Educational background and training
- Business, professional, academic affiliations and activities

THE APPRAISAL PROCESS

The appraisal process is a systematic procedure by which the problem is defined; the work necessary to solve the problem is planned; and the data is collected, classified and analyzed to estimate a defined value. In defining the problem, this process must:

- Identify the property to be appraised.
- Identify the property rights to be appraised.
- Determine the date of the value estimate.
- Ascertain the use of the appraisal.
- Define the value to be estimated.
- State all other contingent and limiting conditions.

Having defined the appraisal problem, a preliminary analysis of the character and scope of the assignment is made in order to develop an orderly plan for the completion of the appraisal assignment. General and specific data is gathered and analyzed. The Highest and Best Use is estimated and forms the basis for the final value estimate.

Having collected available information, the data is analyzed within three approaches to value where applicable. These three approaches are the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach. Each of the three approaches is defined below.

Cost Approach: The Dictionary of Real Estate Appraisal defines the Cost Approach as: "A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised." This approach is not applicable to unimproved land or obsolete improvements.

Sales Comparison Approach: The Dictionary of Real Estate Appraisal defines the Sales Comparison Approach as: "A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available."

Income Capitalization Approach: The Dictionary of Real Estate Appraisal defines the Income Capitalization Approach as: "A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."

Resolving the differences among the approaches to value is called the reconciliation. In comparing the value indications of the approaches to value, each approach is considered in regard to its appropriateness to the appraisal assignment, the quality and quantity of evidence or data available for each approach and the reliability of the approach. The varying conclusions from the appropriate approaches to valuation are then applied to the subject property and reconciled into a final value judgment.

Applicability to the Subject Property: In this report we have developed the Sales Comparison Approach to estimate the value of the subject land as it currently exists. The Highest and Best Use is to demolish the existing improvements and redevelop the property. For vacant land, the Sales Comparison Approach is the only Approach typically done. We have researched and analyzed recently transpired sales of parcels of land that are considered similar to the subject in terms of zoning, size, topography, access and exposure. These land sales were compared to the subject on a price per square foot basis. Adjustments were made to the comparables for differences in order to provide a final indication of value for the subject property. In valuing the easements, we have used the value of the underlying land and applied a percentage of damages to each easement.

EXTRAORDINARY ASSUMPTIONS

We have made the following extraordinary assumptions in this report:

1. The subject parcel will be separated as defined in this report.
2. Easements will be as shown on the provided diagram.

HYPOTHETICAL CONDITIONS

We make no hypothetical assumptions in this report.

GENERAL ASSUMPTIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. 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 obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
10. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on the or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, unreaformaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

GENERAL LIMITING CONDITIONS

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to provide further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 the prior written consent and approval of the appraiser.
5. No significant change is assumed in the supply and demand patterns indicated in the report. The study assumes market conditions as observed as of the current date of our market research stated in the letter of transmittal. These market conditions are believed to be correct; however, the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
6. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We will not be responsible for conducting a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we have not considered possible non-compliance with the requirements of ADA in estimating the value of the property.

SUBJECT PROPERTY PHOTOGRAPHS



Subject 2,102 Square Foot Parcel and Proposed No-Build Easement Area



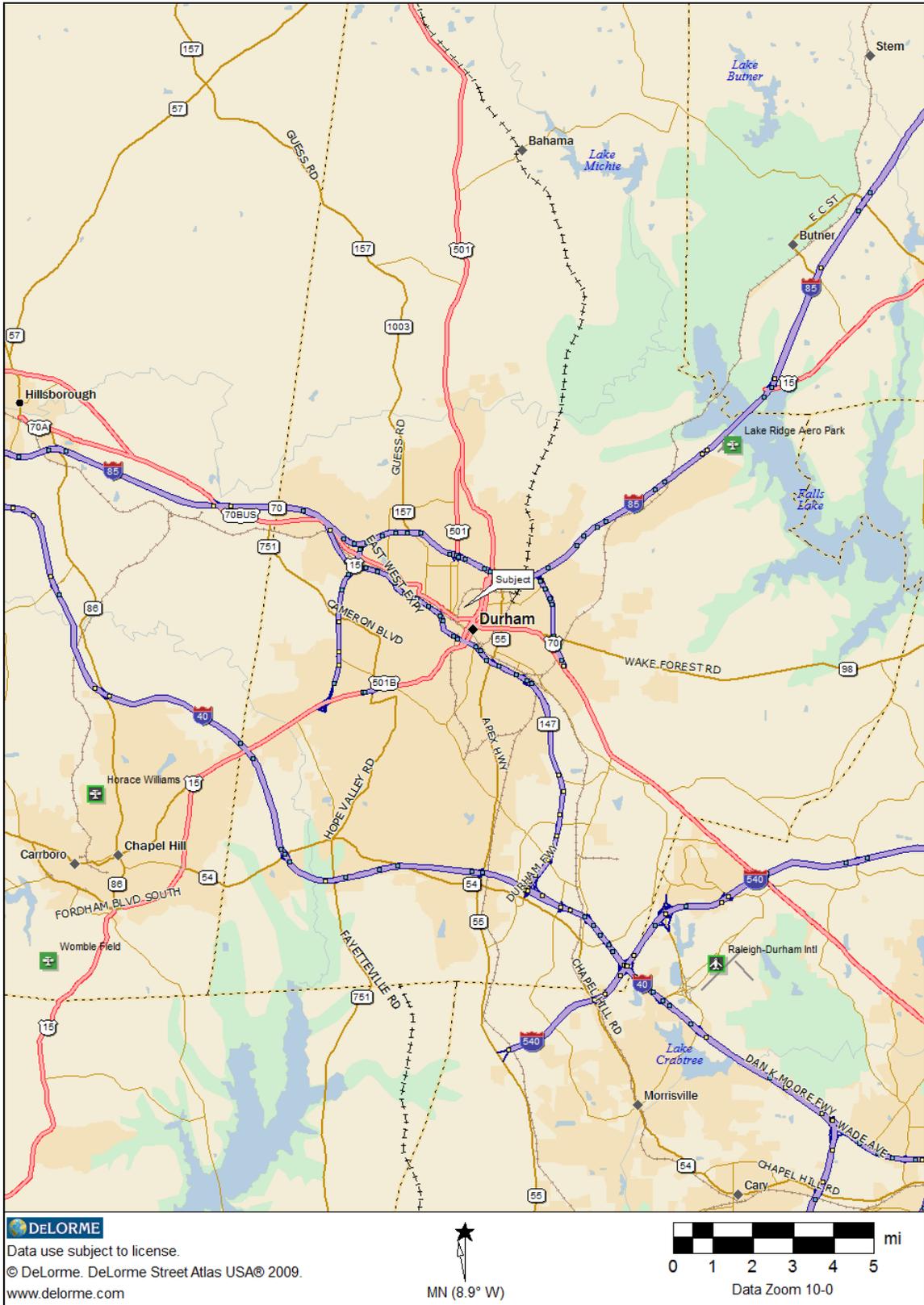
Looking South on Roney Street at 734 Square Foot Parcel



Looking West on Hunt Street – Permanent Air Rights Easement on Right

II. Data Presentation

REGIONAL LOCATION MAP



REGIONAL ANALYSIS

This regional analysis has been greatly abbreviated for our local clients. A complete regional analysis is available upon request.

Introduction

The subject is located within the Raleigh-Durham-Cary Combined Statistical Area (CSA). Accordingly, its Market Value is influenced by the social, economic, governmental and environmental characteristics of the CSA. Due to the growth that has occurred within this area, in December of 2003 the Census Bureau has split the former Raleigh-Durham-Chapel Hill Metropolitan Statistical Area (MSA) into two separate areas. These new areas are the Durham MSA and the Raleigh-Cary MSA. The Durham MSA is comprised of Chatham, Durham, Orange and Person County.

For the purpose of establishing trends and because several data sources still use the former Raleigh-Durham-Chapel Hill MSA, this report's regional analysis focuses on data pertaining to the former Raleigh-Durham-Chapel Hill MSA.

The subject is located within the former Raleigh-Durham-Chapel Hill Metropolitan Statistical Area (MSA). The MSA consists of Wake, Durham, Orange, Chatham, Johnston and Franklin Counties according to the US Office of Management and Budget's 1999 definition. The MSA is often referred to as the "Triangle" due to the shape formed by the three dominant cities of Raleigh, Durham and Chapel Hill. The three cities have established themselves as separate entities with different appeals for businesses and residents. Raleigh, the state capitol and the second largest city in North Carolina to Charlotte, has established itself as a center of business, education and commerce for the Mid-Atlantic Region of the United States, while Durham is recognized as a center for international business and medical research. Chapel Hill is recognized for its education, medical and biological research and upper income lifestyle. Because the Triangle comprises such three diverse cities, the area has continued to experience significant population growth and has shown resiliency to economic downturns.

Social Influences

Social forces are primarily those forces that are exerted by the demographic characteristics of the market area. These include population density, employment status, quality of education, availability of health care and the overall quality of life that can be found within the region.

Population: The continued strength of the Triangle economy, coupled with the establishment of the region as a center for business and industry has positively impacted the demographic trends of the region. Population growth trends influence employment growth, income levels and retail sales. The following table is a summary of population growth within the region, compared to the state and United States.

Population Growth Trends Raleigh-Durham-Chapel Hill MSA					
Area	2010	2013	2018	%Change ¹	%Change ¹
	Census	Projection	Projection	2010-13	2013-2018
Chatham County	63,505	66,327	71,310	1.5%	1.5%
Durham County	267,587	284,540	308,471	2.1%	1.6%
Johnston County	168,878	177,184	192,071	1.6%	1.6%
Orange County	133,801	136,669	145,312	0.7%	1.2%
Wake County	900,993	956,139	1,064,525	2.0%	2.2%
North Carolina	9,535,483	9,827,435	10,357,934	1.0%	1.1%
USA	308,745,538	314,467,933	325,843,774	0.6%	0.7%
¹ Compound Annual Rate of Change					
Source: U.S. Census Bureau via STDB					

The Raleigh-Durham-Chapel Hill MSA has experienced a compound annual rate of growth of 1.7 percent from 2010 to 2012 and is projected to see a 2.0 percent growth between 2012 and 2017, more than double those of the state and the country. A steady growth rate, such as that in the population of the MSA, is typically considered to be a positive influence for commercial real estate, since population growth influences the development of new projects within a market. The MSA has experienced a significantly higher growth rate than the state of North Carolina and the United States.

Economic Influences

According to The Appraisal of Real Estate economic influences “relate to the financial capacity of a market area’s occupants and their ability to rent or own a property, to maintain it in an attractive and desirable condition and to renovate it or rehabilitate it when needed.” In order to determine the economic condition of the region, we have researched items such as median household income, home ownership, unemployment, and employment by industry.

One of the primary demographics that indicates the strength or weakness of a regional economy and the demand for commercial real estate is the median household income. Typically, a market with a higher median household income is an indication of economic vitality and the standard of living within that region. The following table is a summary of the median household income levels within the MSA, North Carolina and the United States.

Median Household Income Raleigh-Durham-Chapel Hill MSA			
	2013	2018	%Change
Area	Census	Census	2013-2018 ¹
Chatham County	\$53,025	\$62,059	3.2%
Durham County	\$47,991	\$55,486	2.9%
Johnston County	\$49,530	\$56,789	2.8%
Orange County	\$52,950	\$64,706	4.1%
Wake County	\$61,347	\$72,426	3.4%
North Carolina	\$44,373	\$53,036	3.6%
USA	\$51,314	\$59,580	3.0%

¹ Compound annual rate of change
Source: U.S. Census Bureau via STDB

North Carolina and the United States have experienced steady median household income in the past two decades with higher growth rates in the state than in the U.S. as a whole. In the Triangle region, the median household income is higher in every county than it is in the state as a whole. This is a definitive indicator of a strong economy and bodes well for the commercial real estate market within the Triangle area.

Unemployment: The Triangle has experienced relative stability in terms of employment over the past several years and there are several factors that drive this stability. First, there are three state universities in the region that have a large employment base that is less affected during economic slowdowns than other employment sectors. Next, Raleigh, the state capital, is located within the Raleigh-Cary MSA, and there are a large number of people employed through various government agencies. Finally, the Research Triangle Park has a diversified workforce that includes domestic and international companies. The following table is a summary of the historical unemployment rates within the area, the primary counties, North Carolina and the United States.

Average Annual Unemployment Rates Raleigh-Durham-Chapel Hill Area											
Area	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	May-15
Wake County	3.5%	3.3%	3.5%	5.1%	8.4%	8.4%	7.7%	7.3%	5.0%	4.1%	4.3%
Durham County	3.8%	3.8%	3.8%	6.2%	7.9%	8.0%	7.5%	7.4%	5.1%	4.4%	4.6%
Orange County	3.3%	3.2%	3.2%	4.8%	6.2%	6.5%	6.1%	5.9%	4.1%	3.9%	4.1%
Chatham County	4.0%	3.9%	3.8%	6.2%	7.9%	7.4%	8.4%	7.3%	4.4%	3.8%	4.4%
Johnston County	4.4%	3.9%	4.0%	8.0%	9.8%	9.8%	8.9%	8.3%	5.8%	4.6%	4.8%
Person County	6.1%	6.5%	6.3%	9.1%	9.1%	11.0%	9.9%	9.0%	7.1%	5.2%	6.3%
Durham-CH MSA	4.3%	3.9%	3.8%	6.1%	7.7%	7.7%	7.5%	7.1%	4.9%	4.3%	4.6%
Raleigh-Cary MSA	4.0%	3.4%	3.6%	6.5%	8.7%	8.7%	8.0%	7.5%	5.2%	4.2%	4.5%
North Carolina	5.1%	4.8%	4.8%	8.1%	10.7%	10.6%	9.8%	9.4%	6.6%	5.5%	5.4%
USA	4.9%	4.6%	4.6%	7.1%	9.7%	9.4%	8.3%	7.6%	6.7%	5.6%	5.5%

Source: Employment Security Commission of North Carolina, US Bureau of Labor Statistics

The average annual unemployment rates for the area and the primary counties within the area are significantly lower than that of the state as a whole, and many are lower than that of the U.S. Between 2004 and 2007 the unemployment rates in the Triangle were generally level, but they

began to rise in 2008, and rose sharply to highs in 2010. Unemployment has dropped steadily since then, and is currently under 5% in all of the counties in the Triangle except Person, which had an unemployment rate of 6.3% in May 2015. We note that unemployment in each of the counties comprising the Triangle area remains lower than that of the state and nation as a whole. Workforce statistics for the region follow below.

Research Triangle Workforce		
Sector	Employees	% of Workforce
Natural Resources & Mining	2,577	0.28%
Construction	40,740	4.45%
Manufacturing	78,218	8.55%
T.T.W.U.	132,604	14.49%
Information	22,477	2.46%
F.I.R.E.	41,576	4.54%
Professional and Business Services	144,373	15.78%
Educational and Health Services	165,931	18.14%
Leisure and Hospitality	96,618	10.56%
Other Services Excluding Public Admin	25,437	2.78%
Public Admin	57,999	6.34%
Government	130,073	14.22%
Total Workforce	914,971	102.30%
<i>F.I.R.E. = Financial, Insurance and Real Estate</i>		
<i>T.T.W.U. = Trade, Transportation, Warehousing and Utilities</i>		
<i>Source: NC Employment Security Commission (2nd Qtr 2013)</i>		

Contributing to the relative low unemployment rate in the region are many large corporations that provide jobs for several thousand employees in the region. The largest of these employers are mentioned in the following table:

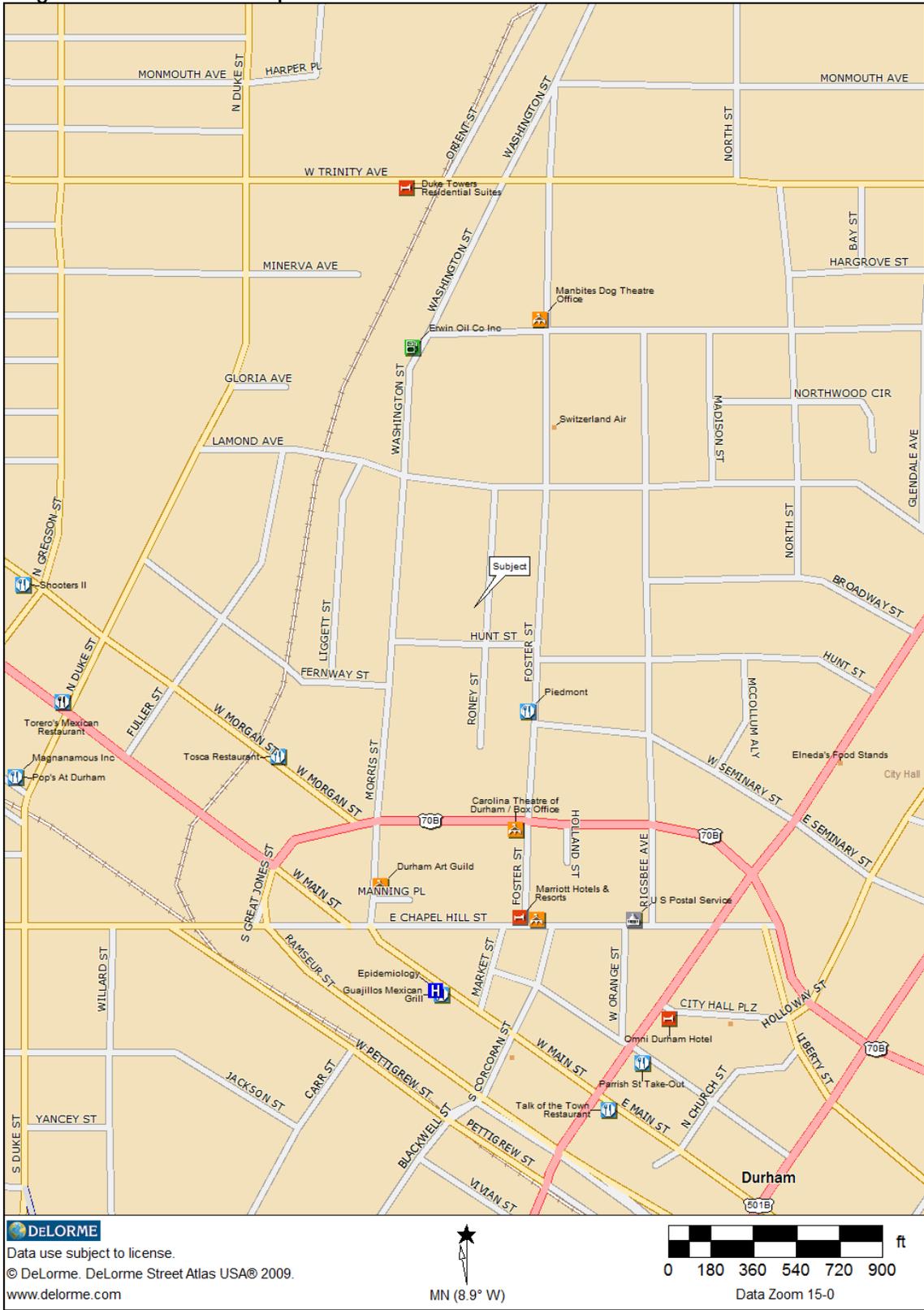
Triangle Area Largest Private-Sector Employers		
Employer	Business Type	Employees
Duke University	University and Medical Center	34,863
IBM	Information Technology	10,000
WakeMed Health & Hospitals	Hospitals and Health Care	8,422
Food Lion	Retail Grocer	7,197
Cisco Systems	Networking Technology	5,500
Rex Healthcare	Health Care System	5,300
SAS, Inc.	Business Analytics, Software & Services	5,133
Wal-Mart	Discount Department Store	4,500
Target Corp.	Retailer	4,494
Wells Fargo & Co.	Financcail Services	4,100
GlaxoSmithKline	Pharmaceuticals	4,000
Harris Teeter	Retail Grocer	3,817
BlueCross & BlueShield of NC	Health Services Company	3,800
<i>Source: Triangle Business Journal, Book of Lists 2014</i>		

Although, the Triangle is well known for its technology industries and business, the preceding table indicates that among the largest employers in the area, only four are in what could be considered the technology sector. The workforce is highly diversified and the largest employers come from several different sectors, including retail and health care. This broad based employment has encouraged more than 150 companies to establish their company headquarters in the region.

Conclusion

Overall, the Triangle MSA appears to be a strong economy with a broad based workforce. This diverse workforce, along with steady population growth has shown great resiliency during economic downturns such as the one that began in 2008. However, the local real estate market in 2008 through 2010 experienced a negative real estate market similar to other parts of the country. Considering the preceding analysis, it is our opinion that the regional characteristics of the Triangle should keep it one of the stronger areas of the country, but not isolated to the current economic downturn.

Neighborhood Location Map



NEIGHBORHOOD DESCRIPTION

Neighborhood Identification and Analysis

The Dictionary of Real Estate Appraisal defines a neighborhood as: "A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business." A neighborhood may also be defined as a grouping of complementary land uses affected by similar social, economic, governmental and environmental influences.

The subject site is located on the west side of Roney Street, north of Hunt Street in Durham, Durham County, North Carolina 27701. The subject parcel is part of a parent parcel at 501 Foster Street, Durham, North Carolina 27701.

- To the north - Geer Street
- To the south - NC Highway 147 (Durham Freeway)
- To the east - N. Roxboro Street (US Highway 15-501)
- To the west - Duke Street

Neighborhood Access

North Carolina 147, the Durham Freeway, located approximately half a mile south of the subject property, allows rapid access to many parts of Durham and connects Interstate 40, approximately four miles to the south with the Durham Loop/Interstate 85, which is approximately one and a half miles north of the subject neighborhood. The Durham Freeway also accesses one of the major employment centers in the region, Research Triangle Park (RTP), which is approximately 2 miles south. Duke University and the Duke University Medical Center, which is the largest employer in Durham County and the third largest employer in the state is located approximately two miles west of the subject. US-70, or Holloway Street, running east from the subject neighborhood, links Downtown Durham with the Durham Loop/Interstate 85 and eventually with Raleigh, approximately seven miles to the east. Overall the site has good access to major thoroughfares and employment centers.

Local access to the neighborhood is provided by Hunt Street and Roney Street. Hunt Street is a two-lane unmarked thoroughfare with a sidewalk which runs east-west. Roney Street is a partial roadway and partial pedestrian walkway which runs north-south. Local access is also considered good.

Surrounding Land Uses

The subject neighborhood is best classified as a redeveloping industrial and older residential area just north of downtown Durham. Foster Street and Geer Street are populated by a number of industrial properties including warehouses, office/warehouses and service garages. There have been several recent purchases in the area for the underlying land with plans to redevelop into residential or commercial properties consistent with the underlying Durham Downtown Design District zoning. A parcel of land at Corporation Street and Rigsbee Avenue just northwest of the subject property is planned for redevelopment into residential townhomes and commercial use.

Just north of the subject, two parcels of the former Durham Bulls Ballpark are being purchased for a two phase development from the City with entitlements in place. Phase 1 will entail development of the 0.36 parcel into a 44,000 square foot Class A office building with 4,000 square feet of discounted or affordable office space. The building footprint will be 12,000-16,000 square feet and with minimum buffer area. Phase 2 will be development of 0.68 acres into an entertainment and event space (20,000 to 30,000 square feet). This parcel is currently improved with 40-42 surface parking of which at least half would be lost for city use at development. Development is dependent upon formal City support for sustainable alternatives to onsite parking, which include long-term parking leases and completion of planned public parking enhancements in the area.

The former Fletcher's Gulf Station was redeveloped for use as a restaurant, Geer Street Garden, which has been successful. A warehouse building located just to the northeast of this property on Geer Street was partially renovated and leased to Fullsteam Brewery. This building was purchased recently for further renovation of the vacant space to a restaurant. There are also several new bars and nightclubs occupying old industrial buildings in the area, including Motorco and Surf Club. The old Durham Bulls Ballpark is located just to the north of the subject property and is the center of redevelopment efforts in the area. On Foster Street, on part of the subject parcel, the city has completed beautification efforts to the city park. A newer successful restaurant, Piedmont, has been renovated in an older warehouse building on Foster Street. Furthermore, many old houses to the west of the subject property, near the ballpark are being renovated with older warehouse residential units also located in close proximity.

Somerset Partners has just purchased 1.027 acres at the corner of Rigsbee Street and Corporation Street for \$1,150,000 and 0.787 acres at Foster Street and Geer Street for \$1,250,000, for eventual redevelopment. Both parcels have existing buildings; however they were purchased for land value.

There are several older office buildings downtown, many of which serve as city and county offices. There are several recently completed redevelopment projects in the area. The American Tobacco Warehouse project, developed over the last decade, comprises 485,000 rentable square feet of office and retail space which is over 95% leased. Tenants include such national companies as McKinney & Silver, Glaxo, Capital Broadcasting and Duke University. The rents in this project are at the top end of the range for office and retail space in the Durham area. Development in the area began with the construction of the Durham Bulls Ballpark in 1995 for over \$16 million. The ballpark was then expanded in 1998. Located next to the Durham Bulls Ballpark is Diamond View I, an 83,000 square foot office building constructed in 1998 with 100% occupancy, housing Fox 50, Glaxo and Duke University, and comparable lease rates to the American Tobacco Warehouses. When constructed in 1998, the project marked the largest single private investment in downtown Durham in over a decade and according to the developer created 320 new jobs and had an annual economic impact of over \$6 million. Additionally Phase II of the American Tobacco Warehouse project includes mixed use office/residential properties.

To the south of the subject property, the Durham Performing Arts Center is in its seventh season. The center is a 2,800 square foot multi-use facility that houses mid-sized performances throughout the year.

Completed central downtown residential redevelopment projects include the Baldwin lofts, a 12-unit condominium development (that was formerly an apartment complex) and The Eleanor, as well as residential units in American Tobacco Phase II. West Village, located west of the subject on Main Street, has been a very successful apartment project, with top of the market rents. There have been a number of retail projects, mostly restaurant and bars, including Rue Cler, Revolution, Mateo, Toro Pizzeria (currently closed because of fire), Whiskey, Pompieri Pizza, Pinhook, Dos Perros, Bull City Burger etc.

The Addison, located on Chapel Hill Street, was renovated in 2013 with 3,120 square feet of office and retail space with 10 loft apartments, all of which have been leased. The apartments have hardwood floors, exposed brick walls, granite counter tops, stainless steel appliances, stackable washer and dryer and access to a shared rooftop deck.

Development underway in downtown includes the former SunTrust Building which has begun renovation into 21c, a 125 room boutique hotel and museum encompassing 17 stories. It is a \$48 million project, which is expected to be completed in 2015. Just east of the SunTrust building is City Center, a proposed 424,000 square foot, 26 story, mixed office/retail/residential building. Also located nearby are a Marriott Hotel and the convention center.

Also located in central downtown is the Rogers alley area which has been developed with Dos Perros, Bull City Burgers and Pompieri Pizza, and a SunTrust Branch. There is a number of smaller mixed-use redevelopment projects currently proposed in the downtown area.

Adjacent land uses include the Measurement Building, a five-story office building with ground floor retail, which consists of 73,500 square feet built in 2012, to the south, Durham Central Park to the east, land on the Measurement Building parcel to the west and City of Durham land to the north.

Neighborhood Conclusion

The subject is located in a redeveloping area of north Durham, just north of the central downtown area. Most of the district has been rezoned from Light Industrial to the Downtown Design District, which allows for residential and commercial development consistent with the transition from downtown to outlying residential areas. There have been several recent purchases of land or buildings with redevelopment plans into residential and commercial projects. Both regional and local access is considered good. Overall we consider the subject neighborhood to be a good location in Durham for redevelopment considering the density of the existing development, the diversity of development and local and regional access.

Neighborhood Photographs



Looking East on Hunt Street



Looking West on Hunt Street



Looking North on Roney Street



Looking South on Roney Street

PROPERTY DATA

Identification of the Subject Property

The subject parcel is identified by the Durham County Tax Office as part of 0821-08-89-9253. A copy of the Tax Office record for the subject parent parcel is included in the addenda to this report.

Location

The subject property is located on the west side of Roney Street, north of Hunt Street. The subject parcel is part of street address 501 Foster Street, Durham, Durham County, North Carolina 27701.

Size and Shape

The subject parcel is approximately 2,836 square feet, or 0.0651 acres in size. It is elongated and rectangular in shape.

History of the Subject Property

The subject property has been under the ownership of the City of Durham for many years. The most recent plat is dated December 18, 2009 and is recorded in Plat Book 185 Page 165 of the Durham County Registry. A copy of this plat is included in the addenda to this report.

The City of Durham has received an offer to purchase the subject parcel along with the following easements for \$135,549:

1. 4' permanent air rights easement needed for balconies in Hunt Street right of way
2. 25' temporary construction and grading easement
3. 20' permanent fire separation easement including:
 - c. 5' permanent foundation easement
 - d. 4' permanent air rights easement for balconies

This offer also incurs tree replacement, which is not included in our estimate of value/compensation. Adjusted downward for the cost of tree replacement, the offer is \$113,549. Based on our research, the offer is low.

Topography

The topography of the subject property is sloping.

Soil and Subsoil Conditions

The appraiser did not take soil surveys at the subject site. By observation of the surrounding development, we note that the site soil and subsoil appears to be adequate to support improvements but no responsibility is taken for inspecting or making definitive statements about soil conditions. A visual inspection of the surface of the site indicated no unusual subsoil conditions that would result in reduced load bearing capacity, atypical drainage conditions, or other conditions that would result in excessive site preparation costs. However, we caution that no responsibility is taken for inspecting or making definitive statements about subsoil conditions.

Easements

An inspection of the property did not reveal any detrimental easements and none are assumed to exist other than normal utility easements.

Improvements

The subject parcel is improved with Durham Central Park. However, the land is only landscaped with removable structures and thus, the improvements are not given any value.

Utilities and Services

The site has access to all public utilities.

Hazardous or Toxic Materials

By observation, we observed no hazardous or toxic materials on the property and none came to our attention. However, we caution that we are not experts in these matters and have disclaimed responsibility under this item in our "General Assumptions" earlier in this appraisal.

Access

The subject property can be accessed from Roney Street, currently a pedestrian walkway at the subject site. However, the potential purchaser is proposing a permanent vehicular easement on this portion of Roney Street.

Frontage and Exposure

The subject has frontage and exposure on Roney Street, with additional exposure from Hunt Street and Foster Street. Overall, we consider the frontage and exposure of the subject site to be good.

Adjacent Land Uses

Adjacent land uses include the Measurement Building, a five-story office building with ground floor retail, which consists of 73,500 square feet built in 2012, to the south, Durham Central Park to the east, land on the Measurement Building parcel to the west and City of Durham land to the north.

Street Improvements

Hunt Street is a two-lane unmarked thoroughfare with a sidewalk which runs east-west. Roney Street is a partial roadway and partial pedestrian walkway which runs north-south.

Flood Map

The subject site is identified on the following FEMA Flood Map 3720082100K. According to the flood map dated August 2, 2008, the subject is located in Zone X, an area outside of the 500-year flood plain.



Zoning

The subject property is zoned DD-C, Downtown Design Core District by the City of Durham Planning Department. According to the City of Durham, "the Downtown Design (DD) District is established to encourage intense development and pedestrian activity through regulations appropriate to the downtown area". The Support 1 (S1) area is "the portion of a Design District where the highest, densest urban development, with a mix of vertically integrated uses, is expected and encouraged". This Core area permits buildings up to 300 feet in height by right (unlimited height with amenities). Permitted uses include most office, retail, institutional, light industrial and multi-family uses.

Site Conclusion

The subject site is located just north of central downtown Durham in a rapidly developing area. The parcel is located on the west side of Roney Street within Durham Central Park. The parcel has no detriment to development, once an access easement is granted, and is well located with congruent surrounding uses. Overall, the subject site is a good location for future development and/or redevelopment.

ASSESSMENT AND REAL ESTATE TAXES

The subject property is under the jurisdiction of the Durham County Tax Assessor's Office. Properties in the state of North Carolina are taxed at 100% of their assessed value. Since the subject property is located in the City of Durham BID District, it is also liable for these taxes. The current applicable tax rates (2015-16) are summarized in the following table.

Jurisdiction	2015-16 Tax Rates
Durham County	0.7931 per \$100 of Assessed Value
City of Durham BID	0.6612 per \$100 of Assessed Value
Total	1.4543 per \$100 of Assessed Value

In order to estimate the annual real estate tax liability associated with ownership of the subject, we apply the total tax rate of \$1.4543 per \$100 of assessed value to the total assessed value of the parent parcel, and then assign the proportional share of the subject tracts land area to determine estimated annual real estate tax liability for those areas. The following tables summarize the current estimated annual real estate tax liability for the subject.

501 Foster Street Parent Parcel (2.758 Acres)			
	Assessed Value	Tax Rate per \$100 of Assessed Value	Annual Tax Liability
Land	\$ 164,440	\$1.4543	\$ 2,391.45
Improvements	\$ 133,077	\$1.4543	\$ 1,935.34
Total	\$ 297,517	\$1.4543	\$ 4,326.79

501 Foster Street 2,836 SF Parcel			
	Assessed Value	Tax Rate per \$100 of Assessed Value	Annual Tax Liability
Land	\$ 3,881	\$1.4543	\$ 56.45
Total	\$ 3,881	\$1.4543	\$ 56.45

We note here that the subject's tax assessment is below market, however, the land has been owned by the City of Durham for many years, and thus is not liable for real estate taxes. Furthermore, the last revaluation was in January 1, 2008, when the subject location was not yet a desirable location for redevelopment. Upon redevelopment by a private investor, the subject site would be re-assessed and taxed at market value.

III. Highest and Best Use

INTRODUCTION

Highest and best use may be defined as the most probable, possible and permissible use for which a property may be used and is capable of being used. The Dictionary of Real Estate Appraisal defines Highest and Best Use as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

This definition applies specifically to the highest and best use of land or sites as though vacant. When a site contains improvements, the highest and best use may be determined to be different from the existing use. The existing use will continue unless and until land value in its highest and best use exceeds the sum of the value of the entire property in its existing use and the cost to remove the improvements.

Implied in these definitions is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, which means that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The procedure used to estimate the highest and best use of a property as though vacant and as improved is to test these two situations on the basis of the categories discussed in the definition.

In any land use analysis, the following tests must be met in estimating highest and best use: The use must be legal; the use must be probable, not speculative or conjectural; there must be a profitable demand for such use; and it must return to the land the highest net return for the longest period of time. The synthesis of these four factors was considered to determine a most probable and profitable use for the subject parcel of real estate.

HIGHEST AND BEST USE, AS THOUGH VACANT

In estimating highest and best use, there are essentially four criteria:

1. Legally permissible uses: uses permitted by zoning and deed restrictions on the site in question.
2. Physically possible uses: uses are possible based upon the site's size, shape, area, terrain, soil conditions, topography, and access to utilities.
3. Feasible uses: possible and permissible uses that will produce a net return to the owner of the site.
4. Maximally Productive: among the feasible uses, the uses that will produce the highest net return or the highest present worth.

These four tests have been applied to the subject site, as though vacant. In arriving at the estimate of highest and best use, the subject site was analyzed as if vacant and available for development.

Legally Permissible

Legal restrictions, as they apply to the subject, are private restrictions and the public restrictions of zoning. There are no known deed restrictions that significantly impact the development of the subject property. Typical public use restrictions such as utility easements exist at the subject; however, they do not appear to limit development of the site.

As explained earlier in the report, the subject is zoned DD-C, Downtown Design Core District, by the City of Durham Planning Department. According to the City of Durham, "the Downtown Design (DD) District is established to encourage intense development and pedestrian activity through regulations appropriate to the downtown area". The Support 1 (S1) area is "the portion of a Design District where the highest, densest urban development, with a mix of vertically integrated uses, is expected and encouraged". This Core area permits buildings up to 300 feet in height by right (unlimited height with amenities). Permitted uses include most office, retail, institutional, light industrial and multi-family uses. Based on this step in the highest and best use analysis, the legally permissible uses for the subject site are the above listed and mixed-use development.

Physically Possible

The next step in our analysis involves determining what uses are possible. The following physical aspects of the site itself dictate the possible uses:

- 2,836 square foot parcel
- Rectangular and elongated in shape with sloping topography
- Access and exposure from Roney Street pedestrian walkway
- Access to all public utilities

We note that the subject parcel is very small and is would be hard to develop unless in conjunction with an adjacent parcel. Based on this analysis, the legally permissible and physically possible use of the site is most office, retail, institutional, light industrial and multi-family uses in conjunction with an adjacent parcel.

Financially Feasible

Based upon the physically possible and legally permissible uses of the subject site, financially feasible uses include any improvements or use that would provide a return to the land. The subject is located just north of central downtown Durham, which has had a number of successful redevelopment projects over the last five to six years. It is in an area which is in midst of redevelopment, as properties have become scarce in more central areas, and several successful projects have been completed nearby. Therefore, based on the legally permissible, physically possible and financially feasible uses, its highest and best use as vacant is mixed-use or commercial development in conjunction with an adjacent parcel.

Maximally Productive

The last step in our analysis involves determining what legally permissible, physically possible, and financially feasible uses would maximize value. In the final analysis, a determination must be made as to which feasible use is the highest and best use. Since the most financially feasible use is to mixed-use or commercial development in conjunction with an adjacent parcel, it is also the maximally productive use.

Conclusion

Considering the previous three steps in our highest and best use analysis, along with the characteristics of the subject site and the neighborhood, it is our opinion that the highest and best use "as though vacant" for the subject site would be mixed-use or commercial development in conjunction with an adjacent parcel.

Highest and Best Use "As Improved"

The subject parcel is improved with Durham Central Park, which consists of some landscaping and removable structures. There is limited to no value to these improvements in a redevelopment scenario.

We use the same four tests above, and note that although the current development is legally permissible and physically possible, the most financially feasible option, and thus maximally productive option is redevelopment into mixed-use development or commercial development in conjunction with an adjacent parcel.

IV. Sales Comparison Approach

SALES COMPARISON APPROACH

The Sales Comparison Approach involves direct comparison of the property being appraised to sales of similar properties in the subject's market area. This approach is based on the Principle of Substitution, which implies a prudent person would pay no more to buy a property than it will cost to buy a comparable substitute property. Property sales and current listings of properties similar to the subject are researched through available data sources and by primary research from inquiries to participants in the local and regional real estate markets. To extract a unit of comparison for application to subject, comparable properties are broken down into either a price per acre, price per residential unit, or a price per square foot. For our analysis, we have compared properties on a price per square foot basis.

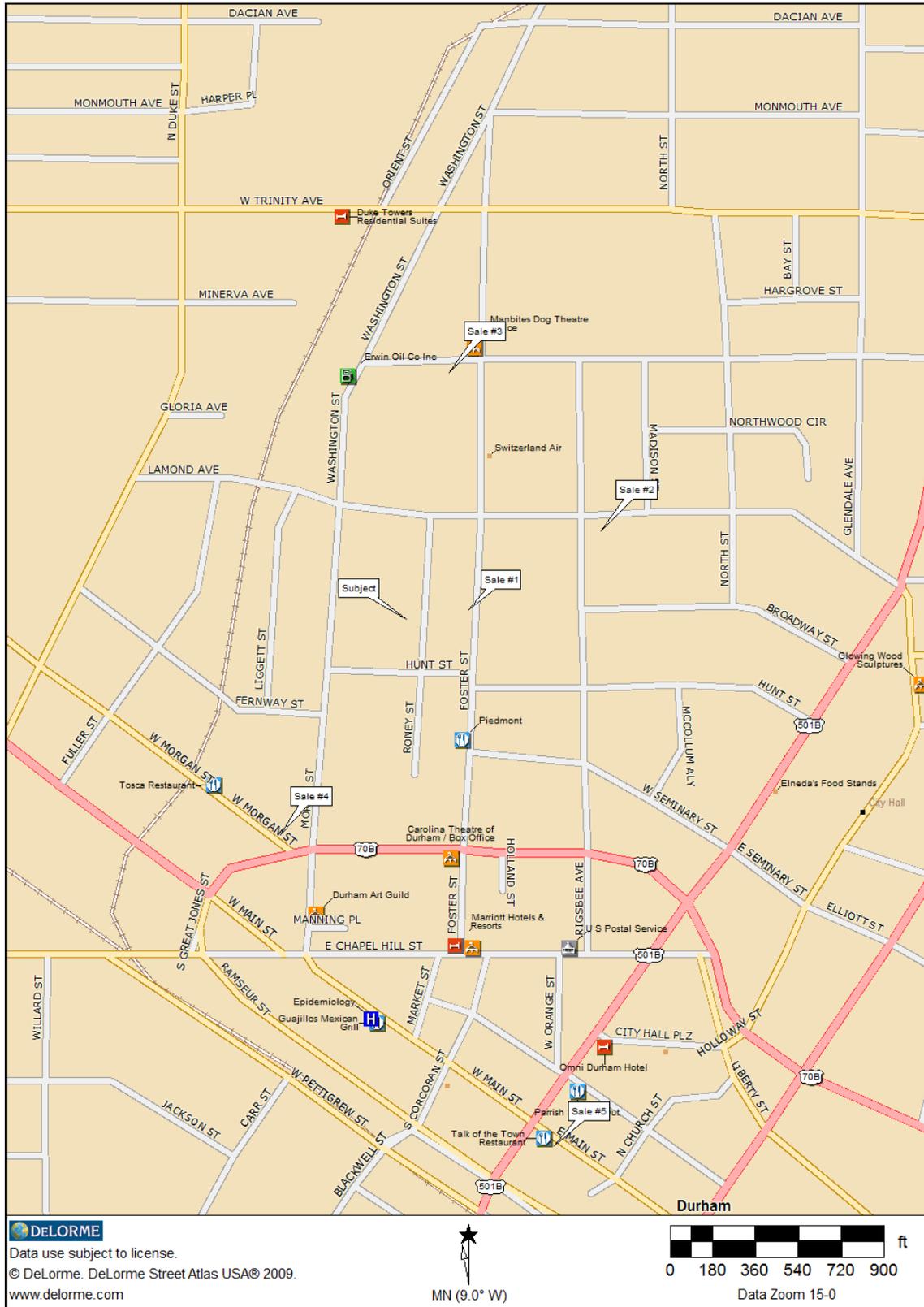
Comparable Sales Data

A diligent search was made for comparable sales of similar tracts of land with similar physical characteristics as the subject within the subject's competitive market area. We have used the most recent sales of similarly zoned land in the market surrounding downtown Durham.

We extracted data from recent sales, making adjustments for factors affecting value such as location, access, exposure, utilities, zoning, size and topography. The comparable sales used in our analysis are summarized in the table below followed by detailed information pertaining to each of the sales.

Comparable Land Sales					
Property	Location	Acres	Sale	Price	Price/ SF
Mixed-Use Land on Foster Street	539 Foster Street, Durham, NC	0.54	Jun-15	\$ 1,168,500	\$ 49.68
Land on Foster Street	619-621 Foster Street, Durham, NC	0.79	Jun-14	\$ 1,200,000	\$ 35.01
Riggsbee Avenue Land	614 Riggsbee Avenue, Durham, NC	1.03	May-14	\$ 1,150,000	\$ 25.71
Morgan St. Land	518 W Morgan Street, Durham, NC	0.57	Apr-14	\$ 525,000	\$ 21.14
Church and East Main Street Land	126 & 130 E Main Street, Durham, NC	0.10	Jan-14	\$ 150,000	\$ 35.87

Comparable Land Sales Location Map



Land Sale No. 1



Property Identification

Record ID	3961
Property Type	Mixed Use, Residential
Property Name	0.54 Acres on Foster Street
Address	539 Foster Street, Durham, Durham County, North Carolina 27701
Location	West side of Foster Street, South of Corporation Street
Tax ID	104939.104942

Sale Data

Grantor	EL & Patricia C Clark
Grantee	BH-AG Foster, LLC
Sale Date	June 01, 2015
Deed Book/Page	7713/884
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Knowledgeable Parties; Other sources: Public Records and Co-Star, Confirmed by Michelle Bender

Sale Price	\$1,169,500
Cash Equivalent	\$1,169,500

Land Data

Zoning	DD-C
Topography	Generally Level

Utilities	All Available
Shape	Rectangular

Land Size Information

Gross Land Size	0.540 Acres or 23,522 SF
	90
Actual/Planned Building SF	140,000

Indicators

Sale Price/Gross Acre	\$2,165,741
Sale Price/Gross SF	\$49.72
Sale Price/ Unit	\$12,994
Sale Price/Planned Bldg. SF	\$8.35

Remarks

This is the sale of 0.54 acres of land in downtown Durham. The land is zoned DD-C, which allows for high density mixed-use development. No value is given to the existing building. Planned redevelopment is a six story building with 84 condominiums and 6 three-story townhouse units. The building will be approximately 140,000 square feet. The land has entitlements in place for construction of the proposed building at the time of sale according to knowledgeable parties.

Land Sale No. 2



Property Identification

Record ID	3776
Property Type	Land, Mixed Use
Property Name	Land on Foster Street
Address	619-621 Foster Street , Durham, Durham County, North Carolina 27701
Location	Southwest corner of Foster Street and W. Geer Street
Tax ID	105172 and 105173

Sale Data

Grantor	Brain, LLC
Grantee	Somerset Partners of North Carolina, LLC
Sale Date	June 02, 2014
Deed Book/Page	7502/729
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Greenfire Development; Other sources: Public Records, Durham Herald Sun, Confirmed by Michelle Bender

Sale Price	\$1,200,000
Cash Equivalent	\$1,200,000

Land Data

Zoning	DD-S1
Topography	Generally Level
Utilities	All Available
Shape	Rectangular

Land Size Information

Gross Land Size	0.787 Acres or 34,278 SF
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Front Footage 285 ft Foster Street;120 ft W Geer Street

Indicators

Sale Price/Gross Acre	\$1,524,943
Sale Price/Gross SF	\$35.01

Remarks

This site is located on the southwest corner of W. Geer Street and Foster Street just north of downtown Durham. It borders the old Durham Athletic Park and is in a neighborhood in the midst of redevelopment. The land is rectangular in shape and is currently improved with a 23,287 square foot office and warehouse constructed in the 1940's. The property is currently occupied by two tenants, Green Horizon and Nomadic Traders. The purchaser plans to redevelop property with current plans for street level retail and residential units above; however, they have not ruled out other possibilities. According to the purchaser, the building is not historical and thus not likely to be salvageable, and we give no value to the building as the interim income is negated by demolition costs. The land is rectangular in shape and is a corner lot. It is zoned DD-S1 which allows for multi-story mixed-use development.

Land Sale No. 3



Property Identification

Record ID	3697
Property Type	Mixed Use
Property Name	Rigsbee Avenue Land
Address	614 Rigsbee Avenue , Durham, Durham County, North Carolina 27701
Location	Southeast corner of Rigsbee Avenue and Corporation Street
Tax ID	0821-08-99-7502

Sale Data

Grantor	405 East Chapel Hill Street Partners
Grantee	Somerset Partners of North Carolina, LLC
Sale Date	May 15, 2014
Deed Book/Page	7491/38
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	John Warasila; Other sources: Public Records and Durham Herald Sun, Confirmed by Michelle Bender

Sale Price	\$1,150,000
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Land Data

Zoning	DD-S1
Topography	Gently Sloping
Utilities	All Available
Shape	Rectangular

Land Size Information

Gross Land Size	1.027 Acres or 44,737 SF
Front Footage	190 ft Rigsbee Avenue;238 ft Corporation Street

Indicators

Sale Price/Gross Acre	\$1,119,766
Sale Price/Gross SF	\$25.71

Remarks

This site is located just north of downtown Durham at the southeast corner of Rigsbee Avenue and Corporation Street. It is in a former industrial neighborhood which is in the midst of redevelopment. The seller purchased the land and existing small garage buildings in April 2007 for \$585,000 and originally planned to construct townhome units and office/flex for small businesses such as artists, etc at the site. The site is currently used by The Pit for parking and Organic Transit stores inventory in the garages. The purchaser plans to construct multi-family residential units on the site. The seller sold the property because their development focus was on the Durham City Center area.

Land Sale No. 4



Property Identification

Record ID	3696
Property Type	Commercial, Office
Property Name	Morgan St. Land
Address	518 W. Morgan St, Durham, Durham County, North Carolina
Location	North Side of W Morgan Street west of Morris St.
Tax ID	103119

Sale Data

Grantor	Dover Road Asset Holdings LLC
Grantee	Measurements Inc.
Sale Date	April 04, 2014
Deed Book/Page	746/742
Property Rights	Fee simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Verification	Drew Medlin, with Grantee 919-683-2413; Other sources: CoStar, GIS, Confirmed by Richard Kirkland, Confirmed by Paul Snow

Sale Price	\$525,000
Cash Equivalent	\$525,000

Land Data

Zoning	DD-C, Downtown Commercial
Topography	Gentle
Utilities	All
Shape	Regular
Flood Info	None noted

Land Size Information

Gross Land Size	0.570 Acres or 24,830 SF
Planned Units	90
Front Footage	141 ft W. Morgan St.

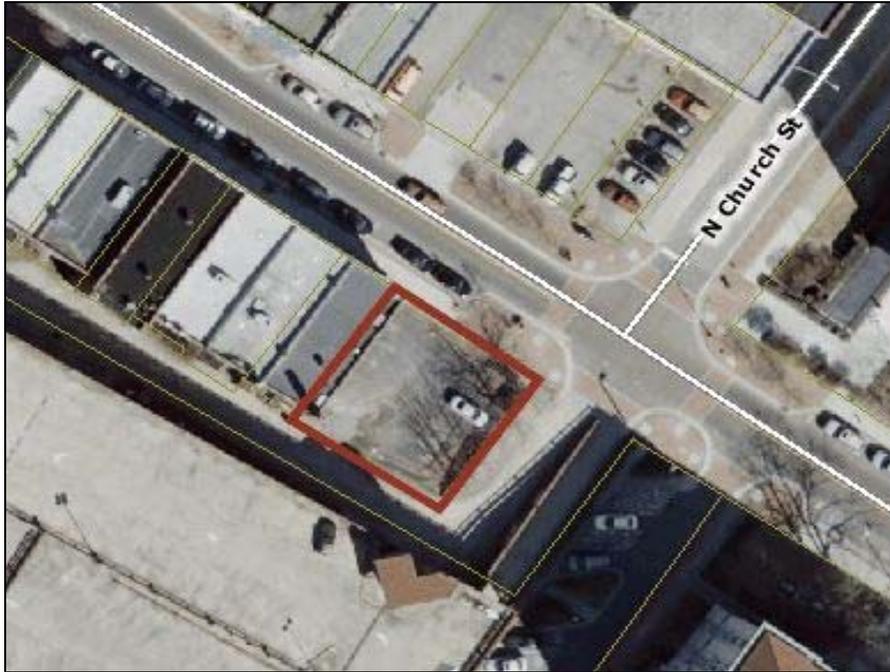
Indicators

Sale Price/Gross Acre	\$921,053
Sale Price/Gross SF	\$21.14
Sale Price/Planned Unit	\$5,833

Remarks

This is the sale of a vacant lot located at 518 W Morgan Street in downtown Durham. It is located just east of West Village and is regular in shape. There is no indication as to what the land is to be used for.

Land Sale No. 5



Property Identification

Record ID	3698
Property Type	Residential, Multifamily
Property Name	Church and Main St. Land
Address	126&130E Main St., Durham, Durham County, North Carolina
Location	South Side of E Main Street at Church St.
Tax ID	102838

Sale Data

Grantor	Court Square Durham, LLC
Grantee	Church and Main Associates, LLC
Sale Date	January 13, 2014
Deed Book/Page	7428/333
Property Rights	Fee simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Verification	Eric Miller, Broker; Other sources: GIS, Deed, Confirmed by Paul Snow

Sale Price	\$150,000
Cash Equivalent	\$150,000

Land Data

Zoning	DD-C, Residential
Topography	Gentle
Utilities	All
Shape	Regular
Flood Info	None Noted

Land Size Information

Gross Land Size	0.096 Acres or 4,182 SF
Front Footage	67 ft E. Main St.

Indicators

Sale Price/Gross Acre	\$1,562,500
Sale Price/Gross SF	\$35.87

Remarks

This is a 4,182 SF parcel of land, current usage as parking lot, located at the corner of East Main Street and Church Street in downtown Durham. The purchaser plans to construct an 8 condo, multi-story building on the property. The parcel is regular in shape. This parcel was entitled at the time of sale.

LAND SALES ADJUSTMENT GRID											
2,213 SF											
			Adjmt		Adjmt		Adjmt		Adjmt		Adjmt
			Sale 1		Sale 2		Sale 3		Sale 4		Sale 5
Data	Subject		Sale #1		Sale #2		Sale #3		Sale #4		Sale #5
Property	0.36 Acre Parcel		Mixed-Use Land on Foster Street		Land on Foster Street		Riggsbee Avenue Land		Morgan St. Land		Church and East Main Street Land
Location	Corporation Street		539 Foster Street		619-621 Foster Street		614 Riggsbee Avenue		518 W Morgan Street		126 & 130 E Main Street
City	Durham, NC		Durham, NC		Durham, NC		Durham, NC		Durham, NC		Durham, NC
Total Size (Acres)	0.065		0.54		0.79		1.03		0.57		0.10
Size (Square Feet)	2,836		23,522		34,278		44,737		24,829		4,182
Date of Sale	NA		Jun-15		Jun-14		May-14		Apr-14		Jan-14
Sales Price	NA		\$1,168,500		\$1,200,000		\$1,150,000		\$525,000		\$150,000
Adjustments to Sales Price	NA		\$0		\$0		\$0		\$0		\$0
Adjusted Sales Price	NA		\$1,168,500		\$1,200,000		\$1,150,000		\$525,000		\$150,000
Price per Square Foot	NA		\$49.68		\$35.01		\$25.71		\$21.14		\$35.87
Primary Characteristics:											
Property Rights Conveyed	NA	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple
Financing	NA	0%	Cash Equivalent	0%	Cash Equivalent	0%	Cash Equivalent	0%	Cash Equivalent	0%	Cash Equivalent
Conditions of Sale	NA	0%	Arm's Length	0%	Arm's Length	0%	Arm's Length	0%	Arm's Length	0%	Arm's Length
Market Conditions (Time)	NA	0%	June-15	11%	June-14	12%	May-14	13%	April-14	17%	January-14
Total Primary Adjustments	NA	0%		11%		12%		13%		17%	
Adjusted Price per Useable SF			\$49.68		\$38.86		\$28.79		\$23.89		\$41.97
Other Characteristics:											
Location	Good	0%	Similar	0%	Similar	0%	Similar	-5%	Superior	-5%	Superior
Access/Exposure	Average/Average	-10%	Superior	-20%	Superior	-20%	Superior	-10%	Superior	-10%	Superior
Utilities	All Public Available	0%	Similar	0%	Similar	0%	Similar	0%	Similar	0%	Similar
Zoning	DD-C	0%	DD-C	10%	DD-S1	10%	DD-S1	0%	DD-C	0%	DD-C
Size (Square Feet)	2,836	-5%	23,522	-5%	34,278	-5%	44,737	-5%	24,829	0%	4,182
Topography/Shape	Sloping/Rectangular	0%	Level/Rectangular	0%	Level/Rectangular	0%	Level/Rect.	0%	Level/Irreg.	0%	Level/Rect.
Entitlements	None	-25%	Yes	0%	None	0%	None	0%	None	-25%	Yes
Total Other Adjustments		-40%		-15%		-15%		-20%		-40%	
Total Adjustments		-40%		-4%		-3%		-7%		-23%	
Adjusted Price per SF			\$29.81		\$33.03		\$24.47		\$19.11		\$25.18
Selected Value	\$30.00										
Mean Value	\$26.32										
Standard Deviation	\$5.33										
High Value on Range	\$33.03										
Low Value on Range	\$19.11										
Concluded Land Value	\$30.00	per SF x	2,836	SF =	\$85,080						
				Rounded to	\$85,000						

DISCUSSION OF COMPARABLE LAND SALES ADJUSTMENTS

Since no two properties are identical, minor adjustments are often necessary to the comparable sales to recognize differences in comparison to the subject. Adjustments to the comparable sales were considered, and applied where applicable, in order to obtain an indication of the current Market Value of the subject property.

Adjustments are typically applied in a specific sequence in order to properly reflect differences in value. The first three items in the adjustment grid are, 1) Property rights conveyed, 2) Financing terms and 3) Conditions of sale. This set of adjustments serves to adjust the comparable transaction to the market at the time of sale. The next adjustment is for market conditions, or time of sale, and is applied to the adjusted value from the previous set of adjustments. This serves to adjust the comparable sale price to the current market at the time of the appraisal. These first four adjustments are known as *primary* adjustments.

After application of the primary adjustments each comparable has now been adjusted to the market at the time it was sold and for changes in market conditions occurring between the sale date and the appraisal date. The comparable sale price is then adjusted for differences with the subject property to obtain a final value indication for the subject as of the effective date of the appraisal. Typically, adjustments are made for differences in location, access/exposure, utilities available, zoning, size and topography. A discussion of each adjustment category as it applies to this analysis follows.

PRIMARY ADJUSTMENTS

Property Rights Conveyed: The comparable sales represent the transfer of the Fee Simple Estates. No adjustments were necessary.

Financing Terms: All comparable sales appear to have transacted with either cash or typical institutional market financing resulting in all cash purchases to the seller. No adjustments were necessary.

Conditions of Sale: This adjustment considers atypical motivation on the part of the buyer or seller. None of the comparable sales had any unusual motivation and no adjustments were required.

Market Conditions: Land values for sites in downtown infill areas in the Triangle appreciated rapidly prior to the credit crisis which began in mid-2007. There were subsequent years, as development money was scarce and little land being available for development and/or redevelopment. As the economy began to recover in late 2011 and 2012, development began to increase as some loan money became available, with the subject neighborhood seeing rapidly increasing land and building values between 2012 and 2014. A 10% annual upward adjustment was made to land sales, as shown in the following table.

Market Conditions (Time)		
		<i>Adjustment</i>
Subject	NA	
Sale #1	Jun-15	0%
Sale #2	Jun-14	11%
Sale #3	May-14	12%
Sale #4	Apr-14	13%
Sale #5	Jan-14	17%

OTHER ADJUSTMENTS

Location: The subject property is located. It is considered a good location. Sales #4 and #5 are in more developed and central areas of downtown Durham and are adjusted downward. Sales #1, #2 and #3 are in the subject's immediate surrounding neighborhood and are not adjusted. The adjustments are shown in the following table.

Location		
		<i>Adjustment</i>
Subject	Good	
Sale #1	Similar	0%
Sale #2	Similar	0%
Sale #3	Similar	0%
Sale #4	Superior	-5%
Sale #5	Superior	-5%

Access/Exposure: The subject has average access and exposure on Roney Street. Sales #2 and #3 are corner lots with superior access and exposure and are adjusted downward significantly. Sales #1, #4 and #5 also have superior access and exposure on completed roadways and are adjusted downward, as shown in the following table.

Access/Exposure		
		<i>Adjustment</i>
Subject	Average/Average	
Sale #1	Superior	-10%
Sale #2	Superior	-20%
Sale #3	Superior	-20%
Sale #4	Superior	-10%
Sale #5	Superior	-10%

Utilities: The subject and all of the comparables have access to all public electric, telephone, sewer and water utilities, and no adjustments have been made.

Zoning: As mentioned earlier, the subject property is zoned DD-C, Downtown Design Core District by the City of Durham Planning Department. Sales #2 and #3 have zoning which allow for less dense development and are adjusted upward slightly. Sales #1, #4 and #5 have similar zoning to the subject and are not adjusted. The adjustments are shown in the following table.

Zoning		
		<i>Adjustment</i>
Subject	DD-C	
Sale #1	DD-C	0%
Sale #2	DD-S1	10%
Sale #3	DD-S1	10%
Sale #4	DD-C	0%
Sale #5	DD-C	0%

Size (Square Feet): Typically, smaller parcels of land sell for more per acre or square foot because there are more potential buyers for them. However, the subject is very small which limits development, and thus less desirable than larger parcels which have less limiting factors. Sales #1, #2, #3 and #7 are larger and are adjusted downward slightly for size, as shown in the following table.

Size (Square Feet)		
		<i>Adjustment</i>
Subject	2,836	
Sale #1	23,522	-5%
Sale #2	34,278	-5%
Sale #3	44,737	-5%
Sale #4	24,829	-5%
Sale #5	4,182	0%

Topography/Shape: The subject has sloping topography and is rectangular in shape; however, there is no detriment to development. All sales are similar in shape and topography and are not adjusted.

Entitlements: The subject parcel has no entitlements in place for proposed development. Entitlements in the subject neighborhood have significant value, as the process for approvals for mixed-use projects is lengthy and thorough. Based on matched pair analysis, we adjust downward 25% for projects with entitlements. Sales #2, #3 and #4 had no entitlements at the time of sale and are not adjusted. Sales #1 and #5 had entitlements in place at the time of sale and is adjusted downward. The following table shows our adjustments.

Entitlements		
		<i>Adjustment</i>
Subject	None	
Sale #1	Yes	-25%
Sale #2	None	0%
Sale #3	None	0%
Sale #4	None	0%
Sale #5	Yes	-25%

Land Value Conclusion

In arriving at an opinion of value for the subject site, all market data analyzed in this section was considered. All sales are within the subject's market area, are subject to the same environmental influences and therefore provide a reliable indication of value for the subject. Before adjustments the comparables indicated a range of values from \$21.14 to \$49.68 per square foot. Adjustments, as previously discussed, were applied to all comparables. After analysis and adjustment of the comparable sales, the comparables indicated a range of values from \$19.11 to \$33.03 per square foot with a mean of \$26.32 per square foot.

Sales #1 and #2 are in very close proximity to the subject and although requiring adjustments for access and exposure, entitlements (Sale #1) with small adjustments for zoning and size, are considered good indicators of value. Sale #3 is also located nearby and is used to support value. Sale #4 is a similarly sized parcel however it had entitlements in place and is used to support value. Sale #3 also had no entitlements but is in more central Durham, and we have used this comparable only to support value.

Based on the analysis of comparable land sales, and considering the subject's location, we conclude that the subject land's market value is \$30.00 per square foot. Applying the estimate per square foot indicates the following value conclusion for the subject 2,836 square foot parcel "As Is":

$$2,836 \text{ square feet} \times \$30.00 \text{ per square foot} = \$85,080$$

ROUNDED TO: \$85,000

VALUE OF LOSS RESULTING FROM EASEMENT

Now that we have established the value of the subject's land to be \$30 per square foot, we use this to estimate the compensation due to the owner because of the proposed easements discussed below.

4 Foot Permanent Air Rights Easement for Balconies

The potential purchaser is requesting a 4 foot permanent air rights easement along Hunt Street. According to the information provided, the easement will be 134.85 feet long. This easement is similar to taking the entire land area and would result in 100% damages. We value this easement by multiplying the land value by the area of the easement. This land is along Hunt Street, which has superior access and exposure to the 2,836 square foot land parcel noted above, and we value it at approximately \$5 per square foot higher, \$35 per square foot.

25 Foot Temporary Construction and Grading Easement

The purchaser needs a 25 foot temporary construction easement adjacent to the subject parcel. This area is 25 feet by 99.54 feet. Generally the value of a temporary construction easement is 10% of the fee value x years of construction. Because this temporary construction easement is included in the area of the no-build easement below, which results in 75% damages, we multiply the value by the 25% in additional damages (10% x 25% = 2.5% damages). We value this land area at the same rate as the subject parcel, \$30 per square foot.

20 Foot Permanent Fire Separation Easement

The area of this easement will be 20 feet wide by 99.54 feet wide adjacent to the subject parcel. This easement will result in 75% damages, as there is some use for the park, and is valued at \$30 per square foot.

The following table shows our calculations of the value of the easements:

Easement	Size (SF)	Land Value (Per SF)	Value	% Compensation	Time (Yrs)	Easement Value
4 Foot Permanent Air Rights for Balconies	539	\$35	\$18,865	100%	Permanent	\$18,865
25 Foot Temporary Construction and Grading	2,489	\$30	\$74,670	2.5%	2	\$3,734
20 Foot Permanent Fire Separation	1,991	\$30	\$59,730	75%	Permanent	\$44,798
Total						\$67,396

MARKETING PERIOD

The Dictionary of Real Estate Appraisal defines Marketing Period as "The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated Market Value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal."

Given current market conditions, we project that if the subject property were to be put on the market at a price at or near the indicated Market Value estimated above, the marketing period required to sell the subject parcel would not exceed one year after the date of valuation. This time frame is based on conversations with local brokers, property owners, developers and other people knowledgeable of the market.

EXPOSURE TIME

The Dictionary of Real Estate Appraisal defines Exposure Time as "The time a property remains on the market. The estimated length of time 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure Time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure Time is different for various types of real estate and value ranges and under various market conditions. Market Value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal."

Based upon current records of data related to the subject and to the comparables analyzed, we estimate that, if the subject had sold on the effective date of our appraisal at a price at or near the opinion of Market Value, the exposure time required to sell the property would have not exceeded one year. This is a reasonable time frame based upon the competitive and open market found in the subject's area.

V. Addenda

APPRAISER'S QUALIFICATIONS

PAUL L. SNOW, MAI

NC State-Certified General Appraiser #4499 SC State-Certified General Appraiser #4819
GA State-Certified General Appraiser #315640 VA State-Certified General Appraiser #4001 011569

A State-Certified General Appraiser and designated Member of the Appraisal Institute, Paul L. Snow owns Analytical Consultants, a real estate appraising and consulting firm in Chapel Hill, NC.

He graduated from the University of North Carolina at Chapel Hill in 1995 with a Bachelor's Degree in Public Policy and Analysis. Rather than pursuing a career in city planning, government administration or the like, he joined Analytical Consultants as a fee appraiser. From 1998-2003 he lived in Raleigh, NC and worked as a Senior Appraiser for Williams Appraisers, a real estate appraisal and consulting firm with a national client base performing assignments across the east coast. In 2003 he rejoined Analytical Consultants as a principal.

Experienced with both residential and commercial property, Mr. Snow has appraised vacant land, homes, apartments, office buildings, restaurants, shopping centers, industrial buildings and many other types of commercial real estate. He has specialized experience in the appraisal of net lease and LIHTC (low income housing tax credit) properties. Some of the more prominent appraisal assignments include being a team leader in the appraisal of the 770,000-SF Entertainment Sports Arena in Raleigh, NC and appraising the 1,600-acre Briar Creek Development, also in Raleigh, NC. Additionally, he has appraised several Class A multi-tenant office buildings and shopping centers.

Paul is a member of TCAR (Triangle Commercial Association of Realtors). He is co-chair of the Orange County Infrastructure Committee (part of the Economic Development Commission) and sits on the Board of Equalization and Review for Orange County, NC.

When not appraising, Paul pursues playing guitar and writing music with local musicians, travels frequently, and enjoys several outdoor activities such as kayaking and skiing.

Education:

NC Appraisal Board Classes

R-1 Introduction to Real Estate Appraisal
R-2 Valuation Principals and Procedures
R-3 Applied Residential Property Valuation
G-1 Introduction to Income Property Appraisal
G-2 Advanced Income Capitalization Procedures
G-3 Applied Income Property Valuation

Appraisal Institute Classes:

Standards of the Professional Practice,
Part A and B (USPAP)
Basic Income Capitalization (310)
Advanced Income Capitalization (510)
Highest and Best Use (520)
Sales Comparison Approach (530)
Narrative Report Writing (540)
Advanced Applications (550)

Other Education and Classes:

Standards of the Appraisal Practice A & B (taken on a 2-yr. cycle)
Appraising in NC
New Technology for the Appraiser
Conservation Easements
Trainees and Supervisors
Yellow Book: Uniform Appraisal Standards for Federal Land Acquisitions (May 2006)
Internet Strategies for Real Estate Appraisers
Condemnation Appraising

Courses and Seminars Taught

Appraisals for Lenders: Basic Principles of Ordering and Understanding Appraisals
- CICNC – Community Investment Corporation of North Carolina, Raleigh, NC
(January 2008)
- Self Help Credit Union, Durham, NC (January 2008)

PARTIAL CLIENT LIST - ANALYTICAL CONSULTANTS

Lending Institutions

Bank of America
Branch Bank and Trust
Capital Bank
Cardinal State Bank
CICNC - Community Investment Corporation of NC
CRIIMI MAE
First Citizens Bank
First State Bank
GMAC Commercial Mortgage
Harrington Bank
Hillsborough National Bank
Mechanics and Farmers Bank
Paragon Bank
RBC Centura
SunTrust Bank
Wachovia Bank
Gateway Bank

Institutional and Corporate

Association for Preservation of the Eno River
City of Raleigh
Crosland Development
Chatham County Schools
Duke Power
Orange County, NC
Quest Diagnostics
Regency Development
Town of Carrboro, NC
Town of Chapel Hill, NC
Town of Pittsboro, NC
Triangle Land Conservancy
University of North Carolina
Wall Street Financial Corporation
Wake County Revenue Department

APPRAISER'S QUALIFICATIONS

Michelle S. Bender, CPA
Certified General Appraiser #A6980

Ms. Bender is a staff appraiser possessing a background in accounting, finance and law. Her professional experience includes a position as a regional comptroller for ICI Homes, the third-largest home builder in Florida. She also served as lease accounting manager for Konover Property Trust, a REIT with over 100 retail centers throughout the US. She received her Juris Doctor from the University of North Carolina at Chapel Hill, and her undergraduate degree from the Wharton Business School at the University of Pennsylvania. Ms. Bender specializes in large, multi-tenant apartment, industrial and subdivision appraisals. She also has extensive knowledge of low income housing tax credit (LIHTC) properties, including historic, new market and mill credit appraisals.

Professional Experience

Analytical Consultants, Chapel Hill, NC Commercial Appraiser	2005
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Professional Affiliations

NC State Certified Appraiser	2008
North Carolina Certified Public Accountant	1994
North Carolina Bar (Inactive)	1993

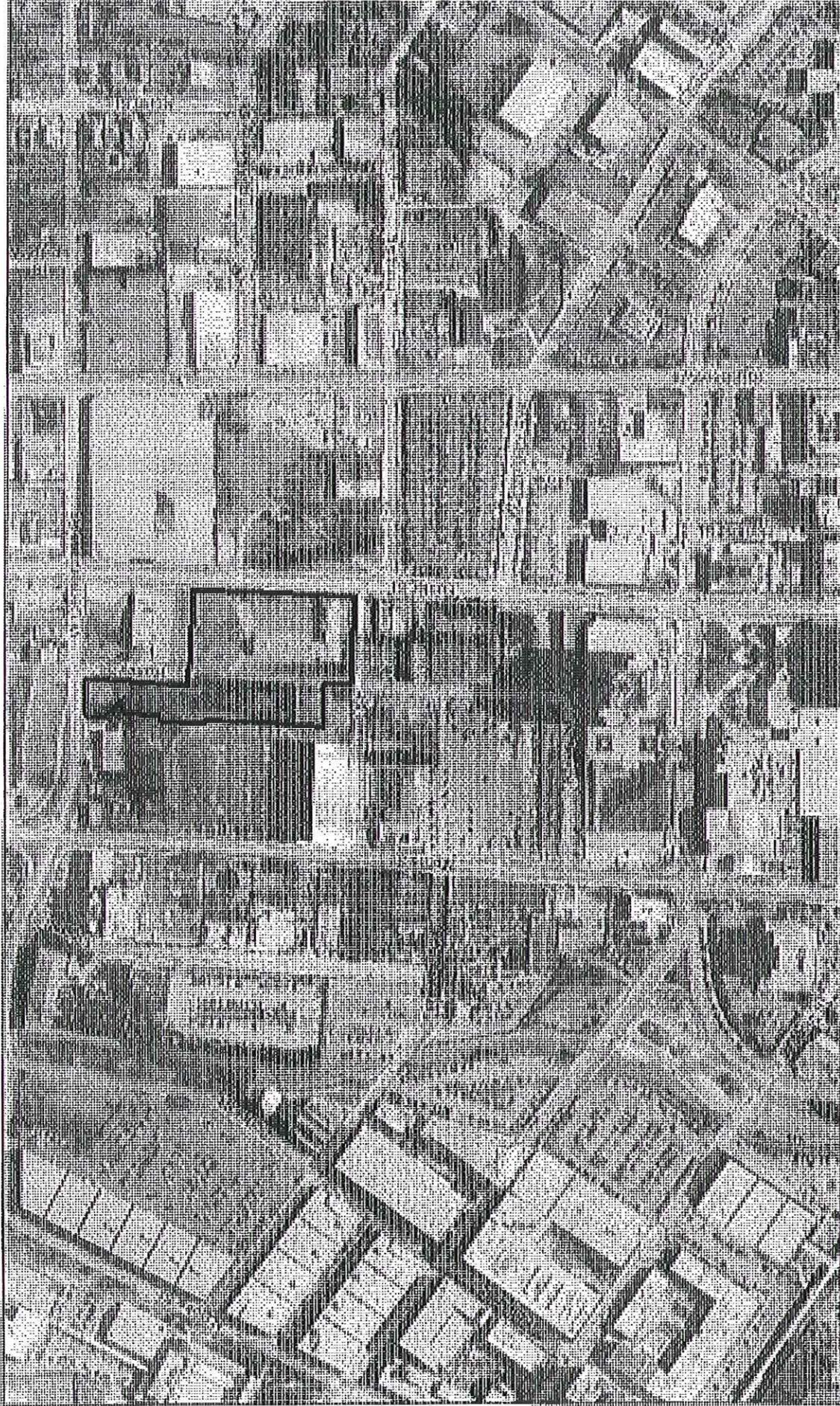
Formal Education

University of Pennsylvania, Wharton School, B.S.	1990
University of North Carolina School of Law, J.D.	1993

Professional Education

- R1: Introduction to Real Estate Appraisal
- R2: Valuation Principles and Practice
- R3: Applied Residential Property Evaluation
- R4: Uniform Standards of Professional Appraisal Practice
- G-1 Introduction to Income Property Appraisal
- G-2 Advanced Income Capitalization Procedures
- G-3 Applied Income Property Valuation

Subject Property Public Tax Record Information



December 9, 2014

Override 1

Railroads

City of Durham

Neighboring Counties

City-County Labels

1:4,514

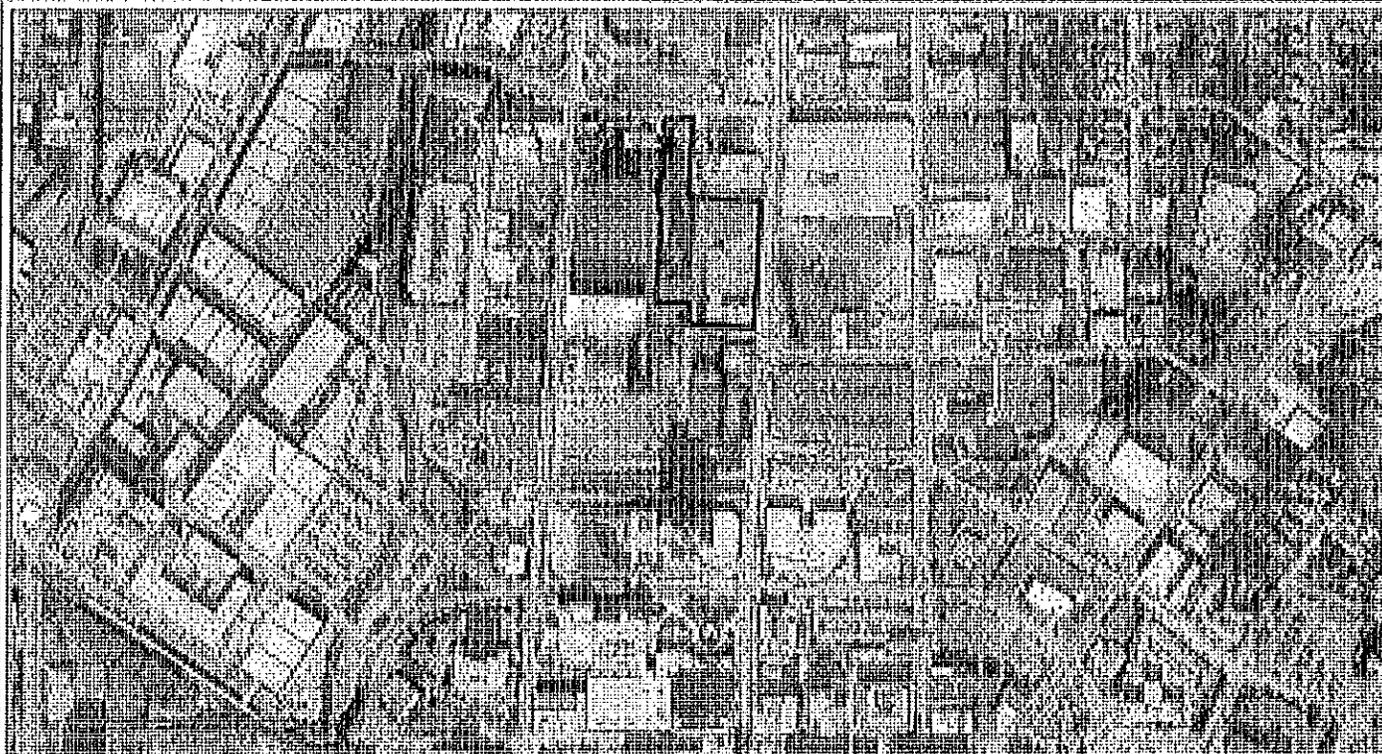
0.075

0.1

0.15

0.2 km

Information depicted hereon is for reference purposes only and is compiled from the best available sources. The City of Durham/Durham County assumes no responsibility for errors arising from use or misuse.



Tax Maps are not to be used to establish boundaries and/or size. Use for such is solely the responsibility of the user.



PARCEL ID: 104848
PIN: 0821-08-89-9253
OWNER NAME: CITY OF DURHAM ATTN GEN SERVICES REAL EST DIV
OWNER ADDRESS: PROP AND FACILITY MGMT 101 CITY HALL PLZ
SITE ADDRE: 501 FOSTER ST
OBJECTID: 13725980
CLASS CODE: 070 BG
FRONT DIM:
POLY ACRES: 2.75100000
SUM ACRES: 2.75100000
OLD ID: 060 -01-003A-
USER INT:
CITY CODE:
ACCT : 8018084
OWNER NAME 1: CITY OF DURHAM
OWNER NAME 2: ATTN GEN SERVICES REAL EST DIV
OWNER NAME 3:
OWNER ADDRESS 1: PROP AND FACILITY MGMT
OWNER ADDRESS 2: 101 CITY HALL PLZ

OWNER ADDRESS 3:
OWNER ADDRESS 4:
OWNER CITY: DURHAM
OWNER STATE: NC
OWNER ZIP: 27701
DIST CODE: 3
SPLIT TAX DIS:
SPLIT TAX DEC:
LAND USE: 546
LAND USE DESC: REC/ OTHER MISC
NUMBER CLASS: 070
NUMBER CODE: BG
EXEMPT CODE: 100
LAND VALUE: 31363
BUILDING VALUE: 133077.00000000
TOTAL VALUE: 164440.00000000
DEED BOOK: 002703
DEED PAGE: 000284
PLAT BOOK: 000185
PLAT PAGE: 000165
DATE SOLD: 20091218
SALE PRICE: 0
SUBDIVISION ID: 0000
SUBDIVISION DESC: N/A - NO SUBDIVISION

Durham County, NC
Assessor of Property

Property Record Card

Owner Name

CITY OF DURHAM
ATTN GEN SERVICES REAL EST DIV

Owner Address

PROP AND FACILITY MGMT 101 CITY
HALL PLZ
DURHAM , NC
27701

GENERAL PROPERTY INFORMATION

Parcel Ref No: 104848
PIN: 0821-08-89-9253
Account No: 8018084
Tax District: CNTY-DRHM/CITY-
DRHM/BID
Land Use Code: 546
Land Use Desc: REC/ OTHER MISC
Subdiv Code: 0000
Subdiv Desc: N/A - NO SUBDIVISION
Neighborhood: 070BG

Legal Description: PROP-CITY OF
DURHAM/DURHAM CENTRAL
PRK/ST CLOSING
Deed Book & Page: 2703 / 284
Plat Book & Page: 000185 /



Last Sale Date: Aug-31-1999
Last Sale Price: \$15,000
Current Appraised Value: \$164,440 *

* The appraised value is the
estimated value as of the last
general reappraisal, effective
January 1, 2008

Year Built: 2006
Built Use / Style: LGT COM UTIL
BLDGS
Current Use: LGT COM UTIL BLDGS
*Percent Complete: 100%
Heated Area (S/F): 1,680
** Bathroom(s): 0 Full Bath(s) 0 Half
Bath(s)
** Bedroom(s): 0
Fireplace (Y/N): N
Basement (Y/N): N
Attached Garage (Y/N): N
Multiple Improvements: 1

Land Market Value: \$599,375
Land Present Use Value: \$31,363
Land Total Assessed Value: \$31,363
Building Value: \$133,077
Map Acres: 2.751

Appraised Improvement Values
\$133,077 Appraised Value as of January 1, 2014

* Note - As of January 1

** Note - Bathroom(s), Bedroom(s), shown for description only

Data Disclaimer: All data shown here is from other primary data sources and is public information. Users of the data are hereby notified that the aforementioned public information sources should be consulted for verification of the information contained on this website. While efforts have been made to use the most current and accurate data, Durham County, NC and data providers assume no legal responsibility for the use of the data contained herein.

Please direct any questions or comments about the data displayed here to tax_assessor@dconnc.gov
(mailto:tax_assessor@dconnc.gov)

THIS IS A GENERATED TAX BILL. NOT THE ORIGINAL! - FOR DISPLAY PURPOSES ONLY

COUNTY OF DURHAM
OFFICE OF THE TAX ADMINISTRATOR
PO BOX 3397
DURHAM NC 27702-3397



DURHAM COUNTY PROPERTY TAX NOTICE

Office Location: 200 East Main Street
Administrative Complex, First Floor
Durham, NC 27701

Office Hours: Monday-Friday 8:30am - 5:00pm
Tax Department 660-0300
Solid Waste 660-0430
Fax 660-0360

Website Address: tax.durhamcountync.gov

Durham County E-Services

Electronic Check: tax.DCONC.gov
go to on-line payments

CITY OF DURHAM
PROP AND FACILITY MGMT
DURHAM, NC 27701

Year	Due Date	Account Number	Bill Number
2014	1-05-2015	8018084	7067905



Rec #	Description	Parcel ID	Value	District	Amount Assessed
7777276	501 FOSTER ST	104848	\$164,440.00	003	\$0.00

Year	Due Date	Account Number	Bill Number	Pay This Amount
2014	1-05-2015	8018084	7067905	\$ 0.00



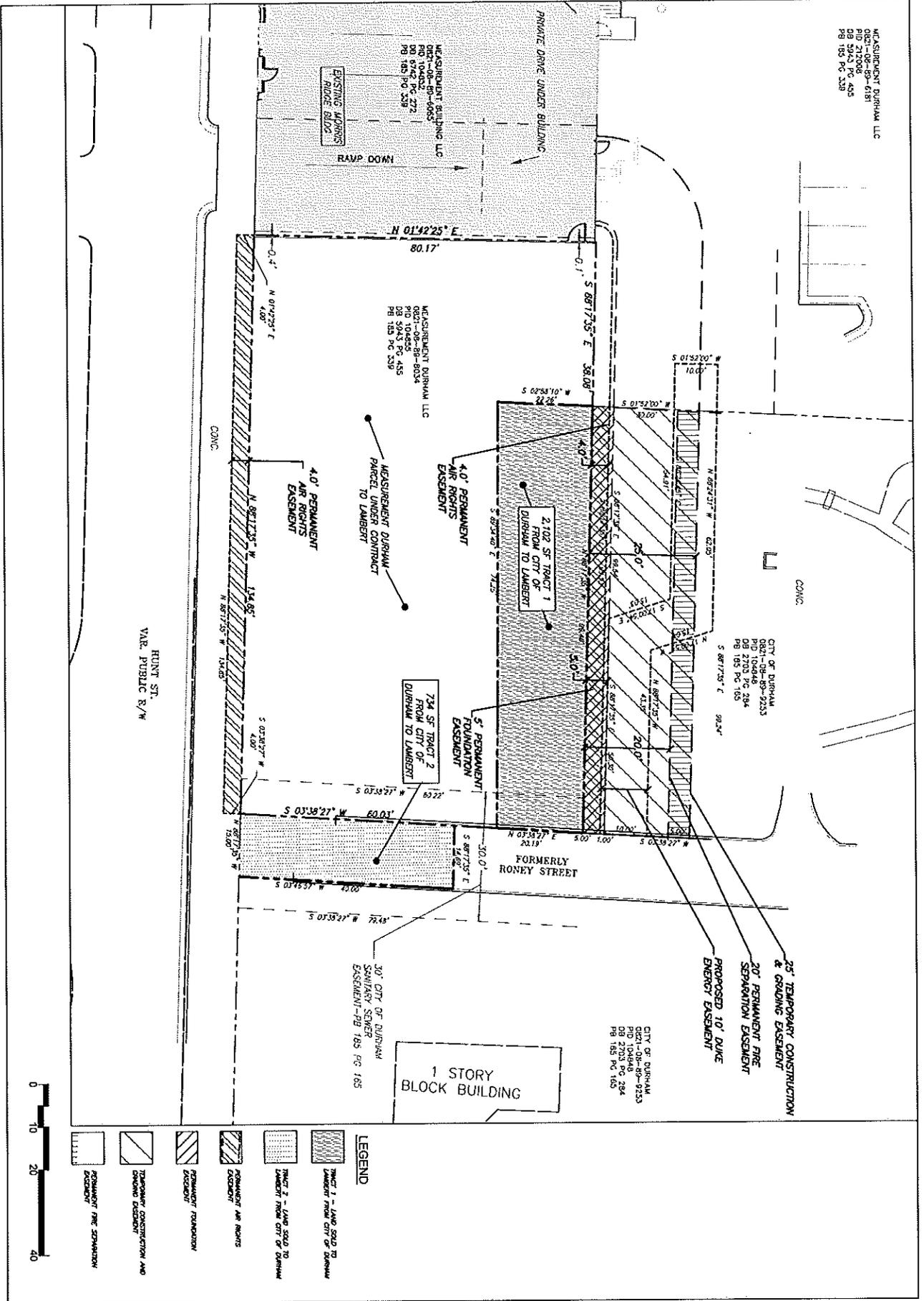
Print this Bill



Close Window

Subject Property Plat

Subject Property Easement Information



LEGEND

- TRACT 1 - LAND SOLD TO LAMBERT FROM CITY OF DURHAM
- TRACT 2 - LAND SOLD TO LAMBERT FROM CITY OF DURHAM
- PERMANENT AIR RIGHTS EASEMENT
- PERMANENT FOUNDATION EASEMENT
- TEMPORARY CONSTRUCTION AND SEPARATION EASEMENT
- PROPOSED FIRE SEPARATION EASEMENT

<p>Coulter Jewell Thames <small>111 Bow Tie Blvd., Durham, N.C. 27711 P 919.283.2000 F 919.283.2044</small></p>	<p>Project: 400 Hunt St. Durham, North Carolina PD 104848-89-9233 PB 2703-89-284 PB 185-89-185</p>	<p>Sheet Title: REDEVELOPMENT PLAN FOR LAMBERT DEVELOPMENT HUNT STREET LLC Sheet Number: _____</p> <p>Scale: AS SHOWN</p> <p>DATE: 08-21-08</p> <p>BY: [Signature]</p> <p>NOT FOR CONSTRUCTION</p>
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Subject Property Proposed Purchase Letter

KENNON CRAVER

pllc

ATTORNEYS AT LAW

*William A Anderson, III
Gwendolyn C Brooks*
Joel M Craig
G Rhodes Craver
James R Easthom
Brian M Ferrell
William T Hutchins, Jr**
Deborah A McDermott
Katherine L McKee
Henry W Sappenfield
Leigh P Vancil
A William Kennon, Retired*

**Board Certified Specialist in
Estate Planning & Probate Law*

***Board Certified Specialist in Real Property Law;
Business, Commercial and Industrial Transactions*

August 13, 2015

VIA EMAIL (elizabeth.hyland@durhamnc.gov)

City of Durham
General Services Division
Attn: Elizabeth Hyland
101 City Hall Plaza
Durham, NC 27701

Re: Offer to Purchase Real Property and Easements
Portion of PID 104848

Dear Ms. Hyland:

As you know, we represent Lambert Development Hunt Street, LLC ("Lambert") with an offer to purchase real property from the City of Durham. Please accept this letter as a revision of the offer to purchase we last submitted to you by emailed letter dated July 16, 2015.

For a total price of **\$135,549.00**, Lambert offers to purchase from the City in fee simple the following two (2) areas of land:

	Area of Land	Portion of Offered Price Allocated
1.	2,102 square feet of PID 104848 designated as "Tract 1" on the attached map Exhibit (the "Offer Map")	\$46,244
2.	734 square feet in the former Roney Street right of way designated as "Tract 2" on the Offer Map;	\$18,350

TOGETHER WITH the following easements appurtenant to the fee estate:

	Area of Land	Portion of Offered Price Allocated
1.	4' permanent balcony air rights easement in the Hunt Street right of way as shown on the Offer Map	\$13,475
2.	25' temporary construction and grading easement shown as on the Offer Map	\$2,661
3.	20' permanent fire separation easement as shown on the Offer Map (1,989 sf total), <i>to include within this area:</i> a. 5' permanent foundation easement for building foundation shown as on the Offer Map b. 4' permanent air rights easement needed for balconies as shown on the Offer Map	\$32,819*

** The \$32,819 is for three easement interests. The foundation and air rights easements are within the fire separation easement.*

Please note that Lambert is offering the full market value as determined by the appraisal obtained by the City performed by Analytical Consultants dated July 14, 2015. This offer includes within the total offer of \$135,549 cash mitigation for tree loss anticipated in connection with construction in the amount of \$22,000.

Provided this offer is accepted by the City and closed, Lambert will also replace approximately 100 feet of sewer line, running generally from the manhole in Hunt Street to the anticipated northern limits of work.

Lambert is prepared to make the deposit required under the disposition statute. Lambert will handle the survey work necessary for the recombination at its cost.

We look forward to working with the City to close this transaction. Please let us know how we can help.

Sincerely,



William A. Anderson, III
FOR THE FIRM

cc via email: Henry Lambert, Eric Spence, Dan Jewell

kennon craver, pllc

4011 university drive, suite 300, durham, nc 27707 • post office box 51579, durham, nc 27717-1579
TELEPHONE 919 490 0500, FAX 919 490 0873 • www.kennoncraver.com

Engagement Letter

MODIFICATION TO REQUEST FOR APPRAISAL

Date: August 6, 2015

Transmitted By Email To:

APPRAISER:
Paul Snow
Analytical Consultants, Inc.
125 Kingston Drive, Suite 206
Chapel Hill, NC 27514
(919) 929-9539

PROJECT: Appraisal of one (1) of the parcels comprising Durham Central Park

SCOPE OF WORK/NATURE OF APPRAISAL: Narrative appraisal report using all applicable approaches to value. The compensation due for easements will be measured by comparing the value of the unencumbered land in question before the easements with land value after the easements are in place. This appraisal report is an update of the appraisal performed by Paul Snow, Analytical Consultants, Inc. for the City of Durham on January 4, 2015.

ADDRESS OF PROPERTY TO BE APPRAISED: 501 Foster Street, Durham, NC

DATE NEEDED: 30 days or sooner from receipt of City Manager approval

TYPE OF APPRAISAL: Summary Narrative x Summary Narrative W/Comps
 Limited Detailed Narrative Report

ADDITIONAL INSTRUCTIONS/INFORMATION: Return the Non-Collusion affidavit with this executed form.

 x Place an "X" here if you can meet this deadline. Indicate your fee below.

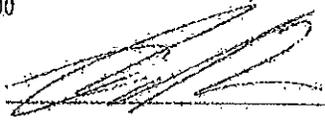
 Place an "X" here if you cannot meet this deadline, but indicate the earliest date you could submit the appraisals.
(Earliest date report can be submitted)

PLEASE SIGN, DATE AND RETURN THIS FORM NO LATER THAN 8/07/15.

RETURN TO: Beth Hyland at Elizabeth.Hyland@durhamnc.gov
*Office (919)-560-4197 ext. 21295

OWNER: City of Durham

APPRAISER'S FEE: \$2,000.00

APPRAISER'S SIGNATURE: 

DATE: 8/10/15

APPROX:

City of Durham, By: W. Bowman Ferguson

Authorized City Manager Designee

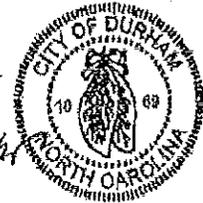
W. Bowman Ferguson

Deputy City Manager instrument has been pre-audited in the manner required by the
Local Government Budget and Fiscal Control Act.

City Clerk, By: Dianalyan Schreiber

Dianalyan Schreiber

Deputy City Clerk



Preaudit certificate, if applicable Susan M. Sandhoff

Susan M. Sandhoff - Deputy Finance Officer

State of North Carolina



North Carolina Appraisal Board

PAUL L. SNOW

having satisfied the North Carolina Appraisal Board regarding the qualifications to practice as a General Real Estate Appraiser in this State and having complied with the requirements prescribed by law, is hereby certified as a

**State-Certified
General Real Estate Appraiser**

Given under and by virtue of the provisions of Article 1 Chapter 22E of the General Statutes of North Carolina, I herewith set my hand and seal of the North Carolina Appraisal Board at Raleigh on the date below shown:

This certificate shall expire on the 30th day of June following the date shown below unless renewed prior to expiration.

JANUARY 6, 2000

A. Melton Black, Jr.
Executive Director

NORTH CAROLINA APPRAISAL BOARD
APPRAISER QUALIFICATION CARD
Expires June 30, 2016

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
15	PAUL L SNOW	16
A4499	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

APPRaiser's SIGNATURE:
EXECUTIVE DIRECTOR:

State of North Carolina



North Carolina Appraisal Board

MICHELLE S. BENDER

having satisfied the North Carolina Appraisal Board regarding the qualifications to practice as a General Real Estate Appraiser in this State and having complied with the requirements prescribed by law, is hereby certified as a

**State-Certified
General Real Estate Appraiser**

Given under and by virtue of the provisions of Article 1 Chapter 22E of the General Statutes of North Carolina, I herewith set my hand and seal of the North Carolina Appraisal Board at Raleigh on the date below shown:

This certificate shall expire on the 30th day of June following the date shown below unless renewed prior to expiration.

November 6, 2008

Philip W. Humphries
Philip W. Humphries
Executive Director

NORTH CAROLINA APPRAISAL BOARD
APPRAISER QUALIFICATION CARD
Expires June 30, 2016

REGISTRATION / LICENSE / CERTIFICATE HOLDER

15 MICHELLE S BENDER **16**

A6980 G Y

APPRAISER NUMBER TYPE NATIONAL REGISTRY

[Signature] * * * *[Signature]*

APPRAISER'S SIGNATURE EXECUTIVE DIRECTOR