CITY OF POWELL

PLANNING AND ZONING COMMISSION (P&Z)

SKETCH PLAN REVIEW APPLICATION

ALL ITEMS ON THIS APPLICATION MUST BE COMPLETED.

Application Fee: $400.00

Applicant: Home Steitz LLC, c/o John C. Wicks

Address/City/State/Zip: 267 N. Liberty St, Powell, OH 43065

Email Address: john.wicks@rpddllc.com

Phone No: 614.323.7800 Cell Phone No: 614.323.7800 Fax No: _____

Property Owner: TLK Development, LLC, c/o Kim Kelsik

Address/City/State/Zip: 5751 Kolb Rd., Tuscon, AZ 85750

Email Address: kelsik@hotmail.com

Phone No: 614-260-0649 Cell Phone No: 614-260-0649 Fax No: _____

Architect/Designer for Applicant: G2 Planning and Design, c/o Gary Smith

Address/City/State/Zip: 720 E. Broad St., Suite 200, Columbus, OH 43215

Email Address: gsmith@g2planning.com

Phone No: 614-390-6149 Cell Phone No: _____ Fax No: _____

Property Address: 0 Home Road, Powell, OH 43065

Lot Number/Subdivision: N/A Existing Use: Agriculture Proposed Use: Planned Commercial

Reason for Administrative Review (attach necessary documents): sketch plan review for proposed development

Checklist:

- ☐ Sketch Plan requirements set forth in Section 1109.06
- ☐ Provide any other information that may be useful to the Planning and Zoning Commission or City Staff in the space below or attach additional pages.
- ☐ Attach **5 copies** containing all drawings, text, any other items, and application.
- ☐ **1 digital copy** (CD, USB, Email) of the complete application packet.
- ☐ Attach the required fee - $400.00
- ☐ Post a public notice sign at least (10) days prior to a public hearing or public meeting, pursuant to ordinance 1107.035

(See Over)

I agree to grant the City Staff, the Commission, Board or Council considering this application access to the property that is the subject of this application for the purposes of reviewing this application and posting public notice for this application.

Signature of Applicant: _____ Date: 4/26/18

Office Use Received	Office Use AMT_____ TYPE/DATE_____ RECEIPT #_____ PAYOR_____ Payment

City of Powell · 47 Hall Street · Powell, Ohio 43065 · (614) 885-5380 · (614) 885-5339 fax · www.cityofpowell.us

RPDD LLC
REAL PROPERTY DESIGN AND DEVELOPMENT, LLC
267 N. Liberty St. • Powell, OH 43065 • 614.323.7800

Home and Steitz Property
City of Powell, Ohio
Project Summary

April 24, 2018

The subject property located at the northwest corner of Home Road and Steitz Road in Liberty Township, Delaware County, Ohio, is approximately 11.74 gross acres in size and is currently used as agricultural/farm ground. The parcel has approximately 710 feet of frontage along Home Road to the south and 508 feet of frontage along Steitz Road to the east. A high-tension power line and associated easement traverse the southeast corner of the tract, occupying approximately 1.73 acres. An existing Del-Co Water raw water line was recently installed within this easement area as well.

Roadways/Traffic

Per the Delaware County Thoroughfare Plan, Appendix 6, dated 2007, Home Road is classified as a "Major Arterial" by the Delaware County Engineer, with a projected average daily traffic (ADT) flow of 12,000 to 18,000 vehicles per day (vpd) by 2020. Steitz Road is designated as a "Major Collector" with a projected ADT of 500 to 4,000 vpd. Recently, Home Road was widened to 4 lanes in this area and a traffic signal was installed by Delaware County at the Home/Steitz intersection to accommodate the heavy volumes of traffic generated by recent and planned developments in the area.

Utilities

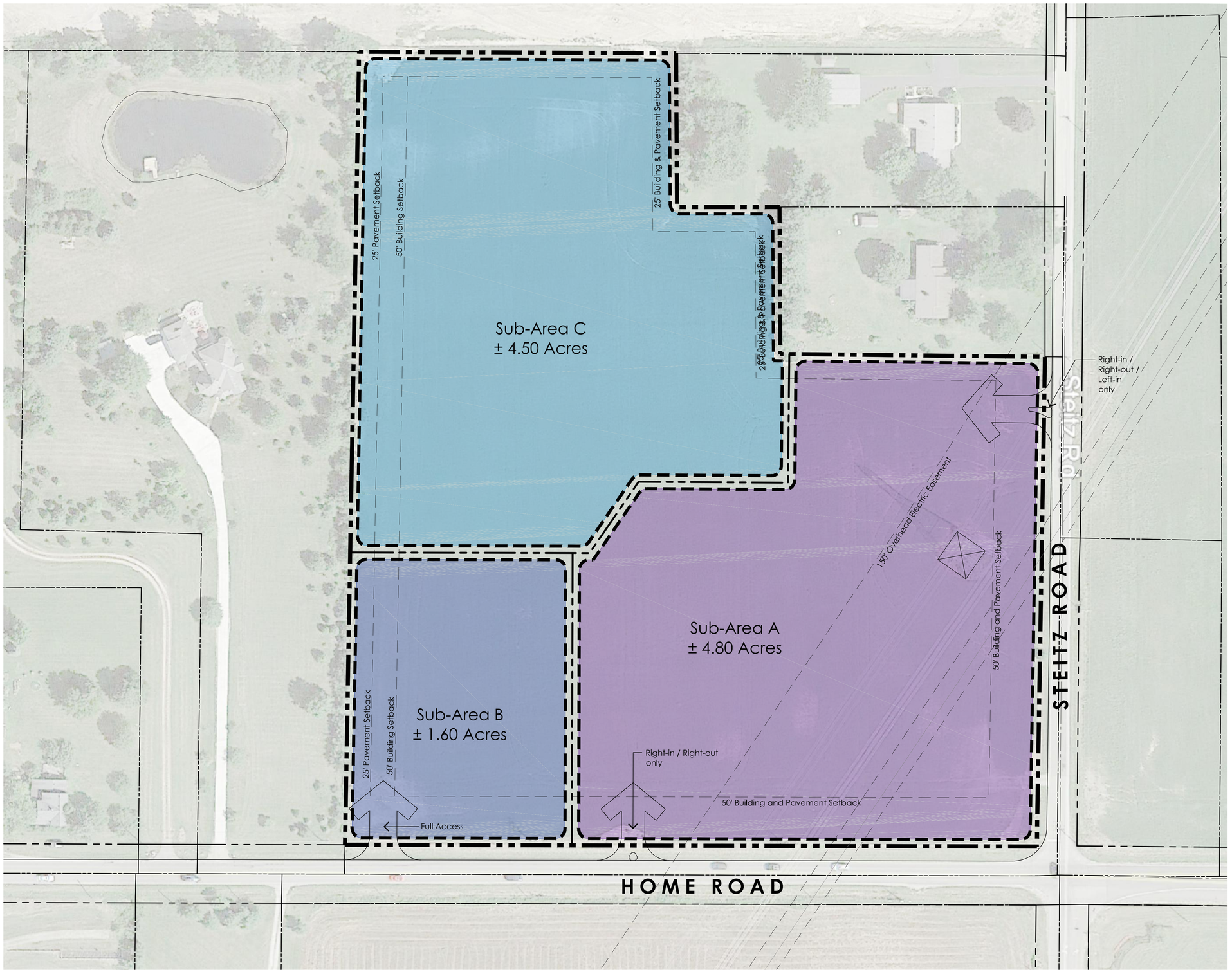
Public sewer is available on the north side of the property. Del-Co Water public water lines exist along both Home Road and Steitz Road. Electric, natural gas, telephone and cable services are available to the site.

Land Use

While much of the surrounding land in this area has developed over the past 25 years, this property as well as much of the surrounding properties to the north and east has remained undeveloped because sewer service was not available. In 2015 sewer was finally extended east of Scioto Reserve to service the Harvest Point project as well as this property. Because this site is situated at the signalized intersection of two major roadways, and because of the high-tension powerline and tower on the parcel, a residential use is not the recommended use for the property. Accordingly, a planned commercial project is being proposed for this site to serve the over 3,000 existing and proposed homes within a 3 mile radius.

Proposed Project

This planned commercial project is proposed to bring neighborhood commercial, office, restaurant and similar services to the area to benefit the local residents of Powell and Liberty Township. A farmstead theme is the proposed architectural style for structures, which will blend in with the rural feel of the area. Landscaped mounds are proposed around the perimeter of the property for screening from the adjacent residential properties.



SITE DATA

Gross Acreage:	+/- 11.75 Ac
- R.O.W. (Home & Steitz Road)	+/- 0.85 Ac
Net Acreage:	+/- 10.90 Ac

Sub-Areas:

Sub-Area A: +/- 4.8 Ac
- Retail Sales
- Convenience Business
- Maximum of 10 Fuel Pumps

Sub-Area B: +/- 1.6 Ac
- Commercial Establishments
- Office Uses
- Personal Services
- Day Care Centers
- Elderly Housing, Life-Care, Nursing Care
- Restaurants
- Medical or Dental Offices

Sub-Area C: +/- 4.5 Ac
- Sportsmans Club
- Boat, RV, Personal Property Storage

Home and Steitz Road - Sub Area Plan

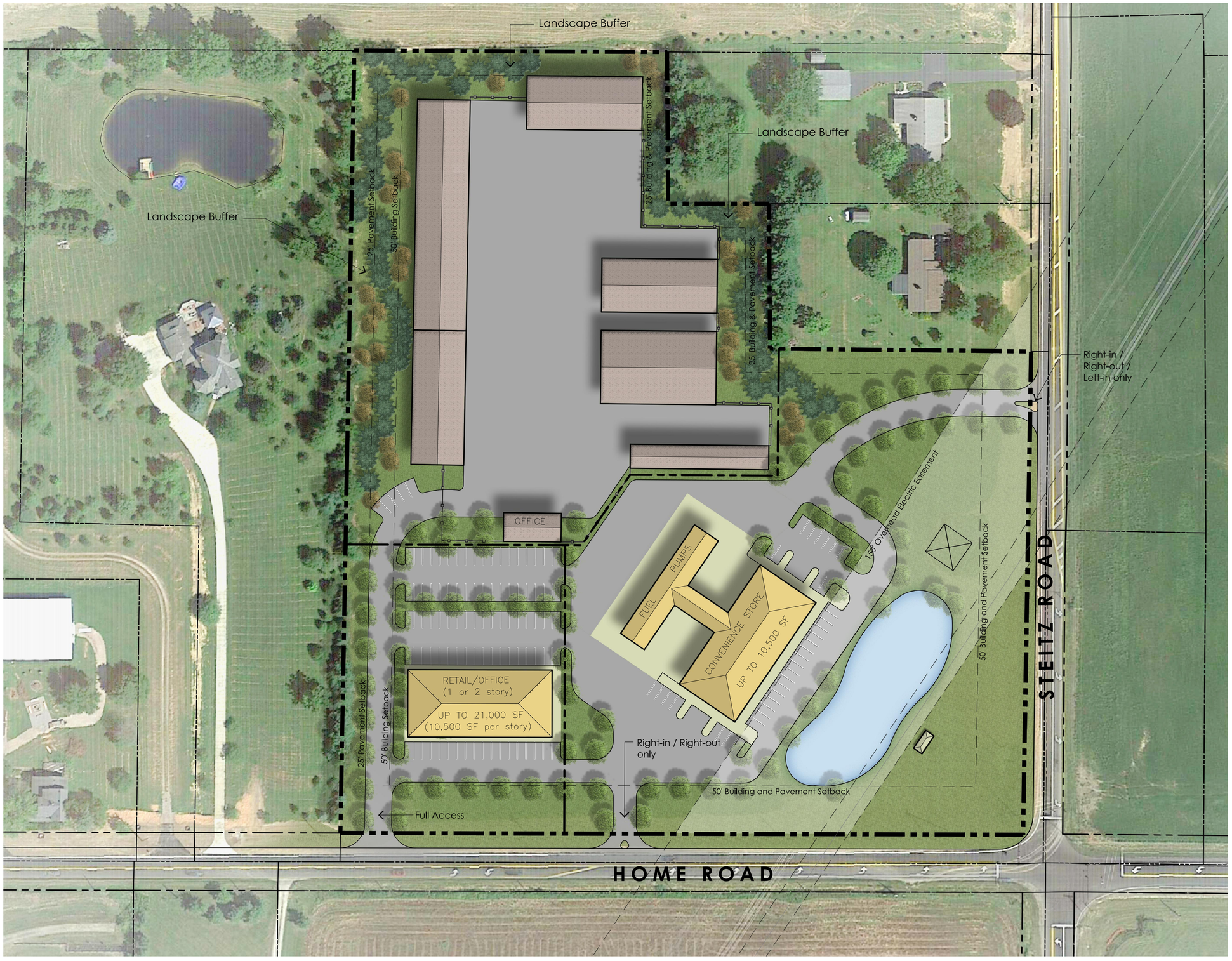
City of Powell, Ohio 03.20.2018

0 50 150 N

Real Property Design and Development

G2 Planning Urban Design Landscape Architecture Planning + Design
Ph: 614.583.9230
Web: www.g2planning.com

P:\G2 Planning and Design\G2 Projects\CV Real Property\Home and Steitz Road\CAD\16055 G2 Steitz Road Base.dwg, 3/21/2018 1:25:23 PM, DWG To PDF.pc3



SITE DATA

Gross Acreage:	+/- 11.75 Ac
- R.O.W. (Home & Steitz Road)	+/- 0.85 Ac
Net Acreage:	+/- 10.90 Ac

Home and Steitz Road - Concept Plan

City of Powell, Ohio 03.19.2018

0 50 150 N

Real Property Design and Development

G2 Planning Urban Design Landscape Architecture
Planning + Design
Ph: 614.583.9230
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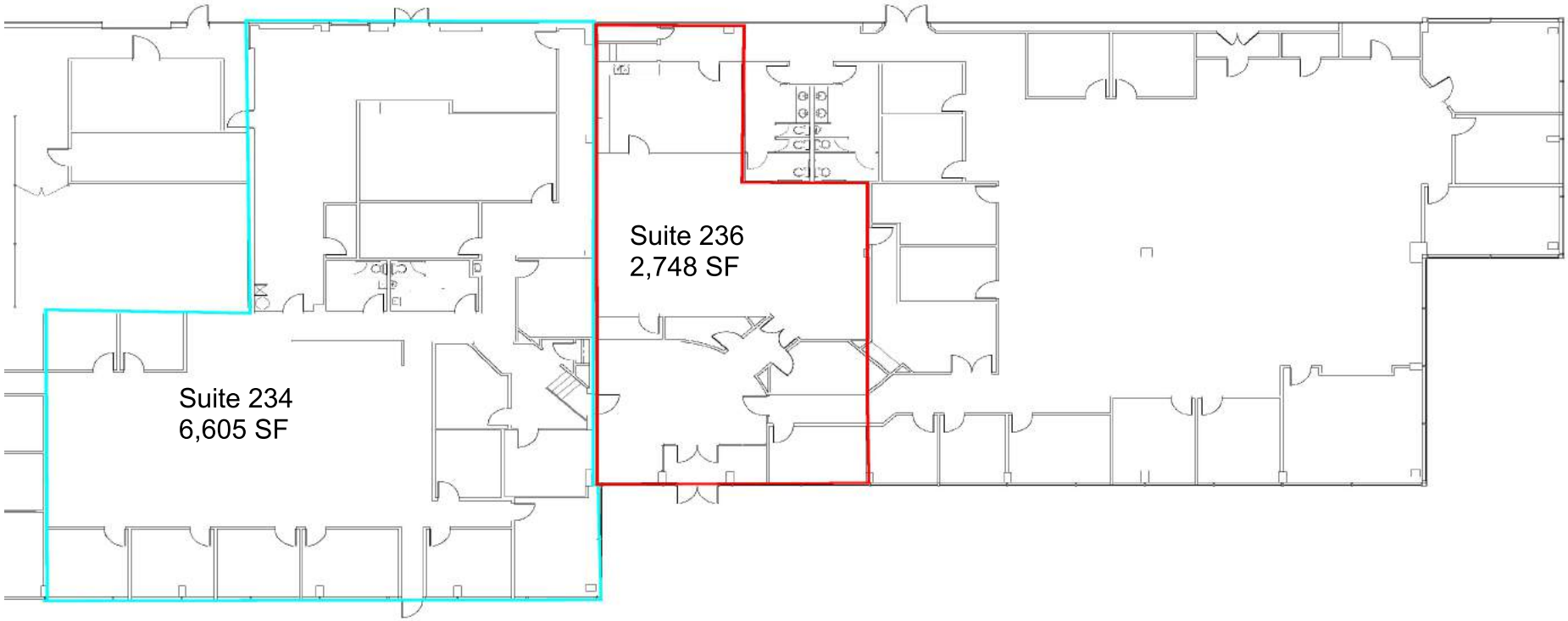
FLOOR PLAN

Suites 234 & 236



ALTERRA

Annexation Description
11.555 Acres
North side of Home Road (C.R. 124)
West side of Steitz Road (C.R. 125)
-1-

Situated in the State of Ohio, County of Delaware, Township of Liberty, Farm Lots 15 and 16, Quarter 2, Township 3, Range 19, being a 11.555 acre tract, said 11.555 acre tract being part of Parcel No. 2 as conveyed to TLK Development, LLC of record in Official Record 666, Page 198 and part of a 10.006 acre tract conveyed to Howard R. Vance of record in Official Record 1491, Page 2826 and more particularly described as follows:

Beginning at a northeasterly corner of said Parcel No. 2, being the northwesterly corner of a tract of land conveyed to Jack A Price and Eula Gay Price of record in Official Record 243, Page 481, being in the northerly line of Farm Lot 16 and the southerly line of Farm Lot 30;

Thence **S 03° 26' 31" W,** along an easterly line of said Parcel No. 2, **160.00 feet** to a northeasterly corner thereof;

Thence **S 87° 01' 02" E,** along a northerly line of said Parcel No. 2, **109.50 feet** to a northeasterly corner thereof;

Thence **S 03° 22' 58" W,** along an easterly line of said Parcel No. 2, **150.05 feet** to a northeasterly corner thereof;

Thence **S 87° 00' 57" E,** along a northerly line of said Parcel No. 2, **245.30 feet** to a point, said point being in the westerly right-of-way line of Steitz Road as shown on (Del. C.R. 124-2.77) state Right-of-Way plans;

Thence across said Parcel No. 2 and along said westerly right-of-way line, the following four (4) courses;

S 03° 27' 51" W, 81.77 feet;

S 07° 16' 41" W, 150.34 feet;

S 03° 27' 51" W, 199.99 feet;

S 27° 31' 34" W, 60.83 feet to a point in the northerly right-of-way line of said Home Road as shown on (Del. C.R. 124-2.77);

Thence **S 03° 04' 35" W**, across said Parcel No. 2, across said 10.006 acre tract and across said Home Road, **75.00 feet** to a City of Powell Annexation Line (O.R. 826, Pg. 1463, Ord. No. 2007-58)

Thence **N 86° 55' 25" W,** across said 10.006 acre tract, with the northerly line of said City of Powell Annexation line, **715.53 feet** to a point in the westerly line of said 10.006 acre tract;

Thence **N 04° 02' 05" E,** along the westerly line of said 10.006 acre tract, **30.00 feet** to a northwesterly corner thereof, to the centerline of said Home Road and a common line of said Farm Lot 14 and said Farm Lot 15;

Thence **S 86° 55' 25" E,** along the center line of said Home Road and the common line of said Farm Lot 14 and said Farm Lot 15, **59.27 feet** to a point;

Thence **N 03° 26' 18" E,** across said 10.006 acre tract, across said Home Road and along the westerly line of said Parcel No. 2, **841.02 feet** to a northwesterly corner thereof, being in the northerly line of said Farm Lot 16 and the southerly line of Farm Lot 30;

Annexation Description
11.555 Acres
North side of Home Road (C.R. 124)
West side of Steitz Road (C.R. 125)
-2-

Thence **S 87° 00' 57" E,** along a northerly line of said Parcel No. 2 and along the common line of said Farm Lot 16 and Farm Lot 30, **335.57 feet** to the **True Point of Beginning,** and containing **11.555 acres**, more or less.

Subject, however, to all legal highways, easements, and restrictions. The above description was prepared by Advanced Civil Design, Inc. on April 23, 2018 and is based on existing records from the Delaware County Auditor's and Recorder's Office. A drawing of the above description is attached hereto and made a part thereof.

This description is to be used for annexation purposes only and not to be used in the transfer of land.

The total length of the annexation perimeter is 3214.17 feet, of which 715.53 feet are contiguous with existing City of Powell Corporation lines, being 22% contiguous.

This annexation does not create any islands of township property.

All references used in this description can be found at the Recorder's Office, Delaware County, Ohio.

ADVANCED CIVIL DESIGN, INC.

Douglas R. Hock, P.S. 7661 Date: 5/9/18

Z:\17-0005-579\survey\11.555 ac annexation desc (rev 04-23-18).doc

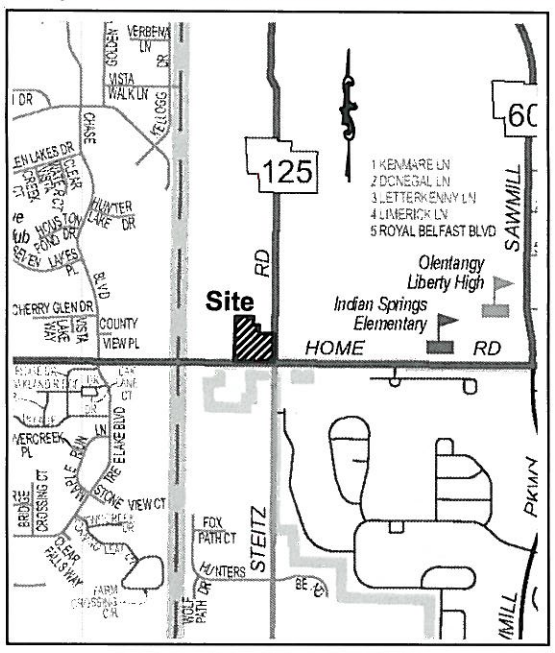
STATE OF OHIO
DOUGLAS R. HOCK S-7661 REGISTERED
PROFESSIONAL SURVEYOR

County Engineer
Delaware County, Ohio

I hereby certify the within to be a true copy of the document that is on file in the Map Department.

CHRIS E. BAUSERMAN, P.E., P.S.
County Engineer

By _____, Date 5/29/18



Location Map – NTS

Map of Territory to be
Annexed to the City of Powell

11.555 ACRE ANNEXATION TO THE CITY OF POWELL FROM TOWNSHIP OF LIBERTY EXPEDITED TYPE II ANNEXATION UNDER ORC §709.021 AND §709.023

Township of Liberty, Delaware County, Ohio
Farm Lots 15 & 16, Section 2,
Township 3, Range 19,
United States Military District

LEGEND

Area to be Annexed

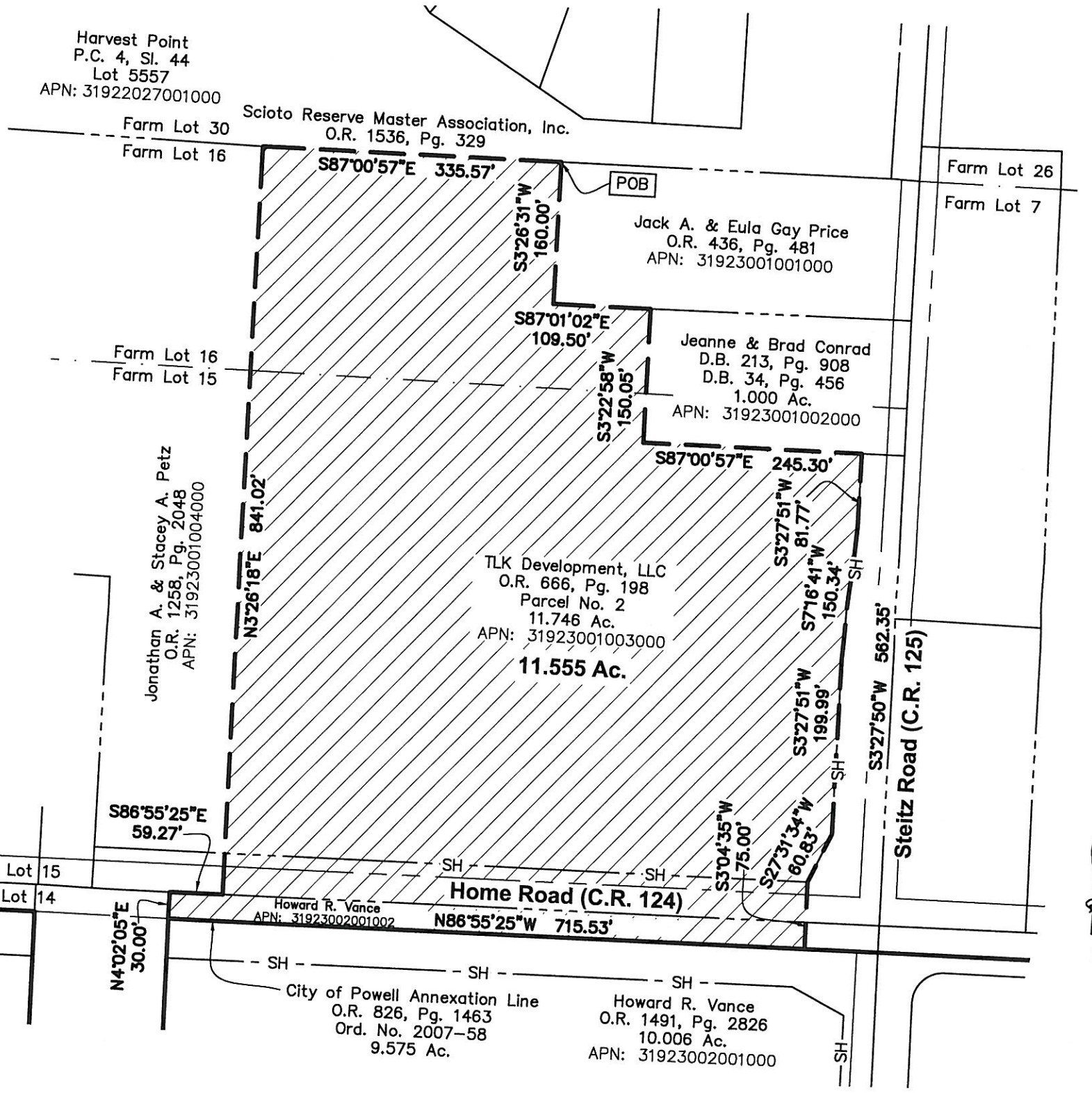
Existing Corp Line

Proposed Corp Line

GRAPHIC SCALE

0 75 150 300

1 inch = 150 feet



Notes:

1.) The number of owners in the territory sought to be annexed is one.
2.) TLK Development LLC, C/O Kim E. Kelsik is located at 5751 Kolb Road, Tucson, Arizona, 85750 and is the petitioner for said proposed annexation.
3.) No islands of unincorporated areas are created by this annexation as defined in ORC 709.023(E)(5).
4.) 715.53' of lineal feet of Home Road (C.R. 124) will be annexed into the City of Powell.

Bearings are based on the Ohio State Plane Coordinate System, North Zone, NAD83 (NSRS2007). Said bearings were derived from GPS observation and determine a portion of the existing centerline of Home Road as having a bearing of N86°55'25"W.

This drawing is based on the existing records from the Delaware County Auditor's office and Delaware County Recorder's office and an actual field survey by Advanced Civil Design, Inc. in April of 2018. A boundary survey for this property has been approved and is on file in the Delaware County Map Department's office.

Length of Contiguity: 715.53 feet
Total Length of Perimeter: 3214.17 feet
Percentage of Contiguity : 22%

STATE OF OHIO
DOUGLAS R. HOCK
S-7661
REGISTERED
PROFESSIONAL SURVEYOR

5/9/18

Douglas R. Hock, P.S. 7661
Advanced Civil Design, Inc
422 Beecher Road
Gahanna, OH 43230
Phone 614-428-7750 Job No.: 17-0005-579 Date: 04/23/2018

DELAWARE COUNTY ENGINEER
Map Department

I hereby certify the within to be a true copy of the original on file in the Map Department

Chris E. Bauserman, P.E., P.S.,
County Engineer

Supervisor , 5/29/18 Date

Steitz Road & Home Road, Powell, Ohio

Development Potential:

Warehouse/Flex Office Space

December 20, 2017

Produced for Real Property Design & Development, LLC

URBAN DECISION GROUP

Introduction

The subject property is located at the corner of Steitz Road and Home Road in an unincorporated location in Delaware County, Ohio; however, there is an annexation agreement in place between Real Property Design and Development (the "Client") and the City of Powell. Preliminary planning for the development of the site allows for a gas station with a convenience store, a retail strip center, and warehouse/flex office space coexisting on a 12-acre parcel.

The purpose of this report is to determine the site area's value, and the expected rent given a certain unit mix, if developed as a *warehouse/flex-office space.*

Comparable Property Selection Methodology (All)

Utilizing Loopnet commercial property data, we selected specific criteria to identify three types of comparable warehouse/flex office properties:

- those sold within the last four years (both national and local)
- those currently for sale
- those currently for lease within Central Ohio

To narrow down comparable flex warehouse/office properties that were recently sold nationally, we incorporated additional selection criteria:

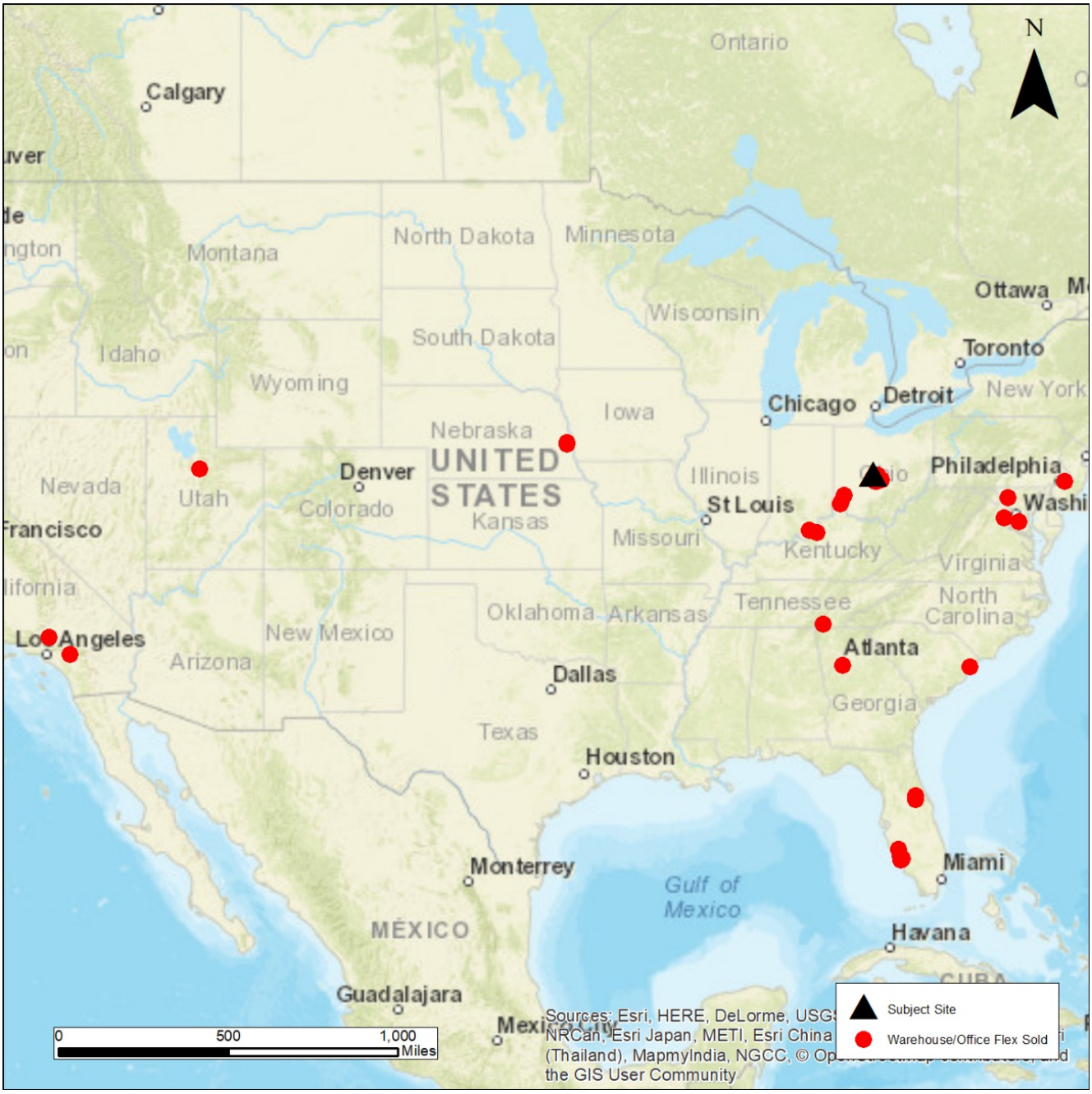
- The property had to fall in a ZIP Code with a population density between 1,000 and 2,000 people per square mile (the site ZIP Code is 1,500 people per square mile)
- The property had to between 10,000 and 100,000 square feet with respect to total leasable area

To identify comparable properties for-lease and for-sale within Central Ohio, we expanded the criteria slightly because of the relative lack of available for-lease and for-sale data. The comparable for-lease properties are flex warehouse/office properties within 9,000 to 80,000 square feet. All the selected for-lease properties are in Central Ohio.

The comparable for-sale properties are flex warehouse/office properties ranging in size from 9,000 to 140,000 square feet. A lack of comparable for-sale properties within Central Ohio necessitated the inclusion of comparable properties from Dayton, Cincinnati, Akron and a few other areas in the Midwest. Property sheets for many of the for-lease comps can be found in the appendix to this report.

Property Value and the Relation to Key Indicators

To estimate the value of a proposed warehouse/flex office facility, we analyzed recent sales of facilities of comparable size that are also located in areas with comparable business climates and characteristics, and have similar population densities. In total, we analyzed *38 recent sales* across the United States. The following map illustrates the locations selected for this analysis:



The subject site was measured against the comparable sites using site characteristics, business and economic data within a five-minute drive of the properties. Data variables were selected based on their known and/or expected impact on the performance of such warehouse/flex office facilities. Past research by Urban Decision Group regarding warehouse/flex office performance has concluded the following variables, when considered together, are good indicators of expected facility performance:

- Total population (2017)
- Total daytime worker population (2017)
- Total businesses (2017)
- Total employees (2017)
- Total Utility (installation, repair or specialty) businesses (2017)
- Total Utility (installation, repair or specialty) employees (2017)
- Total Construction businesses (2017)
- Total Construction employees (2017)
- Total Manufacturing businesses (2017)
- Total Manufacturing employees (2017)
- Total Wholesale Trade businesses (2017)
- Total Wholesale Trade employees (2017)
- Total E-Commerce businesses (2017)
- Total E-Commerce employees (2017)
- Total Transportation/Warehouse employees (2017)
- Total Transportation/Warehouse employees (2017)
- Total Information Technology businesses (2017)
- Total Information Technology employees (2017)

These industries are the ones most likely to occupy a warehouse and/or flex office space, but they are in relatively short supply within the target area around the subject property. The following table compares the levels of these data points compared to national averages around similar facilities.

	Subject Property	Comparable Average	Percent of Average
Total Population	15,535	11,703	132.74%
Daytime Population	2,920	12,747	22.91%
Total Businesses	221	7,858	2.81%
Total Employees	2,979	13,507	22.06%
Utility Businesses	1	1	100.00%
Utility Employees	43	52	82.69%
Construction Businesses	17	61	27.87%
Construction Employees	249	792	31.44%
Manufacturing Businesses	9	39	23.08%
Manufacturing Employees	158	1,458	10.84%
Wholesale Trade Businesses	7	42	16.67%
Wholesale Trade Employees	30	843	3.56%
E-Commerce Businesses	1	2	50.00%
E-Commerce Employees	5	62	8.06%
Transportation/Warehouse Businesses	3	16	18.75%
Transportation/Warehouse Employees	3	378	0.79%
Information Businesses	2	18	11.11%
Information Employees	9	402	2.24%

Increasingly, the value of these types of properties tend to be higher in areas with low population density. This is consistent with the building practices of similar facilities over the last two decades – industrial/office parks on the exurban fringe or rural locations. The character of the subject site area is primarily residential; therefore, we consider this a negative site attribute.

The appeal of these types of facilities is their scalability and adaptability to a variety of industries, especially for those interested in flex office space. These facilities generally tap into an existing pool of compatible businesses nearby. The data indicates that the subject property would likely struggle to attract a large enough share of these businesses to fill the proposed facility.

The preliminary plans indicate that up to 70,000 square feet of warehouse and flex office could be accommodated within the allotted space at the subject property. That is significantly more than the market is likely to support. In addition, according to our analysis of comparable facilities, there is a point of diminishing returns with respect to facility size. Facilities that exceed 20,000 square feet are returning a significantly lower value per square foot than those less than 20,000 square feet.

Comparable facilities ranging in size from 10,000 to 15,000 square feet have an average value of $65 per square foot. Properties ranging in size from 15,100 to 20,000 have an average value of over $83 per square foot. However, the value drops significantly beyond this range. Properties ranging from 25,000 to 100,000 have an average value of $42 per square foot. Please note, we analyzed these properties within several smaller ranges (25-35k, 35-50k, 50-75k, and 75-100k) and they all were returning values in the $40-$45 per square foot range.

The primary reason for the significant diminishing return with respect to facility size is the ratio of flex office to warehouse space. In other words, as facilities get larger, the proportion of the facility dedicated to flex office space decreases while the proportion dedicated to warehouse space increases and warehouse spaces typically do not command the same rent as flex office space.

The average proportion of warehouse to office space among the national and local comparable facilities was two to one; however, the properties that had the highest overall property values and received the highest overall rents (for both office and warehouse), were those whose unit mix was closer to 50/50.

Property Valuation Modeling (All Comparable Properties)

We employed four independent valuation models to estimate the value of the subject property if it were to be developed into a warehouse/flex office facility. To do this, we used recent sales (since 2014) of warehouse/flex office facilities throughout the U.S. as the pool of comparable properties. In addition, we utilized *18 demographic, business and economic variables* and apportioned them to *unique, five-minute drive-time polygons* associated with each comparable property. A five-minute drive time was chosen because of the historic nature of the locations of these types of facilities – generally outside of residential areas, but in close proximity to clusters of specific businesses within similar industries.

The four valuation models were as follows:

- average of the normalized economic data
- average of the economic similar
- weighted model average
- average of the most comparable properties (local)

The overall approach was similar to previous modeling exercises undertaken during the Gas/Convenient and Retail Strip Center Analyses for the subject site; however, the weighted models were executed over ten separate iterations for this analysis – each one emphasizing various combinations of the targeted industries found to be most prevalent in central Ohio – construction, manufacturing, wholesale trade and information technology.

The modeling was careful to consider the significant impact that the overall size and unit mix has on the value of the property. The unit mixes considered ranged from 33/67 (office to warehouse) to 50/50.

Model Summary (All Comparable Properties) – Final Estimated Value

The results of the model iterations were summarized for each type of model. The final step required calculating the average of the four valuation models.

The unweighted results of the aggregated modeling process are displayed in the table below. The high and low values represent the estimated range of values possible for this property if developed as warehouse/flex office facility - assuming a total size not exceeding 25,000 total square feet and a warehouse to office ratio no larger than two to one.

Value per SF	Method
$24.50	Final Average of Normalized
$53.30	Average of the Demographic/Economic Similar
$50.20	Total weighted value
$35.20	Most similar comps
$40.80	**Final Expected Value**

As you can see, the valuation estimates are below the national, regional, and local averages for similar facilities, regardless of total facility size. This is due to the relatively small pool of businesses that would be available to the subject property – there simply would not be enough demand to warrant a higher estimated valuation. It is for this reason that we would not recommend a facility with a total initial size exceeding 25,000 square feet.

Comparable Sold Properties (Local)

We identified 14 local warehouse/flex office facilities that have been recently sold (since 2014). The following table lists their key attributes:

Address	City	Year Sold	Sales Price	Price Per SF	Year Built	Building Sq Ft	Lot Size (Acres)
1007 Claycraft Rd	Gahanna	2015	$500,000	37	1978	13,590	1
1195-1199 Goodale Blvd	Columbus	2015	$852,000	51	1958	16,564	0.68
1601 Woodland Ave	Columbus	2016	$555,000	20	1960	27,576	4.62
184 Heatherdown Dr	Westerville	2017	$493,500	28	1980	17,400	1.6
1849 Westbelt Drive	Columbus	2016	$670,000	61	1989	11,000	1.04
1925 Alum Creek Drive	Columbus	2014	$500,000	25	1971	20,062	1.1
3717 Paragon Dr	Columbus	2015	$1,325,000	47	2006	28,194	2.29
3815 Zane Trace Dr	Columbus	2016	$795,000	51	1978	15,736	2.18
3981 Parkway Lane	Hilliard	2014	$613,000	42	1984	14,700	1.38
430 Greenlawn Ave	Columbus	2014	$625,000	35	1964	17,760	3.25
48 Klema Drive N	Reynoldsburg	2017	$846,000	33	2004	25,334	2.25
600 Lakeview Plaza Blvd	Worthington	2014	$2,700,000	54	1988	50,418	5.89
6111 Maxtown Road	Westerville	2016	$1,400,000	45	1988	31,190	2.33
6700 Huntley Rd	Columbus	2014	$634,500	24	1966	26,300	2.4

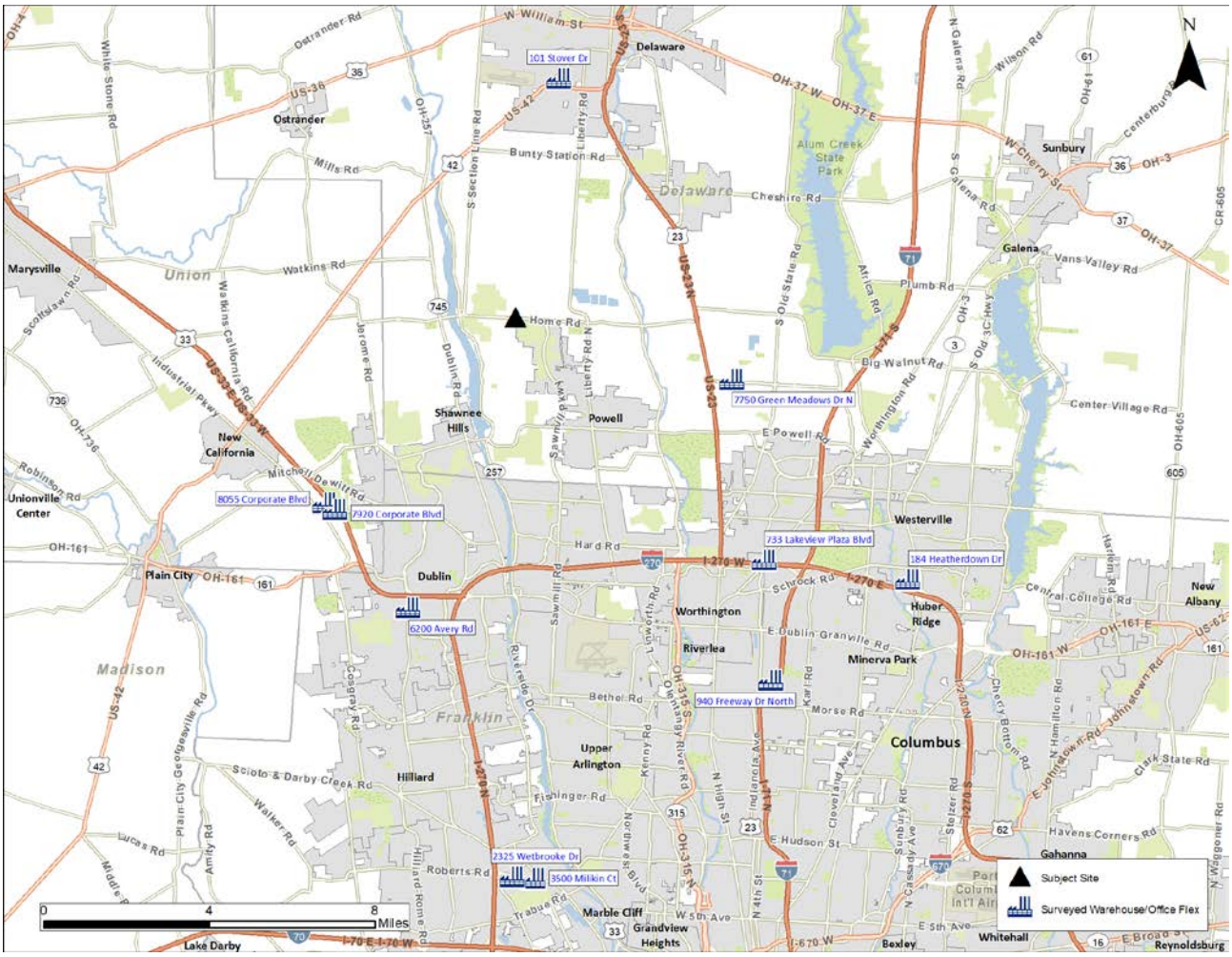
The average sales price per square foot is around $39 and the average size is approximately 22,559. These figures are in-line with the modeling output articulated earlier in this report.

The attractiveness of these facilities mirrored that of the national comparable properties – the concentration of wholesale trade, transportation/warehouse, and construction businesses seemed to have the greatest impact on utility/property value. Overall lot size did not appear to proportionally impact the value of the property, though historically, access and maneuverability for transportation and logistics operations have a proportional net-positive impact.

Comparable Surveyed Properties

We surveyed ten local comparable properties that are currently for-lease. All the properties reside within industrial or office parks and range in size from 12,000 square feet to 80,000 square feet. The surveyed properties were chosen to compare lease rates and property data across different industrial areas within Central Ohio. These areas include the Freeway Industrial Park located just north of I-71 and Morse Road, an industrial park north of US-33 and State Route 161 in Jerome Township and the Orange Point Commerce Center north of Orange Road and Green Meadows Drive in Lewis Center.

The following map illustrates the locations of the surveyed facilities:



The surveyed properties range in lease price from $5.50/sf/year to $8.50/sf/year. Two primary factors appear to influence rent:

- the size and scalability of the space
- highway access

The properties at 6200 Avery Road and 184 Heatherdown Drive are smaller buildings with more office space and lease for $7/sf/year and $8.50/sf/year, respectively. In comparison, larger spaces with a higher percentage of warehouse like the properties at the Freeway Business Park and the Westpointe Business Park lease for less even though they are both less than one mile to a major highway.

The following table lists the relevant attributes associated with the surveyed facilities:

Property Name	Property Address	City	Annual Rent per Sq. Ft	Year Built	Building size (sq. ft.)	Lot size (acres)	Clear Height (Feet)	Space Available for Lease (sq. ft.)
Orange Point Commerce Ctr	7750 Green Meadows Dr N	Lewis Center	$5.50	1997	76,800	10.27	22	14,200
101 Stover Dr	101 Stover Dr	Delaware	$7.95	1992	14,906	3.06	18	14,906
Shamrock Industrial Park	6200 Avery Rd	Dublin	$7.00	1982	15,000	2.00	10	2,400
7920 Corporate Blvd	7920 Corporate Blvd	Plain City	$6.25	2008	30,000	3.11	24	10,000
8055 Corporate Blvd	8055 Corporate Blvd	Plain City	$7.00	2004	12,000	2.69	19	4,000
One Lakeview Plaza	733 Lakeview Plaza Blvd	Worthington	$6.00	1986	23,648	14.00	14	4,730
Freeway Business Park	940 Freeway Dr N Bldg #10	Columbus	$7.11	1974	20,000	7.52	16	3,200
184 Heatherdown Dr	184 Heatherdown Dr	Westerville	$8.50	1980	17,400	1.61	12	9,000
Westpointe Business Park	2293 Wetbrooke Dr Bldg C	Columbus	$6.50	1989	20,000	6.70	14	4,140
3488-3500 Milikin Ct	3488-3500 Milikin Ct	Columbus	$9.95	1997	11,988	2.81	16	960
		AVERAGES	$7.18	1988	17,506	5.89	15	4,338

Perhaps the most obvious example (among the surveyed properties) of the importance of highway access as it pertains to larger warehouse/office flex spaces, is the comparison of 7920 Corporate Blvd in Jerome Township to the Orange Point Commerce Center in Lewis Center. Although the Orange Point Commerce Center is about ten years newer, it leases for $0.75 less per square foot than the property in Jerome Township. Both are similar sized buildings with a clear height of 24 feet and built within the last 20 years. However, the Jerome Township property is located within a large industrial park less than two miles from the US-33/SR-161 interchange while the Commerce Center is four miles from a major interstate.

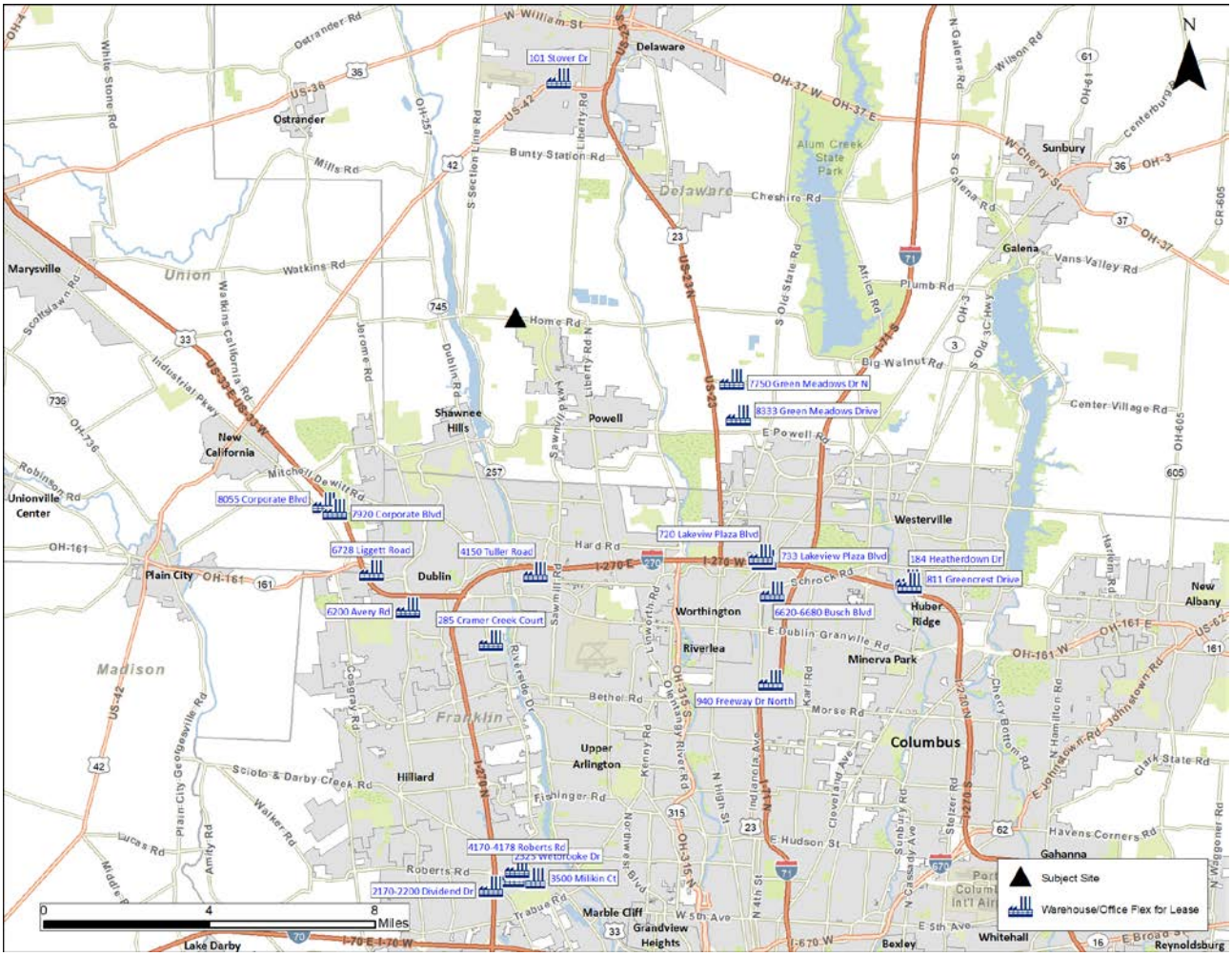
We used a Geographic Information System (GIS) to estimate the approximate tenant mix by industry for each of these properties. The GIS aggregated the estimated number of businesses and employees within one-half mile of the geographic center of each of these properties, for each of the key industries. The following table lists the results:

Property Name	Const. Biz	Const. Emp	Mfg Biz	Mfg Emp	Wlse Trade Biz	Wlse Trade Emp	E-Comm Biz	E-Comm Emp	Trans Whse Biz	Trans Whse Emp	IT Biz	IT Emp
8055 Corporate Blvd	22	261	13	235	18	194	1	4	3	52	1	5
184 Heatherdown Dr	29	443	14	244	22	278	1	9	3	68	14	248
6200 Avery Rd	19	204	8	206	13	229	0	0	4	291	12	208
Freeway Business Park	16	388	10	92	11	336	1	1	7	27	11	281
101 Stover Dr	5	22	8	426	9	255	0	0	4	28	2	114
733 Lakeview Plaza	57	735	35	1,679	41	693	2	36	9	150	17	169
3500 Milikin Ct	25	297	14	881	23	1,283	1	2	7	89	4	39
Orange Point Com Ctr	10	154	7	191	7	72	1	2	1	19	5	164
7920 Corporate Blvd	25	301	14	262	20	216	1	4	4	57	2	5
Westpointe Biz Park	29	367	20	1,106	32	1,522	1	4	11	179	6	74
Average	24	317	14	532	20	508	1	6	5	96	7	131

The industries of manufacturing, construction and wholesale Trade are the primary employment drivers within or near these facilities and subsequently these are the industries that require the most warehouse space. The information technology sector primarily utilizes the flex office component and thus constitutes a significant tenant base at several of these facilities. Transportation and warehousing employs an average to below-average number of people, but has the most significant warehouse space requirements.

Additional Comparable For-Lease Properties

In addition to the ten surveyed properties, we collected lease data on an additional eleven similar properties located throughout central Ohio. The following map illustrates the locations of these comparable, for-lease properties:



We utilized the GIS to estimate the approximate tenant mix by industry for each of these properties. The GIS aggregated the estimated number of businesses and employees within one-half mile of the geographic center of each of these properties for each of the key industries. The following table lists the results:

Property Name	Const. Biz	Const. Emp	Mfg Biz	Mfg Emp	Wlse Trade Biz	Wlse Trade Emp	E-Comm Biz	E-Comm Emp	Trans Whse Biz	Trans Whse Emp	IT Biz	IT Emp
6728 Liggett Road	7	65	4	63	6	131	1	1	2	198	5	98
Spectrum Commerce	12	98	6	55	8	98	0	0	4	60	12	179
285 Cramer Creek	14	318	10	423	13	877	0	0	2	8	14	268
8333 Green Meadows	29	469	20	549	20	162	1	2	4	59	11	93
152 Troutman Road	1	3	0	2	0	0	0	0	0	0	0	0
600 Lakeviw Plaza	50	613	29	1,294	38	602	2	24	8	127	19	217
2170-2200 Dividend	26	350	21	1,055	35	1,360	2	6	13	253	7	96
Busch Corporate Center	60	737	34	1,546	38	1,090	2	594	14	158	18	207
4170-4178 Roberts	21	256	12	790	20	1,131	1	1	6	77	3	35
801-819 Phillpi Rd	16	295	17	1,318	26	689	1	4	13	248	3	88
811 Greencrest Dr	33	495	14	272	24	291	1	8	4	63	14	295
Average	24	336	15	670	21	585	1	58	6	114	10	143

Similar to the results compiled for the "surveyed" facilities, the industries of manufacturing, construction and wholesale trade are again the primary employment drivers within or near these facilities, and subsequently these are the industries that require the most warehouse space. Again, the information technology sector utilizes the flex office component and thus constitutes a significant tenant base at several of these facilities. The following table is helpful in relating the estimated tenant mix to the individual facility characteristics, including size and lease rates:

Property Name	Property Address	City	Annual Rent per Sq. Ft.	Year Built	Building size (sq. ft.)	Lot size (acres)
152 Troutman Road	152 Troutman Road	Delaware	$8.50	1998	8,967	13.40
2170-2200 Dividend Dr	2170-2200 Dividend Dr	Columbus	$6.00	1985	43,975	4.17
285 Cramer Creek Court	285 Cramer Creek Court	Dublin	$9.00	1989	19,421	3.69
Spectrum Commerce Center II	4150 Tuller Road	Dublin	$7.95	1988	135,000	10.02
4170-4178 Roberts Rd	4170-4178 Roberts Rd	Columbus	$5.75	1988	22,000	3.38
Busch Corporate Center	6620-6680 Busch Blvd	Columbus	$6.75	1978	51,912	5.50
6728 Liggett Road	6728 Liggett Road	Dublin	$4.25	1988	71,048	6.90
720 Lakeviw Plaza Blvd	720 Lakeviw Plaza Blvd	Worthington	$9.25	1992	28,160	5.00
Phillipi Park	801-819 Phillipi Rd	Columbus	$6.50	1972	24,160	7.80
811 Greencrest Dr	811 Greencrest Drive	Westerville	$7.95	1979	47,680	5.40
8333 Green Meadows Drive	8333 Green Meadows Drive	Lewis Center	$4.50	1988	78,400	5.82
		AVERAGES	$6.95	1986	48,248	6.46

Expected Rent

The average annual rent per square foot for warehouse/flex office space around central Ohio is approximately $7.00. Although exact data on a unit by unit basis is difficult to come by, the amount of rent that warehouse space can achieve is generally 25 to 50 percent less than flex office space within the same facility. Therefore, if a facility has a warehouse to office space ratio of two or three to one, the estimated expected annual rent for warehouse space is somewhere between $3.50 and $4.50, while the estimated expected annual rent for flex office generally ranges between $6.00 to $9.00 per square foot.

Summary

An analysis of recent sales of similar warehouse/flex office facilities indicates that the unadjusted value of these properties is approximately **$40 per square foot**. This is true both locally and throughout the U.S. In most cases, the value of these types of facilities does not vary proportionally with the overall size of the facility. The exception to this rule is when a facility has one or two primary tenants that have very specific building specifications and/or space requirements. Generally, there is a point at which facility size results in diminishing returns – around 20,000 to 25,000 square feet. However, the preliminary site plan for the proposed project allocates as much as 70,000 square feet for warehouse and flex office.

Warehouse/flex office facilities require a pool of businesses to draw from. These businesses generally originate from a handful of specific industries like manufacturing, construction and information technology. Today, there is a noticeable lack of businesses in these industries, within the proposed facility's primary trade area. This will likely impact the subject property's ability to fully lease its units in the short- to mid-term.

The subject property lacks direct highway access required by many industries - transportation and warehousing for example. This will reduce its overall desirability. Although the subject site is approximately 4.5 miles from both U.S. 23 and U.S. 42, there are several warehouse facilities located immediately on or just off these primary highways. The lack of highway access supports the idea emphasizing the flex office component over the warehouse component.

We recommend the ratio of warehouse to flex office to be approximately 50/50 because of the expected lack of demand for larger warehouse space. The average achievable rents in central Ohio are around $7.00 annually per square foot. We know warehouse space generally fetches between 25 and 50 percent less than the flex office space within the same facility/complex. Since we are recommending a unit mix of 50 percent warehouse and 50 percent flex office, we estimate that the **annual revenues to range between $158,000 and $175,000.**

The anticipated lack of demand, coupled with the diminishing returns associated with the overall value of larger facilities, is the basis for our recommendation of a facility **no larger than 25,000 square feet**. A facility of this size would likely have a **market value of approximately $1,000,000**.

The data we obtained via Loopnet and field surveys indicates that operating expenses tend to range between 25 and 50 percent of annual revenues. Therefore, if we assume annual operating expenses to be approximately $56,000 and the annual rental revenues to be $160,000, the **resulting cap rate would be 10.4 percent**.

Steitz Road & Home Road, Powell, Ohio

Development Potential:

Gas Station with Convenience Store

October 25, 2017

Produced for Real Property Design & Development, LLC

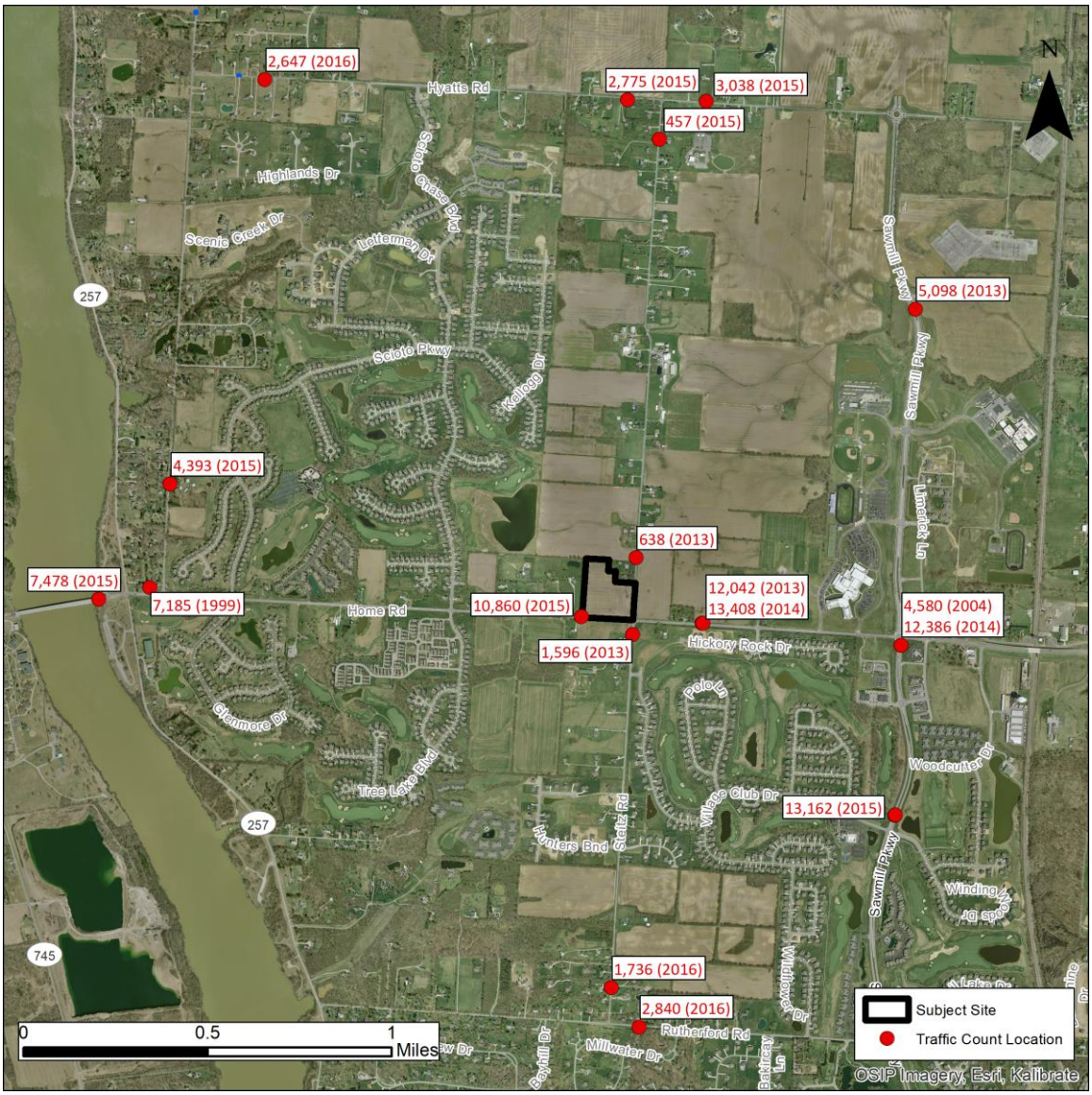
URBAN DECISION GROUP

Introduction

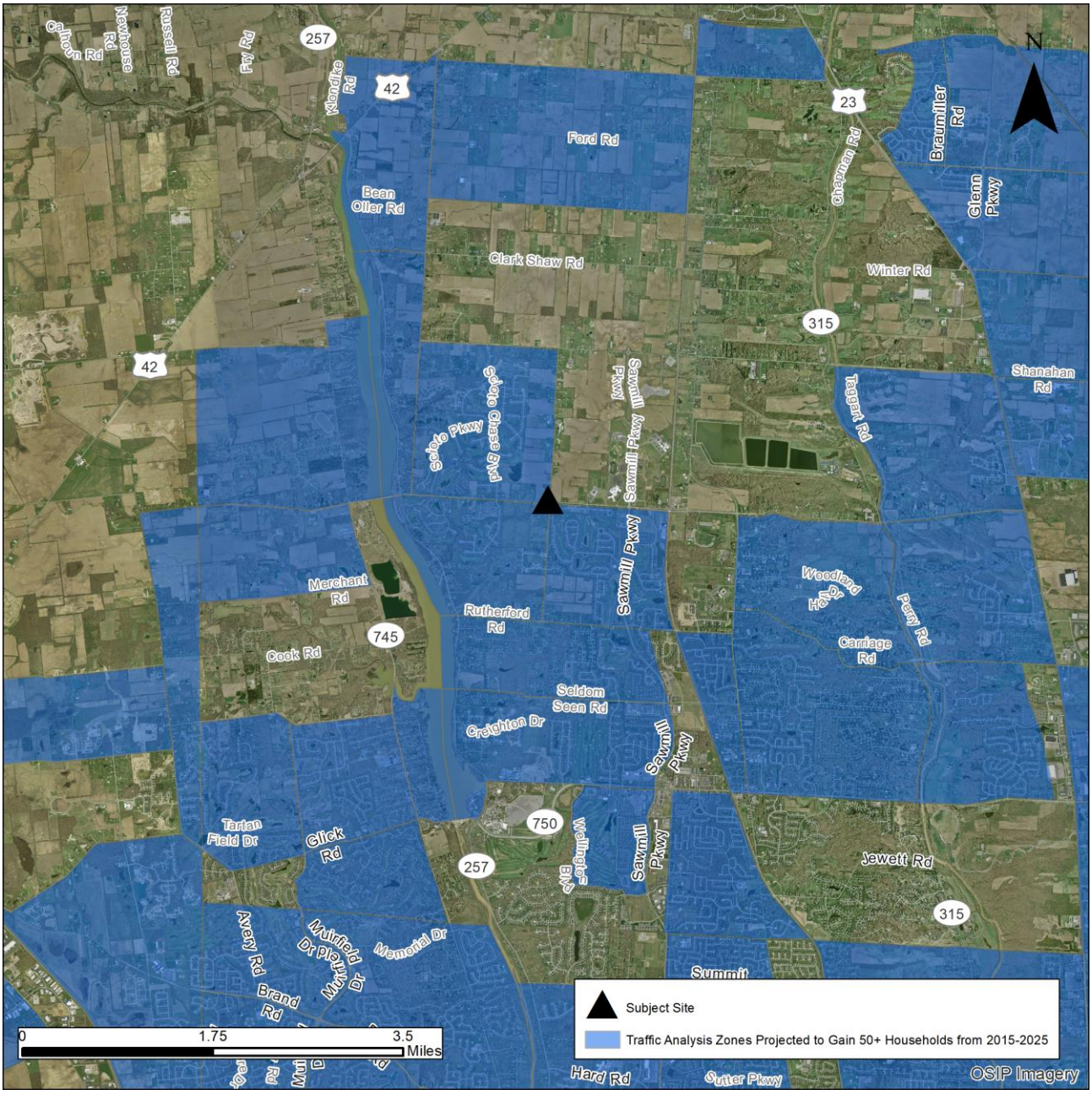
The subject property is located at the corner of Steitz Road and Home Road in an unincorporated location in Delaware County, Ohio; however, there is an annexation agreement in place between Real Property Design and Development (the "Client") and the City of Powell. Preliminary planning for the development of the site allows for a gas station with a convenience store situated on approximately eight acres of a 19-acre parcel (42 percent). The purpose of this report is to determine the site area's value if developed as a gas station with a convenience store. In addition, this report will utilize spatial modeling to estimate the expected annual revenue stream.

Existing Conditions and Growth Potential

The surrounding area is primarily low-density residential. The majority of the growth has taken place in the last ten years and is reflected in the traffic count data (see the following map).



There is land available for residential development directly north of the site and extending north and primarily west of Steitz Road. The land on the east side of Steitz Road has development potential but existing frontage development may deter and/or slow down its development as residential. Data obtained from the Mid-Ohio Regional Planning Commission (MORPC) is not optimistic about this area's potential for growth. The following map illustrates the locations within the surrounding area where modest growth is expected to occur between 2015 and 2015.



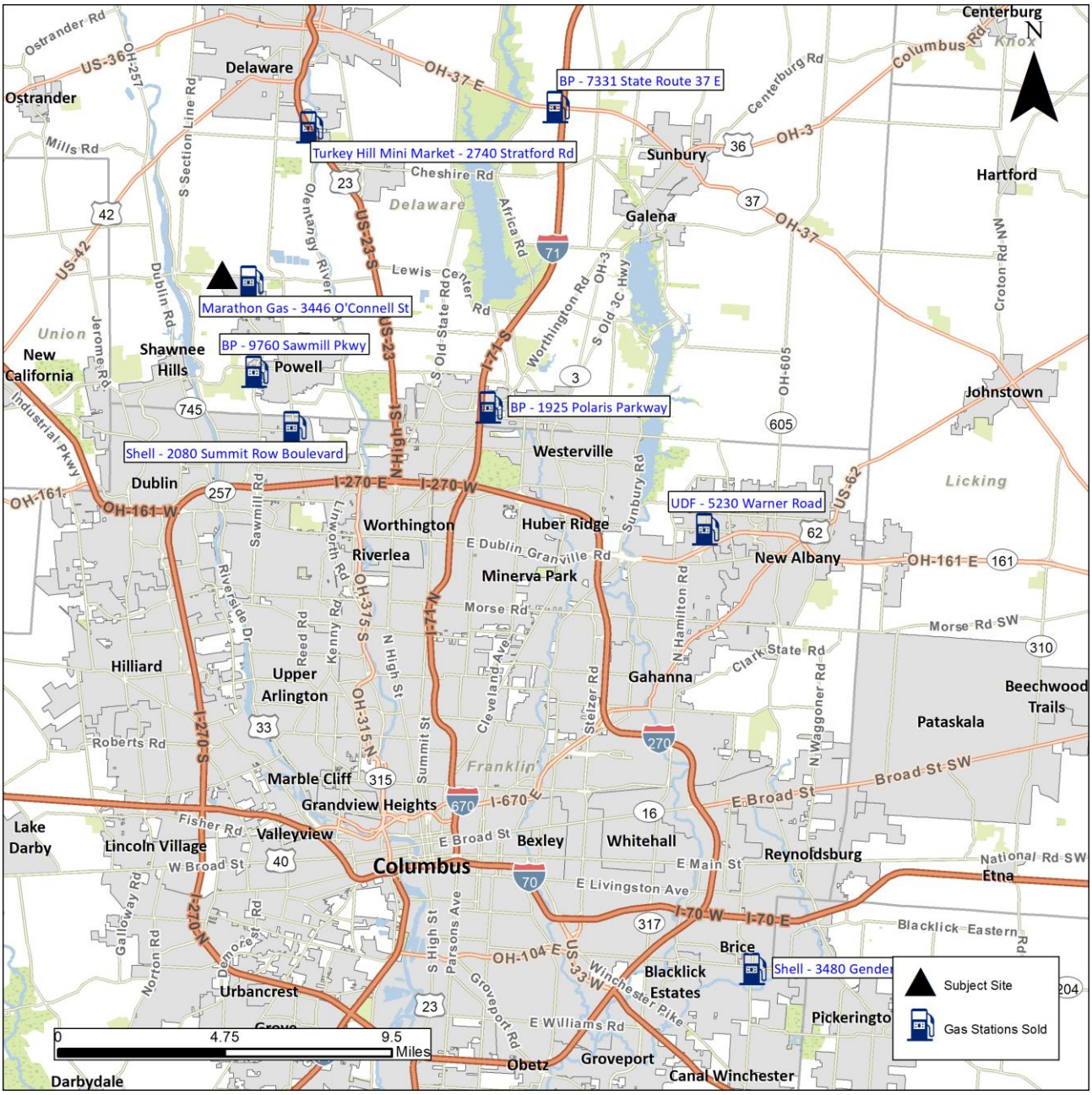
Comparable Sales (Ohio)

Real estate transactions featuring gas stations with convenience stores are rare when compared to sales of more traditional commercial real estate. For this project, we utilized LoopNet as the source for recent sales and for-sale product.

We identified a total of eight sales of gas stations with convenience stores within Franklin or Delaware Counties within the last ten years. In addition, we analyzed two recent (2017) sales in Hamilton and Mentor, Ohio. The following table and accompanying map summarize the relevant comparable sales information.

Business Name	City	Corner Lot	Surveyed	Estimated Annual Sales	Year Sold	Sales Price	Year Built	Number of Pumps	Building Sq Ft	Lot Size (Acres)
Sunoco	Mentor	N		NA	2017	$775,000	1990	NA	1,768	0.55
Hamilton Gas Station	Hamilton	N		NA	2017	$250,000	2015	NA	1,200	0.35
Shell	Powell	Y	Y	$4,783,000	2015	$350,000	1984	12	2,675	1.01
Shell	Canal Winchester	Y		$2,408,000	2015	$875,000	2006	16	1,785	1.63
Marathon Gas	Powell	Y	Y	$2,989,000	2011	$1,050,000	2005	8	7,731	1.559
Turkey Hill Mini Market	Delaware	Y	Y	$1,926,000	2011	$1,000,000	2011	12	4,128	2.23
BP	Powell	N	Y	$4,185,000	2009	$566,629	1999	20	2,482	2.3
BP	Columbus	Y		$2,649,000	2009	$738,879	1993	10	2,700	1.42
BP	Sunbury	N		$6,576,000	2009	$583,879	1996	18	2,553	1.38
UDF	Westerville	Y	Y	$2,408,000	2007	$835,000	2006	12	5,354	1.33

* Source: LoopNet; September 25, 2017



* Comparable Gas Station with Convenience Store sales in Central Ohio
* Source: LoopNet, September 25, 2017

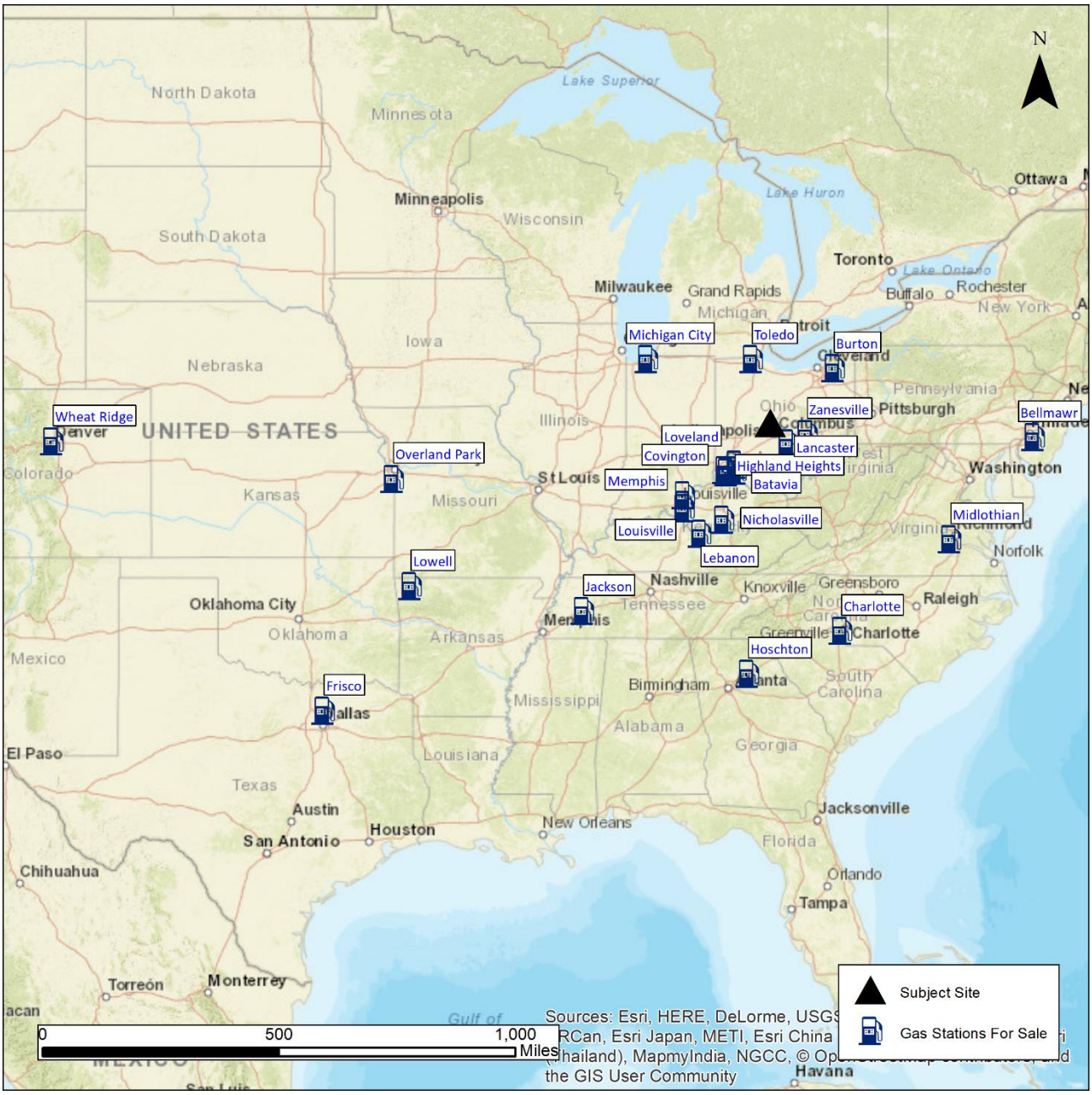
Estimated annual revenues for the comparable sales range from $1.9 million to $6.6 million. Higher revenues associated with these properties is more closely tied to the number of gas pumps than it is to the convenience store building size or the overall lot size. However, more gas pumps require larger storage tanks, and larger storage tanks increase the environmental liability. The size of the convenience stores ranges from 1,200 sq. ft. to just under 7,800 sq. ft. The larger convenience stores are built as such to accommodate complementary businesses such as sandwich, coffee, and ice cream shops. Each of these sales is inclusive of the gas station and convenience store but is exclusive of the actual businesses required to operate them; therefore, these sales are truly comparable to the proposed subject property.

Current For-Sale Comparable Properties

We identified 22 gas stations with convenience stores that represent the most comparable properties with respect to region, site area location, and size. Six of these properties are in Ohio, five are in Kentucky, two in Indiana, and the remainder are distributed across several states. The following table and accompanying map summarize the relevant comparable for-sale properties we selected for this analysis.

Business Name	City	State	Corner Lot	Year Built	Building Sq Ft	Lot Size (Acres)	List Price
Valero	Zanesville	OH	Y	1970	1,455	0.44	$290,000
BP	Toledo	OH	Y	NA	3,148	0.64	$999,900
Mobil	Batavia	OH	N	NA	1,920	0.76	$75,000
BP	Burton	OH	Y	1973	1,732	0.92	$699,000
Circle K	Loveland	OH	Y	NA	2,754	1.58	$1,390,000
Shell	Lancaster	OH	Y	1952	2,000	0.29	$45,000
Marathon	Michigan City	IN	Y	2005	2,240	0.68	$999,000
Thornton's	Memphis	IN	N	2018	5,500	8.19	$5,812,819
BP	Covington	KY	Y	1993	2,432	0.7	$3,331,583
BP	Highland Heights	KY	Y	1993	2,578	1.01	$4,724,483
Thornton's	Louisville	KY	N	2018	2,500	2.1	$1,600,000
Marathon	Nicholasville	KY	N	1988	2,328	1	$1,390,000
Kentucky Petroleum Supplied	Lebanon	KY	N	NA	2,400	0.31	$649,000
7-Eleven	Frisco	TX	Y	2001	3,001	1.5	$5,640,100
Phillips 66	Overland Park	KS	Y	2006	4,563	1.03	$4,608,000
Shell	Jackson	TN	Y	NA	3,640	1.19	$4,171,000
Phillips 66	Wheat Ridge	CO	Y	2017	3,500	0.96	$3,674,000
Kum and Go	Lowell	AR	Y	2007	3,392	1.62	$3,192,510
Circle K	Hoschton	GA	Y	1999	6,960	1.91	$3,000,000
Royal Farms	Bellmawr	NJ	Y	2017	5,371	1.75	$7,000,000
Exxon	Charlotte	NC	Y	2011	4,084	1.89	$6,006,000
Dash In	Midlothian	VA	N	2017	5,627	2.39	$3,000,000

*Source: LoopNet; September 25, 2017



* Comparable Gas Station with Convenience Store currently for sale
* Source: LoopNet, September 25, 2017

The listing price for each of these properties includes either a business or businesses that are attached to the gas and/or convenient store operations. This means we need to separate the business from the property before we can establish the value.

The listing price for these properties appears to vary in direct proportion to several attributes. One of the factors is the value attached to the operating business itself, which in all cases is attached to a franchise. We made several attempts to solicit information from these or similar franchises and/or operators of similar franchises. Franchise fees vary greatly as do the services and benefits attributed to them. Ultimately we were unable to estimate a consistent value attributed to a franchise but as we will explain later, we factored this in when conducting our asset value modeling.

Similar to the comparable sales properties evaluation, it appears the value varies in direct proportion to the number of pumps and the age of the facility and is not as dependent on the size of the convenience store.

Surveyed Properties

We visited and surveyed a total of seven gas stations with convenience stores as part of this analysis. Some of the criteria for selection included:

- Distance from the site
- Similar density and demographic characteristics within five-minute drive
- Located on a corner lot
- Recent property sales transaction
- Sales transaction data availability
- Similar traffic counts

Five of the seven properties we surveyed were recently sold and included in our analysis of the comparable sales. There are several physical factors that influence the sales potential and value of a gas station. One major factor is traffic volume. The gas station with the highest annual sales is the BP at the intersection of South Sunbury Road and Central College Road in Westerville, which experiences nearly 30,000 trips a day on Sunbury Road and nearly 10,000 on Central College. The second best performing station is the Shell at the intersection of Smoky Row Road and Summit View Road in Powell. While the traffic counts are not as high as those at the BP in Westerville, this station also benefits from its location within a medium density residential neighborhood. One exception to the traffic count impact is the Turkey Hill Mini Mart in Delaware along US-23. While the traffic counts along US-23 are very high, there is no left turn access from US-23 into the station, which most likely discourages some drivers heading southbound. It is also likely that most of the traffic comes from commuters traveling between Delaware County and Columbus who have many options along their route.

Another factor that influences a gas station's profitability is ease of access and visibility. The Shell at Smoky Row and Summit View is prime example of this. We found it very easy to turn in and out from either street because of light traffic and large curb cuts. The station is also highly visible coming from any direction. While we did not encounter any gas stations that were difficult to access, we found that the BP on Sawmill would be easy to miss if you were not looking for it - primarily because of the number of large retail developments along the corridor and the high speed of traffic.

Property Valuation Modeling

We employed four separate valuation models to estimate the value of the property if it were to be developed into a gas station with a convenience store. The models are meant to derive the value without a business or businesses operating the gas and convenient functions. To do this, we used the surveyed properties in Central Ohio, the comparable sales in Ohio, and the comparable for-sale properties located throughout the U.S., as the pool of comparable properties. In addition, we utilized over *30 demographic and economic variables* and apportioned them to *unique, five-minute drive-time polygons* associated with each comparable property. A five-minute drive-time polygon represents a trade area for goods and services with low elasticity (low order goods like gas and convenience store items). These levels of these variables, when considered together, have an impact on a property's value as a gas station with a convenience store.

We have conducted similar analyses in the past and have tested the statistical significance these variables have on value – both independently and collectively. The variables are as follows:

- Total population (2017)
- Population growth; raw growth and as a percent (2000-2017)
- Daytime population – Workers (2017)
- Daytime population – Residents (2017)
- Median household income (2017)
- Households that own or lease 2 vehicles (2017)
- Households that own or lease 3+ vehicles (2017)
- Miles driven in the last 12 months
    - 10,000 – 19,999
    - 20,000 – 29,999
    - 30,000+
- Number of people that bought gasoline in the last 6 months
    - Regular
    - Mid-grade
    - premium
- Amount spent on gasoline in the last 30 days
    - < $50
    - $50 - $99
    - $100 - $199
    - $200+
- Number of people that shopped at a convenience store in the last 6 months
- Aggregate sales at food and beverage stores
- Food and beverage stores sales potential
- Aggregate sales at gas stations
- Gas station sales potential
- Number of workers that reside outside the county
- Workers that drive to work alone
- Amount spent on local trips using a car
- Amount spent on trips (not local)
- Amount spent at a convenience store in the last 30 days
    - < $20

- $20 – 39
- $40 – 50
- $51 – 99
- $100

Model One: Average of Normalized

This method assumes the value of a subject property is primarily a function of the surrounding area's characteristics (demographics and economy) and nothing else. Each of the aforementioned variables were normalized within the entire pool of comparable properties (34). The normalization scores for each variable (population growth, amount spent on gas, etc.) were multiplied against the value of its corresponding comparable property sales or list price, resulting in a "value by property by variable". These results were averaged which produced an estimated value for each variable – a value for a property if value was only a function of a single discrete variable. Finally, the results for each variable (33) were averaged to produce a final, "Average of Normalized" value. The following table lists the estimated value of these properties if value was a function of a single, discrete variable.

Variable	Discrete Value
Total Population: 2017	$837,003
Pop Growth 2000-2017	$803,401
Pop Growth Percent	$492,390
Daytime Population: Workers	$370,122
Daytime Population: Residents	$842,268
Median Household Income: 2017	$1,053,422
HH Owns/leases 3+ vehicles	$913,682
Miles driven in last 12 mos: (10000-19000)	$958,014
Miles driven in last 12 mos: (20000-29999)	$951,483
Miles driven in last 12 mos: (30000+)	$968,090
Bought gasoline in last 6 months	$818,685
Spent on gasoline in last 30 days: <$50	$718,683
Spent on gasoline in last 30 days: $50-$99	$790,531
Spent on gasoline in last 30 days: $100-$199	$848,844
Spent on gasoline in last 30 days: $200+	$1,034,669
Shopped at convenience store in last 6 mos	$821,107
Food and Beverage Stores: Sales	$616,460
Food and Beverage Stores: Pot	$895,081
Gasoline Stations (4471): Sales	$765,089
Gasoline Stations (4471): Pot	$815,574
ACS Workers/in State/out county of residence	$487,312
ACS Workers 16+: Drove Alone	$836,923
Local Transportation on Trips	$849,133
Gasoline on Trips	$855,086
Spent at c-store in last 30 days <$20	$884,627
Spent at c-store in last 30 days $20-39	$863,378
Spent at c-store in last 30 days $40-50	$775,259
Spent at c-store in last 30 days $51-99	$815,312
Spent at c-store in last 30 days $100+	$758,971
Bought gasoline in last 6 months: regular	$819,166
Bought gasoline in last 6 months: mid-grade	$971,069
Bought gasoline in last 6 months: premium	$926,679
HH owns/leases 2 vehicles	$898,006
AVERAGE VALUE	**$819,864**

Model Two: Average of the Demographically or Economically Similar

This method compares the subject property's normalized score (on a scale from 0.0 to 1.0) to comparable properties with similar scores (+/- 0.05) for each variable. Reminder, the value of these variables is the aggregate value within a unique five-minute drive-time polygon. Those values are then averaged and finally, those averages are averaged to result in a final value. The following table lists the corresponding estimated values when applying this method.

Variable	Discrete Value
Total Population: 2017	$1,025,000
Pop Growth 2000-2017	$2,003,210
Pop Growth Percent	$1,453,991
Daytime Population: Workers	$1,407,524
Daytime Population: Residents	$1,068,750
Median Household Income: 2017	$1,064,399
HH Owns/leases 3+ vehicles	$1,220,000
Miles driven in last 12 mos: (10000-19000)	$1,220,000
Miles driven in last 12 mos: (20000-29999)	$1,068,750
Miles driven in last 12 mos: (30000+)	$1,941,166
Bought gasoline in last 6 months	$1,690,897
Spent on gasoline in last 30 days: <$50	$2,016,374
Spent on gasoline in last 30 days: $50-$99	$1,538,247
Spent on gasoline in last 30 days: $100-$199	$1,146,667
Spent on gasoline in last 30 days: $200+	$1,220,000
Shopped at convenience store in last 6 mos	$1,743,856
Food and Beverage Stores: Sales	$1,765,267
Food and Beverage Stores: Pot	$1,050,000
Gasoline Stations (4471): Sales	$2,058,999
Gasoline Stations (4471): Pot	$1,422,500
ACS Workers/in State/out county of residence	$913,000
ACS Workers 16+: Drove Alone	$1,384,502
Local Transportation on Trips	$1,631,250
Gasoline on Trips	$1,883,333
Spent at c-store in last 30 days <$20	$1,146,667
Spent at c-store in last 30 days $20-39	$1,743,856
Spent at c-store in last 30 days $40-50	$1,973,856
Spent at c-store in last 30 days $51-99	$2,041,121
Spent at c-store in last 30 days $100+	$1,851,999
Bought gasoline in last 6 months: regular	$1,774,570
Bought gasoline in last 6 months: mid-grade	$932,500
Bought gasoline in last 6 months: premium	$828,333
HH owns/leases 2 vehicles	$1,050,000
AVERAGE VALUE	**$1,463,048**

Model Three: Weighted Average of the Demographically or Economically Similar

This is similar to Model Two, except the values are weighted proportionally based on the standard deviations of the range of values within a single data category. In other words, we want to reward values with the lowest standard deviations. The weights were applied against the values and those values were summed to produce the final estimated value. The adjusted weighted values and the final result (summation of weighted values) are listed in the following table.

Variable	Discrete Weighted Value
Total Population: 2017	$123,569
Pop Growth 2000-2017	$140,225
Pop Growth Percent	$54,780
Daytime Population: Workers	$70,376
Daytime Population: Residents	$102,950
Median Household Income: 2017	$71,775
HH Owns/leases 3+ vehicles	$58,160
Miles driven in last 12 mos: (10000-19000)	$32,550
Miles driven in last 12 mos: (20000-29999)	$58,383
Miles driven in last 12 mos: (30000+)	$62,508
Bought gasoline in last 6 months	$44,098
Spent on gasoline in last 30 days: <$50	$42,920
Spent on gasoline in last 30 days: $50-$99	$24,850
Spent on gasoline in last 30 days: $100-$199	$52,316
Spent on gasoline in last 30 days: $200+	$55,560
Shopped at convenience store in last 6 mos	$48,828
Food and Beverage Stores: Sales	$43,071
Food and Beverage Stores: Pot	$55,268
Gasoline Stations (4471): Sales	$57,151
Gasoline Stations (4471): Pot	$47,345
ACS Workers/in State/out county of residence	$29,400
ACS Workers 16+: Drove Alone	$27,675
Local Transportation on Trips	$28,667
Gasoline on Trips	$30,500
Spent at c-store in last 30 days <$20	$30,500
Spent at c-store in last 30 days $20-39	$28,667
Spent at c-store in last 30 days $40-50	$16,031
Spent at c-store in last 30 days $51-99	$17,746
Spent at c-store in last 30 days $100+	$4,663
Bought gasoline in last 6 months: regular	$5,344
Bought gasoline in last 6 months: mid-grade	$6,100
Bought gasoline in last 6 months: premium	$9,706
HH owns/leases 2 vehicles	$5,322
SUM OF VALUES	**$1,487,001**

Model Four: Comparable Properties with the most similarities

This step is more of an exercise than an iterative model. It is also the most similar to traditional appraisal in which there is a physical subject property and several comparable properties. The primary difference is we are not making adjustments based on physical attributes of a building; rather, most comparable properties are selected based on the demographic and economic similarities within their respective trade areas. Of the 34 comparable properties, there were two with very similar market area characteristics:

- Marathon
  - 3446 O'Connell St., Powell, Ohio
  - Sold in 2011 for $1,050,000
  - Built in 2005
  - 8 pumps
  - Building square feet: 7,731 (houses multiple businesses)
  - Gas station and convenience store estimated revenue: $2,989,000
- Turkey Hill Mini Mart and Gas
  - 2740 Stratford Road, Delaware, Ohio
  - Sold in 2011 for $1,000,000
  - Built in 2011
  - 12 pumps
  - Building square feet: 4,128
  - Gas station and convenience store estimated revenue: $1,926,000

Model Summary – Final Estimated Value

The last step is to simply calculate the average of the previous steps. No weights are applied. The high and low values represent the estimated range of values possible for this property if developed as a Gas Station with a Convenience Store.

Value	Method
$819,864	Final Average of Normalized
$1,463,048	Average of the Demographic/Economic Similar
$1,487,001	Total weighted value
$1,050,000	Most similar comps
$1,000,000	Most similar comps
$1,163,983	**Final Expected Value**

Estimating Annual Revenue

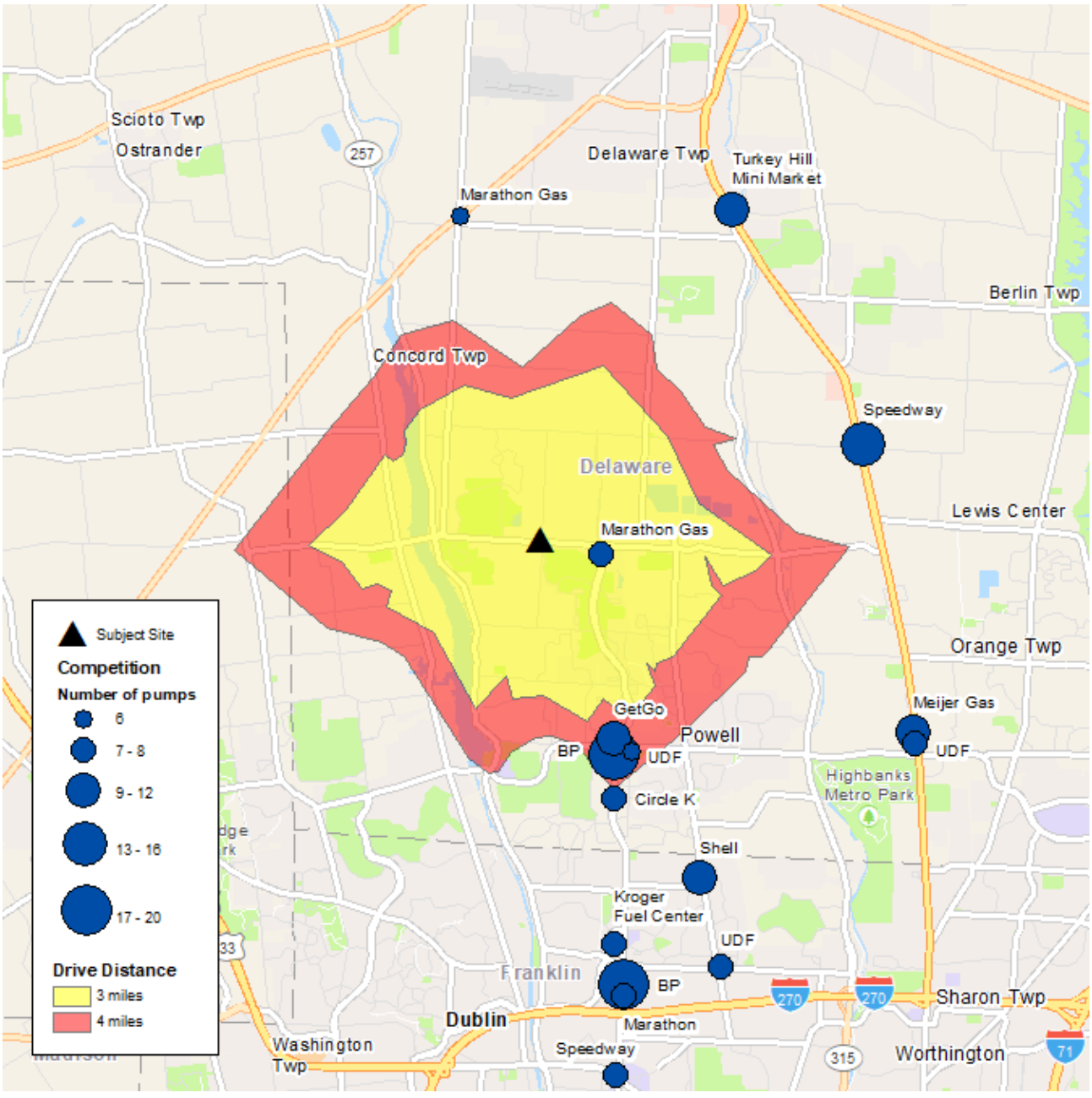
To estimate the first year's revenue stream, we employed a Huff Model – sometimes referred to as a Gravity Model. Our model incorporated the principles of elasticity of demand for low order goods which states consumers are generally unwilling to travel very far to purchase gasoline and convenience store items. It is for this reason that traffic count volumes are as important as the market area characteristics.

The site's attractiveness when compared to the attractiveness of the competition is one of the model's inputs. Research has shown that the number of pumps and the price of gas, and the relative size of the convenience store are the most important factors to consumers; however, the estimated sales data procured through InfoGroup USA, appears to indicate that there is a point of diminishing returns. In other words, bigger is better, up to a certain point.

For this exercise we ran 24 iterations of the Huff Model, independently varying the number of pumps, the size of the convenience store (square feet), and the impedance (distance willing to travel). The following table lists the competitors that will impact the subject property.

Business Name	Address	City	Corner Lot	Estimated Annual Sales	PUMPS	Building Size (Sq ft)	Lot Size (Acres)	Gas Price
BP	9760 Sawmill Pkwy	Powell	N	$4,185,000	20	2482	2.3	$2.49
Marathon Gas	3446 O'Connell St	Powell	Y	$2,989,000	8	7731	1.559	$2.50
Shell	2080 Summit Row Boulevard	Powell	Y	$4,783,000	12	2675	1.01	$2.50
BP	1925 Polaris Parkway	Columbus	Y	$2,649,000	10	2700	1.42	$2.45
BP	7331 State Route 37 E	Sunbury	N	$6,576,000	18	2553	1.38	$2.50
UDF	5230 Warner Road	Westerville	Y	$2,408,000	12	5354	1.33	$2.50
Marathon Gas	3761 US-42	Delaware	Y	$3,587,000	6	1800	1.46	$2.49
Duchess BP	900 S Sunbury Rd	Westerville	Y	$5,381,000	12	1900	0.58	$2.50
Turkey Hill Mini Market	2740 Stratford Rd	Delaware	Y	$1,926,000	12	4128	2.23	$2.46
Shell	3480 Gender Road	Canal Winchester	Y	$2,408,000	16	1785	1.63	$2.49
Shell	829 N High St	Lancaster	Y	NA	NA	NA	0.29	$2.50
Speedway	5619 Columbus Pike	Lewis Center	N	$2,408,000	16	NA	NA	$2.49
Meijer Gas	8872 Colmbus Pike	Lewis Center	N	$1,926,000	12	NA	NA	$2.47
UDF	9028 Columbus Pike	Lewis Center	N	$2,167,000	8	NA	NA	$2.47
GetGo	9590 Sawmill Pkwy	Powell	Y	$2,167,000	12	NA	NA	$2.49
UDF	9665 Sawmill Rd	Powell	Y	$1,685,000	6	NA	NA	$2.49
Circle K	10215 Sawmill Pkwy	Powell	Y	$1,926,000	8	NA	NA	$2.49
Kroger Fuel Center	7635 Sawmill Rd	Dublin	N	NA	8	NA	NA	$2.50
Marathon	7200 Sawmill Rd	Columbus	Y	$1,204,000	8	NA	NA	$2.49
Speedway	3750 W Dublin Granville Rd	Dublin	Y	$1,685,000	8	NA	NA	$2.50
BP	7310 Sawmill Rd	Columbus	Y	$5,978,000	18	NA	NA	$2.50
UDF	1930 Hard Rd	Powell	Y	$1,926,000	8	NA	NA	$2.48

The following map illustrates the location and size of competitors (illustrated using number of pumps) incorporated in the models.



The results of the modeling seem to indicate that the marginal benefit of an additional pump and/or increasing the square footage of the convenience store, is smaller beyond eight pumps and 3,000 square feet, when compared to the marginal benefit achieved from four to eight pumps and from 2,000 to 3,000 square feet. In other words, at this location, given the location and attractiveness of competitors, bigger is not necessarily better – primarily due to the size of nearby competitors and the advantage these competitors have with respect to traffic volumes.

We ran eight additional iterations of the model, this time focusing on a number of pumps between eight and ten and a convenience store with a size of 2,000 to 3,000 square feet. The results of these iterations are as follows:

Pumps	Distance Impedance	Estimated Sales
8	3	$2,484,553
10	3	$2,728,336
10	4	$3,271,105
8	4	$2,931,282
Pump average		**$2,853,819**
Bldg sqft		
2,000	3	$1,722,353
3,000	3	$2,160,958
3,000	4	$2,628,308
2,000	4	$2,045,905
Building size average		**$2,139,381**
Final Average		**$2,496,600**

Summary

If the property were to be developed as a gas station with a convenience store, the expected range of potential values is approximately $819,000 to $1,500,000, with *a likely value of $1,164,000*. The estimated value does not include a business or leased tenant(s).

The expected range of potential annual revenue is approximately $2,100,000 to $2,800,000, with a likely *annual revenue stream of $2,500,000* (in 2017 dollars).

The most efficient configuration is a gas station with eight to ten pumps and a convenience store with a size of approximately 3,000 square feet.

Initially, most of the revenue would be derived from outside of the market area, but if residential properties were to develop north of the site, a larger share of the revenue would be derived within the immediate market area. The additional revenue from new development would not come at the expense of revenue derived from outside the market area.

Assessed Improvement Value	$91,810
Appraised Total Value	$713,200
Appraised Land Value	$450,900
Appraised Improvement Value	$262,300
Marketing Total Value	$713,200
Marketing Land Value	$450,900
Marketing Improvement Value	$262,300

Photos

Maps

Map View

Steitz Road & Home Road, Powell, Ohio

Development Potential:

Retail Strip Center

November 22, 2017

Produced for Real Property Design & Development, LLC

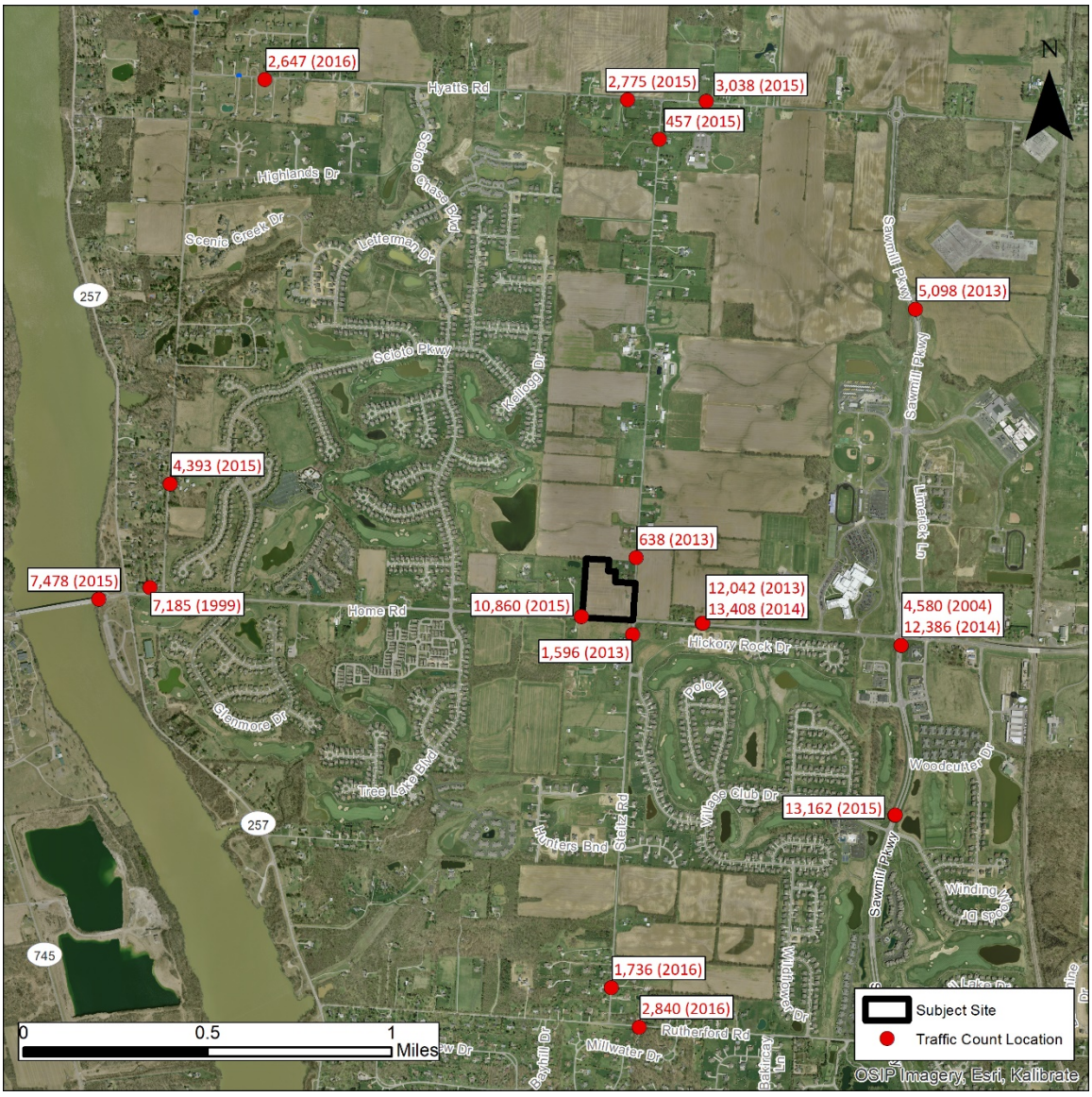
URBAN DECISION GROUP

Introduction

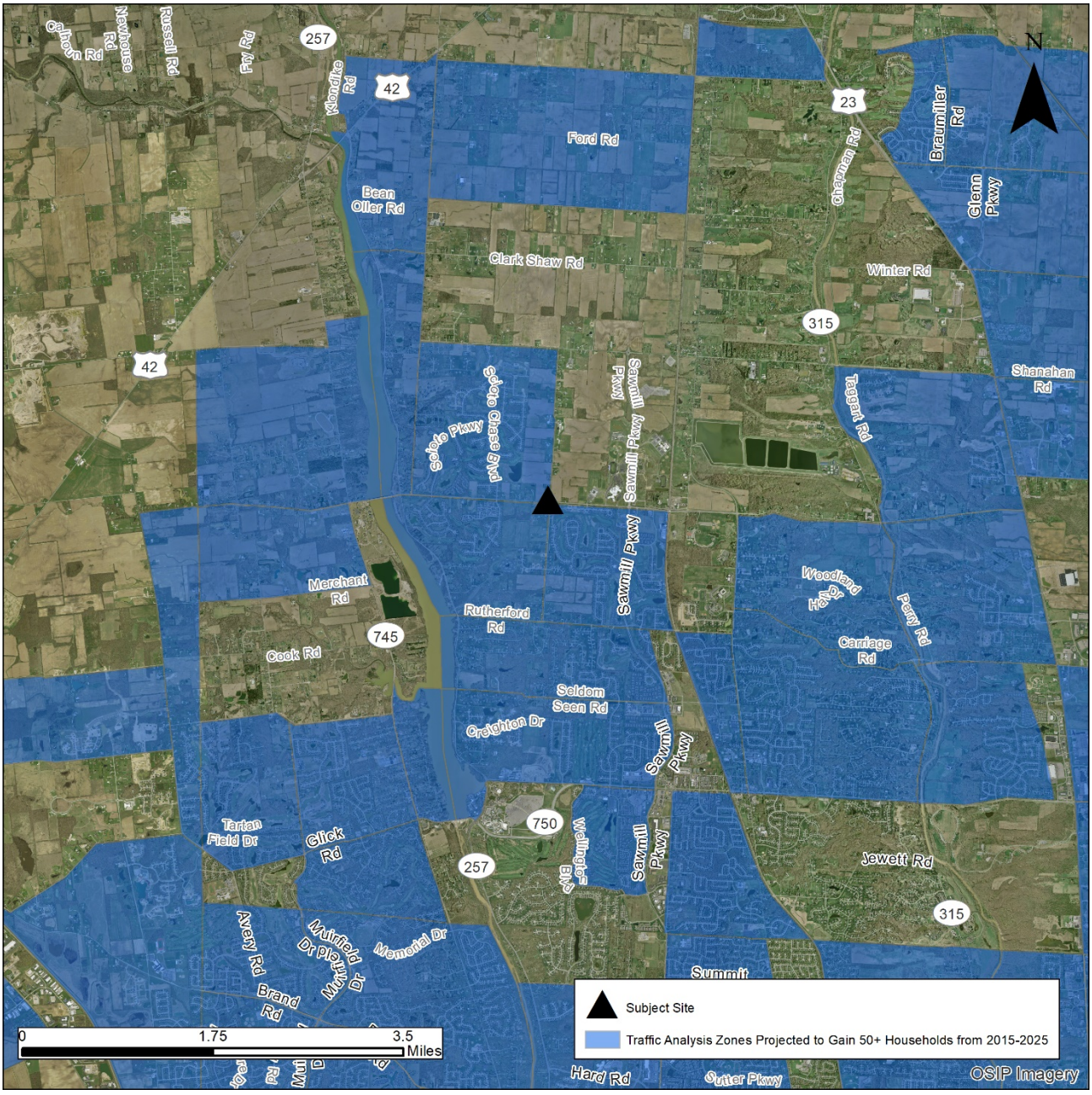
The subject property is located at the corner of Steitz Road and Home Road in an unincorporated location in Delaware County, Ohio; however, there is an annexation agreement in place between Real Property Design and Development (the "Client") and the City of Powell. Preliminary planning for the development of the site allows for a gas station with a convenience store, a retail strip center, and warehouse-flex office space coexisting on a 12-acre parcel. The purpose of this report is to determine the site area's value if developed as a *strip retail center whose total leasable area is approximately 10,500 square feet*. In addition, this report will utilize spatial modeling to estimate the demand for various types of retail, service and food-related businesses and the expected achievable rent.

Existing Conditions and Growth Potential

The surrounding area is primarily low-density residential. The majority of the area's growth has taken place in the last ten years and is reflected in the traffic count data (see the following map).



There is land available for residential development directly north of the site and extending north and primarily west of Steitz Road. The land on the east side of Steitz Road has development potential but existing frontage development may deter and/or slow down its development as residential. Data obtained from the Mid-Ohio Regional Planning Commission (MORPC) is not optimistic about this area's potential for growth. The following map illustrates the locations within the surrounding area where modest growth is expected to occur between 2015 and 2015.



Comparable Property Selection Methodology

Utilizing Loopnet commercial property data, we used specific criteria to identify three types of comparable strip retail properties: those sold within the last five years (both national and local), those currently for sale and those currently for lease within Central Ohio. To narrow down comparable strip retail properties that were recently sold, we used the following selection criteria:

- The property had to fall in a ZIP Code with a population density between 1,000 and 2,000 people per square mile (the site ZIP Code is 1,500 people per square mile)
- The property had to be built in 2002 or later
- The property had to between 5,000 and 15,000 square feet in total leasable area

To identify comparable properties for-lease and for-sale within Central Ohio, we expanded the criteria slightly because of the relative lack of available for-lease and for-sale data. The comparable for-lease properties are all strip retail centers built since 2001, but range in size from 5,000 to 50,000 square feet. All the selected for-lease properties are in Central Ohio.

The comparable for-sale properties have all been built since 2002 and range in size from 6,000 to 26,000 square feet. A lack of comparable for-sale properties within Central Ohio necessitated the inclusion of comparable properties from Dayton, Cincinnati, Indianapolis and regional clusters throughout the United States. Property sheets for many of the for-lease comps can be found in Appendix B.

In addition to identifying comparable, recently sold properties, we also *surveyed* nine comparable local properties that were either currently for-lease or recently sold. Seven of the nine properties are within a 15-minute drive-time of the proposed subject property. All but two of the surveyed properties are between 5,000 and 15,000 square feet - the exceptions being Linworth Crossing in Worthington and Albany Place in northeast Columbus. Linworth Crossing was chosen to be surveyed because it was just completed in 2017 and is located at an intersection. Albany Place was chosen because of its similar location both in terms of population density and the fact that it also sits on an intersection. The other surveyed property outside of the 15-minute drive-time is the Shoppes at Hayden Crossing, which also sits on an intersection and has a similar population density as the subject site. A detailed listing of the surveyed properties can be found in Appendix A.

Comparable Sales of Retail Strip Centers

To estimate the value of a proposed retail strip center, we utilized LoopNet as the source for information for recent sales of retail strip centers of comparable size, that are also located in areas with comparable demographics and population density. In total, we analyzed *200 recent sales* across the United States. The data was initially organized by geographic region to better understand the regional differences that affect the overall value of retail strip centers.

The subject site was measured against the comparable sites using site characteristics and demographic data within a ten-minute drive of the properties. Data variables were selected based on their known and/or expected impact on the performance of such retail centers. Past research by Urban Decision Group regarding retail performance has concluded the following variables, when considered together, are good indicators of expected retail performance:

- Total population (2017)
- Total households (2017)
- Total daytime population (2017)
- Median household income (2017)
- Median disposable income (2017)
- Median home value (2017)
- Annual population growth (2000-2017)
- Total businesses (2016)
- Total sales (2016)
- Average retail goods sales (2016)
- Retail goods expenditure index (100 is the national average)
- Average expenditures at restaurants (2016)
- Restaurant expenditure index (100 is the national average)
- Aggregate retail sales (2016)
- Total retail businesses (2016)

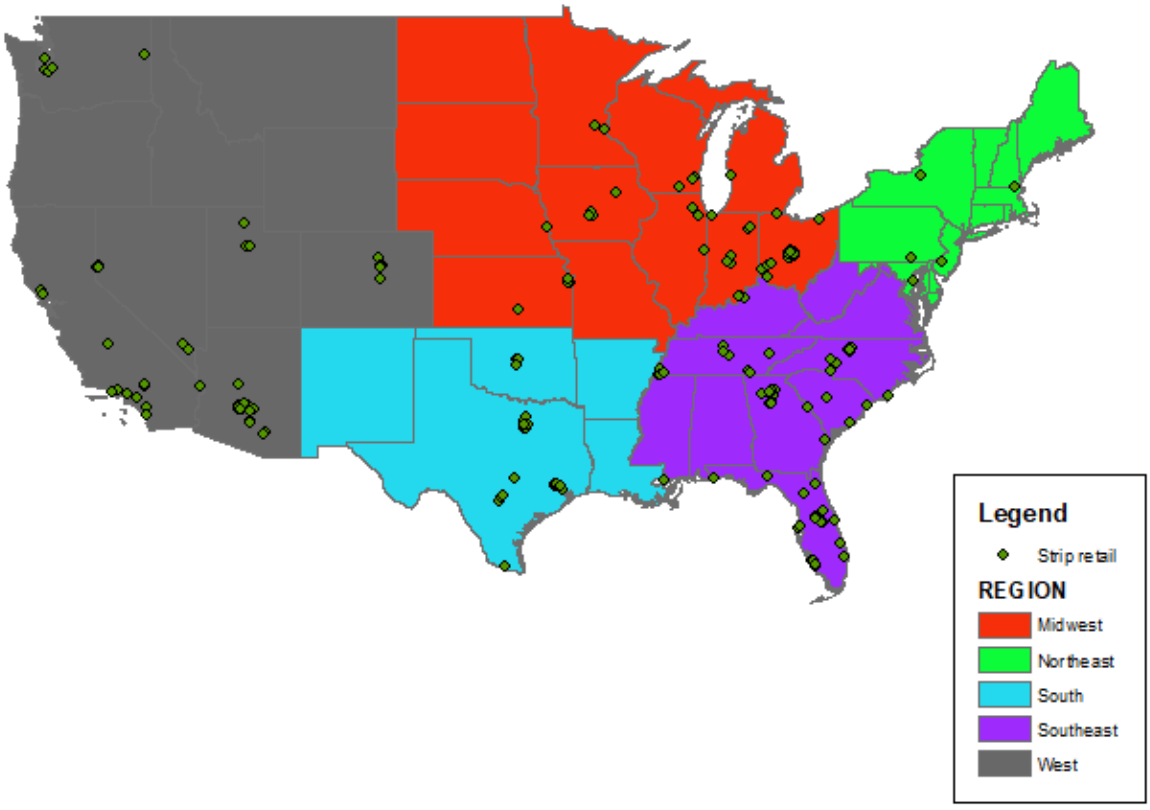
These data points and data associated with the sale of the comparable retail strip centers were input into a series of models to estimate the value of the subject site. The following table is a summary of relevant data points associated with the comparable, recently sold properties, by segregated by region.

Region	Average sales price per sq. ft.	Average age when sold	Average building size (sq. ft.)	Average lot size (acres)	Median Household Income (10-min drive)	Retail goods spending index	2017 Total Population (10-min drive)
Midwest	$198	7	9,849	1.41	$69,367	109	89,026
Northeast	$254	7	9,816	1.53	$70,282	112	79,970
South	$255	7	11,372	1.33	$68,696	109	129,764
Southeast	$232	7	10,107	1.47	$57,521	95	81,180
West	$296	8	10,128	1.13	$66,221	104	120,181
TOTAL	$249	7.6	10,220	1.34	$64,300	103	101,086

* Source: LoopNet; September 25, 2017

Using recent property sales as a guide in determining the average value of a retail strip center, the unadjusted value is $249 per square foot. Please note, this value reflects average demand and spending power as indicated in the average retail goods spending index of 103 (100 is the national average). In comparison, the subject property's spending index is 190 (within a ten-minute drive-time).

The following map illustrates the location of these recent comparable sales.



Property Valuation Modeling

We employed four separate independent valuation models to estimate the value of the subject property if it were to be developed into a retail strip center. To do this, we used recent sales (since 2013) of retail strip centers located throughout the U.S. as the pool of comparable properties. In addition, we utilized *16 demographic and economic variables* and apportioned them to *unique, ten-minute drive-time polygons* associated with each comparable property. A ten-minute drive-time polygon represents a trade area for goods and services with varying, low- to mid-level elasticity. The levels of these demographic and economic variables, when considered together, have an impact on a property's value as a retail strip center.

Model One: Average of Normalized

This method assumes the value of a subject property is primarily a function of the surrounding area's characteristics (demographics and economy) and nothing else. Slight regional adjustments were made to account for a property's age and the purchasing power of consumers. Each of the variables were normalized within the entire pool of comparable properties (200). The normalization scores for each variable (population growth, retail expenditures, etc.) were multiplied against the value of its

corresponding comparable property sales or list price, resulting in a "value by property by variable." Some of the variables were cross-referenced with others, which reduced the pool of relevant variables to 15. These results were averaged to produce an estimated value for each variable – a value for a property if value was only a function of a single discrete variable. Finally, the results for each variable (15) were averaged to produce a final, "Average of Normalized" value. The following table lists the estimated value of these properties if value was a function of a single, discrete variable.

Variable	Discrete Value Per Square Foot
Total Population: 2017	$182
Pop Growth 2000-2017	$172
Total Households: 2017	$181
Daytime Population: 2017	$149
Median Household Income: 2017	$255
Median Disposable Income: 2017	$255
Median Home Value: 2017	$194
Total Businesses	$149
Total Sales	$99
Average Retail Goods Expenditures	$256
Retail Goods Index	$257
Average Expenditures at Restaurants	$263
Restaurant Expenditures Index	$264
Aggregate Retail Sales	$193
Total Retail Businesses	$156
AVERAGE VALUE	**$201**

Model Two: Average of the Demographically or Economically Similar

This method compares the subject property's normalized score (on a scale from 0.0 to 1.0) to comparable properties with similar scores (+/- 0.03) for each variable. Reminder, the value of these variables is the aggregate value within a unique ten-minute drive-time polygon. Those values are then averaged and finally, those averages are averaged to result in a final value. The following table lists the corresponding estimated values when applying this method.

Variable	Discrete Value Per Square Foot
Total Population: 2017	$243
Pop Growth 2000-2017	$259
Total Households: 2017	$244
Daytime Population: 2017	$261
Median Household Income: 2017	$292
Median Disposable Income: 2017	$292
Median Home Value: 2017	$284
Total Businesses	$203
Total Sales	$228
Average Retail Goods Expenditures	$245
Retail Goods Index	$246
Average Expenditures at Restaurants	$233
Restaurant Expenditures Index	$241
Aggregate Retail Sales	$218
Total Retail Businesses	$229
AVERAGE VALUE	**$248**

Model Three: Weighted Average of the Demographically or Economically Similar

This is like Model Two, except the values are weighted proportionally based on the standard deviations of the range of values within a single data category. In other words, we want to reward values with the lowest standard deviations. The weights were applied against the values and those values were *summed* to produce the final estimated value. The adjusted weighted values and the final result (summation of weighted values) are listed in the following table.

Variable	Discrete Value Per Square Foot
Total Population: 2017	$14.60
Pop Growth 2000-2017	$5.18
Total Households: 2017	$17.09
Daytime Population: 2017	$10.46
Median Household Income: 2017	$29.17
Median Disposable Income: 2017	$29.17
Median Home Value: 2017	$19.89
Total Businesses	$8.16
Total Sales	$4.55
Average Retail Goods Expenditures	$24.59
Retail Goods Index	$24.58
Average Expenditures at Restaurants	$23.30
Restaurant Expenditures Index	$23.31
Aggregate Retail Sales	$6.54
Total Retail Businesses	$11.46
WEIGHTED AVERAGE VALUE	**$252**

Model Four: Comparable Properties with the most similarities

This step is more of an exercise than an iterative model. It is also the most similar to traditional appraisal in which there is a physical subject property and several comparable properties. The primary difference is we are not making adjustments based on physical attributes of a building; rather, most comparable properties were selected based on the demographic and economic similarities within their respective trade areas. Please note, the comparable properties are already of similar size in terms of total square feet. Of the 200 comparable properties, there were 19 with very similar market area characteristics. The average per square foot value of these similar properties was $304.

Model Summary – Final Estimated Value

The last step is to simply calculate the average of the four valuation models. No further weighting was applied. The high and low values represent the estimated range of values possible for this property if developed as retail strip center.

Value	Method
$201	Final Average of Normalized
$248	Average of the Demographic/Economic Similar
$252	Total weighted value
$304	Most similar comps
$251	**Final Expected Value**

Surveyed For-Lease Properties

We surveyed nine comparable retail strip centers to help us gain a better understanding of what the market is asking for rent per square foot of leasable space. The following table provides a summary of these surveyed properties.

Property Name	Property Address	City	Annual Rent per Sq. Ft.	Year Built	Building size (sq. ft.)	Lot size (acres)	Est. Annual Sales	Total Spaces	Vacant Spaces	Distance from Site (Miles)
Golf Village Retail Center	8730 Moreland St	Powell	$16.00	2004	10,158	1.63	$2,352,000	6	1	2.6
Golf Village Retail Center II	8882 Moreland St	Powell	$16.00	2007	15,251	2.49	$3,784,000	10	1	3.0
Powell Retail Center	345 W Olentangy St	Powell	$16.00	2007	12,740	1.45	$1,041,000	6	2	4.4
The Shoppes on the Parkway	388-399 W Olentangy St	Powell	N/A	2003	8,198	0.99	$1,482,000	7	0	4.5
29 Neverland Drive	29 Neverland Drive	Lewis Center	$30.00	2002	7,062	1.53	$2,187,000	4	1	7.0
720-728 Polaris Pky	720-728 Polaris Pky	Lewis Center	$15.00	2001	10,700	1.03	$1,919,000	3	1	8.3
Linworth Crossing	2233 W Dublin Granville Rd	Worthington	$22.00	2017	41,503	2.72	N/A	25	10	10.3
The Shoppes at Hayden Crossing	4980 Cosgray Road	Dublin	$13.00	2010	10,090	1.45	$1,327,000	5	1	14.2
Albany Place	6445 Hamilton Rd	Columbus	$21.07	2008	26,561	3.64	$2,370,000	10	2	21.3
		AVERAGES	$18.63	2007	15,807	1.88	$2,057,750	8	2	8.4

The average number of retail businesses within a ten-minute drive of the surveyed properties is 707 and the related average total retail sales is $1,864,101,925. In comparison, the subject property only has 261 retail businesses within a ten-minute drive that are generating retail sales totaling $470,313,880.

The dollar amount that retail space can lease for is a function of demand and the quality and functionality of the space. The average annual rent for retail space among the surveyed properties is just under $19.

More detailed field observations for these properties can be found in Appendix A.

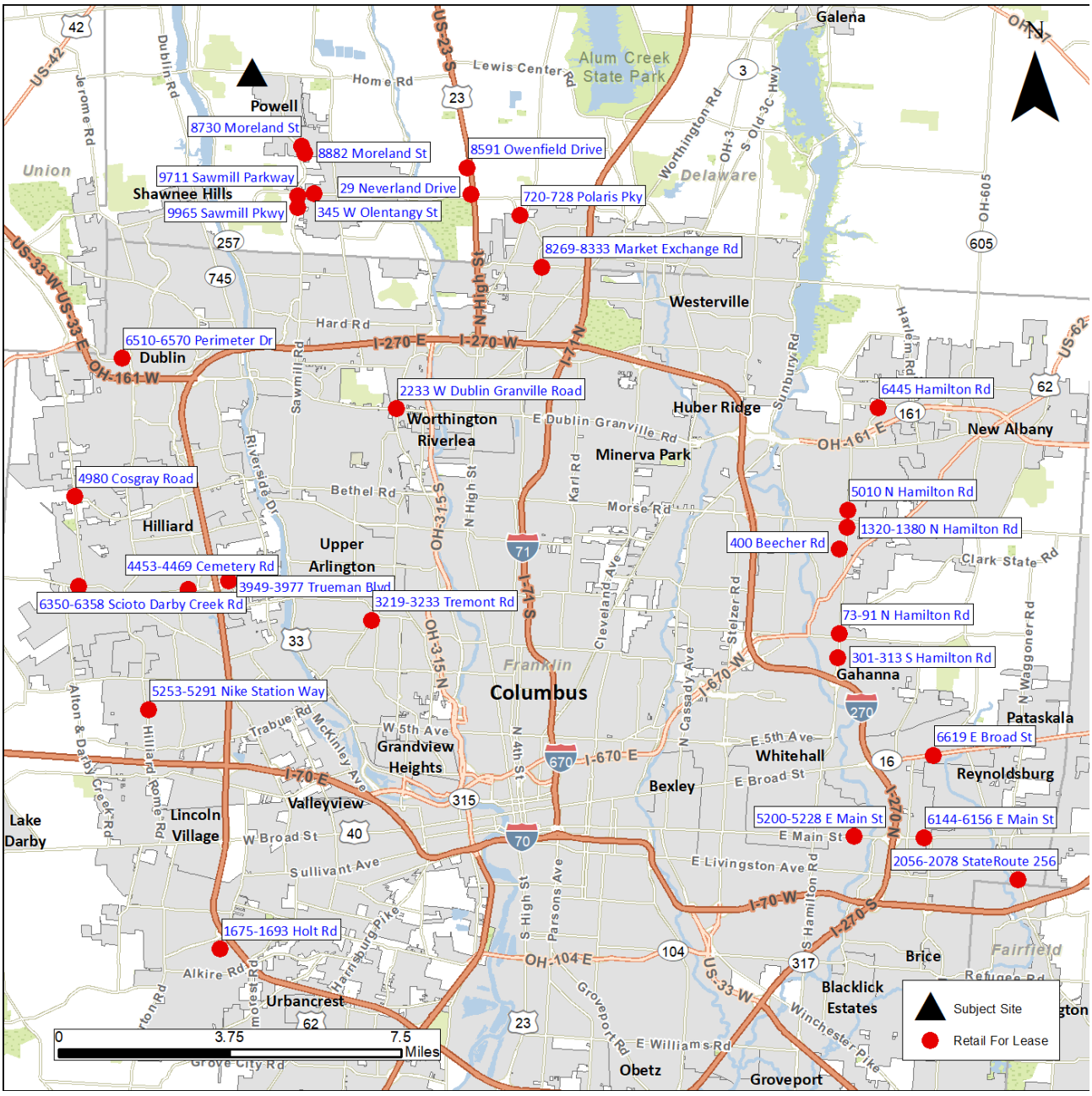
Additional Comparable For-Lease Properties

In addition to the nine surveyed properties, we collected lease data on twenty similar properties located throughout central Ohio.

Property Name	Property Address	City	Annual Rent per Sq. Ft.	Year Built	Building size (sq. ft.)	Lot size (acres)
1320-1380 N Hamilton Rd	1320-1380 N Hamilton Rd	Columbus	$20.00	2006	30,000	4.06
1675-1693 Holt Rd	1675-1693 Holt Rd	Columbus	$14.75	2006	12,240	1.50
2056-2078 StateRoute 256	2056-2078 StateRoute 256	Reynoldsburg	$18.50	2007	12,453	2.09
301-313 S Hamilton Rd	301-313 S Hamilton Rd	Gahanna	$25.00	2015	22,000	3.50
3219-3233 Tremont Rd	3219-3233 Tremont Rd	Upper Arlington	$19.00	2008	5,060	0.72
3949-3977 Trueman Blvd	3949-3977 Trueman Blvd	Hilliard	$18.00	2005	21,372	2.83
Hamilton Commerce Center	400 Beecher Rd	Gahanna	$31.00	2017	8,300	0.00
4453-4469 Cemetery Rd	4453-4469 Cemetery Rd	Hilliard	$17.00	2005	7,000	0.98
Shoppes on Hamilton	5010 N Hamilton Rd	Columbus	$30.00	2016	12,240	2.73
5200-5228 E Main St	5200-5228 E Main St	Columbus	$12.00	2007	22,025	2.14
5253-5291 Nike Station Way	5253-5291 Nike Station Way	Hilliard	$15.00	2006	29,112	4.30
6144-6156 E Main St	6144-6156 E Main St	Columbus	$16.95	2007	10,191	1.30
6350-6358 Scioto Darby Creek Rd	6350-6358 Scioto Darby Creek Rd	Hilliard	$16.00	2005	5,845	3.58
6510-6570 Perimeter Dr	6510-6570 Perimeter Dr	Dublin	$29.00	2014	14,404	2.93
Eastglen Exchange	6619 E Broad St	Collumbus	$30.00	2015	10,385	9.50
73-91 N Hamilton Rd	73-91 N Hamilton Rd	Gahanna	$29.00	2012	22,789	2.65
8269-8333 Market Exchange Rd	8269-8333 Market Exchange Rd	Westerville	$18.00	2005	28,000	3.89
8591 Owenfield Drive	8591 Owenfield Drive	Powell	$16.50	2004	6,214	0.91
Liberty Crossing	9711 Sawmill Parkway	Powell	$26.00	2009	12,902	4.50
Powell Plaza	9965 Sawmill Parkway	Powell	$14.00	2001	50,000	7.70
		AVERAGES	$20.79	2008.5	17,127	3.09

The average number of retail businesses within a ten-minute drive of these properties is 911 and the average total retail sales is $2,514,230,751. Again, in comparison the subject property only has 261 retail businesses within a ten-minute drive that are generating retail sales totaling $470,313,880.

The following map displays the locations of the comparable for-lease properties including those surveyed by Urban Decision Group.



The Retail Expenditure Index is a measure of an area's retail spending potential when compared to the rest of the United States (100 is the national average). The average index value for all 29 local comparable properties is 126 while the subject site area's index is a very high 190. Similarly, the average amount that is spent annually by households within the comparable properties' ten-minute drive-time area is $27,502, while the average amount spent within ten-minutes of the subject site is $41,581.

The Restaurant Expenditure Index is a measure of an area's restaurant spending potential when compared to the rest of the U.S. (100 is the national average). The average index value for all 29 local comparable properties is 126.5 while the subject site area's index is 194. The average amount that is spent annually by households within the comparable properties' ten-minute drive-time area is $4,024 while the average amount spent within ten-minutes of the subject site is over 50% higher than the comparables' amount – an estimated $6,182 per household.

The average annual rent for these comparable properties is just under $21 per square foot. This rent level reflects an ample supply of retail space in markets that are much more saturated than the market that contains subject site. Therefore, it is reasonable to think that *rents for the proposed retail center would exceed $21 per square foot.*

Retail and Restaurant Potential

The households within the general market area of the subject property tend to spend much more than those households servicing not just the local comparable properties, but also much more than the households served within market areas of the recently sold properties throughout the U.S. In fact, the households that would be served by a retail center located on the subject site *spend almost twice as much per household on retail goods and services and restaurants* than average U.S. households.

The significance of the spending potential of these households coupled with the comparative paucity of retail and restaurant businesses, is indicative of an area whose demand is not being met by the current supply. The following Leakage/Surplus table illustrates the degree to which various segments of the retail market are under- or over-supplied. The items highlighted in green indicate segments within which the market is under-supplied. Keep in mind, the trade area utilized for this analysis is a ten-minute drive-time which may be too small for most high-end (luxury) goods whose demand is generally more elastic than low-order goods.

Industry Summary	NAICS Classification	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	$1,390,040,011	$470,313,880	$919,726,131	49.4	261
Total Retail Trade	44-45	$1,249,275,193	$404,699,769	$844,575,424	51.1	162
Total Food & Drink	722	$140,764,818	$65,614,111	$75,150,707	36.4	98
Industry Group	**NAICS Classification**	**Demand (Retail Potential)**	**Supply (Retail Sales)**	**Retail Gap**	**Leakage/Surplus Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$264,723,801	$65,680,801	$199,043,000	60.2	16
Automobile Dealers	4411	$212,734,943	$9,064,553	$203,670,390	91.8	1
Other Motor Vehicle Dealers	4412	$25,092,587	$12,281,679	$12,810,908	34.3	7
Auto Parts, Accessories & Tire Stores	4413	$26,896,271	$44,334,568	-$17,438,297	-24.5	9
Furniture & Home Furnishings Stores	442	$39,788,212	$10,753,601	$29,034,611	57.4	12
Furniture Stores	4421	$23,896,986	$4,717,978	$19,179,008	67.0	4
Home Furnishings Stores	4422	$15,891,226	$6,035,623	$9,855,603	44.9	8
Electronics & Appliance Stores	443	$41,882,919	$15,762,748	$26,120,171	45.3	14
Bldg Materials, Garden Equip. & Supply Stores	444	$94,049,077	$40,136,633	$53,912,444	40.2	14
Bldg Material & Supplies Dealers	4441	$86,697,747	$31,164,645	$55,533,102	47.1	8
Lawn & Garden Equip & Supply Stores	4442	$7,351,330	$8,971,988	-$1,620,658	-9.9	6
Food & Beverage Stores	445	$211,106,922	$113,631,916	$97,475,006	30.0	16
Grocery Stores	4451	$189,520,562	$109,981,104	$79,539,458	26.6	11
Specialty Food Stores	4452	$11,852,677	$968,086	$10,884,591	84.9	3
Beer, Wine & Liquor Stores	4453	$9,733,683	$2,682,725	$7,050,958	56.8	3
Health & Personal Care Stores	446,4461	$87,924,724	$30,193,873	$57,730,851	48.9	13
Gasoline Stations	447,4471	$131,731,119	$23,416,844	$108,314,275	69.8	6
Clothing & Clothing Accessories Stores	448	$63,911,652	$7,580,427	$56,331,225	78.8	14
Clothing Stores	4481	$40,398,205	$3,611,240	$36,786,965	83.6	7
Shoe Stores	4482	$9,163,906	$0	$9,163,906	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	$14,349,541	$3,850,700	$10,498,841	57.7	7
Sporting Goods, Hobby, Book & Music Stores	451	$29,785,686	$27,802,519	$1,983,167	3.4	12
Sporting Goods/Hobby/Musical Instr Stores	4511	$24,696,164	$27,734,900	-$3,038,736	-5.8	11
Book, Periodical & Music Stores	4512	$5,089,522	$67,619	$5,021,903	97.4	1
General Merchandise Stores	452	$213,301,299	$44,971,974	$168,329,325	65.2	8
Department Stores Excluding Leased Depts.	4521	$151,090,083	$42,537,105	$108,552,978	56.1	2
Other General Merchandise Stores	4529	$62,211,216	$2,434,868	$59,776,348	92.5	6
Miscellaneous Store Retailers	453	$51,830,038	$18,765,656	$33,064,382	46.8	30
Florists	4531	$2,774,495	$975,122	$1,799,373	48.0	2
Office Supplies, Stationery & Gift Stores	4532	$11,907,453	$10,169,073	$1,738,380	7.9	10
Used Merchandise Stores	4533	$7,754,528	$2,781,317	$4,973,211	47.2	6
Other Miscellaneous Store Retailers	4539	$29,393,562	$4,840,144	$24,553,418	71.7	12
Nonstore Retailers	454	$19,239,745	$6,002,778	$13,236,967	52.4	6
Electronic Shopping & Mail-Order Houses	4541	$12,672,962	$4,923,596	$7,749,366	44.0	1
Vending Machine Operators	4542	$1,975,007	$617,997	$1,357,010	52.3	1
Direct Selling Establishments	4543	$4,591,776	$461,184	$4,130,592	81.7	4
Food Services & Drinking Places	722	$140,764,818	$65,614,111	$75,150,707	36.4	98
Special Food Services	7223	$4,022,598	$1,939,005	$2,083,593	35.0	3
Drinking Places - Alcoholic Beverages	7224	$5,257,530	$733,355	$4,524,175	75.5	4
Restaurants/Other Eating Places	7225	$131,484,689	$62,941,751	$68,542,938	35.3	91

As you can see, virtually every retail segment is under-supplied. These indicate immediate market opportunities.

Summary

An analysis of recent sales of similar retail strip centers indicates that the unadjusted value of these properties is $249 per square foot. We the analyzed the economic and demographic conditions within a ten-minute drive of these properties and compared it to the ten-minute drive area surrounding the subject property as a means of estimating the potential value of a similar property at the proposed site. Utilizing four different spatial valuation methods, the results indicate that the ***value of the property would be approximately $251 per square foot.***

Although the market area surrounding the subject property has a smaller population and household base than most of the comparable properties, these consumers spend almost twice the national average on retail goods and services and meals at restaurants. The relative lack of retail and restaurant businesses in this area would seem to indicate that there is an opportunity to provide retail and restaurant space to prospective businesses. This is reflected in the Leakage/Surplus analysis which indicates demand is outpacing supply at a rate of approximately three to one (3:1).

An analysis of local asking and realized rents indicates that the proposed subject property should achieve **at least $21 per square foot**. Considering the lack of supply of businesses servicing virtual all retail segments, we anticipate the subject property **could achieve around $25 per square foot.**

The value of a 10,500 square foot proposed subject property would be approximately **$2,635,500** (assuming a value of $251 per square foot). Annual rent (assuming 100% occupancy) at $25 per square foot results in a revenue stream of $262,500. If operating expenses are ten percent of revenue, the net operating income would be $236,250, resulting in a **cap rate of approximately nine (9) percent**.