

PLEASANT VIEW ADVENTIST SCHOOL

91272 Highway 101
Warrenton, Oregon 97146

APPRAISAL REPORT

Date of Report: March 13, 2018
Colliers File #: PDX180177



PREPARED FOR
Glen Gessele
Oregon Conference of Seventh-day Adventists
19800 Oatfield Rd
Gladstone, OR 97027

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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March 13, 2018

Glen Gessele
Oregon Conference of Seventh-day Adventists
19800 Oatfield Rd
Gladstone, OR 97027

RE: Pleasant View Adventist School
91272 Highway 101
Warrenton, Oregon 97146

Colliers File #: PDX180177

Mr. Gessele:

This appraisal report satisfies the scope of work and requirements agreed upon by Oregon Conference of Seventh-day Adventists and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. Including the As-Is Market Value of the economic site and improvements and excess land area which are separately marketable. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value (Economic Site & Improvements)	Fee Simple	March 4, 2018	\$390,000
As-Is Market Value (Excess Land)	Fee Simple	March 4, 2018	\$160,000
Total As-Is Market Value	Fee Simple	March 4, 2018	\$550,000

The subject is an Assembly-Meeting (Religious Facility/Community Center) property totaling 5,562 SF GBA built from 1980-1982 (School and Sheds) & 2011 (Garage) with a partial remodel of the school that included creating a caretaker's suite in 2012. The improvements are located at 91272 Highway 101 in Warrenton, Oregon and are comprised of a 5,562 SF school, a 900 SF garage (not in NRA), two 131 SF wooden sheds (not in NRA) with the entirety representing average overall condition. The improvements are located on a 5.98-acre economic site with approximately 1.22-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. The 6.02-acres of excess land area has approximately 3.12-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. Additional site improvements include fencing, paving, gravel driveway and four RV hookups.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES



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CERTIFICATION OF APPRAISAL**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

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GENERAL INFORMATION

Property Name	Pleasant View Adventist School
Property Type	Assembly-Meeting - Religious Facility/Community Center
Address	91272 Highway 101
City	Warrenton
State	Oregon
Zip Code	97146
County	Clatsop
Market	Oregon Beaches
Submarket	Clatsop County
Latitude	46.118566
Longitude	-123.925016
Number Of Parcels	3
Assessor Parcels	16124, 16125, 58673
Census Tract Number	9513.00

SITE INFORMATION

Land Area	Acre	Square Feet
Economic Site	5.98	260,489
<u>Excess</u>	<u>6.02</u>	<u>262,231</u>
Total	12.00	522,720
Topography	Level to gently sloping at, below and above street grade	
Shape	Flag	
Access	Average/Good	
Exposure	Fair/Average	
Current Zoning	Residential Agriculture-5 (RA-5)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Very High Risk	

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	5,562 SF
Gross Building Area SF (GBA)	6,724 SF
School SF	5,562 SF
Garage SF (not in NRA)	900 SF
Sheds SF (not in NRA)	262 SF (131 SF each)
Total Number Of Buildings	4
Total Number Of Stories	1 & 2
Year Built	1980-1982 (School and Sheds) & 2011 (Garage)
Year Renovated (School- Caretaker's Suite)	2012
Quality	Average/Good
Condition	Average
Type Of Construction	Wood frame
Site Coverage Ratio (Economic Site)	1.0%
Parking Type	Surface
Number of Parking Spaces	11
Parking Ratio (Spaces/1,000SF NRA)	2.0/1,000 SF NRA

HIGHEST & BEST USE

As Vacant	Two Acreage Homesites
As Improved	Continued Use As Improved As A Community Service Facility With One Additional Homesite

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 to 18 Months
Marketing Period	12 to 18 Months

TENANCY INFORMATION

Tenancy	Single-Tenant Owner-Occupied
Occupancy	100.0%

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	MARCH 4, 2018

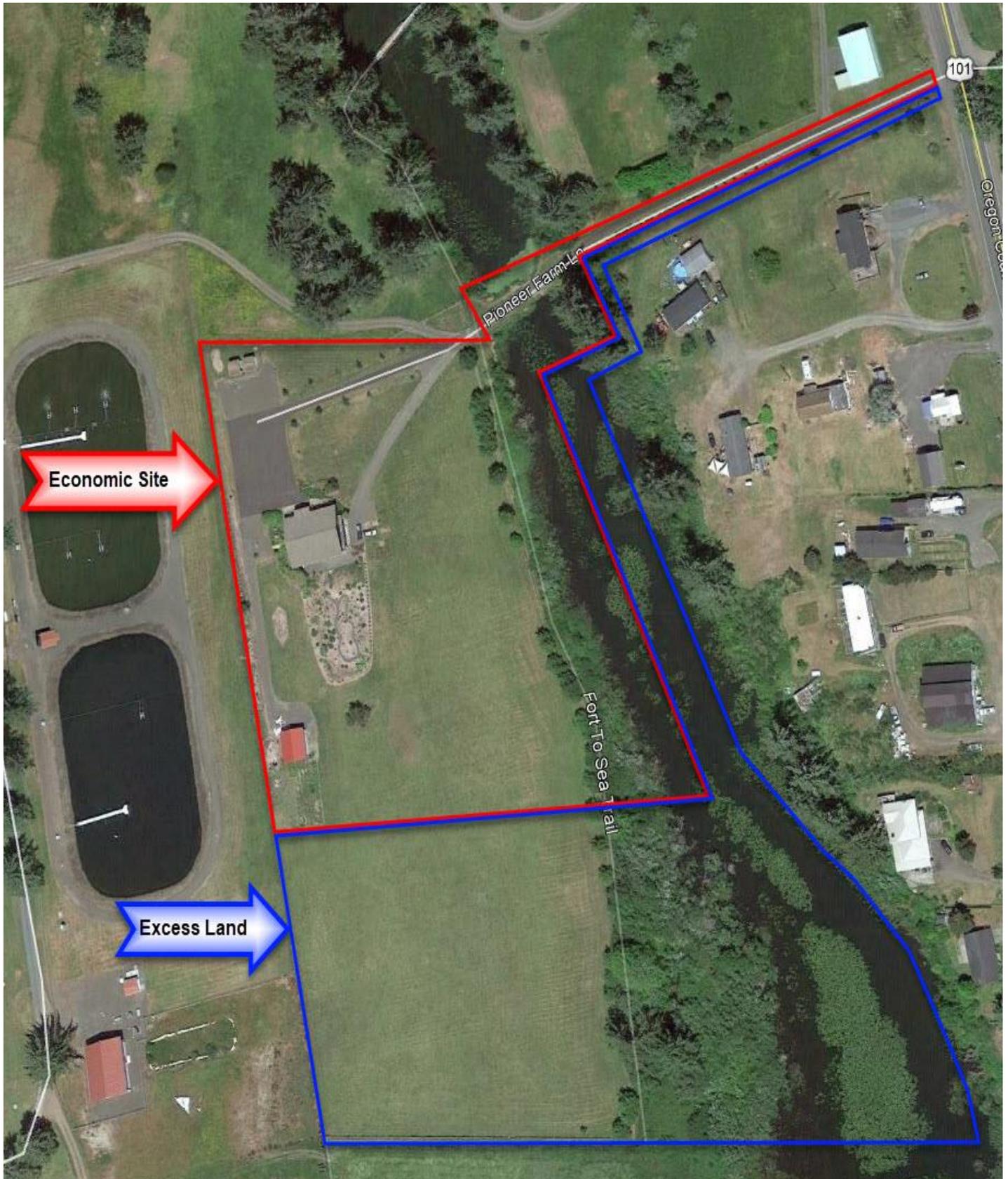
SALES COMPARISON APPROACH

SALES CONCLUSION (ECONOMIC SITE & IMPROVEMENTS)	\$390,000
Sales Conclusion \$/SF	\$70/SF
SALES CONCLUSION (EXCESS LAND)	\$160,000
Sales Conclusion \$/Lot	\$160,000

FINAL VALUE CONCLUSION

MARKET VALUE CONCLUSION (ECONOMIC SITE & IMPROVEMENTS)	\$390,000
PLUS: EXCESS LAND	\$160,000
TOTAL AS-IS MARKET VALUE	\$550,000

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS



SCHOOL LOOKING SOUTH



SCHOOL LOOKING NORTHEAST



SCHOOL LOOKING SOUTHWEST



GARAGE LOOKING SOUTH



STORAGE SHEDS AND RV HOOKUPS



EXCESS LAND LOOKING SOUTHEAST



CLASSROOM



SCHOOL RESTROOM



CLASSROOM



SCHOOL KITCHEN



SCHOOL CAFETERIA AND GATHERING AREA



CARETAKER SUITE LIVING AREA



CARETAKER SUITE RESIDENTIAL KITCHEN



CARETAKER SUITE BEDROOM



LEWIS & CLARK TRAIL EASEMENT LOOKING SOUTH



WATERSHED LOOKING SOUTHEAST



HIGHWAY 101 LOOKING SOUTH



GRAVELED ENTRANCE LOOKING EAST

PROPERTY IDENTIFICATION

The subject is an Assembly-Meeting (Religious Facility/Community Center) property totaling 5,562 SF GBA built from 1980-1982 (School and Sheds) & 2011 (Garage) with a partial remodel of the school that included creating a caretaker's suite in 2012. The improvements are located at 91272 Highway 101 in Warrenton, Oregon and are comprised of a 5,562 SF school, a 900 SF garage (not in NRA), two 131 SF wooden sheds (not in NRA) with the entirety representing average overall condition. The improvements are located on a 5.98-acre economic site with approximately 1.22-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. The 6.02-acres of excess land area has approximately 3.12-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. Additional site improvements include fencing, paving, gravel driveway and four RV hookups.

The assessor's parcel numbers are: 16124, 16125, 58673. A detailed legal description was not provided.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraisers confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraisers completed church/school market analysis. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraisers conducted a Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraisers confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Sales Comparison approach to value, which was adjusted and reconciled as appropriate.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- Colin Meisner (Oregon State Registered Appraiser Assistant No. AA03310) provided significant real property appraisal assistance to the appraisers signing the certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Clatsop County Tax Assessor
Zoning Information	Clatsop County Planning Department
Site Size Information	Clatsop County Tax Assessor
Building Size Information	Plans and Previous On-Site Measurement
Flood Map	InterFlood
Demographics	Pitney Bow es/Gadberry Group - GroundView®
Comparable Information	See Comparable Datatables for details
Legal Description	Not Provided
Other Property Data	Herald Follett, General Counsel

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Brandon Krahn	Yes	Interior/Exterior	March 4, 2018
Colin Meisner	No	-	-
Brian Kelley, MAI	No	-	-

CLIENT IDENTIFICATION

The client of this specific assignment is Oregon Conference of Seventh-day Adventists.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property’s fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

INTENDED USERS

Oregon Conference of Seventh-day Adventists is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	March 13, 2018
Date of Inspection	March 4, 2018
Valuation Date - As-Is	March 4, 2018

PERSONAL AND INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of Pleasant View School and WOCA Seventh Day Adventists who acquired title to the property on more than three years ago, as recorded in of the Clatsop County Deed Records.

Three-Year Sales History

The subject has not sold in the last three years.

Sales Status

The subject is not currently listed for sale.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable.

Market Value

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 that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

Fee Simple Interest

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.²

VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

As-Is Value

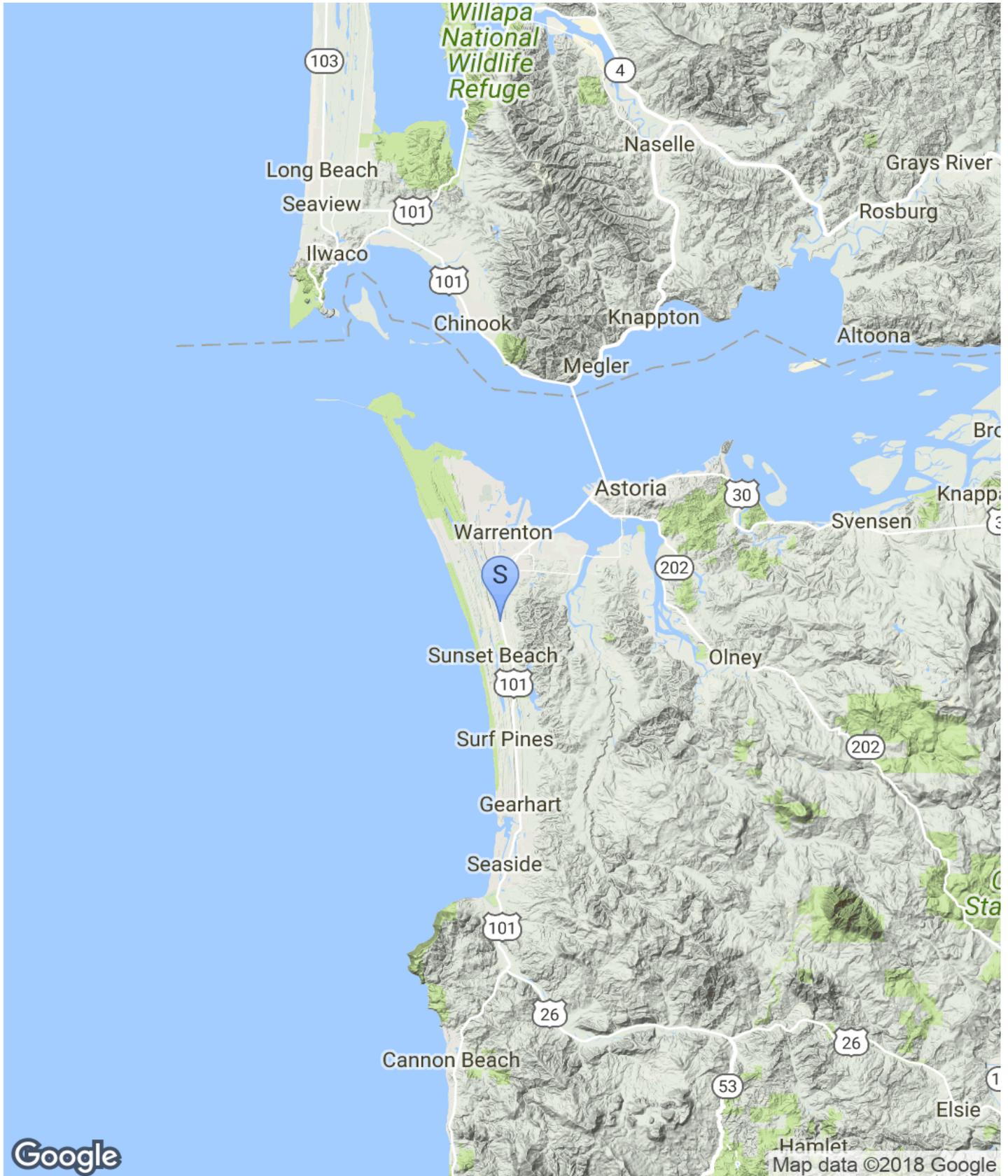
The estimate of the value of real property in its current physical condition, use, and zoning as of the appraisal date.

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

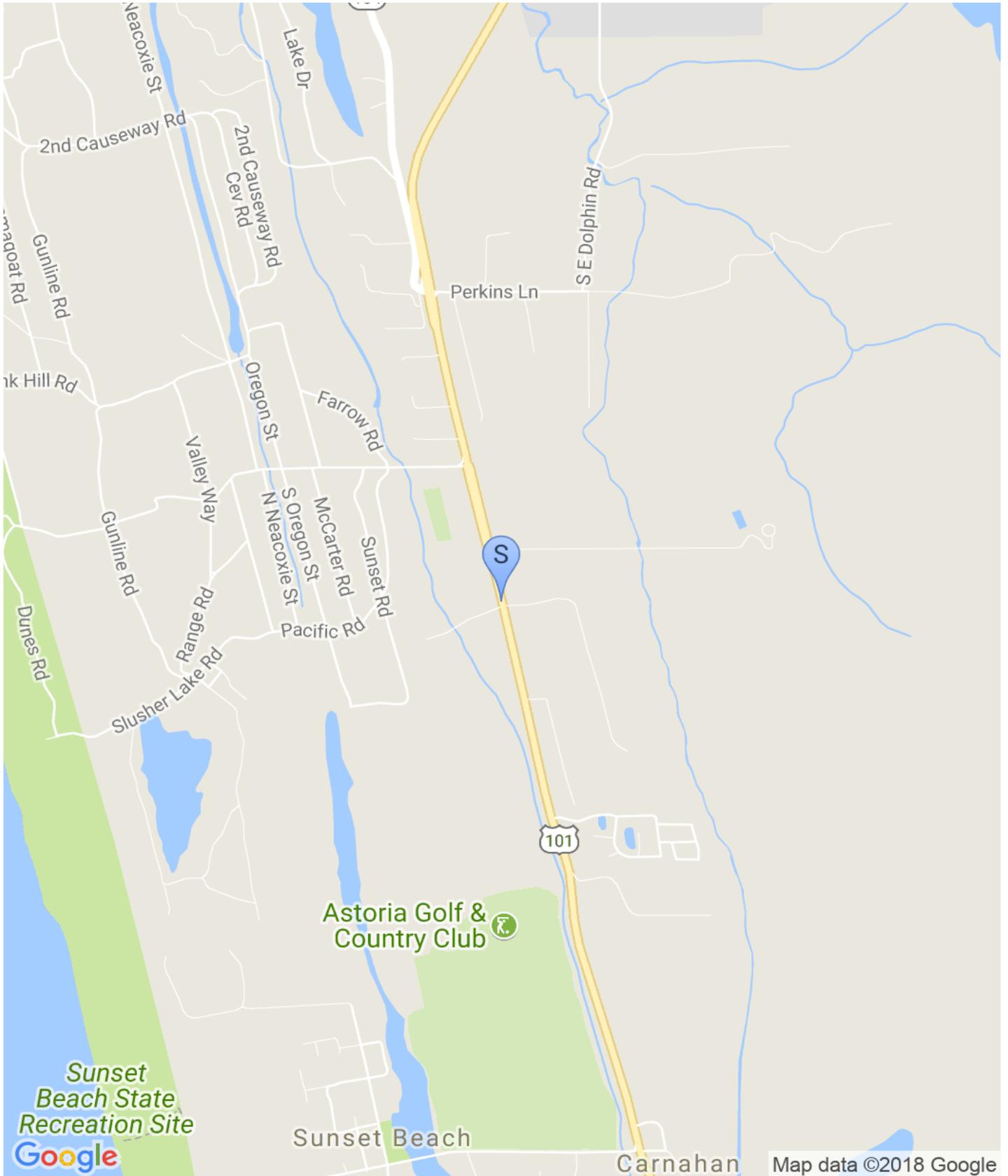
² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

REGIONAL MAP



LOCAL AREA MAP



REGIONAL ANALYSIS

Clatsop County is situated in the far northwest corner of Oregon with its western edge hugging the Pacific coast, and its northern edge bordering the Columbia River and State of Washington. Clatsop County encompasses about 843 square miles of landscape and its largest communities include Astoria, Cannon Beach, Gearhart, Seaside and Warrenton. As of 2016, the county had a population of 38,308. Similar to other counties located along the Oregon coast, Clatsop County is dominated by forest, mountains, and rivers where a marine climate is prevalent. The City of Astoria is the county seat and has multiple tourist attractions including the Astoria Riverfront Trolley, Fort Clatsop, the Upper town Fire Fighters Museum, and Columbia River Maritime Museum. These attractions help to boost the local employment level, particularly in the Leisure & Hospitality industry.



Economy

Clatsop County has a deep history based in natural resource economies like fishing and timber; however, these industries contribute proportionally less to the county’s employment and income than they used to. Today, the county’s largest employers are concentrated in the manufacturing, retail, hospitality, healthcare and government sectors. About 30% of the lands within the county boundaries belong to the state of Oregon as part of state forests. The following is a list of top private employers across Clatsop County:

TOP EMPLOYERS	
EMPLOYER NAME	INDUSTRY
US Coast Guard	Government
Georgia Pacific- Wauna Mill	Natural Resources
Providence Seaside Hospital	Healthcare
Columbia Memorial Hospital	Healthcare
Clatsop County Government	Government
Tongue Point Job Corp	Education
Seaside School District	Education
Warrenton Fiber Company	Natural Resources
State of Oregon	Government
Astoria School District	Education

Source: Clatsop County Oregon Comprehensive Annual Financial Report June 30, 2016

The Port of Astoria maintains nearly 7,250 feet of dock surrounding 3 piers with rail service adjacent to the port’s primary marine complex. This complex includes a wide variety of commercial and industrial capacity. Additionally, the north tongue point on the Columbia River in Astoria has a 40 foot deep shipping channel, barge load out platform, and additional warehouse storage. Columbia Memorial Hospital is a 49-bed hospital that serves all of Clatsop County and the lower Columbia River region of western Washington.

According to a publication by the Oregon Employment Department, titled Visitor Spending in Northwest Oregon, tourist spending along the coast has increased each year since 2011 and reached \$1.41 Billion in November 2015 (most recent data available). The article also states that the Leisure and Hospitality sector provided 15,000 jobs for Northwest Oregon, which represents 17% of all jobs for Benton, Clatsop, Columbia, Lincoln and Tillamook counties combined". With visitor spending increasing and fuel costs moderate we would expect to see employment in the leisure and hospitality industry recovering, and that’s what is happening. The five counties in

Northwest Oregon combined to add 474 jobs (+3.1%) Leisure and hospitality payroll in 2016. Clatsop County added 39 jobs in Leisure and hospitality. 2017 records are not yet available but preliminary estimates indicate that about 475 more jobs are being added in the same 5 counties in Leisure and hospitality.

Demographics

Based on updated (2017-2022) data provided by the *Pitney Bowes/Gadberry Group*, Clatsop County had a 2017 total population of 39,442 and is expected to experience a compound annual growth rate (CAGR) of 1.5% from 2017 and 2022. The growth rate is exactly in line with the State of Oregon (CAGR) both the state and county are faster than the national rate, reflecting the secondary market location in a generally rural area of the state. As shown in the tables below, the area makes up a very small percentage of the total population for the state; thus, it is much less densely populated. Also, the lack of secondary schooling in the region, as well as an aging population and slow population growth, has contributed to a population that achieves lower education levels compared to the rest of the state and nation. On balance, Clatsop County residents have a much lower median household income (\$46,954) than the rest of the state (\$52,860).

REGIONAL AREA DEMOGRAPHICS							
YEAR	US	OR	COUNTY	YEAR	US	OR	COUNTY
POPULATION			NUMBER OF HOUSEHOLDS				
2010 Total Population	308,745,538	3,831,074	37,039	2017	121,586,527	1,594,931	16,216
2017 Total Population	325,389,970	4,164,068	39,442	2022	126,270,369	1,674,131	16,785
2022 Total Population	338,156,319	4,495,688	42,557	CAGR	0.8%	1.0%	0.7%
2010 - 2017 CAGR	0.8%	1.2%	0.9%	AVERAGE HOUSEHOLD SIZE			
2017 - 2022 CAGR	0.8%	1.5%	1.5%	2017	2.61	2.56	2.38
POPULATION DENSITY			HOUSING UNITS				
2017 Per Square Mile	90	43	42	2022	2.61	2.63	2.49
2022 Per Square Mile	94	46	46	CAGR	0.03%	0.59%	0.91%
MEDIAN AGE			OWNER OCCUPIED				
2017	37.86	39.33	44.00	Owner Occupied	79,227,766	989,818	9,969
2022	38.51	39.95	44.66	Renter Occupied	42,358,761	605,113	6,247
CAGR	0.34%	0.32%	0.30%	AVERAGE HOUSEHOLD INCOME			
MEDIAN HOME VALUE			PER CAPITA INCOME				
2017	\$178,862	\$237,267	\$248,630	2017	\$80,550	\$73,115	\$63,730
PER CAPITA INCOME			MEDIAN HOUSEHOLD INCOME				
2017	\$30,865	\$28,616	\$26,802	2022	\$87,693	\$78,826	\$67,759
2022	\$33,551	\$29,956	\$27,234	CAGR	1.7%	1.5%	1.2%
CAGR	1.7%	0.9%	0.3%	2017	\$56,114	\$52,860	\$46,954
			2022				
			CAGR				
			1.2%				
			1.1%				
			1.1%				

Source: Pitney Bowes/Gadberry Group - GroundView®

Clatsop County has a lower percentage of renter occupied households than the State of Oregon and the US, as evidenced by the 29.3% of renter occupied homes in the county. Contributing to this lower percentage of renters is the fact that Clatsop County is less densely populated with an older population than other areas of the state. In addition, there are more vacant housing units (27.4%) than both the state (9.4%) and the nation (11.6%).

Employment

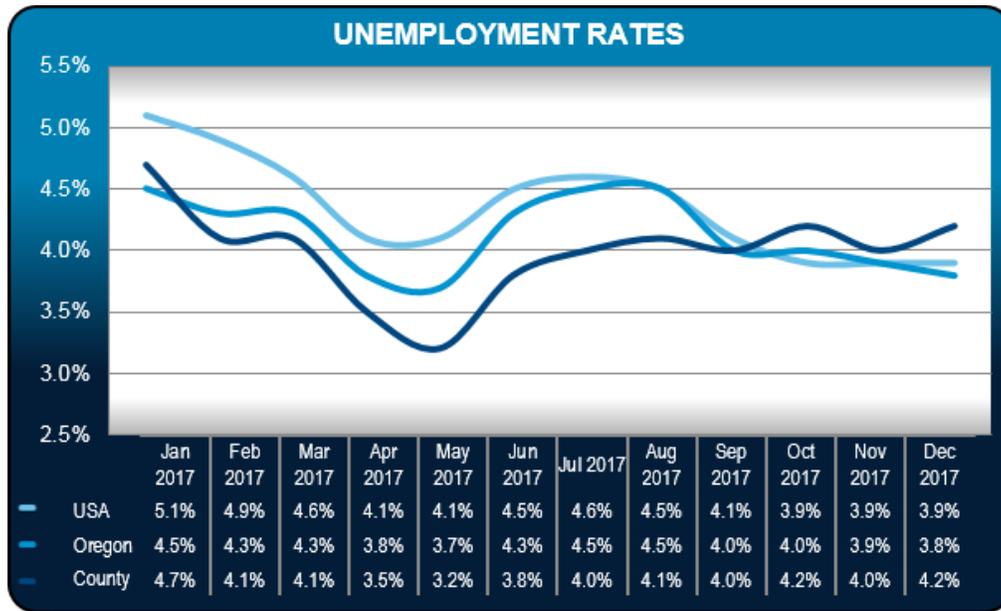
Total employment has fluctuated over the past decade in the state of Oregon and Clatsop County, yet the annual unemployment rate has recovered more quickly in the County finishing 2016 at 4.8% which is lower than the state of Oregon. The first half of the decade both the state of Oregon and Clatsop County achieved year over year gains in total annual employment, however the county achieves gains at a much slower rate than the rest of the state. Clatsop County followed the same general trend as the rest of the state with increased unemployment in 2009 in line with the recession. However, while the State made gains in 2010 and 2011, while the County experienced a considerable loss in total employment, the largest loss in the decade (as shown in the

chart below), followed by a slight gain in total employment in 2011. In 2012 and 2013 Clatsop County experienced modest year over year losses followed by moderate to strong employment gains, similar to the state. As can be seen in the chart the state of Oregon has recovered from the recession of 2008, however the county has not since recovered fully.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2007 - 2017								
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE			
Year	Oregon		Clatsop County, OR		United States*	Oregon Clatsop County, OR		
	Total	% Δ Yr Ago	Total	% Δ Yr Ago		Oregon	Clatsop County, OR	
2007	1,822,772	2.1%	18,962	4.2%	4.6%	5.2%	4.7%	
2008	1,827,352	0.3%	19,302	1.8%	5.8%	6.5%	5.3%	
2009	1,753,682	(4.0%)	18,831	(2.4%)	9.3%	11.3%	9.1%	
2010	1,773,076	1.1%	17,174	(8.8%)	9.6%	10.6%	10.0%	
2011	1,804,320	1.8%	17,243	0.4%	8.9%	9.5%	9.4%	
2012	1,780,790	(1.3%)	16,918	(1.9%)	8.1%	8.8%	8.7%	
2013	1,760,302	(1.2%)	16,435	(2.9%)	7.4%	7.9%	7.8%	
2014	1,804,417	2.5%	16,824	2.4%	6.2%	6.8%	6.6%	
2015	1,867,407	3.5%	17,347	3.1%	5.3%	5.6%	5.5%	
2016	1,951,218	4.5%	18,135	4.5%	4.9%	4.8%	4.8%	
2017	2,028,669	4.0%	18,573	2.4%	4.4%	4.0%	4.0%	

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

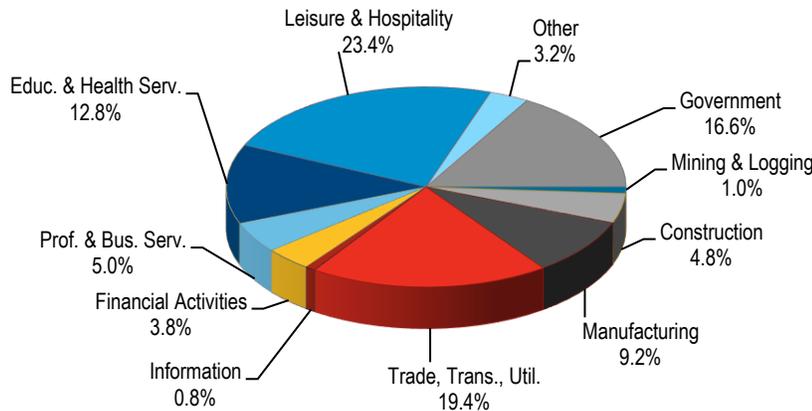
Clatsop County’s not-seasonally adjusted unemployment rate has wavered on a month-to-month basis over the last year but has been below 8.5% since February 2014 (not shown on the chart below). As can be seen in the chart below the not seasonally adjusted month to month unemployment rate for Clatsop county has shown much improvement over the last twelve months. Typical for the region the monthly unemployment rate for Clatsop County sees a rise in unemployment from October through January when such industries as logging, tourism, and construction come to a halt. It is important to note that although the region was adversely affected by the (2008) economic recession; historical unemployment/employed level figures for Clatsop County have consistently remained below that of the state average, however the County and State reversed positions and the State of Oregon had an unemployment rate lesser than that of the county from December 2015 through April 2016, and has reversed yet again from May 2016 through October 2016. The current month of available data is for December 2017 (4.2%).



Labor

Industry employment information from the State of Oregon Employment Department’s Quality Information-Current Employment Statistics (CES) program provides one of the best measures of state and local economic trends. As can be seen, similar to other Oregon coastal towns, Leisure & Hospitality makes up a large proportion of Clatsop County’s total employment and accounts for about 23.4% of the regions jobs. The following chart displays the current sector employment for Clatsop County as of December 2017:

Clatsop County Current Employment by Industry - Dec 2017



Employment usually increases in the Region (Clatsop, Columbia, & Tillamook counties) in the late spring. Seasonal industries such as construction and leisure and hospitality add workers as the weather improves. Though not back to pre-recession employment levels (2008), the county is showing much improvement with employed totals closer to that of (2006). Over the past year the county has made notable employment gains in four sectors, those sectors are: Trade, Transportation and utilities gained (+200 jobs or +(6.2%), Leisure and hospitality gained (+120 jobs or (+3.0%), Financial activities gained (+30 jobs or (+4.6%), Construction gained (+20 jobs (+2.4%). The Year over year losses occurred in four sectors, those sectors affected are: Other services decreased by (-80 jobs or (-12.3%), Education and health services decreased by (-70 jobs or (-3.0%), Manufacturing decreased by (-70 jobs or (-4.1%) and Mining and logging decreased by (-10 jobs or (-5.3%). Three sectors reported no year over year changes, those sectors are: Information, Professional and business services, and Government.

Summary

For nearly two years (most of 2009 and 2010) Clatsop County was witnessing increasing unemployment due to the economic recession. However, current figures provide evidence of improving economic conditions once again highlighted by employment gains in particular industries, such as Leisure & Hospitality and Professional and Business Services. The appearance of positive indicators, such as year-over-year increases in rents and lower vacancy rates than 12 months ago, give evidence that Clatsop County's economy is on a positive yet moderate upswing. The region has added 1,790 jobs over the year on a seasonally adjusted basis. Seasonally adjusted unemployment rates are 0.8% lower than August 2012.

LOCAL AREA ANALYSIS

The subject property is located in a coastal community in Northwestern Oregon in Clatsop county. The subject's immediate market area is characterized as rural residential area surrounded by single-family acreage lots and special purpose development. In addition, a major land use in the area is the adjacent Camp Rilea. However, due to the subject's location in rural coastal Oregon, the subject's general market area encompasses the cities of Warrenton, Gearhart, Seaside and a majority of the north coast region of Oregon. The following sections summarize factors pertinent to the social, economic, and physical development of the market area.

LOCAL AREA DEMOGRAPHICS								
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES	
POPULATION				AVERAGE HOUSEHOLD INCOME				
2000 Population	530	2,475	7,252	2017	\$76,136	\$71,165	\$64,983	
2010 Population	566	2,710	7,891	2022	\$83,408	\$76,931	\$69,535	
2017 Population	610	2,954	8,492	Change 2017-2022	9.55%	8.10%	7.01%	
2022 Population	654	3,199	9,229	MEDIAN HOUSEHOLD INCOME				
Change 2000-2010	6.79%	9.49%	8.81%	2017	\$65,203	\$58,099	\$45,531	
Change 2010-2017	7.77%	9.00%	7.62%	2022	\$65,801	\$60,510	\$50,466	
Change 2017-2022	7.21%	8.29%	8.68%	Change 2017-2022	0.92%	4.15%	10.84%	
POPULATION 65+				PER CAPITA INCOME				
2010 Population	133	576	1,433	2017	\$32,384	\$29,696	\$27,251	
2017 Population	177	772	1,963	2022	\$34,146	\$30,817	\$27,878	
2022 Population	212	931	2,373	Change 2017-2022	5.44%	3.78%	2.30%	
Change 2010-2017	33.08%	34.03%	36.99%	2017 HOUSEHOLDS BY INCOME				
Change 2017-2022	19.77%	20.60%	20.89%	<\$15,000	3.7%	5.9%	8.0%	
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	12.2%	14.0%	18.0%	
2000 Households	204	1,005	3,092	\$25,000-\$34,999	6.1%	8.9%	10.5%	
2010 Households	233	1,143	3,447	\$35,000-\$49,999	12.7%	14.4%	16.3%	
2017 Households	245	1,188	3,547	\$50,000-\$74,999	28.2%	22.0%	18.9%	
2022 Households	253	1,235	3,688	\$75,000-\$99,999	12.2%	10.8%	10.1%	
Change 2000-2010	14.22%	13.73%	11.48%	\$100,000-\$149,999	17.1%	17.3%	12.9%	
Change 2010-2017	5.15%	3.94%	2.90%	\$150,000-\$199,999	5.3%	5.2%	3.2%	
Change 2017-2022	3.27%	3.96%	3.98%	\$200,000 or greater	2.0%	1.5%	2.2%	
HOUSING UNITS (2017)				MEDIAN HOME VALUE				
Owner Occupied	232	962	2,363	\$334,259	\$322,345	\$281,615		
Renter Occupied	45	252	1,210	AVERAGE HOME VALUE				
HOUSING UNITS BY YEAR BUILT				\$412,135				
Built 2010 or later	4	20	68	HOUSING UNITS BY UNITS IN STRUCTURE				
Built 2000 to 2009	67	260	543	1, detached	259	1,036	2,661	
Built 1990 to 1999	26	160	573	1, attached	1	13	63	
Built 1980 to 1989	52	210	419	2	3	29	228	
Built 1970 to 1979	37	213	584	3 or 4	2	15	104	
Built 1960 to 1969	21	80	262	5 to 9	0	41	165	
Built 1950 to 1959	17	81	303	10 to 19	1	10	20	
Built 1940 to 1949	6	42	252	20 to 49	0	5	109	
Built 1939 or earlier	15	122	544	50 or more	0	0	17	
				Mobile home	11	62	201	
				Boat, RV, van, etc.	0	2	5	

Source: Pitney Bowes/Gadberry Group - GroundView®

As noted in the table above, moderate growth is anticipated to occur as population levels are concluded to grow within a five-mile radius of the subject over the next few years.

In Clatsop County, the basic industries are forest products, commercial fishing and tourism. Generally, those sectors of the economy tend to follow geographical regions. Wood manufacturing and the marine-related industries are concentrated along the Columbia River from Warrenton/Hammond and Astoria to the Wauna area, while tourism-related industries are concentrated in Astoria, Seaside, and Cannon Beach.

Residential Development

There is a small amount of residential development located in the subject's market area. The residences in the area are commonly in average/good condition and were typically built in the 1970s and beyond. The median home price for single-family residences within a three-mile radius of the subject is \$322,345. The area is predominately owner occupied and largely rural in character with more densely populated uses in proximity to the Oceanfront. There is limited multi-family development within proximity to the subject.

Commercial Development

The primary commercial arterial in the subject's market area is Hwy 101. The arterial is a two to four-lane highway providing a coastal connection from California to the Canadian border. Commercial buildings within the area are typically older with scattered new development and are generally in fair to average/good condition. Most commercial development within the immediate market area is located about 2 miles to the northeast of the subject located within the Warrenton Highlands shopping center and North Coast Retail Center. The Warrenton Highland Shopping Center is anchored by Staples, PETCO and Dollar Tree totaling (44,504 SF) and was built in 2010. New development in the North Coast Retail Center includes a Walmart (153,000 SF) currently under construction, TJ Maxx (32,069 SF) anchored strip center built in 2015 and a Ford Dealership built in 2016.

Industrial Development

Industrial development in the immediate area revolves around multiple wood products companies, such as Nygard Logging located along Hwy 104, and Hampton Lumberall along the Skipanon River. Industrial development in the greater area is generally limited and concentrated in three areas located on the waterfront within the City limits of Astoria. The first is located near Tongue Point at the eastern edge of town; the second area is located next to the West Mooring Basin near the Astoria/Megler Bridge which links Oregon and the State of Washington; and the third area is next to the East Mooring Basin. Most uses are water related and involve the loading and unloading of products from ships as well as various warehouses and manufacturing facilities. It is noted that there is some fish packing and related industries in Warrenton, and the nearby city of Hammond.

Community Services/Transportation

Community services and facilities are readily available in the surrounding areas and communities in Warrenton, Astoria and Gearhart. These include public services such as fire stations, hospitals, police stations, and schools (all ages).

A dominant use in the area is Camp Rilea Armed Forces Training Facility immediately bordering the subject which is maintained by the National Guard and includes a mock city, barracks, gun training ranges, offices, community service areas, residences, industrial storage warehouses, training areas and helipad land ports.

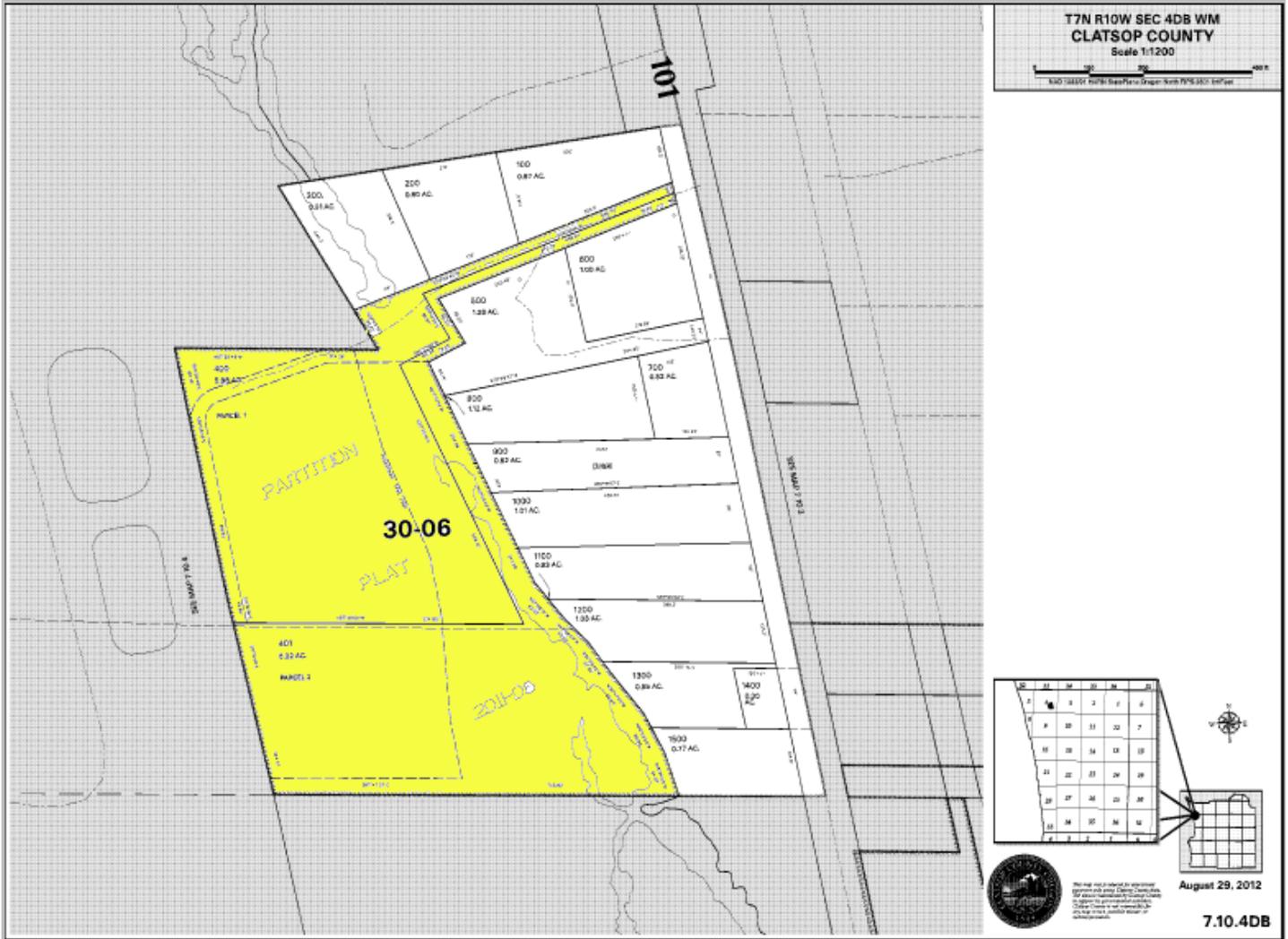
SUBJECT PROPERTY ANALYSIS

The uses adjacent to the property are noted below:

- › **North** - Camp Rilea & Pioneer Presbyterian Church
- › **South** - Rural Residential Development
- › **East** - Rural Residential Development
- › **West** - Camp Rilea

The subject is located near the northwestern boundary of the Oregon Coast south of Warrenton and north of Gearhart and Seaside. Commercial developments are located primarily along Highway 101 which are readily accessible from the subject. The subject property has an average location with respect to commercial services, thoroughfares and community services. Condition and appeal of the area is generally average. The area is anticipated to demonstrate limited growth and stable appreciating property values in the foreseeable future.

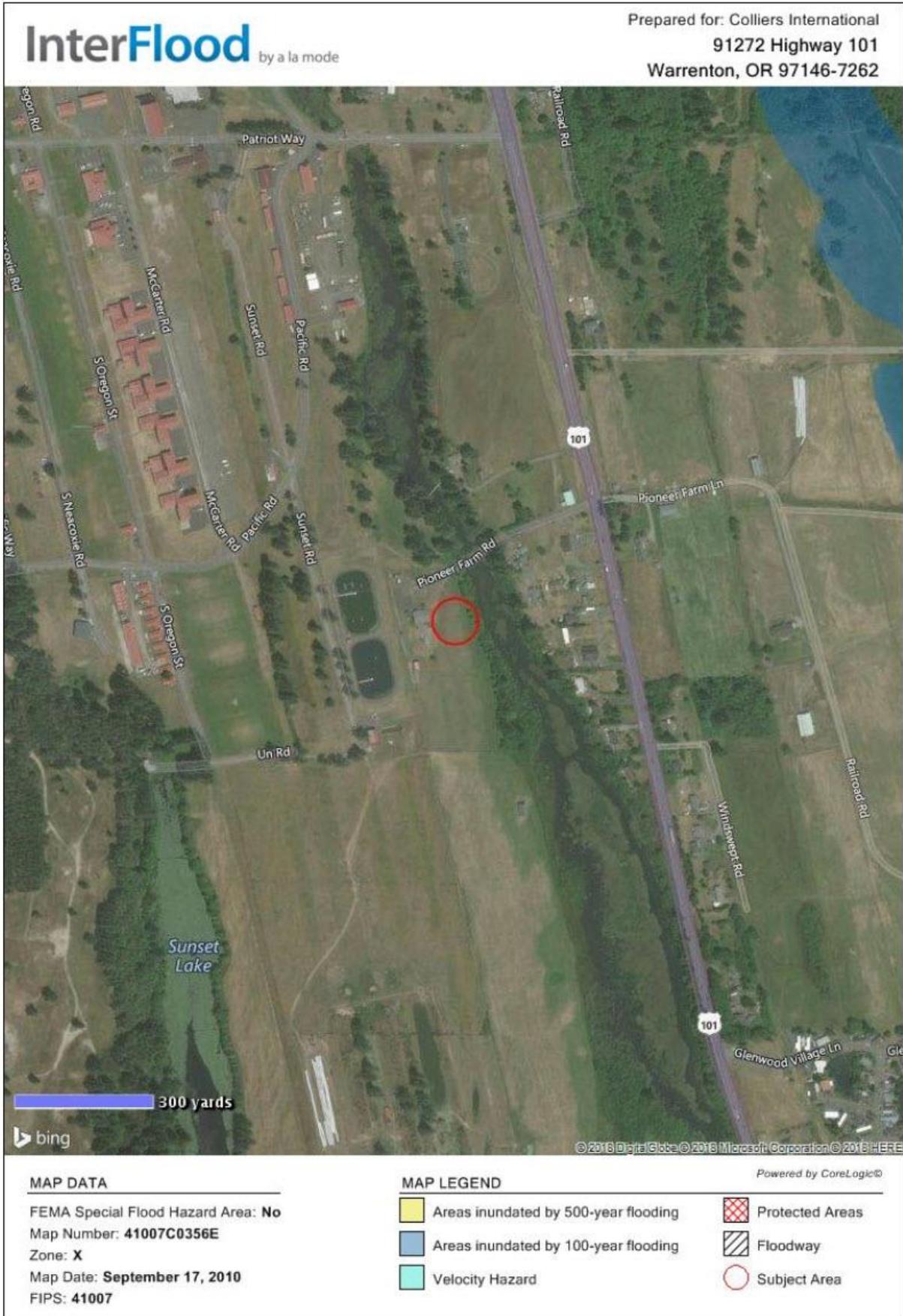
PLAT MAP



ZONING MAP



FLOOD MAP



SITE DESCRIPTION

General Description

The subject site consists of 3 parcels. As noted below, the subject site has 522,720 SF (12.00 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. The improvements are located on a 5.98-acre economic site with approximately 1.22-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. The 6.02-acres of excess land area has approximately 3.12-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. The following discussion summarizes the subject site size and characteristics.

Assessor Parcels 16124, 16125, 58673

Number Of Parcels 3

Land Area	Acres	Square Feet
Economic Site	5.98	260,489
Excess Land	<u>6.02</u>	<u>262,231</u>
Total Land Area	12.00	522,720

Shape Flag - See Plat Map For Breakdown

Topography Level to gently sloping at, below and above street grade

Drainage Assumed Adequate

Utilities All available to the site with Warrenton water and septic sewage on-site

Street Improvements

Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Highway 101	Primary Street	two-way	two-lane	major arterial				
Pioneer Farm Ln	Secondary Street	two-way	one-lane	minor arterial				

Frontage The subject has approximately 40 ft along Highway 101 with Pioneer Farm Ln providing direct access to the property.

MULTIPLE PARCEL SITE DESCRIPTION GRID

PARCEL	ECONOMIC SITE		EXCESS LAND		TOTAL		SHAPE	ACCESS	EXPOSURE
	SF	AC	SF	AC	SF	AC			
16124	42,689	0.98	0	0.00	42,689	0.98	Flag	Average/Good	Fair/Average
16125	217,800	5.00	0	0.00	217,800	5.00	Flag	Average/Good	Fair/Average
58673	0	0.00	262,231	6.02	262,231	6.02	Flag	Average/Good	Fair/Average
TOTAL	260,489	5.98	262,231	6.02	522,720	12.00			

Accessibility Access to the subject site is average/good with flag access to Highway 101, a two-way, two-lane, north/south state highway.

Exposure The subject's exposure is below average as the flag configuration limits exposure to the highway.

Seismic The subject is located in an area designated as Very High Risk

Site Rating	Overall, the subject site is considered a fair/average site for an assembly-meeting uses and an average residential site in terms of its rural locational characteristics and access to Highway 101.
Flood Zone	Zone X (Unshaded). This is referenced by Community Number 410027, Panel Number 41007C0356E, dated September 17, 2010. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)
Easements	A preliminary title report was not available for review. Based on information from a 2005 title report provided by the owner, approximately 4.34 acres of the site is encumbered by a permanent trail easement for the historic Lewis and Clark Fort to Sea Trail. The majority of the easement is on the eastern property line with a small portion along the southern property line. The property also shares a reciprocal access easement with Camp Rilea to the north which provides direct access for both parties from Highway 101. No other adverse easements were apparent during the inspection of the subject. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements using sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted.

Property Type	Assembly-Meeting - Religious Facility/Community Center
Design	Single-Tenant Owner-Occupied
Number of Buildings	4
Number of Stories	1 & 2
Net Rentable Area (NRA)	5,562 SF
Gross Building Area (GBA)	6,724 SF
Site Coverage Ratio	1.0% (Economic Site)
Parking	11 (Surface) 2.0/1,000 SF NRA
Year Built	1980-1982 (School and Sheds) & 2011 (Garage)
Year Renovated (School)	2012
Age/Life Analysis	
Actual Age	7-38 Years
Effective Age	20 Years
Economic Life	45 Years
Remaining Life	25 Years
Quality	Average/Good
Condition	Average

MULTIPLE BUILDING DESCRIPTION GRID

BUILDING	GBA	NRA	YEAR BUILT	YEAR RENOV.	QUALITY	CONDITION
School	5,562	5,562	1980-1982	2012	Average/Good	Average
Garage	900	0	2011	N/A	Average	Average
Shed	131	0	1980-1982	N/A	Fair	Fair
Shed	131	0	1980-1982	N/A	Fair	Fair
TOTAL	6,724	5,562				

Basic Construction	Wood frame
Foundation	Concrete
Framing	Wood frame
Exterior Walls	Cedar shake siding
Roof	Gable roof with composition shingle covering
Insulation	Assumed to be standard and to code for both walls and ceilings
Heating/AC	Electric forced air and a heat pump with window mounted units
Lighting	Flush mounted fluorescent lighting
Interior Walls	Painted sheetrock
Electrical	Assumed adequate and to-code.

Windows	Glass in vinyl and aluminum frames
Doors	Double doors, glass in metal frames
Flooring	Primarily commercial grade carpet, vinyl and ceramic tile
Plumbing	There are adequate restroom facilities to serve the school building. There are separate boys and girls restrooms on the main level and daylight basement. In addition, there are sinks in the two classrooms and a kitchen in the lower level. The caretaker suite has two restrooms and a kitchen.
Fire Protection	The school building is partially sprinklered with the caretaker's residence only sprinklered.
Landscaping	The subject site is improved with areas of small landscape trees and shrubs around the periphery of the site. Additional site improvements include a paved access road, two 131 SF wood sheds, a 900 SF garage and a wood deck around the exterior of the building and small playground area.
Parking	There is an asphalt paved area used for parking. Individual parking spaces are not marked but from the plans there are 11 parking spaces which provides a ratio of 2 spaces per 1,000 SF. The owner also has for 4 dry RV hookups that do not allow dumping permitted via conditional use permit from the county issued in 2012.
Deferred Maintenance	The subject property has been maintained with a partial renovation which added a caretaker's residence in 2012. Based on our interview with the property contact and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Functional Design	<p>The subject improvements offer average to good utility as a special purpose property. The building has an adequate build-out and finish level for a school or community service facility with two good sized classrooms on the main level along with office and storage rooms and restrooms and a hallway library. The lower level consists of a large open room, kitchen facility, restrooms, laundry and several storage/utility rooms. In 2012 the building was renovated to include a caretaker's residence with a living room, kitchen, two bedrooms and two bathrooms.</p> <p>The building finishes include primarily commercial grade carpet, vinyl tiles, concrete flooring, painted sheetrock. The kitchen includes adequate storage cupboards, electric stove, and formica countertops. An open counter area provides access to serve food from the kitchen to the large daylight basement cafeteria/meeting room. In addition, the daylight basement includes a caretaker's residence with a living area, two bedroom, two bathroom and storage areas. Bathroom finishes included vinyl flooring and formica countertops. Lighting is primarily ceiling mounted, fluorescent lights. Windows are vinyl and aluminum framed. Interior doors are primarily wood doors in wood frames. The site coverage and parking ratios are within market standards. Overall, the subject has a functional design considering the site and building configurations.</p>

ASSESSMENT & TAXATION

The subject property is located within the Clatsop County municipality. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2017/2018			Tax Rate	N/A	
Tax Rate Area	3005/3006			Taxes Current	Yes	
Taxes SF Basis	Net Rentable Area					
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
16124	\$32,197	\$0	\$32,197	\$32,197	\$0	\$0
16125	\$173,061	\$301,081	\$474,142	\$474,142	\$0	\$0
58673	\$199,139	\$0	\$199,139	\$199,139	\$0	\$0
Totals	\$404,397	\$301,081	\$705,478	\$705,478	\$0	\$0
Total/SF	\$72.71	\$54.13	\$126.84	\$126.84	\$0.00	\$0.00

Source: Clatsop County Assessment & Taxation

Subject Property Analysis

The subject is currently owner occupied by a non-profit that is tax exempt. If sold to a non-exempt party, the property would be taxed at the existing millage rate. The 2017/2018 taxes have a fire district fee of \$66 per year that is not part of the tax exemption.

In Oregon, Measure 50 was passed in the May 20, 1997 special election. This measure establishes the maximum assessed value of property in Oregon for the 1997/1998 tax year as 90 percent of the property's real market value in the 1995/96 tax year. Any increases in assessed value for tax years following 1997/1998 are limited to 3 percent per year. Assessed value will be adjusted for new property or property improvements and certain other events. Certain local option taxes are permitted, if approved by voters. Measure 50 retains the existing total property tax rate for all property taxes, including local option taxes but excluding taxes for bonds at \$5 per \$1,000 of value for schools and \$10 per \$1,000 of value for non-school government.

ZONING ANALYSIS

The subject falls under RA-1, LW, OPR and RA-5 zones. The improved portion and likely building site of the excess land area of the property is located solely under the RA-5 zoning code in Clatsop County which will be the focus of the zoning analysis.

Rural Agriculture 5-acres – RA-5: The RA-5 zone is intended to accommodate the immediate foreseeable demand for very low density rural residential development in designated outlying areas where commitments to such uses have already been made through existing subdivision, partitioning, or development, or in selected small areas having unique scenic, locational and other suitable site qualities. The RA-5 zone is intended to be applied to land where the anticipated magnitude or density of development will not require more than a very basic level of services, such as single local road access, individual domestic wells and sewage disposal systems. The very low-density limitation of the RA-5 zone is also based on prevailing lot sizes, limited or undetermined domestic water sources, or limitations of soil conditions for subsurface sewage disposal.

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Warrenton Planning & Zoning Department
Current Zoning	Residential Agriculture-5 (RA-5)
Permitted Uses	One family dwelling per lot, One mobile home per lot, Farm use, Public or private neighborhood park, Handicapped housing facility and Limited home occupation
Current Use	School with Caretaker Residence
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conditional use within this zone related to the school use, caretaker dwelling and RV hookups.
Minimum Site Area (SF)	5-acres or 217,800 SF
Minimum Yard Setbacks	
Front (Feet)	50
Rear (Feet)	20
Side (Feet)	10
Maximum Building Height	35 Feet

Source: City of Warrenton Planning & Zoning Department

Zoning Conclusions

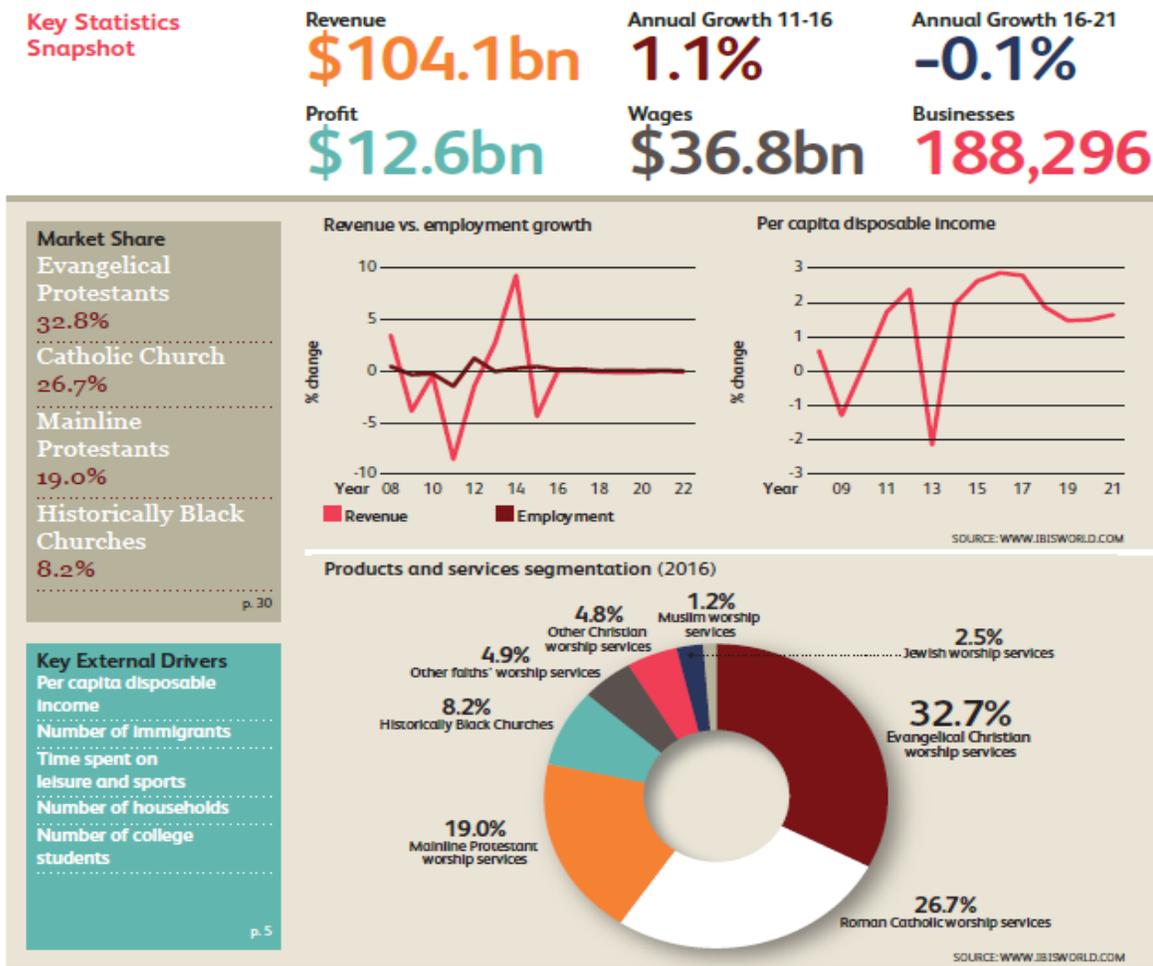
The subject’s use is permitted via a conditional use permit specific to the subject development. The current use is permitted for ongoing use, but is subject for review upon proposed major renovation and/or full redevelopment of the site. Based on an interview with Kyle, with the Clatsop County Planning & Zoning Department, the subject could be rebuilt if destroyed. It is noted that the subject qualifies for two homesites, one on each tax lot.

MARKET ANALYSIS

Considering the subject’s special purpose configuration, a church/school market analysis is presented in order to assess market and submarket overviews in a number of scenarios for the improvements. Conclusions were drawn regarding the subject property’s competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.

CHURCH/SCHOOL MARKET ANALYSIS

In this section, market conditions which influence the subject property are considered. The major factors requiring consideration are the supply and demand conditions which influence the competitive position of the subject property. The subject property is currently being used as a religious and community facility but was originally constructed as a school. The facility’s design specifically narrows it to a church or school use (e.g. it is not designed for a temple or mosque use); however, there are precedents for alternative uses that would include: community recreational centers, meeting halls, and other adaptive re-use scenarios. Below presents relevant statistics for an overall snapshot of key market drivers including from IBISWorld 2016 report:



Industry Structure

Life Cycle Stage	Decline	Regulation Level	Light
Revenue Volatility	Medium	Technology Change	Low
Capital Intensity	Medium	Barriers to Entry	Low
Industry Assistance	Medium	Industry Globalization	Medium
Concentration Level	High	Competition Level	Medium

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 39

Market areas are generally restricted by the willingness of a congregation to travel. Ease of access from highways, parking and traffic exposure are major influences. In addition, larger facilities that can house comprehensive functions such as Christian education, weekday activities and ministries in multipurpose rooms, gymnasiums or classroom space tend to have a larger market area.

Although location is influential, it is also an undeniable fact that a school or church's senior leadership plays a key role in the success and enrollment. A church or school can have a great location with all the necessary amenities and still fail without the right leadership. This could be major reason why such properties are rarely exchanged on the market. While many growing congregations would actively seek an existing, larger facility, many prefer constructing new facilities better suited to the specific needs of their students. For that reason, transactions of large properties are somewhat scarce. There are few facilities in the subject's market area which is somewhat localized indicating factors of supply and demand will be discussed on a regional basis. This will give the discussion the broadest context possible.

Special-use properties like schools tend to be built by owner-users and have characteristically long hold periods. There is no market for speculative development and newer improvements are rarely marketed for sale. For this reason, sales of churches/schools are infrequent. One of the difficulties for a would-be buyer of a church or school is that options are limited to those facilities that have willing sellers at a given point in time. Buyers may also have to settle for a location that is less than ideal for their congregation or students. The alternative is to build a new facility. For buyers wanting a large facility, new construction or conversion of obsolete commercial properties may be the only options. In the latter case, conversion of existing properties can frequently provide a good location in built-up areas, but due to the functional differences in commercial design, conversion is often seen as a low-cost alternative to new construction. The owners have an ongoing maintenance and upgrading program, with the improvements constructed in 1980-1982 and 2011 with an average condition rating overall.

It is noted that the design of public facilities has changed in recent decades, de-emphasizing quality of finishes and ornate character in favor of more generic meeting space and support areas. From a marketability standpoint, older special purpose properties frequently have super-improvements in terms of sanctuary design and finishes while lacking support space and access characteristics that drive more recent design. Key elements of functional obsolescence typical of older facilities include, insufficient parking, lack of restrooms, lack of large, multipurpose meeting area, lack of classroom space, inability to expand, surrounding market area decline and stair-only access, which limits seniors' and handicapped access both from the parking lot and internally.

Considering these aspects of the subject specifically, some functional obsolescence would be noted on the subject based on its specific build out and caretaker residence. The subject has off-street parking, provides adequate meeting space, as well as flexible classroom and multi-purpose recreational space with a low site coverage ratio that would allow for future expansion. In addition, although there are no generally accepted measures of fundamental demand for public meeting space and private schools, we note that the market has seen a growing population trend which has translated to greater demand for similar space. This has taken place in the last several years, due to the growth of the amount of new home construction taking place throughout the county.

Although no obvious forms of functional obsolescence are observed for the subject, its rural location might act as a form of functional obsolescence for the following reasons: The operation of the subject as a school facility would require a student population and given the time it takes to build-up such a population would take years. Thus, it is more likely that the subject, if marketed "for sale", would be marketed for sale as a facility that could potentially be converted to a church, community recreation center, continued use as a school, and/or a blend of such uses.

SUBJECT PROPERTY ANALYSIS

The subject is an Assembly-Meeting (Religious Facility/Community Center) property totaling 5,562 SF GBA built from 1980-1982 (School and Sheds) & 2011 (Garage) with a partial remodel of the school that included creating a caretaker's suite in 2012. The improvements are located at 91272 Highway 101 in Warrenton, Oregon and are comprised of a 5,562 SF school, a 900 SF garage (not in NRA), two 131 SF wooden sheds (not in NRA) with the entirety representing average overall condition. The improvements are located on a 5.98-acre economic site with approximately 1.22-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. The 6.02-acres of excess land area has approximately 3.12-acres encumbered by watershed and the Lewis & Clark Fort to Sea Trail easements. Additional site improvements include fencing, paving, gravel driveway and four RV hookups.

Based on the subject physical and locational characteristics the subject has below average appeal considering its specialized build out and location in largely rural area. This is somewhat offset by its relatively low to average overall price with limited alternative competitive properties and land area which could be separately marketed to offset purchase price or accommodate development of a new single family residence to be owner occupied.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD				
SOURCE	QUARTER	RANGE		AVG
Market Participant	1Q18	10.0	to 18.0	14.0
Comparable Sales Dataset	2009-2018	7.0	to 24.0	21.0
AVERAGE		8.5	to 21.0	17.5

The preceding information generally supports an exposure time range from 8 to 21 months for Assembly-Meeting (Religious Facility/Community Center) properties. The availability of acquisition financing also factors into exposure time and marketing period. Our review of the local capital market indicate that adequate financing options would have been available to consummate a sale of the subject on the date of value. The subject property has average/good access with below average exposure due to its flag configuration in a smaller market area. However, its relatively low site coverage and additional development capacity with average quality improvements places downward pressure on the subject's likely exposure time. Based on these locational characteristics, the subject has average overall appeal. Considering these factors, a reasonable estimate of exposure time for the subject property is 12 to 18 months with appeal to owner/users. A similar conclusion is indicated for the subject's marketing period.

Exposure Time Conclusion

12 To 18 Months

Marketing Period Conclusion

12 To 18 Months

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's Residential Agriculture-5 (RA-5) zoning were listed in the Zoning Analysis section and include family dwelling lot, one mobile home per lot, farm use, public or private neighborhood park and limited home occupation. Regarding physical characteristics, the subject site is flag in shape and has level to gently sloping topography with average/good access and fair/average exposure. The subject site has frontage on a major north/south highway. The immediate area is developed with retail and mixed-use development along major arterials that is interspersed with single-family residential development removed from arterials. Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is two acreage homesites.

As-Improved Analysis

The subject's Assembly-Meeting (Religious Facility/Community Center) use (as-improved) is permitted via a conditional use permit by the RA-5 zoning. The legal factors influencing the highest and best use of the subject property support the existing use. The subject's improvements were constructed from 1980-1982 with a garage constructed in 2011 and a partial remodel of the school that included creating a caretaker's suite in 2012. The improvements have an estimated remaining economic life of 25 years based on our estimate. The project is of average/good quality construction and is in average condition, with adequate service amenities and allows for development of an additional homesite on the excess land parcel. Legal, physical, locational and marketability factors support the existing use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-improved". Among the five alternative uses, continued use as improved as a community service facility with one additional homesite on the excess land area is the Highest and Best Use of the subject property as-improved.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Income Approach is not a specific scope requirement of this assignment. The subject is an owner/user facility, and typically buyers and sellers of this property type place secondary weight on the Income Approach. Based on the preceding information, the Income Approach will not be presented.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation

The subject site has excess land that is separately marketable from the economic site that requires valuation. Within the Site Valuation section, only the subject's excess land is valued.

Cost Approach

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions

The Sales Comparison. approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. As stated in the market analysis based on the characteristically long hold periods for this property type and considering the typical uses of similar properties which include church, community recreation center, continued use as a school, and/or a blend of such uses we have expanded our parameters statewide to facilities with similar special purpose uses and to include a longer than typical time frame. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	March 2018	(As-Is)	3%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date. The total adjustments for market conditions is capped at 20%.

The analysis applies a downward market conditions adjustment to estimate the spread from list to closing price.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

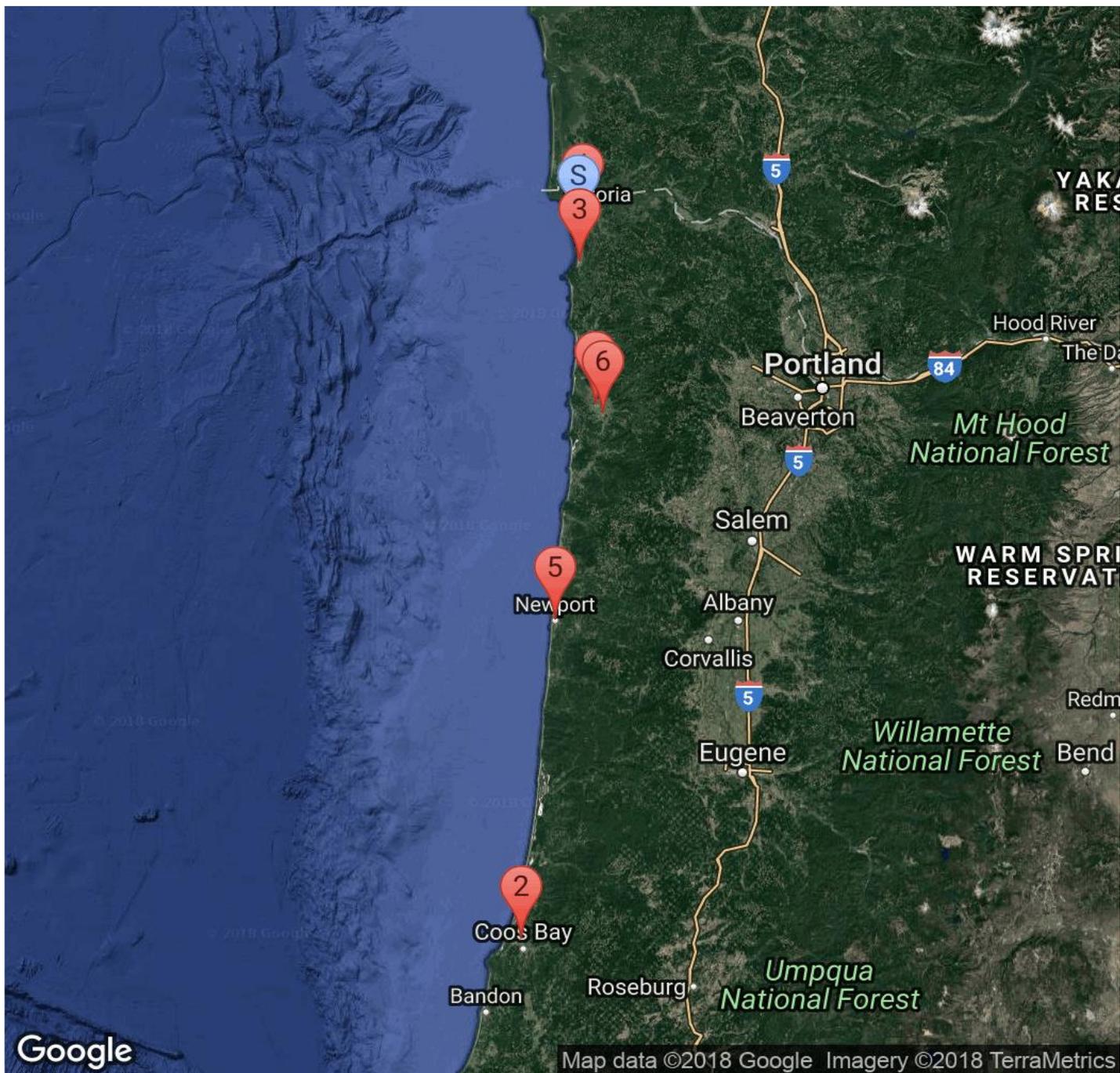
Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Pleasant View Adventist School	Warrenton Group Care Home	Rossevelt School	Former Church	Tillamook Bay Comm College	Former Church	Former Navy Headquarters
Address	91272 Highway 101	326 SE Marlin Ave	2389 Sherman Ave	1115 Broadway St	2510 First St	558 NE 1st St	6505 Headquarters St
City	Warrenton	Warrenton	North Bend	Seaside	Tillamook	New port	Tillamook
State	OR	OR	OR	OR	OR	OR	OR
County	Clatsop	Clatsop	Coos	Clatsop	Tillamook	Lincoln	Tillamook
PHYSICAL INFORMATION							
Property Type	Assembly- Meeting	Assembly- Meeting	Assembly- Meeting	Assembly- Meeting	Assembly- Meeting	Assembly- Meeting	Assembly- Meeting
GBA (SF)	6,724	6,800	16,322	4,012	11,970	6,788	13,284
NRA (SF)	5,562	5,958	16,322	4,012	11,970	6,788	13,284
Land Area (AC)	5.98	0.6	4.6	0.2	1.3	0.6	1.8
Land Area (SF)	260,489	25,700	200,812	10,019	55,321	23,750	78,844
Parking Ratio	2.0	4.03	4.41	0.7	5.43	1.33	1.13
Year Built	1980-1982, 2011	1994	1930	1993	1961	1969	1942
Year Renovated	2012	-	2010	-	-	-	-
Tenancy Type	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant
Occupant Type	Owner	Owner	Owner	Owner	Owner	Owner	Owner
Site Coverage	1%	23%	5%	40%	22%	20%	8%
SALE INFORMATION							
Date		11/18/2014	11/9/2017	9/29/2014	9/21/2009	9/1/2016	12/18/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Marketing Period		-	17 Mos.	12 Mos.	-	7 Mos.	24 Mos.
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$610,000	\$625,000	\$220,100	\$1,093,100	\$450,000	\$425,000
Analysis Price		\$610,000	\$625,000	\$220,100	\$1,286,000	\$450,000	\$525,000
\$/SF NRA		\$102	\$38	\$55	\$107	\$66	\$40
Confirmation Source		County Records	Pacific Properties	REMAX River & Sea	Buyer's Rep	S & W Real Estate	County Records
Confirmation Name		County Records	Randy Hoffine	David Hoggard	Gail Levesque	Rick Wright	County Records

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	SALE DATE	\$/SF
SUBJECT	-	Pleasant View Adventist School	91272 Highway 101, Warrenton, OR	-	-
No. 1	3.1 Miles	Warrenton Group Care Home	326 SE Marlin Ave, Warrenton, OR	11/18/2014	\$102
No. 2	188.3 Miles	Rossevelt School	2389 Sherman Ave, North Bend, OR	11/9/2017	\$38
No. 3	8.7 Miles	Former Church	1115 Broadway St, Seaside, OR	9/29/2014	\$55
No. 4	45.9 Miles	Tillamook Bay Comm College	2510 First St, Tillamook, OR	9/21/2009	\$107
No. 5	102.5 Miles	Former Church	558 NE 1st St, Newport, OR	9/1/2016	\$66
No. 6	48.5 Miles	Former Navy Headquarters	6505 Headquarters St, Tillamook, OR	12/18/2015	\$40

COMPARABLE SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Pleasant View Adventist School	Warrenton Group Care Home	Rossevelt School	Former Church	Tillamook Bay Comm College	Former Church	Former Navy Headquarters
Address	91272 Highway 101	326 SE Marlin Ave	2389 Sherman Ave	1115 Broadw ay St	2510 First St	558 NE 1st St	6505 Headquarters St
City, State	Warrenton, OR	Warrenton, OR	North Bend, OR	Seaside, OR	Tillamook, OR	New port, OR	Tillamook, OR
GBA	6,724	6,800	16,322	4,012	11,970	6,788	13,284
NRA (SF)	5,562	5,958	16,322	4,012	11,970	6,788	13,284
Land Area (AC)	5.98	0.6	4.6	0.2	1.3	0.6	1.8
Land Area (SF)	260,489	25,700	200,812	10,019	55,321	23,750	78,844
Parking Ratio	2.0	4.03	4.41	0.7	5.43	1.33	1.13
Year Built	1980-1982, 2011	1994	1930	1993	1961	1969	1942
Year Renovated	2012	-	2010	-	-	-	-
Site Coverage	1%	23%	5%	40%	22%	20%	8%
SALE INFORMATION							
Date		11/18/2014	11/9/2017	9/29/2014	9/21/2009	9/1/2016	12/18/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$610,000	\$625,000	\$220,100	\$1,286,000	\$450,000	\$525,000
\$/SF NRA		\$102	\$38	\$55	\$107	\$66	\$40
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		10%	1%	11%	20%	5%	7%
Subtotal Transactional Adj Price		\$112	\$38	\$61	\$128	\$69	\$43
PROPERTY ADJUSTMENTS							
Location	Fair/Average	Average/Good	Fair	Average	Average	Average	Fair/Average
<i>Adjustment</i>		-10%	5%	-5%	-5%	-5%	0%
Size	5,562	5,958	16,322	4,012	11,970	6,788	13,284
<i>Adjustment</i>		0%	20%	0%	5%	0%	15%
Quality	Average/Good	Average/Good	Average/Good	Average	Average/Good	Average	Fair/Average
<i>Adjustment</i>		0%	0%	5%	0%	5%	10%
Condition	Average	Average	Average	Fair/Average	Average/Good	Fair/Average	Fair/Average
<i>Adjustment</i>		0%	0%	5%	-5%	5%	5%
Exposure	Fair/Average	Average/Good	Average	Average/Good	Good	Average	Fair
<i>Adjustment</i>		-10%	-5%	-10%	-15%	-5%	5%
Access	Average/Good	Good	Average	Average/Good	Good	Average	Fair/Average
<i>Adjustment</i>		-5%	5%	0%	-5%	5%	10%
Subtotal Property Adjustment		-25%	25%	-5%	-25%	5%	45%
TOTAL ADJUSTED PRICE		\$84	\$48	\$58	\$96	\$72	\$62
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$38	\$48					
HIGH	\$107	\$96					
MEDIAN	\$61	\$67					
AVERAGE	\$68	\$70					

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 3/4/18

The comparable sales indicate an adjusted value range from \$48/SF to \$96/SF, with a median of \$67/SF and an average of \$70/SF. The range of total net adjustment applied to the comparables was from -18% to 55%. The level of total adjustment applied to the comparables is considered minimal to moderate, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable sale is discussed in the following paragraphs.

Comparables 2 and 6 (\$48/SF-\$62/SF adj) represent the 2015 and 2017 sales of a former Navy Headquarters Building and a School Building location in North Bend and Tillamook. These comparables well represent the subject's location but warrant upward adjustments for their larger sizes. These comparables present bracketing physical characteristics with both comparables adjusted downward for superior exposure and inferior access. After moderate adjustments these comparables warrant secondary emphasis based on their larger sizes.

Comparables 1, 3 and 5 (\$58/SF-\$84/SF adj) represent the 2014-2016 sales of a former day care and two churches in Warrenton, Seaside and Newport. These comparables present bracketing physical and locational characteristics. All three comparables are adjusted downward for their superior locations in more urban centers of the respective cities. After minimal to moderate adjustments these comparables warrant primary emphasis.

Comparable 4 (\$96/SF adj) is the older sale of a community college to be occupied by the school district. This comparable warrants downward adjustments for superior location, quality, condition partially offset by upward adjustment for its larger size. This comparable warrants secondary emphasis based on its older sale date.

The comparable sales indicate an adjusted value range from \$48/SF to \$96/SF, with a median of \$67/SF and an average of \$70/SF. Based on the results of the preceding analysis, Comparable 1 (\$84/SF adj), Comparable 3 (\$58/SF adj) and Comparable 5 (\$72/SF adj) are given primary consideration for the subject's opinion of value. A conclusion of \$70/SF is applied to the subject property which is supported by the presented comparables. Slight upward pressure was placed on this conclusion based on the additional site improvements including RV hookups, sheds and a garage.

SALES COMPARISON APPROACH CONCLUSION

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (NRA)								
COMP	ANALYSIS	ADJUSTMENT				NET	GROSS	OVERALL
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON
1	\$102	10%	\$112	-25%	\$84	-18%	35%	PRIMARY
2	\$38	1%	\$38	25%	\$48	26%	36%	SECONDARY
3	\$55	11%	\$61	-5%	\$58	5%	36%	PRIMARY
4	\$107	20%	\$128	-25%	\$96	-10%	55%	SECONDARY
5	\$66	5%	\$69	5%	\$72	9%	30%	PRIMARY
6	\$40	7%	\$43	45%	\$62	55%	52%	SECONDARY
LOW	\$48					AVERAGE		\$70
HIGH	\$96					MEDIAN		\$67
		SUBJECT SF		\$/SF CONCLUSION			VALUE	
INDICATED VALUE		5,562	x	\$70/SF	=	\$390,000		

¹Cumulative ²Additive

Rounded to nearest \$10,000

LAND VALUATION

As previously discussed within the Valuation Methods section, only the subject's excess land is valued in this appraisal. The most relevant unit of comparison is the price per homesite, as it best reflects the analysis used by buyers and sellers in this market for homesites with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	March 2018	(As-Is)	3%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

The analysis applies a downward market conditions adjustment to estimate the spread from list to closing price.

Property Adjustments

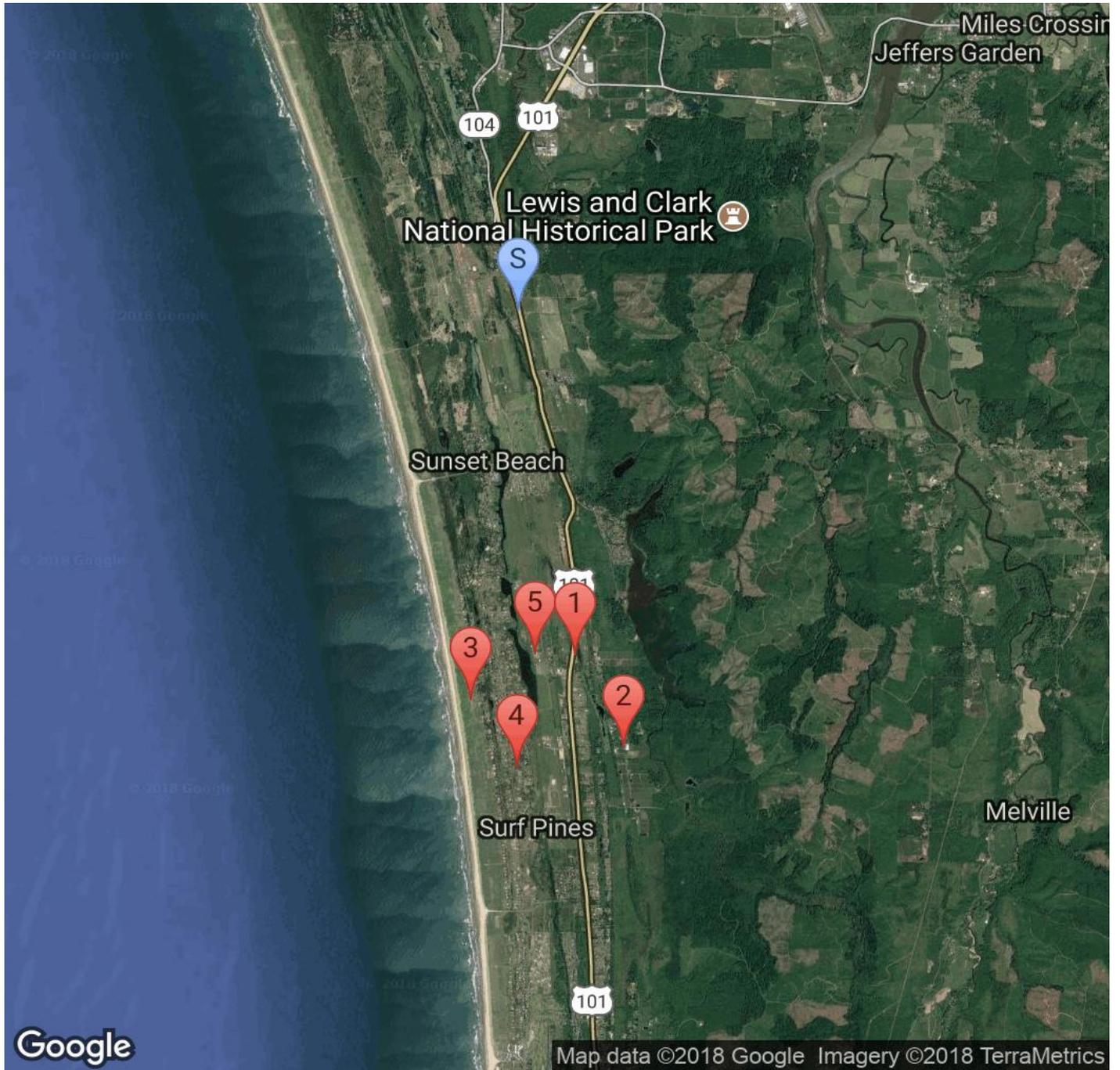
Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Presentation

The following Land Sales Summation Table, Location Map and aerial maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Excess Land	Warrenton Land	Warrenton Land	Warrenton Land	Warrenton Land	Warrenton Land
Address	91272 Highway 101	89725 Hwy 101	Dellmoor Loop	Seales Rd	33275 Primrose Ln	Ocean Dr, W of Sea Breeze Dr
City	Warrenton	Warrenton	Warrenton	Warrenton	Warrenton	Warrenton
State	OR	OR	OR	OR	OR	OR
County	Clatsop	Clatsop	Clatsop	Clatsop	Clatsop	Clatsop
PHYSICAL INFORMATION						
Acres	6.02	5.43	3.63	5.43	1.05	2.21
SF	262,231	236,531	158,123	236,531	45,738	96,268
Shape	Flag	Irregular	Rectangular	Rectangular	Flag	Rectangular
Zoning	RA-5	RA-2 & LW	RA-2	RA-5 & LW	SFR-1	CBR
Topography	Level to gently sloping	Level to gently sloping	Level	Level to gently sloping	Level	Level to gently Sloping
SALE INFORMATION						
Date		3/6/2018	12/30/2016	8/29/2016	3/4/2016	1/30/2018
Status		Listing	Recorded	Recorded	Recorded	Recorded
Transaction Price		\$160,000	\$135,000	\$159,000	\$142,500	\$180,000
Analysis Price		\$160,000	\$135,000	\$159,000	\$142,500	\$180,000
\$/Homesite		\$160,000	\$135,000	\$159,000	\$142,500	\$180,000
Confirmation Source		Larcin Realty Group, Inc	Windermere Stellar	RE/MAX River & Sea	County Records	Windermere Realty Trust
Confirmation Name		Cindy Hawkins Colley	Christy Coulombe	Marianne Pittard	County Records	Tim Regan

LAND SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/Homesite
SUBJECT	-	91272 Highway 101, Warrenton, OR	-	6.02	262,231	-
No. 1	2.8 Miles	89725 Hwy y 101, Warrenton, OR	3/6/2018	5.4	236,531	\$160,000
No. 2	3.6 Miles	Dellmoor Loop, Warrenton, OR	12/30/2016	3.6	158,123	\$135,000
No. 3	3.2 Miles	Seales Rd, Warrenton, OR	8/29/2016	5.4	236,531	\$159,000
No. 4	3.7 Miles	33275 Primrose Ln, Warrenton, OR	3/4/2016	1.1	45,738	\$142,500
No. 5	2.8 Miles	Ocean Dr, W of Sea Breeze Dr, Warrenton, OR	1/30/2018	2.2	96,268	\$180,000

LAND SALES EXHIBITS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Excess Land	Warrenton Land	Warrenton Land	Warrenton Land	Warrenton Land	Warrenton Land
Address	91272 Highway 101	89725 Hwy 101	Dellmoor Loop	Seales Rd	33275 Primrose Ln	Ocean Dr, W of Sea Breeze Dr
City	Warrenton	Warrenton	Warrenton	Warrenton	Warrenton	Warrenton
Acres	6.02	5.43	3.63	5.43	1.05	2.21
SF	262,231	236,531	158,123	236,531	45,738	96,268
Shape	Flag	Irregular	Rectangular	Rectangular	Flag	Rectangular
Zoning	RA-5	RA-2 & LW	RA-2	RA-5 & LW	SFR-1	CBR
Topography	Level to gently sloping	Level to gently sloping	Level	Level to gently sloping	Level	Level to gently Sloping
SALE INFORMATION						
Date		3/6/2018	12/30/2016	8/29/2016	3/4/2016	1/30/2018
Status		Listing	Recorded	Recorded	Recorded	Recorded
Analysis Price		\$160,000	\$135,000	\$159,000	\$142,500	\$180,000
Price/SF/Homesite		\$160,000	\$135,000	\$159,000	\$142,500	\$180,000
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		-10%	4%	5%	6%	0%
Subtotal Transactional Adj Price		\$144,000	\$140,000	\$167,000	\$151,000	\$180,000
PROPERTY ADJUSTMENTS						
Location	Average	Average	Average	Average	Average	Average/Good
<i>Adjustment</i>		0%	0%	0%	0%	-5%
Size	262,231	236,531	158,123	236,531	45,738	96,268
<i>Adjustment</i>		0%	5%	0%	5%	5%
Amenities	Creek View	Lake View	Lake View	Lake View	No View	Ocean View
<i>Adjustment</i>		0%	0%	0%	5%	-10%
Shape	Flag	Irregular	Rectangular	Rectangular	Flag	Rectangular
<i>Adjustment</i>		5%	0%	0%	0%	0%
Subtotal Property Adjustment		5%	5%	0%	10%	-10%
TOTAL ADJUSTED PRICE		\$151,000	\$147,000	\$167,000	\$166,000	\$162,000
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	\$135,000	\$147,000				
HIGH	\$180,000	\$167,000				
MEDIAN	\$159,000	\$162,000				
AVERAGE	\$155,000	\$159,000				

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 3/4/18

The comparable land sales indicate an adjusted value range from \$147,000 to \$167,000/Homesite, with a median of \$162,000/Homesite and an average of \$159,000/Homesite. The range of total net adjustment applied to the comparables was from -10% to 16%. The level of total adjustment applied to the comparables is considered minimal to moderate, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable land sale is discussed in the following paragraphs.

Comparable 1 (\$151,000/Homesite adj) is the current listing of residential acreage homesite along Hwy 101. This property sits on the northern end of the West Lake along Hwy 101. This comparable is adjusted downward for its listing status which is offset by upward adjustment for its irregular shape. After minimal net adjustments this property warrants secondary emphasis but is a good indicator.

Comparables 2-3 (\$147,000/Homesite-\$167,000/Homesite adj) are the 2016 residential land sales in Warrenton. These properties sit on West Lake and Sunset Lake respectively which are comparable to the subject property. After minimal to moderate net adjustments these comparables warrant primary emphasis. Comparable 2 is a slightly low indicator and Comparable 3 is a slightly high indicator.

Comparables 4-5 (\$162,000/Homesite-\$166,000/Homesite adj) are the 2016 and recent 2018 land sales in Warrenton. These comparables bracket the subject's locational characteristics and amenities as Comparable 4 does not benefit from water frontage and Comparable 5 is adjusted down for its superior locational characteristics and amenities with ocean frontage. Both comparables are adjusted upward for smaller site sizes.

The comparable land sales indicate an adjusted value range from \$147,000 to \$167,000/Homesite, with a median of \$162,000/Homesite and an average of \$159,000/Homesite. Based on the results of the preceding analysis, Comparable 2 (\$147,000/Homesite adj), Comparable 3 (\$167,000/Homesite adj) and Comparable 4 (\$166,000/Homesite adj) and Comparable 5 (\$162,000/Homesite adj) are given primary consideration for the subject's opinion of land value. A conclusion of \$160,000/Homesite is well supported for the subject's excess land based on the presented comparables.

CALCULATION OF LAND VALUE

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE									
COMP	ANALYSIS	ADJUSTMENT				NET	GROSS	OVERALL	
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON	
1	\$160,000	-10%	\$144,000	5%	\$151,000	-6%	15%	SECONDARY	
2	\$135,000	4%	\$140,000	5%	\$147,000	9%	9%	PRIMARY	
3	\$159,000	5%	\$167,000	0%	\$167,000	5%	5%	PRIMARY	
4	\$142,500	6%	\$151,000	10%	\$166,000	16%	16%	PRIMARY	
5	\$180,000	0%	\$180,000	-10%	\$162,000	-10%	20%	PRIMARY	
LOW	\$147,000					AVERAGE		\$159,000	
HIGH	\$167,000					MEDIAN		\$162,000	
COMPONENT		POTENTIAL LOTS		\$/HOMESITE CONCLUSION		VALUE			
Excess Land		1		x		\$160,000 =		\$160,000	

¹Cumulative ²Additive

Rounded to nearest \$10,000

RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value of the subject property's fee simple interest. Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset, sole emphasis was placed on the Sales Comparison Approach, which is reflected in our final opinion of market value below.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	MARCH 4, 2018
Sales Comparison Approach (Economic Site & Improvements)	\$390,000
Sales Comparison Approach (Excess Land)	\$160,000
FINAL VALUE CONCLUSION (ECONOMIC SITE & IMPROVEMENTS)	\$390,000
PLUS: EXCESS LAND	\$160,000
TOTAL AS-IS MARKET VALUE	\$550,000
Exposure Time	12 to 18 Months
Marketing Period	12 to 18 Months

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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report has 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.
- Brandon Krahn has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Brian Kelley, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Brandon Krahn inspected the property that is the subject of this report and the comparables. Colin Meisner did not inspect the property that is the subject of this report or the comparables. Brian Kelley, MAI did not inspect the property that is the subject of this report or the comparables.
- Colin Meisner (Oregon State Registered Appraiser Assistant No. AA03310) provided significant real property appraisal assistance to the appraisers signing the certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.
 - (A) Define the appraisal problem;
 - (B) Conduct preliminary analysis, select and collect applicable data;
 - (C) Conduct an analysis of the subject property;
 - (D) Conduct highest and best use analysis;
 - (F) Estimate value of the property using the income, cost, and sales comparison approaches;
 - (G) Reconcile the value indication and reconcile the final value estimate; and
 - (H) Report estimate(s) of value(s) as defined.

This assistance falls under categories A-E; G-H as defined by OAR 161-025-0025(2)(a)(A-H).

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 Brian Kelley, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



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March 13, 2018
 Date



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March 13, 2018
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This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

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. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. (*Dictionary*)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (*Dictionary*)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. (*14th Edition*)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (*Dictionary*)

Exposure Time

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

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. (*Dictionary*)

Extraordinary Assumption

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

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

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. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). (*Dictionary*)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition*)

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. (*Dictionary*)

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. (*Dictionary*)

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). *(14th Edition)*

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” (*Dictionary*)

Sales Comparison Approach

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

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (Dictionary)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (Dictionary)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (Dictionary)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary)

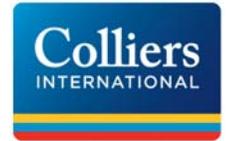
Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (Dictionary)



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Brian L. Kelley was born and raised in Portland, Oregon. He attended Franklin High School, where he participated in varsity football, basketball, and baseball. He graduated from the University of Oregon with a degree in Business Finance, minoring in Real Estate. For seven years prior to joining Colliers International Valuation & Advisory Services, he was active in real estate sales in the Portland metropolitan area. Brian's appraisal assignments vary from timberland to major income-producing properties. He reviews appraisal reports for most property types and works closely with the Portland/Idaho offices on appraisal reviews.

EXPERIENCE

Senior Review Appraiser, Colliers International Valuation & Advisory Services, Responsible for reviewing both in house and outside appraisal assignments of all property types. (More than 30 years of experience.)

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Member of the Appraisal Institute (MAI)

APPRAISAL INSTITUTE COURSES

Course 1A-1, Real Estate Appraisal Principles

Course 1A-2, Basic Valuation Procedures

Course 1B-A, Capitalization Theory and Technique - Part A

Course 1B-B, Capitalization Theory and Technique - Part B

Course 2-1, Case Studies in Real Estate Valuation

Course 2-2, Valuation Analysis and Report Writing

OTHER RELATED COURSES

Introduction to Real Estate

Real Estate Law

Real Estate Finance

Real Estate Taxation

Real Estate Management

Real Estate Investment Analysis

Real Estate Environment Analysis

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CLASSES & SEMINARS

Standards of Professional Practice Update
Standards of Professional Practice - Part A
Standards of Professional Practice - Part B
Standards of Professional Practice - Part C
Hotel/Motel Valuation
Wetlands Evaluation Issues
Americans with Disabilities Act Seminar
Anatomy of a Real Estate Deal
Developing Tax Credit Financed Low-Income Housing
How to Value Income Property
30 Specialized Appraisal Issues
Commercial Construction
Appraisal of Non-Conforming Properties
Elderly Care Facility Appraisal
Security Issues and Building Design Seminar
Siding and Mold Issues Seminar
Real Estate Fraud: The Appraisers Responsibilities and Liabilities Seminar
Market Analysis and the Site to do Business
Non USPAP Regulatory Compliance
National USPAP 7-Hour Update
Business Practices and Ethics



Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

License No.: C000141

Issue Date: October 01, 2017

Expiration Date: September 30, 2019

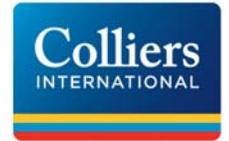
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EXPERIENCE

Senior Valuation Specialist, Colliers International Valuation & Advisory Services, October 2007 to present.

Senior Personal Banker, US Bank July 2005 to April 2007

PROFESSIONAL AFFILIATIONS AND ACCREDITATIONS

Candidate for Designation of the Appraisal Institute

AREAS OF SPECIALIZATION

Retail Valuation
Condemnation Valuation
Litigation Support
Gas Station/Convenience Store Valuation
School/Daycare Valuation
Special Purpose Property Valuation
Mixed Use Valuation
Land Valuation

APPRAISAL INSTITUTE COURSES

Basic Appraisal Principals
Basic Appraisal Procedures
National USPAP, 15 Hour Course
Real Estate Finance, Statistics and Valuation Modeling
General Appraiser Sales Comparison Approach
General Site Valuation and Cost Approach
General Appraiser Market Analysis & Highest and Best Use
General Appraiser Report Writing & Case Studies
General Appraiser Income Approach Part I
General Appraiser Income Approach Part II
Online Apartment Appraisal, Concepts & Applications
General Report Writing and Case Studies
General Appraisal Subject Matter Electives
Advanced Income Capitalization

OTHER RELATED COURSES

Microeconomics
Expert Witness for Commercial Appraisers
Macroeconomics
Appraisal of Owner Occupied Commercial Properties
International Finance
Financial Accounting
Managerial Accounting



Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required for renewal

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License No.: **C001128**

Issue Date: **August 1, 2017**

Expiration Date: **July 31, 2019**

A handwritten signature in blue ink, reading "Gae Lynne Cooper", written over a horizontal line.

Gae Lynne Cooper, Administrator



Colliers International

Valuation & Advisory Services

Services Offered

Single Asset Valuation
Portfolio Valuation
Institutional Asset Valuation
Loan Pool Valuation
Appraisal Review
Appraisal Management
Lease and Cost Analysis
Insurance Valuation
Arbitration & Consulting
Feasibility Studies
Investment Analysis
Highest and Best Use Studies
Tax Appeals
Litigation Support
Segregated-Cost Analysis

Experience That Counts

Office
Industrial
Retail
Multifamily
Mixed-Use Properties
Senior Housing
Land
Self-Storage
Manufactured Housing
Net Lease
Hospitality
Health Care
Subdivisions
Embassies & Consulates
GSA Properties
Special Use Properties
Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with Colliers International's unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

PROFESSIONALS

Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

TECHNOLOGY

Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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