



Valbridge
PROPERTY ADVISORS

Appraisal Report

1.309 Acres of School Land
305 Ranchero Road
Kerrville, Kerr County, Texas 78028

Report Date: July 21, 2023



FOR:

Kerrville Independent School District
Mr. Wade Ivy
Assistant Superintendent
1009 Barnett Street
Kerrville, Texas 78028

**Valbridge Property Advisors |
San Antonio**

9901 IH-10 West, Suite 1035
San Antonio, TX 78230
210-227-6229 phone
210-227-8520 fax
valbridge.com

Valbridge File Number:
TX01-23-0470-000



Valbridge Property Advisors|
San Antonio

9901 IH-10 West, Suite 1035
San Antonio, Texas 78230
(210) 227-6229 phone
(210) 227-8520 fax

www.valbridge.com

July 21, 2023

Paul P. Grafe, MAI, CCIM
pgrafe@valbridge.com

Mr. Wade Ivy
Assistant Superintendent
Kerrville Independent School District
1009 Barnett Street
Kerrville, Texas 78028

RE: Appraisal Report
1.309 Acres of School Land
305 Ranchero Road
Kerrville, Kerr County, Texas 78028

Dear Mr. Ivy:

In accordance with your request, an appraisal of the above referenced property was performed. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to the value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located at 305 Ranchero Road within the Kerrville ETJ approximately 1.63 miles south of downtown Kerrville. The property is further identified as tax parcel number 14004. The subject site is a 1.309-acre or 57,020-square-foot parcel of unzoned vacant land.

The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client.

The client in this assignment is Kerrville Independent School District and the intended user of this report is Kerrville ISD and no others. The intended use is for asset management. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

The value conclusions are based on the analysis in the following report and presented in the following table:

Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	July 10, 2023
Value Conclusion	\$140,000
	\$2.50 PSF

Respectfully submitted,
Valbridge Property Advisors | San Antonio



Paul P. Grafe, MAI, CCIM
Senior Managing Director
State Certified General
Real Estate Appraiser
TX-1320847-G

Table of Contents

Cover Page	
Letter of Transmittal	
Table of Contents	4
Summary of Salient Facts	5
Aerial and Front Views.....	6
Location Map	7
Introduction.....	8
Scope of Work	11
Regional and Market Area Analysis.....	13
City and Neighborhood Analysis	16
Site Description	20
Subject Photographs.....	26
Assessment and Tax Data	30
Market Analysis	31
Highest and Best Use Analysis	34
Land Valuation.....	35
Reconciliation.....	47
Exposure Time and Marketing Period	47
General Assumptions and Limiting Conditions	48
Addenda	54
Letter of Engagement	55
Exhibit (Field Notes).....	57
Glossary	59
Qualifications	66
Valbridge Property Advisors Information / Office Locations	73

Summary of Salient Facts

Property Identification

Property Name	School Land
Property Address	305 Ranchero Road Kerrville, Kerr County, Texas 78028
Latitude & Longitude	30.024682, -99.149148
Tax Parcel Number	14004
Property Owner	Kerrville ISD

Site

Zoning	Unzoned (None)
FEMA Flood Map No.	48265C0470F
Flood Zone	None: Zone X
Gross Land Area	1.309 acres

Valuation Opinions

Highest & Best Use - As Vacant	Residential development as warranted by demand
Reasonable Exposure Time	12 months
Reasonable Marketing Time	12 months

Value Indications

Approach to Value	As Is
Sales Comparison	\$140,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	July 10, 2023
Value Conclusion	\$140,000
	\$2.50 PSF

Aerial and Front Views

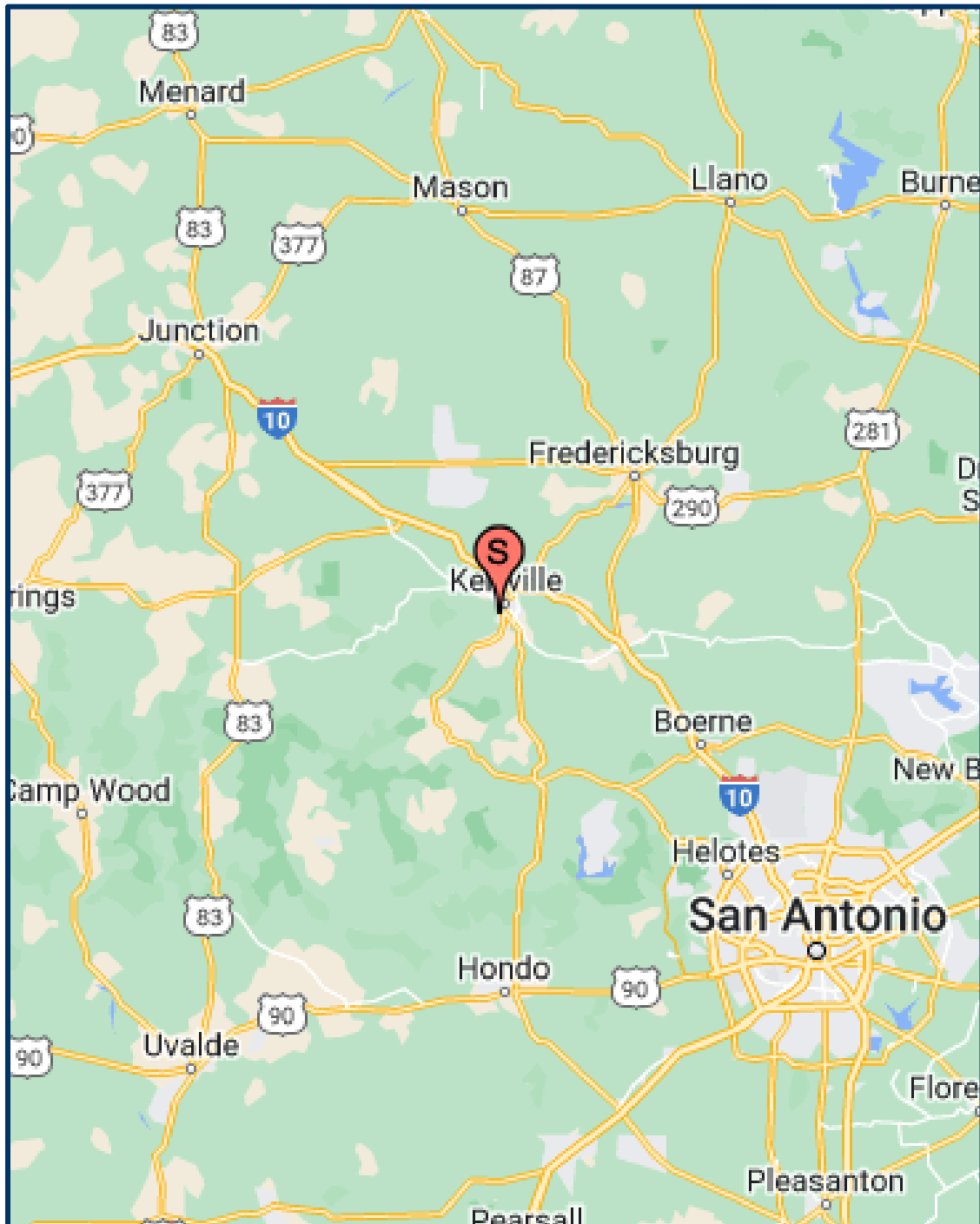
AERIAL VIEW



FRONT VIEW



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Kerrville Independent School District and the intended user of this report is Kerrville ISD. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The intended use of this report is for asset management and potential sale of the property.

Real Estate Identification

The subject property is located at 305 Ranchero Road, Kerrville, Kerr County, Texas.. The subject property is further identified by the tax parcel number 14004.

Legal Description

1.309 acres of land out of the Wm. C Francis Survey No. 146, Abstract No. 137, in Kerrville South, Kerr County, Texas.

Use of Real Estate as of the Effective Date of Value

As of the current date of value, the subject was vacant land.

Use of Real Estate as Reflected in this Appraisal

Same as above

Ownership of the Property

According to county deed records, title to the subject property is vested in Kerrville ISD.

History of the Property

Ownership of the subject property has not changed within the past three years.

Recent Transaction

Sale Date:	September 13, 1994
Grantor/Seller:	Kenworth F. Stoepel
Grantee/Buyer:	Kerrville ISD
Recording Number:	07036
Arm's Length:	Yes
Sales Price:	Undisclosed

Active Listing/Offer/Contract

The subject property was not being marketed for sale and there were no unsolicited offers or pending contracts for sale, however, according to the school district, parties have inquired about possibly purchasing the land parcel.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. Market value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *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 sale¹*

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Opinions of value for the subject property were developed under the following valuation scenarios:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	July 10, 2023

Date of Report

The date of this report is July 21, 2023.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

¹ *FIRREA Code of Federal Regulations, Title 12, Part 34 Subpart C - 34.42, 1990; also Interagency Appraisal and Evaluation Guidelines, Federal Register / Vol.75, No. 237, 2010*

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via County Appraisal District records and County deed records.
- Economic Characteristics - The subject property economic characteristics were identified via a search of data sources and public records, field surveys, along with interviews of multiple knowledgeable real estate brokers and professionals in the area to obtain and verify relevant financial and economic data.
- Physical Characteristics - The subject property physical characteristics were identified via a property tour performed by the appraisers. Additionally, the appraisers toured the immediate and general market area to determine the physical and economic characteristics of the neighborhood.

Extent to Which the Property Was Inspected

An appraisal inspection of the subject property was completed on July 10, 2023.

Type and Extent of Data Researched

The following data was researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. Professionals familiar with the subject market/property type were also interviewed.

Type and Extent of Analysis Applied (Valuation Methodology)

Surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations were observed in the process of concluding a highest and best use for the subject property. The subject property was then valued based on the highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.

- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the subject property, along with the needs and requirements of the client, were assessed. Based on this assessment, the Sales Comparison Approach (land only) was developed. Further discussion of the extent of our analysis and the methodology of the Sale Comparison Approach (land only) is provided later in the valuation section.

Appraisal Conformity and Report Type

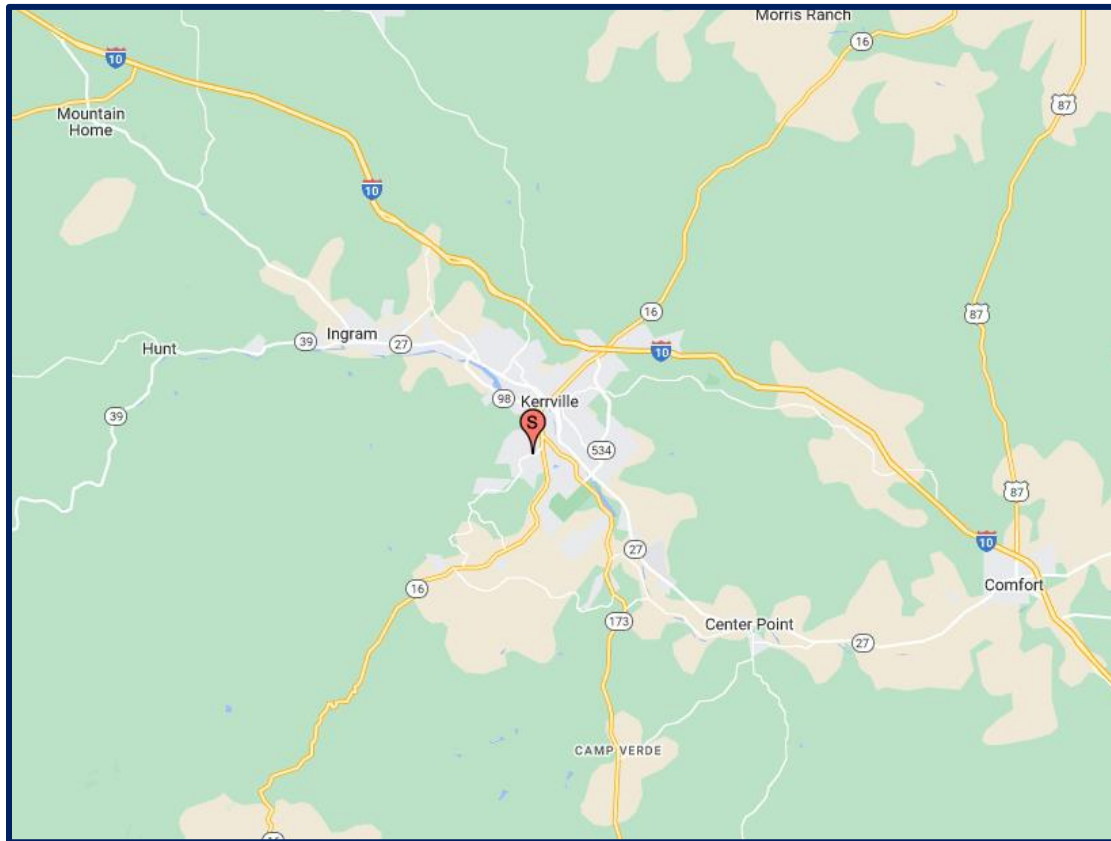
The analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in the southern portion of Kerrville, in Kerr County. Kerr County is located northwest of San Antonio. Because of its location in the Texas Hill Country, Kerr County is an important recreation area and draws visitors from all areas of the state. Central and western Kerr County, along the north and south forks of the Guadalupe River, is the home of a number of well-known summer camps which have long been successfully operational.

Kerrville is the county seat and principal city in Kerr County. Kerrville is located approximately 65 miles northwest of San Antonio and 105 miles southwest of Austin. Kerrville has long been a major retirement area and is considered by many to be one of the central areas of what is known as the Texas Hill Country. This area of Texas is scenic with relatively rugged terrain, flowing streams, wooded hillsides, etc. The city has a large number of hotel rooms for its size. Furthermore, the city becomes particularly active during holidays and during the summer season. Kerrville is the trade center for a several county area. Communities which use Kerrville as their main trade center include Hunt, Ingram, Bandera, Medina, Comfort, Mountain Home, Harper, etc.

The infrastructure for Kerrville is continuously being enhanced. City offices near downtown, including City Hall are all relatively new construction, having opened in the last ten years. The city has a modern airport with a runway able to accommodate large corporate jet aircraft.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2020	Estimated 2022	Annual Δ 2020 - 22	Projected 2027	Annual Δ 2022 - 27
United States	331,449,281	335,707,897	0.6%	339,902,796	0.2%
Texas	25,145,561	30,506,523	10.1%	32,021,944	1.0%
Kerrville, TX Micropolitan Statistical Area	49,625	53,712	4.0%	54,521	0.3%
Kerr County	49,625	53,712	4.0%	54,521	0.3%
Kerrville CCD	33,668	37,572	5.6%	38,358	0.4%

Source: ESRI (ArcGIS)

Transportation

Kerrville is served by Interstate 10 which connects Houston and San Antonio to the southeast with Junction, Fort Stockton, and El Paso to the west. Secondary traffic arteries that bisect the City of Kerrville include State Highway 16, State Highway 173, and State Highway 27.

Employment

The following chart lists the breakdown of employment in Kerr Count by sector. Construction, retail, and healthcare make up the largest areas of employment.

Employment by Industry - Kerrville CCD

Industry	2022 Estimate	Percent of Employment
Agriculture/Forestry/Fishing/Hunting	118	0.75%
Mining/Quarrying/Oil & Gas Extraction	131	0.83%
Construction	1,689	10.70%
Manufacturing	958	6.07%
Wholesale Trade	214	1.36%
Retail Trade	1,711	10.84%
Transportation/Warehousing	542	3.43%
Utilities	42	0.27%
Information	144	0.91%
Finance/Insurance	563	3.57%
Real Estate/Rental/Leasing	292	1.85%
Professional/Scientific/Tech Services	709	4.49%
Management of Companies/Enterprises	21	0.13%
Admin/Support/Waste Management Services	595	3.77%
Educational Services	1,537	9.74%
Health Care/Social Assistance	3,014	19.10%
Arts/entertainment/Recreation	417	2.64%
Accommodation/Food Services	1,360	8.62%
Other Services (excl Public Administration)	1,253	7.94%
Public Administration	474	3.00%
Total	15,784	100.0%

Source: ESRI (ArcGIS)

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts one of the lowest unemployment rates for metropolitan statistical areas in the country at 3.8 percent.

Unemployment Rates

Area	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	2023 ¹
United States	3.9%	3.7%	8.1%	5.3%	3.6%	3.8%
Texas	3.9%	3.5%	7.7%	5.6%	3.9%	4.1%
Kerrville, TX (MiSA)	3.3%	3.0%	5.9%	4.6%	3.6%	3.8%
Kerr County, TX	3.3%	3.0%	5.9%	4.6%	3.6%	3.8%

Source: www.bls.gov

data not seasonally adjusted; ¹June - most recent for US, others lag by 1-2 mos.)

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare somewhat favorably to the state and the country.

Median Household Income

Area	Estimated 2022	Projected 2027	Annual Δ 2022 - 27
United States	\$62,203	\$67,325	1.6%
Texas	\$69,529	\$78,896	2.6%
Kerrville, TX Micropolitan Statistical Area	\$64,913	\$74,372	2.8%
Kerr County	\$64,913	\$74,372	2.8%
Kerrville CCD	\$62,001	\$69,895	2.4%

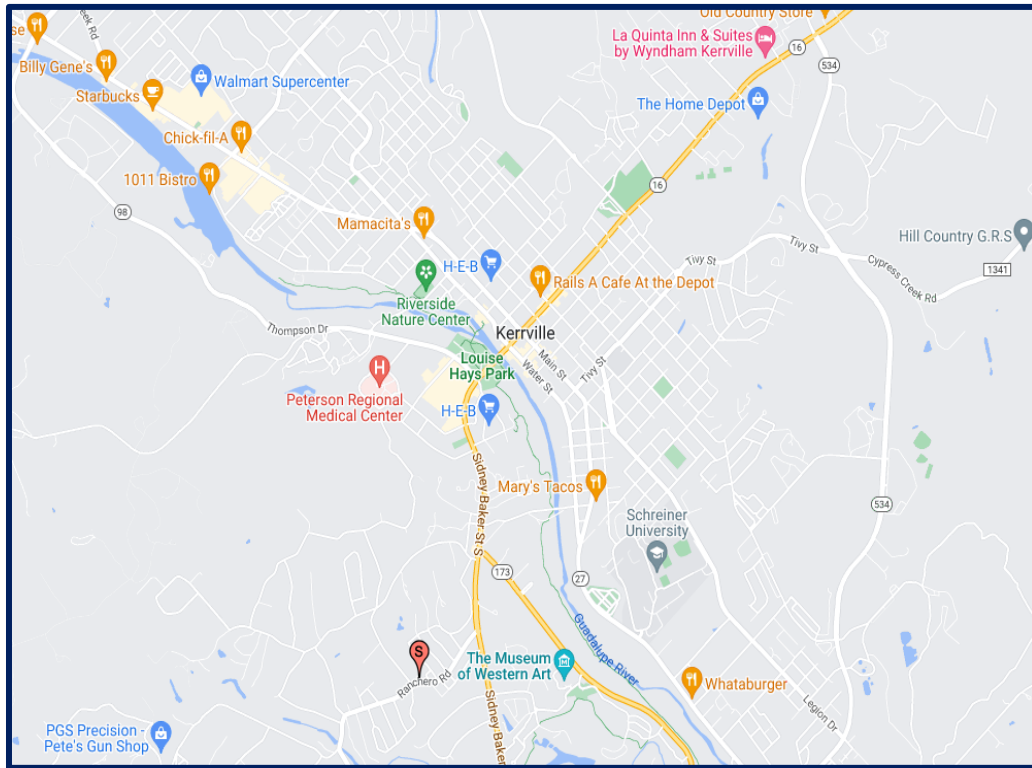
Source: ESRI (ArcGIS)

Conclusions

The Kerrville metro area is a modest-growth region. The area is a tourist's and retirees' destination for Texas Hill Country enthusiasts that should continue as the region's essential appeal. The area is predicted to continue its current growth trajectory into the foreseeable future.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located south and west of State Highway 16 outside of the city limits, within the Kerrville ETJ, southwest of the city Kerr County. This area is characterized by mixed use development mostly residential with scattered commercial and industrial developments along the commuter route of Ranchero Road.

Neighborhood Location and Boundaries

The area is suburban in nature. The neighborhood is generally bounded by Sheppard Road to the north, Highway 16 to the east and south and Landmark Road to the west.

Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include State Highway 173, State Highway 16, and Loop 534. Access to the area is considered average.

Demographics

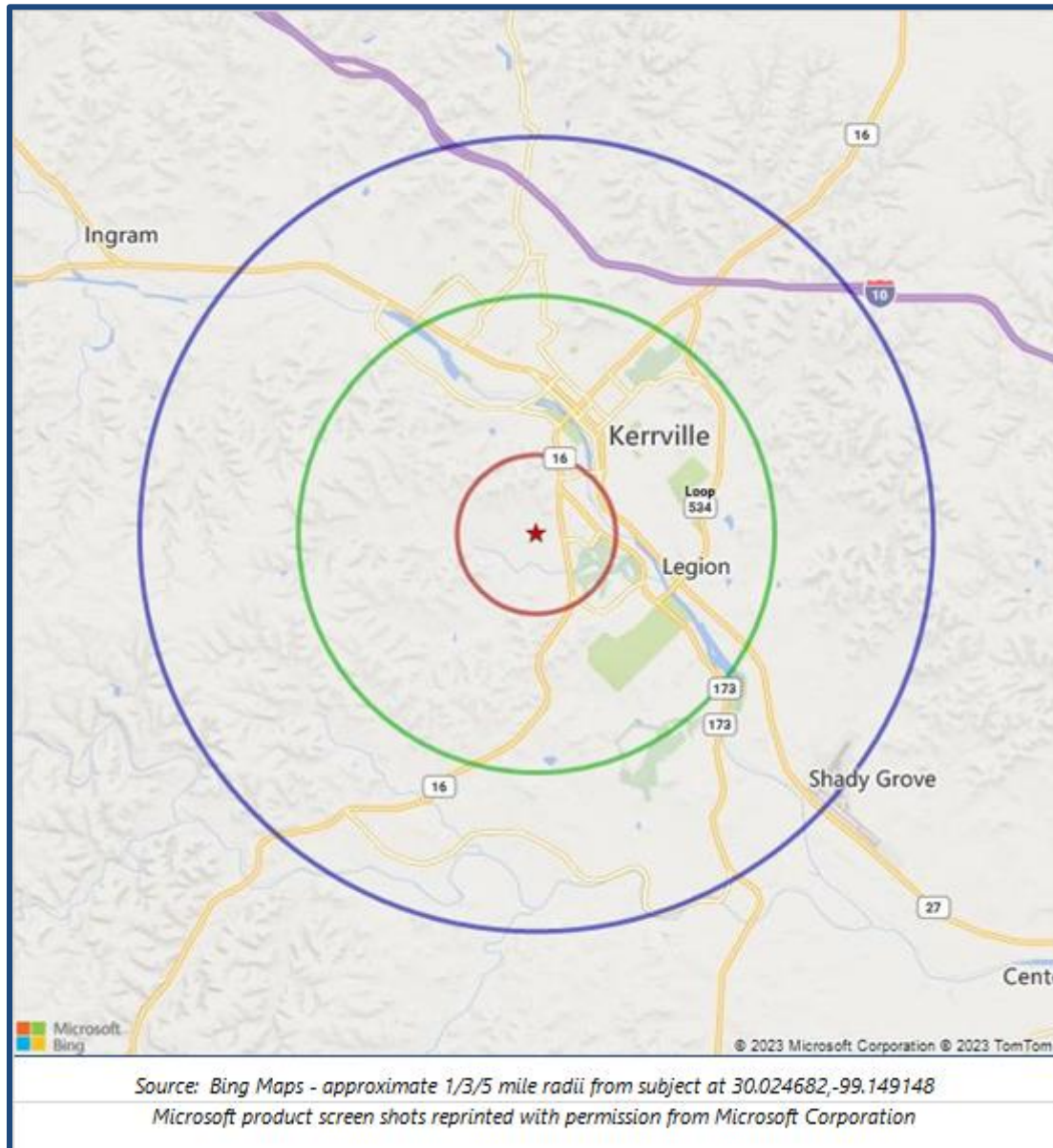
The following table depicts the area demographics in Kerrville within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population Summary			
2020 Population	2,602	21,990	31,980
2022 Population Estimate	2,815	24,466	35,562
2027 Population Projection	2,870	25,173	36,340
Annual % Change (2022 - 2027)	0.4%	0.6%	0.4%
Housing Unit Summary			
2020 Housing Units	1,255	10,113	14,785
% Owner Occupied	69.4%	58.5%	62.4%
% Renter Occupied	22.5%	31.2%	27.3%
2022 Housing Units	1,348	11,255	16,400
% Owner Occupied	75.6%	60.3%	63.4%
% Renter Occupied	17.9%	31.3%	28.0%
2027 Housing Units	1,369	11,597	16,807
% Owner Occupied	77.4%	61.3%	64.3%
% Renter Occupied	16.9%	31.0%	27.7%
Annual % Change (2022 - 2027)	0.4%	0.6%	0.5%
Income Summary			
2022 Median Household Income Estimate	\$67,986	\$57,928	\$61,791
2027 Median Household Income Projection	\$77,041	\$64,651	\$69,649
Annual % Change	2.5%	2.2%	2.4%
2022 Per Capita Income Estimate	\$36,483	\$33,597	\$36,621
2027 Per Capita Income Projection	\$40,553	\$37,600	\$40,942
Annual % Change	2.1%	2.3%	2.3%

Source: ESRI (ArcGIS)

(Lat: 30.024682, Lon: -99.149148)



Within a three-mile radius, the reported population is 24,466 with a projected growth rate of approximately 0.6% annually. There are 11,255 housing units within that three-mile radius. The growth rate is expected to be 0.6% annually. Most of the housing is owner-occupied. Our research indicates that property values in the area are stable to increasing.

Within a three-mile radius, the median household income is \$57,928. Looking ahead, annual household income growth is projected at 2.2% per year. The average income figures suggest that the inhabitants are within the lower to middle income brackets.

Nuisances & External Obsolescence

Neighborhood properties have adequate levels of maintenance. No adverse or unfavorable factors were observed.

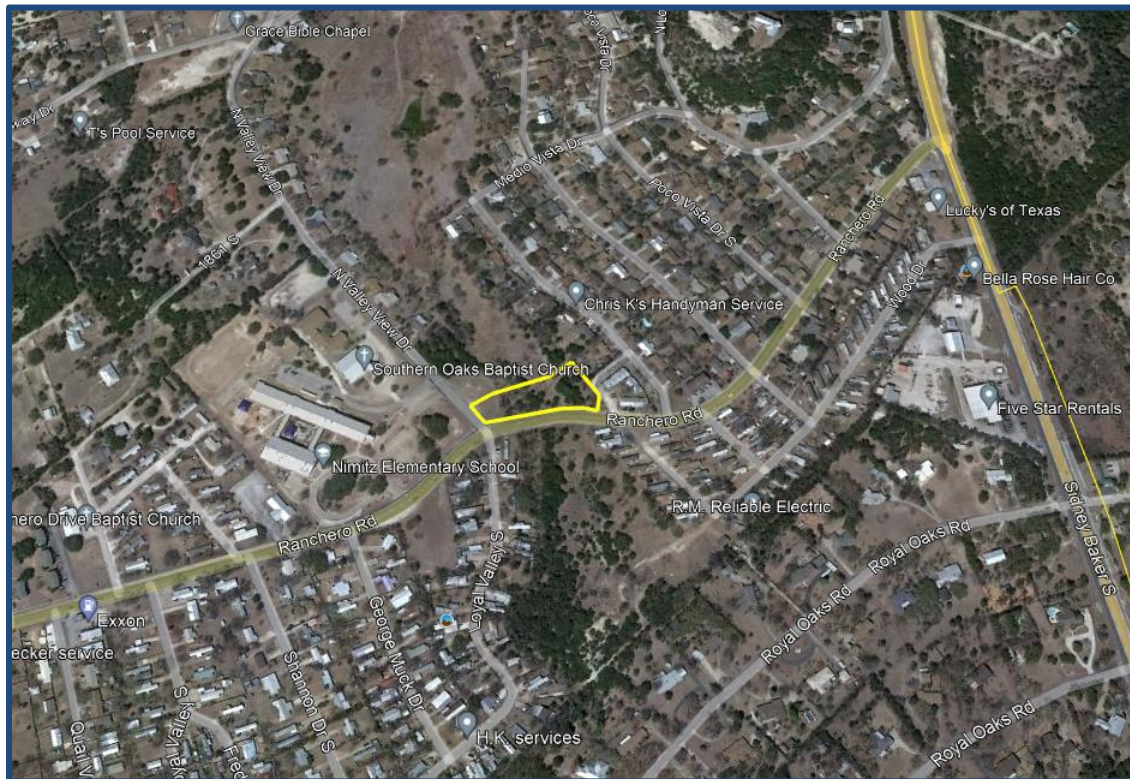
Neighborhood Life Cycle

Most neighborhoods are classified as being in one of four stages: **growth**, **stability**, **decline**, or **renewal**. Overall, the subject neighborhood is in the stable stage of its life cycle.

Immediate Area Uses

The below aerial photo exhibits the uses located in the subject's immediate vicinity.

IMMEDIATE AREA USES



Source: Google Earth

Uses along Ranchero Road in the vicinity of the subject are primarily residential in nature with scattered commercial, industrial and special use along Ranchero Road. Recognized uses in the immediate area of the subject include Nimitz Elementary School, Southern Oaks Baptist Church, Exxon convenience store and JDS Wrecker Service. As shown above, the density of uses in the area is sporadic with some vacant land remaining available in the area.

Analysis and Conclusions

The subject is located south and west of State Highway 16 outside of the city limits, within the Kerrville ETJ, southwest of the city Kerr County. This area is characterized by mixed use development mostly residential with scattered commercial and industrial developments along the commuter route of Ranchero Road. The subject neighborhood is in the stable stage of its life cycle and the outlook for the area is stable to positive.

Site Description

The subject site is located at 305 Ranchero Road. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	1.309 Acres or 57,020 SF
Usable Land Area:	1.309 Acres or 57,020 SF
Usable Land %:	100.0%
Shape:	Irregular - Non-Adverse
Average Depth:	120 feet
Topography:	Level
Drainage:	Appears adequate
Grade:	Varies (see comments)
Utilities:	Electricity, water and sewer available
Off-Site Improvements:	Public infrastructure
Interior or Corner:	Corner
Signalized Intersection:	No
Excess/Surplus Land:	None

Street Frontage / Access

Frontage Road	Primary	Secondary
Street Name:	Ranchero Road	N Valley View Drive
Street Type:	Secondary	Tertiary
Frontage (Linear Ft.):	425.00	100.00
Number of Curb Cuts:	1	1

Additional Access

Alley Access:	No
Water or Port Access:	No
Rail Access:	No

Flood Zone Data

Flood Map Panel/Number:	48265C0470F
Flood Map Date:	03-03-2021
Flood Zone:	None: Zone X
Portion in Flood Hazard Area:	0.00%

Other Site Conditions

Soil Type:	The appraisers have not been provided a soil or subsoil survey of the appraised property. This appraisal assumes that there are no soil or subsoil characteristics, including any sort of environmental contamination, which would adversely impact the site. If environmental contamination is present, the value conclusions herein may change.
Environmental Issues:	To the knowledge of the appraisers, there are no known environmental issues that adversely affect the value of the appraised site.
Easements/Encroachments:	Typical setbacks, right-of-way and utility easements including a bisecting sewer line easement and electric aerial easement. As previously mentioned, a natural surface drainage way bisects the property.
Earthquake Zone:	No
Wetlands Classification:	No

Adjacent Land Uses

North:	Residential
South:	Residential
East:	Residential
West:	School land (Public)

Site Ratings

Access:	Average
Visibility:	Average

Zoning Designation

Zoning Jurisdiction:	Kerr County Subdivision Regulations (located in Kerrville ETJ)
Zoning Classification:	None (outside city limits)
Permitted Uses:	A wide variety of land uses
Zoning Comments:	The subject property is located outside of the city limits but within the Kerrville ETJ. The property may require platting prior to future development.

Analysis/Comments on Site

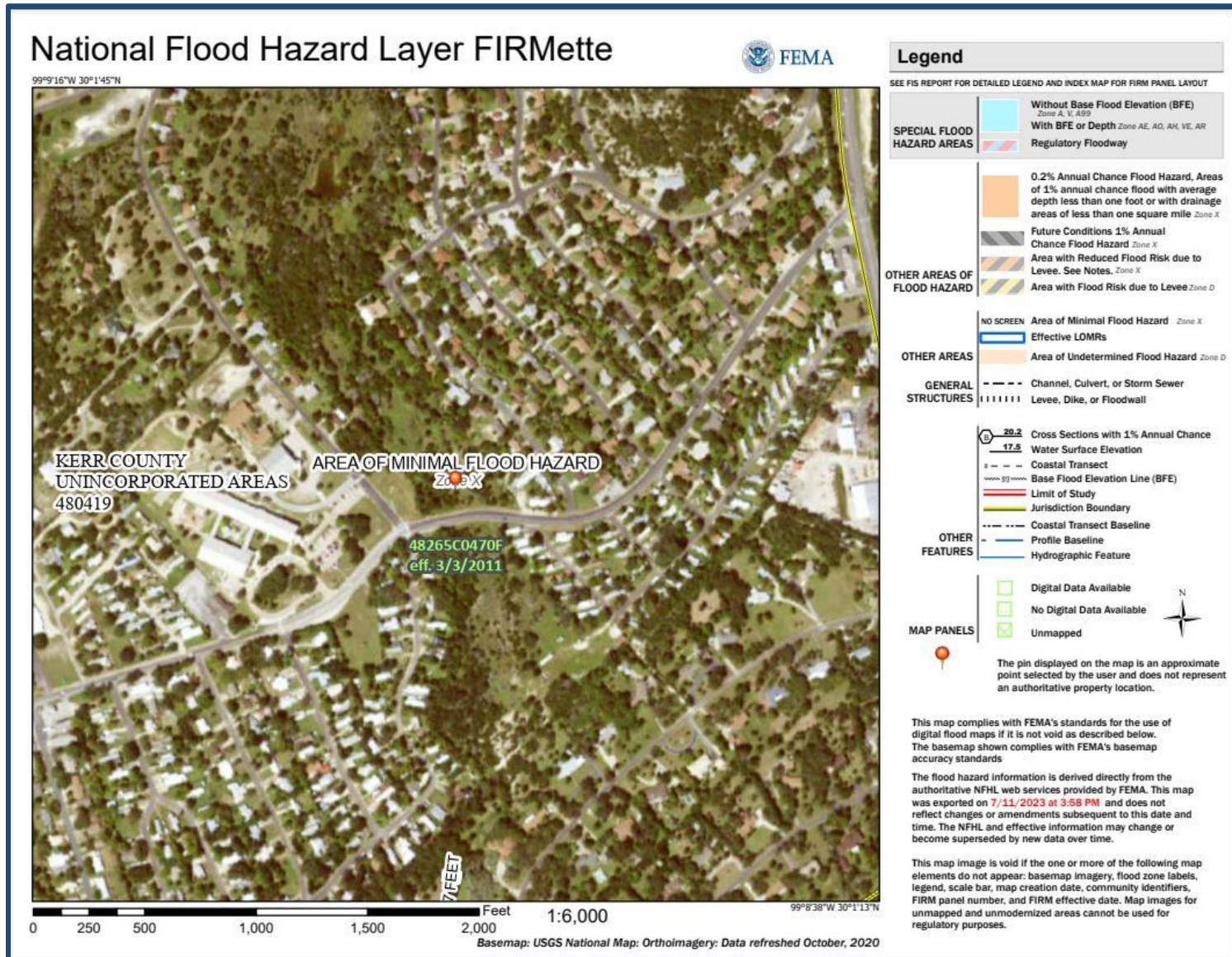
The subject site is a 1.309-acre parcel of land with average access and average visibility along Ranchero Road and N. Valley View Drive. The site is irregular in shape with varied terrain from level to rugged along the bisecting drain way. The site is partially cleared with medium size trees scattered in the central and eastern portions of the property. The site is located outside of the

(For a more detailed description see survey and aerial photos on the following pages)

TAX PLAT



FLOOD MAP



[illegible]

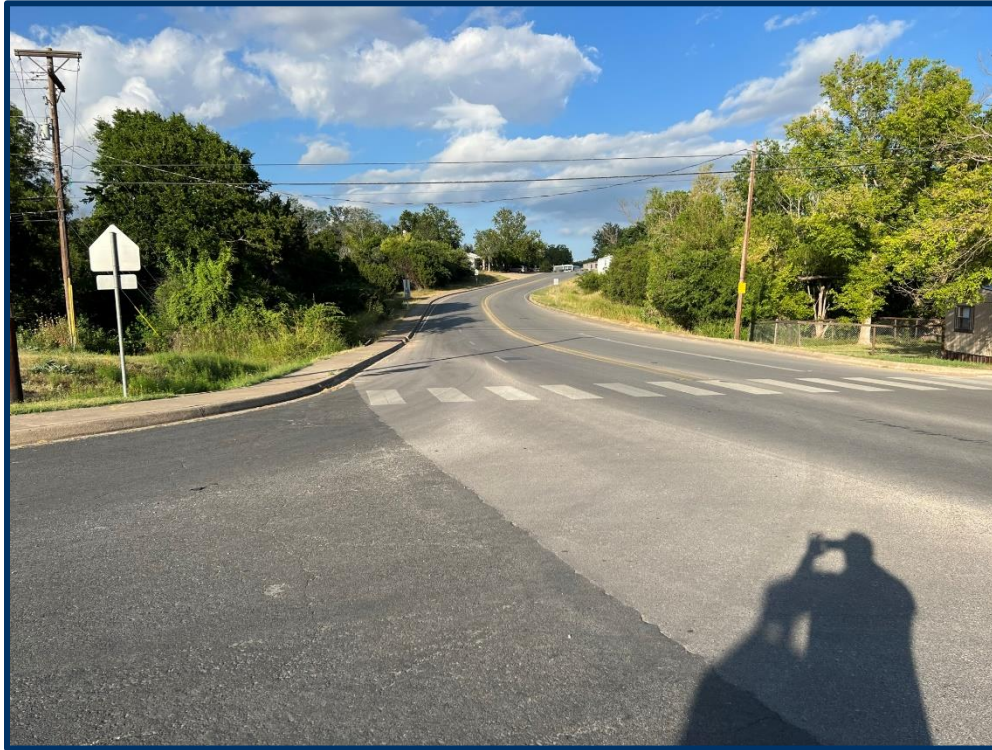
Subject Photographs



N. Valley View Drive frontage view.



Ranchero Road frontage view.



West view along Ranchero Road; subject at right.



North view along N. Valley View Drive; subject at right.



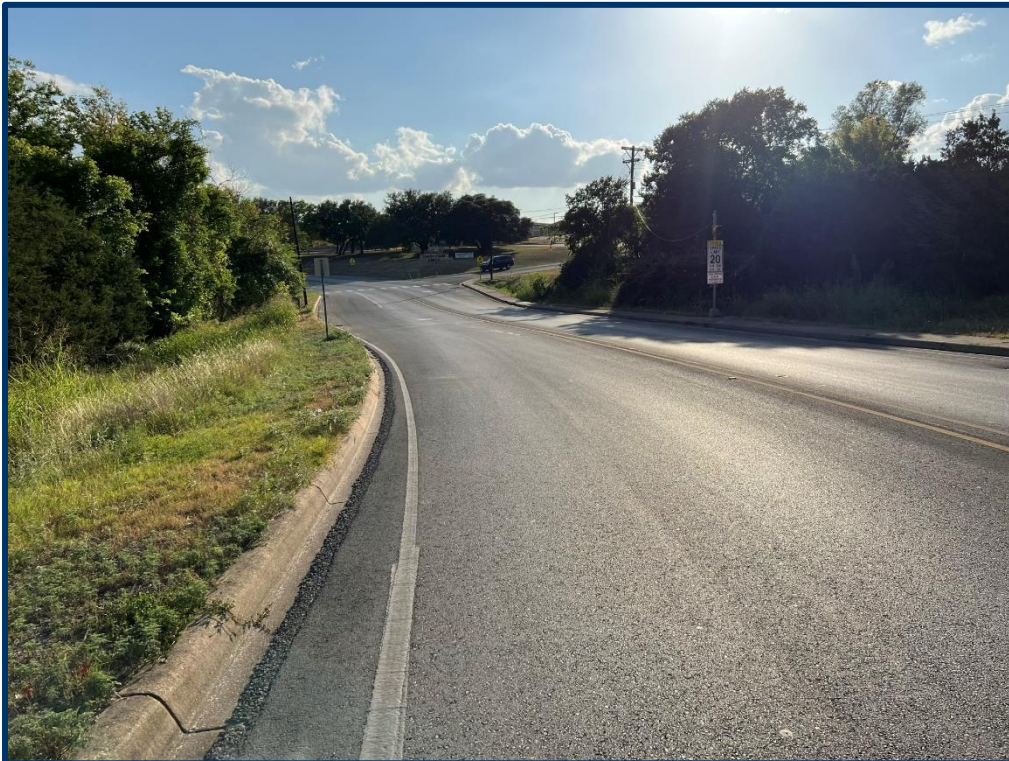
View of east property from Ranchero Road.



Aligned view along drain way.



View of in-flow at property line and roadway



West view along Ranchero Road; subject at right.

Assessment and Tax Data

Assessed Values and Property Taxes

The subject property's appraised values, assessment ratios, assessed values, applicable tax rates and total tax expense, including direct assessments, are presented in the following table:

Ad Valorem Tax Schedule Tax Parcel Number: 14004

Kerr County Year	Actual 2023
Appraised Value	
Land:	\$23,706
Improvements:	\$0
Total:	\$23,706
Per Square Foot:	\$0.42
% Change:	N/A
Assessment Ratio	100.00%
Assessed Value	
Land:	\$23,706
Improvements:	\$0
Total:	\$23,706
% Change:	N/A
Tax Rate per \$100	\$1.462600
% Change:	N/A
Tax Expense	
Total:	\$347
Per Square Foot:	\$0.01

Conclusions

The property is owned by the Kerrville ISD and therefore tax exempt. According to the Kerr County Tax Assessor the subject's property value is \$23,706. The assessed value is lower than the appraiser's market value opinion expressed herein.

Market Analysis

Inflation

Inflation is perhaps the biggest 2023 concern for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year. The following table presents historical inflations rates:

ANNUAL CPI RATE OF CHANGE



Source: U.S. Bureau of Labor Statistics

The November 2022 CPI reading was an annual rate of 7.1%, down from the annual rate of 9.0% in June, a pace not seen since 1990. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will continue to hike interest rates in early 2023 to combat inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy and negatively affect commercial property markets. However, this is not the expected scenario and elevated inflation can have a net positive impact on commercial property values.

Interest Rates

To combat inflation, the Federal Reserve raised the federal funds rate by 25 basis points in March 2022, reflecting the first increase since 2018. However, this increase had little to no impact in year over year inflation and the Federal Reserve raised rates by an additional 50 basis points in May 2022, followed by 75 basis points in June, July, September, and November 2022. Interest rate increases were moderated in December at 50 basis points in response to CPI rolling over.

Interest rate increases affect capital-intensive industries like real estate. As credit becomes more expensive, investor return requirements increase, which can lead to higher capitalization rates expectations. As inflation persists and the market anticipates additional rate hikes by the Fed, slower growth in CRE pricing and transactions is expected.

In general, nominal (non-inflation adjusted) real estate returns perform well under a variety of rate environments, while inflation-adjusted real estate returns are strongest during periods of stability, according to research done by Trepp. In a March 2022 report on interest rates and commercial real estate, moderate declines or slight increases (0 to 50 basis points) create the strongest returns, with median annual growth at 3.1%. Trepp outlined the following possible impacts of higher interest rates on major CRE sectors:

Multifamily

Issuance in this sector surged in the low-interest-rate environment of 2020 and 2021. Sharply higher interest rates put a dent in issuance in late 2022, as higher borrowing costs reduced demand for debt financing. In the long-term, issuance could rebound. Despite the current trend of declining unemployment and rising income, wage inflation is outpacing price inflation as of now. If this inflation trend continues, consumer demand could be pushed further toward rental properties.

However, the market is currently experiencing a shift away from renting. According to data from the United States Census Bureau, the homeownership rate increased to 65.5% in Q4 2021, a decline from the Q2 2020 peak of 67.9% (a rate height that has yet to be surpassed by those seen post-2008 financial crisis). Additionally, those between the ages of 25 to 29 have increased their homeownership share to 35.4%, up from 34.8% a year earlier, possibly suggesting that younger families are moving away from renting.

Office

The office sector also benefited from the low-interest-rate environment. However, rising interest rates have resulted in an overall drag on growth in 2022 with some companies reducing their projections for future office space needs. With that in mind, landlords have been more willing to lock in tenants at their current rates rather than risk losing them. However, firms are in the midst of the debate over hybrid, in-person, and fully remote expectations from employees, and some are choosing to offload their excess office spaces and either downsize or do away with their in-person spaces for good.

Additionally, rising rates have been problematic when it comes to refinancing. The office market is already in turmoil and rising interest rates are adding to the uncertainty in the market.

Retail

With rising interest rates and a slowing economy, some retailers may curtail plans for growth in response to an up-and-coming potential drop in disposable consumer income. This curtailment may make it more difficult to backfill vacant spaces and lead to consolidation by retailers. Investors could choose to approach 2023 with a more conservative view of retail occupancy going forward.

Lodging

The hotel industry faces challenges from both a supply and demand perspective. CMBS lenders abruptly stopped funding loans when the pandemic took effect in 2020, but, since then lodging loan issuance has picked up. While this seems like good news, the uptick in issuance could prove too fast and there is a potential for the supply to outpace demand. There may not be enough demand to absorb the new supply if consumers and businesses maintain and reduce their levels of spending.

Conclusions

Various market participants will feel the effects of rising interest rates. As highlighted above, each sector of the CRE space will react differently to these rising rates. Ultimately there was some volatility in late 2022 experience across most CRE sectors, which is expected to continue until interest rates moderate.

Highest and Best Use Analysis

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Highest and Best Use As Vacant

The primary determinants of the highest and best use as vacant are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is not zoned and there are no known easements, encroachments, covenants, or other use restrictions that would materially limit or impede development of a probable use.

Physically Possible

The physical characteristics of the subject site are presented in the Site Description and allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences were considered. No physical attributes materially limit legally permissible and appropriate development with the exception of the previously discussed drainage easement. The most probable use of the site is for commercial development, which conforms to the pattern of land use in the immediate area along Ranchero Road.

Financially Feasible

A review of market data suggests that there is a balanced supply of commercial and demand is sufficient to support construction costs and timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is marginally financially feasible. There are several single tenant and owner-occupied buildings nearby and the physical features of the site are suitable for a build to suit or owner-occupied building. This would be the most feasible use under current market conditions.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as vacant is for commercial development as warranted by demand.

Highest and Best Use As Vacant Conclusion

The conclusion of the highest and best use as vacant is for commercial use as warranted by demand.

Land Valuation

Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

Unit of Comparison

The unit of comparison selected depends on the appraisal problem and nature of the property and is intended to explain or mirror market behavior. The primary unit of comparison in the market and applied in this analysis is price per gross square foot.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

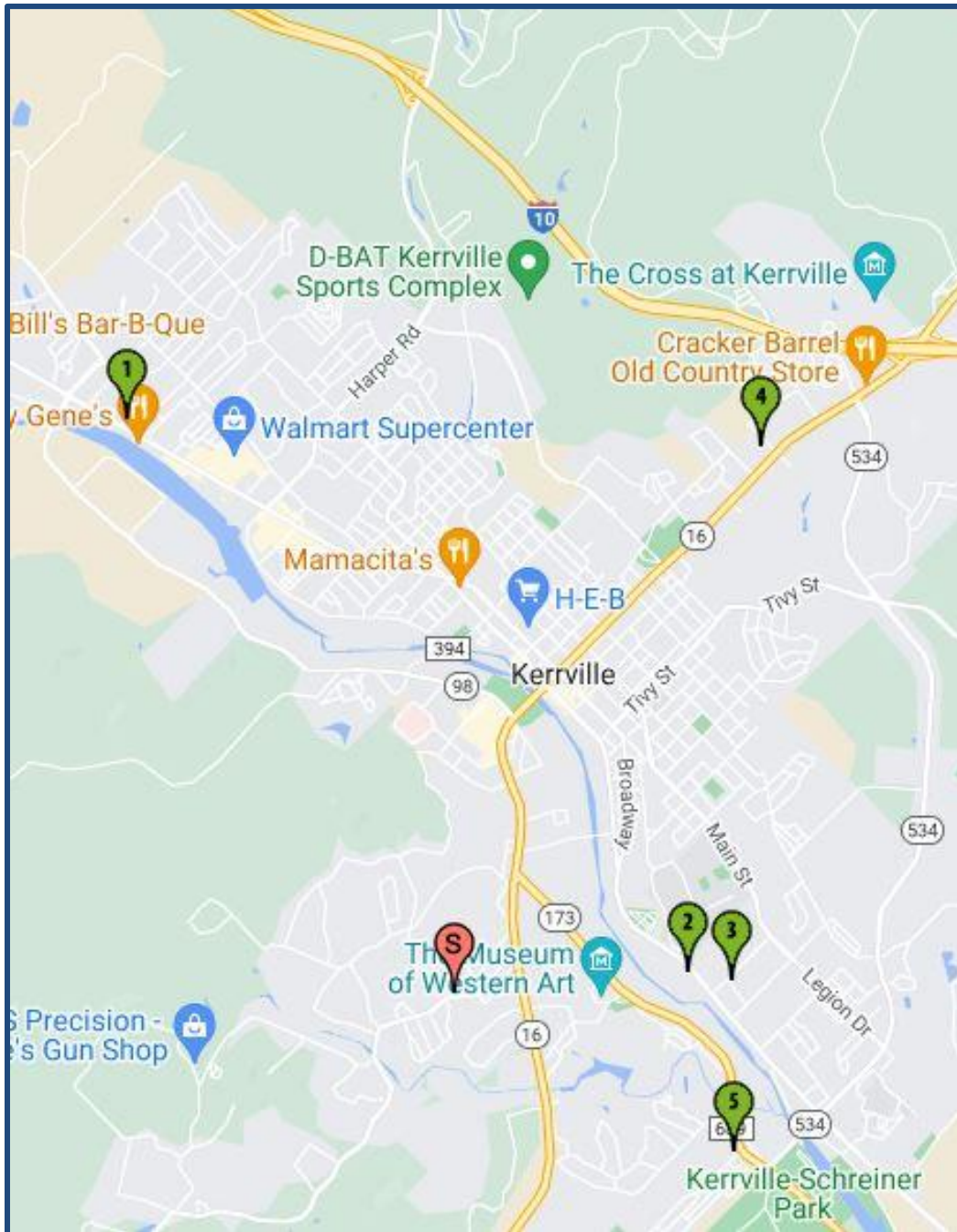
Comparable Sales Data

The market was studied to identify sales and listings of comparable properties with a focus on those that appeal to the most probable buyer of the subject site. These properties typically have similar locations and physical characteristics. Of these transactions, sufficient sales data was available for the following sale comparables, which were analyzed to estimate a unit value for the subject property. The following table summarizes the sale comparables utilized and a map illustrating the location of each in relation to the subject property follows. Details of each comparable follow the location map.

Land Sales Summary

Comp. No.	Date of Sale	Gross Acres	Location	Zoning	Proposed Use	Sales Price Actual	Per Sq. Ft.
1	October-22	2.170	1600 Junction Highway	C-2		\$700,000	\$7.41
2	July-22	1.260	2103 Memorial Boulevard North	C-2		\$200,000	\$3.64
3	July-22	7.100	SEC Rio Monte Drive and Clearwater Paseo	R-3 - Multifamily	Public safety facility	\$705,000	\$2.28
4	May-22	1.050	601 Roy Street	C-2		\$215,000	\$4.70
5	December-21	1.940	2190 State Highway 173	C-1		\$325,000	\$3.85

COMPARABLE SALES MAP



LAND COMPARABLE 1

Property Identification

Address	1600 Junction Highway
City County State Zip	Kerrville, Kerr County, Texas 78028
MSA	0
Tax ID	62448
VPA Property/Sale ID	11325284/1652696

Transaction Data

Sale Status	Closed
Sale Date	October 28, 2022
Grantor/Seller	Hi-Ho Corporation
Grantee/Buyer	Riverview Manor LP
Recording Number	2208703
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length
Sales Price	\$700,000
Post-Sale Exp. Adj.	\$0
Adjusted Sales Price	\$700,000

Adjusted Sales Price Indicators

Price per Gross Acre	\$322,581
Price per Gross SF	\$7.41
Price per Usable Acre	\$322,581
Price per Usable SF	\$7.41
Price per Front Foot	\$1,750.00

Verification

Confirmation Source	MLS No. 103236
----------------------------	----------------

Remarks

Lot is at the intersection of Junction Highway and Goat Creek Road in Kerrville. 100% floodplain with 40% floodway where drainage culvert is located.



Property Description

Gross Land Area	2.170 Acres/94,525 SF
Usable Land Area	2.17000 Acres/94,525 SF
Frontage Feet	400.00
Visibility	Excellent
Shape	Irregular
Topography	Gently sloping
Utilities	Water, sewer, gas, electrical
Flood Hazard Zone	AE
% in Flood Hazard	100.00%
Zoning Code	C-2 Commercial

LAND COMPARABLE 2

Property Identification

Address	2103 Memorial Boulevard North
City County State Zip	Kerrville, Kerr County, Texas 78028
MSA	0
Tax ID	32680
VPA Property/Sale ID	11220583/1580655

Transaction Data

Sale Status	Closed
Sale Date	July 20, 2022
Grantor/Seller	Mike Hickey
Recording Number	N/A
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Active Listing
Sales Price	\$200,000
Post-Sale Exp. Adj.	\$0
Non-Realty Items Adj.	\$0
Adjusted Sales Price	\$200,000

Adjusted Sales Price Indicators

Price per Gross Acre	\$158,730
Price per Gross SF	\$3.64
Price per Usable Acre	\$158,730
Price per Usable SF	\$3.64
Price per Front Foot	\$888.89

Verification

Confirmed By	Wes Collier
Confirmation Source	SABOR MLS No. 1512423

Remarks

The property is a current listing of a 1.26 acre tract of vacant land located in southern Kerrville along Memorial Boulevard. The tract backs up to a bluff overlooking the Guadalupe River. According to FEMA flood maps, approximately 40% of the site lies within the 100-year floodplain. The property was listed for sale for \$270,000, or \$4.92 per square foot. The property was listed on the open market for approximately 473 days.



Property Description

Gross Land Area	1.260 Acres/54,886 SF
Usable Land Area	1.26000 Acres/54,886 SF
Frontage Feet	225.00
Street Access	Average
Visibility	Average
Corner/Interior	Mid-Block
Shape	Generally Rectangular
Topography	Varies
Utilities	Public utilities available
Flood Hazard Zone	Zone A
% in Flood Hazard	40.00%
Zoning Code	C-2 Light Commercial

LAND COMPARABLE 3

Property Identification

Address	SEC Rio Monte Drive and Clearwater Paseo
City County State Zip	Kerrville, Kerr County, Texas 78028
MSA	0
Tax ID	534375
VPA Property/Sale ID	11251907/1601521

Transaction Data

Sale Status	Closed
Sale Date	July 1, 2022
Grantor/Seller	Hervey Square Limited PTNSHP
Grantee/Buyer	City of Kerrville
Recording Number	Not available yet
Property Rights	Life Estate
Sales Price	\$705,000
Financing Adj.	\$0
Sale Conditions Adj.	\$0
Post-Sale Exp. Adj.	\$0
Non-Realty Items Adj.	\$0
Adjusted Sales Price	\$705,000

Adjusted Sales Price Indicators

Price per Gross Acre	\$99,296
Price per Gross SF	\$2.28
Price per Usable Acre	\$99,296
Price per Usable SF	\$2.28
Price per Front Foot	\$1,477.99

Verification

Confirmation Source	Stuart Cunyus - City of Kerrville Public Information officer
Confirmation Contact	830-258-11116

Remarks

This sale is not recorded yet per public records and the appraisal district. However, per conversations with the parties involved, the transaction closed on early July. Per a representative of the buyer, the City of Kerrville is planning to build a new Public Safety Facility on this site. The city purchased the property at market price and there were no issues or conditions affecting the sale price. The site has all utilities available although a sewer line will have to be moved.



Property Description

Proposed Use	Public safety facility
Gross Land Area	7.100 Acres/309,276 SF
Usable Land Area	7.10000 Acres/309,276 SF
Frontage Feet	477.00
Rail Access	No
Water/Port Access	No
Visibility	Good
Corner/Interior	Corner
Topography	Level
Utilities	Public water, electricity, gas, and sewer
Drainage	Appears adequate for development
Flood Hazard Zone	Zone X
Zoning Code	R-3 - Multifamily Multifamily

LAND COMPARABLE 4

Property Identification

Address	601 Roy Street
City County State Zip	Kerrville, Kerr County, Texas 78028
MSA	0
Tax ID	13524
VPA Property/Sale ID	11325289/1652701

Transaction Data

Sale Status	Closed
Sale Date	May 25, 2022
Grantor/Seller	601 Roy Street, A Series of
Grantee/Buyer	Los Compadres Outlaws, LLC
Recording Number	22-04634
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length
Sales Price	\$215,000
Post-Sale Exp. Adj.	\$0
Adjusted Sales Price	\$215,000

Adjusted Sales Price Indicators

Price per Gross Acre	\$204,762
Price per Gross SF	\$4.70
Price per Usable Acre	\$204,762
Price per Usable SF	\$4.70
Price per Front Foot	\$1,482.76

Verification

Confirmation Source	MLS No. 105493
----------------------------	----------------

Remarks

Lot is one lot removed from Sidney Baker Street.



Property Description

Gross Land Area	1.050 Acres/45,738 SF
Usable Land Area	1.05000 Acres/45,738 SF
Frontage Feet	145.00
Visibility	Average
Shape	Rectangular
Topography	Level
Utilities	Water, sewer, gas, electrical
Flood Hazard Zone	X
% in Flood Hazard	0.00%
Zoning Code	C-2 Commercial

LAND COMPARABLE 5

Property Identification

Address	2190 State Highway 173
City County State Zip	Kerrville, Kerr County, Texas 78028
MSA	0
Tax ID	535934
VPA Property/Sale ID	11220576/1580648

Transaction Data

Sale Status	Closed
Sale Date	December 8, 2021
Grantor/Seller	IQ Investments, LTD
Grantee/Buyer	Reginald Tuck
Recording Number	21-10943
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length
Days on Market	2351
Sales Price	\$325,000
Post-Sale Exp. Adj.	\$0
Non-Realty Items Adj.	\$0
Adjusted Sales Price	\$325,000

Adjusted Sales Price Indicators

Price per Gross Acre	\$167,526
Price per Gross SF	\$3.85
Price per Usable Acre	\$167,526
Price per Usable SF	\$3.85
Price per Front Foot	\$1,250.00

Verification

Confirmed By	Wes Collier
Confirmation Source	Navica MLS No. 88078

Remarks

The transaction represents the sale of 1.94 acres of land located at the northwest intersection of State Highway 173 and Oak Hollow Drive. The tract is zoned C-1, Neighborhood Residential which allows for a variety of commercial developments. The property sold for \$325,000 or \$3.85 per square foot on December 8, 2021. The property was listed on the open market for an extended period.



Property Description

Gross Land Area	1.940 Acres/84,506 SF
Usable Land Area	1.94000 Acres/84,506 SF
Frontage Feet	260.00
Street Access	Average
Visibility	Average
Corner/Interior	Corner
Shape	Generally Rectangular
Topography	Level
Utilities	Public utilities available
Flood Hazard Zone	Zone X
% in Flood Hazard	0.00%
Zoning Code	C-1 Neighborhood Commercial

Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, a negative adjustment was applied. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sales prices and must be considered when analyzing a sale comparable. The property rights appraised reflect the interest. All of the sale comparables conveyed the same interest; therefore, no adjustments were required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. No adjustments for atypical conditions or for-sale listings were warranted.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison. The parties to these transactions did not anticipate expenditures were required immediately after purchase; therefore, no adjustments were warranted.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions. Discussions with market participants and a review of market data indicated overall market conditions for vacant land properties have been improving with recent transactions confirming this trend. An annual adjustment factor was applied to each comparable to account for changes in market conditions.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments. The reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, proximity to major thoroughfares, proximity to employment centers and amenities, neighboring properties, and accessibility.

The subject site is located along Ranchero Road with access and average visibility. Comparable Sale Nos. 1, 4 and 5 exhibit superior locational characteristics compared to the subject being located in areas of newer and denser commercial development; thus, downward adjustments are warranted. Comparable Sale Nos. 2 and 3 exhibit slightly inferior locational characteristics compared to the subject with locations further removed from major commuter routes; thus, upward adjustments are warranted.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject site consists of 1.309 acres of useable land and the comparables range from 1.05 to 7.10 acres. An approximate adjustment factor of 5.0% per doubling was applied to the comparables, resulting in adjustments ranging from -2.0% to 12.0%.

Shape/Depth

Sites with an irregular shape may limit development options, including building placement and density. The subject site consists of an irregular - non-adverse-shaped tract. Comparable Sale No. 1 is of a similar irregular shape compared to the subject; thus, no adjustment is warranted. Comparable Sale Nos. 2, 3, 4 and 5 exhibit superior-typical shape characteristics compared to the subject; thus, downward adjustments are warranted.

Frontage/Access

The subject site has average frontage and access characteristics along the north and east frontage of Ranchero Road and N. Valley View Drive respectively. Comparable Sale Nos. 1 and 3 exhibit superior access-frontage characteristics compared to the subject; thus, downward adjustments are warranted. Comparable Sale Nos. 2, 4 and 5 exhibit similar frontage-access compared to the subject; thus, no adjustments are warranted.

Topography

The subject has varied topography that ranges from level to sloping to rugged along the previously mention drainage way. All the comparable sales have superior topography for typical development tracts compared to the subject; thus, downward adjustments are warranted.

Floodplain

A property's location within flood zone areas is typically a negative factor due to the increased costs of raising improvements up out of the floodplain, as well as additional insurance costs associated with improvements. The subject site is located outside of the 100-year floodplain. Comparable Sale Nos. 1 and 2 have acreage located within the floodplain; thus, when compared to the subject; upward adjustments are warranted. Comparable Sale Nos. 3, 4 and 5 are located outside of the floodplain, similar to the subject; thus, no adjustments are warranted.

Zoning

The subject site is not zoned and allows for similar development as the comparable sales; thus, when compared to the subject no adjustments are warranted.

Easements/Encumbrances

As previously discussed, the subject is encumbered by utility easements and a drainage way. The comparable sales do not suffer from the same degree of encumbrances compared to the subject; thus, downward adjustments are warranted.

Summary of Adjustments

A summary of the adjustments made to the sale comparables is presented in the following table:

LAND SALES ADJUSTMENT GRID

Subject		Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	
Sale ID		1652696	1580655	1601521	1652701	1580648	
Date of Value & Sale		July-23	October-22	July-22	July-22	May-22	December-21
Unadjusted Sales Price		\$700,000	\$200,000	\$705,000	\$215,000	\$325,000	
Gross Acres		1.309	2.170	1.260	7.100	1.050	1.940
Unadjusted Sales Price per Gross Sq. Ft.		\$7.41	\$3.64	\$2.28	\$4.70	\$3.85	
Transactional Adjustments							
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Adjusted Sales Price		\$7.41	\$3.64	\$2.28	\$4.70	\$3.85	
Financing Terms	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	
Adjusted Sales Price		\$7.41	\$3.64	\$2.28	\$4.70	\$3.85	
Conditions of Sale	Typical	Arm's Length	Active Listing	Active Listing	Arm's Length	Arm's Length	
Adjusted Sales Price		\$7.41	\$3.64	\$2.28	\$4.70	\$3.85	
Expenditures after Sale		\$0	\$0	\$0	\$0	\$0	
Adjusted Sales Price		\$7.41	\$3.64	\$2.28	\$4.70	\$3.85	
Market Conditions Adjustments							
Elapsed Time from Date of Value		0.70 years	0.97 years	1.02 years	1.13 years	1.59 years	
Market Trend Through		July-23	1.4%	1.9%	2.0%	2.3%	3.2%
Analyzed Sales Price		\$7.51	\$3.71	\$2.33	\$4.81	\$3.97	
Physical Adjustments							
Location	305 Ranchero Road	1600 Junction Highway	2103 Memorial Boulevard North	SEC Rio Monte Drive and Clearwater Paseo	601 Roy Street	2190 State Highway 173	
Adjustment	Kerrville, Texas	Kerrville, Texas	Kerrville, Texas	Kerrville, Texas	Kerrville, Texas	Kerrville, Texas	
		-35.0%	5.0%	5.0%	-20.0%	-10.0%	
Size	1.309 acres	2.170 acres	1.260 acres	7.100 acres	1.050 acres	1.940 acres	
Adjustment		3.0%	-	12.0%	-2.0%	2.0%	
Shape/Depth	Irregular - Non-Adverse	Irregular	Generally Rectangular	Irregular Non-Adverse	Rectangular	Generally Rectangular	
Adjustment		-	-5.0%	-5.0%	-5.0%	-5.0%	
Frontage/Access	Primary - 425 feet & Secondary - 100 feet	Primary - 400 feet & Secondary - 287 feet	Primary - 225 feet	Primary - 477 feet & Secondary - 611 feet	Primary - 145 feet	Primary - 260 feet	
Adjustment		-5.0%	-	-5.0%	-	-	
Utilities	Public utilities.	Public utilities.	Public utilities.	Public utilities.	Public utilities.	Public utilities.	
Adjustment		-	-	-	-	-	
Topography	Level to rugged	Gently sloping	Varies	Level	Level	Level	
Adjustment		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
Floodplain	None: Zone X	AE	Zone A	Zone X	Zone X	Zone X	
Adjustment		10.0%	10.0%	-	-	-	
Zoning	None	C-2	C-2	R-3 - Multifamily	C-2	C-1	
Adjustment		-	-	-	-	-	
Easements/Encumbrances	Drainage easement	Superior	Superior	Superior	Superior	Superior	
Adjustment		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
Net Physical Adjustment		-47.0%	-10.0%	-13.0%	-47.0%	-33.0%	
Adjusted Sales Price per Gross Square Foot		\$3.98	\$3.34	\$2.02	\$2.55	\$2.66	

Conclusion

The land comparables were adjusted based on pertinent elements of comparison with the unadjusted and adjusted unit sales prices presented in the following table:

Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Min. Sales Price per Gross Square Foot	\$2.28	\$2.33	\$2.02
Max. Sales Price per Gross Square Foot	\$7.41	\$7.51	\$5.11
Median Sales Price per Gross Square Foot	\$3.85	\$3.97	\$2.66
Mean Sales Price per Gross Square Foot	\$4.38	\$4.46	\$3.14

The comparable sales ranged on a price per square foot of gross land from \$2.02 to \$5.11 with an average of \$3.14 and a median of \$2.66 per square foot. All of the comparable sales are meaningful indicators of value with the subject represented in the lower half of the exhibited range, near the median exhibited price.

Based on this analysis, the land value indication is summarized as follows:

Land Value Conclusion

Reasonable Adjusted Comparable Range

1.309 acres	x	\$2.02	=	\$115,180
1.309 acres	x	\$5.11	=	\$291,372

Market Value Opinion

1.309 acres	x	\$2.50 psf	=	\$140,000
-------------	---	-------------------	---	------------------

Reconciliation

Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Sales Comparison	\$140,000
Cost	Not Developed
Income Capitalization	Not Developed
Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	July 10, 2023
Value Conclusion	\$140,000
	\$2.50 PSF

To reach a final opinion of value, the reliability and relevance of each value indication was considered based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Sales Comparison Approach, this approach was given primary weight in reconciling to the final value conclusions. Furthermore, land properties such as the subject property are typically purchased by developers, who primarily rely upon the methods employed by the Sales Comparison Approach.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of and , respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | San Antonio will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | San Antonio is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | San Antonio and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | San Antonio.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | San Antonio both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | San Antonio and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | San Antonio or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | San Antonio for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | San Antonio shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | San Antonio. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | San Antonio and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | San Antonio harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | San Antonio in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | San Antonio. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Certification – Paul P. Grafe, MAI, CCIM

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned Paul P. Grafe, MAI, CCIM has not performed any services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Paul P. Grafe, MAI, CCIM made a personal inspection of the property that is the subject of this report.
10. Joseph F. Prevost provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Paul P. Grafe, MAI, CCIM had completed the continuing education program for Designated Members of the Appraisal Institute.



Paul P. Grafe, MAI, CCIM
Senior Managing Director
State Certified General
Real Estate Appraiser
TX-1320847-G

Addenda

Letter of Engagement

Glossary

Qualifications

- Paul P. Grafe, MAI, CCIM - Senior Managing Director
- Joseph F. Prevost - Appraiser Analyst

Information on Valbridge Property Advisors

Office Locations

Letter of Engagement



Colonnade I
9901 IH-10 West, Suite 1035
San Antonio, Texas 78230
(210) 227-6229 phone
(210) 227-8520
valbridge.com

July 6, 2023

Paul P. Grafe, MAI, CCIM
pgrafe@valbridge.com

Mr. Wade Ivy
Assistant Superintendent
Kerrville ISD
1009 Barnett Street
Kerrville, Texas 78028

Dear Mr. Ivy:

This letter will outline my proposal to complete a market value appraisal of the 1,309-acre tract of vacant land located at the northeast corner of Ranchero Road and Valley View, Kerrville, Texas. The property is currently owned by the Kerrville Independent School District. Based on our discussions, the market value appraisal will be completed on the basis of a land valuation analysis for potential sale of the property.

My fee estimate for completion of the market value appraisal is \$2,300. The time frame required for completion of the assignment is prior to July 25, 2023.

If the above meets with your understanding, please so indicate by signing and returning one copy of this letter for my files.

Thank you for the opportunity to present this proposal. I look forward to working with you on this important valuation assignment.

Respectfully submitted,
Valbridge Property Advisors | San Antonio



Paul P. Grafe, MAI, CCIM
Senior Managing Director
State Certified General
Real Estate Appraiser
TX-1320847-G

San Antonio • Austin • Corpus Christi • Laredo • Rio Grande Valley • Victoria • Midland/Odessa • El Paso • Texas Hill Country
Temple/Killeen/Fort Hood

Agreed and Accepted
Mr. Wade Ivy
Assistant Superintendent

Wade Ivy
Signature

Assistant Superintendent
Title

Wade Ivy
Name (type or print)

July 6, 2023
Date

Exhibit (Field Notes)



FIELD NOTES FOR A 1.309 ACRE TRACT OF LAND

BEING a 1.309 acre tract of land, more or less, situated in the William C. Francis Survey No. 146, Abstract No. 137, Kerr County, Texas, said 1.309 acre tract being out of a called 1.317 acre tract conveyed to Kerrville Independent School District by Warranty Deed recorded in Volume 764, Page 647, Real Property Records of Kerr County, Texas, said 1.309 acre tract being more particularly described by metes and bounds as follows, with all bearings based on the Texas State Plane Coordinate System, South Central Zone (North American Datum of 1983, 2011 adjustment);

BEGINNING at a 1/2" iron rod with cap found in the east right-of-way line of Valley View (60' right-of-way) for the west corner of said 1.317 acre tract, also being the west corner of the herein described tract and the south corner of Lot 1, Valley View Estates Unit 1, recorded in Volume 3, Page 139, Plat Records of Kerr County, Texas, from which a 1/2" iron rod found for the west corner of said Lot 1 bears N 41°16'46" W 180.00';

THENCE N 58°37'45" E (N 58°54'00" E, record), departing said right-of-way line with the southeast line of said Lot 1, a distance of **119.22'** (119.30', record) to a 1/2" iron rod with "MDS" cap set for an angle in the north line of the herein described tract of land;

THENCE N 77°32'57" E (N 77°46'00" E, record), passing at 7.95' a 1/2" iron rod with "Mansfield" cap found for the east corner of said Lot 1, Valley View Estates, and the south corner of a called 4.014 acre tract conveyed to Willow Tree Community, LLC by Cash Warranty Deed recorded in Document No. 21-08119, Official Public Records of Kerr County, Texas, continuing for a total of distance of **189.72'** (190.00', record) to a 1/2" iron rod found for angle in the north line of the herein described tract of land;

THENCE N 51°47'53" E (N 51°49'00" E, record), with the southeast line of said 4.014 acre tract, a distance of **99.47'** (100.00', record) to a 1/2" iron rod found for the east corner of said 4.014 acre tract, a common corner of Lots 3 and 4, Block 10, Loma Vista No. Five, Kerrville South, recorded in Volume 3, Page 93, Plat Records of Kerr County, Texas, the north corner of said 1.317 acre tract and the north corner of the herein described tract of land;

THENCE S 37°18'46" E (S 37°01'00" E, record), with the southwest line of said Loma Vista No. Five and the east line of said 1.317 acre tract, passing at 90.42' a 5/8" iron rod found for the common corner of Lots 2 and 3, Block 10, of said Loma Vista No. Five, continuing for a total distance of **180.60'** (180.00', record) to a 1/2" iron rod with "Voelkel" cap found for the common corner of Lots 1 and 2, Block 10, of said Loma Vista No. Five and a point for angle in the east line of the herein described tract of land;

Page 1 of 2

874 Harper Road # 104 • Kerrville, TX 78028
830-816-1818 • mds-surveying.com
TBPLS Firm Registration No. 10019600


THENCE S 11°15'14" E (S 11°16'00" E, record), with the west line of said Lot 1, Block 10, Loma Vista No. Five, a distance of **49.48'** (50.00', record) to a 1/2" iron rod with "MDS" cap set in the north right-of-way line of Ranchero Road (60' right-of-way), being the southwest corner of said Lot 1 and the southeast corner of the herein described tract of land;

THENCE N 83°14'14" W (N 83°15'00" W, record), with the north right-of-way line of said Ranchero Road and the south line of said 1.317 acre tract, a distance of **123.68'** (123.50', record) to a 1/2" iron rod found for angle in the south line of the herein described tract of land;

THENCE S 78°08'46" W (S 78°08'00" W, record), continuing with the north right-of-way line of said Ranchero Road and the south line of said 1.317 acre tract, a distance of **302.00'** (302.80', record) to a PK nail in concrete found at the intersection of the north right-of-way line of said Ranchero Road and the east right-of-way line of the aforementioned Valley View, being the southwest corner of said 1.317 acre tract and the southwest corner of the herein described tract of land;

THENCE N 41°16'46" W (N 41°05'00" W, record), with the east right-of-way line of said Valley View and the west line of said 1.317 acre tract, a distance of **100.00'** (100.00', record) to the **POINT OF BEGINNING AND CONTAINING 1.309 ACRES OF LAND**, more or less, situated in Kerr County, Texas.

Note: This description was prepared from a survey made on the ground by employees of MDS Land Surveying Company, Inc. in June, 2023. () denotes record information. A survey plat of equal date was made in conjunction with this description.


Jeff Boerner, RPLS #4939
Date: 6-29-2023
Job # 23-236-00 - 1.309 Acre Tract



Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 7th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

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)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (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. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but that are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction. (Dictionary)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, [amenities,] and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

An attached, detached, or stacked unit within or attached to a structure with common areas that are held as tenants in common (an undivided interest) with other owners in the project. The units can be residential, commercial, industrial, or parking spaces or boat docks. These units are commonly defined by state laws in their locations. Because units can be stacked on top of other units, these units can be defined both vertically and horizontally. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement

may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI \div I_m$), 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)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (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 value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (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 to be their best interests;

7. An adequate marketing effort will be made during the 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; and
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)

Double Net (Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect. (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 Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings.

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. 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. (Dictionary)

Expense Stop

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

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the 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. (USPAP, 2020-2021 ed.)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (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 Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. In essence, floor common area represents all of the area on the floor that is common to that respective floor with the exception of those areas that penetrate through the floor, such as the elevator shaft and stairwell. The significant point to be made is that floor common area is not part of the tenant's usable area. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

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

1. 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.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading

docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as “grossed up.” (Dictionary)

Gross Sellout Value (Sum of the Retail Values)

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 though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

1. 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.
2. 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 the asset

when formulating the price that it would be willing to bid. (IVS)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: 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)

Insurable Value (Replacement Cost for Insurance Purposes)

The estimated cost, 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 new property (i.e., depreciation is not deducted). (Dictionary)

Investment Value

1. 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)
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (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 reversionary right when the lease expires. (Dictionary)

Leasehold Interest (Leasehold Estate)

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)

See also Positive Leasehold and Negative Leasehold.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in 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. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or

telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
4. The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that 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 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. (Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

1. A lease in which a part or the entire property is leased to a single entity (the master lessee) in return for a stipulated rent. The master lessee then subleases the property to multiple tenants.
2. The first lease in a sandwich lease. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common or easement. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Percentage Lease

A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (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 being 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 yet achieved sellout or a stabilized level of long-term occupancy. (Dictionary)

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 of 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)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make that claim junior, or subordinate, to the claims of another party. (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)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net 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 lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary)
2. Formerly used in valuation practice as a synonym for *contributory value* or *use value*. (Dictionary)

VTAB (Value of the Total Assets of a Business)

The total amount that the real property, tangible personal property, and intangible property assets of a business would sell for in an asset-based transaction. (Dictionary)

Qualifications

Qualifications of Paul P. Grafe, MAI, CCIM
Senior Managing Director
Valbridge Property Advisors | San Antonio | Austin
pgrafe@valbridge.com



Education

- *Bachelor of Science Degree in Agricultural Economics* with a specialization in Real Estate – Texas A&M University; May 1985

Specialized Education

Received credit for the following courses sponsored by the Appraisal Institute, American Society of Farm Managers and Rural Appraisers, Commercial Investment Real Estate Institute and International Right-of-Way Association:

- Separating Real, Personal and Intangible Value, Appraisal Institute
- Standards of Professional Practice Part C
- Business Practices and Ethics
- Advanced Applications, Appraisal Institute
- Decision Analysis for Commercial Investment Real Estate (CI 301)
- Market Analysis for Commercial Real Estate (CI 201)
- Advanced Resource Appraisal (A-34)

Completed all core courses under the American Institute of Real Estate Appraisers required for the MAI designation, 1984-1988. During his education at Texas A&M University, he completed 18 hours of core real estate courses.

Designations/Certifications

- Accredited Member, Appraisal Institute, Certificate No. 8582, MAI; October 1990
- Member, Commercial Investment Real Estate Institute, Certificate No. 8330, CCIM; November 1998
- State Certified General Real Estate Appraiser; State of Texas; Certification No. TX-1320847-G; November 2017
- State Certified General Real Estate Appraiser; State of New Mexico; Certification No. 03585-G; November 2017.
- Texas Real Estate Broker; License No. 0354271; 1992

Experience

Presently and since 1985, Paul P. Grafe has been engaged in independent real estate fee appraisal and consultant work. Presently, he is Senior Managing Director of Valbridge Property Advisors | San Antonio and Austin. He has qualified as an expert witness and testified for real estate related matters in County, District, and Federal Courts.

Other business interests have included Alamo Fiesta Recreational Vehicle Resort, Boerne, Texas, and ranching registered Angora and Boer Goats. Mr. Grafe has served as an officer on the boards of a number of civic and education related organizations. He has been active in coaching youth sports and is involved with several FFA and 4-H programs.

Real Estate Specializations

Clients served include corporations, law firms, accounting firms, individuals, financial institutions, mortgage lenders, conduit lenders, governmental agencies, developers and estates.

- Mixed use developments
- Office
- Multi-family
- Retail
- Hotel
- Industrial
- Special purpose properties including: resort hotels and developments, retirement communities, nursing homes, golf courses, aircraft hangars, and micro processing facilities.
- Recreational and working ranches in Texas, Colorado and Wyoming
- Small grain farms
- Mushroom farms
- Fertilizer plants
- Nurseries

Paul has developed specializations in the appraisal of multi-family and retail properties as well as appraisal related to condemnation. Additionally, he developed a specialization in litigation valuation especially related to ad valorem tax and condemnation appraisal. In addition to valuation and counseling on real property, he has completed appraisals dealing with many types of equipment and rolling stock.

Generally, his trade area encompasses the State of Texas; however, Mr. Grafe has had the opportunity to complete a number of appraisals throughout the United States over the last fifteen years. These assignments varied in property type to include multi-family, credit leased properties (i.e., CVS Drugstores, Eckerd Drugstores, IHOP Restaurants, etc.), retail, office and industrial. Appraisals have been made in the states of Arkansas, California, Colorado, Indiana, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, New Mexico, New Hampshire, North Carolina, Oklahoma, Pennsylvania, South Carolina, and Wyoming. Appraisal assignments have also been completed in the Republic of Mexico and Puerto Rico. Appraisals in Mexico have been completed in the states of Tamaulipas, Guanajuato, Nuevo Leon, Mexico, Baja California, Chihuahua, and Sinaloa. The emphasis of these assignments has been industrial and resort properties.

From May 1985 to December 1988, Mr. Grafe was employed as an associate appraiser for Noble, Glen & Associates, Inc. From October 1984 to May 1985, he was employed part time for Brazosland Appraisals in Bryan, Texas as a residential market research intern.

Professional Affiliations

- Member, Appraisal Institute, Certificate No. 8582, MAI; October 1990
- Member, Commercial Investment Real Estate Institute, Certificate No. 8330, CCIM; November 1998
- President, San Antonio Chapter of the Appraisal Institute; 1999 Director, San Antonio Chapter of the Appraisal Institute; 1993-2000
- President, International Right-of-Way Association; 2001 Director, International Right-of-Way Association; 1997-2001
- Treasurer, Boerne Sunrise Rotary Club; 1997 Director, Boerne Sunrise Rotary Club; 1994-1997
- Member, Society of Texas A&M Real Estate Professionals

Seminars and Lectures

- Speaker - 27th Annual Legals Seminar on Ad Valorem Taxation; "How Do You Know I Know You Know What You Say You Know?" Expert Qualification and Disqualification Rules and Issues, 2013
- Scope of Work: Expanding Your Range of Services, 2006
- Speaker – International Right-of-Way Region 2 Seminar; "New Trends in the Appraisal Industry," 2005
- Real Estate Issues Seminar; International Right-of-Way Association Chapter 39; 1997-2011

PAUL PHILLIP GRAFE
9901 W. INTERSTATE 10
SUITE 1035
SAN ANTONIO, TX 78230



Qualifications of Joseph F. "Paco" Prevost Associate Appraiser

Valbridge Property Advisors | San Antonio

jprevost@valbridge.com



Education

- *Bachelor of Arts Degree in Political Science, Texas Tech University; December 1995.*

Specialized Education

Received credit for and successfully completed the following courses sponsored by the Appraisal Institute:

- General Appraiser Income Approach Part I
- Real Estate Appraisal Principles (110)
- Real Estate Appraisal Procedures (120)
- USPAP
- Appraiser Trainee/Supervisory Appraiser Course
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation & Cost Approach
- General Appraiser Market Analysis and Highest & Best Use

Certifications/Designations

- General Real Estate Appraiser Trainee; State of Texas; Certification NO. TX-1341292-Trainee

Real Estate Specializations

- Title research
- Title curative
- Negotiate lease & purchase of mineral properties
- Right-Of-Way acquisition
- Prospect Management/Lease compliance

Experience

Presently and since January 2017, Joseph F. Prevost has been employed by Valbridge Property Advisors | San Antonio. Experience includes appraisal and consulting assignments related to residential and commercial properties, farm and ranch, and special use. Joseph was born in San Antonio, Texas.

JOSEPH FRANKLIN PREVOST
9901 IH-10 WEST STE 1035
SAN ANTONIO, TX 78230



Appraiser Trainee

Trainee: Joseph Franklin Prevost
Authorization #: TX 1341292 Trainee **Expires: 01/31/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Chelsea Buchholtz
Commissioner



Valbridge

PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (80+ across the U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

Valbridge Property Advisors, Inc.

3033 Riviera Drive, Suite 106
Naples, FL 34103
Phone: 888.981.2029



valbridge.com





Valbridge
PROPERTY ADVISORS

VALBRIDGE PROPERTY ADVISORS OFFICE LOCATIONS

ALABAMA

26241 Equity Dr., Ste. 101
Daphne, AL 36526
(251) 929-9090

3100 Lorna Rd., Ste. 201
Birmingham, AL 35216
(205) 440-2998

4732 Woodmere Blvd.
Montgomery, AL 36106
(334) 277-5077

CALIFORNIA

3160 Crow Canyon Pl.
San Ramon, CA 94583
(925) 327-1660

825 Colorado Blvd., Ste. 243
Los Angeles, CA 90041
(626) 486-9327

17822 17th St., Ste. 211
Tustin, CA 92780
(714) 449-0852

775 Sunrise Ave., Ste. 260
Roseville, CA 95661
(916) 361-2509

1530 The Alameda, Ste. 100
San Jose, CA 95126
(408) 279-1520

COLORADO

5345 Arapahoe Ave., Ste. 7
Boulder, CO 80303
(303) 867-1935

1099 Main Ave., Ste. 311
Durango, CO 81301
(970) 340-1016

CONNECTICUT

17 Covewood Dr.
Norwalk, CT 06853
(860) 246-4606

15 Concord St.
Glastonbury, CT 06033
(860) 246-4606

FLORIDA

10950 San José Blvd.
Jacksonville, FL 32223
(904) 608-2948

301 Almeria Ave., Ste. 350
Coral Gables, FL 33134
(305) 639-8029

734 Rugby St.
Orlando, FL 32804
(407) 493-6426

2711 Poinsettia Ave.
West Palm Beach, FL 33407
(561) 833-5331

3033 Riviera Dr., Ste. 106
Naples, FL 34103
(239) 514-4646

2601 West Horatio St. Unit 6
Tampa, FL 33609
(321) 228-6488

GEORGIA

2675 Paces Ferry Rd., Ste. 425
Atlanta, GA 30339
(404) 354-2331

IDAHO

1875 N. Lakewood Dr., Ste. 100
Coeur d'Alene, ID 83814
(208) 292-2965

ILLINOIS

566 W. Lake St., Ste. 240
Chicago, IL 60661
(312) 429-0132

INDIANA

6801 Lake Plaza Dr., Ste. C-301
Indianapolis, IN 46220
(317) 687-2747

KANSAS

10990 Quivira Rd., Ste. 100
Overland Park, KS 66210
(913) 451-1451

KENTUCKY

1890 Star Shoot Pkwy.
Lexington, KY 40509
(502) 585-3651

9401 Williamsburg Plaza, Ste. 204
Louisville, KY 40222
(502) 585-3651

LOUISIANA

2030 Dickory Ave., Ste. 200
Elmwood, LA 70123
(504) 541-5100

MARYLAND

11100 Dovedale Ct.
Marriottsville, MD 21104
(443) 333-5525

MASSACHUSETTS

260 Bear Hill Rd., Ste. 106
Waltham, MA 02451
(781) 790-5645

MICHIGAN

1420 Washington Blvd.
Detroit, MI 48226
(313) 986-3313

2127 University Park Dr.
Okemos, MI 48864
(517) 336-0001

MINNESOTA

255 E. Kellogg Blvd., Ste. 102A
St. Paul, MN 55101
(651) 370-1475

MISSISSIPPI

1010 Ford St.
Gulfport, MS 39507
(228) 604-1900

224 Avalon Cir.
Brandon, MS 39047
(601) 853-0736

501 Highway 12 W., Ste. 150-M
Starkville, MS 39759
(662) 617-2350

CORPORATE OFFICE

3033 Riviera Drive, Suite 106, Naples, FL 34103 | Phone: (239) 325-8234 | Fax: (239) 325-8356
Each Valbridge office is independently owned and operated.

valbridge.com

rev. 062723

MISSOURI

1118 Hampton Ave., Ste. 208
St. Louis, MO 63139
(314) 255-1323

NEVADA

3034 S. Durango Dr., Ste. 100
Las Vegas, NV 89117
(702) 242-9369

6490 S. McCarran Blvd., Ste. 51
Reno, NV 89509
(775) 204-4100

NEW MEXICO

7000 Prospect Pl. NE, Ste. B
Albuquerque, NM 87110
(505) 884-4721

NORTH CAROLINA

5950 Fairview Rd., Ste. 405
Charlotte, NC 28210
(704) 376-5400

412 E. Chatham St.
Cary, NC 27511
(919) 859-2666

NORTH DAKOTA

118 Broadway N., Ste. 509
Fargo, ND 58091
(701) 289-1676

OHIO

1655 W. Market St., Ste. 130
Akron, OH 44313
(330) 899-9900

8291 Beechmont Ave., Ste. B
Cincinnati, OH 45255
(513) 785-0820

1422 Euclid Ave., Ste. 1160
Cleveland, OH 44115
(216) 367-9690

OKLAHOMA

6666 S. Sheridan Rd., Ste. 104
Tulsa, OK 74133
(918) 712-9992

3121 Quail Springs Pkwy., Ste. 150
Oklahoma City, OK 73134
(405) 603-1553

PENNSYLVANIA

150 S. Warner Rd., Ste. 440
King of Prussia, PA 19406
(215) 545-1900

4701 Baptist Rd., Ste. 304
Pittsburgh, PA 15227
(412) 881-6080

SOUTH CAROLINA

1250 Fairmont Ave.
Mt. Pleasant, SC 29464
(843) 884-1266

11 Cleveland Ct.
Greenville, SC 29607
(864) 233-6277

920 Bay St., Ste. 26
Beaufort, SC 29902
(843) 884-1266

TENNESSEE

3500 Ringgold Rd., Ste. 3
Chattanooga, TN 37412
(423) 206-2677

213 Fox Rd.
Knoxville, TN 37922
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225
Memphis, TN 38120
(901) 753-6977

5205 Maryland Way, Ste. 202
Brentwood, TN 37027
(615) 369-0670

TEXAS

901 Mopac Expy. S., Bldg. 1, Ste. 300
Austin, TX 78746
(737) 242-8585

10210 North Central Expy., Ste. 115
Dallas, TX 75231
(214) 446-1611

974 Campbell Rd., Ste. 204
Houston, TX 77024
(713) 467-5858

2731 81st St.
Lubbock, TX 79423
(806) 744-1188

9901 IH-10 West, Ste. 1035
San Antonio, TX 78230
(210) 227-6229

UTAH

527 E. Pioneer Rd., Ste. 240
Draper, UT 84020
(801) 262-3388

20 North Main St.
St. George, UT 84770
(435) 773-6300

321 N. County Blvd., Ste. D
American Fork, UT 84003
(801) 492-0000

VIRGINIA

656 Independence Pkwy., Ste. 220
Chesapeake, VA 23320
(757) 410-1222

1231 Alverser Dr.
Midlothian, VA 23113
(757) 345-0010

5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

WASHINGTON

8378 W. Grandridge Blvd., Ste. 110-D
Kennewick, WA 99336
(509) 221-1540

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

WISCONSIN

12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990

NATIONAL COVERAGE. LOCAL KNOWLEDGE. TRUE VALUATION INDEPENDENCE.



Valbridge
PROPERTY ADVISORS

f t in @
valbridge.com