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# APPRAISAL REPORT

COMMERCIAL PROPERTY  
2249 NORTH HUMBOLDT AVENUE  
CITY OF MILWAUKEE

Prepared for:  
**City of Milwaukee**  
809 N. Broadway  
2<sup>nd</sup> Floor  
Milwaukee, WI 53202

Prepared by:  
**Ann Davis, MAI**  
WI Certified General Appraiser #34-10  
**CORRE, INC.**  
175 E. Wisconsin Ave. Suite 27  
Oconomowoc, WI 53066

AS OF DECEMBER 7, 2017



December 18, 2017



Attn: Matt Haessly  
City of Milwaukee  
Department of City Development – Real Estate  
809 N. Broadway 2<sup>nd</sup> Floor  
Milwaukee, WI 53202

Oconomowoc Office  
175 E. Wisconsin Avenue  
Suite 27  
Oconomowoc, WI 53066  
608.828.1011 P  
262.354.3015 F

RE: Appraisal Of A Commercial Property  
Located At 2249 North Humboldt Avenue, City of Milwaukee

Dear Mr. Haessly:

As requested, I have prepared an appraisal of the above captioned property. The purpose of the appraisal is to estimate the market value of the above referenced property.

The subject property is a 7,798 square foot, one- and three-story commercial building built in 1891 and situated on a 7,800 square foot lot. The property is described in greater detail in the following report.

The definition of market value is found in the body of the report. My analysis, opinions and conclusions were developed, and this report has been prepared, in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).

A summary of facts and conclusions is included in the report. Please note the Assumptions and Limiting Conditions upon which the value conclusions are based, contained within the report. An inspection of the subject property and collection and analysis of pertinent data was made.

The subject property is in poor condition. The appraiser is not qualified to assess the structural integrity of the building, and a structural inspection was not provided or undertaken as a part of this appraisal assignment. However, based on a thorough investigation of the property and the market, the appraiser has made the following extraordinary assumptions regarding the subject property:

- 1) The property is likely to qualify for the National Historic Register of Historic Places, which may enable an owner of the property to receive state and federal historic tax credits for renovation.
- 2) Renovation of the property is only feasible with historic tax credits.
- 3) The appraisal is based on the current availability of historic tax credits. The elimination of such tax credits could materially affect the sale of the subject property.

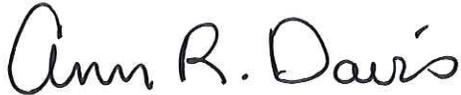
- 4) The property is of sufficient historic significance to attract a buyer interested in preservation of historic buildings.
- 5) The building contributes to the neighborhood and general street appearance, and has a positive effect on other buildings in the area.
- 6) The building structure is not beyond restoration and repair.

These are assumptions which, if found to be false, could alter the appraiser's opinions or conclusions.

Based on my investigation, it is my opinion that the estimated market value of the fee simple interest in the property located at 2249 North Humboldt Avenue, City of Milwaukee, Wisconsin, as of December 7, 2017, excluding all furniture, fixtures and equipment, is: \$0 (Zero).

Respectfully submitted,

**CORRE, INC.**



By Ann R. Davis, MAI

Wisconsin Certified General Appraiser #34-10

[adavis@correinc.com](mailto:adavis@correinc.com)

608.826.6155

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## CERTIFICATION

To the best of my knowledge and belief, the statements contained in this appraisal report are true and the information upon which the opinions expressed herein are based is correct, subject to the limiting conditions herein set forth:

The statements contained in this report are true and correct. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Neither my compensation nor my employment are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stimulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

No one provided significant real property appraisal assistance to me in making this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this appraisal, Ann R. Davis has completed the requirements of the continuing education program of the Appraisal Institute.

I personally inspected the subject property on December 7, 2017.



Ann R. Davis, MAI  
Wisconsin Certified General Appraiser #34 - 10

## ASSUMPTIONS AND LIMITING CONDITIONS

The following is in accordance with the policy of this office, in the acceptance of this appraisal report, and the completion of the assignment submitted herewith. It is assumed by this appraiser that:

- 1) The title to the property is marketable. The property is appraised free and clear of all encumbrances, unless otherwise noted.
- 2) No responsibility is assumed by this appraiser for legal matters, especially those affecting title to the property, which is assumed to be good.
- 3) The legal description, as given, is correct.
- 4) Certain opinions and data furnished by others in the course of this investigation are correct.
- 5) Neither all nor any part of the contents of this report shall be used for any purpose without the author's consent, or conveyed to the public through advertising, public relations, news, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm, or any reference to the Appraisal Institute or to the MAI designation.
- 6) This appraisal is not based upon any completion of public improvements, unless otherwise stated.
- 7) The appraiser, by reason of this appraisal, is not required to give testimony or appear in court or any pre-trial conference or appearance required by subpoena with reference to the property in question, unless arrangements have been previously made.
- 8) The distribution of the total valuation of this report between land and improvements, if provided, applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisals and are invalid if so used.
- 9) The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

## ASSUMPTIONS AND LIMITING CONDITIONS, CONTINUED

- 10) Unless informed in writing to the contrary, no abnormal soil conditions exist which will result in additional costs to cure any proposed improvements or affect any existing improvements.
- 11) Should the client request the attendance of the appraiser at conference for the purpose of discussing certain aspects of the appraisal report, additional compensation shall be paid for such time spent by the appraiser in conference at an hourly rate to be determined. In the event a revision of the appraisal report is necessary through the fault of the appraiser, such revisions and corrections shall be made as part of the fee herein established. However, if the client requires additional work on the part of the appraiser, the appraiser shall be paid at the hourly rate to be determined.
- 12) Opinions and estimates expressed herein represent the opinion of the appraiser and should not be construed as a guarantee or warranty, either expressed or implied, that the property described herein will actually sell for the market value contained in this opinion. Any actions taken by you, the client, or any others should be based on your own judgment and the decision process should consider many factors other than just the value estimate. For this reason, our liability is limited to the amount of the fee paid.
- 13) The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions that would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

## EXECUTIVE SUMMARY

PROPERTY OWNER:	City of Milwaukee
PROPERTY ADDRESS:	2249 North Humboldt Avenue City of Milwaukee , Milwaukee County, Wisconsin
SIZE AND TYPE OF PROPERTY:	7,798 square foot commercial building, built in 1891, on a 7,800-square foot site
SALES HISTORY:	No recent sales; ownership transferred to City of Milwaukee in 2015 due to foreclosure
PRESENT USE:	Vacant
ZONING:	LB2, Local Business
TAX PARCEL NUMBER:	354-0501-100
2015 ASSESSMENT (Before foreclosure):	Land: \$117,000 Improvements: \$223,000 Total: \$340,000
HIGHEST & BEST USE:	Mixed commercial and residential use after renovation
VALUE CONCLUSIONS	
COST APPROACH:	Not Used
SALES COMPARISON APPROACH:	Site Value If Vacant: \$140,000 Site Value As Improved: \$76,000 As Improved: \$0 (Zero)
INCOME CAPITALIZATION APPROACH:	Not Used
FINAL VALUE ESTIMATE:	\$0 (Zero)

## INTRODUCTION

### **Purpose and Intended Use of the Appraisal**

This report has been prepared for the City of Milwaukee and the intended user is the City of Milwaukee. The purpose of the appraisal is to estimate market value of the fee simple interest in the subject property. Fee simple is defined by The Dictionary of Real Estate Appraisal (Sixth Edition) as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat”. The intended use of this appraisal is to establish an asking price for sale of the property.

### **Scope of the Appraisal**

The scope of this assignment included an inspection of the subject, an analysis and determination of the highest and best use of the subject, an investigation of the market area to discover factors affecting property value, and a search of the market area for sales of comparable property.

Comparable sales used in this report were inspected (exterior only) and the terms of the transactions were verified with the buyer, seller or broker when possible. Data may have been used without verification by a party to the transaction if attempts to contact these individuals were unsuccessful and/or if the data was obtained from a reliable source and appeared to be correct.

This is an Appraisal Report in compliance with USPAP Standards Rule 2-2. The property was valued using the sales comparison approach.

### **Hypothetical Conditions**

The Uniform Standards of Professional Appraisal Practice (USPAP) (2016-2017 Edition) defines a hypothetical condition as “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.” This appraisal is not based on any hypothetical conditions.

### **Extraordinary Assumptions**

The Uniform Standards of Professional Appraisal Practice (USPAP) (2016-2017 Edition) defines an extraordinary assumption as “an assumption, directly related to a specific assignment as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.” This appraisal is based on the following extraordinary assumptions:

### **Extraordinary Assumptions, continued**

- 1) The property is likely to qualify for the National Historic Register of Historic Places, which may enable an owner of the property to receive state and federal historic tax credits for renovation.
- 2) Renovation of the property is only economically feasible with historic tax credits.
- 3) The appraisal is based on the current availability of historic tax credits. The elimination of such tax credits could materially affect the sale of the subject property.
- 4) The property is of sufficient historic significance to attract a buyer interested in preservation of historic buildings.
- 5) The building contributes to the neighborhood and general street appearance, and has a positive effect on other buildings in the area.
- 6) The building structure is not beyond restoration and repair.

### **Definition of Value**

In this appraisal, market value is defined as:

*The most probable price which a property would 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 are 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 are acting in what they consider their own best interests;*
- 3) A reasonable time is allowed for exposure in the open market;*
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(Source: 12 C.F.R. Part 34.43(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). The subject property is an historic property that will likely sell to a buyer interested in the preservation of historic buildings. There are buyers willing to undertake the process of applying for inclusion on the National Historic Register and pursuing historic tax credits to help fund a costly renovation, but the pool of potential buyers is more limited than for a traditional commercial property. Based on these considerations, in this appraisal market value is based on a typical exposure period of up to twelve months.

## DESCRIPTION

### **Area and Neighborhood Analysis**

The subject property is located on the north side of the City of Milwaukee, about one-half mile north of the downtown area. The neighborhood is known as Riverwest, which is bordered on the east and south by the Milwaukee River, on the west by North Holton Street and on the north by East Capitol Drive. It is a mature, urban neighborhood with a mix of commercial, residential and industrial properties.

The subject property is on the southwest corner of North Humboldt Avenue and East North Avenue. Properties in the immediate area include a BP gas station, Pantry 41 convenience store and car wash on the northwest corner of the intersection, a vacant former gas station site on the northeast corner, and a Pick N Save grocery store and Columbia St. Mary's Health Center on the southeast corner. Immediately south of the subject are an auto electronics installation business and a bar in older commercial buildings, and a dialysis clinic in a newer building on the corner of East Garfield Avenue.

About two blocks south of the subject is an area of Milwaukee known as the Beerline B area. This former railroad corridor along the Milwaukee River has been developed with hundreds of apartments and condominiums over the past 20 years. It is a thriving area with restaurants, bars, and river-oriented recreational opportunities. To the east of the subject, on East North Avenue and along the Milwaukee River, are a new apartment development called Belay, which incorporates Adventure Rock, a rock climbing facility, and a residence hall for students of the University of Wisconsin – Milwaukee, called River View.

In 2016, Milwaukee had an estimated population of 595,047, slightly higher than the 2010 population of 594,833, but slightly less than the 2000 population of 596,974. The outlying counties of metropolitan Milwaukee are currently experiencing population growth while the City of Milwaukee and Milwaukee County are remaining stable or declining slightly in population. This phenomenon is occurring in most of the large metropolitan areas of the United States. Despite the slightly declining population overall, the downtown area and close outlying neighborhoods are experiencing a housing boom, with thousands of apartment units added in recent years.

The area has convenient access to the Interstate Highway system. Access to I-43 is about a mile west of the subject property on North Avenue. I-43 heads north to Green Bay and southwest to Beloit. About two miles south of North Avenue I-43 connects with I-94, which heads west to Madison and south to Chicago, and I-794, which heads east to downtown Milwaukee and the lakefront.

Properties in the area are generally maintained in average condition and no significant changes in land use are anticipated. There are a few vacant lots near the subject property where new commercial or mixed-use commercial and residential development may eventually occur.

**Legal Description**

According to assessor’s records, the subject property is approximately described as follows:

Lots 1 and 2, Block 1 of Charles Quentin’s Subdivision of Lot 83 in Lots 2 and 3, together with the West 5 feet of vacated adjacent North Humboldt Avenue, in the Northwest ¼ of Section 21, Township 7 North, Range 22 East, in the City of Milwaukee, Milwaukee County Wisconsin.

**Assessment and Taxes**

The subject property is identified as tax parcel number 354-0501-100. It is owned by the City of Milwaukee and therefore is tax exempt and is not assessed. In 2015, prior to the foreclosure of the property, the subject property had the following assessment:

Land	\$ 117,000
Improvements	<u>\$ 223,000</u>
Total	\$ 340,000

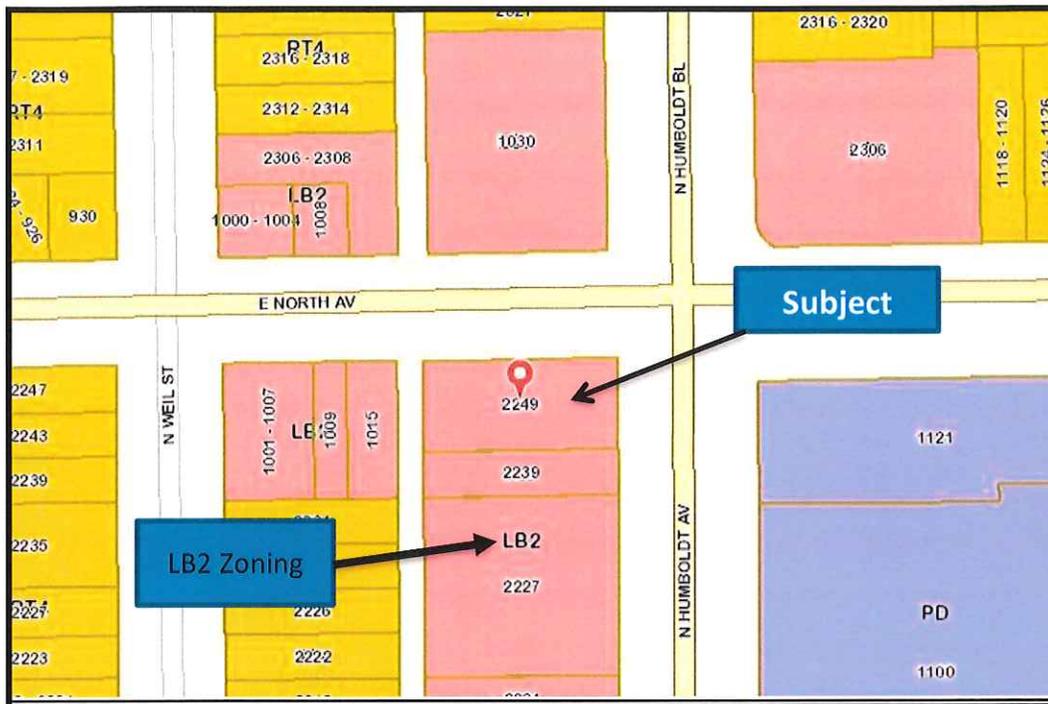
**Zoning**

The subject property is zoned LB2, Local Business District. This zoning district is intended for uses that provide a wide range of goods and services serving a large consumer population coming from an extensive area. The LB2 district tends to be in urban areas with smaller lots and smaller setbacks. Allowed uses include single- and multi-family residential dwellings, offices, hotels, taverns, sit-down restaurants, health clubs and theaters. Fast food/carryout restaurants are allowed as a limited use as long as the building contains at least one other principal permitted use. General retail establishments are also permitted as a limited use as long as it is not operated between 12 a.m. and 5 a.m. (unless it is a convenience store).

The LB2 zoning does not have a minimum required lot size for commercial uses and no minimum front, side or rear setbacks are required. A lot of at least 800 square feet per dwelling unit is required for residential uses. The subject lot and structure are believed to be legally conforming.

For retail, restaurant or tavern uses, one parking space is required for every 1,000 square feet of gross floor area, excluding storage or utility space. With approximately 4,179 square feet of total ground floor area including storage and utility areas, the subject would likely require four parking spaces for these uses. One of the spaces must be an ADA complying space with a loading area that is equal to one additional parking space. If the second and third floor are used as apartments, another two spaces may be required, bringing the total to about seven spaces required. A dumpster enclosure will also be required, as well as space to park four bicycles, which may be possible to locate in the public right-of-way. The subject property currently has a gravel driveway from the rear alley, with no specifically designated parking spaces, but it is believed there is sufficient space behind the building to provide the required parking.

## ZONING MAP



### Site Description

The subject site is a rectangular lot located on the southwest corner of North Humboldt Avenue and East North Avenue. According to assessor's records, the lot has 60 feet of frontage on North Humboldt Avenue and 130 feet on East North Avenue. The total land area is 7,800 square feet or 0.18 acre.

There is vehicular access to the subject property from a public alley that runs along the west side of the site. Most of the west part of the site is lawn, but there is also a gravel driveway from the alley. In front of the subject property, North Humboldt Avenue has one south-bound lane, one north-bound lane, right and left turn lanes for north-bound traffic, a bike lane and street parking on the west side of the street. East North Avenue is a two-lane street with street parking. Both streets are paved roads with curbs, gutters, sidewalks, and street lights. The subject site is level and at road grade, and is served by public water and sewer services. According to Federal Emergency Management Agency flood map number 55079C0092E, dated September 26, 2008, the subject property is not located in a flood zone.

There is no known environmental contamination of the subject property, but an environmental study was not provided. The conclusions of this appraisal are based on the assumption that there is no environmental contamination of soil or groundwater. Building improvements in the area suggest there are no detrimental subsoil conditions.

# AERIAL PHOTOGRAPH



### **Improvements Description**

The subject site is improved with a one- and three-story mixed-use building built in 1890. The three-story portion of the building has solid brick exterior walls on stone basement foundation walls. The one-story portion is brick veneer on wood frame construction, without a basement. There appears to be a crawl space beneath this section. The entire building has wood floor joists and floor decking, and flat, wood roof structures. The roof covering on the one-story section is a rubber membrane. The roof covering on the three-story section is unknown.

According to assessor's records, the building measures approximately 60 feet by 70 feet, minus an angled area at the front entrance. The first floor area is approximately 4,179 square feet, the second floor area is approximately 1,799 square feet and the third floor area is approximately 1,820, for a total building area of 7,798 square feet. The lot measures 7,800 square feet, indicating a land to building ratio of 1 to 1.

The building is designated as a City of Milwaukee Historic Structure due to its exemplification of the historic heritage of the city, its distinguishing architectural characteristics, and its importance as an established and familiar visual feature of the neighborhood. It is known as the Schlitz Tavern and was built in the Romanesque style by architect Charles Kirchoff. It was originally designed as a tavern and bowling alley, with apartments on the upper two floors. More recent uses have included a venue for live entertainment and antiques sales on the ground floor, and offices and a beauty salon on the second floor.

The building is in poor condition. It has been vacant for years and there is significant deferred maintenance. The roof covering is in very poor condition and there has been significant water damage on all floors of the building. The one-story section is in particularly poor condition. A major wooden support beam is very rotted and much of the brick veneer has fallen off of the front of the building. Plumbing fixtures in all parts of the building are old or missing, it is assumed all mechanicals need to be replaced, and most of the original interior finishes have been removed. Windows throughout the building are old and need to be replaced. Many are fixed plate glass and some are plexiglass. The exterior brick walls on the three-story section are bowed in areas.

The appraiser is not qualified to assess the structural integrity of the building, and a structural inspection was not provided or undertaken as a part of this appraisal assignment. Although the building is in poor condition, it has not been condemned by the City of Milwaukee. Because it is owned by the City, it is no longer routinely inspected. If privately owned and not historically designated, it is likely there would be a raze order requiring removal of the building. But because it is a designated historic structure, demolition is not encouraged and is generally not permissible. Demolition may be acceptable if approved by the Historic Preservation Commission, which would consider the following factors: condition, importance, location (whether the building contributes to the neighborhood and general street appearance), and potential for restoration.

**Improvements Description, continued**

Based on a thorough investigation of the property and the market, the appraiser has made the following conclusions and assumptions regarding the subject property:

- 1) The property is likely to qualify for the National Historic Register of Historic Places, which may enable an owner of the property to receive state and federal historic tax credits for renovation.
- 2) Renovation of the property is only feasible with historic tax credits.
- 3) The appraisal is based on the current availability of historic tax credits. The elimination of such tax credits could materially affect the sale of the subject property.
- 4) The property is of sufficient historic significance to attract a buyer interested in preservation of historic buildings.
- 5) The building contributes to the neighborhood and general street appearance, and has a positive effect on other buildings in the area.
- 6) The building structure is not beyond restoration and repair.

Based on these extraordinary assumptions, it is concluded that the building could not be razed and would be purchased for renovation.



## HIGHEST AND BEST USE

Highest and best use is defined by The Dictionary of Real Estate Appraisal (Sixth Edition) as: "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."

### As Vacant

Typically, the most significant legal consideration affecting highest and best use is the zoning of a property. The subject property is zoned LB2, Local Business District, by the City of Milwaukee. Allowed uses include single- and multi-family residential dwellings, offices, hotels, taverns, sit-down restaurants, health clubs and theaters. Fast food/carryout restaurants are allowed as a limited use as long as the building contains at least one other principal permitted use. General retail establishments are also permitted as a limited use as long as they are not operated between 12 a.m. and 5 a.m. (unless a convenience store). The LB2 zoning does not have a minimum required lot size for commercial uses and no minimum front, side or rear setbacks are required. A lot of at least 800 square feet per dwelling unit is required for residential uses. The subject lot is believed to be legally conforming. The current zoning is appropriate for the area and is unlikely to change.

Physically, the subject site is level, has no known environmental contamination or subsoil conditions, and is served by municipal water and sewer services. Although relatively small with only 7,800 square feet, the site has been improved with a one- and three-story building since 1890, so clearly development is physically possible.

The subject site is a visible, corner lot at a busy intersection near new apartment development and the neighborhoods of Riverwest and Beerline B. If vacant, there would likely be demand for the site for new construction of a mixed-use, commercial and residential use. A mixed-use commercial development would maximize property value. Therefore, highest and best use of the subject property, if vacant, would be for development of a mixed-use commercial use.

### As Improved

The subject site is improved with an historic building constructed in 1890. The building is believed to comply with the current LB2 zoning. It is currently vacant and in poor condition, but is designated as a City of Milwaukee Historic Structure. As such, demolition of the structure is discouraged unless it is beyond repair. This appraisal is based on certain assumptions about the property, since its structural integrity could not be adequately assessed. The assumptions are:

- 1) The property is likely to qualify for the National Historic Register of Historic Places, which may enable an owner of the property to receive state and federal historic tax credits for renovation.
- 2) Renovation of the property is only feasible with historic tax credits.

**Highest and Best Use As Improved, continued**

- 3) The appraisal is based on the current availability of historic tax credits. The elimination of such tax credits could materially affect the sale of the subject property.
- 4) The property is of sufficient historic significance to attract a buyer interested in preservation of historic buildings.
- 5) The building contributes to the neighborhood and general street appearance, and has a positive effect on other buildings in the area.
- 6) The building structure is not beyond restoration and repair.

Although the value of the site if vacant is estimated to exceed the value of the property as improved, due to the protections granted the property by its historic designation the highest and best use of the subject property, based on the extraordinary assumptions identified above, is for mixed-use, commercial and residential use after extensive renovation.

# VALUATION

## Introduction

In the appraisal of real estate, there are three traditional approaches that provide indications of value for a property. Ideally each of these approaches is used in the market value estimate. Practically, however, not all approaches are necessarily applicable to the valuation of all types of real estate. The three traditional approaches are the cost approach, sales comparison approach, and income capitalization approach.

The cost approach is based on the principle of substitution: that no prudent person would pay more for a property than the cost to acquire a similar site and construct a building of equal desirability and utility. The procedure involves estimating the value of the site, as if vacant, then estimating the costs to reconstruct improvements. Deductions are made from the construction cost estimate for accrued depreciation caused by physical deterioration and functional and external obsolescence, and the estimated site value is then added.

The sales comparison approach is based on the principle of supply and demand, recognizing that prices are determined in the market as a result of negotiations between buyers and sellers. The methodology used in this approach consists of gathering and analyzing recent sales, listings, or offers of similar properties. Relevant units of comparison are selected to compare sale properties to the appraised property and adjustments are made to provide an indication of market value.

The income capitalization approach involves conversion of anticipated benefits to be derived from ownership or purchase of a property into an estimate of its present worth or value. The methodology used in this approach can take many formulations, but it is generally the process of converting a series of anticipated future benefits, in the form of income and/or reversion value, into a present value. This process is known as capitalization and depends on alternative market investments to indicate an applicable capitalization or discount rate.

The final step in the appraisal process is the reconciliation of the estimates arrived at by the appropriate approaches described above. Rather than a mere averaging of the value indications, the reconciliation considers factors such as the reliability of data used in the various approaches, the appropriateness of the approaches in dealing with any unique or unusual features of the property, and the importance that investors or purchasers of this type of property place on the value conclusions of the different approaches.

The sales comparison approach will be used to value the property as a vacant site and as improved. The cost and income capitalization approaches were considered but were excluded from this appraisal. The cost approach is most reliable when valuing newer properties, due to the difficulty of quantifying physical depreciation for an older property, and therefore was not used. The income capitalization approach was excluded because the subject is in poor condition and could not generate any investment income in its present state.

## LAND VALUATION

The sales comparison approach is typically used to value land by comparing the subject property to similar properties that have been sold recently. This approach is based on the premise that market value is directly related to the prices of comparable properties, and it is usually a reliable indicator of value if adequate sales of similar properties have occurred.

The following comparable sales are considered in order to estimate the value of the subject's site.

SALES SUMMARY - VACANT LAND					
Sale No.	Sale Location	Sale Date	Sale Price	Size (SF)	Price/SF
Sale 1	1500 W. Oklahoma Ave.	07/27/2017	\$54,000	7,560	\$7.14
Sale 2	2764 N. Humboldt Blvd.	09/25/2015	\$110,000	12,539	\$8.77
Sale 3	733 E. Capitol Dr.	06/09/2017	\$650,000	24,354	\$26.69
Sale 4	926 W. Juneau Ave.	05/16/2017	\$1,000,000	33,254	\$30.07
Sale 5	1232 N. Van Buren St.	09/20/2016	\$80,000	2,685	\$29.80

### **Comparable Land Sale 1**

This is the sale of a 7,560-SF lot that sold for \$7.14 per square foot. The site is across the street from a funeral home in a mostly residential section of West Oklahoma Avenue. Parking lot improvements will have to be removed for redevelopment. A coffee shop is reportedly planned for the site.

### **Comparable Land Sale 2**

This is the sale of a 12,539-square foot lot that sold for \$8.77 per square foot. It is located on a main thoroughfare but in a mostly residential area. The lot remains vacant.

### **Comparable Land Sale 3**

This is a 24,354 square foot site that sold for \$26.69 per square foot. It is a shopping center outlot in a busy commercial area, and is being improved with a dialysis clinic.

### **Comparable Land Sale 4**

Sale 4 is a 33,254-square foot site that sold for \$30.07 per square foot. A 5-story apartment building with ground floor retail space is under construction.

### **Comparable Land Sale 5**

This is the sale of a 2,685-square foot lot that sold for \$29.80 per square foot. It is in a commercial location, between a restaurant/bar and its parking lot. The lot remains vacant.

**Land Valuation, Continued**

These comparable sales were physically inspected. They are similar enough to provide reliable indications of the subject's market value after adjustments for differences.

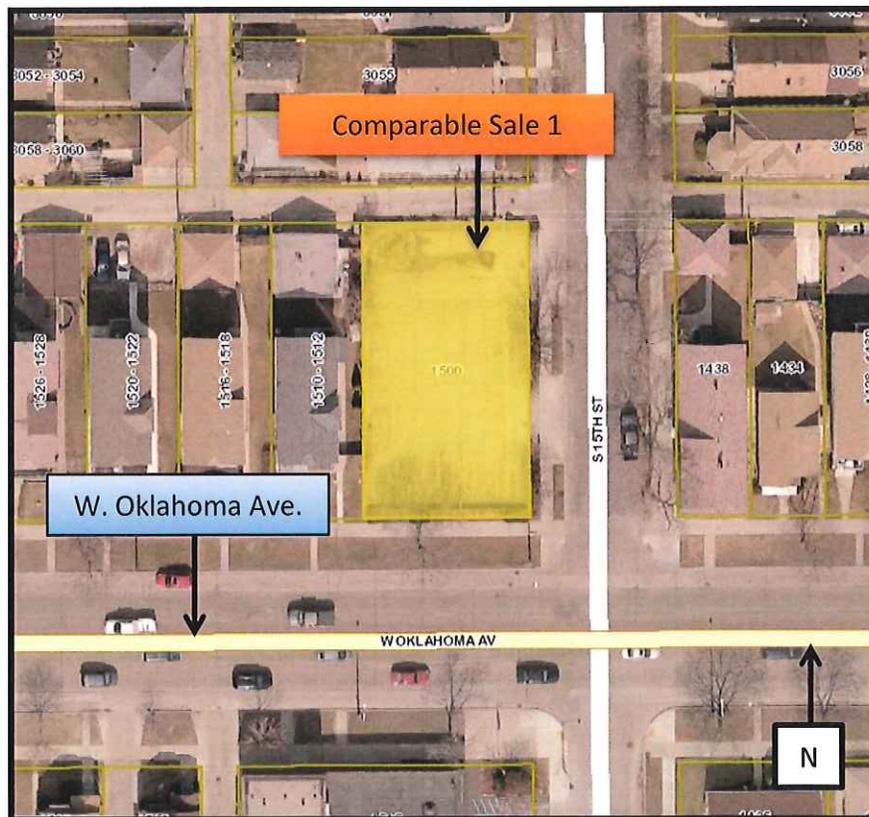
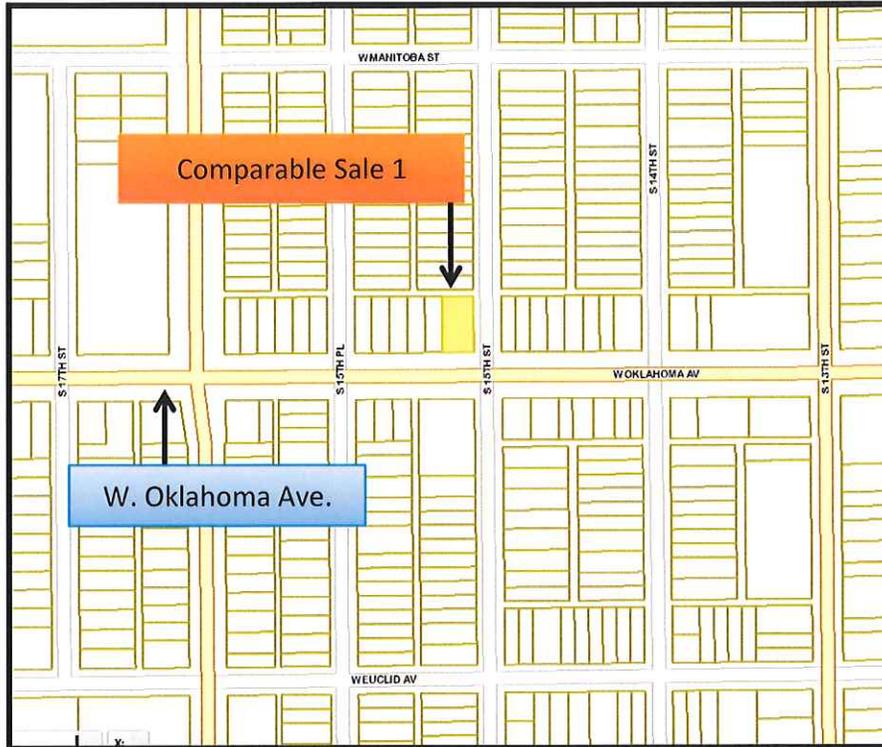
Details about the sales follow, then adjustments to the sales are summarized in an adjustment grid.

## VACANT LAND SALE 1



**LOCATION:** 1500 W. Oklahoma Ave., City of Milwaukee, Milwaukee County, WI  
**ZONING:** (LB2) Local Business District  
**CURRENT USE:** Vacant  
**SIZE:** 7,560 SF  
**SALE PRICE:** \$54,000  
**\$ PER SQUARE FOOT:** \$7.14 per SF  
**GRANTOR:** Max A. Sass and Sons, Inc.  
**GRANTEE:** Afrim Gaba  
**SALE DATE:** 07/27/2017  
**TYPE OF DOCUMENT:** Warranty/Condo Deed recorded on 07/28/2017  
**DOCUMENT #** 10696773  
**LEGAL DESCRIPTION:** Lots 16 & 17, in Block 3, in Columbia Land Association Subdivision, in the South East 1/4 of Section 7, in Township 6 North, Range 22 East, in the City of Milwaukee, Milwaukee County, Wisconsin.  
**FINANCING:** None  
**CONDITIONS OF SALE:** Arm's Length Transaction  
**PARCEL ID:** 508-0185-100  
**DESCRIPTION:** This is a small commercial site on a secondary corner in a mostly residential area. It was improved with a parking lot for a funeral home located across the street but the improvements were in poor condition. The sale was verified by Matt Slaaen of First Weber Inc. – NPW, listing agent, to Ann Davis on 8-24-17. The agent said they had received a full price offer for \$59,000 but the proposed use for a car sales lot was not approved. This slightly lower offer was accepted from buyers who indicated they plan to build a coffee shop. Off-site parking for a nearby hospital was also proposed and would have been allowed on the site.

# VACANT LAND SALE 1, CONTINUED



## VACANT LAND SALE 2



<b>LOCATION:</b>	2764 N. Humboldt Blvd., City of Milwaukee, Milwaukee County, WI
<b>ZONING:</b>	(PD) Planned Development
<b>CURRENT USE:</b>	Vacant
<b>SIZE:</b>	12,539 SF
<b>SALE PRICE:</b>	\$110,000
<b>\$ PER SQUARE FOOT:</b>	\$8.77 per SF
<b>GRANTOR:</b>	Ideal Property Solutions
<b>GRANTEE:</b>	SG Property Management
<b>SALE DATE:</b>	09/25/2015
<b>TYPE OF DOCUMENT:</b>	Warranty Deed recorded on 09/30/2015
<b>DOCUMENT #</b>	10503467
<b>LEGAL DESCRIPTION:</b>	Part of Lot 26, in the Northeast 1/4 of Section 16, in Township 7 North, Range 22 East, in the City of Milwaukee, Milwaukee County, Wisconsin.
<b>FINANCING:</b>	None
<b>CONDITIONS OF SALE:</b>	Arm's Length Transaction
<b>PARCEL ID:</b>	315-9968-000
<b>DESCRIPTION:</b>	This is a small site on Humboldt Boulevard, just north of Center Street. The lot abuts the Oak Leaf Recreational Trail and Milwaukee County's Gordon Park, which is along the Milwaukee River. The area has mostly single-family residences and duplexes, although there is a small strip center a few properties to the south. Although the PD zoning may permit mixed-use development, the sale property is likely to be developed with residential housing units. The sale was verified by MLS records and DOR transfer return. A party to the transaction could not be reached.

## VACANT LAND SALE 2, CONTINUED

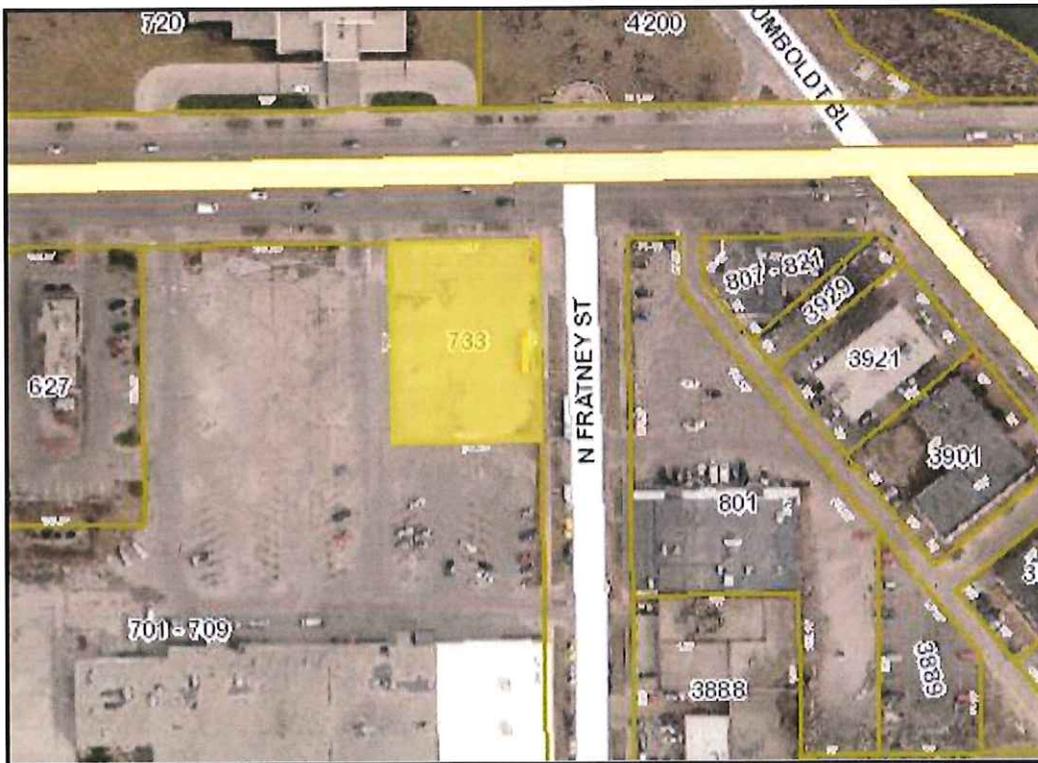


## VACANT LAND SALE 3



**LOCATION:** 733 East Capitol Drive, City of Milwaukee, Milwaukee County, WI  
**ZONING:** (LB2) Local Business  
**CURRENT USE:** Dialysis Clinic  
**SIZE:** 24,354 SF  
**SALE PRICE:** \$650,000  
**\$ PER SQUARE FOOT:** \$26.69 per SF  
**GRANTOR:** PJR Properties, LLC  
**GRANTEE:** Milwaukee 733 Capitol, LLC  
**SALE DATE:** 06/09/2017  
**TYPE OF DOCUMENT:** Warranty Deed recorded on 06/15/2017  
**DOCUMENT #** 10683159  
**LEGAL DESCRIPTION:** Lot 1 of CSM No. 8754, in the Northwest 1/4 of Section 9, Township 7 North, Range 22 East, in the City of Milwaukee, Milwaukee County, Wisconsin.  
**FINANCING:** Conventional  
**CONDITIONS OF SALE:** Arm's Length Transaction  
**PARCEL ID:** 274-0492-000  
**DESCRIPTION:** This is a shopping center outlot that is being improved with a dialysis clinic. The center is anchored by a Piggly Wiggly grocery store and is on a busy commercial corridor. The property was sold through a broker, Tom Bruss of Founders3, who verified the sale to Ann Davis on 12/18/17.

# VACANT LAND SALE 3, CONTINUED



## VACANT LAND SALE 4



<b>LOCATION:</b>	926 West Juneau Avenue, City of Milwaukee, Milwaukee County, WI
<b>ZONING:</b>	(C9G) Mixed Activity
<b>CURRENT USE:</b>	Retail and apartments proposed
<b>SIZE:</b>	33,254 SF
<b>SALE PRICE:</b>	\$1,000,000
<b>\$ PER SQUARE FOOT:</b>	\$30.07 per SF
<b>GRANTOR:</b>	BP Property Owner No. 2, LLC
<b>GRANTEE:</b>	Blocks 4 and 5, LLC
<b>SALE DATE:</b>	05/16/2017
<b>TYPE OF DOCUMENT:</b>	Warranty Deed recorded on 05/23/2017
<b>DOCUMENT #</b>	10675994
<b>LEGAL DESCRIPTION:</b>	Lot 2 of CSM No. 8336, in the Southwest 1/4 of Section 20, Township 7 North, Range 22 East, in the City of Milwaukee, Milwaukee County, Wisconsin.
<b>FINANCING:</b>	Conventional
<b>CONDITIONS OF SALE:</b>	Arm's Length Transaction
<b>PARCEL ID:</b>	362-0552-000
<b>DESCRIPTION:</b>	This site is being improved with a mixed-use development that will have 7,000 square feet of ground floor retail space and 110 apartments in a 5-story building. The property is in the former Pabst Brewery complex near downtown. The area has seen significant redevelopment of old buildings into apartments and commercial space, as well as new construction. Parking for the apartments will be provided in a nearby public parking garage, but this arrangement did not affect the land price. The project is expected to be completed in 2018. The sale was verified by Dan McCarthy of The Brewery, seller, to Ann Davis on 12-13-17.

# VACANT LAND SALE 4, CONTINUED



## VACANT LAND SALE 5



**LOCATION:** 1232 North Van Buren Street, City of Milwaukee, Milwaukee County, WI

**ZONING:** (C9A) High Density Residential

**CURRENT USE:** Vacant

**SIZE:** 2,685 SF

**SALE PRICE:** \$80,000

**\$ PER SQUARE FOOT:** \$29.80 per SF

**GRANTOR:** Arhontisa G. Theoharis

**GRANTEE:** 1232 Van Buren. LLC

**SALE DATE:** 09/20/2016

**TYPE OF DOCUMENT:** Warranty Deed recorded on 09/21/2016

**DOCUMENT #** 10605148

**LEGAL DESCRIPTION:** The South 30 feet of Lot 2 in Block 136 in Plat Of The Town of Milwaukee On The East Side Of The River, and the South 30 feet of the West 50.08 feet of Lot Two in Block 136 in Partition Of The East One-Half, in the Southwest 1/4 of Section 21, Township 7 North, Range 22 East, in the City of Milwaukee, Milwaukee County, Wisconsin.

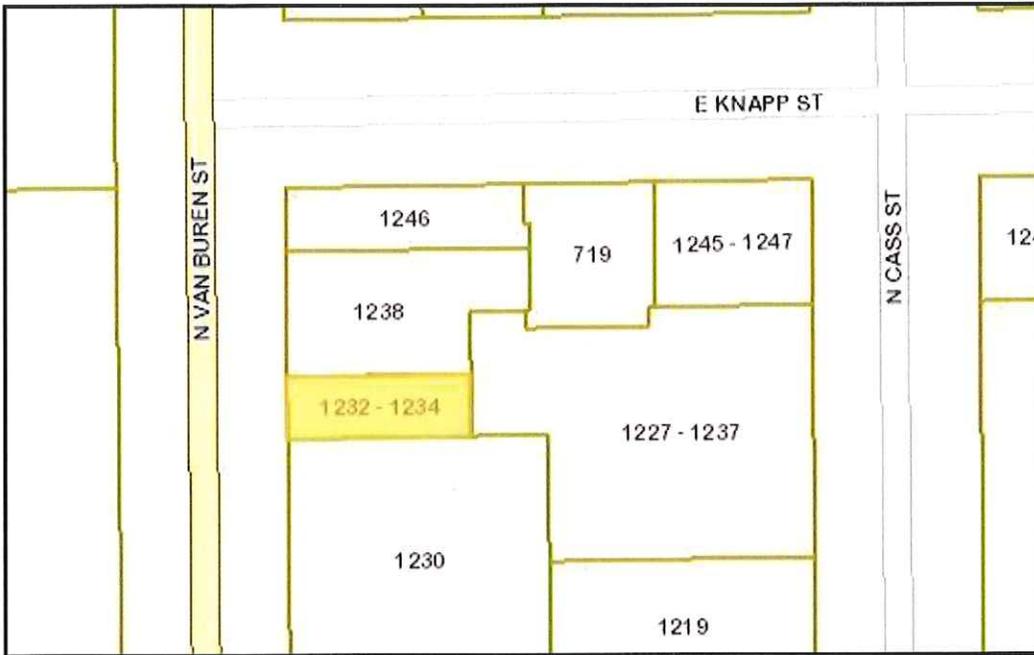
**FINANCING:** None

**CONDITIONS OF SALE:** Arm's Length Transaction

**PARCEL ID:** 392-2021-000

**DESCRIPTION:** This is a very small lot in a commercial location on North Van Buren Street, just north of downtown. The lot measures approximately 30 feet by 89.5 feet and is located between Victor's bar/restaurant and its parking lot, and was purchased by the owner of an adjacent apartment building to the east. The buyer also owns many apartment buildings in Milwaukee. The sale was verified by Linda Nickel of Shorewest Realtors to Ann Davis on 12/18/17.

# VACANT LAND SALE 5, CONTINUED



# LAND SALES MAP



## ADJUSTMENT GRID

ITEM	SUBJECT	Sale 1		Sale 2		Sale 3	
Address	2249 N. Humboldt Ave.	1500 W. Oklahoma Ave.		2764 N. Humboldt Blvd.		733.E. Capitol Dr.	
Sale Price		\$54,000		\$110,000		\$650,000	
Sale Date		7/27/2017		9/25/2015		6/9/2017	
Property Rights		None	0%	None	0%	None	0%
Adjusted Sales Price		\$54,000		\$110,000		\$650,000	
Financing		None	0%	None	0%	None	0%
Adjusted Sales Price		\$54,000		\$110,000		\$650,000	
Conditions of Sale		Arm's Length	0%	Arm's Length	0%	Arm's Length	0%
Adjusted Sales Price		\$54,000		\$110,000		\$650,000	
Expenditures		Demolition	+5%	None	0%	None	0%
Adjusted Sales Price		\$56,700		\$110,000		\$650,000	
Market Conditions (Time)		7/27/2017	+2%	9/25/2015	+11%	6/9/2017	+3%
Adjusted Sales Price		\$57,834		\$122,100		\$669,500	
ITEM	SUBJECT	Sale 1		Sale 2		Sale 3	
Adjusted Price/SF		\$7.65		\$9.74		\$27.49	
Location	Commercial	Low-density mixed-use	+20%	Residential	+20%	Commercial	-20%
Shape	Rectangular	Rectangular	0%	Rectangular	0%	Rectangular	0%
Size/SF	7,800	7,560	0%	12,539	0%	24,354	-10%
Topography	Level	Level	0%	Level	0%	Level	0%
Zoning/H & B Use	LB2	LB2	0%	PD	0%	LB2	0%
Utilities	Municipal	Municipal	0%	Municipal	0%	Municipal	0%
Access	Alley	Side street	0%	Typical	0%	From shopping center	0%
Corner/Interior	Corner	Corner	0%	Interior	+10%	Corner	0%
NET % ADJ. TOTAL		+20%		+30%		-30%	
NET \$ ADJ. TOTAL		\$1.53		+\$2.92		-\$8.25	
INDICATED VALUE PER SF		\$9.18		\$12.66		\$19.24	

## ADJUSTMENT GRID, CONTINUED

ITEM	SUBJECT	Sale 4		Sale 5	
Address	2249 N. Humboldt Ave.	926 W. Juneau Ave.		1232 N. Van Buren St.	
Sale Price		\$1,000,000		\$80,000	
Sale Date		5/16/2017		9/20/2016	
Property Rights		None	0%	None	0%
Adjusted Sales Price		\$1,000,000		\$80,000	
Financing		None	0%	None	0%
Adjusted Sales Price		\$1,000,000		\$80,000	
Conditions of Sale		Arm's Length	0%	Arm's Length	0%
Adjusted Sales Price		\$1,000,000		\$80,000	
Expenditures		None	0%	None	0%
Adjusted Sales Price		\$1,000,000		\$80,000	
Market Conditions (Time)		5/16/2017	+3%	9/20/2016	+6%
Adjusted Sales Price		\$1,030,000		\$84,800	
ITEM	SUBJECT	Sale 4		Sale 5	
Adjusted Price/SF		\$30.97		\$31.58	
Location	Commercial	Mixed-use	-20%	Commercial	-20%
Shape	Rectangular	Rectangular	0%	Rectangular	0%
Size/SF	7,800	33,254	-10%	2,685	0%
Topography	Level	Level	0%	Level	0%
Zoning/H & B Use	LB2	C9G Mixed-use	0%	C9A, High-density residential	0%
Utilities	Municipal	Municipal	0%	Municipal	0%
Access	Alley	Typical	0%	Typical	0%
Corner/Interior	Corner	Corner	0%	Interior	0%
NET % ADJ. TOTAL		-30%		-20%	
NET \$ ADJ. TOTAL		-\$9.29		-\$6.32	
INDICATED VALUE PER SF		<b>\$21.68</b>		<b>\$25.26</b>	

## EXPLANATION OF ADJUSTMENTS

The adjustments made are market-based adjustments. Adjustments are made to each sale for the differences between it and the subject. Consideration of adjustment was given to property rights transferred, financing, sale conditions or motivation, expenditures, market conditions or time, location, shape, size, topography, zoning, utilities, access and corner versus interior siting. Adjustments can be either qualitative or quantitative depending on the unit of comparison and price indications available from sales data and verification of the comparable sales.

### **Property Rights**

The property interests conveyed in all of the comparable sales was fee simple with no indicated rights retained by seller; no adjustment is necessary.

### **Financing**

The sales were purchased with conventional financing or were cash transactions. No adjustment for financing is necessary.

### **Conditions of Sale**

All of the sales are believed to be arm's length with no motivational factors reflected in the sale price. No adjustments for conditions of sale are made.

### **Expenditures**

This adjustment considers additional expenditures affecting the price of the comparable sales, such as demolition. Sale 1 will require removal of the existing parking lot improvements before it can be redeveloped. Upward adjustment is made for the additional cost to remove existing improvements. No adjustments to the other sales are required.

### **Market Conditions (Time)**

Commercial land prices have shown appreciation in recent years, as the economy continues to recover from the recession of 2007 to 2009. Demand for new development is strong and available sites are limited, putting upward pressure on land prices. Upward adjustment of 5 percent per year is made to the sales to reflect current market conditions.

### **Location**

The subject property is in a mature, urban commercial location with good visibility. Sales 1 and 2 are in inferior, mixed-use locations with less commercial development in the immediate area. These sales require upward adjustment for the subject's superior location. Sale 3 is in a busy commercial area at the north end of the Riverwest neighborhood. It is a superior location to that of the subject and the sale is adjusted downward. Sale 4 is in an active redevelopment area known as The Brewery and is near downtown and the new Buck's basketball arena currently under construction. It is in an area of significant new construction where there is strong demand for development sites. Sale 4 is adjusted downward for the subject's inferior location. Sale 5 is in a commercial area just north of downtown that is considered superior to the subject's location. Sale 5 is adjusted downward for location.

### **Shape**

The subject property and comparable sales are similar in shape. No adjustments are made to the sales for shape.

### **Size/SF**

The subject property is similar in size to sales 1 and 2, smaller than sales 3 and 4, and larger than sale 5. Although small sites tend to sell for a higher unit price, this is not always the case if a property is so small that the size restricts the type of development that is possible on the site. The subject site is too small to support some commercial uses, so sales 3 and 4, which are larger sites that can support more substantial commercial development, are considered superior and are adjusted downward for the subject's smaller size. Sales 1 and 2 are reasonably similar to the subject in size and require no adjustment. Sale 5 is a very small site that would be very limited in its development possibilities; however, it may offer potential for assemblage with adjacent land or for parking for a nearby use. It does not appear the small size and limited development potential of the property reduced the unit price, so no adjustment is made for size.

### **Topography**

The subject property is a level, buildable site. All of the comparable sales have similar topography and no adjustments are made for topography.

### **Zoning**

The subject property is zoned LB2, Local Business. All of the comparable sales have zonings that would permit similar commercial development, or are in locations where a zoning change would likely be possible to permit a use similar to that which would be permitted on the subject site. Not all of the sale properties have the same commercial potential due to location, but adjustments were made for location differences earlier. No adjustments are made for zoning.

### **Utilities**

The subject property has municipal water and sewer services, as do all of the comparable sales. No adjustments are made for utilities.

### **Access**

The subject property has only alley access, but the alley functions as a driveway to the property and is considered typical and adequate access in the area. All of the comparable sales have similar typical access and no adjustments are made for access.

### **Corner/Interior**

The subject property is a corner site, which provides better visibility than an interior location. All of the sales except sales 2 and 5 are corner locations and require no adjustment. Sale 2 is an interior site that lacks the subject's good commercial visibility. Upward adjustment is made for the subject's superior corner location. Sale 5 is an interior site but was likely purchased for assemblage. It does not appear that the interior location reduced the unit price and no adjustment is made to this sale for the subject's superior corner location.

**Reconciliation Land**

The sales indicate adjusted prices ranging from \$9.18 to \$25.26 per square foot. Although the range of adjusted prices is wide, the sales bracket the expected value of the subject property. The subject property is clearly superior to sales 1 and 2 in terms of location and highest and best use, and is inferior to sales 3, 4, and 5, which are in better locations and have more intensive highest and best uses. The unit value of the subject property should fall within these two groups of adjusted sales. Therefore, based on these considerations, the subject property is estimated to have a market value of \$18.00 per square foot or a total site value of \$140,400 (7,800 square feet x \$18.00 per square foot), rounded to \$140,000, if vacant.

The subject property is improved with a commercial building that would have to be removed for redevelopment of the site. Based on typical demolition costs reported by Marshall Valuation, a cost estimating guide, the cost to remove the existing building is estimated to be about \$6.00 per square foot of building area. The building has a total area of about 9,600 square feet including the basement, indicating an estimated demolition cost of \$57,600. Adding 10 percent contingency, the total estimated cost is \$63,360, rounded to \$64,000.

Deducting the estimated demolition costs of \$64,000 from the estimated land value, as vacant, \$140,000, results in an estimated site value as improved of \$76,000 (\$140,000 - \$64,000).

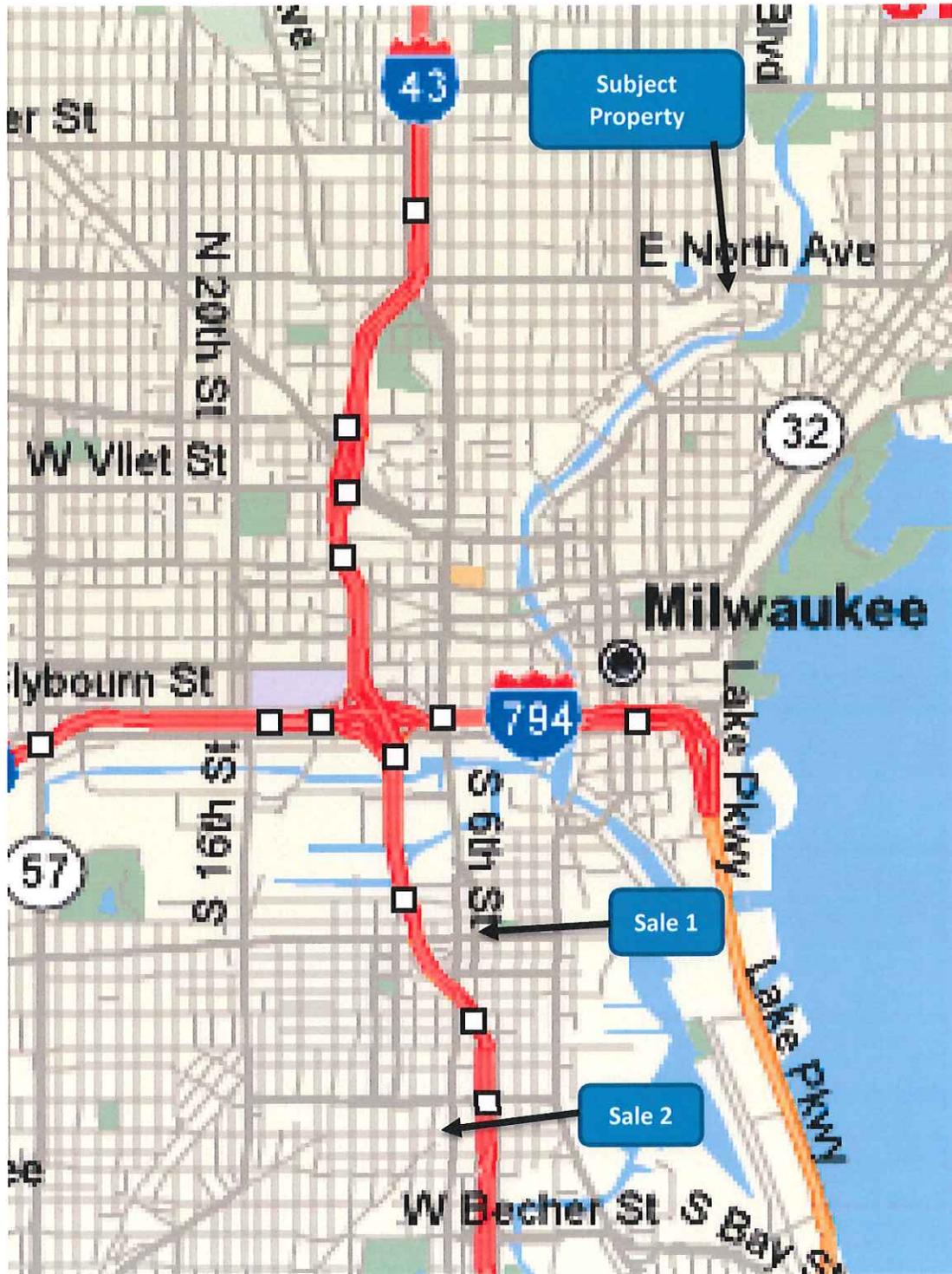
**VALUATION AS IMPROVED**

The sales comparison approach is typically used to value an improved property such as the subject. In the sales comparison approach, sales of similar properties are compared to the subject and adjusted for differences to provide an indication of price per square foot. However, the subject property is in poor condition and it is estimated that the cost to renovate the property will exceed its value when the renovation is complete. Two transfers of properties in similar condition were investigated for the analysis. They are summarized below.

**Improved Sales Summary Chart**

IMPROVED SALES SUMMARY				
Sale No.	Sale Location	Sale Date	Sale Price	Building Size (SF)
Sale 1	425-431 W. National Ave. Milwaukee	08/03/2016	\$100	19,783
Sale 2	738 W. Maple Street Milwaukee	10/31/2017	\$1	10,620

# IMPROVED SALES MAP



IMPROVED SALE #1  
425-431 WEST NATIONAL AVENUE  
MILWAUKEE, WISCONSIN



TAX KEY NUMBER: 431-1049-000

GRANTOR: Arteaga/GC National, LLC

GRANTEE: National Block, LLC

DATE OF SALE: 08/03/2016

RECORDING DATA: Warranty Deed, document #10590307

LEGAL DESCRIPTION: All except the East 21.50 feet of Lot 12, in Block 102, in Weeks Plot of Lots 3 and 6, in the Southeast 1/4 of Section 32, Town 7 North, Range 22 East, in the City of Milwaukee, County of Milwaukee, State of Wisconsin.

YEAR BUILT: 1885

BUILDING AREA: 19,783 SF

CONSTRUCTION TYPE: Brick

IMPROVED SALE #1

LAND AREA: 6,550 square feet (0.15 acre)  
SALE PRICE: \$100  
ZONING: LB2, Local Business

REMARKS: This is the transfer of an historic building in poor condition to a developer who plans to renovate the property. The property is known as the National Block property and is a three story, Italianate-style brick building once used as a rooming house. The seller, an LLC affiliated with General Capital Group, had acquired the property after a foreclosure, but, according to the current owner Michael Morrison, the renovation required was not the type of work they typically do and they decided to sell the property. It was on the market priced at just under \$300K when Mr. Morrison first looked at it. Mr. Morrison had an interest in acquiring property in the Walker's Point neighborhood and offered to "take the property off the hands" of the sellers, who agreed. A price of \$100 was agreed to.

The property was in poor condition with significant water damage and structural issues, and there was a raze order on the property. Mr. Morrison said water was cascading through the roof when he bought it and there had been a fire in the attic. He plans to renovate the property using state and federal tax credits and has applied to have the property placed on the National Historic Register. He has gotten Part 1 and Part 2 approvals. He plans to spend \$4 million on the project, or over \$200 per square foot, and said the project would only be feasible with tax credits. He will get \$1.6 million back in tax credits: \$800K from the state and \$800K from the federal government. The property will have commercial space on the ground floor and 12 market rent apartments on the upper floors. Mr. Morrison purchased two nearby parking lots to provide the required parking.

IMPROVED SALE #2  
738 WEST MAPLE STREET  
MILWAUKEE, WISCONSIN



TAX KEY NUMBER: 461-0540-004

GRANTOR: Palermos Properties, LLC

GRANTEE: DTB2, LLC

DATE OF SALE: 10/31/2017

RECORDING DATA: Warranty Deed, document #10725126

LEGAL DESCRIPTION: Lot 13 in Block 3 in Mitchell's Subdivision of the South 44.549 acres of the Northwest 1/4 of Section 5, Town 6 North, Range 22 East, in the City of Milwaukee, County of Milwaukee, State of Wisconsin.

YEAR BUILT: 1907

BUILDING AREA: 10,620 SF

CONSTRUCTION TYPE: Brick

IMPROVED SALE #2

LAND AREA: 3,600 square feet (0.08 acre)  
SALE PRICE: \$1  
ZONING: LB2, Local Business

REMARKS: This is the purchase of an historic building in poor condition to a real estate professional with an interest in preservation. The property is known as the White Eagle Hotel and is a three-story former hotel or boarding house most recently used for warehousing. The property is in poor condition and there was a raze order on the property. There is water damage to the west side of the building from an improperly installed drainage pipe. According to the buyer, Derek Benedyk, the seller was going to incur a cost of around \$60K to raze the building, so he was willing to get rid of the property.

The sale property is part of the Mitchell Street Historic District, but was not historically significant enough to be approved for the National Historic Register, which means the buyer will not qualify for state or federal historic tax credits. He said he does not yet have an estimate of the cost to renovate the property so he does not know if it will be economically feasible without the tax credits. He is working with architects on a plan for a first floor coffee shop or bakery and apartments on the upper floors.

### **Analysis Of Improved Sales**

The subject property is in poor condition, with a failing roof, major water damage, rotting support beams, possible mold issues, and bowing exterior brick walls. Its structural integrity is unknown but is of concern. In researching comparable improved sales, sales of properties in similarly poor condition were sought, and two properties with raze orders that were acquired by developers intending to save the buildings were found. These properties were transferred for little to no compensation.

Because of the high cost associated with the type of extensive reconstruction and renovation of that the subject property will require, it is estimated that the market value of the property as improved is less than it would be if the building could be removed for redevelopment of the site. However, because the appraisal is based on the assumptions that the building would not be razed and is of sufficient historic significance to attract a buyer interested in the preservation of historic buildings, it is estimated that the market value of the subject property, as improved, is \$0 (Zero).

## CORRELATION AND FINAL ESTIMATE OF VALUE

The value conclusions to the three approaches are:

Cost Approach	Not Used
Sales Comparison Approach	Site Value If Vacant: \$140,000 Site Value As Improved: \$76,000 As Improved: \$0 (Zero)
Income Capitalization Approach	Not Used

Each of the three approaches to value has strengths when applied correctly and when adequate data is available. In this appraisal, only the sales comparison approach was used.

The cost approach typically provides a reliable estimate of value for newer properties that do not suffer from significant physical depreciation, or functional or external obsolescence. The subject property is older and in poor condition so quantification of depreciation would be difficult. Therefore, the cost approach was excluded from the analysis.

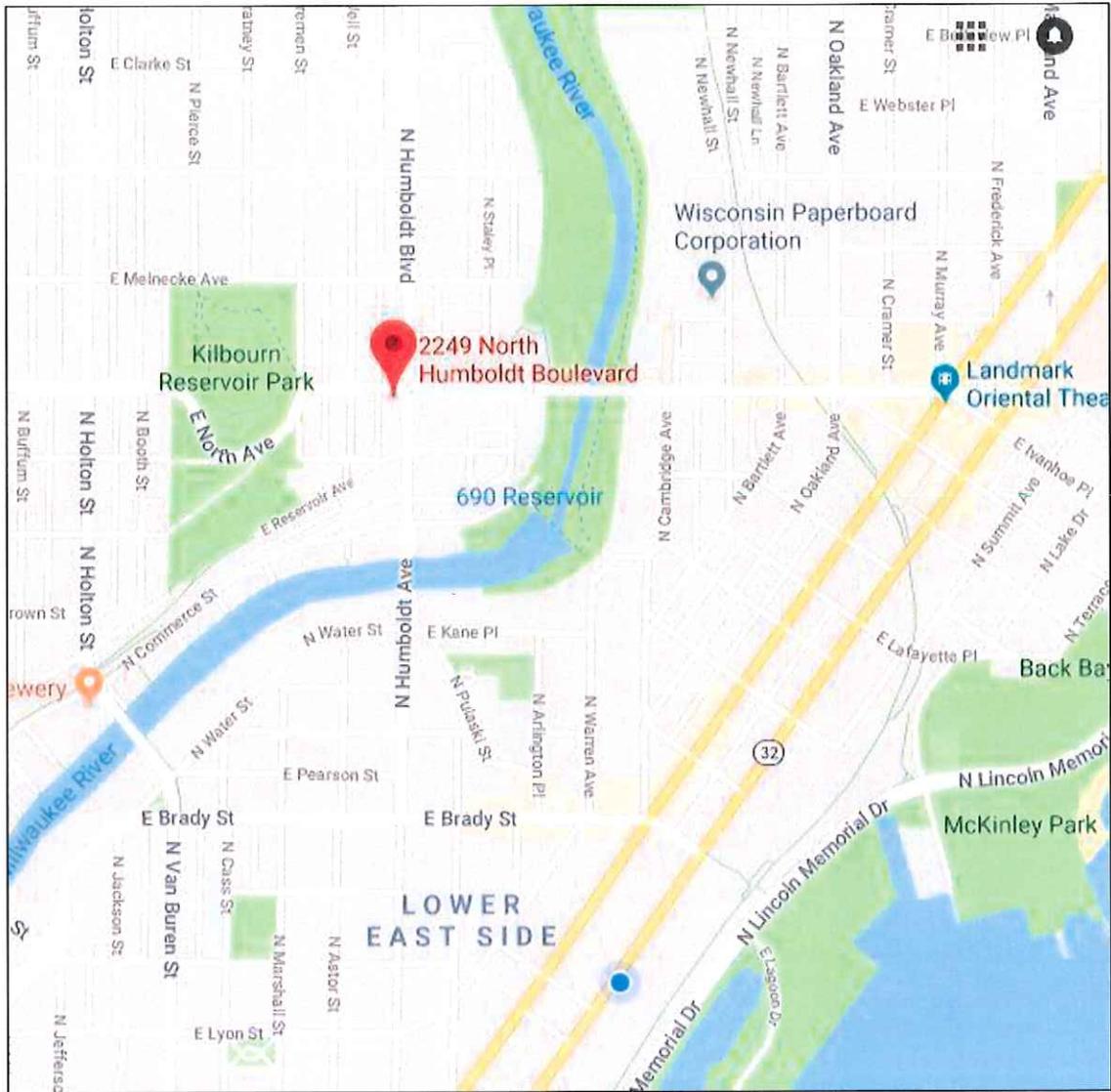
The sales comparison approach was used to value both the site, if vacant, and the subject property as improved. Although the value of the property is greater if the existing building is removed for redevelopment of the site, demolition of the building would be discouraged because of the property's historic designation, and there would likely be interest in renovating and preserving the existing building at the right price. Two improved sales of properties in similarly poor condition were transferred to new owners for essentially no money, and based on these sales it is estimated that a potential buyer of the subject property would expect to acquire the property for nothing.

The income capitalization approach was also considered but was excluded from this appraisal. The income approach is most reliable for a property that would be purchased for its investment income. The subject is in poor condition and would not produce any rental income in its current state.

Based on my investigation, it is my opinion that the market value of the fee simple interest in the property located at 2249 North Humboldt Avenue, in the City of Milwaukee, Milwaukee County, Wisconsin, as of December 7, 2017, excluding all furniture, fixtures and equipment, is \$0 (ZERO).

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# SUBJECT PROPERTY LOCATION MAP



# PHOTOGRAPHS OF SUBJECT PROPERTY

TAKEN BY ANN DAVIS ON DECEMBER 7, 2017



LOOKING SOUTHWEST TOWARDS SUBJECT PROPERTY



LOOKING SOUTHEAST TOWARDS SUBJECT PROPERTY

## PHOTOGRAPHS OF SUBJECT PROPERTY



LOOKING NORTHWEST TOWARDS SUBJECT PROPERTY



WEST SIDE OF SUBJECT PROPERTY FACING EAST

## PHOTOGRAPHS OF SUBJECT PROPERTY



WEST SIDE OF ONE-STORY PORTION OF BUILDING

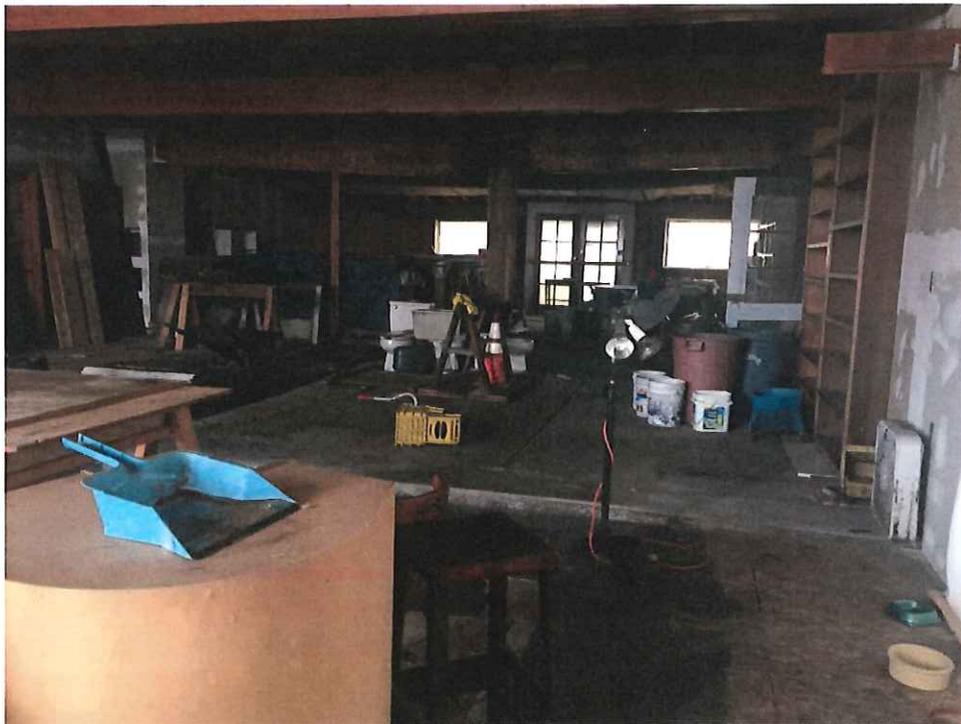


FIRST FLOOR AREA OF 3-STORY PORTION OF BUILDING

## PHOTOGRAPHS OF SUBJECT PROPERTY



FIRST FLOOR AREA OF 3-STORY PORTION OF BUILDING



INTERIOR VIEW OF 1-STORY PORTION OF BUILDING

## PHOTOGRAPHS OF SUBJECT PROPERTY



ROTTED BEAM IN 1-STORY PORTION OF BUILDING



WATER DAMAGE IN 1-STORY PORTION OF BUILDING

## PHOTOGRAPHS OF SUBJECT PROPERTY



ROOF OF 1-STORY PORTION OF BUILDING



SECOND FLOOR

## PHOTOGRAPHS OF SUBJECT PROPERTY



SECOND FLOOR



THIRD FLOOR

## PHOTOGRAPHS OF SUBJECT PROPERTY



THIRD FLOOR



MISSING BRICK ON FRONT OF 1-STORY PORTION OF BUILDING

## PHOTOGRAPHS OF SUBJECT PROPERTY



CLOSE-UP OF DAMAGED BRICK



BOWED EXTERIOR WALL ON SOUTH SIDE OF BUILDING

## PHOTOGRAPHS OF SUBJECT PROPERTY



LOOKING SOUTH ON NORTH HUMBOLDT AVENUE



LOOKING EAST ON EAST NORTH AVENUE

## PHOTOGRAPHS OF SUBJECT PROPERTY



LOOKING NORTH ON NORTH HUMBOLDT AVENUE



LOOKING WEST ON EAST NORTH AVENUE

## APPRAISER QUALIFICATIONS

### Qualifications

Ann R. Davis

CORRE, Inc.

Phone 608.826.6155

Email [adavis@correinc.com](mailto:adavis@correinc.com)

### Professional

- Member Appraisal Institute (MAI) #8854
- Certified General Appraiser, License #34-10, State of Wisconsin, September 1991

### Education

- Master of Business Administration, University of South Florida, 1989
- Bachelor of Arts in Economics, College of Arts and Sciences, Boston College, 1982

### Work Experience

- March 2016 - Present. Real Estate Specialist, CORRE, Inc. Appraiser providing valuation services for WisDOT, the Department of Justice, local government, attorneys, and private clients. Specializing in commercial property appraisal, eminent domain, and litigation support.
- June 1993 – March, 2016. President, Davis Appraisals, Inc., Wauwatosa, Wisconsin. Appraised a wide variety of commercial, light industrial and multi-family residential properties, including office buildings, retail, warehouses, subdivisions, apartments, and vacant land. Served clients that included banks, property owners, governmental agencies, non-profits, and attorneys. Over 15 years of experience in eminent domain appraisal.
- September 1990 - May 1993. McCartan-Egan Appraisal Co., Brookfield, Wisconsin. Fee appraiser. Appraised a variety of commercial properties.
- November 1984 - January 1990. Valuation Services, Inc., St. Petersburg, Florida. Fee appraiser. Appraised a variety of commercial properties.

### Recent Continuing Education

- Seminars and Courses:
  - Complex Litigation Appraisal Case Studies, October 2013
  - 11<sup>th</sup> Annual Condemnation Appraisal Symposium, June 2014
  - Online Business Practices and Ethics, November 2015
  - The Discounted Cash Flow Model: Concepts, Issues and Applications, November 2015
  - 7-Hour National USPAP Course, January 2016
  - 13<sup>th</sup> Annual Condemnation Appraisal Symposium, May 2016
  - Yellow Book Changes - Overview for Appraisers, January 2017
  - 14<sup>th</sup> Annual Condemnation Appraisal Symposium, May 2017
  - Online Business Practices and Ethics, May 2017