

**REAL ESTATE APPRAISAL  
SUMMARY REPORT**

**VERTICAL VENTURES III BUSINESS PARK  
SWQ OF INTERSTATE 435 AND HIGHWAY 45  
PARKVILLE, MISSOURI 64152**



**Effective Date of Valuation  
*June 24, 2011***

**Date of the Report  
*June 29, 2011***

**Prepared for**

***Mr. Andrew Johnson  
Bank of Blue Valley***

**Prepared by**

 **SHANER APPRAISALS, INC.**  
real value

June 29, 2011

Mr. Andrew Johnson  
Construction Loan Administrator  
Bank of Blue Valley  
11935 Riley  
Overland Park, Kansas, 66213

Re: Summary Appraisal Report - Market value of the fee simple estate in the vacant land known as the Vertical Ventures III Business Park, located in the SWQ of Interstate 435 and Highway 45 in Parkville, Platte County, Missouri 64152.

Shaner File Number: 11216

Dear Mr. Johnson:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of the market value of the fee simple estate in the above captioned subject property.

The summary appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth. Please pay particular attention to any Extraordinary Assumptions and Hypothetical Conditions.

The report that follows is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. We are not responsible for unauthorized use of this report. The property was inspected by and the report was prepared by Kathy Lambrecht. The report was reviewed by Laird Goldsborough, MAI.

The subject property is a portion of a planned business park development known as the Vertical Ventures III Business Park which consists of 67.50 total gross acres of land. The remaining Lot 1, Lot 3, and additional 52.75 acres of raw land are the subject of this report. The property was transferred out of foreclosure in March 2010 to the Blue Valley Investment Corporation who is the current owner, and the intended user of this appraisal. The original developer created a site development plan for the property dividing the land into 13 lots totaling a usable area of 56.92 acres. This same former owner improved two of these lots (Lot 2 and Lot 4) with an office warehouse building that housed his road construction company. This building was vacated upon foreclosure and was sold to Fab Central States, LLC on February 17, 2011 for \$900,000 or approximately \$51.14 per square foot. This contract for sale included a one year option to purchase the contiguous Lot 1 for \$90,000 or \$1.15 per square foot. The property is not serviced by a sewer system, but the developer installed a large septic system that services the current building and has the capacity to service up two additional lots according to the property owners. Another of the lots in the subject development, but not part of the subject of this report, was improved with a cell phone tower that was leased to three telecommunications companies. It is the appraiser's understanding that this lot (Lot 13) and its improvements were sold to a national cell phone tower company for \$960,000. However, additional details of this transaction were not provided the appraiser.

Mr. Andrew Johnson  
June 29, 2011  
Page 2

Substantial volatility in the capital markets, as well as a dramatic decrease in transactional activity, has increased uncertainty in the real property marketplace. It is impossible to predict what may happen in the future. As a result, it is difficult to predict what may happen to real property values over time. Our valuation of the subject property considered the best information that was available at the time of our analysis. Due to on-going volatility in the marketplace, users of this appraisal should consider the current market uncertainty when determining the level of confidence they choose to place on these analyses and conclusions. Users are reminded that the appraisal conclusions in this report are effective as of the stated date(s) of valuation.

Based on the inspection of the property and the investigation and the analysis undertaken, we have formed the opinion that as of June 24, 2011, the market value of the fee simple estate in the subject property was:

**LOT 1:  
TWO HUNDRED THOUSAND DOLLARS  
(\$200,000)**

**LOT 3:  
THREE HUNDRED THOUSAND DOLLARS  
(\$300,000)**

**LOTS 5 THRU 12 AND TRACTS A, B, C, AND D (RAW LAND):  
FIVE HUNDRED SEVENTY THOUSAND DOLLARS  
(\$570,000)**

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and addenda.

Sincerely,  
Shaner Appraisals, Inc.



Kathy Lambrecht  
Real Estate Analyst



Laird Goldsborough, MAI  
State Certified General Appraiser, Missouri No. RA 002834

### CERTIFICATION

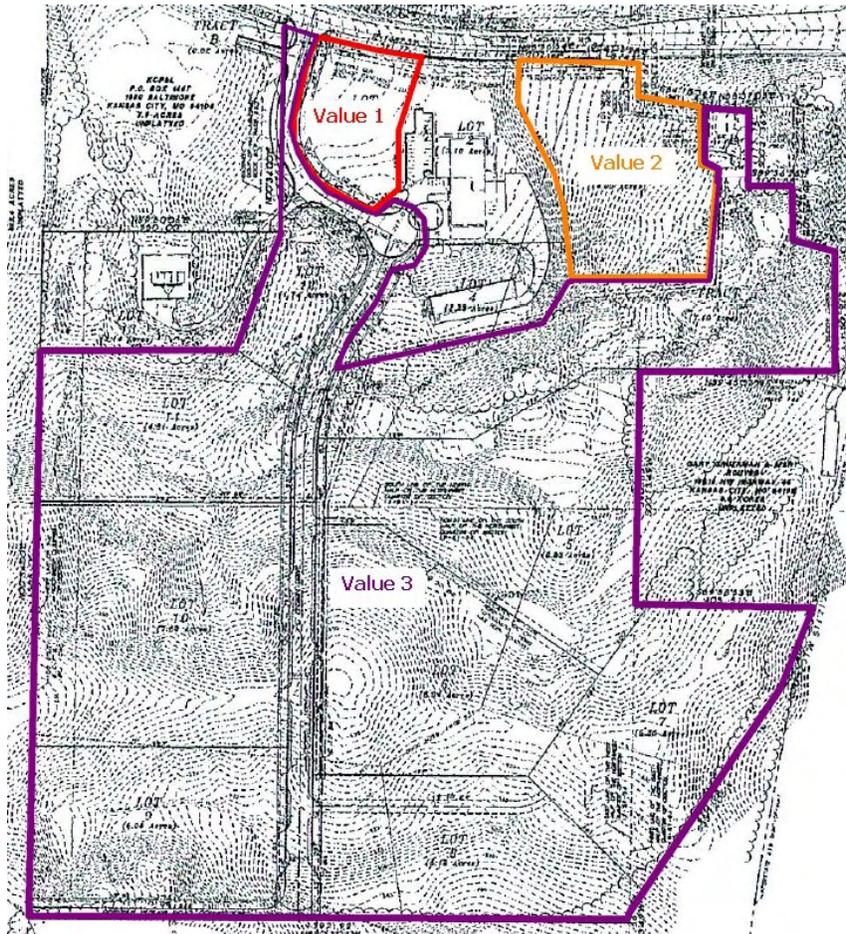
I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and 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 no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported 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 Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one provided real property appraisal assistance to the person(s) signing this certification.
- Kathy Lambrecht made a personal inspection of the property that is the subject of this report. Laird Goldsborough, MAI did not make a personal inspection of the property.
- As of the date of this report, Laird Goldsborough, MAI has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Kathy Lambrecht has completed the Standard and Ethics Education Requirement of the Appraisal Institute for Associate Members.
- Shaner Appraisals, Inc. has provided previous services regarding the subject property within the three years prior to this assignment. Shaner Appraisals, Inc. appraised this property in June of 2010.

Kathy Lambrecht  
Real Estate Analyst

Laird Goldsborough, MAI  
State Certified General Appraiser, Missouri No. RA 002834

EXECUTIVE SUMMARY



NAME	Vertical Ventures III Business Park
LOCATION	SWQ of Interstate 435 and Highway 45 Parkville, Missouri 64152
TYPE OF PROPERTY	Vacant land
EFFECTIVE DATE OF VALUE	June 24, 2011
INTEREST APPRAISED	Fee simple estate
LAND AREA	
SQUARE FEET	2,527,516
ACRES	58.03
ZONING	BP, Planned Business Park
OWNER OF RECORD	Blue Valley Investment Corporation
HIGHEST AND BEST USE	Holding for future industrial use
FINAL VALUE INDICATIONS	
LOT 1	\$200,000
LOT 3	\$300,000
LOTS 5 THRU 12, TRACTS A, B, C, AND D	\$570,000

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

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

1. The estimated land size for the subject property of 58.03 acres was obtained from officials at the Platte County Assessor's office. There is a slight deviation between what the Assessor's office reported to the appraiser for these tracts, our prior appraisal that was completed in June 2010, and the information provided on the subject property's current listings. The appraiser has relied on the 58.03 acres obtained from the Assessor's office. Any deviation in actual size may result in a value change.
2. We were informed by the owners that the current subject office/warehouse building is serviced by a large septic system that has the capacity to serve up to two additional buildings. We assume this to be true.
3. During our inspection, we noticed concrete forms and other large items leftover on the site. This appraisal assumes all trash and large debris has been removed the site.

**Hypothetical Condition:** That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions 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.

There are no hypothetical conditions assumed in this appraisal.

## OTHER APPRAISAL CONDITIONS

1. The report that follows is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. We are not responsible for unauthorized use of this report.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys of engineering reports.
4. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. This opinion of value applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
6. Possession of this report or a copy thereof does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraiser. This appraisal report was prepared for the sole and exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express written consent of the appraiser.
7. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.
8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
9. The land, and particularly the soil, of the area under appraisement appears firm and solid. Subsidence in the area is unknown or uncommon, but we do not warrant against this condition or occurrence.
10. Subsurface rights (minerals and oil) were not considered in making this appraisal.
11. We inspected the buildings involved, if any, in this appraisal report and damage, if any, by termites, dry rot, wet rot, or other infestations was reported as a matter of information, and no guarantee of the amount or degree of damage, if any, is implied.

12. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
13. We inspected, as far as possible, by observation the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these matters and unless specifically considered in the report, the value estimate is subject to any such conditions that could cause a loss in value. Condition of heating, cooling, ventilating electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.
14. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. If the presence of substances such as asbestos, urea formaldehyde foam insulation, radon gas or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
15. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. Unless otherwise noted within the appraisal report, we have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
16. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.
17. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

# INTRODUCTION

## Identification of the Property

The subject property is part of the Vertical Ventures III Business Park and consists of the two remaining improved lots, and 52.75 acres of raw land. The development is located in the SWQ of Interstate 435 and Highway 45, Parkville, Platte County, Missouri.

## Ownership and Sales History

The owner of record is the Blue Valley Investment Corporation, who acquired the property out of foreclosure in March 2010. The previous owner of the property was a developer who created a site plan for the property which was granted initial approval by the City of Parkville. This site plan divides the property into 13 lots all of which have planned business park zoning. The previous owner developed one of the lots with an office/warehouse building and another one with a cell phone tower. As indicated earlier, the office/warehouse building (Lot 2 and Lot 4) was vacated upon foreclosure and was sold to Fab Central States, LLC on February 17, 2011 for \$900,000 or approximately \$51.14 per square foot. This contract for sale included a one year option to purchase the contiguous Lot 1 for \$90,000 or \$1.15 per square foot. Additionally, it is the appraiser’s understanding that Lot 13 and it’s improvements were sold to a national cell phone tower company for \$960,000. However, additional details of this transaction were not provided the appraiser.

The subject property is currently listed for sale by Kevin Tubbesing, Pat Murfey, and Pat Daniels of The Land Source. While there is no marketing signage on the subject property, the subject property has been listed on the CoStar commercial real estate listing service for approximately 133 days or four and a half months. A summary of the individual asking prices for Lot 1, Lot 3, the remaining raw land, in addition to the portfolio asking price have been summarized in the table below.

	List Price	Price/SF
Lot 1	\$230,000	\$2.93/SF
Lot 3	\$450,000	\$2.97/SF
Lots 5 – 12, Tracts A, B, C, and D	\$700,000	\$0.30/SF
Portfolio of three properties	\$1,380,00	\$0.55/SF

The appraiser spoke with both Mr. Murfey and Mr. Daniels who indicated that there has been very little interest since they acquired the listing. The portfolio listing as it appears on CoStar follows.

1
FOR SALE

Portfolio of 3 Land parcels in Parkville, MO, having a land area of 54.32 AC, and for sale at \$1,380,000



1

MO-45 Hwy N



2

MO-45 Hwy N



3

MO-45 Hwy N



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Summary of Property Info - at time of sale					
Address	City	State	Property Type	Property Size	Year Built
<b>1</b> MO-45 Hwy N	Parkville	MO	Land	-	-
<b>2</b> MO-45 Hwy N	Parkville	MO	Land	-	-
<b>3</b> MO-45 Hwy N	Parkville	MO	Land	-	-

Sales Contacts	
Sales Co: <b>The Land Source</b> 100 W 9th St, Kansas City, MO 64105 (816) 527-0870	Sales Contact 1: Kevin Tubbesing Sales Contact 2: Pat C. Daniels

For Sale Data	
Asking Price: <span style="border: 1px solid red; padding: 2px;"><b>\$1,380,000</b></span> Price/SF: - Days on Market: 133 Sale Status: <b>Active</b> Pro Forma Cap Rate: -	# of Properties: 3 RBA: 0 SF Total Land Area: <b>54.32 AC (2,366,179 SF)</b> Sale Type: <b>Investment</b> Sale Conditions: -

As indicated in the Extraordinary Assumptions and Limiting Conditions section of this appraisal, there is a slight deviation between what the Assessor's office reported to the appraiser for these tracts, our prior appraisal that was completed in June 2010, and the information provided on the subject property's current listings. The appraiser has relied on the 58.03 acres obtained from the Assessor's office.

To our knowledge the property has not sold or been otherwise transferred in the past three years.

## Identification of the Appraisal Problem

### ***Purpose and Property Rights Appraised***

The purpose of the appraisal is to estimate the market value of the fee simple estate in Lot 1, Lot 3, and the balance of the vacant land.

### ***Effective Date***

The effective date of this appraisal is June 24, 2011. The property was inspected by Kathy Lambrecht on June 24, 2011.

### ***Date of Report***

The date of this report is June 29, 2011. A comparison of the date of the report to the effective date of the appraisal indicates that our conclusions are reflective of current market conditions.

### ***Intended Use or and Intended User***

This appraisal was prepared for the sole and exclusive use of Bank of Blue Valley, 11935 Riley, Overland Park, Kansas, 66213 to assist in internal decision making. It is not to be relied upon by any third parties for any purposes, whatsoever.

## Appraiser Competency

No additional work was necessary to meet the competency provision. The appraisers have completed numerous assignments on this property type held in the same property interest and in this geographic market area. The reader is directed to the appraiser qualifications for further substantiation.

## Scope of the Investigation

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property. This report was prepared to conform to the requirements of the *Uniform Standards of Professional Appraisal Practice (USPAP)* as well as the appraisal guidelines set forth in the *Financial Institutions Reform Recovery Enforcement Act (FIRREA)*. The investigation included:

- an inspection of the interior and exterior of the improvements, together with the larger tract.
- the gathering of information on local market conditions and trends, comparable land and improved sales, rents, operating expenses, capitalization and yield rates;
- confirmation and analysis of the data, including the application of the sales comparison approach and the income approach.

This appraisal is presented in a summary reporting format. This Summary Appraisal Report is a brief recapitulation of our data, analyses, and conclusions. Supporting documentation is retained in our file.

## Sources of Information

Market and sales/lease data was obtained from a number of sources, including but not limited to the following:

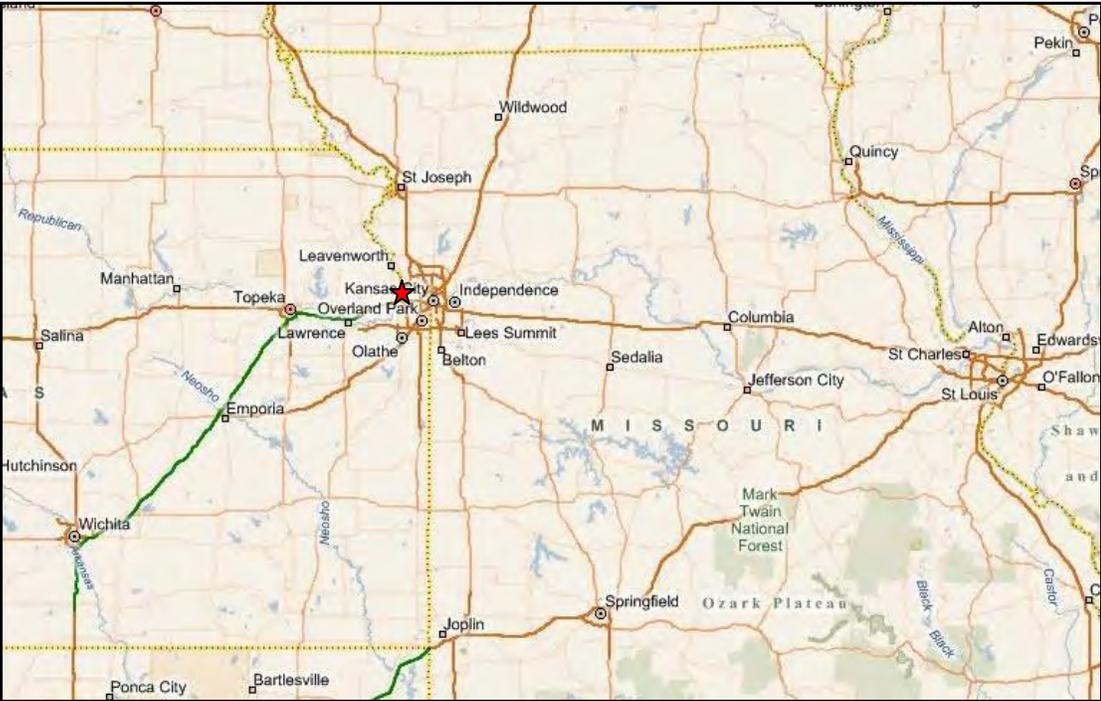
- City of Parkville officials
- Platte County Assessor's office
- Platte County Collector's office
- Platte County online GIS system  
[www.co.platte.mo.us](http://www.co.platte.mo.us)
- Cassidy Turley Annual Market Report, January 2011
- The Real Estate Report for Metropolitan Kansas City 2011  
Block Real Estate Services, LLC
- CoStar Kansas City Industrial Market Report, 1<sup>st</sup> Quarter 2011
- Officials and website for the Missouri Department of Transportation  
[www.modot.gov](http://www.modot.gov)
- The Kansas City Business Journal
- The Kansas City Star
- Loopnet, CoStar, Xceligent, Multiple Listing Service (MLS) and in-house database
- Real estate appraisers and brokers familiar with the subject area

I completed a thorough search for similar properties that had recently sold, and for properties that are currently listed for sale.

**Summary of Contacts**

Market Participants Interviewed			
Interviewee	Trade	Company	Comments
Sean Ackerson	Assistant City Administrator	City of Parkville	Mr. Ackerson stated that the subject property was annexed in 2000 and rezoned BP, Business Park District and that the previous owner's development plan for the property was granted initial approval at that time. He indicated that there is a jet station septic system at the subject property that allows the property to service multiple buildings. He went on to discuss that there are city sanitary sewers on the east side of I-435 but they are not currently on the west side. Mr. Ackerson also discussed details of the current road construction project to widen Highway 45 east of Interstate 435.
Pat Daniels	Broker	The Land Source	Mr. Daniels is an active broker in the land market in the Kansas City area, and he is currently marketing the subject property. Mr. Daniels indicated that he has had the listing for approximately four and a half months, and there has been "very little interest".
Pat Murfey	Broker	The Land Source	Mr. Murfey is also marketing the subject property and expressed similar sentiments as Mr. Daniels - limited to no interest in the subject property currently.
NA	Administrator	Platte County Assessor's Office	The appraiser verified the subject parcels, property owners, and sizes for all of the subject property parcels with officials at the Platte County Assessor's Office.
NA	Administrator	Platte County Collector's Office	The appraiser verified the 2010 subject property taxes and prior "parent" parcel taxes with officials at the Platte County Collector's office.

# REGIONAL ANALYSIS



## Introduction

The short- and long-term value of real estate is influenced by a variety of factors and forces that interact within a given region. Regional analysis serves to identify those forces that affect property value, and the role they play within the region. The four primary forces that influence real property value include environmental characteristics, governmental forces, social factors, and economic trends. These forces determine the supply and demand for real property, which, in turn, affect disposition value. The subject property is located in the northwest quadrant of the Kansas City metropolitan area.

## Market Outlook

The Kansas City, MO-KS Metropolitan Statistical Area (Kansas City MSA), until recently has experienced steady economic growth. In late 2007, the economy in the region slipped into a recession, similar to the state and nation's economic issues.

The Greater Kansas City Chamber of Commerce's 2011 Economic Forecast gives the odds that the current recovery underway in the US economy a two in three chance, predicting that confidence in the recovery will build by early next year and businesses will ramp up investing and hiring. "This at long last triggers a self-sustaining recovery in 2011 and 2012," according to the forecast, which often cited Moody's. The report stood by a previous characterization of the recovery as a "check-mark recovery" — a steep decline followed by a period of slow gains.

The Kansas City-area economy was less ravaged by the recession than that of the United States, and it has advantages in terms of costs and location. That effective head start meant that the local recovery started in the second quarter of 2009 rather than the third quarter — and it's faster. The Gross Regional Product grew 1.6 percent last year, compared with the 0.2 percent growth of U.S. GDP. Yet temporary hiring in the Kansas City area for the decennial census meant a third-quarter drag when those jobs ended, which probably will put the Kansas City GRP gain at 2.3 percent, and U.S. GDP will grow about 2.4 percent between the fourth quarters of 2009 and 2010.

The rate of U.S. GDP gains should bring GDP back to its pre-recession peak by the end of this year, the forecast said. Looking ahead to next year, Kansas City GRP is expected to jump 4.4 percent, while national GDP gains 4.1 percent. Gains are expected to continue in 2012, with Kansas City again making greater strides than the nation as a whole and reaching a local economy that has output 11.1 percent higher than at the prior expansion peak in December 2007. The U.S. economy will be 9 percent higher.

Alternative scenarios include much slower gains, with Kansas City still having an advantage, and a double dip, in which local growth would slow down to 0.55 percent by the end of this year but gain much more quickly — 6.1 percent — in 2012. Income improvement will track alongside output growth, with real personal income growing an estimated 2 percent this year — a pace that accelerates to 5.2 percent in 2012, the forecast said. Job gains will come, but unemployment will appear bleak for a while. Employment is expected to grow a slim 0.6 percent this year and will continue lagging income growth, though it will reach 2.9 percent in 2012. Kansas City's typical employment growth rate is about 1.5 percent.

Most people won't feel like the recession truly is over until regional employment gets back to its pre-recession peak, which probably won't happen until the end of 2012 — five years after the recession's official start. Economic growth will create a mixed unemployment picture.

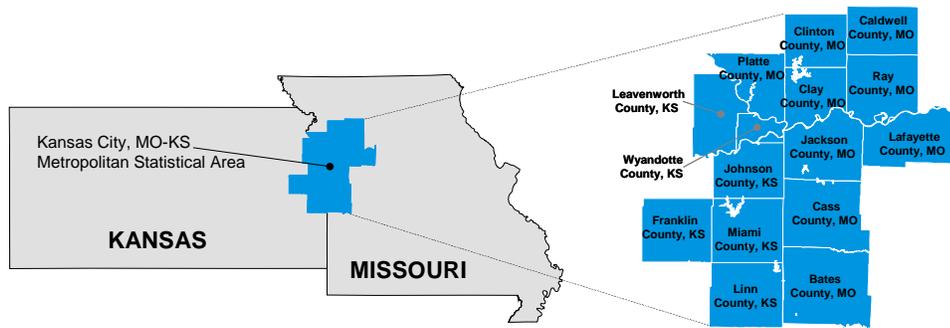
“This kind of output growth ultimately puts a dent in the national unemployment rate,” the forecast said. “Initially, however, faster economic growth increases the number of people willing to work, swelling the labor supply faster than the now-rising labor demand so that unemployment rates actually increase, topping 10 percent by the middle of 2011, according to Moody’s. However, by the end of 2011 the unemployment rate is expected to drop to 9 percent, and then to 7.5 percent by the end of 2012.”

Even so, the forecast paints a picture of the current economic situation that acknowledges the seemingly incongruous end of the 18-month recession — a date officials recently marked as June 2009 — and the still-powerful effects of the longest recession since the Great Depression. The 9.6 percent national unemployment rate is “unacceptably high,” the forecast said. And with the addition of those who are working part time because of the economy and discouraged workers who have stopped looking for jobs, the “underemployment rate” leaps to 17.1 percent. Private-sector job and GDP growth have slowed since earlier this year, and improving home prices still are well below their 2006 peak.

Lackluster private-sector spending means the recovery is fragile, and challenges remain. Although government spending could help drive short-term momentum, there’s a lack of political will to do anything that could boost deficits. Businesses don’t have much incentive to spend more, consumers can’t, and the Federal Open Market Committee has few tools left.

### Market Definition

The Kansas City MSA consists of 15 counties in Eastern Kansas and Western Missouri. The heart of the Kansas City MSA is located at the junction of the Missouri and Kansas Rivers and is comprised of Kansas City, Missouri and Kansas City, Kansas.



## **Current Trends**

Within the past year, the regional economy has seen little, if any, growth because of the recession. This is also seen in the state and national economies. The cooling residential housing market has been a decelerating force on the local economy like in most parts of the nation. The effect hasn't been as dramatic as in other areas though, because the housing market didn't have the same expansion and has remained more insulated from the larger swings experienced in other areas.

Net migration into Kansas City is forecasted to decrease as a result of economic sluggishness that will constrain the area's growth. This decline in net migration is primarily the result of the area's declining manufacturing employment, which has caused workers to leave the area to find new employment. In February 2010, the Kansas City Fed District reported that manufacturing continued to strengthen in February. Production increased further and producer's expectations for future activity, including for hiring, were positive overall.

While some upside in construction employment was anticipated because two large intermodal facilities in Johnson County and Grandview, Missouri had been announced, both await their first warehouse tenants. Logistics Park Kansas City is near 191<sup>st</sup> Street and US Highway 56 in Edgerton, and is located on 1,000 acres along BNSF Railway's southern transcontinental main line. The complex is to include a \$250 million intermodal hub for transferring freight between trucks and rail. Also planned is an adjacent \$500 million industrial park with more than 7 million square feet of warehouse space developed by The Allen Group. The intermodal is to be built out over a 12-year period and is projected to provide over 13,000 jobs during the next 20 years. However, construction of BNSF's hub has been delayed by recession-hammered rail freight volumes with portions of the park in need of infrastructure to provide access.

In Grandview, CenterPoint Properties and the Kansas City Southern Railway Company have partnered together to develop an intermodal logistics park. Centerpoint – KCS Intermodal Center sits on 1,340 acres along Missouri Highway 150 in south Kansas City. Located along a Kansas City Southern Railway main line extending to the deep-sea port at Lazaro Cardenas, Mexico, this park will feature a 370-acre intermodal facility operated by KCSR and a 970-acre industrial park development by CenterPoint Properties. The park will eventually have approximately 5 million square feet of building space and will create approximately 2,500 jobs for the region. This facility opened in March 2008 and development is ongoing with the industrial park developer having completed \$30 million worth of infrastructure work to get building sites pad-ready.

While delayed slightly, both the Johnson County and Grandview intermodals will have a large positive impact on the southern part of the Kansas City economy. In the meantime, the housing downturn will have a continued negative effect on the retail, personal services, housing, and leisure and hospitality industries in Kansas City.

IHS Global Insight, which provides economic, financial, and political coverage to support planning and decision making by companies and government, had previously stated that they expect the Kansas City market to recover all of the jobs lost in the recession in the fourth quarter of 2011, which is earlier than most other markets. This is partly due to the diverse collection of employers including professional, business services, warehouse, and transportation firms. Economists at Moody's Economy.com also agree with the fact that the market will recover earlier than most markets across the country.

## **Economics**

According to the Greater Kansas City Chamber of Commerce and the Mid-America Regional Council, the area's gross regional product (GRP) is expected to exceed its prerecession peak by the middle of 2010, which is ahead of the nation as a whole, which is expected to do so in early 2011. The groups then expect the GRP to increase 3.4 percent between the fourth quarters of 2009 and 2010.

In December 2010, The Tenth District of the Federal Reserve, which is based in Kansas City, released their updated Beige Book, which is a summary of commentary on current economic conditions. In this report, they noted that The District economy strengthened in October and early November, despite headwinds from the residential and commercial construction sectors. Additional gains in consumer spending boosted optimism for holiday sales among retailers and auto dealers. With moderate gains in October and November, manufacturing plant managers expected production activity and new orders to rise further with a pick-up in export activity. Energy and agricultural activity rose robustly with strong demand, low inventories, and a weaker dollar lifting commodity prices. In contrast, residential and commercial construction remained weak, although commercial real estate sales and vacancy rates were expected to improve in coming months. Banking conditions remained stable with more District bankers expecting improvements in loan quality. Despite higher raw material prices, wholesale and retail prices held steady. Wage pressures remained subdued, though some firms were hiring for seasonal and specialized labor.

### **Consumer Spending**

Consumer spending improved further in October and November, and contacts were optimistic about future sales heading into the holiday season. District retailers reported stronger sales with limited discounting on merchandise. Contacts indicated an uptick in durable goods sales, especially appliances, while sales of luxury items were slow. After declining in the last survey period, auto dealers reported a slight improvement in sales, especially for trucks and used cars. Dealers anticipated demand would continue to strengthen through year-end, and some planned to hire sales staff and service technicians. Restaurant traffic was up, while the average check amount declined. With the end of the summer travel season, average room and occupancy rates edged down at District hotels, but tourism activity was stronger than expected.

### **Manufacturing and Other Business Activity**

After rebounding in the last survey period, District manufacturing activity continued to expand, and many firms expected further growth in the next six months. While production levels varied across industries, some of the strongest gains were at food, fabricated metal, and electronics manufacturers. In general, new orders, shipments, and production activity strengthened in recent weeks, contributing to rising order backlogs and shrinking finished goods inventories. In the next six months, plant managers expected production, shipments and orders, especially for export, to strengthen further. In addition, more factory managers planned to increase staff or make capital purchases in coming months. High-tech firms also reported a rise in sales that was expected to continue through year-end. After slowing in the last survey period, activity in the transportation sector stabilized and some firms noted a shortage of qualified drivers.

**Real Estate and Construction**

Residential and commercial construction remained sluggish in October and November, while commercial real estate sales and vacancy rates were expected to improve in coming months. After contracting with the end of the homebuyers tax credit program, a few District homebuilders noted a slight uptick in housing starts. Still, District home prices edged down and sales continued to fall heading into the typical winter lull in home buying activity. District contacts noted that the starter home market remained active, but long lead times for selling mid- and upper-priced homes were boosting inventories and limiting "move-up" opportunities. Mortgage loan activity rose as homeowners refinanced existing mortgages to lower payments and shorten terms. Commercial construction activity declined and was expected to remain weak over the next three months. District commercial real estate contacts reported little change in vacancy rates, absorption rates, and prices. Some firms, however, reported an uptick in sales and expected vacancy rates to edge down in coming months.

**Banking**

Bankers reported stable loan demand, increased deposits, and an improved outlook for loan quality in the recent survey period. Overall loan demand continued to hold steady as demand for commercial and industrial loans, commercial real estate loans, and consumer installment loans remained stable. In contrast, bankers reported stronger demand for residential real estate loans. Compared to the previous survey, credit standards remained unchanged in all major loan categories. Loan quality was essentially unchanged compared to one year ago. Bankers, however, expected loan quality to improve over the next six months. Deposits, especially for transaction accounts and savings accounts, increased after having been flat since late last year.

**Agriculture**

Agricultural conditions improved since the last survey period. Favorable weather conditions across the District facilitated an early corn and soybean harvest with yields less than original estimates but slightly better than their five-year average. The winter wheat crop was progressing normally. Crop prices continued their steady climb through the fall harvest, boosting incomes for crop farmers but raising feed costs for livestock producers. Farmland values and cash rental rates strengthened further with higher farm incomes and robust demand for good quality farmland from both farmers and non-farm investors. Farm operators also increased spending on farm equipment and grain storage bins. Demand for farm operating loans was steady, and agricultural bankers reported ample funds were available for qualified borrowers at historically low interest rates.

**Energy**

District energy activity continued at a robust pace in October and November. The number of active drilling rigs in the District rose further, primarily due to natural gas expansion in Oklahoma and New Mexico. Producers expected drilling activity to remain elevated over the next three months; however some firms reported that equipment shortages, difficulty finding qualified labor, and availability or cost of financing were constraining drilling activity. District contacts anticipated a modest increase in natural gas prices as the winter heating season approached. Crude oil prices were also expected to strengthen with rising demand and a weaker dollar. After surging in the last survey period, Wyoming coal production continued apace. With higher ethanol prices, profits at ethanol plants held steady despite higher corn prices raising operating costs.

**Wages and Prices**

Prices paid for raw materials rose further in October and November, but selling prices and wages generally held steady. District manufacturers reported higher raw materials prices and expected additional increases in the next six months. They also expressed a limited ability to pass on higher input costs to current finished goods prices. However, more factory managers expected to receive higher finished goods prices over the next six months. Restaurants paid more for food, but kept menu prices stable. After rising in the last survey, prices for building materials held steady. Though a limited number of firms were hiring, primarily for specialized labor or seasonal workers, few were raising wages to attract qualified applicants. Wage pressures were expected to remain subdued through the end of the year.

The following table is a list of the largest employers in the region.

Employer	Type of Operation	Employees
Federal Government	Government	37,000
Sprint/Nextel	Telecommunications	12,000
St. Luke's Health Sys.	Health Services	7,800
Hallmark Cards	Gifts	6,941
State of Missouri	Government	6,146
Fort Leavenworth	Military	6,066
HCA Midwest Health	Health Services	5,296
Cerner Corporation	Health Services	4,800
City of Kansas City	Government	4,648
UPS	Delivery Services	4,636
Olathe School District	Education	4,557
State of Kansas	Government	4,542
Children's Mercy Hospital	Health Services	4,433
DST Systems	Financial	4,425
Shawnee Mission Schools	Education	4,244

Source: ThinkKC (Aug. 2009 – Most recent available)

The financial markets also nearly collapsed at the end of 2008 and beginning of 2009, which precipitated an unprecedented \$700 billion bailout for the financial services industry and an additional bailout for the automobile industry. The secondary mortgage market had almost been eliminated for both residential and commercial properties leaving first mortgage funds in short supply. This has begun to improve in recent months as liquidity has increased through the nation's banking system and interest rates have remained near historical lows.

In addition to, and as a result of the residential market woes, the world's economy has also seen a similar decline. Stock markets in the U.S. and abroad declined by 40% and more in 2008 but have seen a rebound throughout 2009 and 2010. The Consumer Confidence Index, as measured by The Conference Board by TNS, had improved in November, but decreased slightly in December. Consumers' appraisal of present-day conditions was slightly more pessimistic than in November. The percentage of consumers claiming business conditions are "bad" decreased to 41.2 percent from 42.9 percent, however, those claiming business conditions are "good" declined to 7.5 percent from 8.5 percent. Consumers' assessment of the labor market was less favorable than last month. Those saying jobs are "plentiful" decreased to 3.9 percent from 4.3 percent, while those stating jobs are "hard to get" edged up to 46.8 percent from 46.3 percent.

Consumers' expectations were slightly less optimistic than in November. Those expecting an improvement in business conditions over the next six months edged up to 16.6 percent from 16.4 percent, while those anticipating business conditions will worsen edged down to 12.1 percent from 12.4 percent. Consumers remained mixed about future job prospects. Those anticipating fewer jobs in the months ahead increased to 19.5 percent from 19.1 percent, while those expecting more jobs declined to 14.3 percent from 15.1 percent. The proportion of consumers expecting an increase in their incomes decreased to 9.9 percent from 11.1 percent.

June retail industry sales — which exclude automobiles, gas stations and restaurants — saw a 0.5 percent decrease, seasonally adjusted, from May and a 3.3 percent increase year to year, according to the National Retail Federation. The Commerce Department reported that June retail sales — which include non-general merchandise categories such as autos, gasoline stations and restaurants — increased 4.9 percent unadjusted from 2009 and decreased by 0.5 percent seasonally adjusted from May.

Although Congress approved a \$700 billion bailout for the financial industry in November 2008 and an \$800 billion stimulus in early 2009, the economy declined for a period but has seen instances of recovery. National unemployment in January 2011 was reported to be 9.0%. This number is down from the highs of early 2010 when the reported rates were near 10%. Overall unemployment is at a level that has not been seen since 1983, or approximately 28 years ago. The unemployment rate for the Kansas City area was 8.6% according to the most recent available numbers. In December 2010, Kansas had unemployment of 6.4%, which is down from 6.7% in November 2010. Missouri unemployment was 9.5% in December, up slightly from November.

In October 2009, Pfizer announced that it would shut down Fort Dodge Animal Health's Overland Park operations, which has approximately 200 employees. While these employees will be offered jobs to remain with Pfizer, that may mean relocating to other facilities outside of the Kansas City area. American Airlines also announced in October 2009 that it would close its overhaul base at Kansas City International Airport, which will affect 490 people that currently work at the facility. These workers may also be offered positions at other American Airlines bases outside the Kansas City metropolitan area. In November 2009, Sprint, one of the region's top employers, stated that they would be cutting 2,500 jobs companywide in varying geographic locations by the end of the year, although it is unknown how many of these positions are located within the Kansas City metropolitan area. J.M. Smucker Company announced in March 2010 that it will be shutting its Folgers coffee plant in Kansas City in the summer of 2012 and will layoff 179 people.



source: TradingEconomics.com; Bureau of Labor Statistics

Kansas City seems to have suffered less in the Great Recession than many of its global peers, according to a report by the Brookings Institution. Brookings Global MetroMonitor rates the economic performance of 150 metropolitan areas around the world; its latest report was released Tuesday. In the report, Kansas City’s economic performance ranked 124th for the pre-recession period of 1993 to 2007, and it ranks No. 122 for the recovery period of 2009 to 2010. But in the heart of the recession — 2007 to 2009 — the metro area’s economic performance ranked 59th. The area’s average employment growth pre-recession was 0.9 percent, and its employment growth for the recession and recovery periods is the same: minus-2.8 percent. Pre-recession income growth sat at 1.4 percent, dropped to minus-1.8 percent during the recession and rose to 2.7 percent during the recovery period.

## **The Economy's Impact on the Real Estate Sub-Markets**

### **Residential**

The slow economy has a severe impact on most real estate sub-markets. Single family residential was hit first, and probably hardest, as many homeowners have been unable to refinance adjustable rate mortgages, and as a result, many homes have gone into foreclosure. The Kansas City region's supply of new and existing homes in April continued to reflect a buyer's market. According to the Kansas City Regional Association of Realtors, supply for combined new and existing homes was 9.5 months in April, which is a little higher than March's 8.9 months of supply. A supply of more than six months favors buyers; less than five months favors sellers. The figure is calculated by dividing the inventory by the 12-month average number of sales.

#### ***Average Sales Price***

The average new home price in April (\$317,909) is ten percent higher than the same month last year (\$287,330). There were five counties with price increases (Cass, Clay/Ray, Jackson, Leavenworth, and Platte). The average existing home price (\$136,805) is nine percent lower than one year ago (\$150,930). Unfortunately, none of the counties experienced an increase in average sales price for existing homes from the same month last year. The average price for combined new and existing homes in the region in April was \$148,623, which is seven percent lower than the average sales price of \$160,683 for combined sales prices in April 2010. The lack of a price increase for existing homes reflected no increases in the average sales price for new and existing combined for any county from the same month last year.

#### ***Home Sales***

New home sales in April of 139 represents a 29% decrease from one year ago when there were 196 new home sales in April. New home sales decreased only one percent from one month ago when there were 140 new home sales. 1,892 existing homes sold in April, representing a decrease of 23% from one year ago where there were 2,448 sales. However, existing home sales were up eight percent from last month's sales of 1,744. Combined home sales of existing and new homes were 2,031 for April, which is also up eight percent from the total of 1,844 sales from a month ago. This month's combined total sales were 23% lower from one year ago when there were 2,644 sales.

#### ***Inventory***

New home inventory in April of 1,474 is down one percent compared to 1,485 new homes on the market in March. The new home inventory for the region is ten percent lower than it was a year ago at this time when there were 1,637 new homes on the market. Existing inventory in April of 15,986 is four percent higher compared to 15,323 one month ago. The existing inventory this month is eight percent higher than it was a year ago when the existing inventory was 14,858. New and existing inventory combined of 17,460 in April compared to 16,808 in March represents a four percent increase in the past month. One year ago inventory was 16,496 which represents six percent increase in total inventory over the past year.

***Kansas City Region Supply of Homes on the Market***

The supply calculation is determined by taking the “Inventory” and dividing it by the “12 month average of the number of Sales.” Generally speaking, a five-six month supply of homes on the market equates to a “balanced” market. When the supply exceeds six months, the market begins to favor buyers, and when the supply is less than five months the market tends to favor sellers. Supply for combined new and existing homes was 9.5 months of supply in April which is slightly lower than March’s 8.9 months of supply. The existing home supply was also 9.5 months for April which reflects a small change from 8.9 months for March. The new homes supply in April 2011 was 9.9 months, hardly moving from March’s total of 9.7 months. New home supply has continued to remain relatively constant since October 2010 by hovering around 9 - 10 month supply. There is a slight buyer’s edge present in the new home market, the existing home, and combined markets.

Home prices in the Kansas City market are expected to return to their 2007 peak by the third quarter of 2013 — much sooner than rebounds are expected in bubble states such as California, Florida and Nevada, according to a new analysis of historical home-price data and forecasts by Fiserv Inc. According to the analysis, home prices in the Kansas City market reached a peak in the second quarter of 2007 and will hit a trough in the third quarter of 2011 before returning to the previous peak in 2013. Home prices in the area are projected to fall 6.6 percent from peak to trough, a much less precipitous fall than in markets such as Orlando, Fla., where a 59.9 percent plummet is forecast.

**Commercial**

Defaults on commercial property mortgages held by U.S. banks rose in the third quarter, according to Real Capital Analytics Inc. The default rate of 4.36 percent of outstanding loan balances is up from 3.41 percent a year ago and 4.27 percent at the end of the second quarter, the New York City-based real estate research firm said. The record default rate was 4.55 percent in 1992, according to Real Capital, a threshold the market has not hit in the most recent recession. About \$604.1 million of loans on office buildings, malls, hotels and other commercial properties went into default in the three months that ended Sept. 30, inching the default rate up, Real Capital Analytics said. Apartment building mortgage defaults, which are not included in the overall commercial mortgage default number, hit a record high, rising to 4.67 percent in the third quarter. With \$1.2 billion worth of apartment properties going into default during the three-month period ending Sept. 30, the rate was up a full point from 3.6 percent a year earlier and 4.13 percent at midyear.

In the Kansas City market, a total of 44 properties were considered in distress in the third quarter, according to Real Capital’s most recent Troubled Asset Radar report. Kansas City is the fifth least distressed major metropolitan area when it comes to distressed properties relative to size of market, according to the report. Westchester, Mass., is the least distressed market, and Las Vegas is the most distressed.

The upside is that although default rates are trending higher, the most recent increase in commercial property mortgage defaults is the smallest in three years, Sam Chandan, global chief economist at Real Capital, wrote in a recent report. “Even though new defaults are moderating, banks have considerable challenges in drawing down the pool of unresolved distress,” Chandan said.

A total of \$46.8 billion of commercial mortgages and \$10.1 billion of apartment mortgages are now in default, according to Real Capital. For a loan to be considered to be in default, it must be past due by 90 days or more or be in non-accrual status, meaning the bank doesn't expect to make a full recovery on it. Renewed sales of commercial mortgage-backed securities are helping banks clear the bad loans from their books, Chandan said. Banks reduced commercial mortgage holdings by \$8.8 billion in the third quarter and by \$18.5 billion so far this year, Real Capital said. Banks hold about \$1.07 trillion of commercial mortgages and \$215.8 billion of apartment mortgages.

The retail market has been severely impacted. Large retail chains are not expanding and many are closing stores. Circuit City closed all of its Kansas City locations and will not open a new store that was just completed in Merriam, Kansas. This store was to anchor the Merriam Village development, which currently has all seven store fronts in the recently completed center dark. Sears Grand also closed a store in Lenexa, and stores such as Linens 'n Things and Steve & Barry's have closed their locations in the metro. Other retailers such as Starbucks have closed stores nationally, including several stores in the Kansas City market. There are approximately 2.9 million square feet of retail space that is vacant in the metro Kansas City area and a few brokers are reporting that rents in the area have dropped 10 to 20 percent over the past year. Vacancies began to climb in 2007, when vacancies were at 9.1 percent. Leasing for all types of uses has declined and rental rates softened.

In addition to store closings, retail development has been stalled by the recession. Three years ago retail development was raging on Johnson County's growth frontiers. The 1.1 million square foot Corbin Park mall at 135<sup>th</sup> Street and Metcalf Avenue in Overland Park had an anchor tenant and was planning a 2008 grand opening. Prairiefire at Lionsgate, a \$573 million mixed-use project on 135<sup>th</sup> between Lamar and Nall Avenues, was expecting store openings in 2009. Additionally, two new retail meccas – Coffee Creek and the 600,000 square foot Falls at Prairie Star Parkway on Kansas Highway 7 in Lenexa – were expected to break ground in just a year or two. Then, in December 2007, the recession began. As consumer spending dwindled, retailers canceled expansion plans or went bankrupt, contributing to a doubling of the Southern Johnson County retail vacancy rate between the first quarters of 2005 (5.0 percent) and 2010 (10.3 percent). Financing became harder to maintain, contributing to Corbin Park's January bankruptcy filing, while the new housing starts that fringe developers and retailers had come to count on dried up metro wide, from more than 11,000 starts five years ago to 2,154 in 2009.

Today, expectations are that Corbin Park will be taken over by a new developer that will resume construction within two years because of the strong demographics along 135<sup>th</sup> Street. Developer Fred Merrill said construction on his first 150,000 square foot retail phase at Prairiefire at Lionsgate is on target to begin by January 2012. Prospects even farther south along 159<sup>th</sup> Street are likely to lag a few years. Coffee Creek is expected to begin site work shortly, however, at a new demand-driven phasing plan, which may call for retail and office to follow residential development. The Coffee Creek development was originally expected to include 1 million square feet of retail at 159<sup>th</sup> Street and US Highway 69 in Overland Park, the illusions of a substantial retail development similar to The Legends at Village West in Wyandotte County have dissipated.

While the slow economy has had a severe impact on most real estate sub-markets, the western Wyandotte County submarket and areas in the vicinity of the Kansas Speedway and The Legends Of Village West seem to be less impacted. The announcements of the new Cerner office complex and Livestrong Sporting Park, and the approval of a new Hollywood Casino near the speedway's second turn, are examples of large projects moving forward in the sub-market in the face of a challenging economy. Construction continues at a brisk pace on Livestrong Sporting Park with Sporting Kansas City scheduled to open its brand new, state-of-the-art stadium on June 9, 2011. The Village West development in Kansas City Kansas already included a minor league baseball stadium, NASCAR racetrack, Cabela's, Nebraska Furniture Mart, and the Legends retail development. The new Cerner office complex will provide at least 4,000 new Cerner jobs in a 600,000 square foot office complex.

After years of deliberation, the state of Kansas also gave the go-ahead to a joint venture between the speedway owners and Penn National Gaming, Inc. for a \$386 million Hollywood-themed casino near the speedway's second turn. The Kansas Racing and Gaming Commission approved the project and granted a gaming license to Kansas Entertainment, LLC, the joint venture of Penn Hollywood Kansas, Inc., a subsidiary of the gaming giant, and Kansas Speedway Development Corp., a unit of International Speedway Corp. Kansas Entertainment continues the construction of the casino, with an opening planned for the first half of 2012. Developers plan to bring a second NASCAR Sprint Cup Series race to the track, build a road course, and host a Grand-Am race. The Hollywood Casino is expected to bring over 1,700 construction jobs, over 1,000 fulltime jobs and significant economic benefits to the Kansas City region. The first \$386 million phase of Hollywood Casino includes a 100,000 square foot casino floor with capacity for 2,300 slot machines and 86 table games, a lounge, and several eateries. The joint venture is planning additional phases that will include a hotel, casino expansion, a spa, convention center and an entertainment retail district.

Both the casino and the stadium/office project are moving forward in the face of a challenging economy.

## Demographics

With a median age of 36.8 years, Kansas City’s median age falls slightly below the 37.0 year of the nation.

	KC - MSA	USA
Population	2,051,186	311,212,863
Population Growth Rate, 5 yrs	1.09%	0.99%
Households	806,044	116,761,140
Household Growth Rate, 5 yrs	1.14%	1.00%
Average Household Size	2.50	2.59
Median Age	36.8	37.0

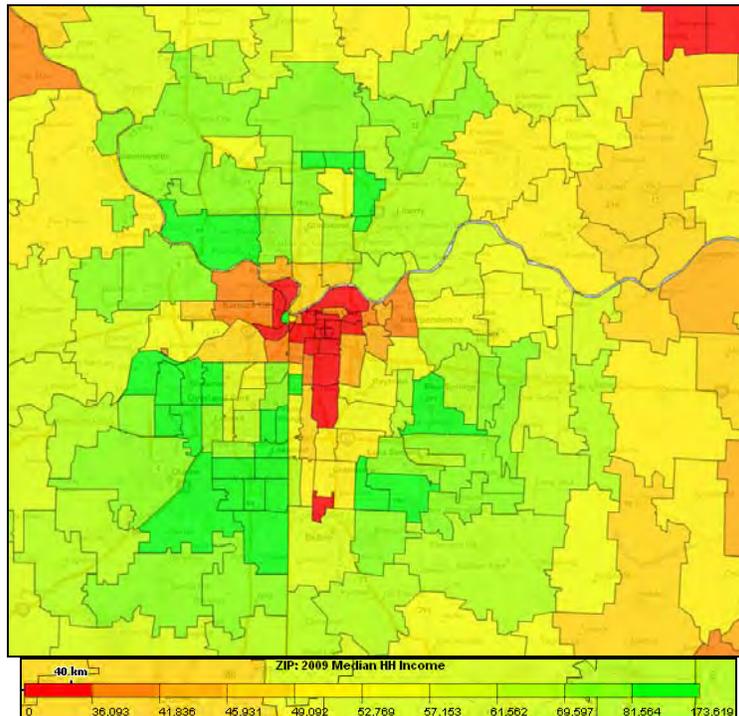
Sources, ESRI, Shaner Appraisals

Both population and household growth rates in Kansas City are slightly higher than the growth seen across the county. Kansas City has a slightly smaller average household size. The MSA also has higher median household incomes and disposable incomes than the nation. The median net worth is much higher than that of the nation.

	KC - MSA	USA
Median Household Income	\$60,442	\$54,442
Median Household Income Growth	2.75%	2.52%
Median Disposable Income	\$45,632	\$43,033
Median Net Worth	\$110,367	\$93,084

Sources, ESRI, Shaner Appraisals

The map below shows population dispersion through the Kansas City area based on zip-codes. Suburban areas to the north, southwest, and southeast have significantly higher income levels than the central part of the metro.



Sources, ESRI, Shaner Appraisals

As shown in the table below, Kansas City is relatively well educated compared to the nation. Approximately 31% of the Kansas City population has a Bachelor degree or better, nearly 3% above the nation.

<b>2010 Population 25 + by Educational Attainment</b>	<b>KC - MSA</b>	<b>USA</b>
Total	1,592,762	205,370,648
Less than 9 <sup>th</sup> Grade	3.1%	6.3%
9 <sup>th</sup> – 12 <sup>th</sup> Grade, No Diploma	6.8%	8.5%
High School Graduate	29.4%	29.6%
Some College, No Degree	22.3%	19.9%
Associate Degree	7.2%	7.7%
Bachelor’s Degree	20.1%	17.7%
Graduate/Professional Degree	11.0%	10.4%

*Sources, ESRI, Shaner Appraisals*

## Critical Observations

The following bullet points summarize some of our general observations relating to the subject's region.

- Location - The Kansas City MSA is located on the western portion of the state of Missouri and the eastern portion of the state of Kansas. The area is nearly centered in the United States in all directions and as such is somewhat insulated from the volatility experienced in other areas.
- Economy – Kansas City's economy at the present time is weaker than previously but is in-line with trends in other areas. Service sector incomes are beginning to stabilize along with the general economy. Diversification in the past several years has benefited the local economy and is expected to do so in the future with increasing intermodal transportation.
- Population - Population growth in the MSA is forecasted to continue on a trend of conservative but stable growth, especially from smaller regional cities.
- Income - Income levels are projected to increase at an annual rate of 2.75 percent between 2009 and 2014, just higher than the national rate. Median disposable income and net worth are both above the competitive areas. High incomes with a relatively low costs of living and slowing housing prices strengthens the already low cost of living advantage.
- Strengths - Strengths of the area include low costs and a well developed transportation infrastructure and distribution network. The two intermodal rail-yards will make Kansas City a national distribution hub because of their locations at the intersection of I-35 and I-70, two central interstates. There is also a large presence of federal government jobs, in particular since the opening of the new Internal Revenue Service center in the KC Urban core. Another recent announcement has been that Allied Signal will be expanding to a new manufacturing facility in along the Richards Gebaur AFB/Belton Intermodal Hub in the coming years.
- Weaknesses - Weaknesses within the MSA include the economy's dependence upon Sprint and the telecom industry, and suburban sprawl that is beginning to take its toll on some inner-ring suburbs.

## Conclusion

The outlook for the region is generally neutral and will not begin to improve until the housing market and economy in general begin to improve. The historically high unemployment in the region and nation will continue to negatively impact the real estate markets even as the recession comes to a technical end. The most apparent impact to real estate are higher spreads, higher capitalization rates, higher vacancies, and lower rents for many property types. The multifamily market appears to be least affected, and the single family residential and retail markets are most affected.



### Neighborhood Overview

The neighborhood is primarily influenced by the traffic along Interstate 435 as well as new residential and commercial development in the western area of Parkville, Missouri. Interstate 435 is Kansas City’s loop interstate and is well traveled, with a 2010 daily traffic count of approximately 24,255 cars at the Interstate 435/Highway 45 interchange, according to the Missouri Department of Transportation. The traffic counts do get smaller to the north, but this stretch of interstate is a direct link between the southwest quadrant of the metro area and the Kansas City International Airport.

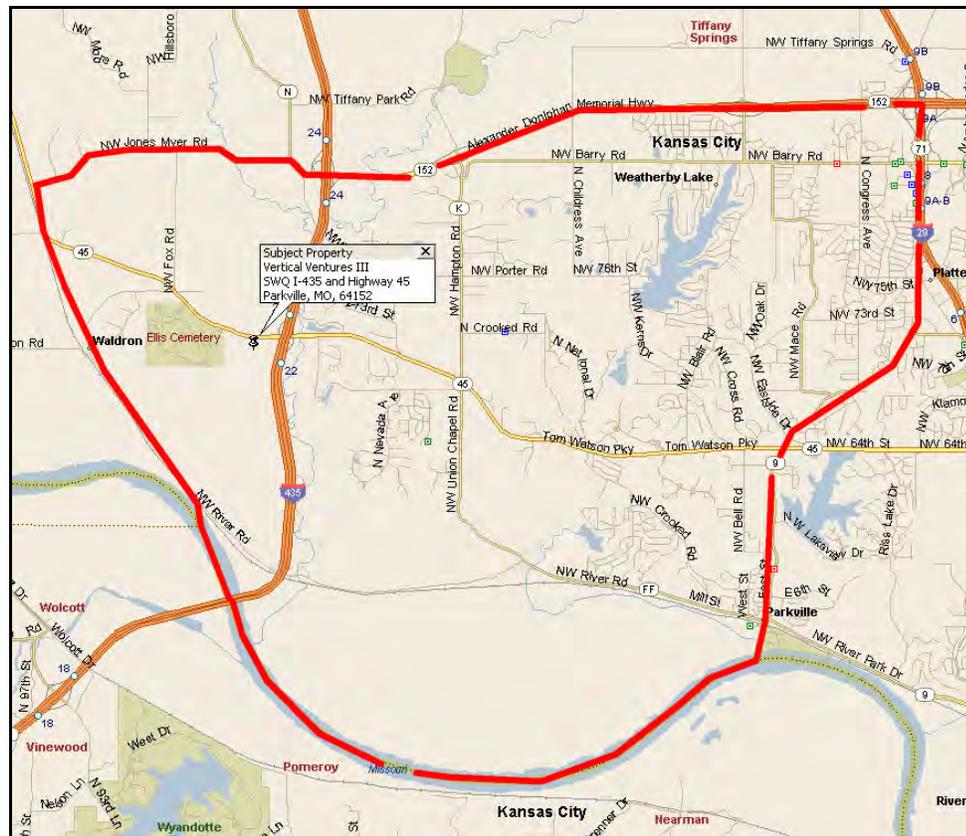
The city of Parkville has seen growth in recent years. The scenic hilly landscape of the area and its close proximity to I-435 has spurred residential development in western portions of the city within the last ten years. It is noted that almost all of this development has been on the east side of I-435.

### Location

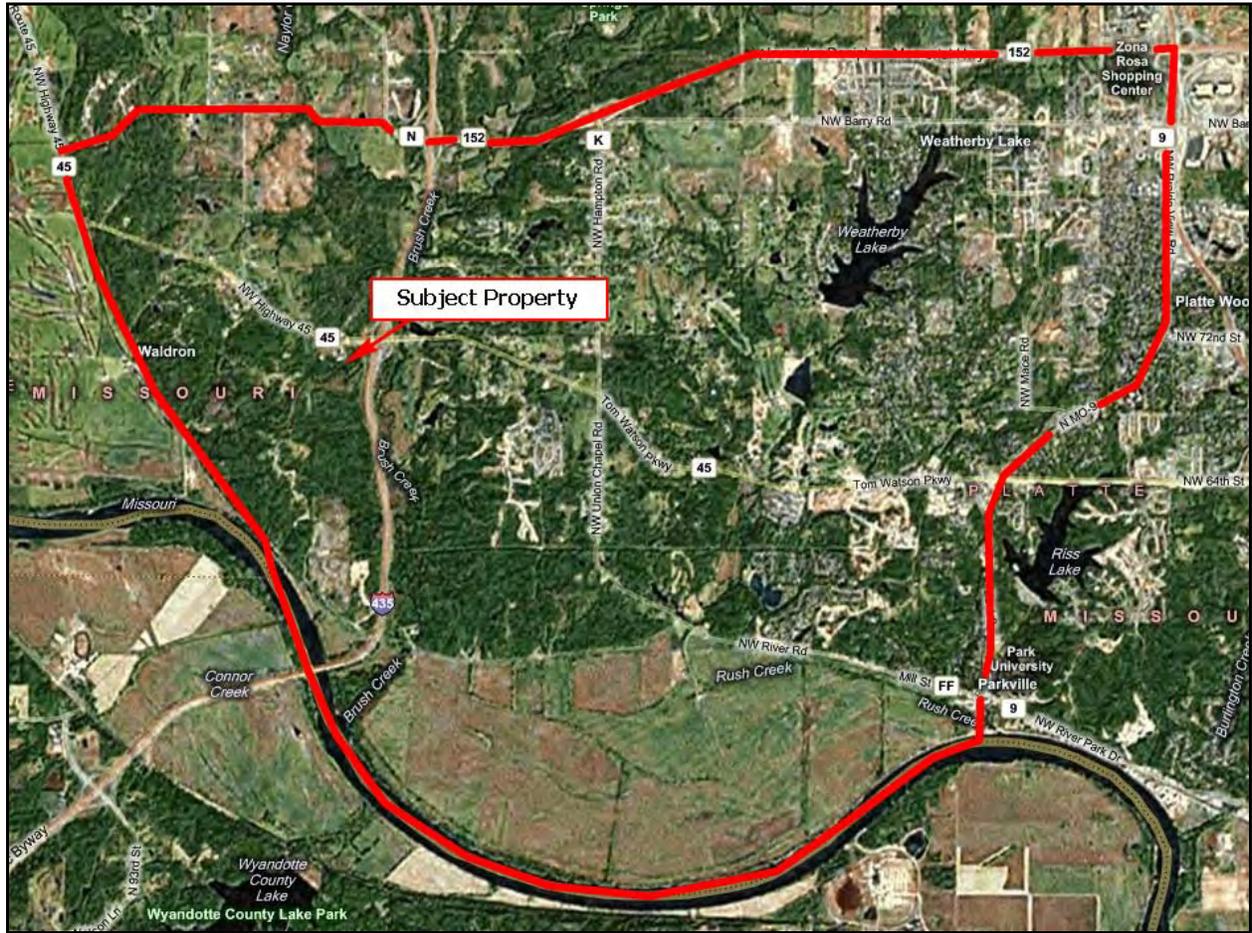
For purposes of this report, the neighborhood boundaries are best described as follows:

<b>North</b>	NW Jones Myer Rd/MO Hwy 152/NW Barry Rd
<b>South</b>	Missouri River
<b>East</b>	MO Hwy 9
<b>West</b>	NW River Road/MO Hwy 45

### Neighborhood Map



Neighborhood Aerial



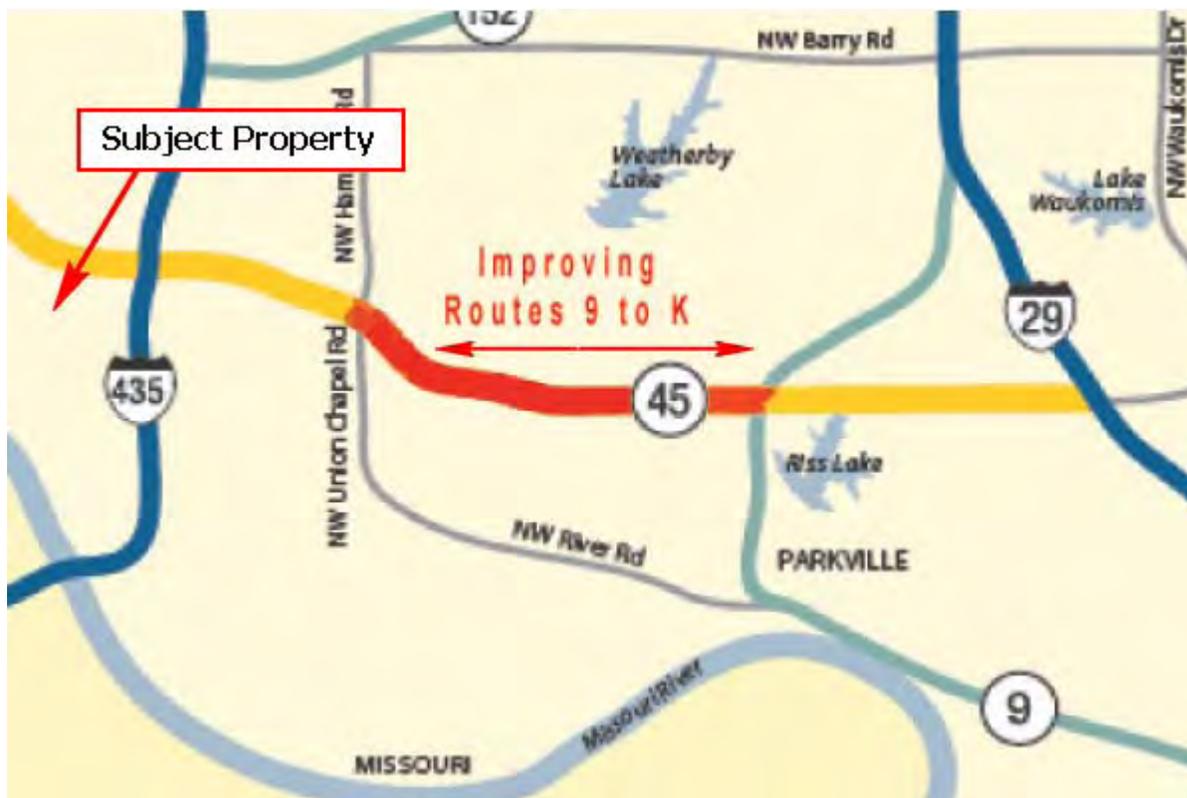
Land Use

Neighborhood land use includes a mix of residential, institutional, agricultural, and commercial. Other land use characteristics are summarized in the following table.

<b>Predominant Age of Improvements</b>	10 to 30 years
<b>Predominant Quality and Condition</b>	Average
<b>Approximate Percent Developed</b>	30-40%
<b>Percent Developed as Single Family</b>	50-60%
<b>Prevailing Single Family Price Range</b>	\$150,000 - \$200,000
<b>Life Cycle Stage</b>	Growth
<b>Infrastructure/Planning</b>	Average
<b>Predominant Location of Undeveloped Land</b>	West
<b>Prevailing Direction of Growth</b>	North/West
<b>Immediate Surrounding Land Use</b>	
North	Vacant land
South	Vacant park land
East	Single-family/commercial
West	Vacant land

**Access**

Access to the area is good. Interstate 435 and runs north/south through the neighborhood and Highways 45 and 152 bisect the neighborhood running east/west. Highway 45 is currently a two lane highway that is in the process of being expanded to four lanes, increasing its capacity. Route 45 has exceeded its capacity and will be expanded east of Interstate 435, from Highway K to Highway 9 as depicted in the diagram below.



This project began in May 2011 and is expected to be completed during the Spring of 2013. Highway 45 connects Interstate 435 to Interstate 29 and has seen recent commercial development mostly occurring on the eastern end towards I-29. Highway 152 is a four-lane highway which connects I-435 to Liberty and is a well-traveled east/west thoroughfare in the northland.

**Recent Development Activity**

During the last five years, the subject neighborhood has seen some new residential and commercial development although the slumping economy has slowed this development. The primary location of the most recent development is on the south side of Highway 45 just east of I-435, where a gas station/convenience store/car wash was constructed last year.

**Outlook and Conclusions**

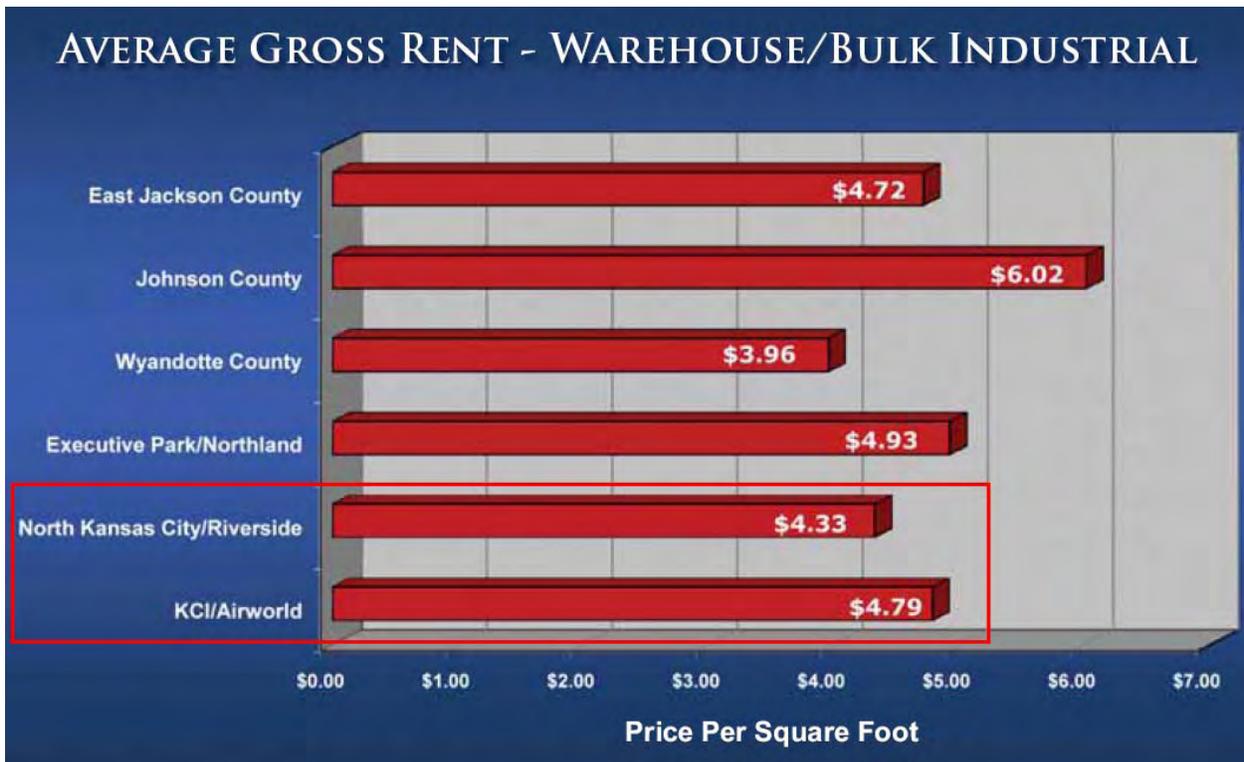
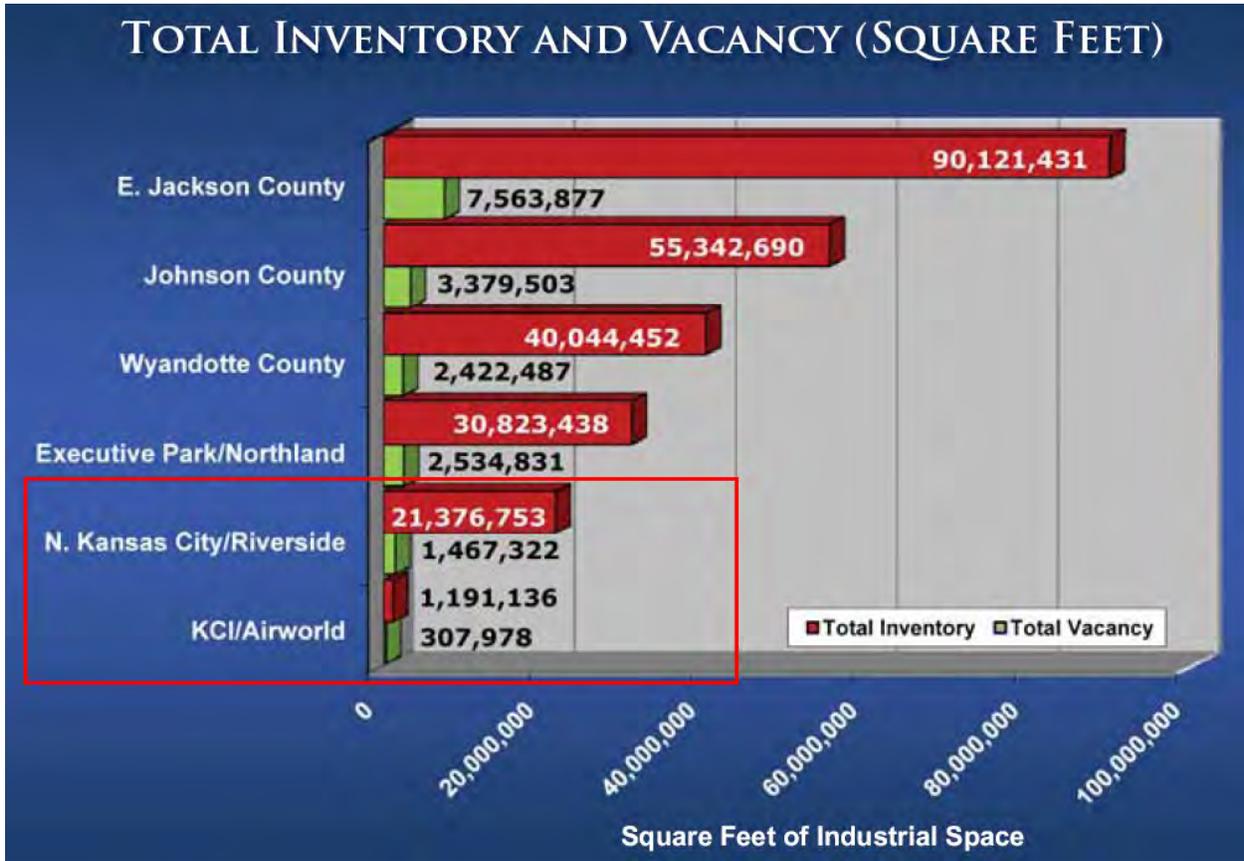
Based on our analysis of the preceding factors, the neighborhood appears to be in the growth stage of its life cycle. Recent development activity has been occurring, but has been slow due to economic conditions. Given the history of the neighborhood and the growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is neutral, with some slow growth expected.

## INDUSTRIAL MARKET OVERVIEW

The subject is located in Parkville, Platte County, Missouri, and is unique in that it is located in an area that primarily consists of residential and vacant land. There are no other business or industrial parks within a five mile radius of the subject property. The closest major industrial/business park areas are Edwardsville (nine miles south), KCI airport (seven miles north), and eastern Parkville/Riverside/North Kansas City (eight miles southeast). The subject's location does have positive attributes in that it has very quick access to I-435 and offers excellent views due to the hilly landscape. In order to give the reader an overview of the industrial market near the subject we have compiled data from area market statistic reports. A summary of this information follows. We have highlighted the data considered to have the greatest relevance to the subject's location.

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION
Johnson County	939	51,783,000	370,000	3,413,000	7.3%	42,000	-90,000	200,000
Wyandotte County	378	27,397,000	356,000	2,572,000	10.7%	-178,000	-26,000	160,000
Executive Park / Northland Park	178	15,699,000	56,000	1,573,000	10.4%	156,000	-318,000	0
Jackson County	811	58,169,000	412,000	4,841,000	9.0%	-39,000	-1,098,000	0
North Kansas City	252	15,278,000	27,000	1,391,000	9.3%	-318,000	-328,000	0
KCI	61	4,599,000	0	351,000	7.6%	-76,000	-114,000	0
Riverside	37	1,890,000	10,000	279,000	15.3%	6,000	-57,000	0
Other Northland	74	15,209,000	192,000	1,482,000	11.0%	77,000	-46,000	0
Cass County	10	389,000	0	0	0.0%	0	0	0
<b>By Property Type</b>								
Bulk Distribution & Warehouse	626	71,200,000	437,000	4,634,000	7.1%	-49,000	-536,000	160,000
Office/Warehouse	710	19,060,000	92,000	2,448,000	13.3%	49,000	-182,000	0
Flex/R&D	138	4,652,000	60,000	436,000	10.7%	-9,000	-27,000	200,000
Manufacturing	1,254	69,017,000	642,000	4,858,000	8.0%	-351,000	-541,000	0
Underground	12	26,485,000	192,000	3,526,000	14.0%	29,000	-790,000	
<b>KANSAS CITY TOTAL</b>	<b>2,740</b>	<b>190,413,000</b>	<b>1,423,000</b>	<b>15,902,000</b>	<b>9.1%</b>	<b>-330,000</b>	<b>-2,077,000</b>	<b>360,000</b>

Source: Cassidy Turley Annual Market Report, January 2011



Source: The Real Estate Report for Metropolitan Kansas City 2011 - Block Real Estate Services, LLC



Source: The Real Estate Report for Metropolitan Kansas City 2011 - Block Real Estate Services, LLC

## TOTAL INDUSTRIAL MARKET STATISTICS

First Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County Ind	107	1,865,511	121,556	126,956	6.8%	(20,500)	0	0	\$6.88
Downtown Ind	644	16,264,347	1,575,789	1,575,789	9.7%	(101,529)	0	0	\$3.89
East Jackson County Ind	1,259	63,957,997	4,942,506	5,215,691	8.2%	380,483	0	11,900	\$3.48
Lafayette Ind	25	304,432	24,333	24,333	8.0%	(1,500)	0	0	\$4.00
Midtown Ind	240	6,889,910	924,582	944,582	13.7%	(53,032)	0	0	\$3.52
Midtown South Ind	95	2,885,579	110,313	110,313	3.8%	28,309	0	0	\$3.27
North Johnson County Ind	665	24,195,920	1,741,481	1,741,481	7.2%	170,583	0	0	\$5.61
North of the River Ind	803	44,707,459	3,585,362	3,643,569	8.1%	(186,427)	0	17,006	\$3.72
South Jackson County Ind	501	18,839,045	577,099	603,899	3.2%	(55,855)	0	1,215,760	\$5.95
South Johnson County Ind	783	29,502,049	1,687,496	1,765,319	6.0%	4,199	0	0	\$6.09
Wyandotte County Ind	920	39,252,886	3,096,995	3,146,132	8.0%	(933,540)	0	160,000	\$3.65
<b>Totals</b>	<b>6,042</b>	<b>248,665,135</b>	<b>18,387,512</b>	<b>18,898,064</b>	<b>7.6%</b>	<b>(768,809)</b>	<b>0</b>	<b>1,404,666</b>	<b>\$4.16</b>

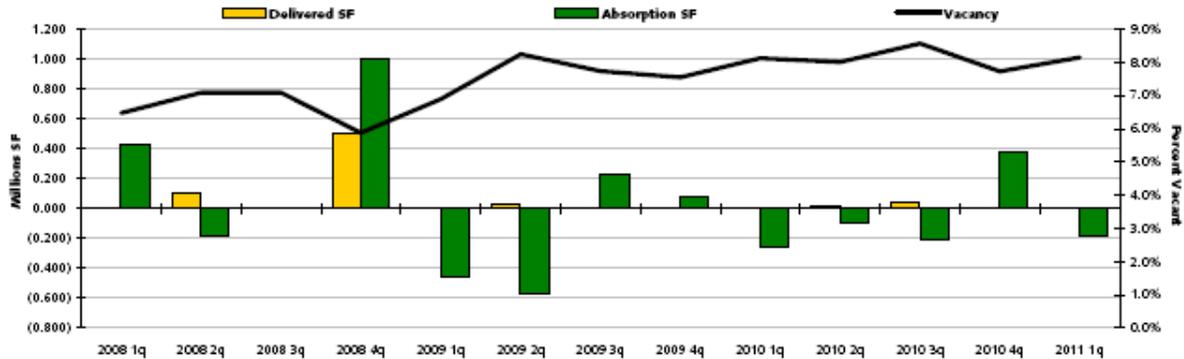
Source: CoStar Property®

KANSAS CITY - FIRST QUARTER 2011



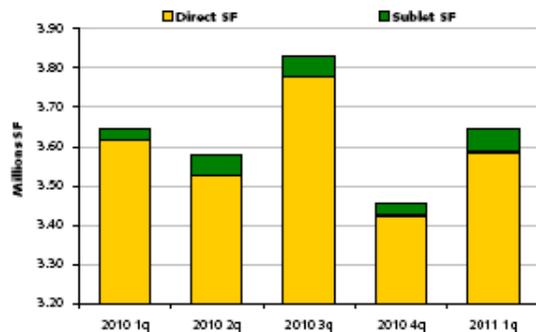
**KANSAS CITY INDUSTRIAL MARKET**  
**NORTH OF THE RIVER MARKET**  
 MARKET HIGHLIGHTS - FLEX & WAREHOUSE

**DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse**



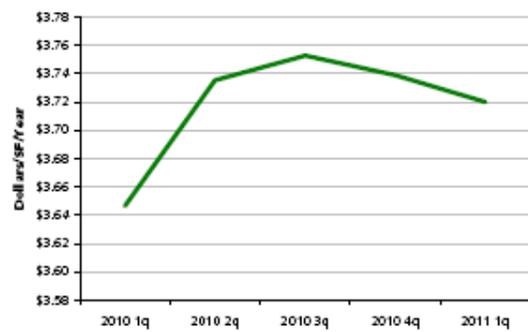
Source: CoStar Property®

**VACANT SPACE Historical Analysis, Flex and Warehouse**



Source: CoStar Property®

**QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse**



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 1q	803	44,707,459	3,643,569	8.1%	(186,427)	0	0	1	17,006	\$3.72
2010 4q	803	44,707,459	3,457,142	7.7%	373,833	0	0	0	0	\$3.74
2010 3q	803	44,707,459	3,830,975	8.6%	(208,150)	1	43,000	0	0	\$3.75
2010 2q	802	44,664,459	3,579,825	8.0%	(101,723)	1	14,328	1	43,000	\$3.74
2010 1q	802	44,830,131	3,643,774	8.1%	(257,278)	0	0	2	57,328	\$3.65
2009 4q	802	44,830,131	3,386,496	7.6%	81,345	0	0	2	57,328	\$3.69
2009 3q	802	44,830,131	3,467,841	7.7%	229,130	0	0	1	43,000	\$3.84
2009 2q	802	44,830,131	3,696,971	8.2%	(573,471)	1	33,000	1	43,000	\$3.82
2009 1q	801	44,797,131	3,050,500	6.9%	(455,873)	0	0	2	76,000	\$3.85
2008 4q	801	44,797,131	2,634,627	5.9%	1,006,204	2	500,000	1	33,000	\$3.80
2008 3q	799	44,297,131	3,140,831	7.1%	1,685	0	0	2	500,000	\$3.88
2008 2q	799	44,297,131	3,142,516	7.1%	(178,650)	1	100,000	2	500,000	\$3.97
2008 1q	798	44,197,131	2,863,866	6.5%	426,490	0	0	2	200,000	\$4.01
2007 4q	798	44,197,131	3,290,356	7.4%	55,949	1	4,800	1	100,000	\$3.86
2007 3q	797	44,192,331	3,341,505	7.6%	149,393	0	0	2	104,800	\$3.87
2007 2q	797	44,192,331	3,450,898	7.9%	(5,481)	2	8,419	2	104,800	\$3.85

Source: CoStar Property®

## Summary

- Industrial rental rates in the northland have ranged from \$5.03 to \$9.52 with the low end of this range representing bulk warehouse properties and high end representing smaller flex buildings.
- Vacancy rates in the highlighted submarkets range from 6.9% to 25.9% with the higher vacancies being reported in the KCI/Airworld area.
- The highlighted submarkets showed negative absorption in 2010, a slight increase in vacancy, and decline in rental rates, indicating a negative impact from the slumping economy.

It appears the recession produced negative activity in 2009 and little activity in 2010. An interpretation might be that, although the recession ended in 2009, companies were generally not ready, or perhaps able, to commit to expansion the following year. The Kansas City area is in the midst of a recovery, but the absorption of industrial real estate tends to trail a turnaround in economic activity. Before firms acquire additional space, they will put into service unused capacity they already control. Since the rate at which companies are contracting has slowed, as seen in the smaller amount of space vacated in 2010, a spurt in economic growth should produce positive absorption for industrial real estate. Conditions and brokers in the area suggest the second half of 2011 will show that result.

# PROPERTY DATA

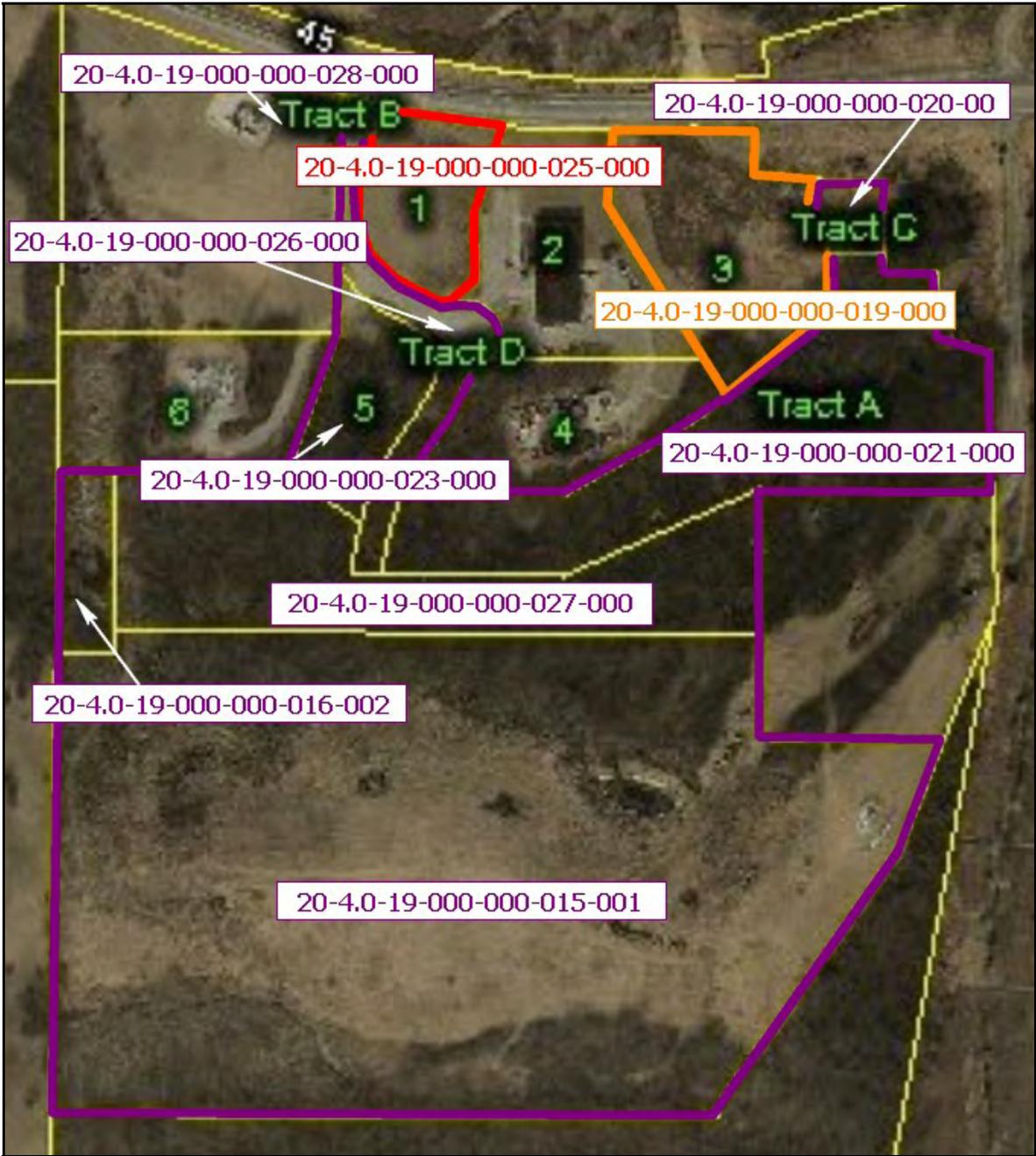
## Site Description

<b>Location</b>	SWQ of Interstate 435 and Highway 45, Parkville, Platte County, Missouri
<b>Legal Description</b>	Multiple – varies per parcel.
<b>Size</b>	Approximately 58.03 acres, or 2,527,516 square feet

Per the client’s request, this appraisal will provide three separate values for the property. The three portions of the property which are being valued are identified in the following table and aerial photo. Please note that as of the date of this appraisal, the property had not been re-platted into individual parcels on the GIS mapping system, but the site plan has been granted initial approval by the City of Parkville. Our outlines on the following aerial parcel map are approximate.

Value	Parcel #	Description	Land Area (Acres)	Land Area (SF)
1	20-4.0-19-000-000-025-000	Vertical Ventures III, Lot 1	1.80	78,426
2	20-4.0-19-000-000-019-000	Vertical Ventures III, Lot 3	3.48	151,565
	Lots 5 thru 12, Tract A, B, C, D			
3	20-4.0-19-000-000-015-001		34.97	1,523,293
	20-4.0-19-000-000-027-000		6.15	267,894
	20-4.0-19-000-000-016-002		0.94	40,946
	20-4.0-19-000-000-023-000	Lot 12	1.71	74,575
	20-4.0-19-000-000-021-000	Tract A	6.87	299,077
	20-4.0-19-000-000-028-000	Tract B	0.02	700
	20-4.0-19-000-000-020-000	Tract C	0.42	18,295
	20-4.0-19-000-000-026-000	Tract D (Ensign Drive)	1.67	72,745
			52.75	2,297,525
		<b>Totals:</b>	<b>58.03</b>	<b>2,527,516</b>

Parcel Map



<b>Configuration</b>	Irregular (see following aerial photos and site plan)
<b>Topography</b>	The tract has widely varying topography with steep hills throughout. Please refer to the narrative descriptions of each of the three sites we are appraising for more details.
<b>Drainage</b>	Adequate.
<b>Flood Plain Community Panel # Flood Zone</b>	2904750155A, effective December 18, 1979 Zone C, "areas of minimal flooding"
<b>Frontage</b>	Lot 1 and Lot 3 have frontage along the south side of Highway 45
<b>Zoning</b>	BP, Planned Business Park
<b>Easements, Encumbrances, Moratoriums</b>	We were not provided a current title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search be completed to determine whether any adverse conditions exist.
<b>Encroachments</b>	We were not provided an ALTA survey. However, an inspection of the site revealed no apparent encroachment(s).
<b>Utilities</b>	Water, electricity and gas, are available to all parts of the tract. When the existing office/warehouse building located within the subject development, but not part of the subject of this report, was constructed in 1998, a large septic system was also installed. According to the property owners, this septic system has the capacity to service the current building as well as up to two additional lots. The property does not have access to sanitary sewers at this time.

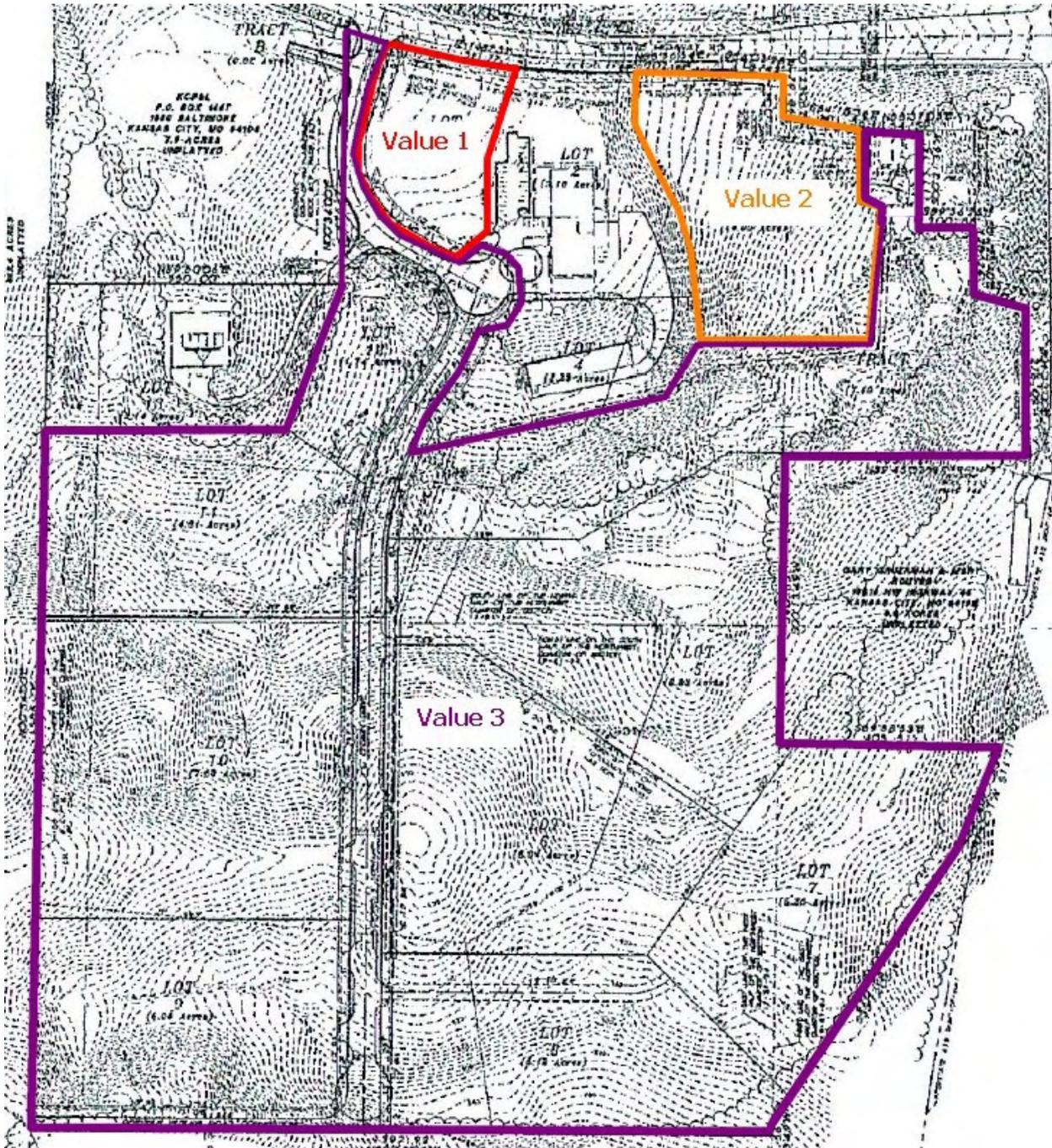
***Environmental***

As referenced in the Assumptions and Limiting Conditions to this report, we are not considered experts nor competent to assess environmental issues. Given this limitation, it is noted that our physical inspection of the subject property did not reveal any indication of environmental hazard.

***Wetlands***

We are not considered experts nor competent to assess whether or not the site is impacted by wetlands. Given this limitation, it is noted that our physical inspection of the property did not reveal any indication of potential wetlands on the site.

Preliminary Site Plan



Aerial Photograph



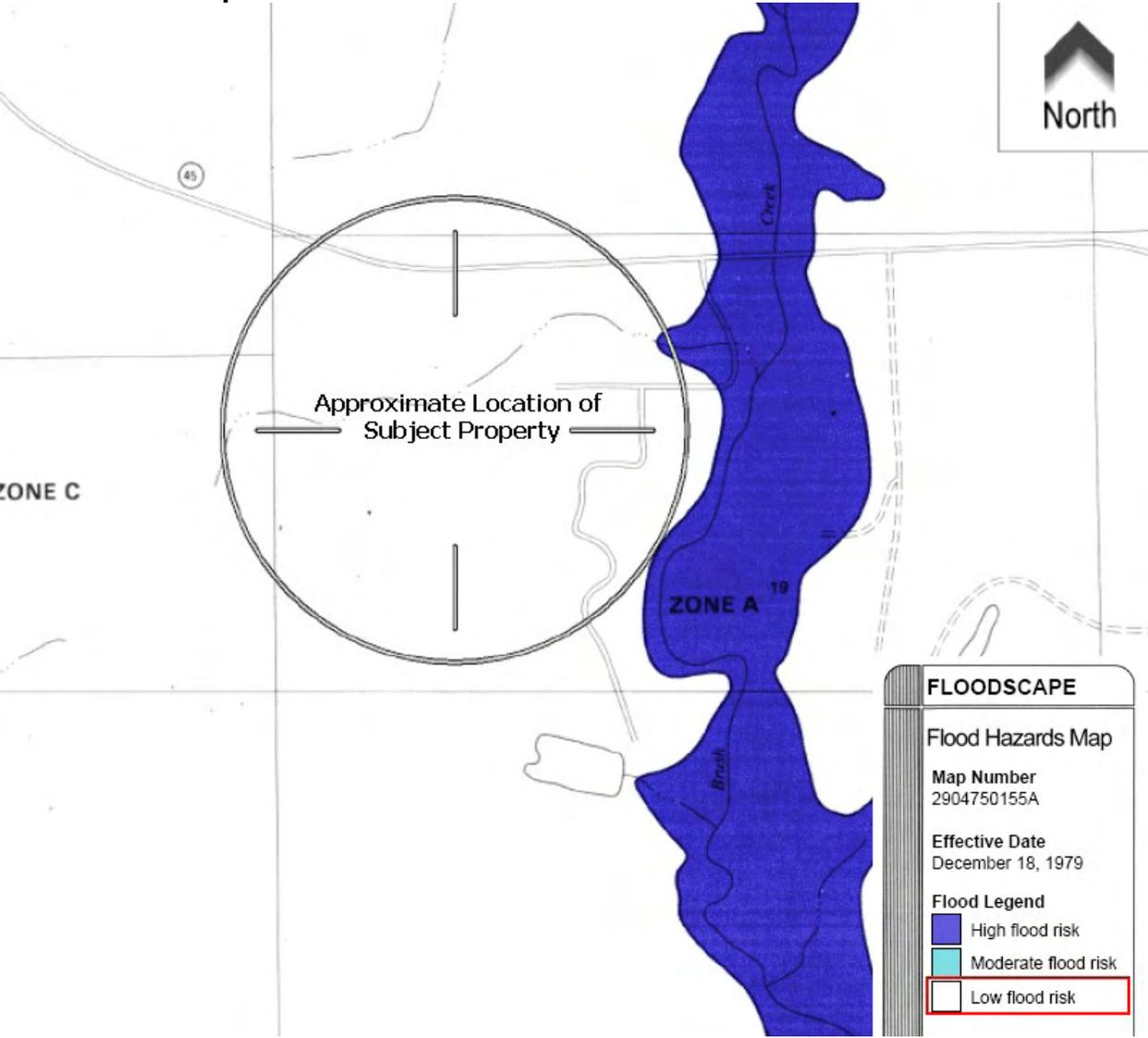
Bird's Eye Aerial



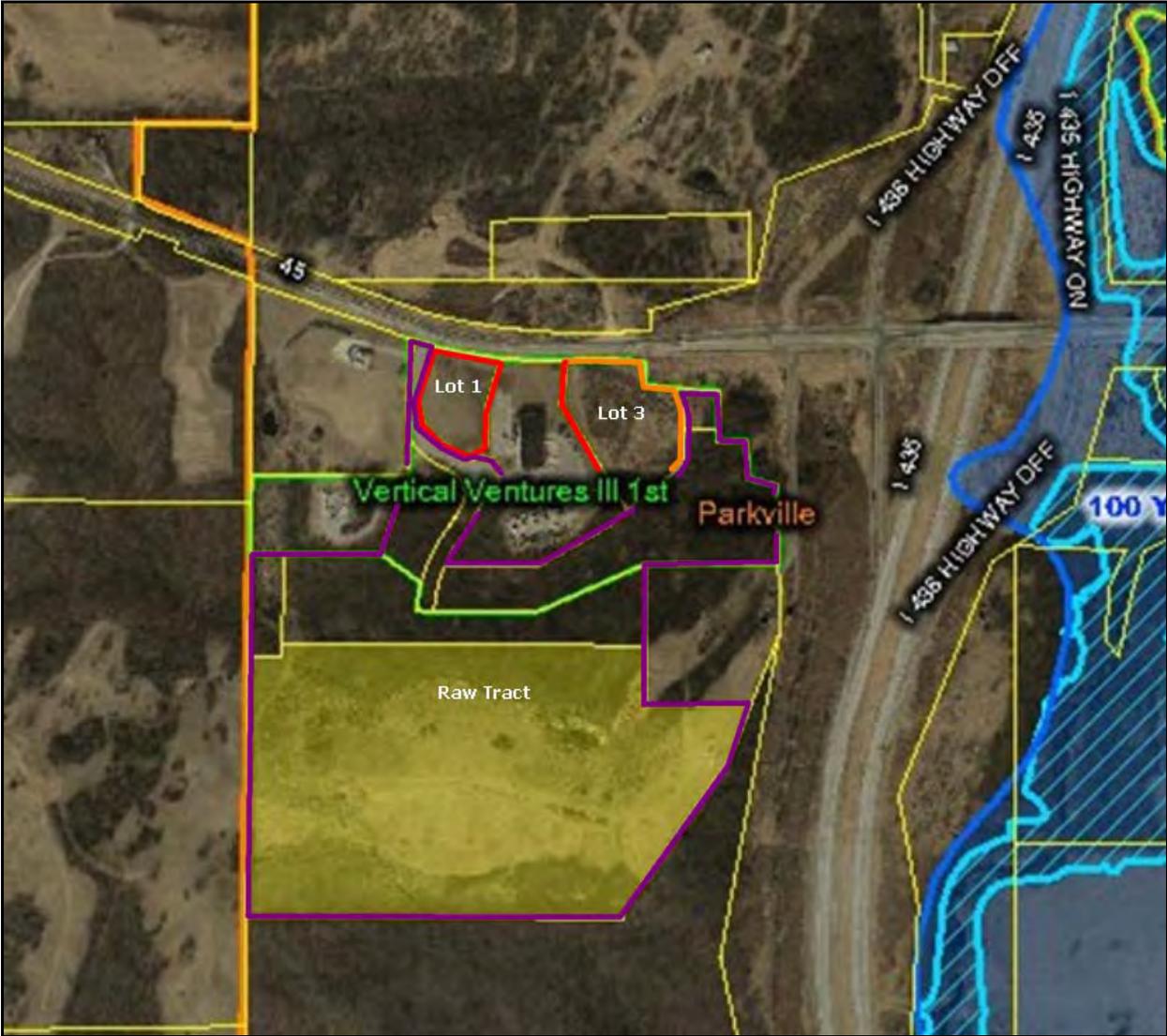
Marketing Map



FEMA Flood Map



Platte County Flood Map



Individual Property Descriptions

Value 1 (Lot 1)

This lot contains 1.80 acres or 78,426 square feet of land. It is a vacant lot that currently has grass on it and is level. It is right at the entrance to the park, has good access and good visibility from Highway 45. It is adjacent to the west of the office/warehouse building that has been constructed.



View east on Highway 45 with subject on right



View south on Ensign Drive into development



View south across Lot 1



Additional view south across Lot 1

**Value 2 (Lot 3)**

This lot contains 3.48 acres or 151,565 square feet of land. It is the appraiser's understanding that this lot was recently filled and graded to make it level. This lot is now level and it is below grade from Highway 45. It contains approximately 200 feet of frontage on Hwy 45 and has visibility from both Hwy 45 and I-435.



View west on Highway 45 toward subject development



View east on Highway 45 toward Interstate 435



View east on Highway 45 of northern edge of Lot 3



View south across Lot 3



View northeast across Lot 3

**Value 3 (Lots 5 thru 12, Tracts A, B, C, and D)**

Value 3 is all of the remaining land that was not identified in the prior two values. It contains a total of 52.75 acres or 2,527,516 square feet of land. This tract is raw ungraded land and the topography varies widely from low lying areas along a stream to high-rising sloping hillside towards the south end of the tract. The tract currently only can be accessed from one point at the cul-del-sac at the southwest corner of the existing office/warehouse building. The site plan discussed previously does include an access road through the middle of the tract that would provide access to the planned lots although this road has not been constructed. The tract is not sewerred and the earliest sewers will be available would be the next two or three years. It does have access to other utilities such as water, gas, and electricity. The tract is visible from I-435 particularly from the higher southern portions. It also offers scenic views from these high areas which overlook the Missouri River.



View north of eastern edge of raw tract



View west of portion of raw tract located north of the existing SF residence



View west across central portion of raw tract



View north across eastern edge of raw tract



View south across eastern edge of raw tract



View east of northern edge of raw tract at Ensign Drive



View south across raw tract from office/warehouse building



View west of northern edge of raw tract at Ensign Drive



View south of future access to raw tract from Ensign Drive

## Highest and Best Use

### ***Process***

The highest and best use of the property must be determined for the subject's lots and vacant raw tract. The highest and best use must be:

1. Physically possible for the site.
2. Permitted under the zoning laws and deed restrictions that apply to the site.
3. Economically feasible.
4. The use that will produce the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

### ***Highest and Best Use (Lots as Currently Vacant)***

Both of the subject lots are fully developed, with streets and all utilities in place, and are ready to be improved with industrial buildings. Each of the lots are zoned BP for Planned Business Park. This use is physically possible on each of the lots, and conforms with the neighboring properties surrounding the subject property. For these reasons, only industrial uses are considered reasonable for the subject lots. However, the development of speculative industrial buildings may not be financially feasible to build at this time. No construction should take place until the current economic conditions improve, or there is demand in the area for new construction. Therefore, holding the site for a future industrial use and construction once demand is warranted is the only use that meets the four tests of highest and best use. Accordingly, it is concluded to be maximally profitable, and the highest and best use of each of the lots.

**Highest and Best Use (Raw Tract)**

**Possible Use**

As detailed in the property description section, the tract's physical characteristics should reasonably accommodate any use that is not restricted by its size. The tract does have widely varying topography and substantial costs would likely be necessary for improving the lots. However, this would not preclude the tract from being developed.

**Permissible Use**

Permitted uses are often restricted by zoning codes, land use plans, easements, and private deed restrictions. The site is zoned BP, Planned Business Park. Permitted uses include industrial uses of a more office/warehouse nature at the north end of the tract and encourages more light industrial/ flex tech uses at the southern end of the tract. Given prevailing land use patterns in the area, and recognizing the principle of conformity, only an industrial use has been given further consideration in determining highest and best use of the tract, as if vacant.

**Feasible Use**

The development of speculative industrial buildings is not feasible at this time. Due to the location and topography of the tract, as well as current economic conditions, Holding the tract for a future industrial use is considered the most feasible use of the site.

**Maximum Profitability**

Holding the tract for a future industrial use is the only use that meets the previous three tests. Accordingly, it is concluded to be maximally profitable, and the highest and best use of the tract, as if vacant.

**Taxes and Assessment Data**

Assessment and real estate tax information were provided by the Platte County administrative offices. Only two of the eight parcels have 2010 tax data. The remainder of the parcels are considered new parcels for the year 2011, and were part of a “parent” parcel (20-4.0-19-000-000-016-000) for the year 2010. In addition to the summary below, the appraiser has also provided the 2010 tax data for the parent parcel.

Parcel #	Abbreviated Legal	2010 Appraised Value	2010 Taxes
Value 1: 20-4.0-19-000-000-025-000	Vertical Ventures III Lot 1	\$90,000	NA
Value 2: 20-4.0-19-000-000-019-000	Vertical Ventures III Lot 3	\$104,000	NA
Value 3: 20-4.0-19-000-000-015-001		\$5,641	\$57.42
20-4.0-19-000-000-027-000		\$6,500	NA
20-4.0-19-000-000-016-002		\$1,000	\$5.08
20-4.0-19-000-000-023-000		\$14,100	NA
20-4.0-19-000-000-021-000	Tract A	\$6,900	NA
20-4.0-19-000-000-028-000	Tract B	\$100	NA
20-4.0-19-000-000-020-000	Tract C	\$1,000	NA
20-4.0-19-000-000-026-000	Tract D	\$1,670	NA
		\$36,911	\$62.50
<b>Totals:</b>		<b>\$230,911</b>	<b>\$62.50</b>



## **SALES COMPARISON APPROACH – LOTS 1 AND 3**

### **Comparable Sales**

We have valued the sites using sales comparison. Because Lots 1 and 3 are similar to each other in terms of frontage and access, we have used the same comparable sales for these two lots. The only notable difference between the two lots is their size, with Lot 3 being approximately twice the size of Lot 1. We have used the same four sales for valuing these two lots and have recognized this difference in size when estimating the values for each.

The sales comparison approach involved collecting data on sales of similar sites, adjusting these sales for differences between them and the subject, and concluding a value indication from our analysis of these sales. The subject property is the only known industrial park with lots available for sale in the city of Parkville and in the immediate vicinity. Therefore, we have expanded our search for industrial site sales to the northwest quadrant of the metro area. Although many of the sales are not located in the near vicinity of the subject, most of the sales have very similar highway access. For an industrial user, highway access is one of the most important factors when choosing a location, and thus the sales are considered to be reliable in estimating the value of the subject's lots.

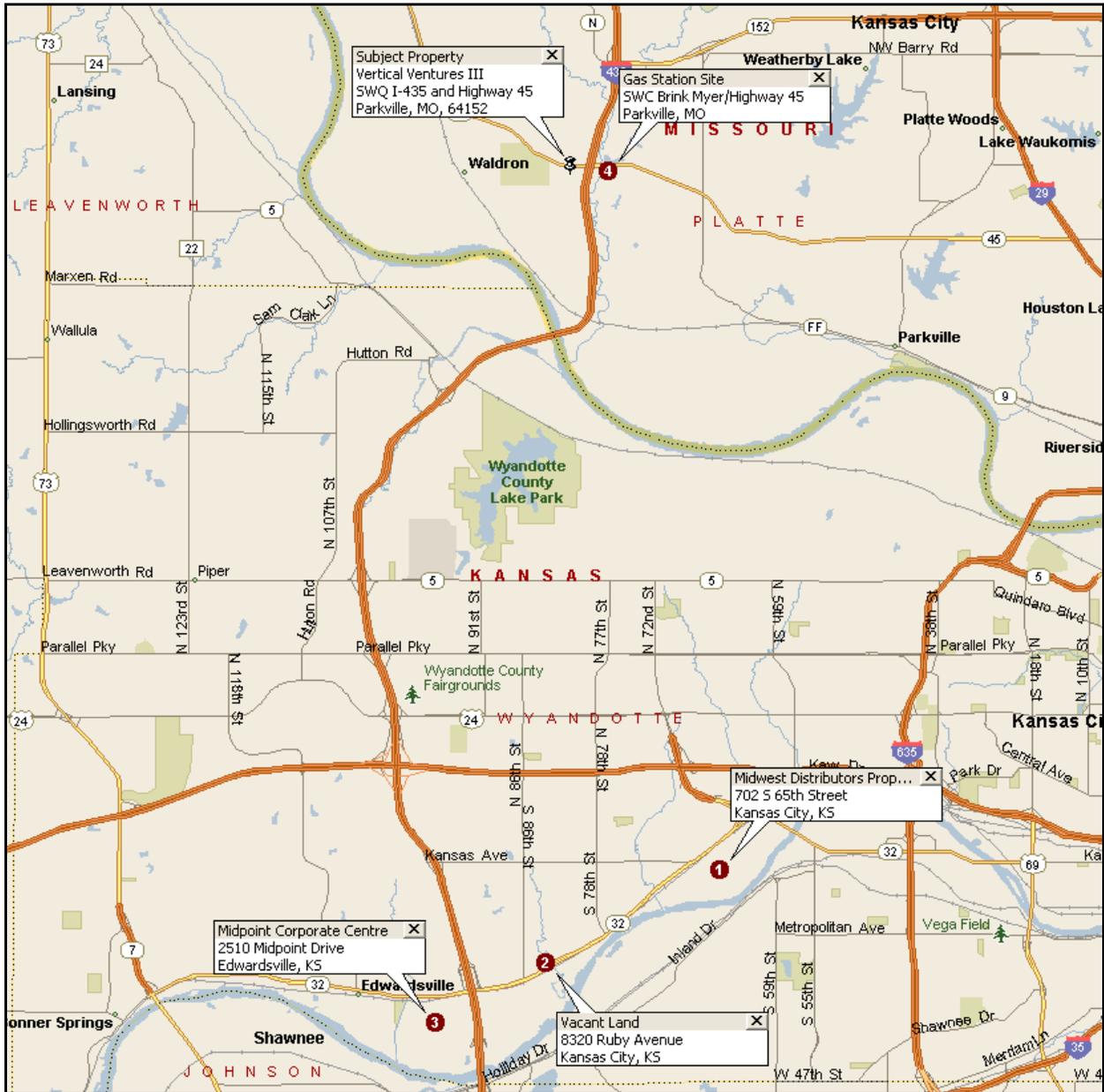
After researching and evaluating the available data regarding area land sales, we selected four sales believed to provide the best indications of value for the subject. Detailed descriptions of these sales are included at the end of this section. These data sheets summarize the pertinent details for each sale. A summary of the sales follows.

In evaluating the comparable sales, we selected price per square foot of land as the primary unit of comparison. This is the unit of comparison most commonly used for this type of property in the marketplace.

**Summary Table of Land Sales - Lots 1 and 3**

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
CompID #		607373	603146	602863	607762
Name	Vertical Ventures III Business Park	Midwest Distributors Property	Vacant Land	Midpoint Corporate Centre Lot	Gas Station Site
Address	SWQ of Interstate 435 and Highway 45	702 S 65th Street	8320 Ruby Avenue	2510 Midpoint Drive	SWC Brink Myer Road and Highway 45
City	Parkville	KCK	KCK	Edwardsville	Parkville
Sale Price	NA	\$287,500	\$450,000	\$899,911	\$400,000
Date of Sale	NA	May-10	Mar-09	Sep-08	Apr-08
Cash Equivalent Price	NA	\$287,500	\$450,000	\$899,911	\$400,000
Land Area SF	78,426/151,565	173,808	218,758	348,480	100,188
Price/SF	NA	\$1.65	\$2.06	\$2.58	\$3.99
Land Area In Acres	1.80/3.48	3.99	5.02	8.00	2.30
Price/Acre	NA	\$72,054	\$89,606	\$112,489	\$173,913
Zoning	BP	M-3	MP-2 / AG	I-1	C-2

Comparable Sales Map



## **Elements of Comparison -- Related to the Transaction**

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required for these items.

### ***Time/Market Conditions***

The four sales transacted between April 2008 and May 2010 and represent the most recent known industrial land sales available that are considered to be comparable to the subject. An over saturation of development coupled with a slow residential market within the Kansas City metropolitan area has resulted in land prices falling from highs in years past. Although there has been a shortage of sales to show this downward adjustment, the lack of sales over the past three years is evidence of this current slowed economy. For this reason, the market price of land has fallen significantly since 2007, the peak of the market. Developers and brokers in the area indicated that they feel prices have fallen from 20% to 40% in some cases. Therefore we have made significant downward adjustments to all of the sales transacting in 2008. We have relied on this information to adjust Sale 3 and Sale 4 that transacted in 2008 downward 20%. We have adjusted Sale 2, the sale that took place in the first half of 2009, downward by only ten percent. Sale 1 is our most recent sale and no adjustment was made to this sale for transacting in 2010.

## Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on locational, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

### **Location/Access**

The subject lots have a good location for industrial users in that they have frontage on 45 Highway and have very quick access to I-435. They are however, located in an area that is primarily residential and agricultural, and are at a disadvantage to industrial sites located in an established industrial park. Sale 4 is located across I-435 from the subject. The east side of the Interstate is considered a superior location in that it is closer to the city of Parkville and carries much more traffic than on the west side of I-435. Sale 4 is superior and was adjusted downward. The other three sales are considered similar to the subject in terms of location and no adjustments were made to any of these sales.

### **Size**

Typically, larger sites tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small sites. The four sales range in size from 2.30 acres to 8.00 acres. Because we are using the same sale comps for both Lots 1 and 3, which vary in size we have not made adjustments to the comparables for size. However, recognizing the relationship that size has to value, we have estimated a higher price per square foot for Lot 1, the smaller lot, than we have for Lot 3.

### **Zoning/Density**

The subject is zoned BP, Planned Business Park. This zoning was adopted when the city granted initial approval to the preliminary site plan. According to Parkville city planning officials, this initial site plan calls for light office/warehouse or office uses in the northern portions and more flex tech uses in the southern portions. They indicated that the city would be somewhat flexible on the types of uses they would allow at the site. Sale 1, Sale 2, and Sale 3 all have industrial zoning, with Sale 2 having a combination of both industrial and agricultural zoning. All three of these sales were adjusted upward for their inferior zoning. Sale 4 was adjusted downward for its superior commercial zoning.

### **Flood Influence**

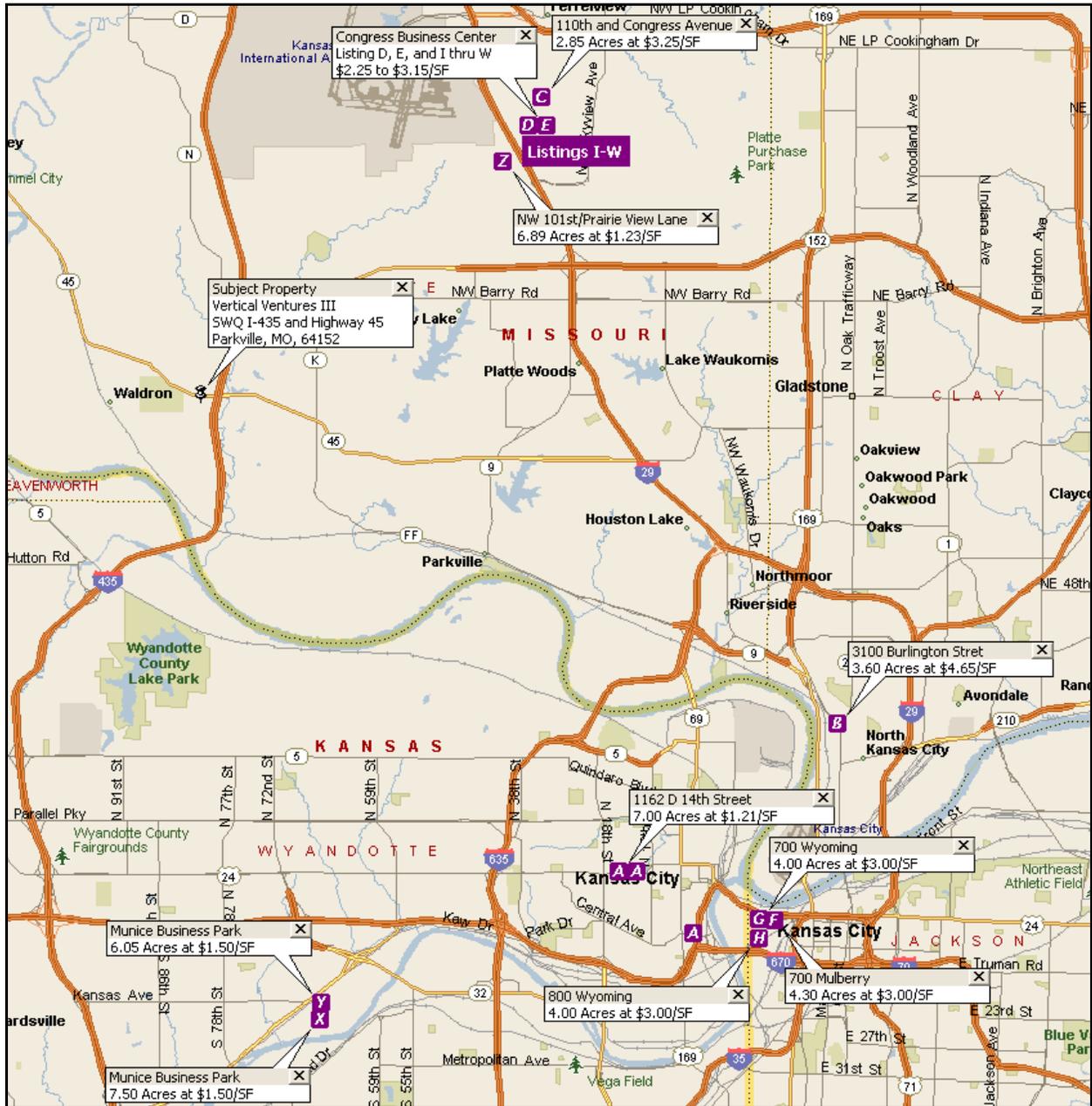
The subject property Lot 1 and Lot 3 do not have flood plain influence. Sale 1, Sale 2, and Sale 3 are all at least partially located in the 500-year flood plain. All three of these sales are considered inferior in terms of flood plain influence, and have been adjusted upward for their locations within the flood plain.

### Comparable Land Listings

In addition to the sales outlined above, we have also considered sites that are currently listed for sale. Information on these listings follows, and they are also identified on the location map. We searched for industrial listings that were in the northwest quadrant of the metro area between zero and eight acres. The listings summarized below indicate a range in asking prices of \$1.21 to \$7.17 per square foot with an average of \$2.72 per square foot. The listings considered to be the most similar to the subject are the Congress Business Center listings which are different sized lots in the Congress Business Center development. This development has similar business park zoning to the subject property. It is located near the airport in an established industrial area with good highway access. The asking prices of the Congress Business Center lots range from \$2.25 to \$3.15 per square foot depending on the size and amount of frontage on Congress Avenue. These lots are level with all utilities in place and are development ready.

Address	City	Size (Acres)	Listing \$	\$/SF	DOM	Zoning/ Use	Comparability
<b>SUB Vertical Ventures III</b>	<b>Parkville</b>	<b>1.80, 3.48</b>	<b>Varies</b>	<b>\$3.00</b>	<b>133</b>	<b>BP (Planned Business Park)</b>	<b>Subject</b>
A 25 N 6th Street	KC, KS	0.41	\$129,000	\$7.17	727	KM2	Superior
B 3100 Burlington Street	NKC, MO	3.60	\$729,000	\$4.65	507	Commercial/Retail	Superior
C 110th and Congress Avenue	KC, MO	2.85	\$403,474	\$3.25	645	Industrial	Comparable
D Congress Business Center (Lot 12) N Congress Avenue and 108th	KC, MO	2.36	\$323,825	\$3.15	855	GP1/Industrial, Office, Warehouse	Comparable
E Congress Business Center (Lot 13) N Congress Avenue and 108th	KC, MO	2.14	\$293,637	\$3.15	855	GP1/Industrial, Office, Warehouse	Comparable
F 700 Mulberry (Lot 4)	KC, MO	4.30	\$561,924	\$3.00	429	Industrial	Comparable
G 700 Wyoming Street (Lot 2)	KC, MO	4.00	\$522,720	\$3.00	1,596	Industrial	Comparable
H 800 Wyoming Street	KC, MO	4.00	\$522,720	\$3.00	561	I-1/Industrial	Comparable
I Congress Business Center (Lot 9) N Congress Avenue and 108th	KC, MO	1.50	\$191,664	\$2.93	855	GP1/Industrial, Office, Warehouse	Comparable
J Congress Business Center (Lot 14) N Congress Avenue and 108th	KC, MO	1.70	\$203,643	\$2.75	855	GP1/Industrial, Office, Warehouse	Comparable
K Congress Business Center (Lot 15) N Congress Avenue and 108th	KC, MO	1.70	\$203,643	\$2.75	855	GP1/Industrial, Office, Warehouse	Comparable
L Congress Business Center (Lot 10) N Congress Avenue and 108th	KC, MO	1.66	\$198,851	\$2.75	855	GP1/Industrial, Office, Warehouse	Comparable
M Congress Business Center (Lot 11) N Congress Avenue and 108th	KC, MO	1.66	\$198,851	\$2.75	855	GP1/Industrial, Office, Warehouse	Comparable
N Congress Business Center (Lot 1) N Congress Avenue and 108th	KC, MO	2.40	\$277,041	\$2.65	972	GP1/Industrial, Office, Warehouse	Comparable
O Congress Business Center (Lot 18) N Congress Avenue and 108th	KC, MO	4.87	\$530,343	\$2.50	855	GP1/Industrial, Office, Warehouse	Comparable
P Congress Business Center (Lot 16) N Congress Avenue and 108th	KC, MO	2.64	\$275,996	\$2.40	855	GP1/Industrial, Office, Warehouse	Comparable
Q Congress Business Center (Lot 8) N Congress Avenue and 108th	KC, MO	5.33	\$545,610	\$2.35	855	GP1, GP7/Industrial, Office, Warehouse	Comparable
R Congress Business Center (Lot 2) N Congress Avenue and 108th	KC, MO	5.08	\$520,019	\$2.35	855	GP1/Industrial, Office, Warehouse	Comparable
S Congress Business Center (Lot 17) N Congress Avenue and 108th	KC, MO	3.46	\$354,186	\$2.35	855	GP1/Industrial, Office, Warehouse	Comparable
T Congress Business Center (Lot 5) N Congress Avenue and 108th	KC, MO	5.77	\$565,517	\$2.25	855	GP7/Industrial, Office, Warehouse	Comparable
U Congress Business Center (Lot 4) N Congress Avenue and 108th	KC, MO	5.77	\$500,831	\$2.25	855	GP7/Industrial, Office, Warehouse	Comparable
V Congress Business Center (Lot 3) N Congress Avenue and 108th	KC, MO	5.00	\$490,050	\$2.25	855	GP1/Industrial, Office, Warehouse	Comparable
W Congress Business Center (Lot 6) N Congress Avenue and 108th	KC, MO	3.04	\$297,950	\$2.25	855	GP7/Industrial, Office, Warehouse	Comparable
X Munice Business Park 840 S 66th Terrace	KC, KS	7.50	\$490,050	\$1.50	1,294	M-3/Industrial	Inferior
Y Munice Business Park 607 S 66th Terrace	KC, KS	6.05	\$395,307	\$1.50	1,294	M-3/Industrial	Inferior
Z NW 101st Street/NW Prairie View	KC, MO	6.89	\$370,000	\$1.23	1,101	GP3/Office, Hospitality, Hotel	Inferior
AA 1162 D 14th Street - Argentine Land	KC, KS	7.00	\$370,000	\$1.21	226	M3	Inferior
			Average	\$2.72	853		
			Minimum	\$1.21	226		
			Maximum	\$7.17	1,596		

Comparable Listings Map



### Value Conclusion – Lots 1 and 3

The adjustments are summarized in the following "Summary Grid of Adjustments". The four sales provide an adjusted range of value indications from \$1.90 to \$2.56 per square foot, with an average of \$2.26 per square foot. All four sales are considered to be equally relevant due to their similar percentage of total adjustments. We also strongly considered the Congress Business Center listings which were considered to be the most similar to the subject. Recognizing the difference in size between Lot 1 and Lot 3, we have estimated a value for Lot 1 at the upper end of the adjusted range and a value toward the lower end of the range for Lot 3. Based on the preceding analysis, we have estimated the value for Lot 1 to be \$2.50 per square foot, and we have estimated the value for Lot 3 to be \$2.00 per square foot. The estimated values for Lots 1 and 3 are calculated as follows:

**Lot 1:** 78,426 SF x \$2.50 per square foot = \$196,065  
**or \$200,000 (Rounded)**

**Lot 3:** 151,565 SF x \$2.00 per square foot = \$303,130  
**or \$300,000 (Rounded)**

Summary Grid of Adjustments - Lots 1 and 3

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Name	Vertical Ventures III Business Park	Midwest Distributors Property	Vacant Land	Midpoint Corporate Centre Lot	Gas Station Site
Address	SWQ of Interstate 435 and Highway 45	702 S 65th Street	8320 Ruby Avenue	2510 Midpoint Drive	SWC Brink Myer Road and Highway 45
City	Parkville	KCK	KCK	Edwardsville	Parkville
Land Area SF	78,426/151,565	173,808	218,758	348,480	100,188
Land Area In Acres	1.80/3.48	3.99	5.02	8.00	2.30
Zoning	BP	M-3	MP-2 / AG	I-1	C-2
Sale Price	NA	\$287,500	\$450,000	\$899,911	\$400,000
Land Area SF	78,426/151,565	173,808	218,758	348,480	100,188
<b>Price Per SF</b>		<b>\$1.65</b>	<b>\$2.06</b>	<b>\$2.58</b>	<b>\$3.99</b>
<b>Property Rights</b>		Similar	Similar	Similar	Similar
<b>Terms/Financing</b>		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
<b>Conditions of Sale</b>		Similar	Similar	Similar	Similar
<b>Time/Market Conditions</b>		May-10	Mar-09	Sep-08	Apr-08
% Adjustment		0%	-10%	-20%	-20%
\$ Adjustment		\$0.00	-\$0.21	-\$0.52	-\$0.80
<b>Time Adjusted Price/SF</b>		<b>\$1.65</b>	<b>\$1.85</b>	<b>\$2.07</b>	<b>\$3.19</b>
<b>Location/Access</b>		Similar	Similar	Similar	Superior
% Adjustment		0%	0%	0%	-10%
\$ Adjustment		\$0.00	\$0.00	\$0.00	-\$0.32
<b>Size</b>		Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
<b>Zoning/Density</b>		Inferior	Inferior	Inferior	Superior
% Adjustment		10%	15%	10%	-10%
\$ Adjustment		\$0.17	\$0.28	\$0.21	-\$0.32
<b>Flood Influence</b>		Inferior	Inferior	Inferior	Similar
% Adjustment		5%	5%	5%	0%
\$ Adjustment		\$0.08	\$0.09	\$0.10	\$0.00
Net % Adjustments		15%	8%	-8%	-36%
Net \$ Adjustments		\$0.25	\$0.16	-\$0.21	-\$1.44
Total % Adjustments		15%	28%	32%	36%
Total \$ Adjustments		\$0.25	\$0.58	\$0.83	\$1.44
<b>Adjusted Price/SF</b>		<b>\$1.90</b>	<b>\$2.22</b>	<b>\$2.38</b>	<b>\$2.56</b>
<b>Adjusted Price Indications</b>					
Minimum Adjusted Price/SF		\$1.90			
Maximum Adjusted Price/SF		\$2.56			
Average Adjusted Price/SF		\$2.26			



## Location

Property Name	Midwest Distributors Property	Zip Code	66111
Address	702 S. 65th Street	Property Use	Industrial Land
City/Municipality	Kansas City	MSA	Kansas City, MO-KS
County	Wyandotte	Job Number	3125.0
State	Kansas		
Legal Description	Part of the Northwest Quarter of the Northeast Quarter of Section 22, Township 11 South, Range 21 East.		
Additional Location Info	Located along the west side of 65th Street, just south of Kansas Avenue.		

## Land

Tax Parcel No.	923201		
Land Acres	3.990	Floor to Area Ratio	.04
<b>Land Sq Ft</b>	173,808		
Frontage Description	Along the west side of 65th Street.		
Zoning Code	M-3	Encumbrances/Easements?	No
Zoning Description	Heavy Industrial District	In Flood Plain?	Yes
Access	Adequate	SF in Flood Plain	173,808
Shape	Rectangular	Flood Map Number	200363 0020B
Topography	Level	Map Effective Date	09-04-1985
Drainage	Adequate	Flood Area %	100.00%
Utilities Description	All available		
Flood Plain Description	The entire property is located within the 500-year flood plain, and a very small portion of the subjects southwest corner is located in the 100-year flood plain.		
Electricity?	Yes	Sewer?	Yes
Potable Water?	Yes	Water?	Yes
Gas?	Yes		
Additional Site Info	The site has a gravel surface and chain link fencing around the perimeter. The site is used mainly for outside storage, however, the site is also improved with several metal structures. There are four small enclosed storage buildings, which have a total GBA of 7,168 sf. The site is also improved with two pole barns which total 4,562 sf.		

## Building

Proposed/potential GBA	7,168	Proposed No. of Buildings	4
Current Use	Outside Storage		

## Sale Transaction

Sale Status	Recorded	Sale Date	05-01-2010
Seller	OMA Real Estate Investors, LLC	<b>Sale Price</b>	\$287,500
Buyer	Midwest Distributors Company, Inc.	Sale ID	57849
Confirmed With	Inspection and appraisal of property. Cordry appraisal file 3125.0.		

## Analysis

Property Rights Conveyed	Fee Simple	Conditions of Sale	Typical Market
Percent Conveyed	100%	Conditions of Sale Desc	Arm's Length
Financing Terms	Typical	<b>Adjusted Sale Price</b>	\$287,500

## Adjusted Price Indices

Adj Price per Proposed GBA SF	\$40.11	Adjusted Price/SF of Land	\$1.65
<b>Adjusted Price/Acre</b>	<b>\$72,054</b>		



## Location

Property Name	Vacant Land	State	Kansas
Address	8320 Ruby Avenue	Zip Code	66111
City/Municipality	Kansas City	Property Use	Industrial Land
County	Wyandotte	MSA	Kansas City, MO-KS
Legal Description	Lot 1, Westhills Industrial Park Replat.		

## Land

Tax Parcel No.	294400		
Land Acres	5.022	Frontage (Feet)	75.00
<b>Land Sq Ft</b>	218,758		
Frontage Description	N. Side of Kansas 32 Highway		
Zoning Code	MP-2 & AG	In Flood Plain?	Yes
Zoning Description	Planned General Industrial & Agricultural	SF in Flood Plain	218,758
		Flood Map Number	200363 0010A
Access	Adequate	Map Effective Date	08-03-1981
Shape	Rectangular	Flood Area %	100.00%
Topography	Gently Sloping		
Drainage	Assumed Adequate		
Flood Plain Description	Zone B, In the 500 Year Flood Plain		

## Sale Transaction

Sale Status	Recorded	<b>Sale Price</b>	\$450,000
Buyer	American Properties, LLP	Sale ID	51610
Sale Date	03-06-2009		

## Analysis

**Adjusted Sale Price** \$450,000

## Adjusted Price Indices

<b>Adjusted Price/Acre</b>	\$89,606	<b>Adjusted Price per FF</b>	\$6,000.00
Adjusted Price/SF of Land	\$2.06		



## Location

Property Name	Midpoint Corporate Centre lot sale	State	Kansas
Address	2510 Midpoint Dr	Zip Code	66111
City/Municipality	Edwardsville	Property Use	Industrial Land
County	Wyandotte	MSA	Kansas City, MO-KS
Legal Description	Lots 1 and 2 of Midpoint Corporate Center		
Additional Location Info	Between Woodend Road and Highway 32 on the east side of 96th		

## Land

Land Acres	8.000	Topography	Level
<b>Land Sq Ft</b>	348,480	Utilities Description	All available and in place
Zoning Code	I-1	Electricity?	Yes
Zoning Description	Industrial	Gas?	Yes
Access	Adequate	Sewer?	Yes
Shape	Irregular	Water?	Yes

## Sale Transaction

Sale Status	Recorded	<b>Sale Price</b>	\$899,911
Seller	Rapid Built Partners, LLC	Proposed Use	Industrial
Buyer	Tricor International	Sale ID	51381
Sale Date	09-30-2008		
Confirmed With	Nathan Anderson (broker 913.890.2001) on 3/30/10		
Sale Remarks	No listing broker on deal. Buyer was developer looking for industrial land to build a 70,000 SF single-tenant warehouse building.		

## Analysis

Property Rights Conveyed	Fee Simple	Conditions of Sale	Typical Market
Financing Terms	Typical	<b>Adjusted Sale Price</b>	\$899,911

## Adjusted Price Indices

<b>Adjusted Price/Acre</b>	\$112,489	Adjusted Price/SF of Land	\$2.58
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**Location**

Property Name	Future Gas Station Site	State	Missouri
Address	SWC Brinkmeyer Road and Highway 45	Zip Code	64152
City/Municipality	Kansas City	Property Use	Commercial Land
County	Platte	MSA	Kansas City, MO-KS
Legal Description	VERTICAL VENTURES 2ND FIRST PLAT CORRECTED		

**Land**

Tax Parcel No.	20-4.0-19-100-001-001-000		
Land Acres	2.300	Frontage (Feet)	678.00
<b>Land Sq Ft</b>	100,188		
Frontage Description	367 feet on 45 Hwy and 311 feet on Brink Myer Road		
Zoning Code	C2	Utilities Description	All in place
Zoning Description	Commercial	In Flood Plain?	No
Access	Good	Electricity?	Yes
Shape	Irregular	Gas?	Yes
Topography	Level	Sewer?	Yes
Drainage	Adeqaute	Water?	Yes

**Sale Transaction**

Sale Status	Recorded	Sale Date	04-01-2008
Seller	Vertical Ventures II, Inc.	<b>Sale Price</b>	\$400,000
Buyer	Alan Hoambrecker	Sale ID	58099

**Analysis**

Property Rights Conveyed	Fee Simple	Conditions of Sale	Typical Market
Percent Conveyed	100%	<b>Adjusted Sale Price</b>	\$400,000
Financing Terms	Typical		

**Adjusted Price Indices**

<b>Adjusted Price/Acre</b>	\$173,913	Adjusted Price per FF	\$589.97
Adjusted Price/SF of Land	\$3.99		

## SALES COMPARISON APPROACH – RAW TRACT

### Comparable Sales

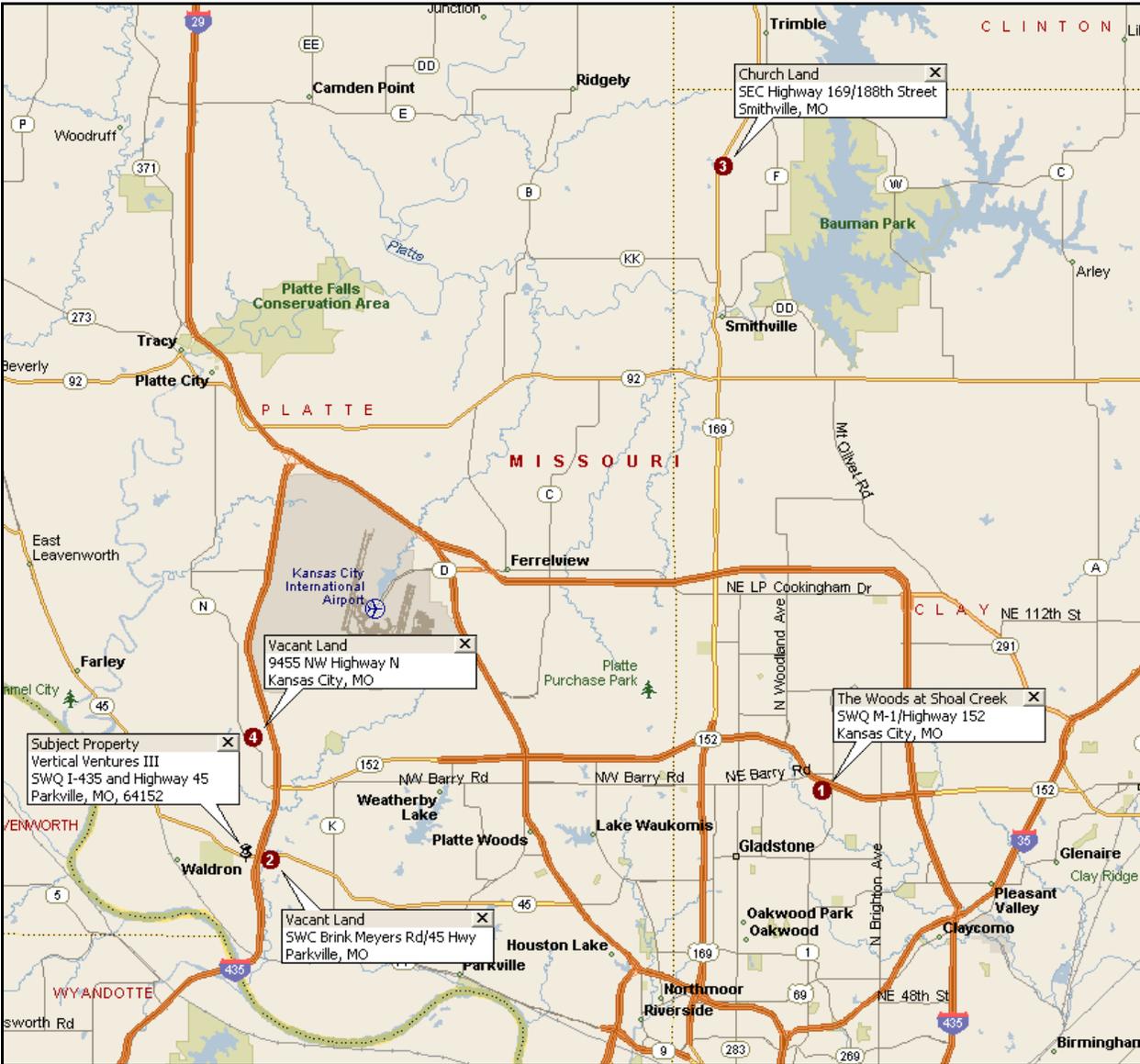
We have valued this tract using sales comparison. This approach involved collecting data on sales of similar tracts, adjusting these sales for differences between them and the subject, and concluding a value indication from our analysis of these sales. After researching and evaluating the available data regarding area land sales, we selected four sales believed to provide the best indications of value for the subject. Similar to the sales used in our valuation for Lot 1 and Lot 3, while two of the sales are not located in the near vicinity of the subject, they have very similar highway access. As indicated earlier, for an industrial user highway access is one of the most important factors when choosing a location, and thus the sales are considered to be reliable in estimating the value of the raw tract. We searched for sales that were in the northwest quadrant of the metro area between 25 and 100 acres. Detailed descriptions of these sales are included at the end of this section. These data sheets summarize the pertinent details for each sale. A summary of the sales follows.

In evaluating the comparable sales, we selected price per square foot of land as the primary unit of comparison. This is the unit of comparison most commonly used for this type of property in the marketplace.

**Summary Table of Land Sales - Raw Tract**

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
CompID #		602413	603367	607113	602493
Name	Vertical Ventures III Business Park	The Woods at Shoal Creek	Vacant Land	Church Land	Vacant Land
Address	SWQ of Interstate 435 and Highway 45	SWQ M-1 and Highway 152	SWC Brink Meyers and 45	SEC Hwy 169 and 188th Street	9455 NW Highway N
City	Parkville	Kansas City	Parkville	Smithville	Kansas City
Sale Price	NA	\$2,150,000	\$1,200,000	\$450,000	\$650,000
Date of Sale	NA	Dec-09	Apr-09	Apr-09	May-08
Cash Equivalent Price	NA	\$2,150,000	\$1,200,000	\$450,000	\$650,000
Land Area SF	2,297,525	3,508,758	1,663,992	1,481,040	2,543,904
Price/SF	NA	\$0.61	\$0.72	\$0.30	\$0.26
Land Area In Acres	52.75	80.55	38.20	34.00	58.40
Price/Acre	NA	\$26,691	\$31,414	\$13,235	\$11,130
Zoning	BP	URD	B-2/PI	R-1 / B-3	AG

Comparable Sales Map



## **Elements of Comparison -- Related to the Transaction**

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions. The property rights, terms, and conditions involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required for these items.

### ***Time/Market Conditions***

The four sales transacted between May 2008 and December 2009 and represent the most recent land sales available. An over saturation of development coupled with a slow residential market within the Kansas City metropolitan area has resulted in land prices falling from highs in years past. Although there has been a shortage of sales to show this downward adjustment, the lack of sales over the past two years is evidence of this current slowed economy. For this reason, the market price of land has fallen significantly since 2007, the peak of the market. Developers and brokers in the area indicated that they feel prices have fallen from 20% to 40% in some cases. Therefore we have made a significant downward adjustment to the sale that transacted in 2008. We have relied on this information to adjust Sale 4 that transacted in 2008 downward 20%. We have adjusted Sale 1, Sale 2, and Sale 3 that took place in 2009, downward by only ten percent.

## Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on locational, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

### **Location/Access**

The subject tract has a good location in that it has quick access to I-435 as well as visibility from I-435. Sale 1 and Sale 2 were adjusted downward for their superior locations/access. Sale 1 has significant frontage on M-1 Highway, and Sale 2 has frontage across I-435 from the subject. As stated earlier in this report, the stretch of Highway 45 that is located east of I-435 carries much more traffic than the portion of Highway 45 that is located west of I-435. Sale 3 is located well north of the subject in Smithville, which is farther out from development and is inferior. Sale 4 is located along the western side of I-435 similar to the subject, but does not have the same level of visibility, and is not located adjacent to an interchange with the same level of access. Sale 3 and Sale 4 were adjusted upward for their inferior locations/access.

### **Size**

Typically, larger tracts tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for smaller tracts. We have concluded that this typical relationship applies to the subject sales. We have adjusted smaller tracts downward and larger tracts upward. The size of the adjustments has been estimated to correlate to the magnitude of the size differential between the comparable sales and the subject.

### **Zoning/Density**

The subject is zoned BP, Planned Business Park. This zoning was adopted when the city granted initial approval to the preliminary site plan. According to Parkville city planning officials, this initial site plan calls for light office/warehouse or office uses in the northern portions and more flex tech uses in the southern portions. They indicated that the city would be somewhat flexible on the types of uses they would allow at the tract. Sale 1 has a mixed zoning that allows for some retail and was adjusted downward for this superior zoning. Sale 2 has similar zoning and no adjustment was made. Sale 3 and Sale 4 were adjusted upward for their inferior zoning. Sale 3 has a mix of single-family residential and general business and is considered inferior. Sale 4 has agricultural zoning and is inferior.

### **Flood Influence**

According to the FEMA and Platte County flood maps, the subject tract is located outside of the flood plain's area of influence. Sale 2 is located partially in the flood plain and was adjusted upward for this inferior attribute. Sale 1, Sale 3, and Sale 4 have no flood influence similar to the subject property and received no adjustments.

***Topography***

The subject tract has widely varying topography making it more expensive to develop due to necessary site costs. All of the sales were adjusted downward for their superior topography. Sale 2 and Sale 3 are basically level and are far superior to the subject. Sale 1 and Sale 4 are gently rolling and are superior.

***Utilities***

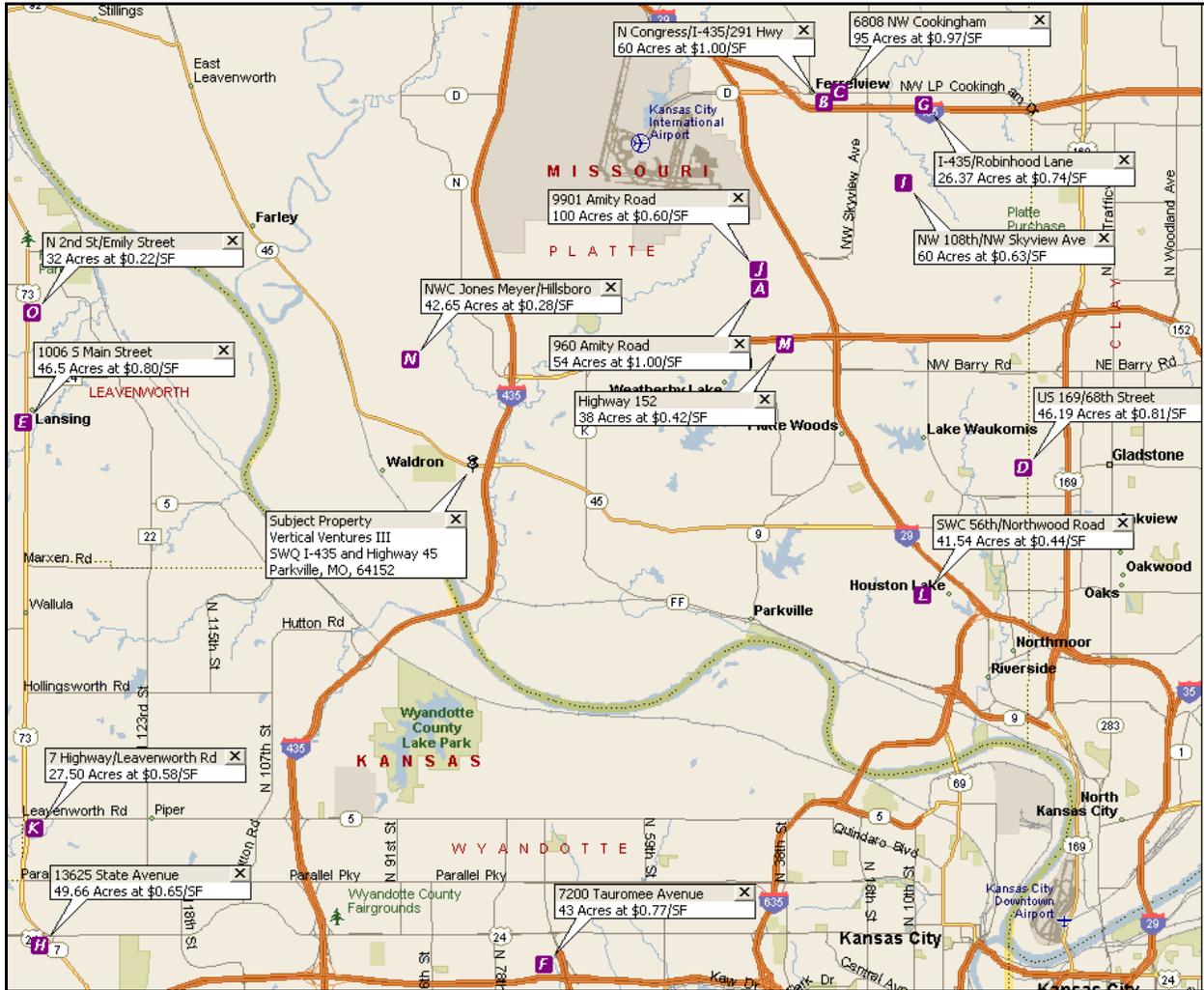
The subject tract has access to all utilities except for sanitary sewers, which may be available in the next two to three years although this is unknown at this time. Sale 1 and Sale 2 have all utilities including sewers. Sale 1 and Sale 2 were adjusted downward for their superior utilities. Sale 3 has access to all utilities although they are not actually in place at the tract and is considered to be slightly superior. Sale 3 was adjusted downward slightly for its superior utilities. Sale 4 has all utilities except for sewers and received no adjustment for its similar utilities.

### Comparable Land Listings

In addition to the sales outlined above, we have also considered large tracts of land that are currently listed for sale. Information on these listings follows, and they are also identified on the location map. We searched for listings that were in the northwest quadrant of the metro area between 25 and 100 acres. The listings summarized below indicate a range in asking prices of \$0.22 to \$1.00 per square foot with an average of \$0.66 per square foot. The majority of the listings below are superior for their smaller size, location, utilities, or topography. The listing that is the most comparable to the subject property would be Listing N that is also located in Parkville. However, this listing would need downward adjustments for its superior utilities and size, and upward adjustments for its inferior location and zoning. Since listing prices represent asking prices and some discount off of asking prices is expected, it is reasonable to believe that the value indication for the subject property would be less than the lowest superior listing reflected in the table below.

Address	City	Size (Acres)	Listing \$	\$/SF	DOM	Zoning/ Use	Comparability
SUB Vertical Ventures III	Parkville	52.75	\$700,000	\$0.30	133	BP (Planned Business Park)	Subject
A 9601 Amity Road	KC, MO	54.00	\$2,350,000	\$1.00	1,909	CP-1	Superior
B N Congress/I-435/291 Highway	KC, MO	60.00	\$2,613,600	\$1.00	1,586	AG/Industrial and Retail	Superior
C 6808 NW Cookingham	KC, MO	95.00	\$4,000,000	\$0.97	3,611	GP-5, GP-3	Superior
D US 169/68th Street	KC, MO	46.19	\$1,632,000	\$0.81	1,105	Commercial/MF	Superior
E 1006 S Main Street	Lansing	46.50	\$1,625,000	\$0.80	124	AG/MF	Superior
F 7200 Taumoe Avenue	KCK	43.00	\$1,450,000	\$0.77	278	SF	Superior
G I-435/Robinhood Lane	KC, MO	26.37	\$850,000	\$0.74	2,190	MXD/MF	Superior
H 13625 State Avenue	Bonner Springs	49.66	\$1,400,000	\$0.65	2,015	Retail/SF	Superior
I NW 108th/NW Skyview Avenue	KC, MO	60.00	\$1,650,000	\$0.63	1,026	R-3	Superior
J 9901 Amity Road	KC, MO	100.00	\$2,600,000	\$0.60	251	MXD	Superior
K 7 Highway/Leavenworth Road	KCK	27.50	\$700,000	\$0.58	921	MXD	Superior
L SWC 56th/Northwood Road	KC, MO	41.54	\$795,000	\$0.44	399	Proposed Commercial	Superior
M Highway 152	KC, MO	38.00	\$697,500	\$0.42	654	Comm/Retail/MF	Superior
N NWC Jones Meyer/Hillsboro Road	Parkville	42.65	\$511,800	\$0.28	1,008	MF/SF	Superior
O N 2nd Street/Emily Street	Lansing	32.00	\$300,000	\$0.22	929	RR	Inferior
				Average	\$0.66	1,200	
				Minimum	\$0.22	124	
				Maximum	\$1.00	3,611	

Comparable Listings Map



Value Conclusion – Raw Tract

The adjustments are summarized in the following "Summary Grid of Adjustments". The four sales provide an adjusted range of value indications from \$0.22 to \$0.36 per square foot, with an average of \$0.29 per square foot. Due to the lack of recent comparable sales and the large total percentages of adjustments made to all of the sales, the greatest amount of weight was given to the average adjusted price per square foot, with additional consideration given to Sale 4 that received the lowest percentage of total adjustments. Based on the preceding analysis, we have estimated the value for the subject tract to be \$0.25 per square foot. The estimated value for the subject tract is calculated as follows:

$$2,297,525 \text{ SF} \times \$0.25 \text{ per square foot} = \$574,381$$

**or \$570,000 (Rounded)**

Summary Grid of Adjustments - Raw Tract

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Name	Vertical Ventures III Business Park	The Woods at Shoal Creek	Vacant Land	Church Land	Vacant Land
Address	SWQ of Interstate 435 and Highway 45	SWQ M-1 and Highway 152	SWC Brink Meyers and 45	SEC Hwy 169 and 188th Street	9455 NW Highway N
City	Parkville	Kansas City	Parkville	Smithville	Kansas City
Land Area SF	2,297,525	3,508,758	1,663,992	1,481,040	2,543,904
Land Area In Acres	52.75	80.55	38.20	34.00	58.40
Ratio—Comp to Subj.	NA	1.53:1	0.72:1	0.64:1	1.11:1
Zoning	BP	URD	B-2/PI	R-1 / B-3	AG
Sale Price	NA	\$2,150,000	\$1,200,000	\$450,000	\$650,000
Land Area SF	2,297,525	3,508,758	1,663,992	1,481,040	2,543,904
<b>Price Per SF</b>		<b>\$0.61</b>	<b>\$0.72</b>	<b>\$0.30</b>	<b>\$0.26</b>
<b>Property Rights</b>		Similar	Similar	Similar	Similar
<b>Terms/Financing</b>		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
<b>Conditions of Sale</b>		Similar	Similar	Similar	Similar
<b>Time/Market Conditions</b>		Dec-09	Apr-09	Apr-09	May-08
% Adjustment		-10%	-10%	-10%	-20%
\$ Adjustment		-\$0.06	-\$0.07	-\$0.03	-\$0.05
<b>Time Adjusted Price/SF</b>		<b>\$0.55</b>	<b>\$0.65</b>	<b>\$0.27</b>	<b>\$0.20</b>
<b>Location/Access</b>		Superior	Superior	Inferior	Inferior
% Adjustment		-15%	-15%	15%	10%
\$ Adjustment		-\$0.08	-\$0.10	\$0.04	\$0.02
<b>Size</b>		Inferior	Superior	Superior	Similar
% Adjustment		10%	-5%	-5%	0%
\$ Adjustment		\$0.06	-\$0.03	-\$0.01	\$0.00
<b>Zoning/Density</b>		Superior	Similar	Inferior	Inferior
% Adjustment		-10%	0%	10%	15%
\$ Adjustment		-\$0.06	\$0.00	\$0.03	\$0.03
<b>Flood Influence</b>		Similar	Inferior	Similar	Similar
% Adjustment		0%	5%	0%	0%
\$ Adjustment		\$0.00	\$0.03	\$0.00	\$0.00
<b>Topography</b>		Superior	Superior	Superior	Superior
% Adjustment		-15%	-20%	-20%	-15%
\$ Adjustment		-\$0.08	-\$0.13	-\$0.05	-\$0.03
<b>Utilities</b>		Superior	Superior	Superior	Similar
% Adjustment		-10%	-10%	-5%	0%
\$ Adjustment		-\$0.06	-\$0.06	-\$0.01	\$0.00
Net % Adjustments		-46%	-51%	-15%	-12%
Net \$ Adjustments		-\$0.28	-\$0.36	-\$0.04	-\$0.03
Total % Adjustments		64%	60%	60%	52%
Total \$ Adjustments		\$0.39	\$0.43	\$0.18	\$0.13
<b>Adjusted Price/SF</b>		<b>\$0.33</b>	<b>\$0.36</b>	<b>\$0.26</b>	<b>\$0.22</b>
<b>Adjusted Price Indications</b>			<b>Concluded Value</b>		
Minimum Adjusted Price/SF	\$0.22		\$0.25/SF		
Maximum Adjusted Price/SF	\$0.36		\$574,381		
Average Adjusted Price/SF	\$0.29		<b>\$570,000 (Rnd.)</b>		



## Location

Property Name	The Woods at Shoal Creek	State	Missouri
Address	West Side of M-1, South of Maple Woods C.C.	Zip Code	64118
City/Municipality	Kansas City	Property Use	Land Other
County	Clay	MSA	Kansas City, MO-KS
Legal Description	Part of Section 18, Township 51, Range 32, Kansas City, Clay County, Missouri.		
Additional Location Info	South side of Maple Woods College on the west side of M-1/Indiana		

## Land

Tax Parcel No.	Multiple Parcels		
Land Acres	80.550	<b>Land Sq Ft</b>	3,508,758
Frontage Description	West side of M-1/Indiana		
Zoning Code	URD	Utilities Description	All available throughout site
Zoning Description	Mixed-retail, office, residential	Encumbrances/Easements?	Yes
Access	Good	Encumbrances Desc	TIF
Shape	Irregular	Flood Map Number	290173 0045B
Topography	Rolling Land	Map Effective Date	08-05-1986
Drainage	Appears adequate		
Flood Plain Description	Flood hazard outside of property's west line		
Additional Site Info	Almost all infrastructure in. Site graded. Signalized intersection with MO-152 allowing N & S ingress & egress.		

## Building

Density (Units/Acre)	2.57	Proposed No. of Units	207
Additional Building Info	Planned and zoned for 449,442 SF retail and office with 207 residential units. Developed in early 2000. Stalled.		

## Sale Transaction

Sale Status	Recorded	Book/Page	6326/76
Seller	M&I Marshall & Isley Bank	COV Number	2009045234
Buyer	Parkway Holdings, LLC	Days on Market	1825
Sale Date	12-14-2009	Sale ID	51004
<b>Sale Price</b>	\$2,150,000		
Sale Remarks	Seller financing with the buyer responsible for completing remaining infrastructure.		

## Analysis

<b>Adjusted Sale Price</b>	\$2,150,000
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## Adjusted Price Indices

Adj Price per Proposed Unit	\$10,386	Adjusted Price/SF of Land	\$.61
<b>Adjusted Price/Acre</b>	\$26,691		

## Remarks

Property Remarks	The property is designed for about 60% commercial and 40% high density multifamily development.
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## Location

Property Name	SWC Brink Meyer and 45	State	Missouri
Address	SWC Brink Meyer and 45	Zip Code	64151
City/Municipality	Parkville	Property Use	Land Other
County	Platte	MSA	Kansas City, MO-KS
Legal Description	BEG NE COR OF SEC 19 W 1382 S 557 TO POB W ALONG W BDRY VERTICAL VENTURES 2ND SUB WESTERLY 446 TO BRUSH CRK SOUTHERLY ALONG CRK N 370 W 394 S 1043 W 1280 N 1422 TO POB		
Additional Location Info	Site is on the south side of MO-45 between I-435 on the west and Brink Meyer on the east. The immediate NEC has been sold off and the SWC is owned by another party.		

## Land

Tax Parcel No.	20-4.0-19-000-000-008-001		
Land Acres	38.200	Frontage (Feet)	430.00
<b>Land Sq Ft</b>	1,663,992		
Frontage Description	S/S 45, 1,400 on W/S Brink Meyer		
Zoning Code	B-2 / PI	Drainage	Appears adequate
Zoning Description	General Business / Planned Industrial	Utilities Description	New sewers, water, and Brink Meyer Road recently installed
Access	Good	In Flood Plain?	Yes
Shape	Irregular	SF in Flood Plain	831,996
Topography	Level	Flood Area %	50.00%
Flood Plain Description	Western 30% of site is in flood hazard area.		
Electricity?	Yes	Sewer?	Yes
Gas?	Yes	Water?	Yes
Additional Site Info	Terraced site below Brink Meyer but level with MO-45. Western part contains Brush Creek and new sewer line. According to the City Administrator, the NE 10.47 acres is zoned B-2 by the City of Parkville in 2005 and the balance of the property has retained the county PI zoning.		

## Sale Transaction

Sale Status	Recorded	Book/Page	1137/787
Seller	Bank of Blue Valley	Assessors Appraised Value	\$20,636
Buyer	Brinkmeyer Investors, LLC	Assessment Year	2008
Sale Date	04-07-2009	Proposed Use	Commercial services
<b>Sale Price</b>	\$1,200,000	Sale ID	51799
Sale Remarks	Property was under contract to Dalmark in 2007 along with a property to the south. This never closed and property was taken back by lender, who sold it to a group related to Dalmark in this transaction.		

## Analysis

Property Rights Conveyed	Fee Simple	<b>Adjusted Sale Price</b>	\$1,200,000
Financing Terms	Typical		

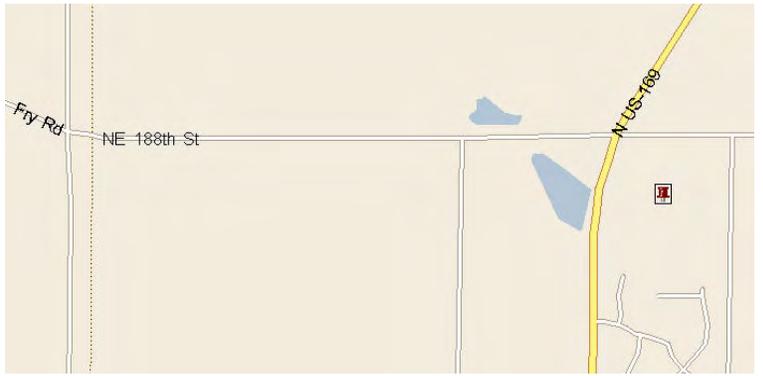
## Adjusted Price Indices

<b>Adjusted Price/Acre</b>	\$31,414	Adjusted Price per FF	\$2,790.70
Adjusted Price/SF of Land	\$.72		

## Remarks

Property Remarks

Sewer NID will cost approximately \$850 per gross acre per year for 30 years unless entirely paid off sooner. If not, annual NID payment will be \$850 per gross acre per year until it is paid off.



### Location

Property Name	Church Land	County	Clay
Address	SEC 169 Highway & 188th Street	State	Missouri
City/Municipality	Smithville	Property Use	Land Other
Legal Description	Part of the West 1/2 of Section 2, Township 53N, Range 33W, in Smithville, Clay County, Missouri.		

### Land

Tax Parcel No.	05-301-00-1-005.00	Drainage	adequate
Land Acres	34.000	Utilities Description	All near by
<b>Land Sq Ft</b>	1,481,040	In Flood Plain?	No
Frontage (Feet)	1,116.00	Electricity?	Yes
Zoning Code	R-1p & B-3	Gas?	Yes
Zoning Description	Single Family and Planned General Business D	Sewer?	Yes
Access	Good	Water?	Yes
Shape	Rectangular		
Topography	Level		

### Sale Transaction

Sale Status	Recorded	<b>Sale Price</b>	\$450,000
Seller	A & I Development, LLC	Book/Page	6163/16
Buyer	The Catholic Diocese of Kansas City-St. Joseph	Sale ID	57654
Sale Date	04-01-2009		

### Analysis

Property Rights Conveyed	Fee Simple	<b>Adjusted Sale Price</b>	\$450,000
Percent Conveyed	100%		

### Adjusted Price Indices

<b>Adjusted Price/Acre</b>	\$13,235	Adjusted Price per FF	\$403.23
Adjusted Price/SF of Land	\$.30		



### Location

Property Name	Vacant land	Zip Code	64153
Address	9455 NW Highway N	Property Use	Agricultural-Undeveloped Land
City/Municipality	Kansas City	MSA	Kansas City, MO-KS
County	Platte	Job Number	2868.0
State	Missouri		
Legal Description	Pt of the NW4 of Section 6 beginning at the SWC of the N W/4		
Additional Location Info	This site is located with frontage along the west side of I-435 on the west side of the metro loop.		

### Land

Tax Parcel No.	20-3.0-06-000-000-003-001 & 20-3.0-06-000-000-004-000		
Land Acres	58.400	<b>Land Sq Ft</b>	2,543,904
Frontage Description	Frontage along the east side of Highway N		
Zoning Code	AG	In Flood Plain?	No
Zoning Description	Agricultural District	Flood Map Number	2904750155A
Access	Adequate	Map Effective Date	12-18-1979
Shape	Irregular	Electricity?	Yes
Topography	Rolling Land	Gas?	Yes
Drainage	Adequate	Sewer?	No
Utilities Description	All available except sewers	Water?	Yes
Additional Site Info	This site is accessed along Highway N, which exits off I-435 at Tiffany Park Road. Highway N is the first northbound road.		

### Sale Transaction

Sale Status	Recorded	Book/Page	1123/788
Seller	Gerald A. & June Kay Applequist	COV Number	8090
Buyer	Robert D. Crist	Days on Market	13
Sale Date	05-30-2008	Sale ID	51089
<b>Sale Price</b>	<b>\$650,000</b>		
Sale Remarks	This farm was purchased by the adjacent land owner to the south.		

### Analysis

Property Rights Conveyed	Fee Simple	Conditions of Sale	Typical Market
Financing Terms	Typical	<b>Adjusted Sale Price</b>	\$650,000

### Adjusted Price Indices

<b>Adjusted Price/Acre</b>	\$11,130	<b>Adjusted Price/SF of Land</b>	\$.26
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### Remarks

Property Remarks	This site has visibility off I-435, but is accessed from Highway N, off Tiffany Park Road (89th Street). The site had a small farm and outbuildings with no contributory value.
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### **Marketing Time and Exposure Period**

We believe the concluded market values for Lot 1 and Lot 3 are consistent with an anticipated marketing time and exposure period of 12 to 24 months. The listings noted previously for comparable industrial sites averaged 853 days on the market or approximately two years. For the raw tract, we believe a marketing time of 36 months or more is reasonable. The listings noted previously for comparable large tracts of raw land averaged 1,200 days on the market or approximately three years. Furthermore, market conditions are not expected to change dramatically in the short term, so an extended marketing time and exposure period is considered a reasonable expectation. These estimates assume reasonable pricing, professional representation, and an adequate commitment to marketing.

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# **ADDENDA**

**Appraiser Qualifications  
Area Demographics  
Glossary**

**Shaner Appraisals, Inc.**

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# **APPRAISER QUALIFICATIONS**

# APPRAISER'S QUALIFICATIONS

## LAIRD GOLDSBOROUGH, MAI MRE

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<b>EDUCATION</b>	Graduate 1990 – Masters Degree in Real Estate University of Denver, Denver, Colorado	
<b>PROFESSIONAL EDUCATION</b>	Real Estate Appraisal Principles Basic Valuation Procedures Capitalization Theory Standards of Professional Practice Case Studies in Real Estate Valuation Narrative Report Writing Americans with Disabilities Act Feasibility Analysis and Highest and Best Use Appraisal Practices for Litigation Easement Valuation Comprehensive Appraisal Workshop Demonstration Report Writing - Non Residential The Internet and Appraising Valuation of Partial Interests - Undivided Valuation of Detrimental Conditions Appraisal Review – Commercial GIS Applications for Real Estate Appraisals Analyzing Operating Expenses Advanced Sales and Cost Approaches Business Practices and Ethics Supporting Capitalization Rates	
<b>PROFESSIONAL AFFILIATIONS</b>	Member, Appraisal Institute, (MAI) #11335 2004 President – Kansas City Chapter of the Appraisal Institute  Certified General Real Property Appraiser #G-834 – Kansas Certified General Real Estate Appraiser #RA002834 – Missouri  Licensed real estate agent - Kansas	
<b>EXPERIENCE</b>	October, 1990 - Present President, Shaner Appraisals, Inc.	
<b>PROPERTY TYPES APPRAISED</b>	Industrial buildings Commercial buildings Office buildings Shopping centers Apartment complexes Nursing homes Business parks	Underground storage facilities Radio towers All types of vacant land Residential subdivisions Special use properties Manufactured home parks Blight studies
<b>APPRAISAL PURPOSES AND USES</b>	New loans Refinancing Condemnation Litigation support Estate planning and settlements Ad valorem tax issues Expert witness testimony	Acquisition / disposition Development and construction Feasibility studies Highest and best use studies Marketability studies Rent surveys Collateral assessment

I have received a Certificate of Completion for the Valuation of Conservation Easements certificate program as offered by the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers and the Appraisal Institute and endorsed by the Land Trust Alliance. This certificate indicates that I have completed the Valuation of Conservation Easements educational requirements and passed the examination.

# APPRAISER'S QUALIFICATIONS

## KATHY LAMBRECHT

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### EDUCATION

Graduate 1990 - Bachelor of Science in Education  
University of Kansas, Lawrence, Kansas

### PROFESSIONAL EDUCATION Seminars and Continuing Education

Uniform Standards of Professional Appraisal Practice (AI)  
Basic Appraisal Principles (AI)  
Basic Appraisal Procedures (AI)  
Sales Comparison Approach  
Kansas Required Salesperson & Broker Core  
Kansas Association of Realtors Code of Ethics  
Real Estate Principles I  
Real Estate Law of Contracts  
Real Estate Law of Agency  
Real Estate Marketing I  
Real Estate Psychology of Marketing  
Real Estate Marketing – Sellers/Listing Agent

### PROFESSIONAL AFFILIATIONS

Associate Member and MAI Candidate – Appraisal Institute  
Licensed real estate agent - Kansas and Missouri

### EXPERIENCE

August, 2007 - Present  
Shaner Appraisals, Inc.  
Real Estate Analyst

September, 2002 – June, 2007  
CB Richard Ellis, Inc.  
RED Brokerage, LLC  
NAI Cohen-Esrey Real Estate Services, Inc.  
Commercial Real Estate Agent

September 1995 – August, 2002  
Equis Corporation, Dallas, Texas  
Commercial Real Estate Operations & Marketing Manager  
Commercial Real Estate Agent

### PROPERTY TYPES APPRAISED

Apartment Complexes	Office Buildings
Business Parks	Proposed Construction
Commercial Land Development	Residential Subdivisions
Industrial Land	Retail Land
Mixed-Use Developments	Schools
Multi-Family Land	Special Use Properties

### APPRAISAL PURPOSES AND USES

Acquisition / Disposition  
Class Action Lawsuits  
Condemnation / Eminent Domain  
Consulting  
Development & Construction  
Entrepreneurial Profit Studies  
Estate Planning  
Financing/HUD Financing  
Internal Decision Making  
Leased Fee Analysis  
Market Rent Surveys  
Market Studies  
Mortgage Financing  
Partial Interests  
Tax Appeals  
Undermining/Subsidence

**COMPANY PROFILE**  
**SHANER APPRAISALS, INC.**

10990 Quivira, Suite 100

Overland Park, Kansas 66210

Phone (913) 451-1451 / Fax (913) 529-4121

[www.shanerappraisals.com](http://www.shanerappraisals.com)

Shaner Appraisals, Inc. is a full-service real estate valuation and consulting firm located in Overland Park, Kansas. Founded by Bernie Shaner in 1978, Shaner Appraisals has established a solid reputation for professional real estate services. The firm employs twelve full-time appraisers, including two MAI and one SRA designated member of the Appraisal Institute. Our professionals represent over 100 years of valuation and related experience, and two of our members are past presidents of the Kansas City Chapter of the Appraisal Institute.

The firm's primary market is Kansas and Missouri, but Shaner Appraisals has also completed assignments throughout the United States. The firm provides Market Studies, Feasibility Analyses, Litigation Support and Valuation Services for all types of property from multi-family residences to shopping centers, office buildings and industrial complexes. Shaner Appraisals also has extensive experience in eminent domain matters and in valuing special purpose properties such as nursing homes, underground storage facilities, microwave towers, and rock quarries. All assignments are completed or reviewed by an MAI designated appraiser.

LIST OF SERVICES	VALUATION / COUNSELING PURPOSES
Commercial property appraisals Residential property appraisals Eminent domain appraisals Expert witness testimony Property tax appeals Market studies Feasibility studies Litigation support Due diligence research Appraisal review Partial interest valuation Conservation easement valuation Rent studies General real estate counseling Blight studies	Financing Ad valorem tax disputes Trusts and estates Condemnation Investment analysis Arbitration Portfolio valuation Collateral assessment Right of way acquisition Financial structuring

PROPERTY TYPES APPRAISED
Office buildings – single/multi-tenant, standard office, medical office, surgery centers Retail centers – single/multi-tenant, neighborhood, community, regional shopping centers Industrial buildings – flex, R&D, distribution, manufacturing, underground, self-storage Land – All types Multi-family apartment complexes, LIHTC, HUD Nursing homes Hotels, motels, extended stay facilities Single family homes, condominiums, duplexes Churches Easement corridors

## PARTIAL CLIENT LIST

### Government Agencies/Municipalities

City of Kansas City	DeSoto School District
City of Gardner	Gardner School District
City of Overland Park	Shawnee Mission School District
City of Leawood	Johnson County Airport Commission
City of Lee's Summit	Johnson County Appraiser's Office
City of Lenexa	Johnson County Board of County Commissioners
City of Merriam	Johnson County Parks and Recreation Dept.
City of Olathe	Johnson County Wastewater District
City of Shawnee	Kansas Department of Transportation
City of Wichita	Kansas Highway Patrol
Dept. of Housing & Urban Development (HUD)	U.S. Department of Justice
Olathe School District	U.S. Postal Service
Blue Valley School District	GSA

### Lending Institutions

Bank One	Commerce Bank
Bank Midwest, N.A.	Country Club Bank
Bank of America	Credit Suisse First Boston
Bank of Blue Valley	EF&A Funding
Blue Ridge Bank & Trust	First Federal Bank
Berkshire Mortgage Financial	First Kansas Bank
Bridger Commercial Funding	First Mortgage Investment Corporation
Capitol Federal Savings	First National Bank of Olathe
Central Bank of Kansas	GMAC Commercial Mortgage
Collateral Mortgage	Gold Bank
Great Southern Bank	Quantum First Capital
Heartland Bank	Red Mortgage Capital, Inc.
Hillcrest Bank	Security Bank of Kansas
Intrust Bank	Southern Pacific Bank
Key Bank Commercial Mortgage	Southwest Bank
LaSalle Bank	Triad Mortgage & Realty
Metcalf Bank	UMB Bank
Midland Loan Services	Union Bank
Missouri Bank & Trust	United Missouri Bank
MuniMae Midland, LLC	US Bank
Newman Financial Services	Valley View State Bank
North American Savings Bank	Washington Mortgage
Northmarq Capital, Inc.	Wells Fargo
Peoples Bank	

### Corporations, Developers and Institutional Clients

Allianz Life Insurance Company	American States Insurance
Allstate Insurance	Property Tax Research Company
Associates Relocation	Protective Life Insurance Company
Boy Scouts of America	Salvation Army
Burlington Northern	Savage & Browning
CALPERS	Sentinel Real Estate Company
Cessna Aircraft Company	Shawnee Mission Medical Center
Colliers Turley Martin Tucker	Shelter Insurance
Copaken, White & Blitt	Jeffrey Smith Company
Excel Corporation	State Farm Fire and Casualty Insurance

FMC Corporation  
GE Capital  
General Services Administrations  
Grubb & Ellis  
Hallmark Cards  
Hunt Midwest  
J.A. Peterson Company  
Price Brothers Realty  
Principal Life Insurance Company  
Principal Mutual Life

Stern Brothers  
Stephens & Company, Inc.  
Terra Venture, Inc.  
TRI Capital  
Wal-Mart Stores, Inc.  
Washington Capital  
Weingart Foundation  
Yarco Companies  
YWCA  
Zimmer Real Estate Services

### **Accounting and Law Firms**

Armstrong Teasdale Schlafly & Davis  
Blackwell, Sanders, Peper, Martin  
Craft, Fridkin & Rhyne  
Deloitte & Touche  
Ferree, Bunn, O'Grady & Runberg  
Husch & Epenberger  
Lathrop & Gage  
McAnany VanCleave & Phillips, P.A.  
MHM Property Tax Consultants  
Mitchell, Kristl & Lieber  
Ernst & Young

Norton, Hubbard, Ruzicka & Kaeamer  
Payne & Jones  
Parkinson, Foth, Orrick & Brown  
Polsinelli Shalton & Welte  
Pricewaterhouse Coopers  
Shook Hardy & Bacon  
Shugart Thompson & Kilroy  
Spencer Fayne Britt & Browne  
Stinson Morrison Hecker  
Wallace, Saunders, Austin, Brown & Enochs  
Williams Law Office

**Shaner Appraisals, Inc.**

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# **AREA DEMOGRAPHICS**



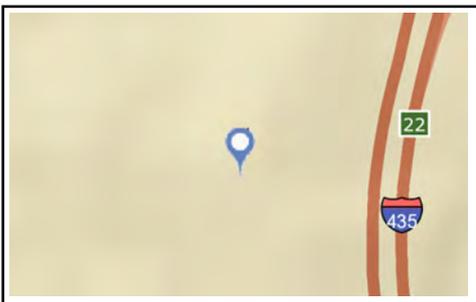
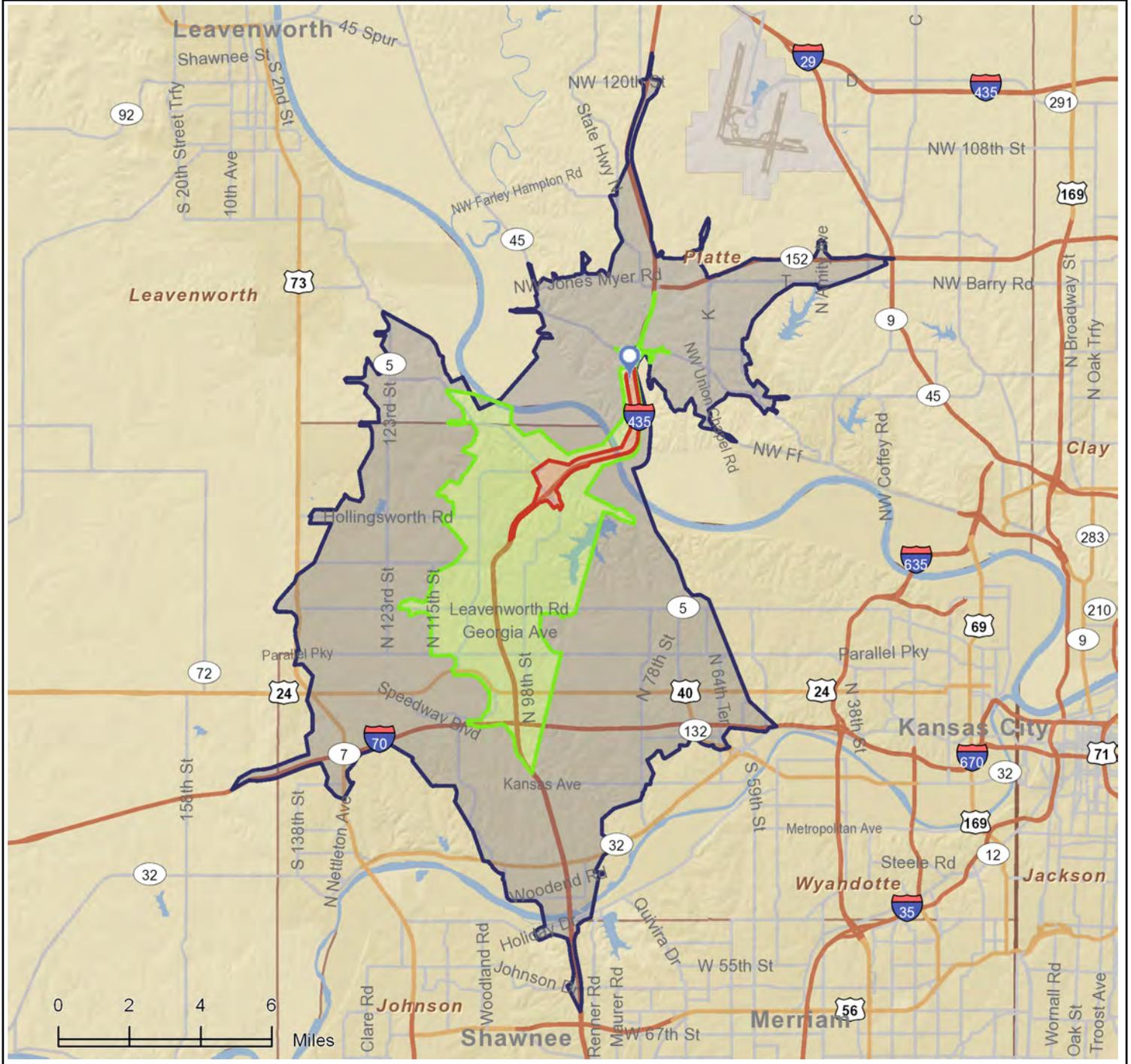
# Site Map

Prepared by Laird Goldsborough

Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367  
Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes





# Executive Summary

Prepared by Laird Goldsborough

Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2010 Population</b>			
Total Population	16	6,120	45,631
Male Population	53.3%	49.5%	48.5%
Female Population	46.7%	50.5%	51.5%
Median Age	43.8	37.1	37.5
<b>2010 Income</b>			
Median HH Income	\$84,511	\$76,640	\$63,677
Per Capita Income	\$30,408	\$28,278	\$28,032
Average HH Income	\$149,104	\$86,424	\$73,303
<b>2010 Households</b>			
Total Households	5	1,997	17,361
Average Household Size	3.20	3.06	2.60
<b>2010 Housing</b>			
Owner Occupied Housing Units	100.0%	89.7%	66.7%
Renter Occupied Housing Units	0.0%	7.3%	26.1%
Vacant Housing Units	0.0%	3.1%	7.2%
<b>Population</b>			
1990 Population	13	3,428	37,148
2000 Population	16	4,185	40,276
2010 Population	16	6,120	45,631
2015 Population	18	6,567	47,462
1990-2000 Annual Rate	2.1%	2.02%	0.81%
2000-2010 Annual Rate	0%	3.78%	1.23%
2010-2015 Annual Rate	2.38%	1.42%	0.79%

In the identified market area, the current year population is 45,631. In 2000, the Census count in the market area was 40,276. The rate of change since 2000 was 1.23 percent annually. The five-year projection for the population in the market area is 47,462, representing a change of 0.79 percent annually from 2010 to 2015. Currently, the population is 48.5 percent male and 51.5 percent female.

<b>Households</b>			
1990 Households	4	1,102	13,574
2000 Households	5	1,339	15,272
2010 Households	5	1,997	17,361
2015 Households	6	2,148	18,033
1990-2000 Annual Rate	2.26%	1.97%	1.19%
2000-2010 Annual Rate	0%	3.98%	1.26%
2010-2015 Annual Rate	3.71%	1.47%	0.76%

The household count in this market area has changed from 15,272 in 2000 to 17,361 in the current year, a change of 1.26 percent annually. The five-year projection of households is 18,033, a change of 0.76 percent annually from the current year total. Average household size is currently 2.60, compared to 2.61 in the year 2000. The number of families in the current year is 12,429 in the market area.

**Housing**

Currently, 66.7 percent of the 18,711 housing units in the market area are owner occupied; 26.1 percent, renter occupied; and 7.2 percent are vacant. In 2000, there were 16,016 housing units - 67.9 percent owner occupied, 27.5 percent renter occupied and 4.6 percent vacant. The rate of change in housing units since 2000 is 1.53 percent. Median home value in the market area is \$115,997, compared to a median home value of \$157,913 for the U.S. In five years, median home value is projected to change by 3.21 percent annually to \$135,841. From 2000 to the current year, median home value changed by 2.98 percent annually.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015. Esri converted 1990 Census data into 2000 geography.



# Executive Summary

Prepared by Laird Goldsborough

Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>Median Household Income</b>			
1990 Median HH Income	\$87,500	\$43,946	\$33,289
2000 Median HH Income	\$65,822	\$62,993	\$47,454
2010 Median HH Income	\$84,511	\$76,640	\$63,677
2015 Median HH Income	\$85,357	\$84,331	\$71,033
1990-2000 Annual Rate	-2.81%	3.67%	3.61%
2000-2010 Annual Rate	2.47%	1.93%	2.91%
2010-2015 Annual Rate	0.2%	1.93%	2.21%
<b>Per Capita Income</b>			
1990 Per Capita Income	\$16,862	\$14,804	\$13,575
2000 Per Capita Income	\$25,173	\$21,857	\$21,543
2010 Per Capita Income	\$30,408	\$28,278	\$28,032
2015 Per Capita Income	\$32,336	\$30,769	\$31,336
1990-2000 Annual Rate	4.09%	3.97%	4.73%
2000-2010 Annual Rate	1.86%	2.54%	2.6%
2010-2015 Annual Rate	1.24%	1.7%	2.25%
<b>Average Household Income</b>			
1990 Average Household Income	\$208,046	\$46,872	\$37,130
2000 Average Household Income	\$126,074	\$70,106	\$55,893
2010 Average HH Income	\$149,104	\$86,424	\$73,303
2015 Average HH Income	\$107,019	\$93,717	\$82,064
1990-2000 Annual Rate	-4.89%	4.11%	4.17%
2000-2010 Annual Rate	1.65%	2.06%	2.68%
2010-2015 Annual Rate	-6.42%	1.63%	2.28%

## Households by Income

Current median household income is \$63,677 in the market area, compared to \$54,442 for all U.S. households. Median household income is projected to be \$71,033 in five years. In 2000, median household income was \$47,454, compared to \$33,289 in 1990.

Current average household income is \$73,303 in this market area, compared to \$70,173 for all U.S. households. Average household income is projected to be \$82,064 in five years. In 2000, average household income was \$55,893, compared to \$37,130 in 1990.

Current per capita income is \$28,032 in the market area, compared to the U.S. per capita income of \$26,739. The per capita income is projected to be \$31,336 in five years. In 2000, the per capita income was \$21,543, compared to \$13,575 in 1990.

## Population by Employment

Total Businesses	2	273	1,633
Total Employees	12	5,868	24,101

Currently, 91.6 percent of the civilian labor force in the identified market area is employed and 8.4 percent are unemployed. In comparison, 89.2 percent of the U.S. civilian labor force is employed, and 10.8 percent are unemployed. In five years the rate of employment in the market area will be 93.0 percent of the civilian labor force, and unemployment will be 7.0 percent. The percentage of the U.S. civilian labor force that will be employed in five years is 91.2 percent, and 8.8 percent will be unemployed. In 2000, 67.9 percent of the population aged 16 years or older in the market area participated in the labor force, and 0.1 percent were in the Armed Forces.

In the current year, the occupational distribution of the employed population is:

- 59.8 percent in white collar jobs (compared to 61.6 percent of U.S. employment)
- 15.8 percent in service jobs (compared to 17.3 percent of U.S. employment)
- 24.4 percent in blue collar jobs (compared to 21.1 percent of U.S. employment)

In 2000, 85.9 percent of the market area population drove alone to work, and 2.7 percent worked at home. The average travel time to work in 2000 was 22.0 minutes in the market area, compared to the U.S. average of 25.5 minutes.

## Population by Education

In 2010, the educational attainment of the population aged 25 years or older in the market area was distributed as follows:

- 9.2 percent had not earned a high school diploma (14.8 percent in the U.S.)
- 30.5 percent were high school graduates only (29.6 percent in the U.S.)
- 10.2 percent had completed an Associate degree (7.7 percent in the U.S.)
- 16.5 percent had a Bachelor's degree (17.7 percent in the U.S.)
- 8.4 percent had earned a Master's/Professional/Doctorate Degree (10.4 percent in the U.S.)

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015. Esri converted 1990 Census data into 2000 geography.



# Demographic and Income Profile - Appraisal Version

Lat: 4753286.654626, Lon: -10549284.951341  
 Drive Time: 5 minutes

Prepared by Laird Goldsborough  
 Latitude: 39.220367  
 Longitude: -94.765839

Summary	2000	2010	2015
Population	16	16	18
Households	5	5	6
Families	4	4	5
Average Household Size	3.20	3.20	3.00
Owner Occupied Housing Units	5	5	5
Renter Occupied Housing Units	0	0	0
Median Age	38.8	43.8	41.3
Trends: 2010 - 2015 Annual Rate	Area	State	National
Population	2.38%	0.58%	0.76%
Households	3.71%	0.63%	0.78%
Families	4.56%	0.36%	0.64%
Owner HHs	0.00%	0.66%	0.82%
Median Household Income	0.20%	2.47%	2.36%

Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	0	0.0%	0	0.0%	0	0.0%
\$15,000 - \$24,999	0	0.0%	0	0.0%	0	0.0%
\$25,000 - \$34,999	0	0.0%	0	0.0%	0	0.0%
\$35,000 - \$49,999	0	0.0%	0	0.0%	0	0.0%
\$50,000 - \$74,999	2	66.7%	1	33.3%	2	40.0%
\$75,000 - \$99,999	1	33.3%	1	33.3%	1	20.0%
\$100,000 - \$149,999	0	0.0%	1	33.3%	2	40.0%
\$150,000 - \$199,999	0	0.0%	0	0.0%	0	0.0%
\$200,000+	0	0.0%	0	0.0%	0	0.0%

Median Household Income	\$65,822	\$84,511	\$85,357
Average Household Income	\$126,074	\$149,104	\$107,019
Per Capita Income	\$24,980	\$30,408	\$32,336

Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	1	6.7%	0	0.0%	2	10.5%
5 - 9	1	6.2%	1	6.4%	1	6.2%
10 - 14	2	10.0%	1	7.9%	1	8.1%
15 - 19	2	13.3%	2	13.3%	2	10.5%
20 - 24	0	0.0%	1	6.7%	0	0.0%
25 - 34	0	0.0%	0	0.0%	1	5.3%
35 - 44	4	26.7%	2	13.3%	3	15.8%
45 - 54	4	26.7%	4	26.7%	4	21.1%
55 - 64	1	6.7%	3	20.0%	4	21.1%
65 - 74	0	0.0%	0	0.0%	0	0.0%
75 - 84	0	0.0%	0	0.0%	0	0.0%
85+	0	0.0%	0	0.0%	0	0.0%

Data Note: Income is expressed in current dollars

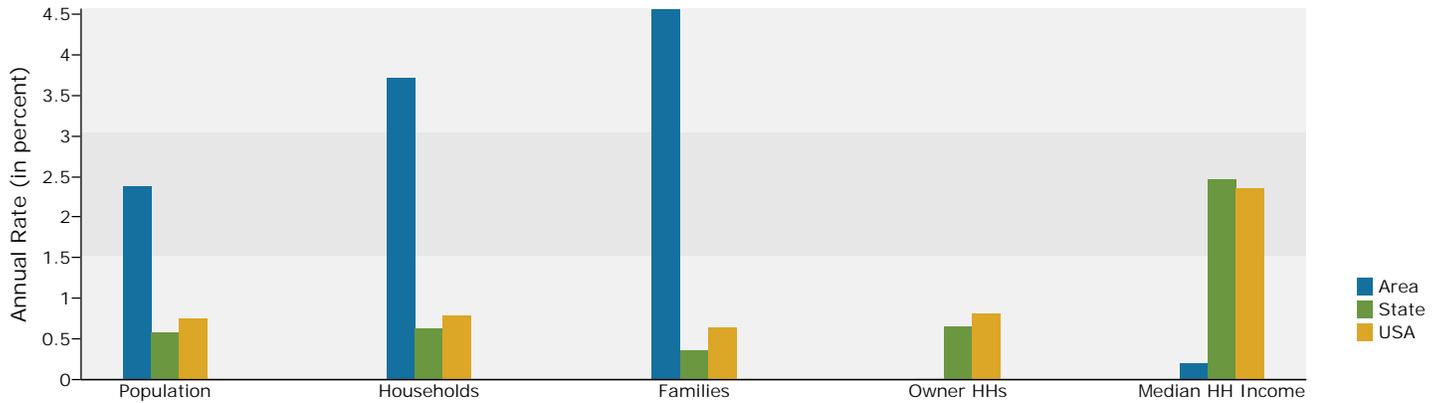


# Demographic and Income Profile - Appraisal Version

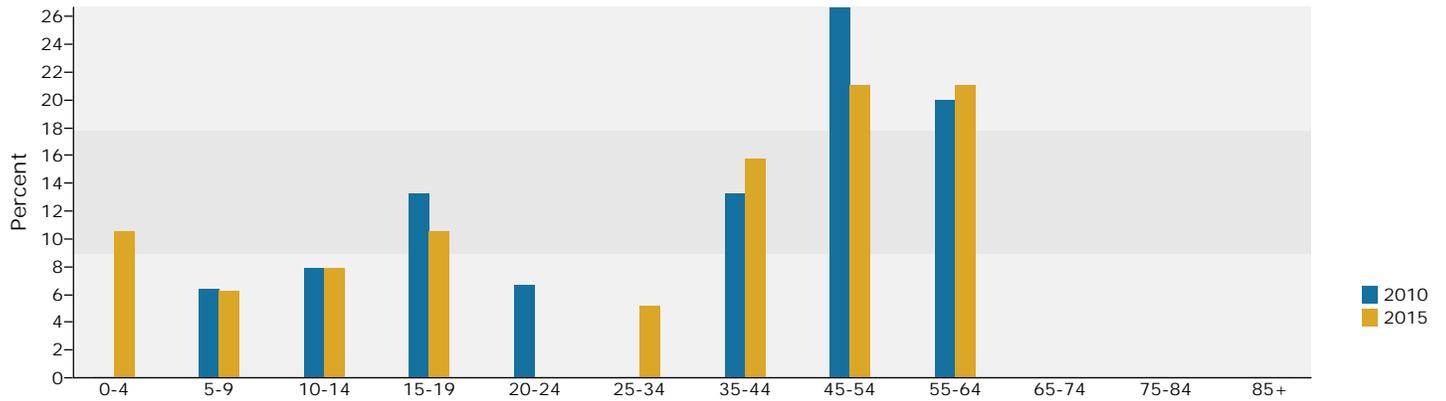
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 Drive Time: 5 minutes

Prepared by Laird Goldsborough  
 Latitude: 39.220367  
 Longitude: -94.765839

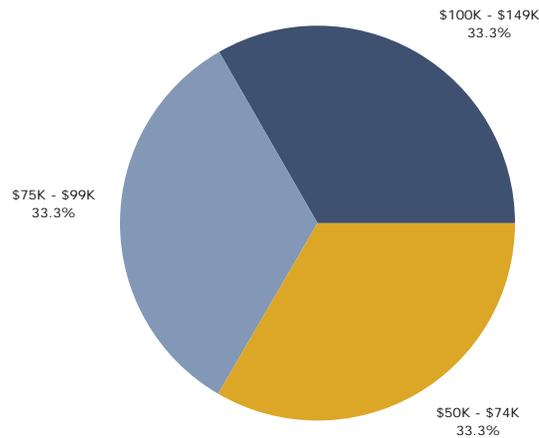
Trends 2010-2015



Population by Age



2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



# Demographic and Income Profile - Appraisal Version

Lat: 4753286.654626, Lon: -10549284.951341  
 Drive Time: 10 minutes

Prepared by Laird Goldsborough

Latitude: 39.220367  
 Longitude: -94.765839

Summary	2000	2010	2015
Population	4,185	6,120	6,567
Households	1,339	1,997	2,148
Families	1,162	1,716	1,840
Average Household Size	3.13	3.06	3.06
Owner Occupied Housing Units	1,262	1,847	1,986
Renter Occupied Housing Units	77	150	163
Median Age	35.0	37.1	36.9
Trends: 2010 - 2015 Annual Rate	Area	State	National
Population	1.42%	0.58%	0.76%
Households	1.47%	0.63%	0.78%
Families	1.41%	0.36%	0.64%
Owner HHs	1.46%	0.66%	0.82%
Median Household Income	1.93%	2.47%	2.36%

Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	49	3.7%	49	2.5%	37	1.7%
\$15,000 - \$24,999	23	1.7%	23	1.2%	17	0.8%
\$25,000 - \$34,999	125	9.4%	64	3.2%	48	2.2%
\$35,000 - \$49,999	214	16.1%	212	10.6%	159	7.4%
\$50,000 - \$74,999	430	32.4%	602	30.2%	584	27.2%
\$75,000 - \$99,999	299	22.5%	486	24.3%	493	22.9%
\$100,000 - \$149,999	146	11.0%	444	22.2%	658	30.6%
\$150,000 - \$199,999	20	1.5%	77	3.9%	104	4.8%
\$200,000+	22	1.7%	39	2.0%	49	2.3%

Median Household Income	\$62,993	\$76,640	\$84,331
Average Household Income	\$70,106	\$86,424	\$93,717
Per Capita Income	\$21,856	\$28,278	\$30,769

Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	285	6.8%	413	6.7%	435	6.6%
5 - 9	341	8.1%	442	7.2%	464	7.1%
10 - 14	414	9.9%	473	7.7%	537	8.2%
15 - 19	403	9.6%	483	7.9%	478	7.3%
20 - 24	181	4.3%	337	5.5%	344	5.2%
25 - 34	472	11.3%	759	12.4%	858	13.1%
35 - 44	820	19.6%	821	13.4%	856	13.0%
45 - 54	680	16.2%	1,120	18.3%	1,016	15.5%
55 - 64	327	7.8%	787	12.9%	944	14.4%
65 - 74	172	4.1%	299	4.9%	426	6.5%
75 - 84	75	1.8%	148	2.4%	166	2.5%
85+	17	0.4%	39	0.6%	46	0.7%

Data Note: Income is expressed in current dollars

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.

June 28, 2011



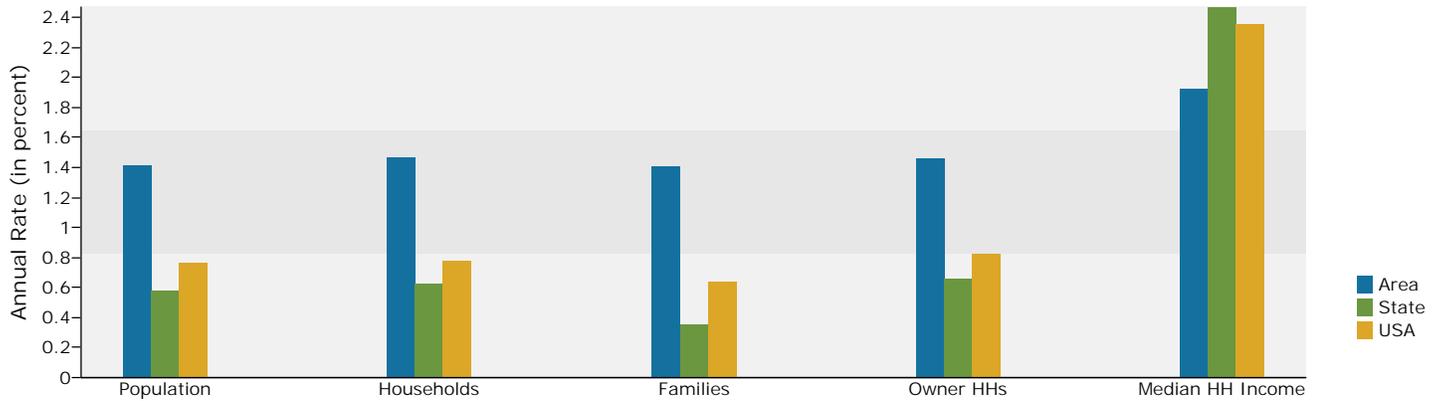
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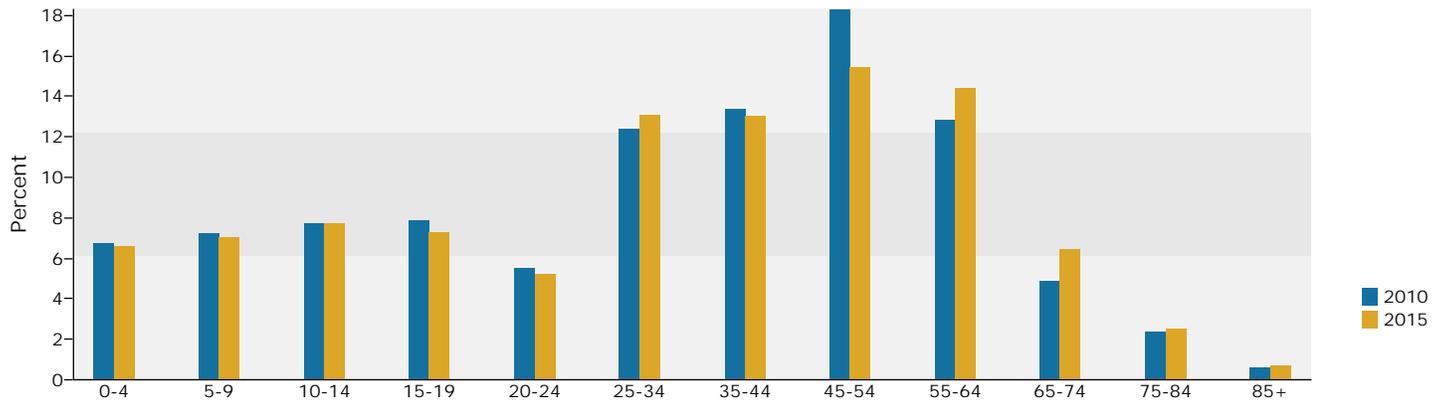
Prepared by Laird Goldsborough

Latitude: 39.220367  
 Longitude: -94.765839

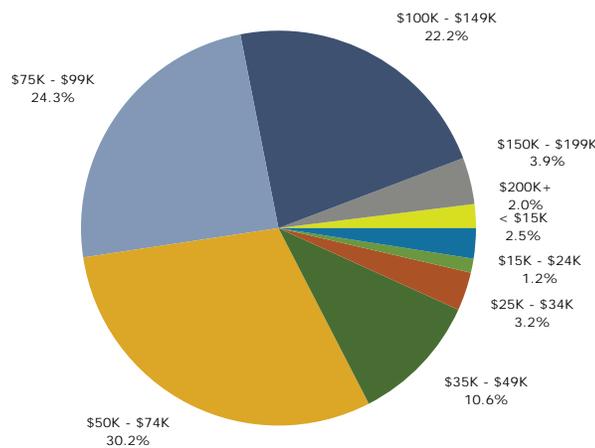
## Trends 2010-2015



## Population by Age



## 2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



# Demographic and Income Profile - Appraisal Version

Lat: 4753286.654626, Lon: -10549284.951341  
 Drive Time: 15 minutes

Prepared by Laird Goldsborough

Latitude: 39.220367  
 Longitude: -94.765839

Summary	2000	2010	2015
Population	40,276	45,631	47,462
Households	15,272	17,361	18,033
Families	10,941	12,429	12,877
Average Household Size	2.61	2.60	2.61
Owner Occupied Housing Units	10,873	12,474	13,061
Renter Occupied Housing Units	4,399	4,887	4,972
Median Age	35.7	37.5	37.5
Trends: 2010 - 2015 Annual Rate	Area	State	National
Population	0.79%	0.58%	0.76%
Households	0.76%	0.63%	0.78%
Families	0.71%	0.36%	0.64%
Owner HHs	0.92%	0.66%	0.82%
Median Household Income	2.21%	2.47%	2.36%

Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	1,681	11.0%	1,162	6.7%	958	5.3%
\$15,000 - \$24,999	1,637	10.7%	1,135	6.5%	904	5.0%
\$25,000 - \$34,999	2,072	13.6%	1,343	7.7%	1,040	5.8%
\$35,000 - \$49,999	2,662	17.5%	2,794	16.1%	2,278	12.6%
\$50,000 - \$74,999	3,554	23.3%	4,145	23.9%	4,323	24.0%
\$75,000 - \$99,999	2,055	13.5%	3,197	18.4%	3,293	18.3%
\$100,000 - \$149,999	1,194	7.8%	2,655	15.3%	4,021	22.3%
\$150,000 - \$199,999	213	1.4%	568	3.3%	766	4.2%
\$200,000+	178	1.2%	362	2.1%	450	2.5%
Median Household Income	\$47,454		\$63,677		\$71,033	
Average Household Income	\$55,893		\$73,303		\$82,064	
Per Capita Income	\$21,543		\$28,032		\$31,336	

Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	2,767	6.9%	3,137	6.9%	3,237	6.8%
5 - 9	2,981	7.4%	3,037	6.7%	3,145	6.6%
10 - 14	3,146	7.8%	3,045	6.7%	3,208	6.8%
15 - 19	2,949	7.3%	3,036	6.7%	2,898	6.1%
20 - 24	2,398	6.0%	2,860	6.3%	2,788	5.9%
25 - 34	5,459	13.6%	6,271	13.7%	6,825	14.4%
35 - 44	6,551	16.3%	6,130	13.4%	6,173	13.0%
45 - 54	5,674	14.1%	6,912	15.1%	6,486	13.7%
55 - 64	3,437	8.5%	5,478	12.0%	6,016	12.7%
65 - 74	2,606	6.5%	2,948	6.5%	3,860	8.1%
75 - 84	1,699	4.2%	1,917	4.2%	1,944	4.1%
85+	609	1.5%	860	1.9%	882	1.9%

Data Note: Income is expressed in current dollars

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.

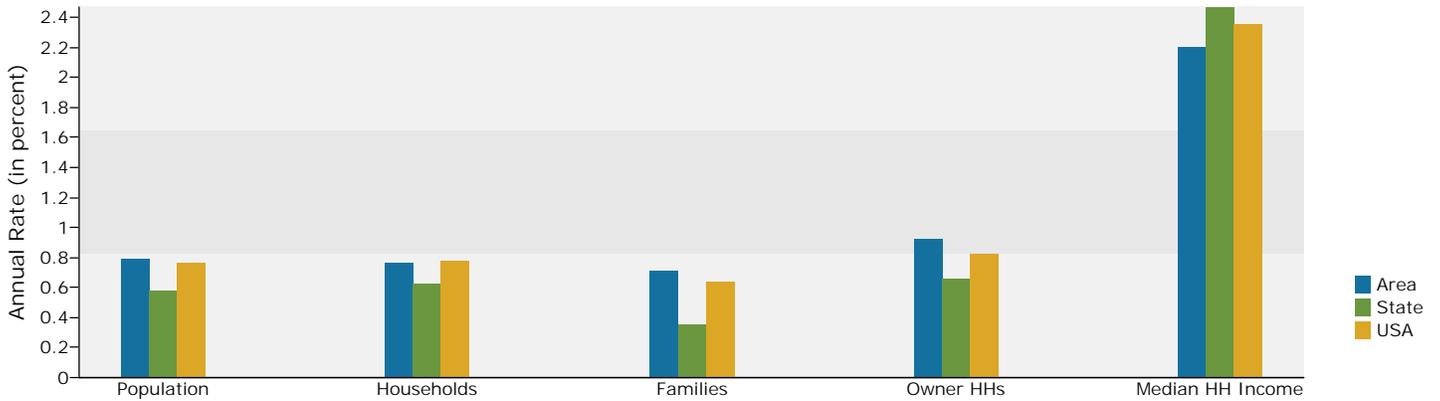


# Demographic and Income Profile - Appraisal Version

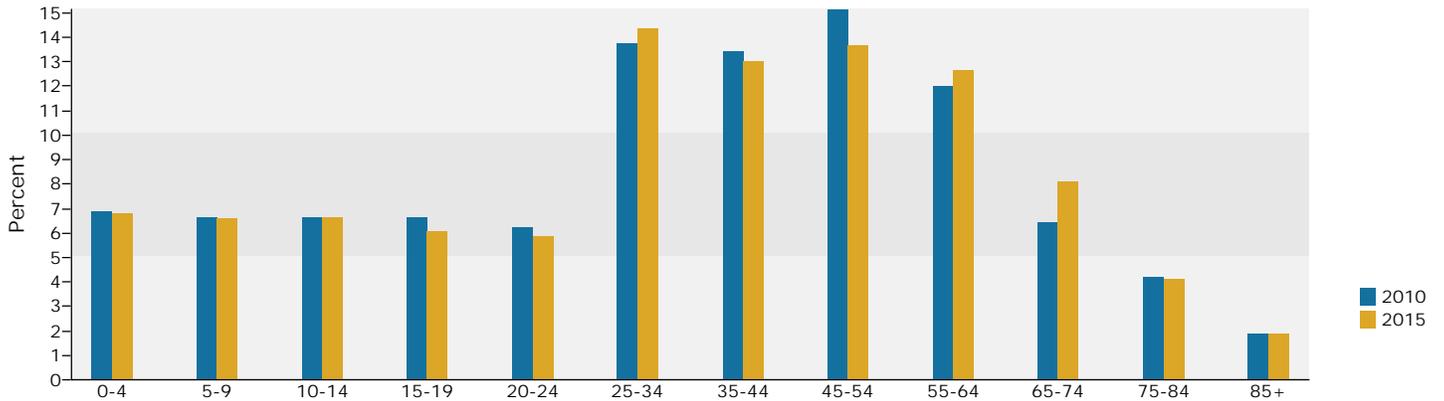
Lat: 4753286.654626, Lon: -10549284.951341  
 Drive Time: 15 minutes

Prepared by Laird Goldsborough  
 Latitude: 39.220367  
 Longitude: -94.765839

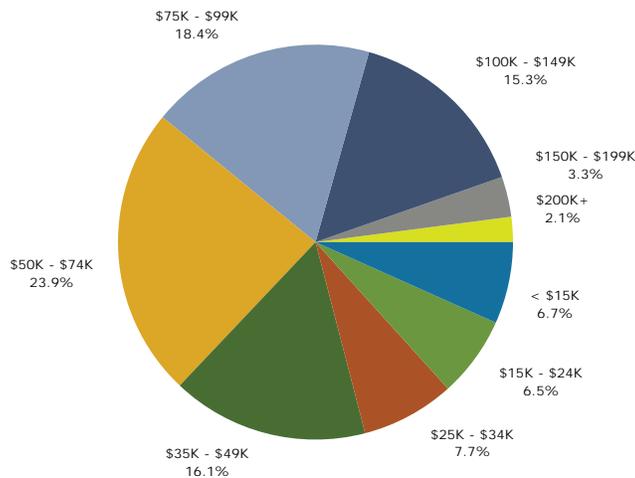
Trends 2010-2015



Population by Age



2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



# Market Profile - Appraisal Version

Prepared by Laird Goldsborough

Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
 2000 Total Population	16	4,185	40,276
2000 Group Quarters	0	0	409
2010 Total Population	16	6,120	45,631
2015 Total Population	18	6,567	47,462
2010 - 2015 Annual Rate	2.38%	1.42%	0.79%
 2000 Households	5	1,339	15,272
2000 Average Household Size	3.2	3.13	2.61
2010 Households	5	1,997	17,361
2010 Average Household Size	3.2	3.06	2.6
2015 Households	6	2,148	18,033
2015 Average Household Size	3	3.06	2.61
2010 - 2015 Annual Rate	3.71%	1.47%	0.76%
2000 Families	4	1,162	10,941
2000 Average Family Size	3.75	3.36	3.1
2010 Families	4	1,716	12,429
2010 Average Family Size	3.75	3.3	3.08
2015 Families	5	1,840	12,877
2015 Average Family Size	3.2	3.3	3.09
2010 - 2015 Annual Rate	4.56%	1.41%	0.71%
 <b>2000 Housing Units</b>	6	1,381	16,016
Owner Occupied Housing Units	100.0%	91.4%	67.9%
Renter Occupied Housing Units	0.0%	5.6%	27.5%
Vacant Housing Units	0.0%	3.0%	4.6%
<b>2010 Housing Units</b>	5	2,060	18,711
Owner Occupied Housing Units	100.0%	89.7%	66.7%
Renter Occupied Housing Units	0.0%	7.3%	26.1%
Vacant Housing Units	0.0%	3.1%	7.2%
<b>2015 Housing Units</b>	6	2,220	19,472
Owner Occupied Housing Units	100.0%	89.4%	67.1%
Renter Occupied Housing Units	0.0%	7.3%	25.5%
Vacant Housing Units	0.0%	3.2%	7.4%
<b>Median Household Income</b>			
2000	\$65,822	\$62,993	\$47,454
2010	\$84,511	\$76,640	\$63,677
2015	\$85,357	\$84,331	\$71,033
<b>Median Home Value</b>			
2000	\$112,500	\$119,173	\$85,889
2010	\$137,500	\$144,189	\$115,997
2015	\$150,000	\$165,170	\$135,841
<b>Per Capita Income</b>			
2000	\$25,173	\$21,857	\$21,543
2010	\$30,408	\$28,278	\$28,032
2015	\$32,336	\$30,769	\$31,336
<b>Median Age</b>			
2000	38.8	35.0	35.7
2010	43.8	37.1	37.5
2015	41.3	36.9	37.5

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015. Esri converted 1990 Census data into 2000 geography.



Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Households by Income</b>			
 Household Income Base	3	1,328	15,246
< \$15,000	0.0%	3.7%	11.0%
\$15,000 - \$24,999	0.0%	1.7%	10.7%
\$25,000 - \$34,999	0.0%	9.4%	13.6%
\$35,000 - \$49,999	0.0%	16.1%	17.5%
\$50,000 - \$74,999	66.7%	32.4%	23.3%
\$75,000 - \$99,999	33.3%	22.5%	13.5%
\$100,000 - \$149,999	0.0%	11.0%	7.8%
\$150,000 - \$199,999	0.0%	1.5%	1.4%
\$200,000+	0.0%	1.7%	1.2%
Average Household Income	\$126,074	\$70,106	\$55,893
<b>2010 Households by Income</b>			
Household Income Base	3	1,996	17,361
< \$15,000	0.0%	2.5%	6.7%
\$15,000 - \$24,999	0.0%	1.2%	6.5%
\$25,000 - \$34,999	0.0%	3.2%	7.7%
\$35,000 - \$49,999	0.0%	10.6%	16.1%
\$50,000 - \$74,999	33.3%	30.2%	23.9%
\$75,000 - \$99,999	33.3%	24.3%	18.4%
\$100,000 - \$149,999	33.3%	22.2%	15.3%
\$150,000 - \$199,999	0.0%	3.9%	3.3%
\$200,000+	0.0%	2.0%	2.1%
Average Household Income	\$149,104	\$86,424	\$73,303
<b>2015 Households by Income</b>			
Household Income Base	5	2,149	18,033
< \$15,000	0.0%	1.7%	5.3%
\$15,000 - \$24,999	0.0%	0.8%	5.0%
\$25,000 - \$34,999	0.0%	2.2%	5.8%
\$35,000 - \$49,999	0.0%	7.4%	12.6%
\$50,000 - \$74,999	40.0%	27.2%	24.0%
\$75,000 - \$99,999	20.0%	22.9%	18.3%
\$100,000 - \$149,999	40.0%	30.6%	22.3%
\$150,000 - \$199,999	0.0%	4.8%	4.2%
\$200,000+	0.0%	2.3%	2.5%
Average Household Income	\$107,019	\$93,717	\$82,064
<b>2000 Owner Occupied HUs by Value</b>			
Total	3	1,243	10,922
<\$50,000	0.0%	1.5%	11.3%
\$50,000 - 99,999	33.3%	33.0%	52.9%
\$100,000 - 149,999	66.7%	39.7%	21.5%
\$150,000 - 199,999	0.0%	16.0%	7.2%
\$200,000 - \$299,999	0.0%	6.4%	4.8%
\$300,000 - 499,999	0.0%	2.3%	1.7%
\$500,000 - 999,999	0.0%	1.1%	0.5%
\$1,000,000+	0.0%	0.0%	0.1%
Average Home Value	\$242,423	\$137,914	\$105,043
<b>2000 Specified Renter Occupied HUs by Contract Rent</b>			
Total	0	79	4,268
With Cash Rent	0.0%	78.5%	97.7%
No Cash Rent	0.0%	21.5%	2.3%
Median Rent	\$0	\$661	\$473
Average Rent	\$0	\$686	\$491

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied HUs exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



# Market Profile - Appraisal Version

Prepared by Laird Goldsborough

Lat: 4753286.654626, Lon: -1...

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Population by Age</b>			
 Total	15	4,187	40,276
0 - 4	6.7%	6.8%	6.9%
5 - 9	6.7%	8.1%	7.4%
10 - 14	13.3%	9.9%	7.8%
15 - 19	13.3%	9.6%	7.3%
20 - 24	0.0%	4.3%	6.0%
25 - 34	0.0%	11.3%	13.6%
35 - 44	26.7%	19.6%	16.3%
45 - 54	26.7%	16.2%	14.1%
55 - 64	6.7%	7.8%	8.5%
65 - 74	0.0%	4.1%	6.5%
75 - 84	0.0%	1.8%	4.2%
85+	0.0%	0.4%	1.5%
18+	68.8%	68.7%	73.3%
<b>2010 Population by Age</b>			
Total	15	6,121	45,631
0 - 4	0.0%	6.7%	6.9%
5 - 9	6.7%	7.2%	6.7%
10 - 14	13.3%	7.7%	6.7%
15 - 19	13.3%	7.9%	6.7%
20 - 24	6.7%	5.5%	6.3%
25 - 34	0.0%	12.4%	13.7%
35 - 44	13.3%	13.4%	13.4%
45 - 54	26.7%	18.3%	15.1%
55 - 64	20.0%	12.9%	12.0%
65 - 74	0.0%	4.9%	6.5%
75 - 84	0.0%	2.4%	4.2%
85+	0.0%	0.6%	1.9%
18+	62.5%	73.4%	75.8%
<b>2015 Population by Age</b>			
Total	19	6,569	47,462
0 - 4	10.5%	6.6%	6.8%
5 - 9	5.3%	7.1%	6.6%
10 - 14	10.5%	8.2%	6.8%
15 - 19	10.5%	7.3%	6.1%
20 - 24	0.0%	5.2%	5.9%
25 - 34	5.3%	13.1%	14.4%
35 - 44	15.8%	13.0%	13.0%
45 - 54	21.1%	15.5%	13.7%
55 - 64	21.1%	14.4%	12.7%
65 - 74	0.0%	6.5%	8.1%
75 - 84	0.0%	2.5%	4.1%
85+	0.0%	0.7%	1.9%
18+	66.7%	73.6%	76.1%
<b>2000 Population by Sex</b>			
Males	50.0%	49.8%	48.4%
Females	50.0%	50.2%	51.6%
<b>2010 Population by Sex</b>			
Males	53.3%	49.5%	48.5%
Females	46.7%	50.5%	51.5%
<b>2015 Population by Sex</b>			
Males	42.1%	49.3%	48.5%
Females	57.9%	50.7%	51.5%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



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Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2010 Population 15+ by Marital Status</b>			
 Total	12	4,793	36,412
Never Married	25.0%	25.1%	27.3%
Married	66.7%	64.4%	55.6%
Widowed	0.0%	3.0%	5.3%
Divorced	8.3%	7.4%	11.7%
<b>2000 Population 16+ by Employment Status</b>			
 Total	11	3,068	30,431
In Labor Force	72.7%	75.1%	67.9%
Civilian Employed	72.7%	72.3%	64.5%
Civilian Unemployed	0.0%	2.8%	3.3%
In Armed Forces	0.0%	0.0%	0.1%
Not in Labor Force	27.3%	24.9%	32.1%
<b>2010 Civilian Population 16+ in Labor Force</b>			
Civilian Employed	88.9%	92.9%	91.6%
Civilian Unemployed	11.1%	7.1%	8.4%
<b>2015 Civilian Population 16+ in Labor Force</b>			
Civilian Employed	90.0%	93.9%	93.0%
Civilian Unemployed	10.0%	6.1%	7.0%
<b>2000 Females 16+ by Employment Status and Age of Children</b>			
Total	5	1,589	16,079
Own Children < 6 Only	0.0%	8.2%	7.3%
Employed/in Armed Forces	0.0%	6.2%	4.7%
Unemployed	0.0%	0.0%	0.1%
Not in Labor Force	0.0%	2.0%	2.4%
Own Children < 6 and 6-17 Only	0.0%	6.3%	5.8%
Employed/in Armed Forces	0.0%	3.5%	3.8%
Unemployed	0.0%	0.0%	0.0%
Not in Labor Force	0.0%	2.8%	1.9%
Own Children 6-17 Only	20.0%	26.0%	19.1%
Employed/in Armed Forces	20.0%	21.1%	14.9%
Unemployed	0.0%	0.0%	0.4%
Not in Labor Force	0.0%	4.9%	3.8%
No Own Children < 18	80.0%	59.5%	67.8%
Employed/in Armed Forces	60.0%	38.0%	36.4%
Unemployed	0.0%	2.2%	1.9%
Not in Labor Force	20.0%	19.3%	29.5%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



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	5 minutes	10 minutes	15 minutes
<b>2010 Employed Population 16+ by Industry</b>			
 Total	7	3,106	21,244
Agriculture/Mining	0.0%	0.2%	0.5%
Construction	14.3%	7.2%	6.2%
Manufacturing	14.3%	7.7%	9.7%
Wholesale Trade	0.0%	4.6%	4.1%
Retail Trade	14.3%	10.8%	9.8%
Transportation/Utilities	14.3%	9.3%	9.3%
Information	0.0%	2.3%	2.9%
Finance/Insurance/Real Estate	14.3%	7.1%	8.5%
Services	14.3%	36.2%	40.3%
Public Administration	14.3%	14.6%	8.6%
<b>2010 Employed Population 16+ by Occupation</b>			
Total	7	3,105	21,244
White Collar	42.9%	57.5%	59.8%
Management/Business/Financial	0.0%	12.4%	12.2%
Professional	14.3%	22.6%	19.1%
Sales	14.3%	9.2%	10.8%
Administrative Support	14.3%	13.3%	17.6%
Services	28.6%	18.8%	15.8%
Blue Collar	28.6%	23.7%	24.4%
Farming/Forestry/Fishing	0.0%	0.2%	0.2%
Construction/Extraction	14.3%	7.0%	5.8%
Installation/Maintenance/Repair	0.0%	5.1%	4.4%
Production	0.0%	5.3%	6.6%
Transportation/Material Moving	14.3%	6.0%	7.4%
<b>2000 Workers 16+ by Means of Transportation to Work</b>			
 Total	9	2,194	19,303
Drove Alone - Car, Truck, or Van	88.9%	90.2%	85.9%
Carpooled - Car, Truck, or Van	11.1%	6.7%	9.7%
Public Transportation	0.0%	0.0%	0.4%
Walked	0.0%	0.0%	0.8%
Other Means	0.0%	0.3%	0.5%
Worked at Home	0.0%	2.8%	2.7%
<b>2000 Workers 16+ by Travel Time to Work</b>			
Total	8	2,194	19,303
Did Not Work at Home	100.0%	97.2%	97.3%
Less than 5 minutes	0.0%	0.5%	2.3%
5 to 9 minutes	0.0%	6.3%	7.8%
10 to 19 minutes	25.0%	27.8%	28.7%
20 to 24 minutes	37.5%	27.3%	23.3%
25 to 34 minutes	37.5%	28.4%	25.2%
35 to 44 minutes	0.0%	3.7%	4.8%
45 to 59 minutes	0.0%	1.8%	3.2%
60 to 89 minutes	0.0%	1.1%	1.2%
90 or more minutes	0.0%	0.2%	1.0%
Worked at Home	0.0%	2.8%	2.7%
Average Travel Time to Work (in min)	23.6	21.3	22.0
<b>2000 Households by Vehicles Available</b>			
Total	4	1,335	15,250
None	0.0%	1.3%	6.3%
1	0.0%	12.0%	30.7%
2	50.0%	50.3%	42.6%
3	50.0%	25.3%	14.5%
4	0.0%	6.6%	4.0%
5+	0.0%	4.4%	1.8%
Average Number of Vehicles Available	3.0	2.4	1.9

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010.



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	5 minutes	10 minutes	15 minutes
<b>2000 Households by Type</b>			
 Total	5	1,339	15,272
Family Households	80.0%	86.8%	71.6%
Married-couple Family	80.0%	75.5%	54.1%
With Related Children	20.0%	42.9%	25.3%
Other Family (No Spouse)	0.0%	11.3%	17.6%
With Related Children	0.0%	7.2%	11.7%
Nonfamily Households	20.0%	13.2%	28.4%
Householder Living Alone	20.0%	10.8%	23.8%
Householder Not Living Alone	0.0%	2.5%	4.6%
Households with Related Children	20.0%	50.1%	37.0%
Households with Persons 65+	0.0%	14.3%	21.7%
<b>2000 Households by Size</b>			
Total	5	1,339	15,272
1 Person Household	0.0%	10.8%	23.8%
2 Person Household	33.3%	28.0%	32.8%
3 Person Household	33.3%	21.9%	17.8%
4 Person Household	33.3%	24.4%	15.6%
5 Person Household	0.0%	10.5%	6.6%
6 Person Household	0.0%	3.1%	2.2%
7+ Person Household	0.0%	1.3%	1.2%
<b>2000 Households by Year Householder Moved In</b>			
Total	3	1,333	15,250
Moved in 1999 to March 2000	0.0%	9.8%	18.0%
Moved in 1995 to 1998	33.3%	29.6%	27.4%
Moved in 1990 to 1994	33.3%	27.3%	17.8%
Moved in 1980 to 1989	33.3%	20.9%	15.6%
Moved in 1970 to 1979	0.0%	7.8%	10.2%
Moved in 1969 or Earlier	0.0%	4.7%	11.1%
Median Year Householder Moved In	1993	1993	1994
<b>2000 Housing Units by Units in Structure</b>			
 Total	5	1,350	15,937
1, Detached	100.0%	96.7%	71.9%
1, Attached	0.0%	0.6%	4.9%
2	0.0%	0.2%	3.7%
3 or 4	0.0%	0.0%	2.6%
5 to 9	0.0%	0.0%	4.6%
10 to 19	0.0%	0.0%	5.8%
20+	0.0%	1.2%	5.5%
Mobile Home	0.0%	1.2%	0.9%
Other	0.0%	0.1%	0.1%
<b>2000 Housing Units by Year Structure Built</b>			
Total	5	1,352	15,937
1999 to March 2000	0.0%	3.0%	2.8%
1995 to 1998	0.0%	8.1%	5.2%
1990 to 1994	20.0%	19.7%	7.7%
1980 to 1989	20.0%	25.3%	15.8%
1970 to 1979	40.0%	22.0%	21.4%
1969 or Earlier	20.0%	21.8%	47.1%
Median Year Structure Built	1978	1982	1971

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



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	5 minutes	10 minutes	15 minutes
<b>2000 Population 3+ by School Enrollment</b>			
 Total	13	4,041	38,393
Enrolled in Nursery/Preschool	0.0%	2.2%	2.1%
Enrolled in Kindergarten	0.0%	1.3%	1.5%
Enrolled in Grade 1-8	15.4%	16.4%	13.2%
Enrolled in Grade 9-12	7.7%	7.7%	6.2%
Enrolled in College	0.0%	4.9%	4.2%
Enrolled in Grad/Prof School	0.0%	1.3%	0.8%
Not Enrolled in School	76.9%	66.1%	72.0%
<b>2010 Population 25+ by Educational Attainment</b>			
Total	10	3,972	30,516
Less than 9th Grade	0.0%	1.8%	2.5%
9th - 12th Grade, No Diploma	0.0%	4.4%	6.7%
High School Graduate	30.0%	25.7%	30.5%
Some College, No Degree	30.0%	26.1%	25.2%
Associate Degree	10.0%	11.8%	10.2%
Bachelor's Degree	20.0%	21.5%	16.5%
Graduate/Professional Degree	10.0%	8.8%	8.4%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010.



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# Market Profile - Appraisal Version

Prepared by Laird Goldsborough

Latitude: 39.220367

Longitude: -94.765839

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>Top 3 Tapestry Segments</b>			
1.	Sophisticated Squires	Sophisticated Squires	Rustbelt Traditions
2.	Milk and Cookies	Milk and Cookies	Sophisticated Squires
3.		Green Acres	Cozy and Comfortable



**2010 Consumer Spending** shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.

Apparel & Services: Total \$	\$17,726	\$4,106,824	\$30,687,073
Average Spent	\$3,545.20	\$2,056.50	\$1,767.59
Spending Potential Index	148	86	74
Computers & Accessories: Total \$	\$2,377	\$550,932	\$4,047,054
Average Spent	\$475.40	\$275.88	\$233.11
Spending Potential Index	216	125	106
Education: Total \$	\$13,549	\$3,111,726	\$23,489,607
Average Spent	\$2,709.80	\$1,558.20	\$1,353.01
Spending Potential Index	222	128	111
Entertainment/Recreation: Total \$	\$35,304	\$8,163,589	\$59,972,711
Average Spent	\$7,060.80	\$4,087.93	\$3,454.45
Spending Potential Index	219	127	107
Food at Home: Total \$	\$45,387	\$10,554,413	\$80,920,292
Average Spent	\$9,077.40	\$5,285.13	\$4,661.04
Spending Potential Index	203	118	104
Food Away from Home: Total \$	\$34,108	\$7,926,553	\$59,314,997
Average Spent	\$6,821.60	\$3,969.23	\$3,416.57
Spending Potential Index	212	123	106
Health Care: Total \$	\$36,983	\$8,605,860	\$68,260,283
Average Spent	\$7,396.60	\$4,309.39	\$3,931.82
Spending Potential Index	199	116	106
HH Furnishings & Equipment: Total \$	\$19,857	\$4,588,732	\$33,140,630
Average Spent	\$3,971.40	\$2,297.81	\$1,908.91
Spending Potential Index	193	112	93
Investments: Total \$	\$16,905	\$3,850,361	\$29,956,016
Average Spent	\$3,381.00	\$1,928.07	\$1,725.48
Spending Potential Index	194	111	99
Retail Goods: Total \$	\$252,273	\$58,553,934	\$435,391,474
Average Spent	\$50,454.60	\$29,320.95	\$25,078.71
Spending Potential Index	203	118	101
Shelter: Total \$	\$173,601	\$40,111,820	\$288,411,476
Average Spent	\$34,720.20	\$20,086.04	\$16,612.61
Spending Potential Index	220	127	105
TV/Video/Sound Equipment: Total \$	\$12,771	\$2,972,957	\$22,667,974
Average Spent	\$2,554.20	\$1,488.71	\$1,305.68
Spending Potential Index	206	120	105
Travel: Total \$	\$21,290	\$4,885,108	\$34,596,373
Average Spent	\$4,258.00	\$2,446.22	\$1,992.76
Spending Potential Index	225	129	105
Vehicle Maintenance & Repairs: Total \$	\$9,979	\$2,318,562	\$17,175,717
Average Spent	\$1,995.80	\$1,161.02	\$989.33
Spending Potential Index	212	123	105

**Data Note:** The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

**Source:** Consumer Spending data are derived from the 2005 and 2006 Consumer Expenditure Surveys, Bureau of Labor Statistics.

**Shaner Appraisals, Inc.**

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**GLOSSARY**

# GLOSSARY

Unless otherwise noted, the following definitions are taken from The Dictionary of Real Estate Appraisal, Fourth Edition, published by the Appraisal Institute in 2002.

## **Accrued Depreciation**

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. (p. 4)

## **Appraisal**

(*n.*) The act or process of developing an opinion of value; an opinion of value. (*adj.*) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services. (USPAP, 2002 ed.) (p. 15)

## **Extraordinary Assumption**

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

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

(USPAP, 2002 ed.) (p. 107)

## **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. (p. 113)

## **Highest and Best Use**

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. (p. 135)

## **Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions 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. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and

- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2002 ed.) (p.141)

**Investment Value**

The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached. See *also* Market value (p. 152)

**Leased Fee Interest**

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease. (p. 161)

**Leasehold Interest**

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. See *also* Negative leasehold; Positive leasehold. (p. 162)

**Market Value**

The most probable price which a property will 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 US. 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.

(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) (p. 177)

**Negative Leasehold**

A lease situation in which the market rent is less than the contract rent. (p. 193)

**Neighborhood**

A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. (p. 193)

**Positive Leasehold**

A lease situation in which the market rent is greater than the contract rent. (p. 215)

**Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout. (p. 244)

**Reproduction Cost**

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (p. 244)

**Use Value**

The value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes. (p. 303)