

Summary of Facts and Conclusions

Property Type:	An Existing 23 Unit Self Storage Facility
Address:	1409 9 th Street, Paducah, Cottle County, Texas 79248
Location:	Northeast Corner of 9 th and Breckenridge Streets
Date of Site Visit:	February 28, 2023
Date of Appraisal:	February 28, 2023
Date of Report:	April 21, 2023
Zoning:	None
Site Area:	11,500 SF (per CCAD/Survey)
Building Area:	3,000 SF Rentable Area
Number of Units:	23
Average Unit Size:	130 SF
Land to Building Ratio:	3.83:1; or 1.92:1 considering surplus land separately
Year Built:	2004
Current Occupancy	91%
Highest and Best Use "As If Vacant":	Hold for future development or assemblage with an adjoining parcel
"As Improved":	Continued use as a self-storage facility
Summary of Estimated Values:	

Approach	"As Is" 02/28/2023
Sales Approach:	\$88,500
Income Approach:	\$82,000
FINAL VALUE CONCLUSION:	\$85,000

Summary of Salient Facts and Conclusions – Cont.

Extraordinary Assumptions

- 1) No environmental audit was provided. This appraisal assumes there is no environmental contamination and should an environmental audit reveal such, any remediation costs would have to be deducted from the value estimate presented herein.
- 2) A survey dated 02/27/2004, completed by Engineering Surveys, was provided. It does not show any improvements on the subject site. It is specifically assumed that there are no unusual or detrimental easements, encroachments, or restrictions.
- 3) The appraisal assumes that the subject's historical operating data provided by the ownership is accurate as presented.

Legal Description

Lots 21-24, Block 162, Original Town of Paducah, Cottle County, Texas (per Attached Survey).

Site Description

General Description

The subject site is located at the Northeast Corner of 9th Street and Breckenridge Street.

Size

11,500 square feet or 0.264 Acres (per the Appraisal District and Survey provided)

Shape

Rectangular; See Survey Below

Cottle CAD Web Map



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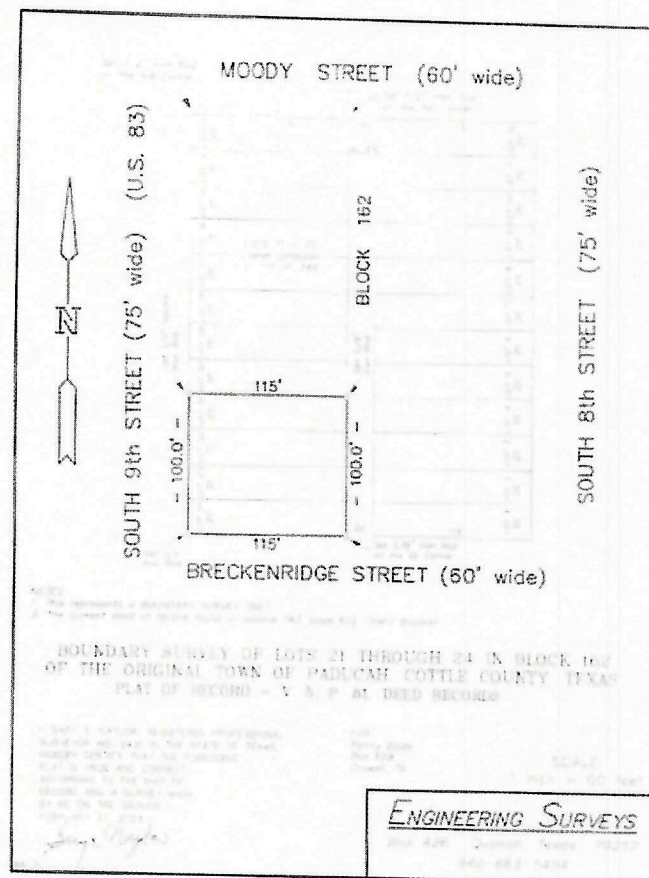
☐ Parcels
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Scale HERE: Garmin INCREMENT P. NGA USGGS

Disclaimer: This product is for informational purposes only and has not been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of boundaries.
Cottle County Appraisal District, GIS Consulting, www.brooksburn.com

Plat Map

Site Description - Continued



Survey

Dimensions

Approximately 100' x 115' per County Appraisal District and Survey.

Frontage

The subject has approximately 100 feet of frontage along South 9th Street. There is 115 feet of frontage on the north side of the Breckenridge Street.

Topography

The subject is generally level with a slight downward slope to the east.

Flood Hazard

According to FEMA, there is no flood map data available in this area. The subject property does not appear to be in a low lying area; however, any flood hazard status is unknown.

Soil Condition

The appraiser is unaware of any adverse soil conditions, and none of the improvements in the area were noted to be suffering from adverse conditions. It is assumed that the soil's load-bearing capacity is sufficient to support the subject structures.

Utilities

There is no electric service to the property. While there are no water/sewer connections, the Town of Paducah reported that there is water/sewer service to the property.

Site Description - Continued

Accessibility/Access	The subject is located along the southern portion of 9 th Street (US 80), a two lane asphalt paved road which serves as a major traffic artery in the area. Breckenridge Street is a two-lane gravel paved road.
Easements	A title insurance policy was not provided. The survey provided did not denote any easements. It is specifically assumed that there are no unusual or detrimental easements, encroachments, or restrictions.
Environmental Hazards	The appraiser is unaware of any specific environmental hazards in the immediate area. The appraisers, however, are not qualified to detect such types of hazards and recommend that the client engage appropriate experts, if such conditions are believed to exist. Should an environmental audit reveal to the contrary, any remediation costs would have to be deducted from the opinion of value presented herein.
Site Improvements	The subject improvements include 3,026 square feet of self-storage units in one building with gravel paving. The improvements will be discussed in the Improvements Description to follow.
Surrounding Uses:	North: Vacant Commercial Building East: Single Family House West: Vacant Commercial Building South: Commercial Warehouse
Surplus Land:	Only the western half of the subject site has been improved with storage units. The eastern section of the site could be developed with another self storage building. Given that the land is to the rear of the improvements and is effectively the rear of the subject lots, it has been considered surplus land that would allow for expansion. It has not been considered excess land, or land that could be marketed separately. Thus, approximately half the site, or 5,750 square feet is considered surplus land.
Summary	The subject is located along the primary north/south traffic corridors in Paducah. The subject site is small in size and has utilities available.

Zoning

The subject property is located within the city limits of Paducah. The town does not have a zoning ordinance, and thus the subject is not subject to zoning restrictions. The appraiser has no knowledge of deed restrictions, and this is a legal matter that should be investigated in conjunction with title research. It is specifically assumed that there are no deed restrictions.

Improvements Description

Bldg No.	Floor	GBA(SF)	Use and Type (specify)	% of Total	Remaining Econ. Life:	30+--
1	1	3026	Metal Storage Units	100%	Type of Construction:	Metal, metal roof, steel frame
					Source of Area:	Appraiser's measurements
					Inspection(s) made:	<input checked="" type="checkbox"/> Interior of 2 vacant units (#2 and #3) <input checked="" type="checkbox"/> Exterior
	Total	3,026	Total	100%	No. of Spaces:	No on site parking.
						Gravel pavement around the perimeter of the buildings.

Building Description - Buildings			Improvement Rating				
			Excel	Good	Avg	Fair	Poor
Foundation	Concrete				<input checked="" type="checkbox"/>		
Frame	Metal	Appeal/Appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor Cover	Concrete	Floor Plan/Design	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ceiling	Open to metal roof panels.	Construction Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Walls	Metal Panel	Exterior Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Partitions	Metal Panel	Interior Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof	Metal Panel/Steel	Roof Cover	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cover/Support							
Plumbing	None	Plumbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating	None	Heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioning	None	Air Conditioning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fire Protection	None	Fire Protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sprinklers		Sprinklers					
Electrical	None	Electrical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elevators	None	Elevators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation	None	Insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping	None	Landscaping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Paving	Gravel	Paving	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fencing	None	Fencing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proposed Construction	<input type="checkbox"/> Yes(Completion Date); Not applicable	Source of Square Footage: Site Visit	Measurements; and the unit sizes and unit mix were provided by owner.				
Year Built / Effective Age	2004 (per owner); 15 year eff. age	Interior Inspection was made: See above	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Remaining Econ. Life	35	Exterior Inspection was made: See above	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				

Improvement Description – Cont.

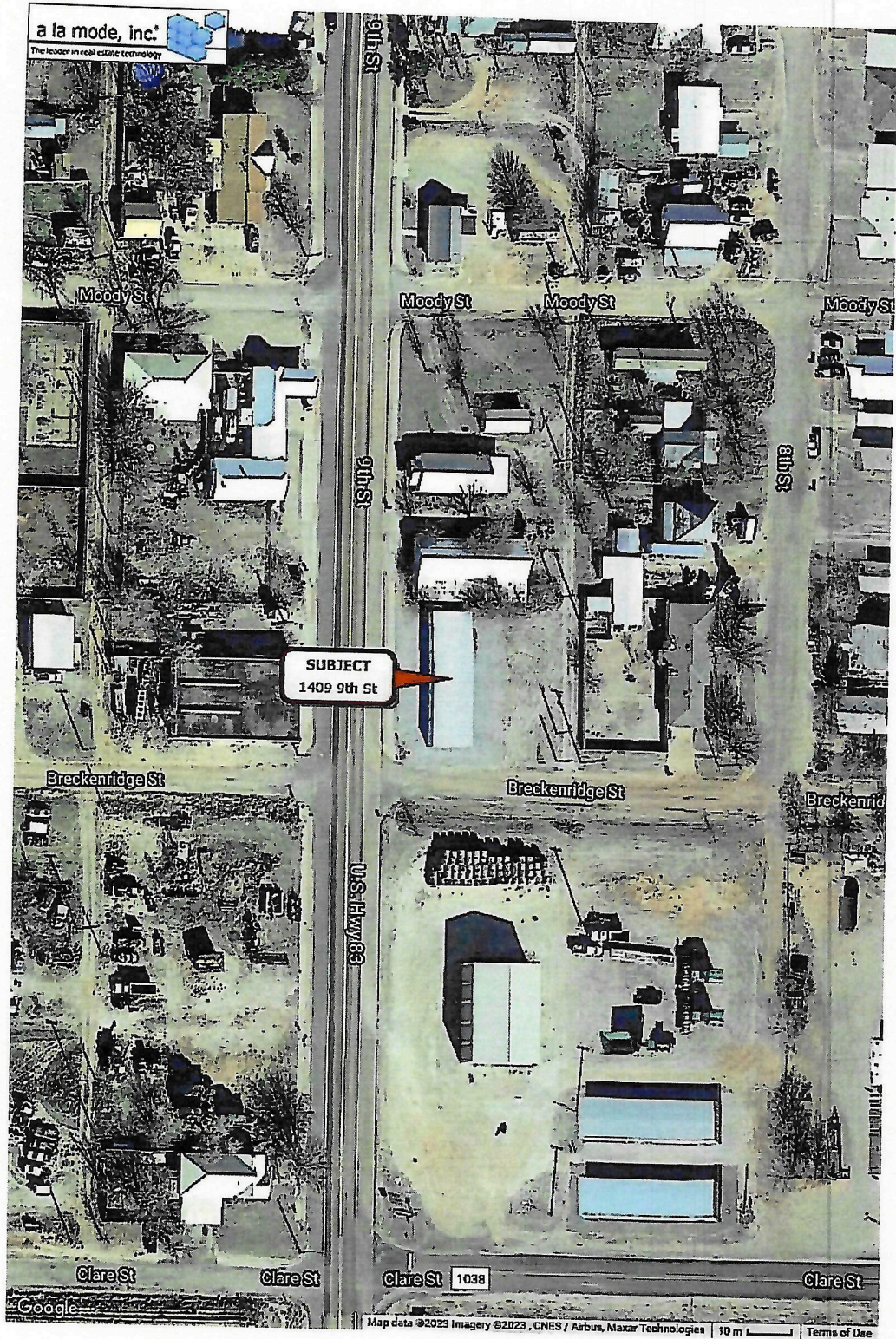
Analysis and Comments (address effect of physical characteristics on value – deferred maintenance, etc.): The units are of pre-engineered metal construction. The units have overhead roll up doors. There is no electric service to the units. The overall quality and condition are considered average. There is no estimated deferred maintenance. The gravel paving is in average condition.

Following is the unit mix as provided by the owner:

Subject Unit Mix			
Unit Type		# Units	Gross Rentable SF
5	10	6	300
10	10	4	400
10	15	8	1,200
10	20	4	800
10	30	1	300
		23	3,000

The NRA of 3,000 square feet is slightly smaller than the GBA of 3,026 square feet, and the minor difference is related to the GBA being based on the actual building exterior dimensions with the NRA being based on the dimensions of the individual units (as reported by the owner). The average unit size is 130 square feet. The subject is functionally adequate as a small self-storage facility. There is no perimeter fence, but this is typical in smaller market areas. The subject has a land to building ratio of 3.83:1, or 1.92 to one (considering surplus land separately).

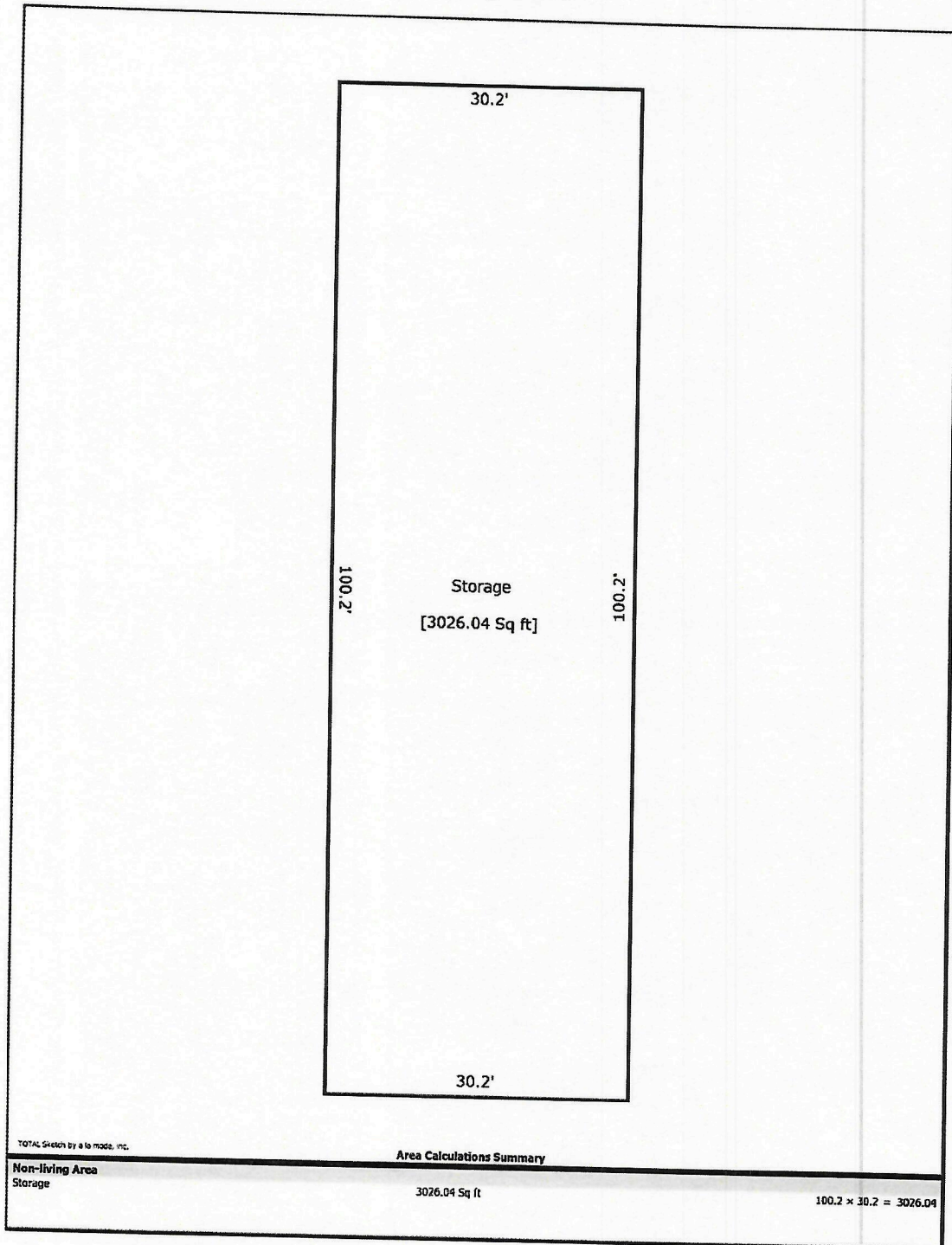
Improvement Description - Cont.



See attached appraiser sketch that was completed on the day of the site visit.

Improvement Description - Cont.

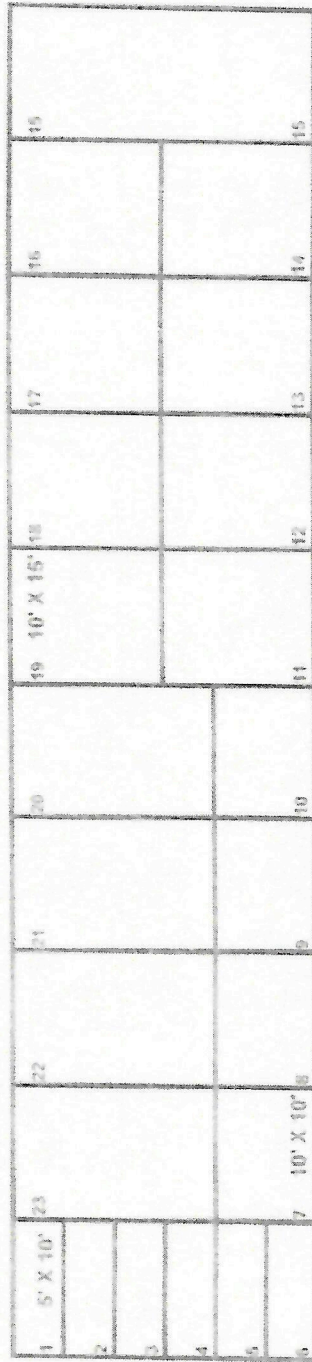
Building Sketch



Improvement Description - Cont.

Owner's Floorplan Layout

S ← → N



6 5x10 8 10x15 1 10x30
4 10x10 4 10x20

PADUCAH

Income Approach – Cont.

Reconstructed Operating Statement

		\$/SF
Gross Potential Rental Income	\$12,840	\$4.28
Plus: Other Income	\$0	\$0.00
Gross Potential Income	\$12,840	\$4.28
Vacancy/Collection Loss (10%)	(\$1,284)	10%
Effective Gross Income	\$11,556	\$3.85
Operating Expenses		
Real Estate Taxes	\$1,001	\$0.33
Insurance	\$1,050	\$0.35
Management 5%	\$578	\$0.19
Repairs/Maintenance	\$1,200	\$0.40
Structural Reserves	\$450	\$0.15
Total Expenses	\$4,279	\$1.43
Net Operating Income	\$7,277	\$2.43
	9.0%	
Indicated Value	\$80,858	
Plus: Estimated Surplus Land	\$1,450	
Total	\$82,308	
Rounded	\$82,000	

Overall Rate Analysis (Cite data sources, means of verification, and supported conclusion):

According to *The Appraisal of Real Estate*, the direct capitalization formula that applies to this type of valuation is:

$$\text{Value} = \text{Net Operating Income} \div \text{Overall Capitalization Rate}$$

An overall capitalization rate can be derived from various techniques dependent upon the data available and these techniques include: 1) derivation from comparable sales; 2) derivation from effective gross income multipliers; 3) band of investment – mortgage and equity components; 4) band of investment – land and building components; and 5) the debt coverage formula. The first technique is preferred if sufficient data is available.

Derivation From Comparable Sales

The Sales Comparison Approach presented six improved sales with overall rates of 10.23%; 11.36%; 7.10%; 10.83%; 10.17%; and 11.66%.

Debt Coverage Ratio Formula

The fifth previously mentioned technique for estimating an overall rate is by the debt coverage formula. According to *The Appraisal of Real Estate*, the debt coverage ratio is the ratio of net operating income to annual

Final Reconciliation of Value

Reconciliation is the process in which the appraisers consider the reliability and applicability of each of the approaches used. Only the Sales and Income Approaches to value were considered in this analysis when considering the subject property with the following results.

<i>Approach</i>	<i>"As Is"</i> <i>02/28/2023</i>
<i>Sales Approach:</i>	\$88,500
<i>Income Approach:</i>	\$82,000
<i>FINAL VALUE CONCLUSION:</i>	\$85,000

The Sales Approach was included and a price per square foot analysis of several similar self-storage properties. An adequate number of sales were located and an analysis of the price per square foot was presented. Purchasers of the subject would likely considered alternative properties and thus the principle of substitution is considered a worthwhile and credible analysis.

The subject is an income-producing property. Hence, an Income Approach was included. An estimate of market rent was forecast along with a market vacancy and expense levels. An overall rate analysis was provided, and a value estimate was concluded from the Income Approach. The value estimate from the Income Approach was slightly less than the Sales Approach. Given that there were several similar sales in the local market area, considerable emphasis has been given the Sales Approach, and thus an opinion of value has been estimated in the lower mid- range of the two approaches, or \$85,000.

Based upon my investigation and analysis of the data gathered with respect to the assignment, it is my opinion that the estimated "as is" market value of the fee simple interest in the subject property, as of February 28, 2023, is:

EIGHTY FIVE THOUSAND DOLLARS
(\$85,000)

* Subject to Extraordinary Assumptions in Transmittal Letter