

Summary of Facts and Conclusions

Property Type:	An Existing 20 Unit Self Storage Facility at 416 E Cleveland Ave, Electra, Wichita County, TX 76360
Address:	416 E Cleveland Ave, Electra, Wichita County, TX 76360
Location:	South Side of E Cleveland Ave, Approximately 75' West of N Texas St; Also Fronting the North Side of Business 287
Date of Site Visit:	February 28, 2023
Date of Appraisal:	February 28, 2023
Date of Report:	April 21, 2023
Zoning:	None
Site Area:	Improved Site: 4,392 SF
Building Area:	3,920 SF Rentable Area; 3,968 SF Gross Building Area (based on physical measurements as of the date of the site visit).
Number of Units:	20
Average Unit Size:	196 SF
Land to Building Ratio:	1.12:1
Year Built:	1994
Current Occupancy	95%
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 Salient Facts and Conclusions – Cont.

Summary of Estimated Values:

Approach	"As Is" 02/28/2023
Sales Approach:	\$110,000
Income Approach:	\$116,000
FINAL VALUE CONCLUSION:	\$113,000

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 10/25/2005, completed by Corlett, Probst, & Boyd LLP, was provided. The site area from this survey is assumed to be correct, and it is assumed that the adjacent 20 foot wide easement will continue to be available for access to the subject property. 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.

Neighborhood Analysis – Cont.

Life Cycle

The neighborhood is generally considered to be within a declining phase of its life cycle. There is evidence of decline with the increased age of the commercial buildings given that some are vacant and in need of repair. There is very limited new demand in the Electra area both for commercial and residential uses. The general forecast is for continued decline of the older structures in the CBD area.

Summary

Overall, the area is characterized as an area in decline with respect to population. This causes there to be less demand for various real estate uses. There will likely be continued slow decline in the years to come.

Legal Description

Following is the legal description for the subject parcel and the adjacent easement area to the west of the site (as secured from the 10/25/2005 survey provided by the owner).

FIELD NOTES

FIELD NOTES OF 0.10 ACRE OF LAND OUT OF LOTS 8 AND 9, BLOCK 126, ORIGINAL TOWNSITE, ELECTRA, WICHITA COUNTY, TEXAS, DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at an iron rod set in the South line of Cleveland Avenue and at the Northeast corner of Lot 9, Block 126, Original Townsite, Electra, Texas, as shown on plat recorded in Volume 4, Pages 46 and 47, Wichita County Plat Records, for the Northeast corner of this tract;

THENCE S 28° 20' W with the East line of Lot 9, a distance of 141.37 feet to an iron rod set at the Southeast corner of said Lot 9 in the North line of U. S. Highway No. 287 Business, for the Southeast corner of this tract;

THENCE N 63° 43' W with the North line of said U. S. Highway No. 287, a distance of 30.95 feet to an iron rod set in the South line of Lot 8, for the Southwest corner of this tract;

THENCE N 28° 20' E a distance of 142.56 feet to an iron rod set in the North line of Lot 8 and South line of Cleveland Avenue, for the Northwest corner of this tract;

THENCE S 61° 31' E the North line of Lots 8 and 9, a distance of 20.93 feet to the PLACE OF BEGINNING and containing 0.10 acre of land.

EASEMENT FIELD NOTES

FIELD NOTES OF A 20 FOOT WIDE EASEMENT OUT OF LOTS 7 AND 8, BLOCK 126, ORIGINAL TOWNSITE, ELECTRA, WICHITA COUNTY, TEXAS, DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at an iron rod set in the North line of Lot 9 which bears N 61° 13' W 5.93 feet from the Northeast corner of said Lot 8 as shown on plat recorded in Volume 4, Pages 46 and 47, Wichita County Plat Records, for the Northeast corner of this tract;

THENCE S 28° 20' W a distance of 142.56 feet to an iron rod set in the North line of U. S. Highway No. 287 Business, for the Southeast corner of this tract;

THENCE N 63° 43' W with the said North line of U. S. Highway No. 287, a distance of 20.01 feet to an iron rod set in the South line of Lot 7, for the Southwest corner of this tract;

THENCE N 28° 20' E a distance of 143.32 feet to an iron rod set in the North line of Lot 7 and the South line of Cleveland Avenue, for the Northwest corner of this tract;

THENCE S 61° 31' E with the North line of Lots 7 and 8, a distance of 20.00 feet to the PLACE OF BEGINNING.

845.3 OF BEARING CENTERLINE OF WILBARGER STREET - 138°20' E		SCALE 1" = 30' FT	
THE ABOVE DESCRIBED TRACT WAS SURVEYED		SURVEY 0.10 ACRE OUT OF LOTS 8 & 9, AND A	
OCTOBER 25, 2005		20' WIDE EASEMENT OUT OF LOTS 7 & 8, BLOCK 126	
AND THE DIMENSIONS		DRUG NA TOWNSITE	
SHOWN ARE HEREBY CERTIFIED TO BE TRUE AND		ELECTRA, WICHITA COUNTY TEXAS	
CORRECT		SURVEY FOR H&B WILLIAMS	
REGISTERED PROFESSIONAL LAND SURVEYOR		CORLETT, PROBST & BOYD, L.L.P.	
NO 9802		Engineers & Surveyors	
		4005 Old Jackshore Hwy.	
		Wichita Falls, Texas 76302	
		940725-1455	

Site Description - Continued

Site Description

General Description

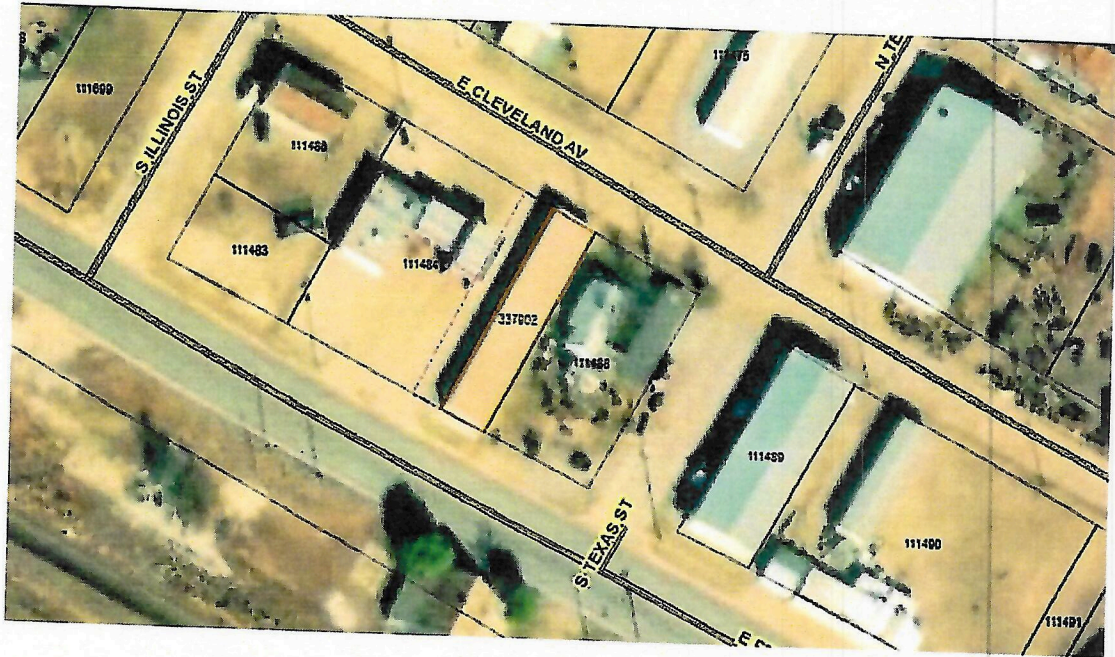
South Side of E Cleveland Ave, Approximately 75' West of N Texas St; Also Fronting the North Side of Business 287

Size

4,392 square feet (per Survey)

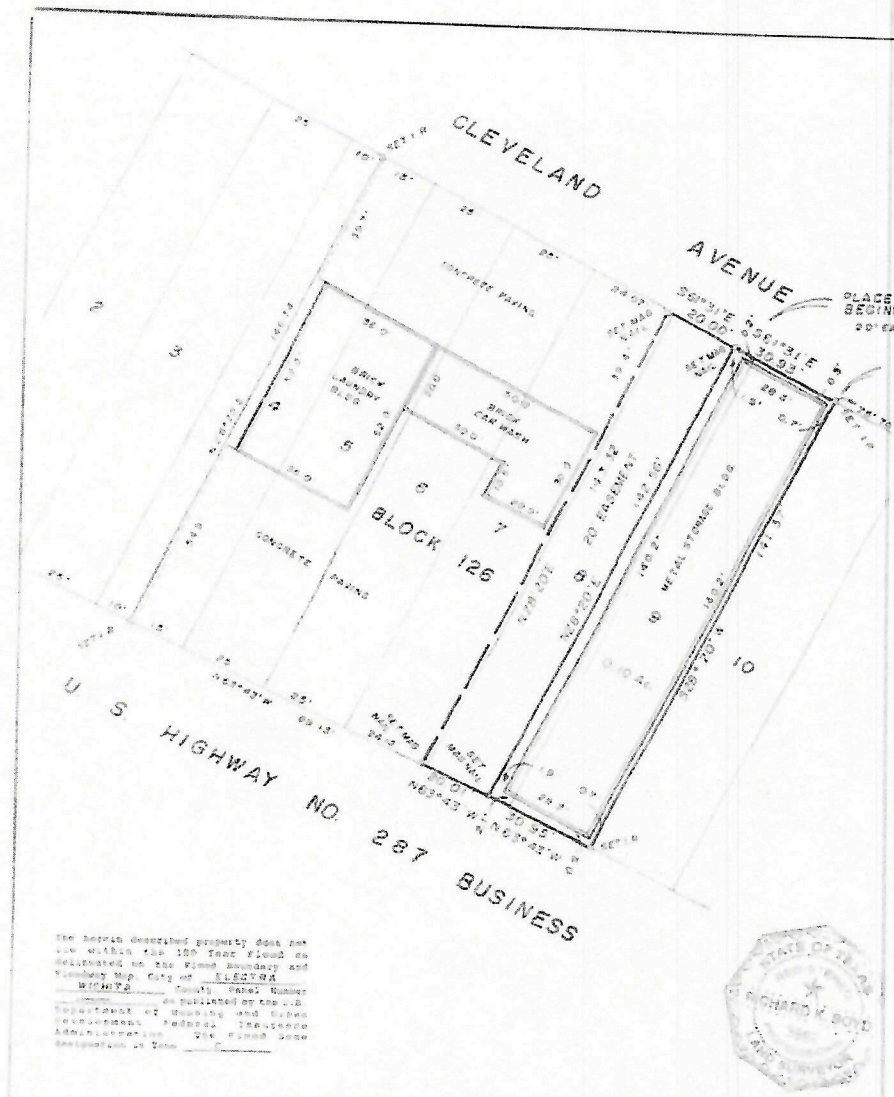
Shape

Rectangular; See Plat Map Below



Digital Plat Map

Site Description - Continued



Dimensions

Approximately 30.94' x 141.97' per Survey provided. The site's utility is improved given that there is an adjacent 20 foot easement adjacent on the west that allows for access to the current site improvements. Without the use of the access easement, it would be difficult to configure improvements on this narrow of a parcel.

Topography

The subject is generally level.

Flood Hazard

According to FEMA, the subject does not reside in any flood zone. See attached flood map.

Site Description - Continued



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 and there are no water/sewer connections; however, the city of Electra reportedly has adequate supply and the ability to connect to these services. There is water/sewer service in the area with adjacent improved properties.

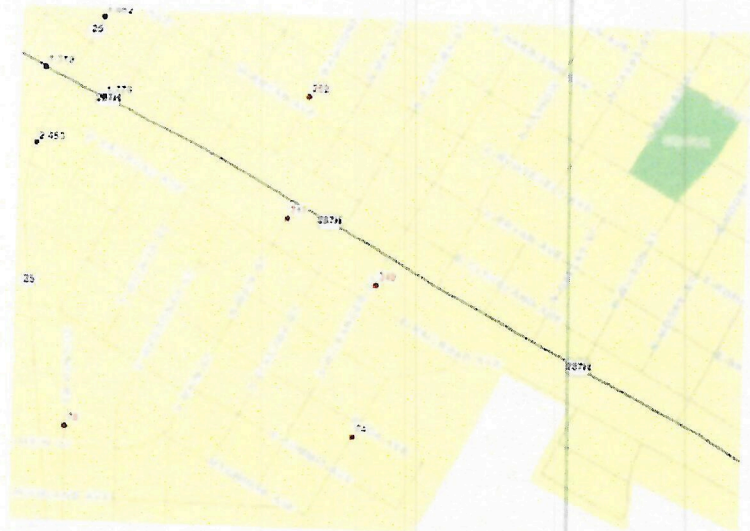
Accessibility/Access

The subject has approximately 31 feet frontage along Cleveland Avenue and Business 287. Cleveland Avenue is a secondary east/west, bi-directional; two lane concrete paved roadway with curbs and gutters. Business 287 is a four lane; bi-directional; asphalt paved road with curbs and gutters. It is the primary east/west access roadway through the mid-section of Electra.

Traffic Counts:

Per the 2021 TXDOT traffic count map, there is a traffic count of 1,779 along Business 287 (west of the subject).

Site Description - Continued



Easements

The survey provided does not note any easements on the site, and it is specifically assumed that there are no unusual or detrimental easements, encroachments or restrictions. The subject does have use of a 20 foot wide easement adjacent to the west of the subject (as noted on the survey). The subject improvements were originally constructed in conjunction with the self serve car wash and laundry mat located adjacent to the west. Then the access easement was apparently deeded when the self-storage site was sold to a different property owner. It is specifically assumed that access will continue to be available to the subject via this 20 foot access easement on the western border of the subject.

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 3,920 square feet (NRA) of self-storage units in one building with concrete paving along the north, west and south sides. The improvements will be discussed in the Improvements Description to follow.

Surrounding Uses:

North: Single Family; Self Storage
East: Commercial Office (Single Family Structure)
West: Car Wash
South: Vacant Commercial Warehouse & Vacant Land

Summary:

The site is considered to have a commercial/retail location along the north side of Business 287 and along the south side of Cleveland Avenue. It is

Site Description - Continued

located to the east of the Electra CBD area. The site is extremely small and the adjoining access easement is needed to allow for development of the subject parcel.

Zoning

The subject parcel is located within the city limits of Electra. 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:	35+--
1	1	3,968	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 1 vacant unit <input checked="" type="checkbox"/> Exterior
	Total	3,968	Total	100%	No. of Spaces:	No on-site parking.
						Concrete paved walkway on west side

Building Description - Buildings			Improvement Rating				
			Excel	Good	Avg	Fair	Poor
Foundation	Concrete		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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	Concrete walkways on West elevation. Concrete paved access easement to west.	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 1994; 15 year eff. Age	Source of Square Footage: Site Visit	Measurements, and the unit sizes and unit mix were provided by owner.				
Year Built / Effective 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.

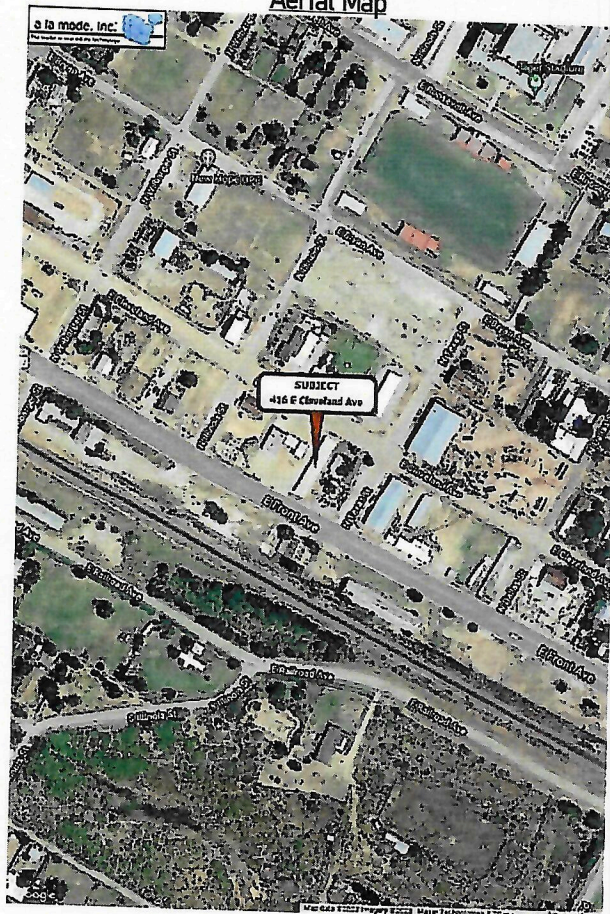
Analysis and Comments (address effect of physical characteristics on value - deferred maintenance, etc.): The units are of pre-engineered metal construction. The units have overhead roll up doors. There is no electric service to the units. The overall quality and condition are considered average. There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

Following is the unit mix as provided by the owner:

Subject Unit Mix			
Unit Type	# Units	Area (SF)	Gross Rentable SF
7 10	8	70	560
10 28	12	280	3,360
	20	196	3,920

The NRA of 3,920 square feet is slightly smaller than the GBA of 3,968 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 196 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 1.107:1.

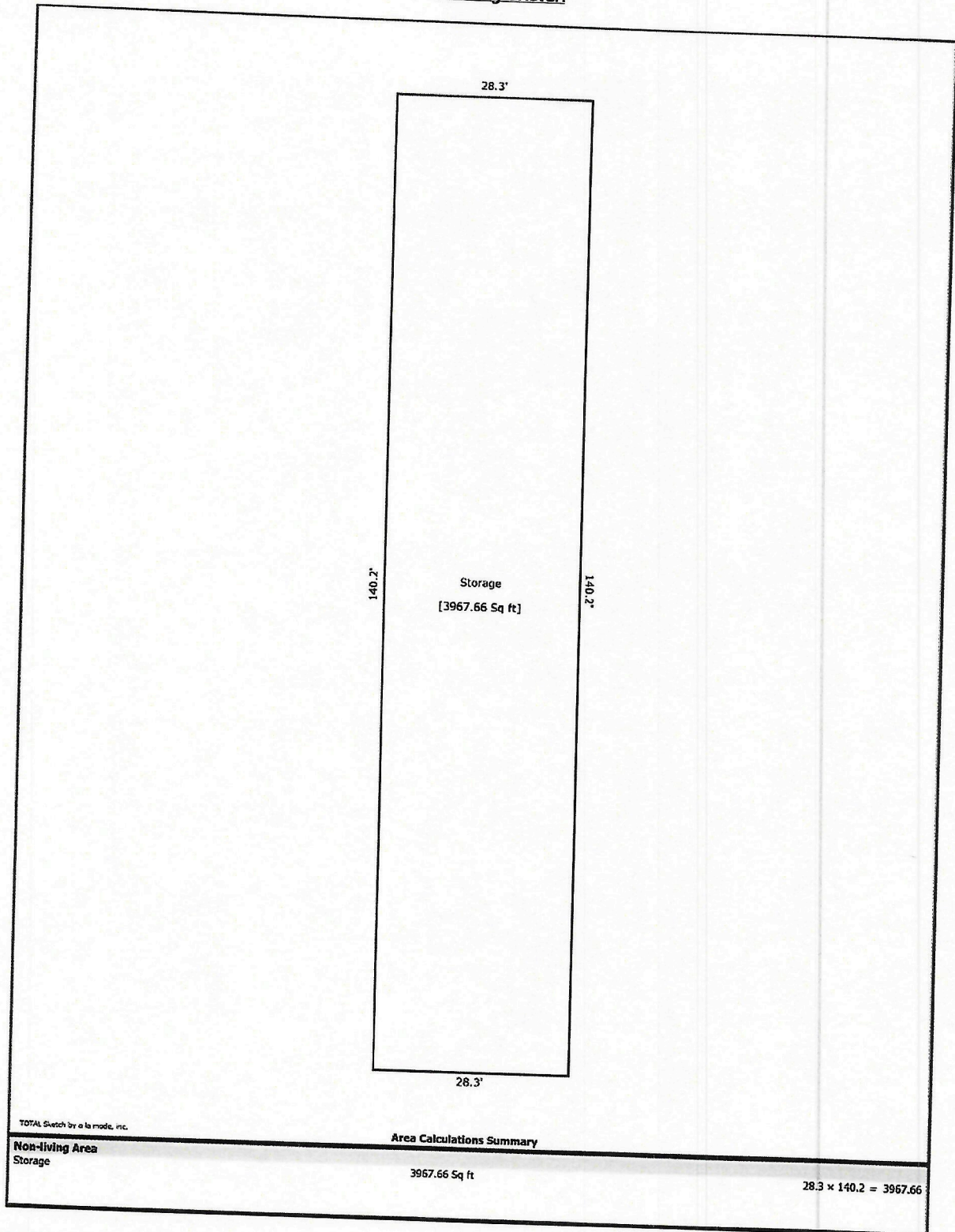
Aerial Map



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

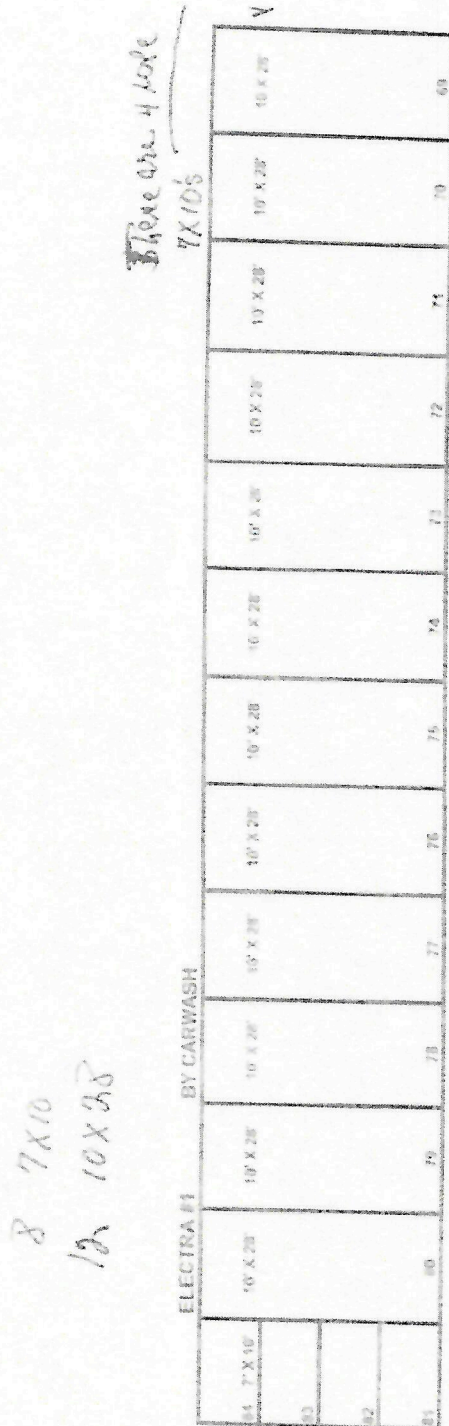
Improvement Description - Cont.

Building Sketch



Improvement Description - Cont.

Owner's Floorplan Layout



Income Approach - Cont.

The subject insurance expense (for 14 self-storage properties under the subject ownership) was reported at \$0.27 per square foot. The three expense comparables reported insurance expenses from \$0.34 to \$0.95 per square foot. Self-Storage Expense Guide reported insurance expenses of \$0.21 per square foot (Southwest Division). An insurance expense of 0.35 per square foot has been estimated based on the comparable data.

The subject is managed by the ownership, but a typical investor must account for a management fee. A management fee of 5% of effective gross income has been estimated. Property management fees for these types of properties generally range from 3.5% to 6.0% (based on Self-Storage Expense Guide data).

Maintenance expenses were reported from \$0.23 to \$0.34 per square foot for the 14 properties (2022 and 2021 figures), and these included some expenses associated with outside labor for cleanup, etc. The three expense comparables report maintenance expenses of \$0.06 to \$0.07, but two had additional payroll expense of \$0.26. Self-Storage Expense Guide reported \$0.28 per square foot for Repairs/Maintenance. For the subject, there is no separate payroll or administrative allowance as the maintenance person would be the only effective payroll expense. The maintenance figure for the subject has been estimated at \$0.40 per square foot (which would allow for clean out of units; and general parking lot maintenance; mowing; etc.). There are no utilities expense for the subject.

Finally, a maintenance reserve of \$0.15 per square foot has been allowed for the replacement of long lived items. According to the 1st Quarter, 2023 of PwC Real Estate Investor Survey, National Warehouse Investors (no separate survey for Self-Storage) include Replacement Reserves from \$0.02 to \$0.25 per square foot. A figure of \$0.15 per square foot has been employed in this analysis. The total expenses are forecast at \$6,133 or 37% of effective gross income. The 2023 Self-Storage Expense Guide Book reports expense ratios for all regions with a range from 30.04% to 41.08% with a national average of 34.95%. The subject expense ratio is within this range.

Reconstructed Operating Statement

		\$/SF
Gross Potential Rental Income	\$18,432	\$4.70
Plus: Other Income	\$0	\$0.00
Gross Potential Income	\$18,432	\$4.70
Vacancy/Collection Loss (10%)	(\$1,843)	10.00%
Effective Gross Income	\$16,589	\$4.23
Operating Expenses		
Real Estate Taxes	\$1,776	\$0.45
Insurance	\$1,372	\$0.35
Management 5%	\$829	\$0.21
Repairs/Maintenance	\$1,568	\$0.40
Structural Reserves	\$588	\$0.15
Total Expenses	\$6,133	\$1.56
Net Operating Income	\$10,455	\$2.67
Overall Rate	9.0%	
Indicated Value	\$116,171	
Rounded	\$116,000	

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.

Approach	"As Is" 02/28/2023
Sales Approach:	\$110,000
Income Approach:	\$116,000
FINAL VALUE CONCLUSION:	\$113,000

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 similar to the Sales Approach. With equal emphasis to the two approaches, a final opinion of value has been estimated in the mid-range of the two approaches, or \$113,000.

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

ONE HUNDRED THIRTEEN THOUSAND DOLLARS

(\$113,000)*

* Subject to Extraordinary Assumptions in Transmittal Letter