

Summary of Facts and Conclusions

Property Type:	An Existing 44 Unit Self Storage Facility and A 14,400 SF Land Parcel
Address:	Improved Parcel: 202 E Ikard, Henrietta, Clay County, TX Land Parcel: 212-216 E Ikard, Henrietta, Clay County, TX
Location:	Improved Parcel: Northeast Corner of E Ikard & N Clay St Land Parcel: Northwest Corner of E Ikard & N Henrietta St
Date of Site Visit:	March 3, 2023
Date of Appraisal:	March 3, 2023
Date of Report:	April 21, 2023
Zoning:	None
Site Area:	Improved Site: 14,400 SF (Per CAD) Land Parcel: 14,400 SF (Per CAD)
Building Area:	6,052 SF Gross Building Area 6,000 SF Rentable Area
Number of Units:	44
Average Unit Size:	136 SF
Land to Building Ratio:	2.40:1
Year Built:	2013 & 2020; Avg of 2017
Current Occupancy	89%
Highest and Best Use "As If Vacant":	Hold for future development or assemblage with an adjoining parcel; (same conclusion for the Vacant Parcel)
"As Improved":	Continued use as a self-storage facility

Summary of Salient Facts and Conclusions – Cont.

Summary of Estimated Values:

Approach	"As Is" 03/03/2023
Site Valuation (Land Parcel)	\$19,000
Sales Approach:	\$192,000
Income Approach:	\$200,000
FINAL VALUE CONCLUSION:	
Land Parcel	\$19,000
Self- Storage Facility	\$200,000

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) No survey was provided. It is specifically assumed that the site area secured from the Clay County Appraisal District is correct, and 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.

roadway. TXDOT reported strong opposition to a widening of this roadway as well as a bypass and thus the plan is to not change this section of the roadway.

Hazards and Nuisances:

Information gathered in the course of the appraisal process, including a physical inspection of the subject and its surrounding vicinity, did not disclose the existence of any significant hazards, nuisances, or other detrimental factors which would materially affect the value of property in the subject neighborhood. 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.

Life Cycle:

The neighborhood is generally considered to be within a stable phase of its life cycle. The single-family residential areas are primarily built out. Most commercial sites in the area are built out as well. There are several vacant structures in the area, but there has been some new development as well including an automated car wash with a homestyle food vending operation.

Summary:

Overall, the neighborhood includes the Henrietta CBD with the town Square and Clay County Court House. The overall area is characterized as stable. There remain a considerable number of vacant commercial buildings, but there has been some activity with several buildings being renovated in addition to a building under construction on the east side of the square.

Legal Description

The legal description for the improved portion of the subject:

Lots 3-4, Block 36, Howeth & Eldridge (per CCAD; No metes and bounds legal description was provided).

The legal description for the unimproved land parcel:

ID 6854: W56FT of Lot 2, Block 36, Howeth & Eldridge (per CCAD; No metes and bounds legal description was provided).

ID 38076: Lot 1 and E1/4 of Lot 2, Block 36, Howeth & Eldridge (per CCAD; No metes and bounds legal description was provided).

Site Description

General Description

Improved Parcel: Northeast Corner of E Ikard & N Clay St
Land Parcel: Northwest Corner of E Ikard & N Henrietta St

Size

Improved Site: 14,400 SF (Per CAD)
Land Parcel: 14,400 SF (Per CAD)

Site Description – Cont.

Shape

Rectangular; See Digital Plat Map Below



Digital Plat Map

Dimensions

Approximately 120' x 120' per Appraisal District.

Frontage

The subject has approximately 120 feet of frontage along the north side of E Ikar and 120 feet of frontage along the east side of N Clay St.

Topography

The subject has a slight downward slope to the north.

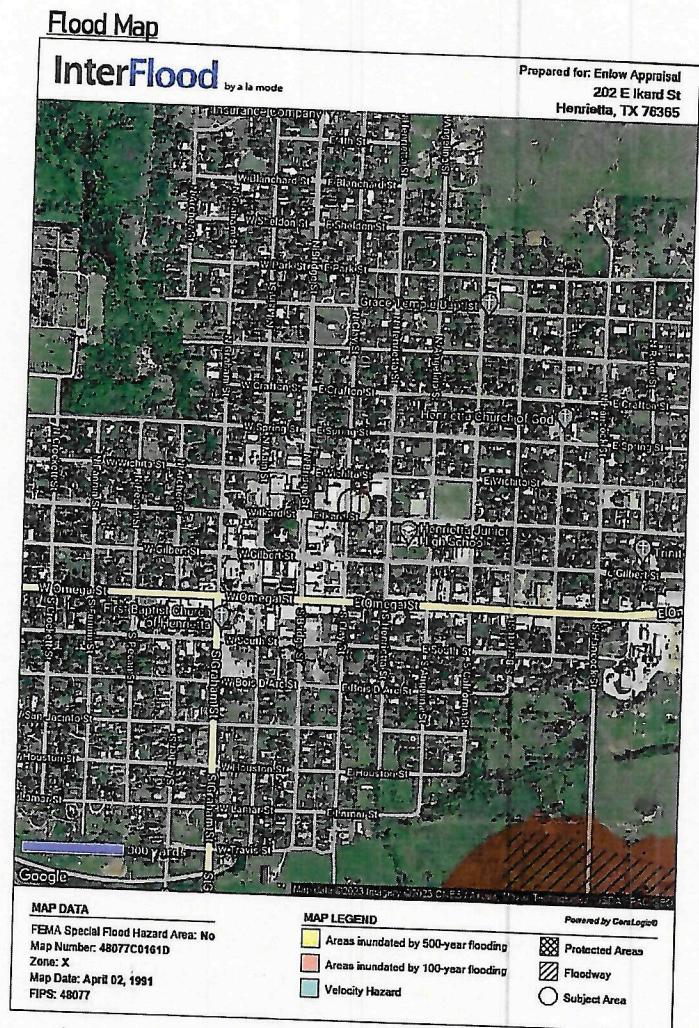
Soil Condition

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.

Flood Hazard

According to the attached FEMA flood map, the subject is not located within a flood hazard zone.

Site Description - Cont.



Utilities

There is no electric service currently connected to the property. While there are no water/sewer connections, there is water/sewer service available in the area.

Accessibility/Access

The subject is located on the northeast corner of N Clay St and E Ikard. There is full access to the subject from N Clay St and one curb cut along E Ikard. These two streets are two-lane asphalt paved roads.

Traffic Counts

The 2021 Texas Department of Transportation Traffic Count does not indicate any specific counts for E Ikard.

Easements

A title insurance policy was not provided. No survey was provided, and thus it is specifically assumed that there are no unusual or detrimental easements, encroachments, or restrictions.

Site Description – Cont.

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 6,000 square feet (NRA) of self-storage units in two buildings with gravel paving. The improvements will be discussed in the Improvements Description to follow.
Surrounding Uses:	North: Single Family East: Vacant Lots / Single Family West: Clay County Outreach Food Pantry South: Old Warehouse
Excess or Surplus Land:	The improved parcel at the Northeast Corner of E Ikard & N Clay St has no excess or surplus land. There is a parcel to the east that has been analyzed separately.
Summary:	The improved subject parcel is located just to the north/northeast of the CBD area. The subject site is small in size and has utilities available.
Land Parcel:	The subject property also includes a contiguous parcel of land to the east. This parcel is located Northwest Corner of E Ikard & N Henrietta St. The parcel is located just east of the improved subject parcel. It has good frontage and a rectangular shape with dimensions of 120' x 120', for a total area of 14,400 square feet. This land parcel is comprised of two tax accounts and is currently improved an old mobile home in poor condition. The parcel does not have any flood hazard zone (see above flood map). Adjacent uses include: a commercial auto shop to the north, single family use to the east, single family use to the south, and the subject improved parcel to the west. The vacant parcels were acquired on 12/28/2021 (#38076) and 09/26/2018 (#6854). Account #38076 sold most recently for a reported \$6,000 or \$0.78 per square foot of the site area. Account #6854 sold for a reported \$22,000 or \$3.27 per square foot of the site area (included a dilapidated house that has since been demolished). The subject owner acquired the land parcel for possible future expansion of the adjoining self-storage facility. The mobile home improvements are not considered habitable and are not considered to offer any contributory value. No access was available to the interior.

Site Description – Cont.

Land Parcel Photos / Plat Map



Northeast Across Land Parcel



Southwest Across Land Parcel



Zoning

The subject parcels are located within the city limits of Henrietta. 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:	45+-
South - 1	1	3,026	Metal Storage Units	50%	Type of Construction:	Metal, metal roof, steel frame
North - 2	1	3,026	Metal Storage Units	50%	Source of Area:	Appraiser's measurements
					Inspection(s) made:	<input checked="" type="checkbox"/> Interior of 2 vacant units; Units 11, 17, 30, 39 & 41 were noted to be vacant. <input checked="" type="checkbox"/> Exterior
	Total	6,052	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	Appeal/Appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frame	Metal	Floor Plan/Design	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor Cover	Concrete	Construction Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ceiling	Open to metal roof panels.						
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.				

Improvement Description – Cont.

Year Built / Effective Age	2013 & 2020; Avg of 2017; Effective of 5	Interior Inspection was made: See above	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Remaining Econ. Life	45	Exterior Inspection was made: See above	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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 noted; however, one piece of corner trim was noted to be damaged. The gravel paving is in average condition with a few areas of pot holes and thin layers of gravel.

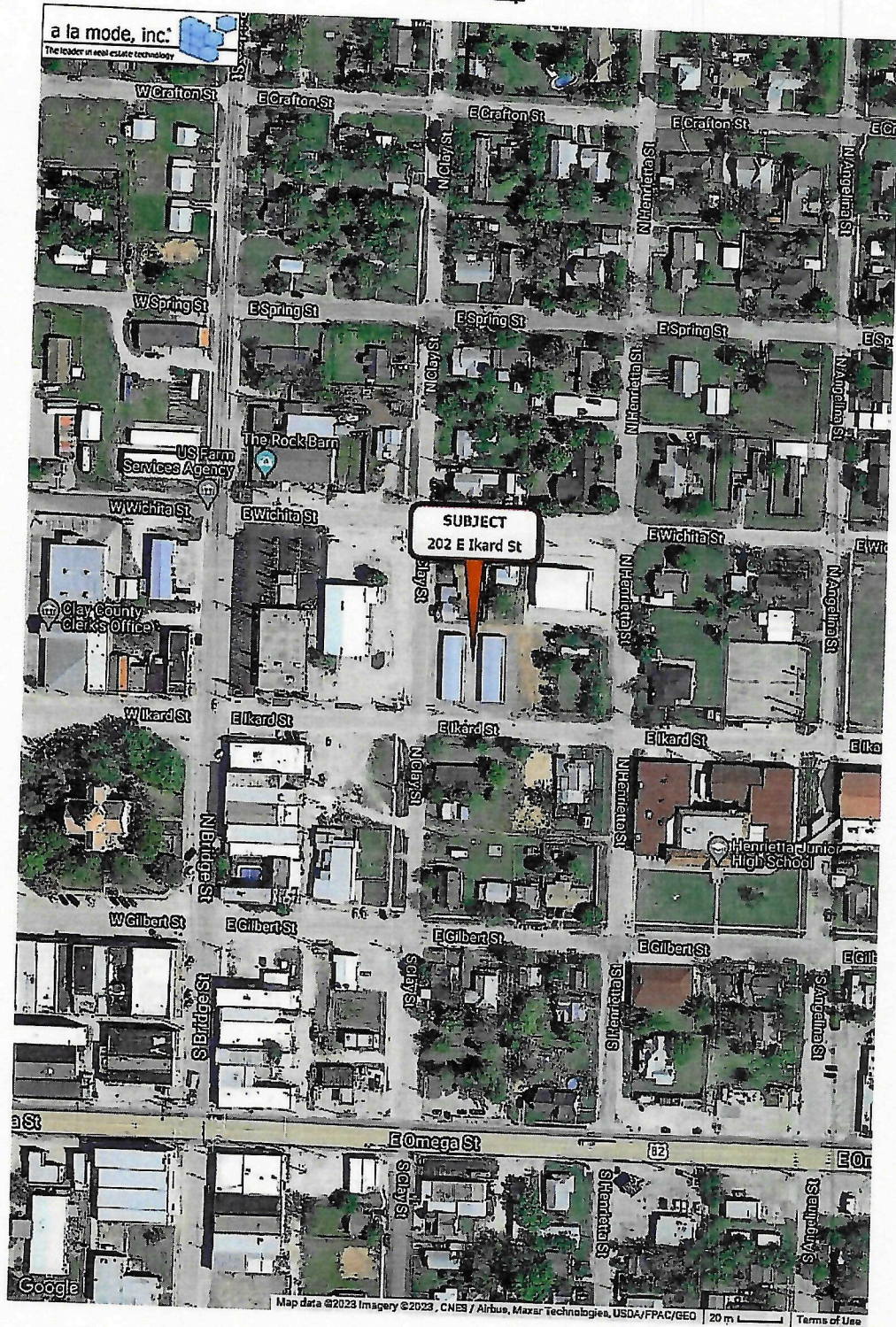
Following is the unit mix as provided by the owner:

Subject Unit Mix				
Unit Type		# Units	Area (SF)	Gross Rentable SF
5	10	6	50	300
10	10	10	100	1,000
10	15	18	150	2,700
10	20	10	200	2,000
		44	136	6,000

The NRA of 6,000 square feet (per Rent Roll) is similar to slightly lower than the GBA of 6,052 square feet (based on site visit measurements by the appraisers). The average unit size is 136 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 2.40:1, but has no excess or surplus land.

Improvement Description - Cont.

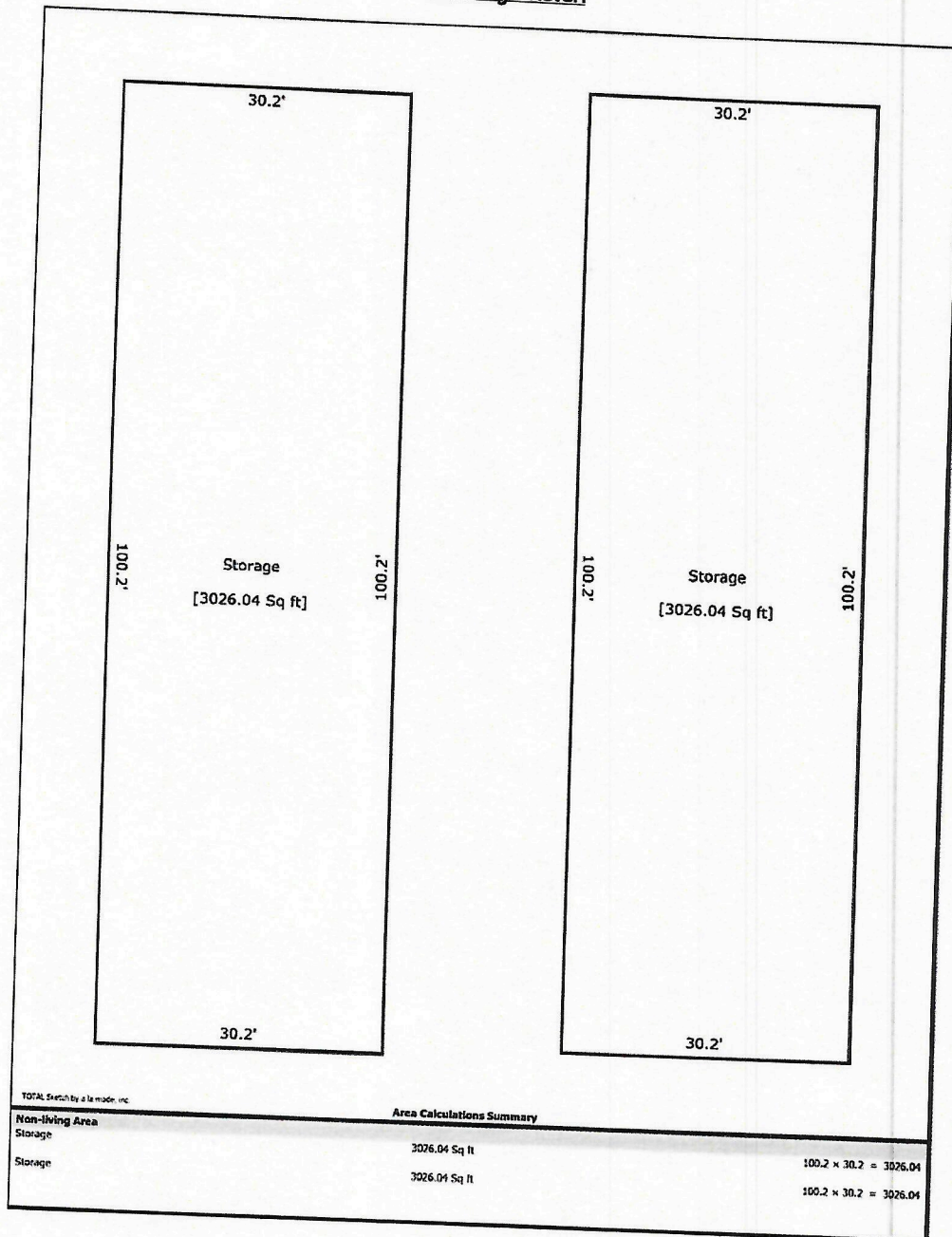
Aerial Map



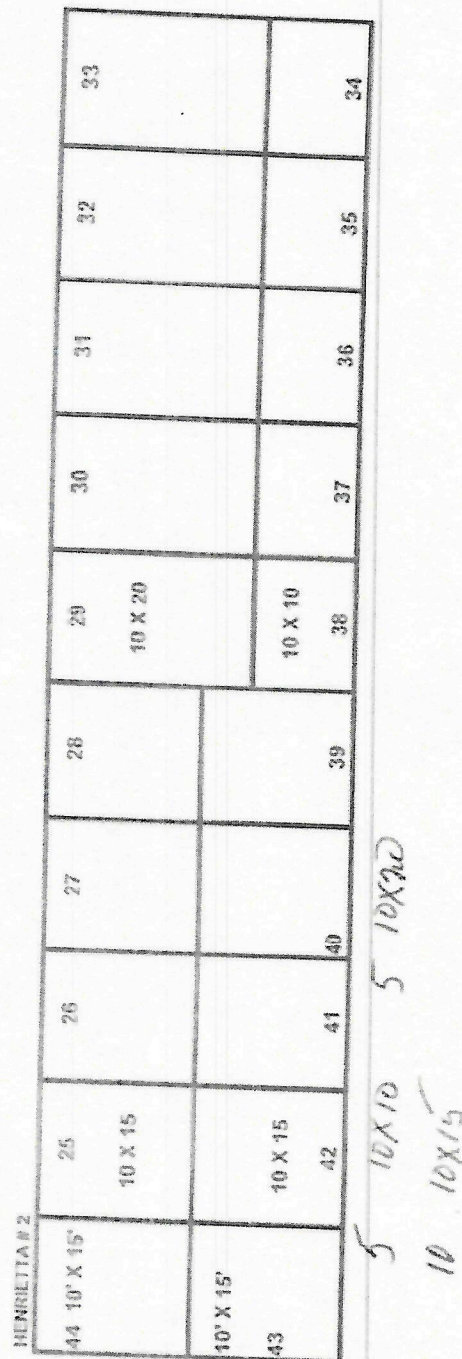
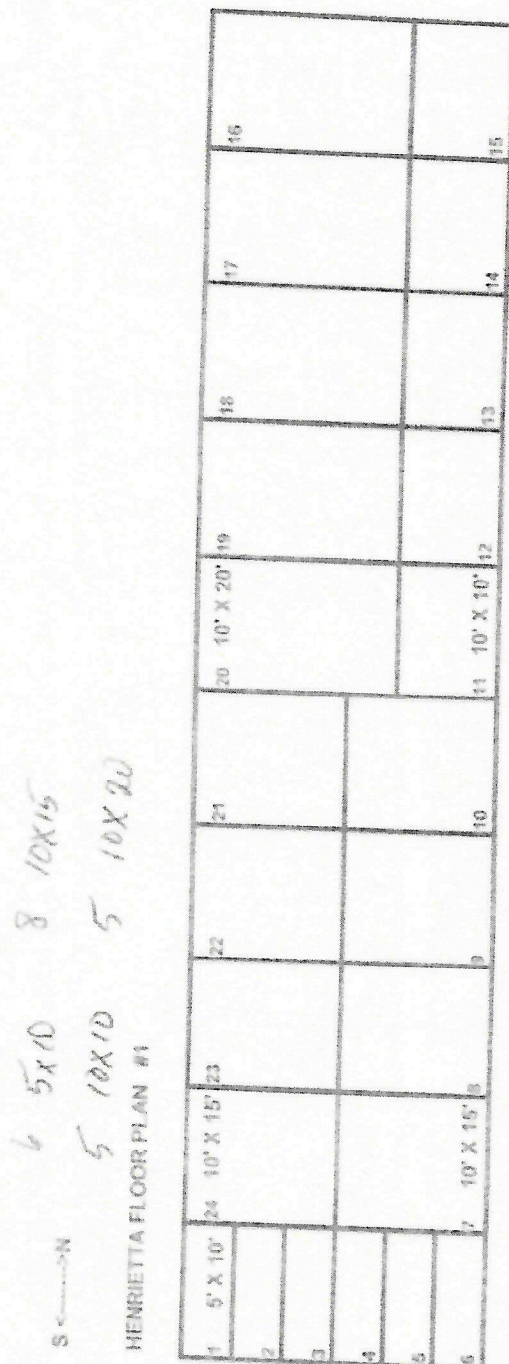
Improvement Description - Cont.

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

Building Sketch



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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 \$9,984 or 36% 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 appears reasonable in light of this data.

Reconstructed Operating Statement

		\$/SF
Gross Potential Rental Income	\$31,200	\$5.20
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Vacancy/Collection Loss (10%)	(\$3,120)	10.00%
Effective Gross Income	\$28,080	\$4.68
Operating Expenses		
Real Estate Taxes	\$3,180	\$0.53
Insurance	\$2,100	\$0.35
Management 5%	\$1,404	\$0.23
Repairs/Maintenance	\$2,400	\$0.40
Structural Reserves	\$900	\$0.15
Total Expenses	\$9,984	\$1.66
Net Operating Income	\$18,096	\$3.02
Overall Rate	9.0%	
Indicated Value	\$201,067	
Rounded	\$200,000	