

APPRAISAL OF

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
6125 NW 18TH DRIVE
GAINESVILLE, FLORIDA 32653

PREPARED FOR

ALACHUA COUNTY PUBLIC WORKS TRANSPORTATION IMPROVEMENT
C/O MR. C. PERRY PEEPLES
REAL PROPERTY COORDINATOR
5620 NW 120TH LANE
GAINESVILLE, FLORIDA 32653

DATE OF VALUATION: MAY 22, 2024
DATE OF INSPECTION: MAY 22, 2024
DATE OF REPORT: JUNE 24, 2024

PREPARED BY

PINEL & CARPENTER, INC.

MARK G. CARPENTER, MAI
VICE-PRESIDENT
CERT GEN RZ935



WALTER N. CARPENTER, JR., MAI, CRE
Cert Gen RZ 1231
MARK G. CARPENTER, MAI
Cert Gen RZ 935

June 24, 2024

Alachua County Public Works Transportation Improvement
c/o Mr. C. Perry Peeples
Real Property Coordinator
5620 NW 120th Lane
Gainesville, Florida 32653

RE: **Burkhardt Distribution Warehouse**
Containing 76,397± Square Feet
6125 NW 18th Drive
Gainesville, Florida 32653

Dear Mr. Peeples:

Per your request, I have prepared an appraisal of the office/warehouse building located at 6125 NW 18th Drive, in Gainesville, Florida, 32653. The property is more particularly located along the east side of NW 18th Drive, just east of U.S. Highway 441, within the Northwest Industrial Park. The property contains 10.12± acres, improved with a vacant, one-story, 76,397± square foot office/warehouse building, built in 2000 and 2011. The building was built as a distribution warehouse for Burkhardt Distributing of Gainesville, a local Budweiser Distributorship. The building is of tilt-up concrete construction and is a single-tenant building which is currently vacant.

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property as of the date of inspection, being May 22, 2024. The function of this appraisal will be for internal business decisions by Alachua County for possible purchase of the subject property. The subject property is currently under contract to Alachua County for \$10,835,000. A copy of the contract can be found in the *Addendum*.

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report.

Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Alachua County Public Works Transportation Improvement
c/o Mr. C. Perry Peeples
June 24, 2024
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We have completed all of the necessary investigations and analyses within the scope of our expertise to conduct an estimate of market value of the subject property under the requested conditions. Unless noted, property rights appraised in the following valuation assume leased fee title ownership, with no adverse encumbrances against the property.

This is a certified appraisal as defined in the provisions of Part II, Chapter 475.501, Florida Statutes.

The undersigned do hereby certify that, to the best of our knowledge and belief:

- 1) The statements of fact contained in this appraisal report are true and correct. Further, the reported appraisal analyses, opinions, and conclusions are limited only by the reported Assumptions and Limiting Conditions, and are my personal, unbiased, professional analyses, opinions, and conclusions.
- 2) I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 3) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions that were developed herein, or by the use of this report. The appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- 4) My appraisal analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, and with the Requirements of the State of Florida for State-Certified Appraisers, as well as Florida Community Bank appraisal guidelines.
- 5) This report and its use are subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, and to the requirements of the State of Florida relating to review by its Real Estate Appraisal Board.
- 6) As of the date of this report, Mark G. Carpenter, MAI, has completed the requirements of the Continuing Education Program for the Appraisal Institute.
- 7) Mark G. Carpenter, MAI, has the knowledge and experience on the type property appraised in its geographic area to meet the USPAP Competency Requirements.

- 8) Mark G. Carpenter, MAI, of Pinel & Carpenter, Inc. made a personal inspection of the property that is the subject of this report.
- 9) Scott Royal provided significant professional assistance in preparing this appraisal. This assistance included sales & rental research, report writing and valuation analysis under my direction and supervision. However, the analyses and final value conclusions stated herein are solely my own.
- 10) We have not previously appraised the subject or provided any professional services for the subject property within the past three years.

This report was made subject to the following conditions and contingencies:

- 1) We were provided a copy of the current contract (located in the *Addendum*). The contract is between Burkhardt Distribution of Gainesville, Inc. (the seller) and Alachua County (the buyer). The property is currently under contract for \$10,835,000. The contract was fully executed on May 16, 2024, by Michele Lieberman, County Manager.
- 2) My valuation assumes no adverse encumbrances, encroachments, or restrictions against the subject property. Title to the property is assumed to be good and marketable unless otherwise stated.
- 3) Exhibits within this report are included only to assist the reader in visualizing the subject property and supporting data. These are not to be relied upon as exact replications. Also, the flood zone information provided within this report is based upon my review of the National Flood Insurance Map and, as a result, I assume no responsibility for its accuracy.
- 4) For this analysis, I have reviewed the Alachua County property appraiser records and official records and information provided by the client for determination of the subject building size. Any indication to the contrary will subject this appraisal to review and possible modification. It should be noted that Alachua County Property Appraiser only denotes the first phase of the building containing 52,685 square feet, built in 2000. The second phase, built in 2011, containing 23,712± square feet, is not listed on the Alachua County Property Appraisers website.

- 5) This appraisal report has been prepared without the benefit of structural or engineer reports relating to the subject building and site improvements. While my field inspections will note evidence of structural deficiencies, I make no representation as to the structural integrity or condition of the building improvements and related components. The market value estimate rendered herein presumes the subject buildings to be structurally sound and that all applicable building codes were adhered to in the initial construction.
- 6) I was not provided a topographical survey or a soil/subsoil analysis of the subject property. Since discovery of any abnormal soil or subsoil conditions beyond my area of expertise, I have assumed that the site will support future improvements. Any indications to the contrary will subject this appraisal to review and possible modification.
- 7) Sales data and information regarding improved sales and lease comparables were extracted from public records and from sales services and other sources. This information is assumed to be accurate and correct.
- 8) We do not have the required expertise for determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction, or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances. We do not assume responsibility for loss as a result to the presence of such substances. The value estimate is based on the assumption that the subject property is not so affected.
- 9) The 1985 amendment to Chapter 163, Florida Statutes, requires local governments to adopt Comprehensive Land Use Plans that must include adopted levels of service for seven types of public services and facilities: roads, mass transit, sanitary sewer, storm water, potable water, solid waste, and parks/recreation. Chapter 163 prohibits local governments from issuing development permits if the development's impact would cause levels of service to fall below the adopted levels. In other words, the availability of the public services must be concurrent with the impact of the proposed or future development.

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c/o Mr. C. Perry Peeples
June 24, 2024
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Therefore, based upon the Conditions and Contingencies discussed in the Letter of Transmittal, as well as the Definitions and General Assumptions, as part of this report, it is our opinion and conclusion that the fee simple "as is" market value for the subject property, as of May 22, 2024, is:

ELEVEN MILLION SEVENTY-FIVE THOUSAND DOLLARS

\$11,075,000

Please refer to the attached report, including exhibits for documentation of the above cited value. If additional information is requested, please advise.

Respectfully submitted,

PINEL & CARPENTER, INC.



Mark G. Carpenter, MAI
Vice-President
Cert Gen RZ935

MGC/jmb/ego
Attachments

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SUBJECT LEGAL DESCRIPTION
SUBJECT PURCHASE CONTRACT
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FLOOD PLAIN MAP
ZONING MAP
FUTURE LAND USE MAP
QUALIFICATIONS OF APPRAISER

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
6125 NW 18TH DRIVE
GAINESVILLE, FLORIDA 32653

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SUMMARY OF IMPORTANT CONCLUSIONS

CLIENT: Alachua County Public Works Transportation Improvement
c/o Mr. C. Perry Peeples
Real Property Coordinator
5620 NW 120th Lane
Gainesville, Florida 32653

OWNERSHIP: Burkhardt Distributing of Gainesville
3935 Inman Road
Saint Augustine, Florida 32084

LOCATION: The subject property is located along the east side of NW 18th Drive, just east of U.S. Highway 441, within the Northwest Industrial Park, in Gainesville, Alachua County. The property address is 6125 NW 18th Drive, Gainesville, Florida, 32653.

DATE OF VALUATION: May 22, 2024

PROPERTY RIGHTS APPRAISED: Fee Simple Interest

LAND SIZE: 10.012± Acres

BUILDING DESCRIPTION: The subject property is improved with a single-story 76,397± square foot distribution warehouse facility originally constructed in 2000 (52,685± square feet) with an addition in 2011 (23,712± square feet). The building was built by Burkhardt Distributing of Gainesville for the local Budweiser Distributorship. The building is of precast concrete panels with steel frame truss system. The building is divided between 12,613± square feet of office space (17%), 45,987± square feet of air-conditioned warehouse (60%), 15,297± square feet of non-air-conditioned warehouse (20%) (drive-thru area). Additionally, there is a 2,500± square foot detached service garage (3%) located in the southeast corner of the property. There is also a concrete truck loading well with six dock high doors along the south elevation of the building. The warehouse is designed with two large air-conditioning areas, receiving/loading area, and an enclosed truck drive-thru area

SUMMARY OF IMPORTANT CONCLUSIONS
(Contd.)

which attaches this area to the warehouse areas. The air-conditioned warehouse areas have an average eave height of 30 feet. The office portion of the building was designed with a large open work area with office cubicles, executive offices, conference rooms, as well as a large employee lounge area. Site improvements include a large truck parking area along the south boundary, car parking along the west boundary, concrete paved sidewalks and walkway areas, two large retention ponds, chain link perimeter fencing, and gates. The balance of the property, which is not improved, includes mature landscaping, including trees, bushes, and sod. The detached service garage was constructed of precast concrete tilt walls with a steel frame truss system. It has two truck service bays, and the average eave height is 20 feet. As of the current date of our inspection, improvements were in good condition with no noticeable evidence of deferred maintenance.

ZONING: I-1, Limited Industrial, by the City of Gainesville.

FUTURE
LAND USE: Industrial District, by the City of Gainesville.

HIGHEST AND
BEST USE: "As Vacant" – Based on the economic and real estate market conditions within Gainesville, the highest and best use of the subject site, which if "as vacant" would be for office/warehouse development as dictated by demand.

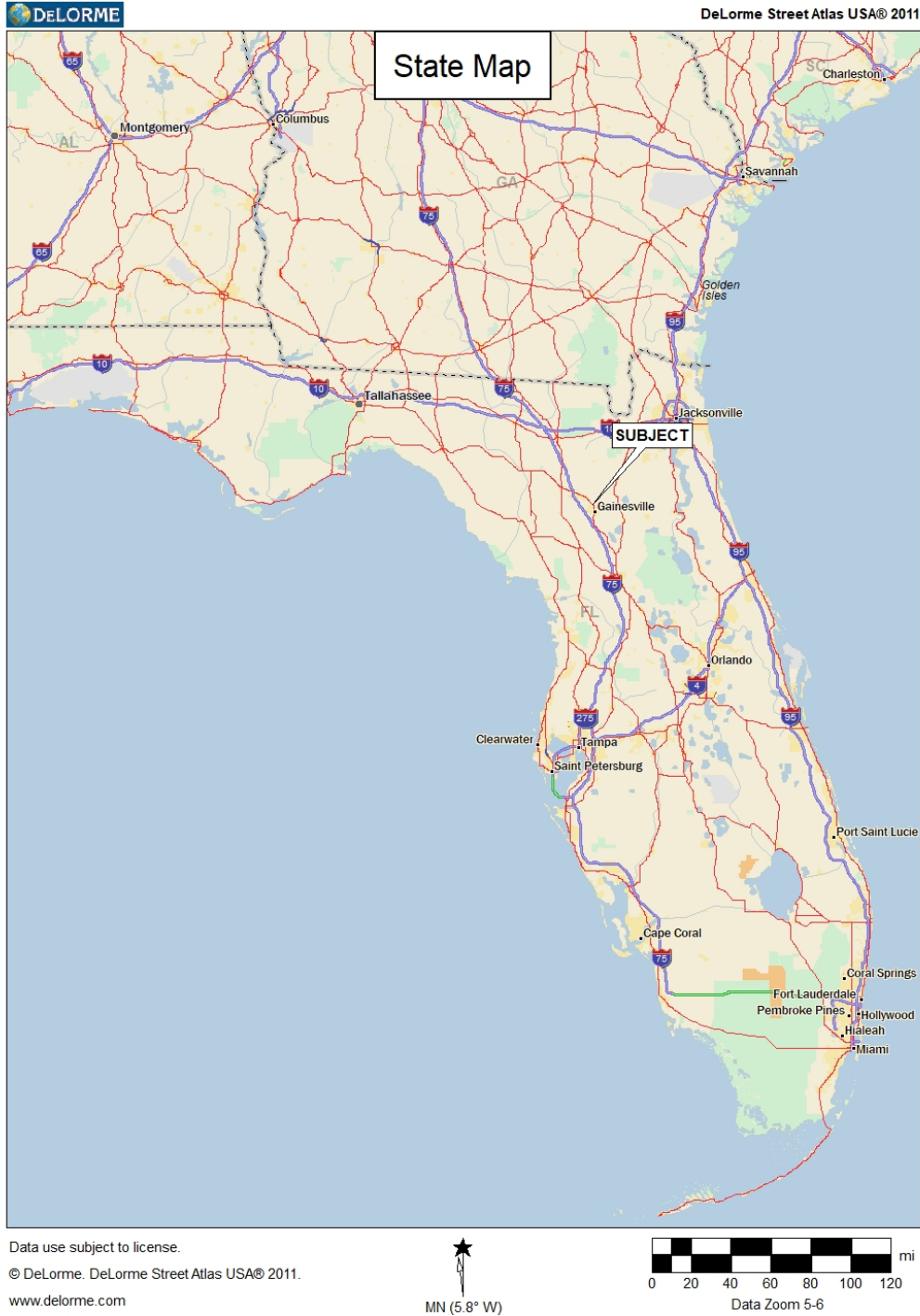
"As Improved" – Continued use as a distribution warehouse building.

VALUE INDICATIONS:	Cost Approach	N/A
	Sales Comparison Approach	\$11,075,000
	Income Approach	\$11,030,000

FINAL
RECONCILIATION: **\$11,075,000**

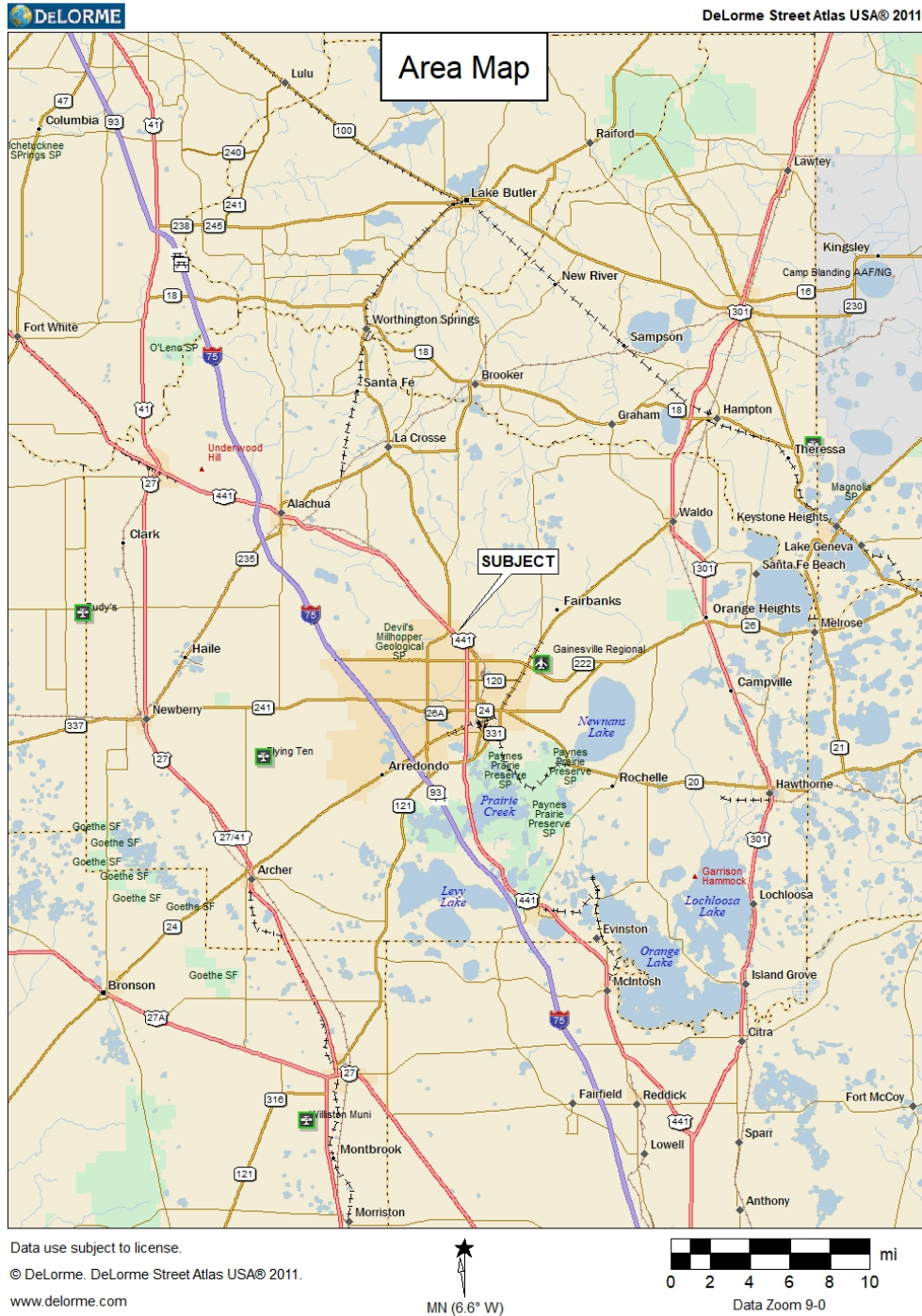
BURKHARDT DISTRIBUTION WAREHOUSE
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GAINESVILLE, FLORIDA 32653

STATE MAP



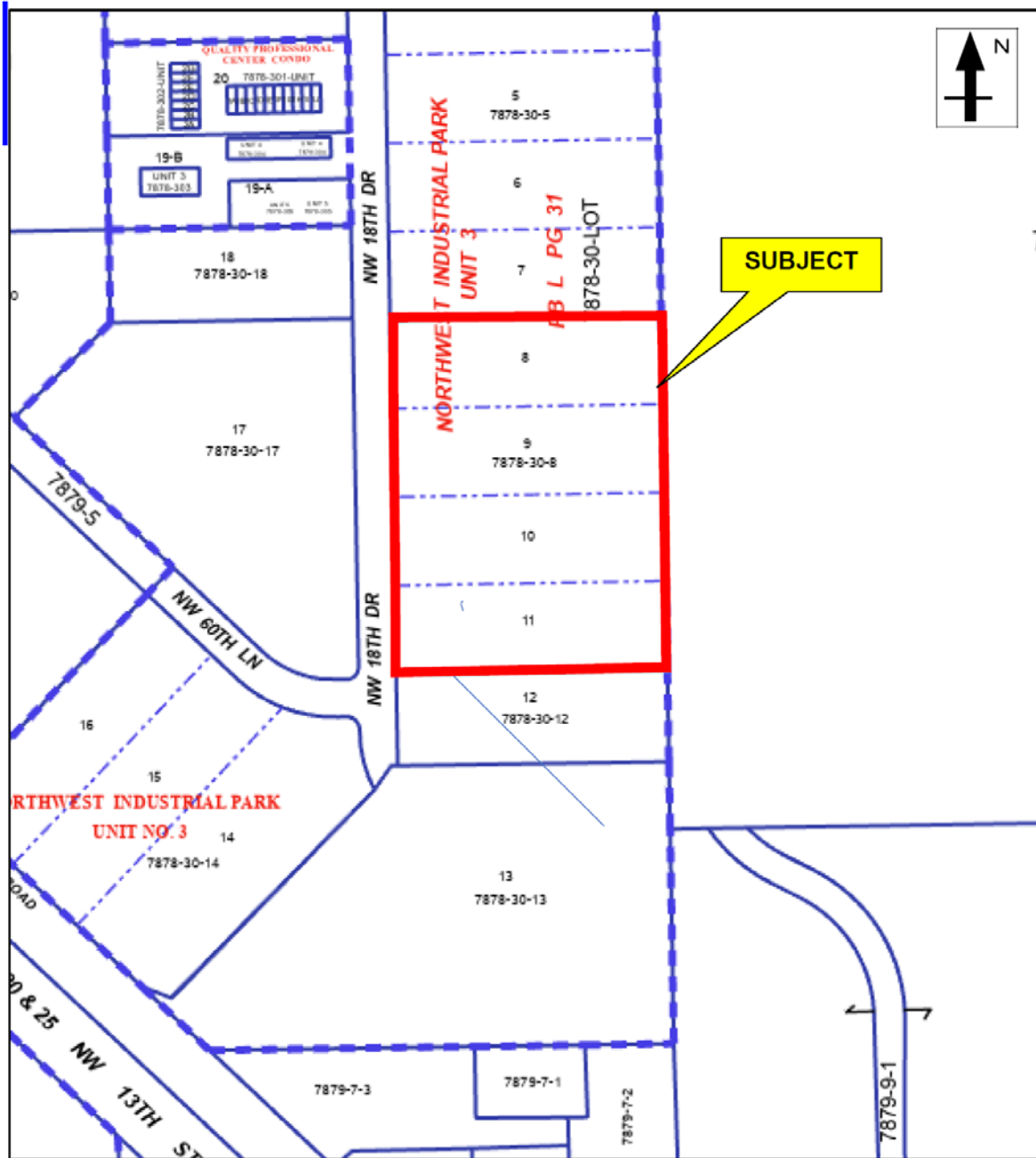
BURKHARDT DISTRIBUTION WAREHOUSE
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AREA MAP



BURKHARDT DISTRIBUTION WAREHOUSE
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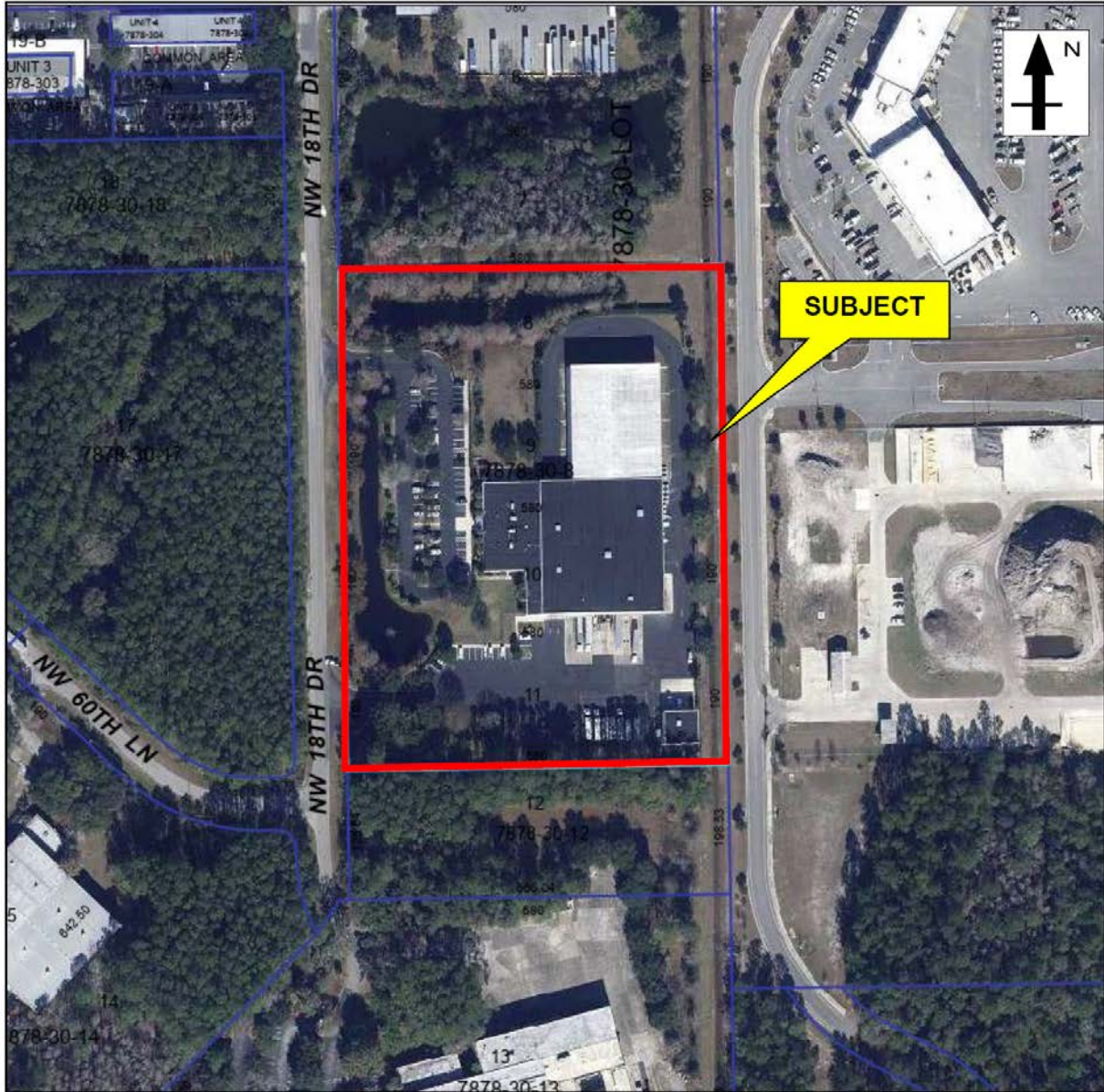
TAX MAP



*Approximate Representation
Source: Alachua County Property Appraiser*

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AERIAL PHOTOGRAPH



Approximate Representation
Source: Alachua County Property Appraiser

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SUBJECT PHOTOGRAPHS



View of the front elevation of the office.



View of the front parking lot.

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View of the reception area.



View of the training room.

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View of the breakroom.



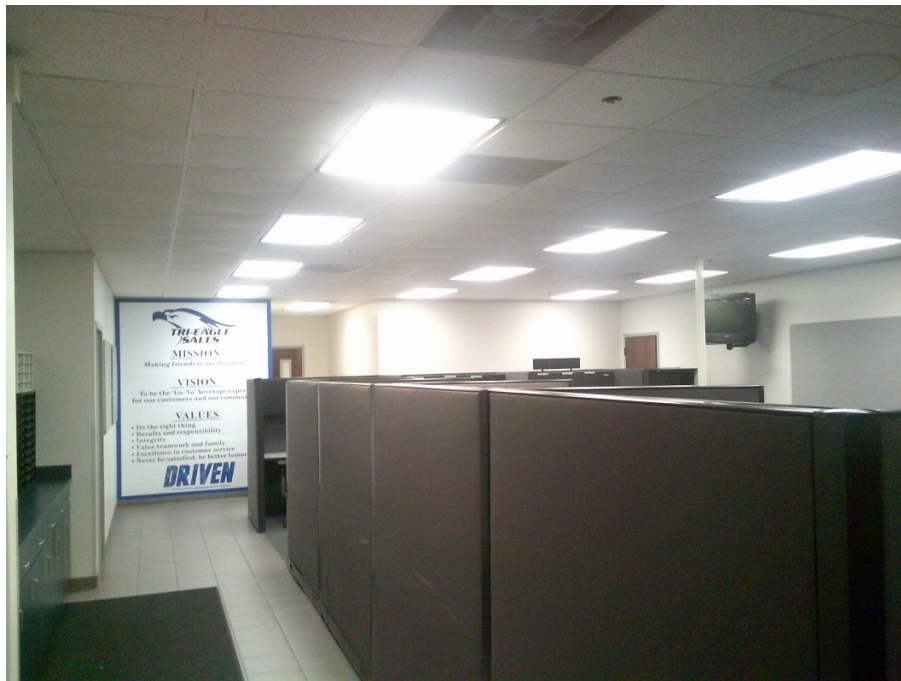
View of the rear of the reception area.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of a typical private office.



View of the sales area.

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View of the sales area cubicles.



View of the men's restroom.

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View of the warehouse area looking towards the loading docks.



View of the warehouse area which is the former drive-thru.

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View of the loading dock area.



View of the air-conditioned warehouse area.

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View of the air-conditioned warehouse addition area.



View of the air-conditioned warehouse area.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the freezer area.



View of the loading dock area looking towards the office area.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the rear of the building and the loading docks.



View of the rear of the building's drive-thru area.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the separate two-bay service garage located on the rear of the property.



View of the interior of the service bay.

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
6125 NW 18TH DRIVE
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View of the rear drive looking west from the service garage. The main building is located on the left.



View of the trucking parking area located along the east boundary looking south. The loading docks are on the right.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the north elevation of the building looking east towards the service garage. This is the addition added in 2011.



View of the drive-thru area looking east from the west boundary. The building on the left is the addition added in 2011.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the fire sprinkler system.



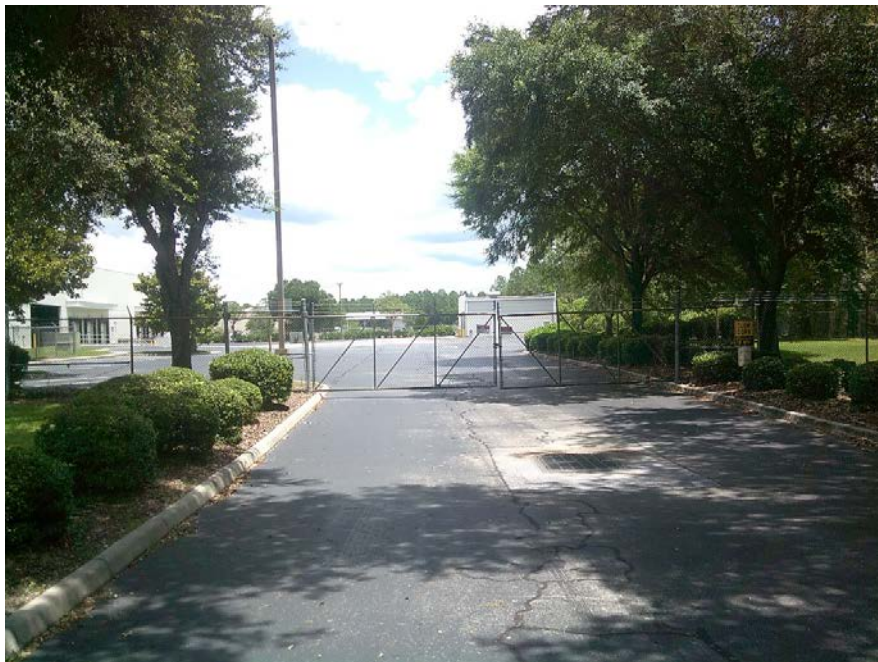
View of the retention pond located in the southeast corner of the property.

BURKHARDT DISTRIBUTION WAREHOUSE
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View of the retention pond extending along the front of the property. The subject building is located on the right side of the photograph and NW 18th Drive is located on the left.



View of the gated entrance located in the southeast corner of the property, looking north from NW 18th Drive.

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
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View of the front parking area looking east from the approximate southwest corner of the property. The building is located to the left and NW 18th Drive is to the right.



View of NW18th Drive looking east from the entrance drive located in the southwest corner of the property. The subject is to the left in photograph.

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
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View of NW 18th Drive looking west from the gated entrance located in the southeast corner of the property. The subject is to the right in photograph.



View of the entrance drive in the southwest corner of the property looking north from NW 18th Drive.

GENERAL UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvement is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted in the report.

GENERAL UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS
(Contd.)

11. I understand that any appraiser who falsely or fraudulently overstates the value of a contributed property referred to in this appraisal may be subject to a civil penalty for aiding and abetting an understatement of the tax liability and moreover the appraisal may be disregarded for such purposes.
12. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
14. The appraiser herein by reason of this appraisal is not required to give further information consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

DEFINITION OF MARKET VALUE

The current definition of market value can be stated as follows:

“The most probable price which a property should 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 U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

This definition is from *The Appraisal of Real Estate*, 14th Edition, by the Appraisal Institute, 2013, Page 50, and *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 7th Edition, 2022.

DEFINITION OF HIGHEST AND BEST USE

Highest and best use may be defined as:

The reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Source: *The Appraisal of Real Estate*, 14th Edition, by the Appraisal Institute, 2013, Page 333.

DEFINITION OF PROPERTY RIGHTS APPRAISED - FEE SIMPLE ESTATE

Property rights appraised are those of the unencumbered fee simple interest of ownership. According to *The Dictionary of Real Estate Appraisal*, 7th Edition, 2022, by the Appraisal Institute,

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.

CLIENT

Alachua County Public Works Transportation Improvement
c/o Mr. C. Perry Peeples
Real Property Coordinator
5620 NW 120th Lane
Gainesville, Florida 32653

APPRAISER

Mark G. Carpenter, MAI
Vice-President
Cert Gen RZ 935

INTENDED USER AND USE OF REPORT

The client intended user is Alachua County. The intended use of the appraisal is to aid Alachua County in internal business decisions related to the possible acquisition of the property. No additional intended users are identified by the appraisers.

SUBJECT PROPERTY

The subject property is improved with a single-story, 76,397± square foot distribution warehouse facility that was constructed in 2000 and 2011. The property is located along the east side of NW 18th Drive, just east of U.S. Highway 441, within the Northwest Industrial Park. The property address is 6125 NW 18th Drive, Gainesville, Florida, 32653.

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
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OWNERSHIP AND FIVE-YEAR TITLE HISTORY

According to Alachua County Public Records, current title to the subject property is Burkhardt Distributing of Gainesville. According to O.R. Book 2277, Page 1247, the vacant land was purchased by the current owner from Northwest Industrial Park, on February 22, 2000, for \$227,500.

As of May 16, 2024, the subject property is currently under contract to Alachua County for \$10,835,000. Refer to the current contract located in the *Addendum*.

LEGAL DESCRIPTION

A copy of the subject legal description can be found in the *Addendum* of this report.

DATE OF VALUATION

May 22, 2024

INTEREST VALUED

Fee simple interest.

DATE OF REPORT

June 24, 2024

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide Alachua County with an estimate of market value of the fee simple interest in the subject property as of the date of inspection, being May 22, 2024.

FUNCTION OF APPRAISAL

The function of this appraisal is to assist Alachua County in establishing market value of the subject property in order to assist in purchasing the subject property.

PURPOSE OF REPORT

The purpose of this report is to outline the results of my investigations and analyses concerning the subject property. This report includes a complete analysis of the information utilized by the appraiser in reaching an estimate of

market value and the various factors affecting the valuation. In addition, the methodology used by the appraiser in arriving at an estimate of value is discussed and explained.

The first section of the appraisal report identifies the property. The subject property is influenced by the national, state, and local economy. The *Market Area Data* sections of the appraisal report discuss how the local and national economies and demographics influence the valuation and the highest and best use of the property.

The next sections, which include *Title History*, *Zoning*, *Tax Assessment*, *Site Description*, and *Description of Improvements*, describe the subject property in detail. These factors further influence the highest and best use and the valuation of the subject property.

All of the sections described above discuss the facts and form the basis for the highest and best use estimate. The conclusions made in these sections are brought together in the *Highest and Best Use* section and a highest and best use is estimated.

The *Valuation* section that follows the *Highest and Best Use* section discusses, supports, and then applies the applicable appraisal approaches to value utilized in the subject property valuation. The values estimated in each of the approaches are to be reconciled into a final value estimate in the *Reconciliation and Final Value Estimate* section of the report.

All sections of the appraisal report are structured to show the reasoning and justification utilized by the appraisers in arriving at an estimate of highest and best use and final value estimate. The *Addendum* section of the report contains various exhibits, comparable sale write-ups, and other information supportive of the appraisal.

SCOPE OF REPORT

In preparing this appraisal, the appraisers

- Inspected the subject property and the surrounding neighborhood;
- Gathered information on comparable sales, and rentals;
- Confirmed and analyzed the data and reconciled a final value using the Sales Comparison and Income Capitalizations approaches to value.

The subject property is improved with a single-story, 76,397± square foot distribution warehouse facility that was constructed in 2000 and 2011. The property is located along the east side of NW 18th Drive, just east of U.S. Highway 441, within the Northwest Industrial Park. The property address is 6125 NW 18th Drive, Gainesville, Florida, 32653.

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
6125 NW 18TH DRIVE
GAINESVILLE, FLORIDA 32653

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In our opinion, the most appropriate approaches to value the fee simple estate of the subject property are to use the Sales Comparison and the Income Capitalization Approaches. These approaches best reflect the most current actions and expectations of investors and other market participants. The Cost Approach was not applied due to the physical age of the subject property and the difficulty in accurately determining the appropriate amount of accrued depreciation. Further discussion relating to the data collection and verification will be discussed within the report. Other data specific to the property in this analysis will be contained within the Addendum to the report.

AREA DATA

Alachua County is located in the approximate center of the State of Florida, midway between the Atlantic Ocean and the Gulf of Mexico, and midway between Miami and Pensacola. It is 72 miles southwest of Jacksonville, 100 miles northeast of Tampa/St. Petersburg and 143 miles southeast of Tallahassee, the state capitol. Gainesville is located in approximately the center of Alachua County and is the largest city and county seat and home to the University of Florida, Santa Fe College and Shands Regional Medical Center. Alachua County has a 2010 Census population of about 247,336 people and is the natural retail center for an eight-county area in North Central Florida along the I-75 corridor. The 2020 estimate is 267,727 persons. The continuous support of the University of Florida, Shands Regional Medical Center, Santa Fe College and numerous other state funded agencies has contributed greatly to the stability and growth of the economic base in the Gainesville/Alachua County area with over 45 percent of the local employment in the governmental sector. This governmental influx of funds has enabled Alachua County to continue growing economically, even during mild downward trends and recessions in the national economy.

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NEIGHBORHOOD DATA

The Burkhardt Distribution Warehouse Property is located at 6125 Northwest 18th Drive, which is within the interior of the Northwest Industrial Park, which is an established industrial district situated at the southeast corner the intersection of U.S. Highway 441 and State Road 121, in North Central Gainesville. This location is within the corporate city limits of the City of Gainesville and is “subject to” zoning and land use regulations of the city.

The Northwest Industrial Park is an established light industrial district situated along the south and east side of State Road 121 extending eastward from US Highway 441. The Northwest Industrial Park is neighbored to the west by the Northwood Commercial Park and neighbored to the south and southeast by larger industrial parcels, which have access off of the east side of U.S. Highway 441. This includes the large parcel with access provided through the Northwest Industrial Park, which was recently developed as a large-scale garage facility for the City of Gainesville.

U.S. Highway 441 and State Road 121 serve as the major north/south access roads for the subject neighborhood. U.S. Highway 441 is a four-lane divided highway and State Road 121 is a two paved state highway. As shown on the enclosed ATraffic Count Map@, US Highway 441 has a substantial traffic count of 28,000 cars per day to the south of State Road 121 and 23,000 cars per day to the north of the intersection. State Road 121 at a point north of the entrance to the Northwest Industrial Park had a 24-hour traffic count of 16,500 cars per day. Major east/west access is provided by State Road 121 (Northwest 34th Street Extension) to the west of US Highway 441 and also by Northwest 53rd Avenue and by Northwest 39th Avenue. In addition, there are numerous secondary feeder roads providing good to average access from the subject neighborhood to the other major activity centers in the City of Gainesville, including the University of Florida, UF Health Medical Complex, VA Hospital, the downtown business district and other commercial activity centers.

The Northwest Industrial Park was initially developed in the early 1970's and is mostly built-out. In recent years, additional platted industrial lots were developed to the east of the subject property adjacent to the Gainesville target range. There are several of these smaller industrial lots remaining undeveloped within the area. Currently, the Northwest Industrial Park supports mini storage, office, distribution and light manufacturing uses and has received good market acceptance over time and there are few vacant parcels remaining for new building expansion or development.

BURKHARDT DISTRIBUTION WAREHOUSE
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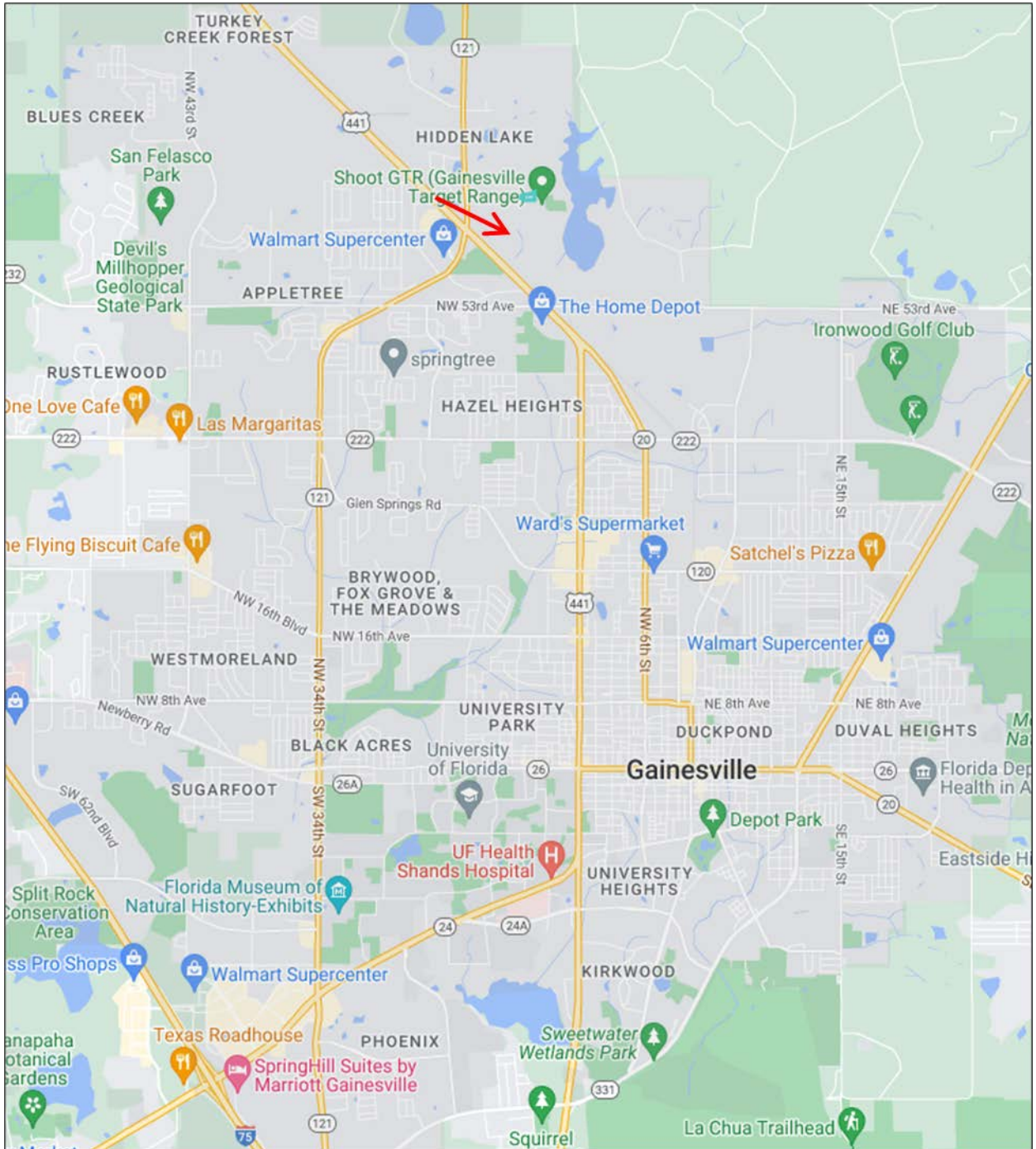
The Northwest Industrial Park includes full city utilities, including underground city water, sewer and above and below ground electric lines as well as phone and cable tv access. The interior streets are public right of ways maintained by the City of Gainesville and consist of two lane paved roadways with larger cul-de-sacs to allow for the maneuverability of large tractor trailer vehicles.

The subject property is located in the northeast area of the Northwest Industrial Park, as shown on the attached maps and drawings. The property occupies one interior lot along the east side of Northwest 18th Drive. Industrial properties immediately surrounding the subject property are developed for similar light industrial purposes and are generally well maintained.

The subject neighborhood is one of the major light industrial districts for the City of Gainesville. The area has seen substantial light industrial development over the past 30 years and has continually expanded with the economic growth of the city. The majority of the Northwest Industrial Park is almost entirely built-out with only a few remaining vacant lots (mostly consisting of smaller parcels located to the east of the subject property). Recent development within the park includes the recently completed Amazon Distribution facility at the entrance to the park and the nearby United Parcel Service warehouse is undergoing major expansion and renovations. The large-scale City of Gainesville auto and truck maintenance facility and landscaping gravel storage yard is located just east of the subject property. These factors, combined with the continued development of suburban residential areas to the west and north of this neighborhood, add to the favorable prospects for continued growth in the area and contribute to the stability of property values within the industrial district. No substantial detrimental conditions were noted.

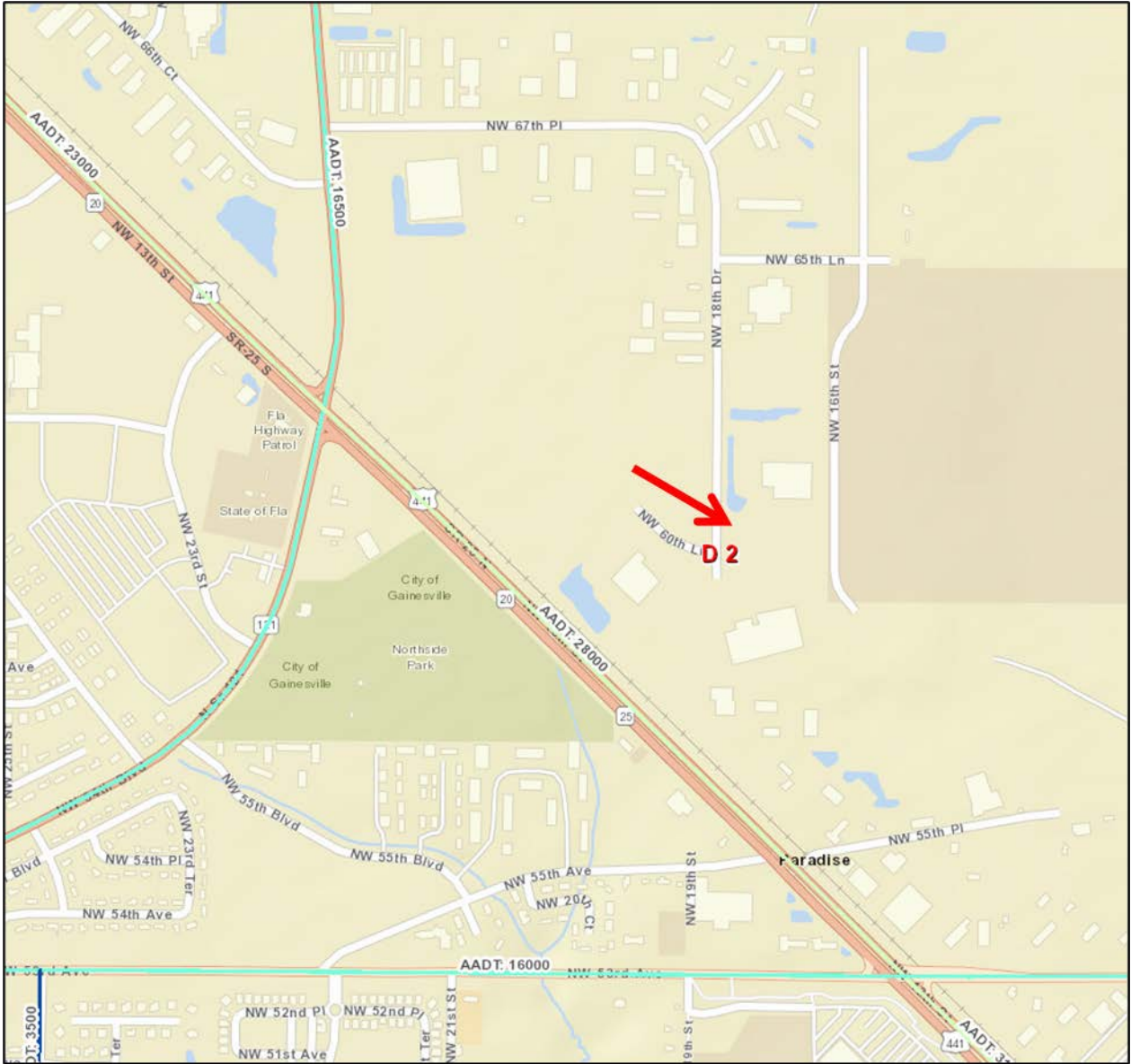
BURKHARDT DISTRIBUTION WAREHOUSE
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LOCATION MAP



BURKHARDT DISTRIBUTION WAREHOUSE
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TRAFFIC COUNT MAP



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Industrial Market Report
Gainesville - FL USA

PREPARED BY

Scott Royal
Research Manager



BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
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INDUSTRIAL MARKET REPORT

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BURKHARDT DISTRIBUTION WAREHOUSE
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Overview

Gainesville Industrial

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
11.6K	(174K)	3.6%	6.0%

Gainesville's industrial market has been supply-constrained for the last couple of years, with vacancy generally hovering in the 2% to 4% range during that time. In fact, vacancy has not exceeded 5% since 2019 and is not expected to do so anytime in the near term. The current vacancy rate has moved up about 150 basis points in the past year to 3.6% due to a weakening in demand, although the forecast calls for it to hover around 4% through 2025.

Net absorption in the last year has been very weak, with trailing 12-month demand as of the second quarter of 2024 of -170,000 SF. That's a significant decline of more than 250% in the last year, and the weakest demand has been within flex and logistics space. Leasing activity also declined by 45% over the same period to around 160,000 SF, while the amount of available space has grown by approximately 40%.

New supply is not to blame with only 12,000 SF delivered in the last year, although there is another 250,000 SF under construction that is projected to be completed during the first quarter of 2025. That new space will not result in a spike in vacancy, however, as it is all contained within a single build-to-suit project that will be owner-occupied.

The pace of annual rent growth reached a peak of just over 11% during the third quarter of 2022 but has quickly moderated in the period since and has now decelerated to 6.0% as of the second quarter of 2024. The forecast calls for it to slow a bit further, reaching closer to 4% by the end of 2024, where it is expected to hover through 2025. Investment sales activity has also been unremarkable of late, with only \$23.3 million in total sales volume taking place in the preceding 12 month period.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	9,011,413	3.1%	\$10.13	3.5%	30,331	0	254,000
Specialized Industrial	2,907,285	1.6%	\$11.37	11.4%	7,908	0	0
Flex	1,554,876	10.2%	\$14.50	10.2%	16,040	0	0
Market	13,473,574	3.6%	\$10.88	5.9%	54,279	0	254,000

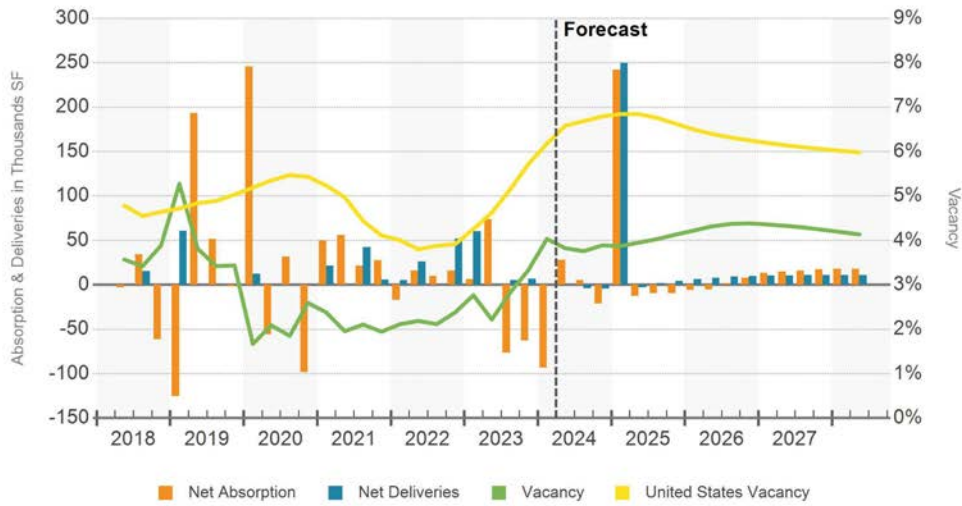
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.4%	3.6%	4.1%	7.0%	2014 Q1	1.7%	2020 Q1
Net Absorption SF	(174K)	53,275	44,871	578,329	2016 Q2	(227,447)	2012 Q4
Deliveries SF	11.6K	58,189	88,012	302,270	2008 Q3	0	2015 Q3
Market Asking Rent Growth	6.0%	3.7%	4.6%	11.1%	2022 Q3	-3.6%	2009 Q4
Sales Volume	\$24.1M	\$24.3M	N/A	\$126.3M	2022 Q1	\$1.1M	2011 Q4

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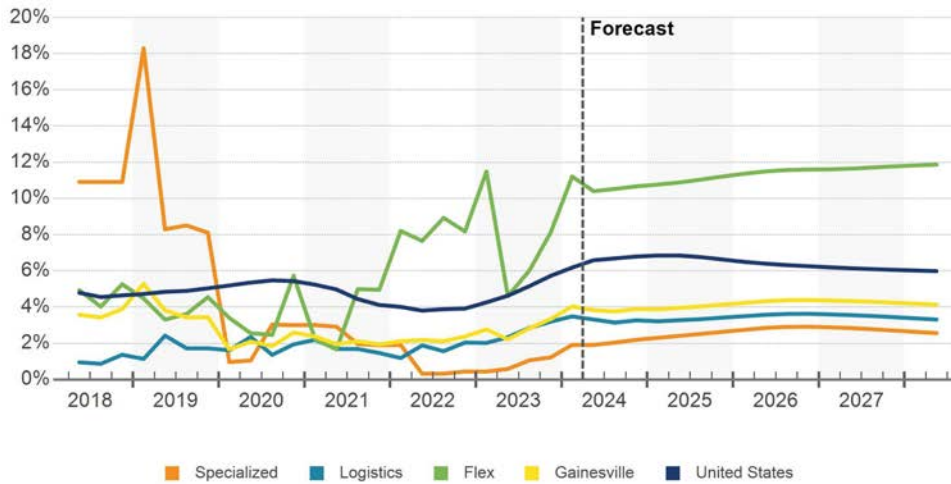
Leasing

Gainesville Industrial

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE

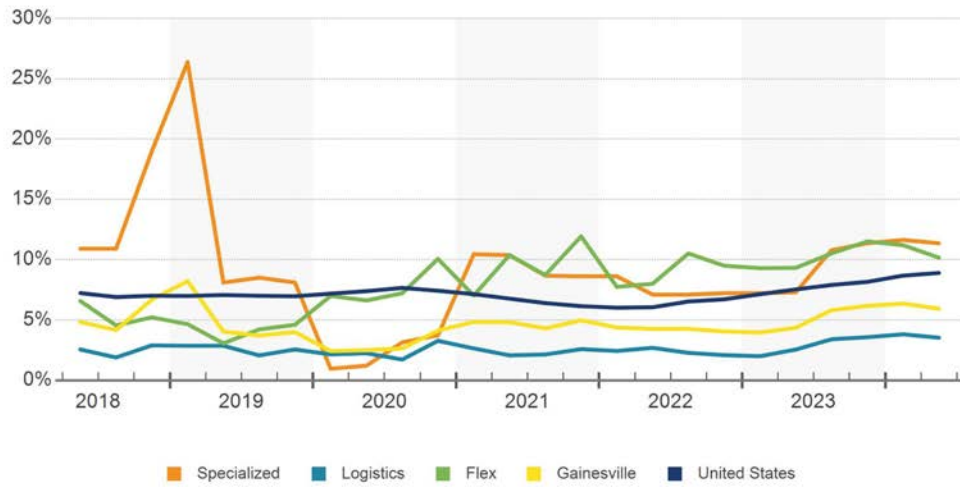


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Leasing

Gainesville Industrial

AVAILABILITY RATE

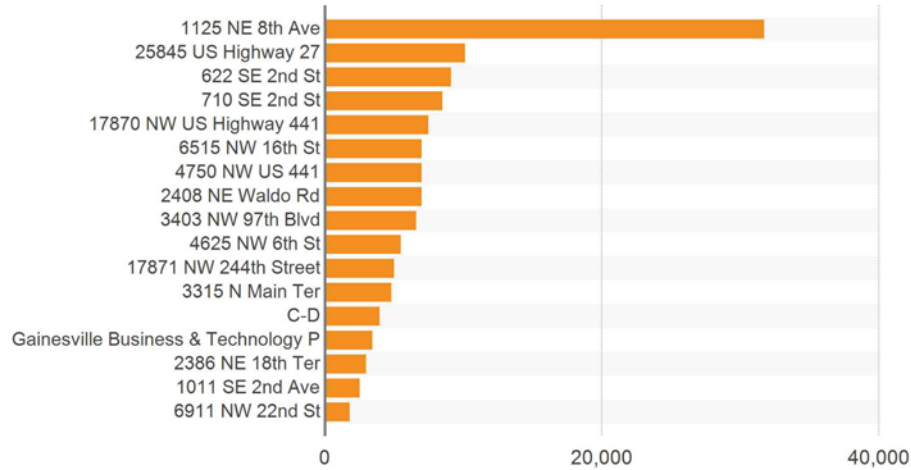


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Leasing

Gainesville Industrial

12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
1125 NE 8th Ave	Downtown Gainesvill...	31,728	0	0	0	0	0	31,728
25845 US Highway 27	Gainesville HOS	11,992	0	0	11,992	0	0	10,122
622 SE 2nd St	Springhill MF	9,106	0	0	0	0	0	9,106
710 SE 2nd St	Springhill MF	8,500	0	0	0	0	0	8,500
17870 NW US Highway 441	Gainesville HOS	8,004	0	0	0	0	0	7,476
6515 NW 16th St	Gainesville HOS	7,500	0	0	0	0	0	7,005
4750 NW US 441	Northwest Gainesvill...	7,500	0	0	0	0	0	7,005
2408 NE Waldo Rd	Northwest Gainesvill...	7,000	0	7,000	0	0	0	7,000
3403 NW 97th Blvd	Northwest Gainesvill...	6,600	0	0	0	0	0	6,600
4625 NW 6th St	Gainesville HOS	5,500	0	0	0	0	0	5,500
17871 NW 244th Street	Gainesville HOS	5,000	0	0	5,000	0	0	5,000
3315 N Main Ter	Northwest Gainesvill...	4,819	0	0	0	0	0	4,819
C-D	Gainesville HOS	60,000	0	0	0	0	0	3,956
Gainesville Business & Technol...	Gainesville HOS	7,524	0	0	0	0	0	3,456
2386 NE 18th Ter	Northwest Gainesvill...	3,200	0	0	0	0	0	2,989
1011 SE 2nd Ave	Downtown Gainesvill...	2,720	0	0	2,720	0	0	2,541
6911 NW 22nd St	Gainesville HOS	16,811	0	0	0	0	0	1,800
Subtotal Primary Competitors		203,504	0	7,000	19,712	0	0	124,604
Remaining Gainesville Market		13,270,070	489,027	(100,358)	34,567	0	0	(298,268)
Total Gainesville Market		13,473,574	489,027	(93,358)	54,279	0	0	(173,664)

BURKHARDT DISTRIBUTION WAREHOUSE
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Leasing

Gainesville Industrial

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
2040 NW 67th Pl	-	23,310	Q2 24	-	-	-
2468 NW 71st Pl *	-	16,809	Q3 23	-	-	-
25845 US Highway 27	-	11,992	Q1 24	-	-	-
2300 NW 71st Pl *	-	10,800	Q3 23	-	-	-
2033 NE 27th Ave	Northwest Gainesville	7,873	Q2 24	Concrete Precast Product...	-	-
6515 NW 16th St	-	7,500	Q4 23	-	-	-
4750 NW US 441	Northwest Gainesville	7,500	Q3 23	SENKAI STRENGTH LLC	Portal Realty	Portal Realty
13000 Tech City Cir	-	7,240	Q3 23	-	-	-
26253 NW Us-27	-	6,500	Q4 23	-	-	-
3737 SW 42nd Ave	South Gainesville	5,000	Q2 24	CS, Inc.	-	Watson Realty Corp
3637 NE 2nd St	Northwest Gainesville	4,000	Q3 23	-	-	Lawrence Projects LLC
331 NE 33rd Ave	Northwest Gainesville	4,000	Q4 23	ProTech Calibrations	-	Bosshardt Realty Servi...
4577 NW 6th St	-	3,700	Q3 23	-	-	-
25430 NW 8th Ln	-	3,550	Q1 24	-	-	-
3715 NW 97th Blvd	Northwest Gainesville	3,442	Q1 24	Kane Dawg Enterprises	-	Colliers
2386 NE 18th Ter	Northwest Gainesville	3,200	Q3 23	-	-	Coldwell Banker Comm...
13183-13201 Rachael Blvd	-	3,200	Q1 24	-	-	-
2420 NW 66th Ct	-	3,125	Q4 23	-	-	-
3403 NW 97th Blvd	Northwest Gainesville	3,090	Q4 23	Florida Sports Foundation...	-	Colliers
3707 SW 42nd Pl	South Gainesville	3,000	Q1 24	Equalities Systems	-	Watson Realty Corp
1126 NW 2nd St	Downtown Gainesville	2,250	Q1 24	-	-	McThorn Properties
1126 NW 2nd St	Downtown Gainesville	2,000	Q1 24	-	-	McThorn Properties
3709 SW 42nd Ave	South Gainesville	1,823	Q4 23	OAK Engineering and Ma...	-	Colliers
3562-3570 NW 97th Blvd	Northwest Gainesville	1,800	Q1 24	N.A	-	Bosshardt Realty Servi...
5510 SW 41st Blvd	South Gainesville	1,200	Q1 24	W H Construction	-	NASS, LLC
4581 NW 6th St	-	1,200	Q4 23	-	-	-
3709 SW 42nd Ave	South Gainesville	1,135	Q1 24	Venetian Impressions	-	Colliers
3709 SW 42nd Ave	South Gainesville	1,135	Q3 23	Sole Fit, Inc.	-	Colliers
4585 NW 6th St	-	1,000	Q3 23	-	-	-
3709 SW 42nd Ave	South Gainesville	980	Q2 24	Oak Engineering & Manuf...	-	Colliers
3709 SW 42nd Ave	South Gainesville	960	Q1 24	White Lightening Distributi...	-	Colliers

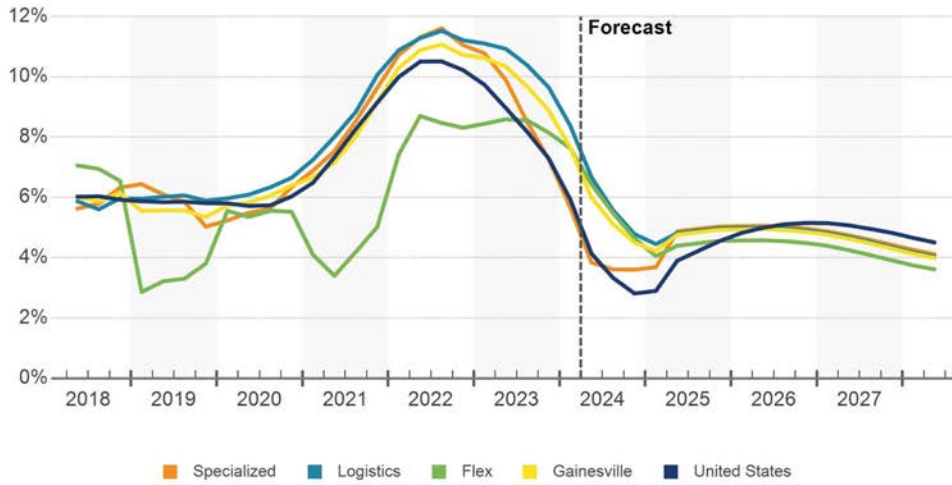
*Renewal

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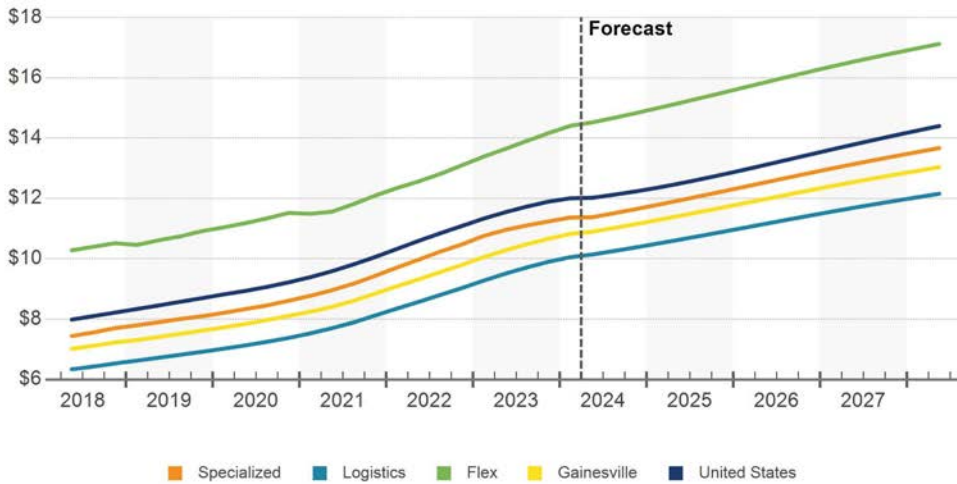
Rent

Gainesville Industrial

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET

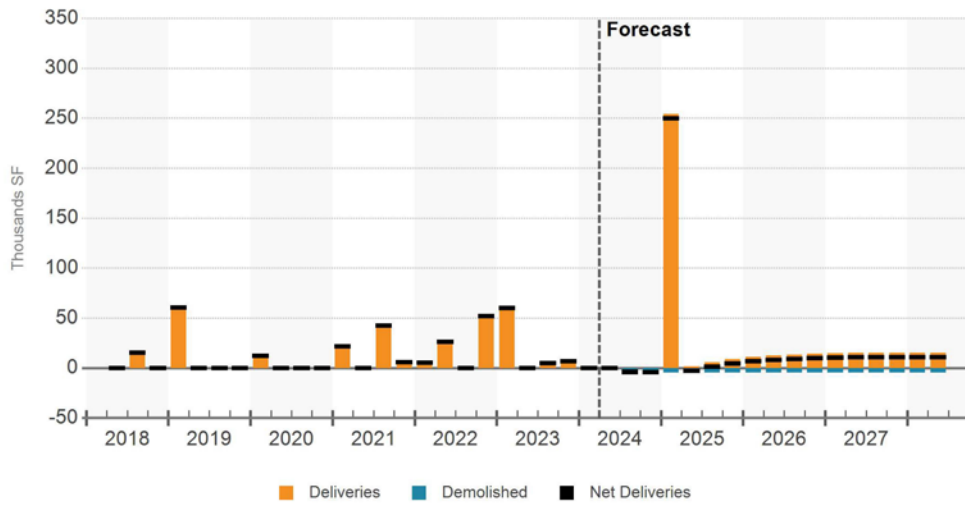


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Construction

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DELIVERIES & DEMOLITIONS



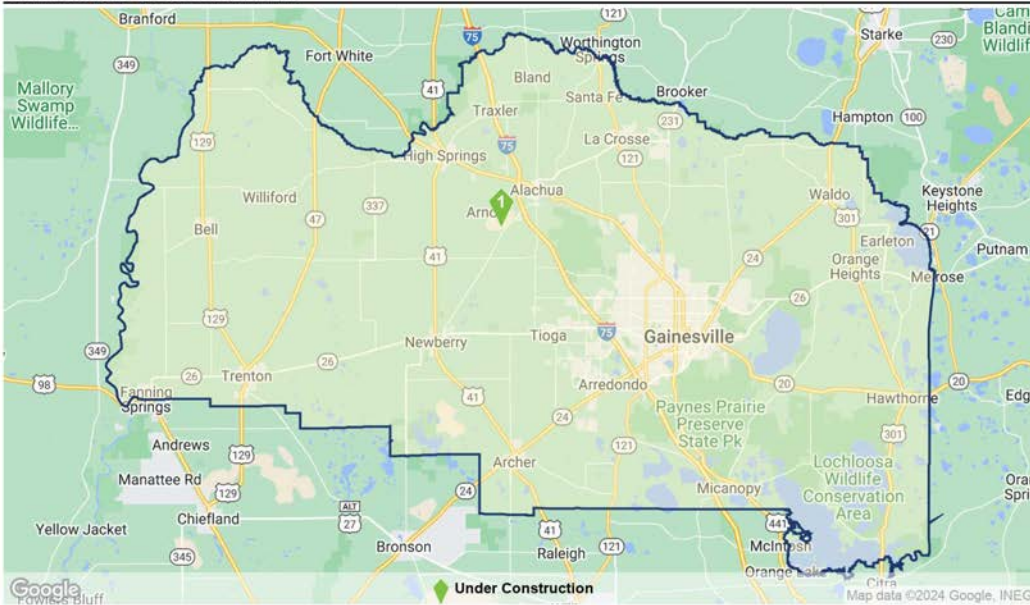
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Under Construction Properties

Gainesville Industrial

Properties	Square Feet	Percent of Inventory	Released
1	254,000	2.1%	100%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 G&C Foods 18815 NW 115th Ave	★★★★☆	254,000	1	May 2024	Feb 2025	ARCO National Construction G&C Foods

BURKHARDT DISTRIBUTION WAREHOUSE
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Sales

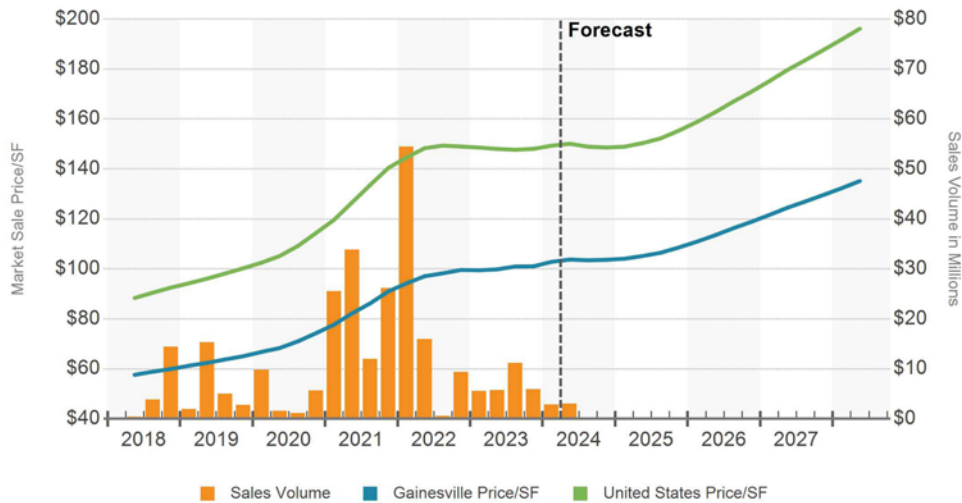
Gainesville Industrial

Industrial sales velocity in Gainesville occurs at a slower pace than in larger neighboring markets like Orlando and Jacksonville, and the last year has proven to be no exception. Trailing 12-month sales volume as of the second quarter of 2024 totals only \$23.3 million, with logistics properties comprising more than 70% of that activity. Cap rates in this market also average about 60 to 80 basis points below the broader U.S. average and have been slowly moving up in the last year as investment activity has faced headwinds from price discovery and elevated interest rates. Gainesville is also a small industrial market, with only 13.5 million SF of inventory as of mid-2024, and the lack of industrial inventory keeps the number of investment opportunities fewer than in larger Florida markets, including nearby

Orlando and Jacksonville.

Altogether, a total of 29 industrial properties traded hands in the last year with an average sale price of \$2.2 million. Most of the sales were below \$1 million, although six were above that price point. One of the most significant properties to trade was sold in July 2023 when local user Gainesville Built LLC acquired a 37,100-SF warehouse building at 7335 NW 13th Blvd from Utah-based Ridgeway Management for \$2.25 million (\$61/SF) at a reported cap rate of 8.08%. The property had previously been sold 13 months earlier at a more than 20% discount over the list price, trading for \$1.0 million (\$28/SF).

SALES VOLUME & MARKET SALE PRICE PER SF

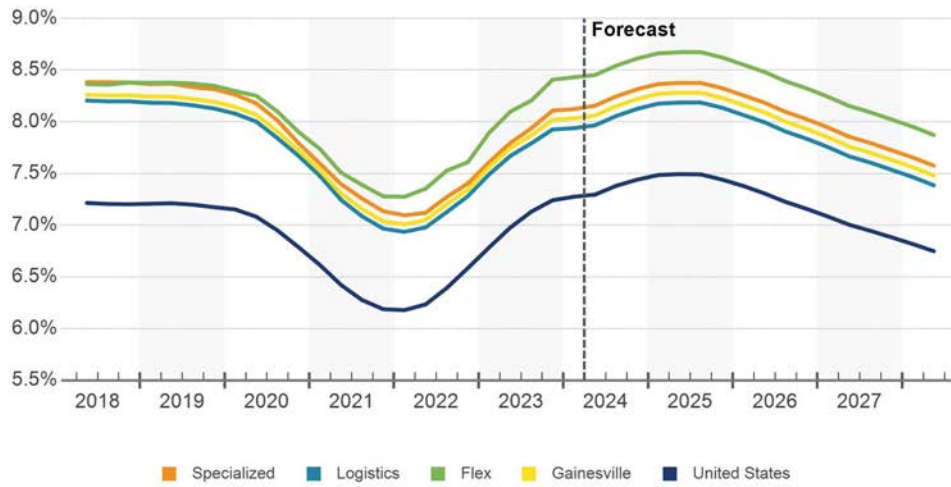


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Sales

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MARKET CAP RATE



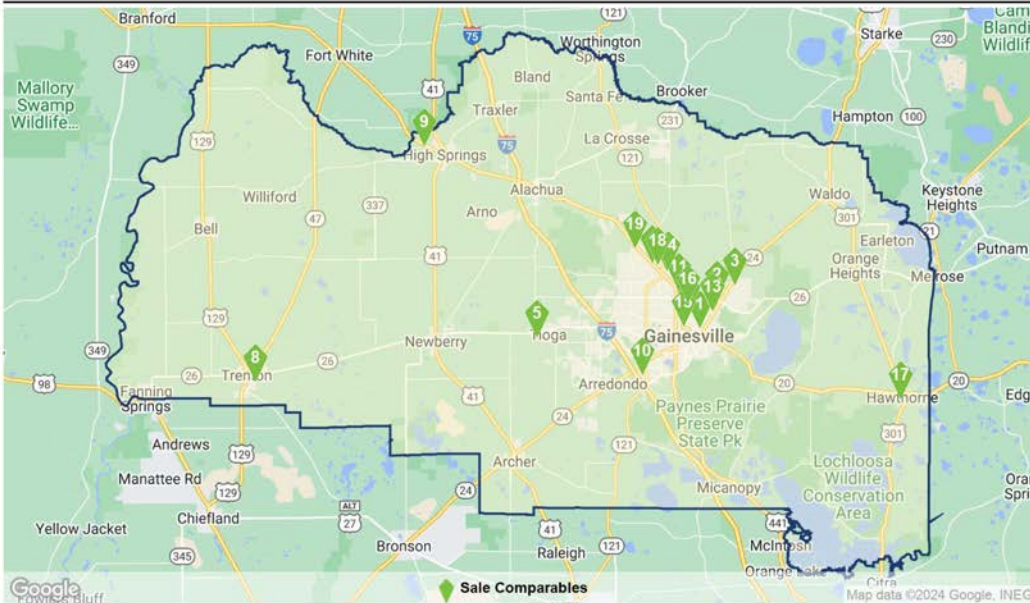
**BURKHARDT DISTRIBUTION WAREHOUSE
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Sales Past 12 Months

Gainesville Industrial

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
31	9.0%	\$61	4.9%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$230,000	\$1,037,571	\$730,000	\$3,200,000
Price/SF	\$25	\$61	\$73	\$128
Cap Rate	8.1%	9.0%	8.5%	10.5%
Time Since Sale in Months	1.2	7.3	7.5	11.9
Property Attributes	Low	Average	Median	High
Building SF	2,400	14,153	7,670	68,218
Ceiling Height	14'	19'4"	20'	24'
Docks	0	0	0	3
Vacancy Rate At Sale	0%	4.9%	0%	100%
Year Built	1929	1978	1978	2023
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.0	★ ★ ★ ★ ★	★ ★ ★ ★ ★

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Sales Past 12 Months

Gainesville Industrial

RECENT SIGNIFICANT SALES

Property Name - Address	Rating	Property			Sale			
		Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 1125 NE 8th Ave	★★★★★	1953	31,728	0%	9/18/2023	\$3,200,000	\$101	-
2 2500 NE 39th Ave	★★★★★	1973	68,218	0%	11/16/2023	\$3,014,100	\$44	-
3 4340 NE 49th Ave	★★★★★	1999	37,000	0%	8/21/2023	\$2,700,000	\$73	-
4 7335 NW 13th Blvd	★★★★★	1978	37,116	0%	7/14/2023	\$2,250,000	\$61	8.1%
5 404 SW 140th Ter	★★★★★	1973	52,630	0%	12/28/2023	\$1,500,000	\$29	-
6 100 NE 23rd Ave	★★★★★	1977	13,640	0%	5/8/2024	\$1,250,000	\$92	-
7 2033 NE 27th Ave	★★★★★	1972	7,873	0%	4/4/2024	\$950,000	\$121	-
8 301 SE 11th St	★★★★★	2003	10,000	0%	3/20/2024	\$950,000	\$95	10.5%
9 25845 US Highway 27	★★★★★	1997	11,992	90.4%	7/10/2023	\$850,000	\$71	-
10 4405 SW 35th Ter	★★★★★	1984	8,265	0%	4/15/2024	\$835,000	\$101	8.5%
11 4333 NW 6th St	★★★★★	1974	6,150	0%	2/9/2024	\$776,000	\$126	-
12 6515 NW 16th St	★★★★★	2011	7,500	100%	7/19/2023	\$730,000	\$97	-
13 2408 NE Waldo Rd	★★★★★	1986	7,000	0%	3/4/2024	\$700,000	\$100	-
14 6725 NW 18th Dr	★★★★★	2005	5,000	0%	6/29/2023	\$640,000	\$128	-
15 325 NW 10th Ave	★★★★★	1973	21,162	0%	10/31/2023	\$530,000	\$25	-
15 325 NW 10th Ave	★★★★★	1973	21,162	0%	6/27/2023	\$530,000	\$25	-
16 3315 N Main Ter	★★★★★	1980	4,819	0%	8/2/2023	\$489,000	\$101	-
17 6920 SE 221st St	★★★★★	1929	3,696	0%	11/13/2023	\$400,000	\$108	-
18 2405 NW 71st Pl	★★★★★	1996	5,527	0%	9/6/2023	\$400,000	\$72	-
19 8927 NW 37th Cir	★★★★★	2012	8,937	0%	2/6/2024	\$387,542	\$43	-

BURKHARDT DISTRIBUTION WAREHOUSE
CONTAINING 76,397± SQUARE FEET
6125 NW 18TH DRIVE
GAINESVILLE, FLORIDA 32653

Economy

Gainesville Industrial

Gainesville's economy continues to perform, at least by the measure of total nonfarm employment. Oxford Economics estimates the economy saw GDP growth of 2.5% in 2022, and while economic growth may lag most of the state or the country, steady gains are forecasted. Additionally, the Bureau of Labor Statistics has reported that Gainesville's unemployment rate remained low at 3.2% as of November 2023. Oxford Economics also predicts that the strongest contributors to forecast economic growth will be the finance & real estate and government sectors.

As a predominantly college town, many of the jobs here are seasonal by nature and tied directly to the University of Florida (UF) and to a lesser extent, Santa Fe College. UF and its affiliated healthcare centers are the largest employers in the markets. The school has about 15,000 academic and administrative staff, and UF Health

Shands Hospital employs about 12,000. UF is also affiliated with the Veteran Affairs Medical Center, which employs an additional 6,000 people. Government is the largest industry in the market, employing roughly 30% of the workforce. This includes the VA medical center as well as the county school board and the city itself. The university is also a medical research hub, with research dollars generating about 300 patents a year, many of which are in life sciences.

The Gainesville market includes the counties of Alachua and Gilchrist and is connected to the greater Florida region by numerous major roadways including I-75, U.S. 301, and U.S. 441, as well as rail access via CSX. The market is located in close proximity to the major metropolitan areas of Jacksonville, Orlando, and Tampa, each of which can be reached within a two-hour drive.

GAINESVILLE EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	5	0.4	-0.74%	0.46%	0.63%	0.68%	0.03%	0.45%
Trade, Transportation and Utilities	22	0.8	1.91%	0.33%	1.83%	1.02%	0.35%	0.37%
Retail Trade	15	0.9	2.02%	0.49%	0.97%	0.26%	0.35%	0.26%
Financial Activities	7	0.7	1.65%	0.62%	0.68%	1.52%	0.30%	0.37%
Government	45	1.9	3.63%	2.47%	0.93%	0.62%	0.88%	0.70%
Natural Resources, Mining and Construction	6	0.7	2.53%	2.51%	4.11%	2.37%	1.02%	0.86%
Education and Health Services	31	1.2	3.15%	3.77%	2.82%	2.04%	0.49%	0.81%
Professional and Business Services	19	0.8	1.19%	0.66%	4.53%	1.88%	1.28%	0.73%
Information	2	0.7	0.28%	-0.68%	2.89%	1.08%	0.33%	0.65%
Leisure and Hospitality	16	1.0	-0.15%	2.84%	1.69%	1.50%	0.74%	1.01%
Other Services	5	0.8	-0.44%	1.59%	0.68%	0.59%	0.26%	0.55%
Total Employment	158	1.0	2.17%	1.69%	1.98%	1.35%	0.70%	0.66%

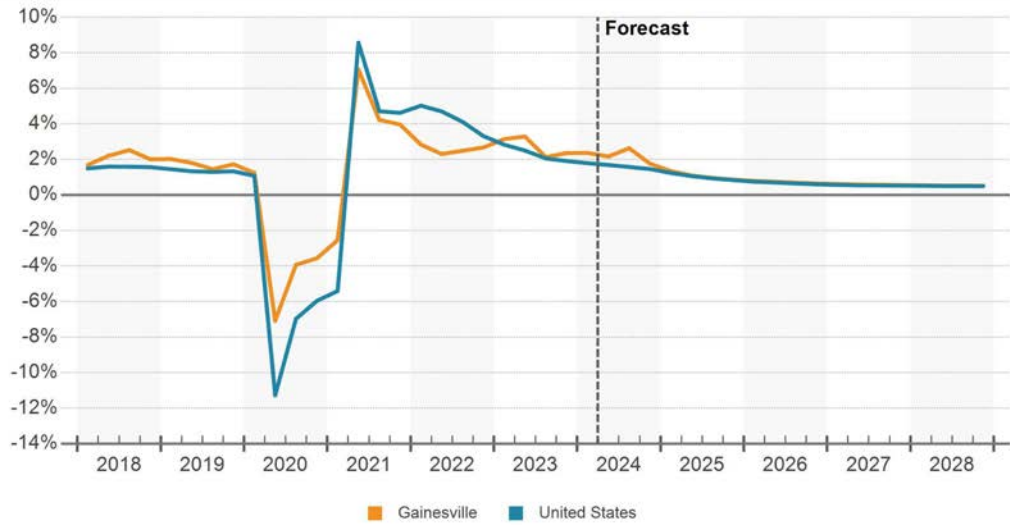
Source: Oxford Economics
LQ = Location Quotient

BURKHARDT DISTRIBUTION WAREHOUSE
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Economy

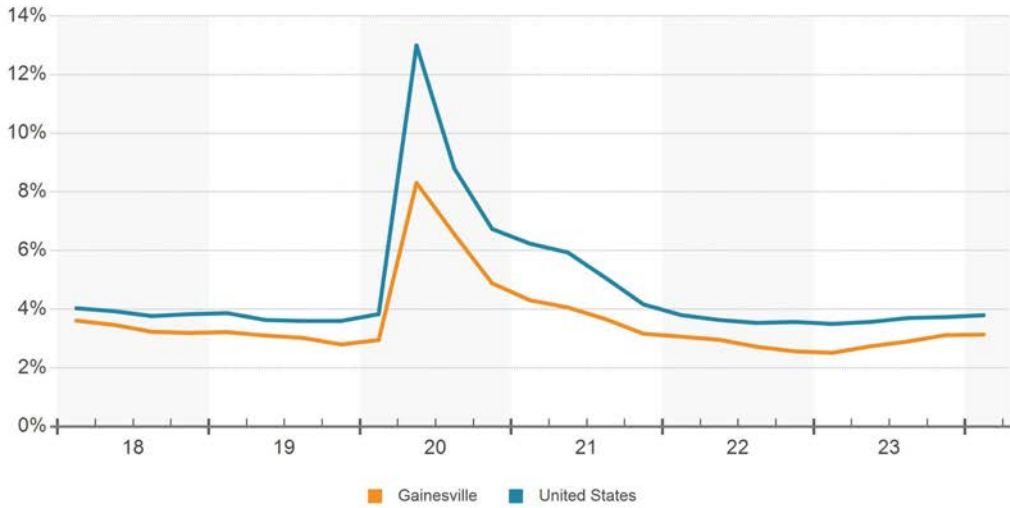
Gainesville Industrial

JOB GROWTH (YOY)



Source: Oxford Economics

UNEMPLOYMENT RATE (%)

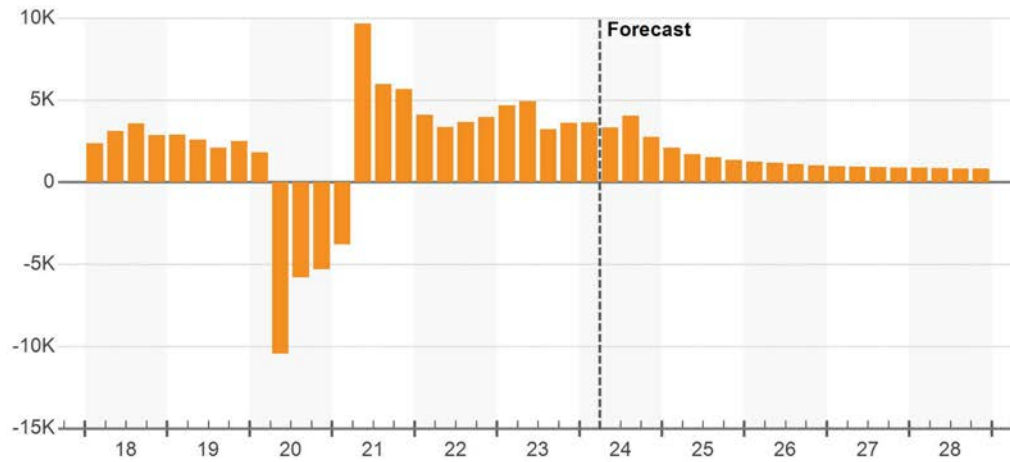


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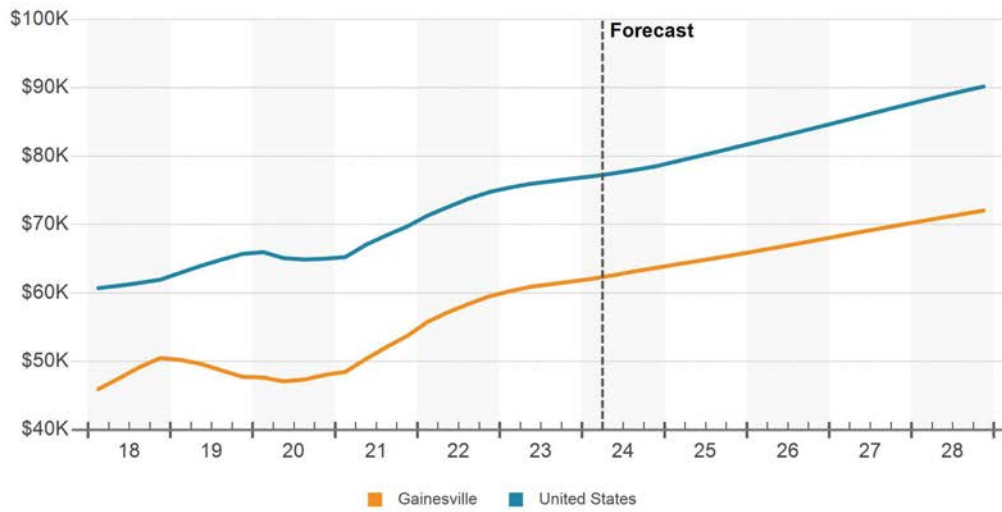
Economy

Gainesville Industrial

NET EMPLOYMENT CHANGE (YOY)



MEDIAN HOUSEHOLD INCOME

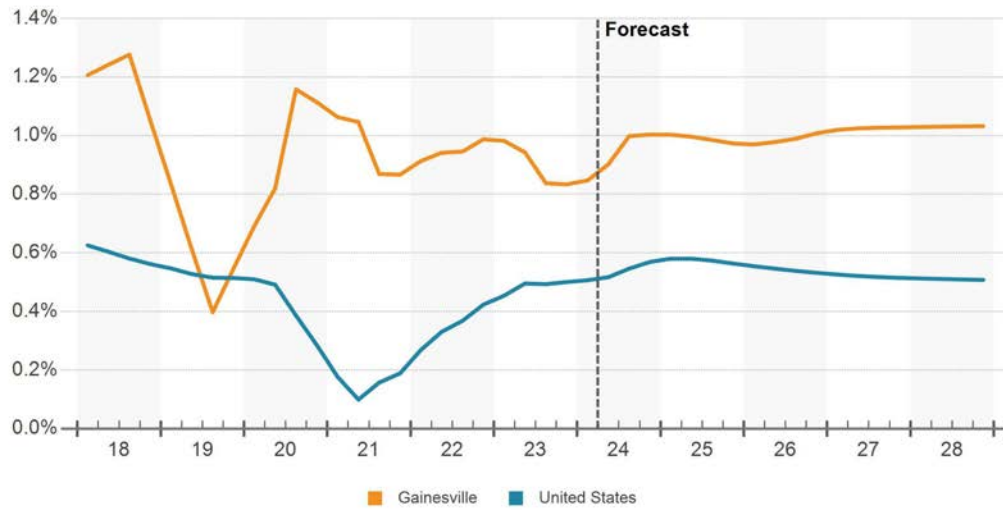


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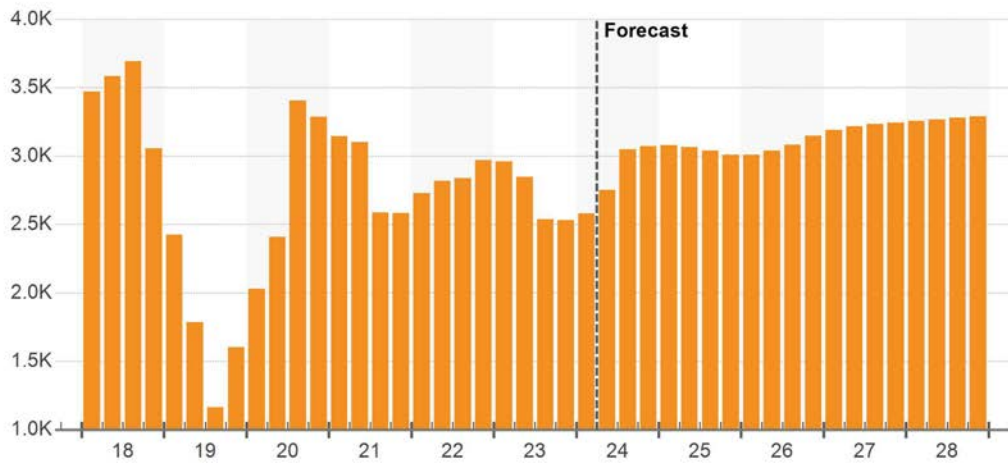
Economy

Gainesville Industrial

POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



BURKHARDT DISTRIBUTION WAREHOUSE
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Economy

Gainesville Industrial

DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	307,810	336,227,031	0.9%	0.5%	1.1%	0.5%	1.0%	0.5%
Households	121,960	131,361,125	1.1%	0.7%	0.8%	0.9%	1.1%	0.6%
Median Household Income	\$62,549	\$77,451	2.8%	2.0%	4.2%	3.9%	3.1%	3.4%
Labor Force	156,402	167,858,281	2.6%	0.6%	1.6%	0.8%	0.5%	0.5%
Unemployment	3.1%	3.8%	0.4%	0.2%	-0.2%	-0.2%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

BURKHARDT DISTRIBUTION WAREHOUSE
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Supply & Demand Trends

Gainesville Industrial

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	13,836,030	42,793	0.3%	72,427	0.5%	0.6
2027	13,793,237	42,215	0.3%	61,439	0.4%	0.7
2026	13,751,022	33,183	0.2%	(1,745)	0%	-
2025	13,717,839	252,581	1.9%	210,546	1.5%	1.2
2024	13,465,258	(8,316)	-0.1%	(81,532)	-0.6%	-
YTD	13,473,574	0	0%	(39,079)	-0.3%	-
2023	13,473,574	71,600	0.5%	(59,738)	-0.4%	-
2022	13,401,974	83,284	0.6%	23,689	0.2%	3.5
2021	13,318,690	69,900	0.5%	154,500	1.2%	0.5
2020	13,248,790	12,090	0.1%	123,320	0.9%	0.1
2019	13,236,700	60,600	0.5%	117,783	0.9%	0.5
2018	13,176,100	8,202	0.1%	(84,980)	-0.6%	-
2017	13,167,898	69,800	0.5%	23,386	0.2%	3.0
2016	13,098,098	60,871	0.5%	180,220	1.4%	0.3
2015	13,037,227	171,363	1.3%	547,274	4.2%	0.3
2014	12,865,864	0	0%	(53,299)	-0.4%	-
2013	12,865,864	0	0%	(142,087)	-1.1%	-
2012	12,865,864	20,552	0.2%	(227,447)	-1.8%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	2,890,186	(3,889)	-0.1%	5,092	0.2%	-
2027	2,894,075	(3,845)	-0.1%	2,667	0.1%	-
2026	2,897,920	(3,811)	-0.1%	(11,751)	-0.4%	-
2025	2,901,731	(3,796)	-0.1%	(16,102)	-0.6%	-
2024	2,905,527	(1,758)	-0.1%	(29,884)	-1.0%	-
YTD	2,907,285	0	0%	(12,095)	-0.4%	-
2023	2,907,285	0	0%	(22,816)	-0.8%	-
2022	2,907,285	0	0%	42,623	1.5%	0
2021	2,907,285	0	0%	32,000	1.1%	0
2020	2,907,285	0	0%	148,225	5.1%	0
2019	2,907,285	0	0%	81,546	2.8%	0
2018	2,907,285	0	0%	(49,474)	-1.7%	-
2017	2,907,285	0	0%	(57,496)	-2.0%	-
2016	2,907,285	33,556	1.2%	(23,034)	-0.8%	-
2015	2,873,729	183,000	6.8%	193,130	6.7%	0.9
2014	2,690,729	0	0%	(144,680)	-5.4%	-
2013	2,690,729	0	0%	(5,588)	-0.2%	-
2012	2,690,729	0	0%	46,000	1.7%	0

BURKHARDT DISTRIBUTION WAREHOUSE
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Supply & Demand Trends

Gainesville Industrial

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	9,351,738	33,059	0.4%	58,224	0.6%	0.6
2027	9,318,679	32,603	0.4%	49,474	0.5%	0.7
2026	9,286,076	25,908	0.3%	6,077	0.1%	4.3
2025	9,260,168	254,294	2.8%	233,111	2.5%	1.1
2024	9,005,874	(5,539)	-0.1%	(11,328)	-0.1%	-
YTD	9,011,413	0	0%	4,804	0.1%	0
2023	9,011,413	5,000	0.1%	(98,862)	-1.1%	-
2022	9,006,413	57,181	0.6%	4,211	0%	13.6
2021	8,949,232	69,900	0.8%	111,303	1.2%	0.6
2020	8,879,332	12,090	0.1%	(7,722)	-0.1%	-
2019	8,867,242	0	0%	(31,575)	-0.4%	-
2018	8,867,242	(7,098)	-0.1%	(43,821)	-0.5%	-
2017	8,874,340	54,500	0.6%	87,210	1.0%	0.6
2016	8,819,840	27,315	0.3%	177,277	2.0%	0.2
2015	8,792,525	(11,637)	-0.1%	327,787	3.7%	-
2014	8,804,162	0	0%	70,404	0.8%	0
2013	8,804,162	0	0%	(138,491)	-1.6%	-
2012	8,804,162	8,937	0.1%	(232,659)	-2.6%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	1,594,106	13,623	0.9%	9,111	0.6%	1.5
2027	1,580,483	13,457	0.9%	9,298	0.6%	1.4
2026	1,567,026	11,086	0.7%	3,929	0.3%	2.8
2025	1,555,940	2,083	0.1%	(6,463)	-0.4%	-
2024	1,553,857	(1,019)	-0.1%	(40,320)	-2.6%	-
YTD	1,554,876	0	0%	(31,788)	-2.0%	-
2023	1,554,876	66,600	4.5%	61,940	4.0%	1.1
2022	1,488,276	26,103	1.8%	(23,145)	-1.6%	-
2021	1,462,173	0	0%	11,197	0.8%	0
2020	1,462,173	0	0%	(17,183)	-1.2%	-
2019	1,462,173	60,600	4.3%	67,812	4.6%	0.9
2018	1,401,573	15,300	1.1%	8,315	0.6%	1.8
2017	1,386,273	15,300	1.1%	(6,328)	-0.5%	-
2016	1,370,973	0	0%	25,977	1.9%	0
2015	1,370,973	0	0%	26,357	1.9%	0
2014	1,370,973	0	0%	20,977	1.5%	0
2013	1,370,973	0	0%	1,992	0.1%	0
2012	1,370,973	11,615	0.9%	(40,788)	-3.0%	-

BURKHARDT DISTRIBUTION WAREHOUSE
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Rent & Vacancy

Gainesville Industrial

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$13.27	220	3.8%	24.4%	556,392	4.0%	-0.2%
2027	\$12.79	212	4.3%	19.9%	584,863	4.2%	-0.1%
2026	\$12.26	203	4.9%	15.0%	602,913	4.4%	0.3%
2025	\$11.70	193	4.9%	9.6%	566,769	4.1%	0.2%
2024	\$11.15	184	4.5%	4.5%	523,627	3.9%	0.5%
YTD	\$10.88	180	6.0%	2.0%	489,027	3.6%	0.3%
2023	\$10.67	176	8.9%	0%	449,948	3.3%	1.0%
2022	\$9.80	162	10.7%	-8.2%	318,610	2.4%	0.4%
2021	\$8.85	146	9.2%	-17.0%	259,015	1.9%	-0.6%
2020	\$8.11	134	6.4%	-24.0%	343,615	2.6%	-0.8%
2019	\$7.62	126	5.4%	-28.6%	454,845	3.4%	-0.4%
2018	\$7.23	120	6.1%	-32.2%	512,028	3.9%	0.7%
2017	\$6.81	113	5.5%	-36.1%	418,727	3.2%	0.3%
2016	\$6.46	107	4.4%	-39.5%	372,432	2.8%	-0.9%
2015	\$6.18	102	4.0%	-42.0%	491,781	3.8%	-3.0%
2014	\$5.94	98	3.7%	-44.3%	867,692	6.7%	0.4%
2013	\$5.73	95	2.3%	-46.3%	814,393	6.3%	1.1%
2012	\$5.61	93	0.2%	-47.4%	672,306	5.2%	1.9%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$13.92	208	3.9%	23.9%	69,631	2.4%	-0.3%
2027	\$13.40	200	4.4%	19.3%	78,341	2.7%	-0.2%
2026	\$12.84	191	5.0%	14.2%	84,606	2.9%	0.3%
2025	\$12.23	182	5.0%	8.8%	76,391	2.6%	0.4%
2024	\$11.64	174	3.6%	3.6%	63,809	2.2%	1.0%
YTD	\$11.37	170	3.9%	1.2%	47,695	1.6%	0.4%
2023	\$11.24	168	7.3%	0%	35,600	1.2%	0.8%
2022	\$10.48	156	11.0%	-6.8%	12,784	0.4%	-1.5%
2021	\$9.43	141	9.6%	-16.0%	55,407	1.9%	-1.1%
2020	\$8.61	128	6.3%	-23.4%	87,407	3.0%	-5.1%
2019	\$8.09	121	5.0%	-28.0%	235,632	8.1%	-2.8%
2018	\$7.71	115	6.3%	-31.4%	317,178	10.9%	1.7%
2017	\$7.25	108	5.1%	-35.5%	267,704	9.2%	2.0%
2016	\$6.89	103	4.1%	-38.7%	210,208	7.2%	1.9%
2015	\$6.62	99	2.9%	-41.1%	153,618	5.3%	-0.7%
2014	\$6.43	96	3.0%	-42.8%	163,748	6.1%	5.4%
2013	\$6.25	93	2.7%	-44.4%	19,068	0.7%	0.2%
2012	\$6.08	91	-0.2%	-45.9%	13,480	0.5%	-1.7%

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Supply & Demand Trends

Gainesville Industrial

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2026	1,567,026	11,086	0.7%	3,929	0.3%	2.8
2025	1,555,940	2,083	0.1%	(6,463)	-0.4%	-
2024	1,553,857	(1,019)	-0.1%	(40,320)	-2.6%	-
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2017	1,386,273	15,300	1.1%	(6,328)	-0.5%	-
2016	1,370,973	0	0%	25,977	1.9%	0
2015	1,370,973	0	0%	26,357	1.9%	0
2014	1,370,973	0	0%	20,977	1.5%	0
2013	1,370,973	0	0%	1,992	0.1%	0
2012	1,370,973	11,615	0.9%	(40,788)	-3.0%	-

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Sale Trends

Gainesville Industrial

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$139.79	321	7.4%
2027	-	-	-	-	-	-	\$129.63	297	7.6%
2026	-	-	-	-	-	-	\$118.81	273	7.9%
2025	-	-	-	-	-	-	\$108.55	249	8.2%
2024	-	-	-	-	-	-	\$103.62	238	8.2%
YTD	8	\$5.8M	0.5%	\$835,506	\$94.54	9.5%	\$103.86	238	8.0%
2023	38	\$28.4M	4.3%	\$886,738	\$51.06	8.1%	\$101.04	232	8.0%
2022	31	\$80.2M	3.9%	\$2,673,438	\$154.76	-	\$99.59	228	7.3%
2021	44	\$97.3M	7.8%	\$2,561,671	\$98.27	7.0%	\$91.05	209	7.0%
2020	35	\$18.1M	3.2%	\$723,079	\$60.64	-	\$74.27	170	7.7%
2019	44	\$25M	4.7%	\$658,454	\$43.38	9.3%	\$65.08	149	8.2%
2018	34	\$19.3M	4.8%	\$773,324	\$34.40	-	\$59.95	138	8.3%
2017	41	\$7M	2.7%	\$386,872	\$41.66	4.9%	\$55.48	127	8.3%
2016	31	\$54.8M	3.8%	\$1,888,798	\$115.03	8.1%	\$54.57	125	7.9%
2015	33	\$7.7M	2.1%	\$321,608	\$31.65	9.1%	\$51.46	118	7.9%
2014	34	\$18.1M	3.8%	\$623,762	\$40.53	-	\$46.67	107	8.3%
2013	33	\$12.7M	5.8%	\$455,236	\$24.92	-	\$44.22	101	8.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.
(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$134.53	323	7.5%
2027	-	-	-	-	-	-	\$124.71	299	7.7%
2026	-	-	-	-	-	-	\$114.26	274	8.0%
2025	-	-	-	-	-	-	\$104.36	250	8.3%
2024	-	-	-	-	-	-	\$99.53	239	8.3%
YTD	1	\$835K	0.3%	\$835,000	\$101.03	8.5%	\$99.75	239	8.1%
2023	6	\$3.3M	4.7%	\$668,739	\$25.43	-	\$97.21	233	8.1%
2022	4	\$1.8M	0.7%	\$445,875	\$84.65	-	\$96.52	232	7.4%
2021	14	\$57.5M	19.6%	\$4,795,216	\$103.72	-	\$87.04	209	7.1%
2020	1	\$950K	0.1%	\$950,000	\$349.52	-	\$71.37	171	7.8%
2019	8	\$15.6M	11.8%	\$1,948,242	\$45.42	-	\$61.96	149	8.3%
2018	3	\$615K	1.9%	\$205,000	\$11.09	-	\$57.06	137	8.4%
2017	5	\$302.6K	0.6%	\$151,300	\$57.11	-	\$52.81	127	8.4%
2016	7	\$47.9M	12.0%	\$6,840,671	\$137.45	7.3%	\$52.07	125	8.0%
2015	6	\$1.2M	2.1%	\$246,900	\$23.77	-	\$49.13	118	8.0%
2014	8	\$4.3M	5.3%	\$608,571	\$30.48	-	\$44.78	107	8.4%
2013	6	\$3.9M	17.2%	\$784,601	\$15.52	-	\$41.86	100	8.6%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.
(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

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Sale Trends

Gainesville Industrial

LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$140.92	330	7.3%
2027	-	-	-	-	-	-	\$130.55	305	7.5%
2026	-	-	-	-	-	-	\$119.53	280	7.8%
2025	-	-	-	-	-	-	\$109.11	255	8.1%
2024	-	-	-	-	-	-	\$104.12	243	8.1%
YTD	5	\$3.1M	0.4%	\$765,886	\$92.95	10.5%	\$104.35	244	7.9%
2023	26	\$21.8M	4.1%	\$1,039,900	\$62.97	8.1%	\$101.44	237	7.9%
2022	21	\$62.8M	3.7%	\$3,139,825	\$191.24	-	\$99.41	232	7.3%
2021	23	\$34.8M	4.2%	\$1,833,417	\$101.30	7.0%	\$91.05	213	7.0%
2020	29	\$15.9M	4.5%	\$792,692	\$57.15	-	\$73.90	173	7.7%
2019	32	\$8.8M	3.1%	\$340,090	\$39.15	9.3%	\$64.85	152	8.1%
2018	25	\$17.1M	5.9%	\$950,117	\$36.30	-	\$59.64	139	8.2%
2017	33	\$5.8M	3.3%	\$414,079	\$49.27	4.9%	\$55.07	129	8.2%
2016	18	\$5.4M	1.2%	\$316,203	\$54.72	9.0%	\$54.09	127	7.9%
2015	20	\$5.5M	2.0%	\$422,177	\$37.49	9.1%	\$50.91	119	7.9%
2014	20	\$10.1M	3.3%	\$593,129	\$40.38	-	\$45.87	107	8.3%
2013	25	\$7.5M	2.5%	\$358,743	\$38.29	-	\$43.45	102	8.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.
(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$142.91	275	7.8%
2027	-	-	-	-	-	-	\$133.32	256	8.0%
2026	-	-	-	-	-	-	\$122.98	236	8.3%
2025	-	-	-	-	-	-	\$113.05	217	8.6%
2024	-	-	-	-	-	-	\$108.30	208	8.6%
YTD	2	\$2M	1.3%	\$975,000	\$94.48	-	\$108.59	209	8.4%
2023	6	\$3.2M	5.0%	\$532,333	\$41.23	-	\$105.80	203	8.4%
2022	6	\$15.6M	11.3%	\$2,603,855	\$92.54	-	\$106.35	204	7.6%
2021	7	\$5M	6.3%	\$709,429	\$54.03	-	\$98.54	189	7.3%
2020	5	\$1.3M	1.4%	\$318,283	\$70.86	-	\$81.93	157	7.9%
2019	4	\$593K	0.5%	\$148,250	\$76.73	-	\$72.26	139	8.3%
2018	6	\$1.6M	3.5%	\$404,000	\$45.58	-	\$67.19	129	8.4%
2017	3	\$864K	3.4%	\$432,000	\$19.55	-	\$62.88	121	8.4%
2016	6	\$1.5M	2.6%	\$303,000	\$51.22	-	\$62.08	119	8.0%
2015	7	\$995.8K	3.5%	\$165,967	\$21.85	-	\$59.10	114	7.9%
2014	6	\$3.7M	4.6%	\$749,180	\$65.90	-	\$54.98	106	8.2%
2013	2	\$1.3M	4.5%	\$645,000	\$20.81	-	\$53.27	102	8.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.
(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

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PROPERTY DESCRIPTION

General

The subject underlying land contains 10.12± acres. The property has frontage along the east side of NW 18th Drive. The property is improved with a one-story, 76,397± square foot distribution warehouse facility constructed in 2000 and 2011. The building is a vacant single-tenant building.

Access

Accessibility throughout the market area is considered good, with the main transportation routes being U.S. Highway 441 and State Road 121.

The subject site has good access and exposure within the immediate market area being located within the Northwest Industrial Park. The Northwest Industrial Park is located in the northeast quadrant of U.S. Highway 441 and State Road 121. The subject property has direct frontage on NW 18th Drive. NW 18th Drive is the main industrial thoroughfare that travels in a north/south direction. The roadway dead ends just south of the subject property.

Topography & Drainage

The subject property is at approximate road grade with NW 18th Drive. The subject property is serviced by two large onsite retention ponds which provide adequate drainage.

Flood Plain

According to FEMA Flood Map, Panel No. 12001C0303E, dated November 2, 2018, most of the property is located within a Zone "X", an area identified as lying outside the determined 100-year flood plain.

Soils

I was not provided a Soil Survey of the subject site and this analysis assumes adequate soil conditions exist for the subject development. Any indications to the contrary will subject this report to review and possible modification. Based on my overall inspection of the subject site and surrounding properties, it appears that adequate soil conditions exist.

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Utilities

Utilities available to the property include electric, water, and sewer. Water and sewer are provided by Gainesville Utility Services.

ZONING AND FUTURE LAND USE

The subject property is zoned I-1, Limited Industrial, by the City of Gainesville. Allowable uses in this district include alcoholic beverage establishments, warehouse distribution facilities, business services, industrial, office, public administration, vehicle repair, carwash, equipment sales and rental, drive-thru facilities, micro-breweries, mini-warehouse, and storage facility.

The future land use for the subject is Industrial District, by the City of Gainesville. See the addendum to this report for the zoning and future land use maps.

REAL ESTATE ASSESSMENTS AND TAXES

The subject property is currently assessed and taxed by Alachua County. The tax amount shown on the tax rolls represents the gross amount due in March of the following year. The following chart reflects the 2023 assessments and taxes for the subject property.

2023 Tax Assessment

Parcel ID#	Assessed Value	Exempt Amount	Non-Ad Valorem Assessment	Millage Rate	Taxable Value	Total Taxes
07878-030-008	\$2,512,928	\$0	\$4,787.79	22.17750	\$2,512,928	\$60,518.25

*Note: It appears that the Alachua County property appraiser data has not included the entire building of 76,397± square feet on the tax roll. It appears that the 2011 addition (23,712± square feet) was not included in the assessment.

According to Alachua County, there are no delinquent property taxes for the subject property.

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DESCRIPTION OF IMPROVEMENTS

The subject property is improved with a single-story 76,397± square foot distribution warehouse facility originally constructed in 2000 (52,685± square feet) with an addition in 2011 (23,712± square feet). The building was built by Burkhardt Distributing of Gainesville for the local Budweiser Distributorship. The building is of precast concrete panels with steel frame truss system. The building is divided between 12,613± square feet of office space (17%), 45,987± square feet of air-conditioned warehouse (60%), 15,297± square feet of non-air-conditioned warehouse (20%) (drive-thru area). Additionally, there is a 2,500± square foot detached service garage (3%) located in the southeast corner of the property. There is also a concrete truck loading well with six dock high doors along the south elevation of the building. The warehouse is designed with two large air-conditioning areas, receiving/loading area, and an enclosed truck drive-thru area which attaches this area to the warehouse areas. The air-conditioned warehouse areas have an average eave height of 30 feet. The office portion of the building was designed with a large open work area with office cubicles, executive offices, conference rooms, as well as a large employee lounge area. Site improvements include a large truck parking area along the south boundary, car parking along the west boundary, concrete paved sidewalks and walkway areas, two large retention ponds, chain link perimeter fencing, and gates. The balance of the property, which is not improved, includes mature landscaping, including trees, bushes, and sod. The detached service garage was constructed of precast concrete tilt walls with a steel frame truss system. It has two truck service bays, and the average eave height is 20 feet. As of the current date of our inspection, improvements were in good condition with no noticeable evidence of deferred maintenance.

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Building Improvements

Type of Building:	Cold Storage Distribution Warehouse
Date of Construction:	2000, with an addition in 2011.
Height:	One-story – cold storage warehouse has an average eave height of 30 feet.
Type of Construction:	Precast concrete tilt wall panels with a steel frame truss system.
Roof:	Flat rolled roofing with goodyear rubber over the original warehouse, with metal over the warehouse addition.
Exterior Walls:	Precast concrete panels with a textured acrylic coating.
Floors:	Office area – carpet, ceramic tile, and vinyl tile. Distribution and office area – finished concrete.
Interior Walls:	Office area – finished drywall in most areas. Distribution area – insulated metal panels.
Ceilings:	Office area – acoustical ceiling tiles Warehouse area – exposed steel bar joist with insulated metal panels.
Heat and A/C:	Adequate; roughly 72% of the warehouse area is cold storage area.
Electricity:	Adequate
Lighting:	Fluorescent
Plumbing:	Adequate; there are numerous restrooms throughout the building.

Site Improvements

Site improvements include over 112,357 square feet of asphalt paved driveway and parking area. The parking area includes a large employee parking area at the front of the building and a large truck parking area on the side of the building. There is also a 4,560± square foot concrete truck loading well with room for six stalls, and 3,209± square feet of concrete paved sidewalk and walkway area, two large retention lakes, chain link perimeter fencing, and above average landscaping.

HIGHEST AND BEST USE

According to *The Appraisal of Real Estate*, the highest and best use is defined as,

“The reasonable and probable use that supports the highest present land value, as defined, as of the date of the appraisal. Alternatively, the highest and best use is the use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.”

To estimate the highest and best use of the subject, we have considered those uses, which are physically possible, legally permissible, economically feasible, and maximally productive. Consideration was given to the individual features of the land, such as size, shape, location, access to roadways, and the availability of utilities. Consideration was also given to the surrounding land uses and the demand for property in the current real estate market.

In cases where properties are improved, the highest and best use of the site, “as though vacant”, and the highest and best use of the property, “as improved”, may be different. This is due to the principle of “contribution”, which holds that if an improvement adds value to the site over and above land value, the highest and best use of the property is “as improved” until such time as the improvements add no contributory value to the property.

“As Though Vacant”

The highest and best use of the subject property, “as though vacant”, must be analyzed with regard to the different types of uses, both existing and potential for the subject property. This is to determine which use will provide the highest return to the land.

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Physically Possible

The subject's underlying land is rectangular in shape and contains 10.12± acres. The site has 760± feet of frontage along the east side of NW 18th Drive. The subject is located within the Northwest Industrial Park, just northeast of U.S. Highway 441 and State Road 121 intersection. The Northwest Industrial Park includes full utilities, including underground city water, sewer, and above and below ground electrical lines. The streets are public right-of-ways maintained by the City of Gainesville and consist of two-lane paved roads with large cul-de-sacs to allow for movability of large tractor trailer vehicles.

Based upon the above, it is our opinion that the site has sufficient size, visibility, and development potential for a variety of uses, including commercial and industrial uses.

Legally Permissible

The subject property is zoned I-1, Limited Industrial, by the City of Gainesville, with a future land use designation of Industrial. The zoning and future land use allow for a variety of industrial uses. Therefore, based upon this analysis of the present zoning and future land use, legally permissible and physically possible uses include most types of industrial.

Economically Feasible

We have considered those uses, which are physically possible and legally permissible. Considering those uses, we have analyzed those uses that would also be economically feasible. In considering the economically feasible uses for this property, one must give consideration to the surrounding land uses, access, as well as the site's general and specific locations.

As previously discussed, the subject neighborhood is one of the major industrial districts of the city of Gainesville. The area has seen substantial industrial development over the past 30 years and continued expanding with the economic growth of the city. The majority of the Northwest Industrial Park is almost entirely built-out with only a few remaining vacant lots (mostly existing smaller parcels located to the east of the subject property). Recent development within the park includes the recently completed Amazon Distribution facility at the entrance to the park and the nearby United Parcel Service warehouse, which has recently undergone major expansion and renovations. The large scale City of Gainesville Garage Facility is located just east of the subject property. These factors, combined with the continued development of suburban residential areas to the west and north of the neighborhood, add to the favorable prospects of continued

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growth in the area and continue the stability of property values within the industrial district.

It appears that the Alachua County industrial market has remained somewhat stable over the past several years. Based upon the above, the financially feasible uses for the subject property will include industrial development.

Maximally Productive

The maximally productive use for the subject property addresses questions of what use is the most profitable utilization. Given the market conditions, in our opinion, the maximally productive use for the subject property would be some type of future industrial development.

“As Improved”

The subject property is currently improved with a one-story, 76,397± square foot distribution warehouse facility built in 2000 and 2011. The building was built as a distribution warehouse for the local Budweiser distributorship. The building is of precast concrete tilt-up panels with a steel frame truss system. The building is divided between 12,613± square feet of office space, 45,987± square feet of air-conditioned warehouse, and a 15,297± square feet of non-air-conditioned warehouse (truck drive-thru). Additionally, located in the southeast corner of the property is a 2,500-square foot detached service garage. The site improvements include a large truck parking lot on the south boundary, vehicle/car parking along the west boundary, onsite lighting, fencing, sidewalks, and drainage. The balance of the property which is not improved includes mature landscaping, including trees and sod and two large retention ponds. The building was an owner-occupied building at one time but is currently vacant. Based upon the age and condition of the building, the highest and best use of this property, “as improved”, is for continued use as an industrial building.

VALUATION METHODOLOGY

Real estate appraisal practice ordinarily requires the use of three basic approaches to value. These approaches are commonly referred to as the Cost Approach, the Sales Comparison Approach, and the Income Approach, which provide the basis for arriving at a final value estimate.

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The Cost Approach is the sum of the land value and the depreciated cost new of the improvements. The Cost Approach is based on the premise that an informed, rational, investor/purchaser would pay no more for the subject property than it would cost him to produce a substitute property with the same utility and without undue delay.

The Sales Comparison Approach is the process of comparing sales to the subject property and making adjustments to these sales for such differences as time, location, size, and physical characteristics. This approach is based on the principle that a prudent purchaser would pay no more to buy the subject property than it would cost him to buy a comparable substitute property with the same utility and without undue delay.

The Income Approach is based on the premise that a prudent investor would pay no more for the subject property than he would for another investment property with similar risk and return characteristics. Since the value of an investment can be considered equal to the present worth of anticipated future benefits (dollar income or amenities), this approach first estimates the net income that the property is capable of producing and then "capitalizes" this amount at a market-derived rate which reflects the risk and return characteristics of the investment.

The subject property is improved with an office/warehouse building. In our opinion, the most appropriate approaches to value are the Improved Sales Comparison Approach and the Income Capitalization Approach. These approaches best reflect the most current actions and expectations of investors and other market participants. The Cost Approach was not applied since applying the Cost Approach due to the physical age of the subject improvements and the difficulty in accurately determining the appropriate amount of accrued depreciation.

Therefore, we utilized the Sales Comparison Approach and the Income Approach to value. The Sales Comparison Approach was assumed to be a good indicator of value for the subject. However, similar building sales were not located in the Gainesville area. Our sales search was expanded to the Ocala and Jacksonville areas. The indicated unit value of the subject property is based upon analysis of comparable sales transactions, which are considered viable alternative purchases for those investors involved in the subject's market. Comparable sales exhibited similar income and expense characteristics, were similar in size and condition, and were similar with respect to use.

The Income Approach was considered to be a good indication of value for the subject property. However, due to the lack of similar rental comparables in the Gainesville area, we expanded our search to include similar buildings located in the St. Augustine, Jacksonville, and Daytona Beach areas.

SALES COMPARISON APPROACH

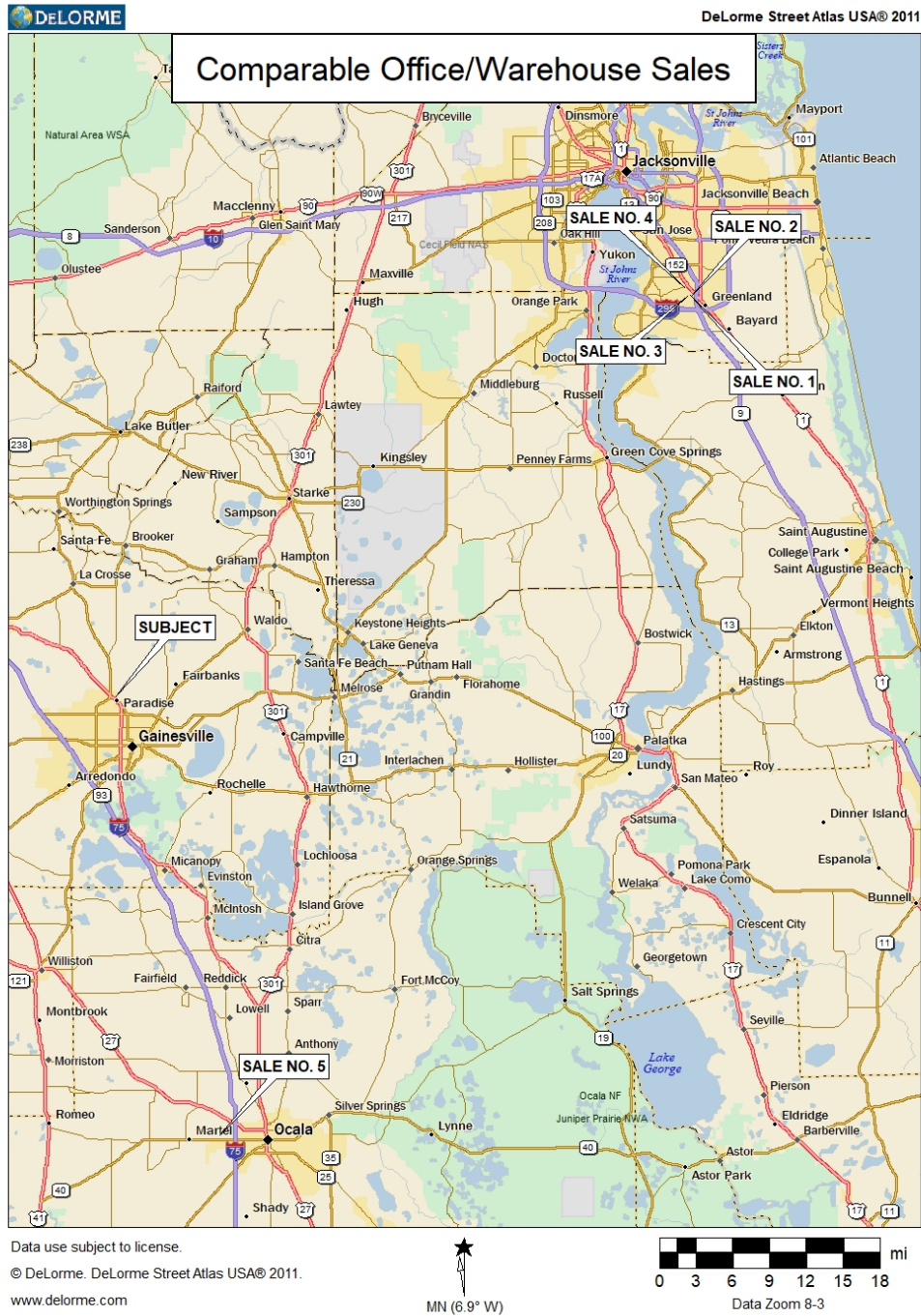
In this approach, an opinion of market value of the property is developed by comparing the sales of properties to the subject property which have recently sold. For this analysis, the Sales Comparison Approach has been utilized. As discussed, we concluded that the office/warehouse or industrial uses are the highest and best use for the subject property “as vacant” and “as improved”. Thus, our research has concentrated on similar sales.

A map showing the location of the improved sales and a list of the sales in tabular form is on the following page. The comparable improved sale write-ups are included in the *Addendum* to this report.

A relative comparison analysis is used to analyze the relationships between the sale properties and the subject property, without the utilization of quantitative adjustments. The sales are discussed below together with a comparative analysis of both the transaction and property elements together with a final indication of market value for the subject property. The sales are analyzed on a price per square foot basis.

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COMPARABLE IMPROVED SALES MAP



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COMPARABLE IMPROVED SALES CHART

SALE NO.	SUBJECT	SALE NO. 1	SALE NO. 2	SALE NO. 3	SALE NO. 4	SALE NO. 5
RECORDED DOCUMENT #		21049-0218	21049-0222	21049-0228	20743-1866	7639-1862
ADDRESS	6125 NW 18th Drive	9855 Mining Terrace	5885 Mining Terrace	5748 Mining Terrace	5300 Shad Road	5151 NW 5th Street
LOCATION	East side of NW 18th Drive, south of NW67th Place, east of US Highway 441	Northeast corner of Mining Terrace and Mining Drive	Located at the east terminus of Mining Terrace, west of US-1 and Interstate 95.	Located at the west terminus of Mining Terrace, east of Hood Road S	Southwest corner of Shad Road and Florida Mining Boulevard W	Northeast corner of NW 5th Street and NW 52nd Avenue
GRANTOR	Burkhardt Distributing of Gainesville, Inc.	SPI/CLIM JP Property Owner, LLC	SPI/CLIM JP Property Owner, LLC	SPI/CLIM JP Property Owner, LLC	Roger S. Williams, LLC	5151 Fifth, LLC
GRANTEE		AG-RC III 9855 Mining Terrace Owner, LLC.	AG-RC III 5885 Mining Terrace Owner, LLC.	AG-RC III 5748 Mining Terrace Owner, LLC.	V 3 Shad Road Industrial, LLC.	Ricky W. Massie and Debra L. Massie, Trustees
SALE DATE		May 7, 2024	May 7, 2024	May 7, 2024	July 12, 2023	December 3, 2021
SALE PRICE		\$13,616,900	\$4,687,400	\$7,645,000	\$9,675,000	\$4,620,000
PROPERTY RIGHTS CONVEYED		Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
COUNTY	Alachua	Duval	Duval	Duval	Duval	Marion
CITY	Gainesville	Jacksonville	Jacksonville	Jacksonville	Jacksonville	Ocala
ZONING	(I1) Limited Industrial	IL, IND	IL, IND	IL, IND	IL, IND	M-1
FUTURE LAND USE	Industrial	Light Industrial	Light Industrial	Light Industrial	Light Industrial	Employment Center
BUILDING SIZE (SF RENTABLE)	76,397	103,772	33,056	54,750	63,730	30,800
YEAR BUILT	2000/2011	1998/2003	2000	2001	2002	2005
OFFICE (SF)	12,613	9,994	1,936	4,576	3,198	4,620
PERCENT OFFICE	17%	9.6%	5.9%	8.4%	5.0%	15.0%
PERCENT AIR CONDITIONED	60%	9.6%	5.9%	8.4%	100%	15.0%
WAREHOUSE CLEAR HEIGHT	30'	15' - 25'	24'	24'	24'	20'
SITE SIZE (SF USABLE)	440,827	270,508	195,584	209,088	263,146	140,263
LAND:BUILDING RATIO	5.8	2.61	5.92	4.86	4.13	4.55
DOCK HIGH POSITIONS/DOORS	6	24	4	18	7	4
SALE PRICE PER SF RENTABLE		\$131.22	\$141.80	\$139.63	\$151.81	\$150.00
TRANSACTION COMPARISON:						
PROPERTY RIGHTS CONVEYED		Similar	Similar	Similar	Similar	Similar
FINANCING TERMS		Similar	Similar	Similar	Similar	Similar
CONDITIONS OF SALE		Similar	Similar	Similar	Similar	Similar
MARKET CONDITIONS		Similar	Similar	Similar	Similar	Inferior
PROPERTY COMPARISON:						
LOCATION/ACCESS/EXPOSURE		Superior	Superior	Superior	Superior	Similar
YEAR BUILT		Inferior	Inferior	Inferior	Inferior	Inferior
INTERIOR BUILDOUT		Inferior	Inferior	Inferior	Inferior	Inferior
WAREHOUSE CLEAR HEIGHT		Inferior	Inferior	Inferior	Inferior	Inferior
BUILDING SIZE (SF RENTABLE)		Inferior	Superior	Similar	Similar	Superior
PARKING / TRUCK COURT		Superior	Similar	Superior	Similar	Similar
OVERALL COMPARISON		Inferior	Similar	Similar	Similar	Similar

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Comparable Improved Sales Analysis

The comparable improved sales utilized provided a unit price from \$131.22 per square foot to \$151.81 per square foot. The office/warehouse buildings ranged in size from 30,800± square feet to 103,772± square feet. The office/warehouse buildings were built between 1998 and 2005. The improved sales transacted between December 2021 and May 2024. Typically, adjustments are made for transactional components (financing, market conditions and conditions of sale), as well as physical attributes such as location/access/exposure, year built, interior buildout, warehouse clear height, building size, A/C warehouse, land-to-building ratios, parking, and condition/age. In this case, a Relative Comparison Analysis has been used which analyzes the relationship between the sale properties to the subject property. A comparison (inferior, similar, or superior) is indicated by market support and reasoning within the estimation of quantitative adjustments.

Comparable Improved Sale No. 1 (21049-0218) is located at 9855 Mining Terrace, in Jacksonville, Duval County. This building is located at the northeast corner of Mining Terrace and Mining Drive, within the Southgate Distribution Center. In May 2024, SPI/CLIM JP Property Owners, LLC, sold a three-building complex totaling 103,772± square feet to AG-RC III 9855 Mining Drive Terrace Owner, LLC, for \$13,616,929. The building is located on a rectangular-shaped site containing 6.21± acres. The three warehouse buildings were built between 1998 and 2003 and were of concrete block and modular construction. The three buildings have a total of 9,994± square feet of office (9.6%). The warehouse space is not air-conditioned. The warehouse clear height ranged from 15 foot to 25 foot. The two larger buildings have 18 dock high doors each and the small building has six dock high doors on the west side. The land-to-building ratio is 2.61. The purchase price reflects \$131.22 per square foot.

All of the transactional comparison elements (property rights conveyed, financing, conditions of sale, and market conditions) were all considered similar to the subject. The location/access/exposure was considered superior. The year built, interior buildout, warehouse clear height, and larger building size were all considered inferior. The parking/truck court was considered superior. Overall, this sale, at \$131.22 per square foot, was considered inferior to the subject.

Comparable Improved Sale No. 2 (21049-0222) is located at 5885 Mining Terrace, in Jacksonville, Duval County. The property is located at the east terminus of Mining Terrace, west of U.S. Highway 1 and Interstate 95, within the Southgate Distribution Center. In May 2024, SPI / CLIM JP Property Owner, LLC sold an office/warehouse building to AG-RC III 5885 Mining Terrace Owner, LLC, for \$4,687,400. The office/warehouse building contains 33,056± square feet,

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built in 2000. The building has 3,872± square feet of office (6%). The building is located on a 4.49± acre site. The land-to-building ratio reflects 5.92. The warehouse clear height is 24 feet. There are four dock high doors. The building construction is of tilt-up concrete and modular metal and was in good condition. The purchase price reflects \$141.80 per square foot.

All of the transactional comparisons (property rights conveyed, financing, conditions of sale, and market conditions) were all considered similar. The location/access/exposure were considered superior. The year built, interior buildout, and warehouse clear height were all considered inferior. The building's smaller size was considered superior. The parking/truck court was considered similar. Overall, this sale at \$141.80 per square foot was considered similar to the subject.

Comparable Improved Sale No. 3 (21049-0228) is located at 5748 Mining Terrace, in Jacksonville, Duval County. The property is located at the western terminus of Mining Terrace, east of Hood Road, within the Southgate Distribution Center. In May 2024, SPI / CLIM JP Property Owners, LLC sold an office / warehouse to AG-RC III 5748 Mining Terrace Owner, LLC, for \$7,645,000. The office/warehouse contains 54,750± square feet, built in 2001. There is 4,576± square feet (8.4%) of finished office space. The warehouse is not air-conditioned. The warehouse clear height is 24 feet. The building is located on a site containing 6.11± acres with approximately 4.8± acres of upland. The land-to-building ratio reflects 4.86. The building was built in 2001 and was in good condition. There are 18 dock high doors. The building construction is of tilt-up concrete and modular metal. The purchase price reflects \$139.63 per square foot.

All of the transactional comparisons (property rights conveyed, financing, conditions of sale, and market conditions) were all considered similar. The location/access/exposure were considered superior. The year built, interior buildout, and warehouse / clear height were all considered inferior. The building size was considered similar. The building's parking/truck court was considered superior. Overall, this sale, at \$139.63 per square foot, was considered similar to the subject.

Comparable Improved Sale No. 4 (20743-1866) is located at 5300 Shad Road, in Jacksonville, Duval County. The property is more particularly located at the southwest corner of Shad Road and Florida Mining Boulevard, in the Southgate Distribution Center. In July 2023, Roger S. Williams, LLC sold an office/warehouse building to V3 Shad Road Industrial, LLC, for \$9,675,000. The office/warehouse building contains 63,730± square feet, built in 2002. The building has 3,198± square feet (5%) of finished office space. The entire building is 100% air-

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conditioned. The warehouse clear height is 24 feet. The building is located on a 6.04± acre site. The land-to-building ratio reflects 4.13. The building had six dock high doors. The construction is of tilt-up concrete and modular metal and was in good condition. The purchase price reflects \$151.81 per square foot.

All of the transactional comparisons (property rights conveyed, financing, conditions of sale, and market conditions) were all considered similar. The location/access/exposure was considered superior. The year built, interior buildout, warehouse clear space was considered inferior. The building size and parking/truck court were considered similar. Overall, this sale at \$151.81 per square foot was considered similar to the subject.

Comparable Improved Sale No. 5 (7639-1862) is located at 5151 NW 5th Street, in Ocala, Marion County. The property is more particularly located at the northeast corner of NW 5th Street and NW 52nd Avenue, within the Ocala International Commerce Park, north of West Highway 40 and west of Interstate 75. In December 2021, 5151 Fifth, LLC sold an office/warehouse building to Ricky W. and Debra L. Massie, as Trustees, for \$4,620,000. The office/warehouse building contains 30,800 square feet, built in 2005. The building has 4,620± square feet of office (15%). The warehouse clear height is 20 feet. The building is located on a 3.22± acre site. The land-to-building ratio reflects 4.55. The building construction is of steel frame and stucco exterior and was in good condition. The building has four dock high doors and one grade level door. The purchase price reflects \$150.00 per square foot.

All of the transactional comparisons (property rights conveyed, financing, and conditions of sale) were all considered similar with the exception of market conditions which were considered inferior due to the date of sale. The location/access/exposure was considered similar. The year built was considered similar. The interior buildout was considered similar. The warehouse clear height was considered inferior. The smaller building size was considered superior. The parking/truck court was considered similar. Overall, this sale, at \$150.00 per square foot, was considered similar to the subject.

Summary of Improved Sales

All of the above sales were considered comparable to the subject property, being office/warehouse in Duval/Jacksonville and Ocala/Marion County areas. The sales ranged from \$131.22 per square foot to \$151.81 per square foot. Comparable Improved Sale No. 1, at \$131.22 per square foot, set the lower end of the value range. Comparable Land Sale Nos. 4 and 5, at \$151.81 and \$150.00 per square foot, respectively, set the upper end of the value range. Comparable Improved Sale No. 2, at \$141.80 per square foot, and Comparable

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Land Sale No. 3, at \$139.63 per square foot, set the mid-range of the sales and were given primary consideration in the final analysis.

As previously indicated, the subject property is currently under contract between Burkhardt Distributing of Gainesville, Inc. (as seller) to Alachua County (as buyer), for \$10,835,000. The contract date is May 16, 2024. The contract reflects \$141.82 per square foot based upon 76,397± square foot office/warehouse building. Refer to the subject contract in the *Addendum*.

Therefore, after considering all of the above comparable improved sales and the subject pending contract, we have estimated a value for the subject property at \$145 per square foot. The following has been estimated for the subject property via the Sales Comparison Approach:

76,397± SF @ \$145/SF	=	\$11,077,565
	RTO	\$11,075,000

INCOME CAPITALIZATION APPROACH

The Income Approach to value converts the anticipated future benefits of property ownership to an estimate of present value. The Income Approach typically is the most reliable for income-producing property because it reflects the investment demands and strategies of potential purchasers. Further, the Income Approach is particularly useful in valuing investments such as office/warehouse.

In order to apply the Income Approach, we must accomplish the following items:

- 1) Project the net operating income;
- 2) Select an appropriate capitalization rate; and
- 3) Apply the proper discounting procedure, if necessary.

Subject Lease

The appraisers have reviewed a current listing and lease offering on the subject property, as provided by Daniel Burkhardt, with NIA Hallmark Commercial Real Estate Services. According to Daniel Burkhardt, the subject property was an owner-occupied office/distribution warehouse by Burkhardt Distributorship of Gainesville. The owners operated this as a Budweiser Distributorship. Approximately two years ago, the Budweiser Distributorship franchise/business was sold to a third-party entity. At the time of sale, the buyers of the business leased the subject property and a similar facility in Saint Augustine, at a below market lease rate. This lease rate was not known to the appraisers. Approximately one year into the lease, the buying franchise owners decided to opt out of the building leases on both the Gainesville building and Saint Augustine building. Both the subject building and the Saint Augustine building have remained vacant over the past six months. Both of the buildings have been listed for sale as well as for lease. The Gainesville building (subject) was listed for \$11,250,000 and a lease rate of \$15.00 per square foot triple net. Daniel Burkhardt indicated that there have been no interested parties in leasing the subject property. However, Daniel Burkhardt did indicate that the building would most likely lease at a rate of approximately \$12.00 per square foot triple net.

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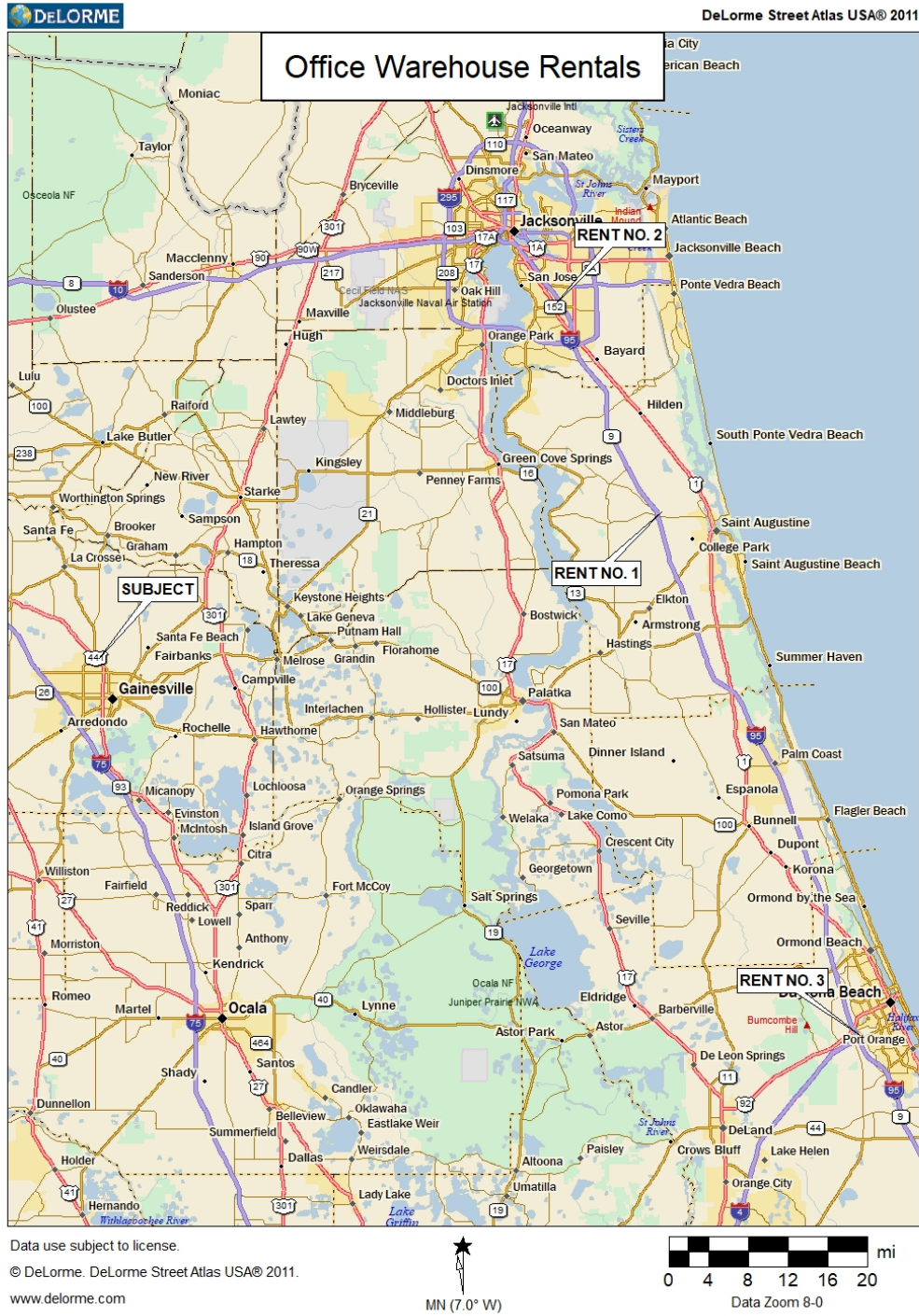
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Market Rent

In comparing this approach, the market rent of the subject property was estimated by comparing rents of comparable properties to the subject. The advantages and disadvantages of each rental are taken into account in the form of adjustments or relative comparisons. To more specifically determine the appropriate market rent for the subject, we have analyzed rentals of office/warehouse buildings within the marketplace where available. However, due to a lack of recent rental data within the Gainesville area, we had to extend our search to outside the subject's market area to obtain sufficient data. The appropriate adjustments were made when determining a market rent for the subject.

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RENTAL MAP



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RENTAL CHART

RENT NO.	SUBJECT	RENT NO. 1	RENT NO. 2	RENT NO. 3
PROPERTY ADDRESS	6125 NW 18th Drive	3935 Inman Road	8051 Bayberry Road	1094 S. Williamson Boulevard Bldg. C
LOCATION	East side of NW 18th Drive, south of NW67th Place, east of US Highway 441	West side of Inman Road, north of Charles Usinas Memorial Highway (CR 208), east of Interstate 95	East side of Bayberry Road, north of Baymeadows Road, west of Interstate 95	Southwest side of Williamson Blvd., north of Beville Road, along the east side of Interstate 95
CITY	Gainesville	St. Augustine	Jacksonville	Daytona Beach
COUNTY	Alachua	St. Johns	Duval	Volusia
PHYSICAL DATA:				
NET RENTABLE AREA	76,397	72,831	40,182	139,991
TOTAL LAND AREA (AC)	10.12	10.00	2.16	31.69
LAND AREA / SQ FT	440,827	435,600	93,960	1,380,229
TENANT SPACE DATA				
SF LEASED (most recent)	76,397	72,831	40,182	139,991
OFFICE SPACE INCLUDED	12,613	9,076	4,453	6,000
PERCENT OFFICE SPACE	17%	12%	11%	4%
YEAR BUILT/RENOVATED	2000/2011	1989/2006	1977	2023
TYPE OF USE	Warehouse / Office	Warehouse / Office	Warehouse / Office	Warehouse / Office
EXPOSURE	NW 18th Drive	Inman Road	Bayberry Road	Interstate 95
CONSTRUCTION	Precast Panel/Tilt-Up	Precast Panel/Tilt-Up	Precast Panel/Tilt-Up	Precast Panel/Tilt-Up
BUILDING CONDITION	Good	Good	Average	Good
LEASE DATA:				
ASKING OR ACTUAL	Asking	Asking	Actual	Actual
LEASE TYPE	NNN	NNN	NNN	NNN
TENANT EXPENSES	Taxes, Insurance, Utilities, Maintenance	Taxes, Insurance, Utilities, Maintenance	Taxes, Insurance, Utilities, Maintenance	Taxes, Insurance, Utilities, Maintenance
BASE RENT	\$15.00	\$13.00	\$12.25	\$13.50

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Market Rent Summary

As mentioned above, the subject asking rent is \$15.00 per square foot. However, the broker indicated that this was above market and not much interest has been shown at this rate. He indicated that a rate closer to \$12.00 per square foot triple net was deemed reasonable.

Comparable Rental No. 1, which is located at 3935 Inman Road, in Saint Augustine, was a sister office/warehouse building to the subject property. The building contained 72,831± square feet and was built between 1989 and 2006. The building had 9,076± square feet of finished office (12%). Additionally, approximately 51% of the building is air-conditioned warehouse. The balance of the warehouse being approximately 37% of the building is traditional un-air-conditioned warehouse. Like the subject property, there is a 2,080± square foot detached service garage on the site. The first phase of the building, being 36,756± square feet, was built in 1989 and the second phase, being 36,075± square feet, was built in 2006. The land size is 10± acres. The construction type is precast concrete tilt wall panels with a steel frame truss system. There are four dock high loading doors. The current asking lease is \$13.00 per square foot triple net.

Comparable Rental No. 2 is an office/warehouse building located at 8051 Bayberry Road, in Jacksonville, Duval County. This is a 40,182± square foot office/warehouse building, built in 1977. There are 4,053± square feet of finished office (11%). The building is of precast panel/tilt up. The building is located within the Deerwood Center Industrial/Business Park, in southeast Jacksonville. It is located in proximity to Interstate 75 and 275, in close proximity to U.S. Highway 1. According to the listing broker, the property is currently under a seven and one-half year lease which started at \$12.25 per square foot triple net, beginning in January 2024. There are 3% annual increases and two, three-year renewal options.

Comparable Rental No. 3 is located at 1094 South Williamson Boulevard, Building "C", in Daytona Beach, Volusia County. This location is just northeast of Interstate 95 and the Interstate 4 interchange, north of Beville Road, in west Daytona Beach. The building contains 139,991± square feet, built in 2023. The building has approximately 6,000 square feet of office (4%). The building is 100% air-conditioned with 6,000 square feet of office and 15,000 square feet of cooler space. The current lease is a ten-year term which started in 2023 at \$13.50 per square foot triple net. There are 4% annual increases and two, five-year renewal options.

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Potential Gross Income

The above rent comparables reflected a range between \$12.25 per square foot triple net to \$13.50 per square foot triple net. As indicated, the subject's asking rent of \$15.00 per square foot triple net was considered above market and a more reasonable rate was estimated at \$12.00 per square foot triple net. Based upon the above and considering the subject building's size, condition, and location, we have estimated a market value rent of \$12.00 per square foot on a triple net basis. Triple net basis is the tenant is responsible for all operating costs except for management fees and reserve for replacements.

For our income estimate, we have multiplied the 76,397± square feet of leasable space by the market rent of \$12.00 per square foot for a total rent of \$916,764. Next, we have added a CAM fee (reimbursed expenses) of \$3.73 per square foot, or \$284,961 for a gross potential income of \$1,201,725.

Vacancy & Collection Loss

The next step in the Income Approach is to estimate the appropriate vacancy and collection loss allowance. The current vacancy and collection loss risk of the subject property is similar to the market vacancy rates, which are typically running in the 5% range. The subject property is currently vacant and available for purchase/lease. Due to the small amount of available space in the area, it is our opinion that the subject would lease up fairly quickly. Considering our market rental rate estimate, we have concluded a vacancy and collection loss of 5%.

Effective Gross Income

Subtracting the vacancy and collection loss from the potential gross income results in the subject property's estimated effective gross income (EGI) of \$1,141,639 per year.

Operating Expenses

As previously stated, the estimate of potential gross income for the subject property is based upon the triple net lease where the tenant is responsible for most of the operating expenses. We were provided with the subject operating expenses from the tenant. Therefore, we have estimated the operating expenses based on the subject's actual expenses as well as compared these to similar expenses of properties in the Alachua County and north Florida market areas. The following are the subject's operating expenses:

Real Estate Taxes

It appears that the Alachua County property appraiser data has not included the entire building of 76,397± square feet on the tax roll. It appears that the 2011 addition was not included in the assessment. In order to estimate the current real estate taxes for the subject property, we have calculated the taxes based upon the current contract price of \$10,835,000 multiplied by the current millage rate to reflect taxes of \$189,141 net of a 4% discount.

Insurance

The owners were unable to supply the current insurance expense on the subject building. Based upon similar buildings, we have estimated insurance at \$.50 per square foot, or \$38,199. Therefore, we have utilized this expense for our analysis.

Utilities / Garbage

The tenant is responsible for all utilities and garbage collection. Utility expenses are billed directly to the tenant.

Landscaping & Common Area Maintenance

The tenant is responsible for all landscaping and common area maintenance, we have estimated the expenses at \$0.50 per square foot or \$38,199.

Repairs & Maintenance

Based upon similar buildings in the marketplace, we have estimated the repairs and maintenance at \$0.25 per square foot or \$19,099 per year.

Management

Similar facilities throughout the market area are typically managed at a range between 2% and 5% of effective gross income. Based on the market analysis and the fact that the subject property is a single tenant, we have used a management fee of 3.0% of effective gross income or \$34,249.

Reserves for Replacements

A replacement allowance provides for periodic replacement of building components that physically wear out more rapidly than the building itself and must be replaced periodically during the building's economic life. Replacement allowances typically range from 2% to 5% of effective gross income. Due to the

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large pavement area on the rear portion of the property, in addition to the building, we have estimated a reserve for replacement for the subject property at approximately 2% of EGI or \$22,833.

Total Operating Expenses & Net Operating Income

The property's total operating expenses (with reserves) were estimated at \$341,720 per year or \$4.48 per square foot of building. This expense is reasonable based upon similar properties. Subtracting the operating expenses from the subject's effective gross income results in the net operating income of \$799,919.

Capitalization

For this analysis, we have used the Direct Capitalization Method. In this valuation method, the net operating income (income after applicable expenses) is divided by the appropriate capitalization rate and a value indication by the Income Approach is reflected. Due to rapidly changing market conditions, we found that deriving an overall rate (OAR) from recent sales may not reflect current credit underwriting demands. Therefore, we have utilized the Mortgage Equity Method and Debt Coverage Ratio methods for calculating OARs for the office building.

MORTGAGE EQUITY METHOD FOR OFFICE OAR						
LOAN %	70.0%	X	MORT. CONSTANT	.08868	=	.06208
						+
EQUITY %	30.0%	X	YIELD RATE	8.0%	=	0.02400
				OAR	=	.08608
				RTO		8.61%
DEBT COVERAGE RATIO (DCR) METHOD FOR OFFICE OAR						
DCR	1.40	X	MORT. CONSTANT	.08868	LTV RATIO	0.70 = .08691
						OAR = .08691
						RTO = 8.7%

For office/warehouse properties, according to Realty Rates most recent information for commercial mortgages, mortgage interest rates for similar properties range from 5.36% to 10.10% with an average of 7.41%. For the purposes of this analysis, we used an interest rate of 7.50%, with a loan-to-value ratio of 70% for this analysis and an amortization period of 25 years. According to Realty Rates.com, a real estate investment tracking service, debt coverage ratio (DCR) requirements by lenders are ranging from 1.10 to 2.05, with an average of 1.44, and for the purposes of this analysis, we used a DCR of 1.50. For the subject office/warehouse building, using the Mortgage Equity Method to determine an OAR indicated a (rounded) rate of 8.6% and a (rounded) rate of 8.7% using the DCR technique. Additionally, we have several office/warehouse sales within our database which have sold in Florida over the past several years. These sales reflected overall capitalization rates which ranged from 6.22% to

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9.01%. Therefore, we have used a capitalization rate of 7.25% for our analysis of the subject, which is within the range of the Comparable Sale OAR, Mortgage Equity Method, and DCR techniques.

Summary

The application of the Income Approach is as follows. Applying a terminal capitalization rate of 7.25% provides a value indication of \$11,033,361. Recognizing the market's tendency to deal in round numbers, we have estimated the fee simple market value of the subject property via the Income Approach to be **\$11,030,000**.

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INCOME APPROACH CHART

DIRECT INCOME CAPITALIZATION APPROACH FEE SIMPLE				
POTENTIAL RENTAL INCOME				
TOTAL RENT	76,397	SF @	\$12.00	\$916,764
ADD: EXPENSE RECOVERIES	76,397	SF @	\$3.73	<u>\$284,961</u>
POTENTIAL GROSS INCOME				\$1,201,725
 LESS: VACANCY AND COLLECTION LOS:	 5.0%			 <u>(\$60,086)</u>
 EFFECTIVE GROSS INCOME BEFORE EXPENSES				 \$1,141,639
 LESS EXPENSES:	 <u>% of EGI</u>			
Real Estate Taxes		\$2.48	/SF	\$189,141
Insurance		\$0.50	/SF	\$38,199
Management	3.0%	\$0.45	/SF	\$34,249
Utilities				Tenant
Landscaping & Common Area Maint.		\$0.50	/SF	\$38,199
Building Repairs and Maintenance		\$0.25	/SF	\$19,099
Replacement Reserves	2.0%	<u>\$0.30</u>	/SF	<u>\$22,833</u>
 TOTAL EXPENSES		 (\$4.47)	 /SF	 (\$341,720)
 EXPENSE RATIO		 29.93%	 of EGI	
 NET OPERATING INCOME				 \$799,919
 DIRECT CAPITALIZATION METHOD		 NOI / OVERALL RATE		
		\$799,919	/	7.25%
 MARKET VALUE INDICATION VIA DIRECT CAPITALIZATION				 \$11,033,361
			 RTO:	 \$11,030,000

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FINAL RECONCILIATION

In estimating the fee simple value of the subject property, we have applied both the Sales Comparison Approach and the Income Approach. The following are the value conclusions:

Cost Approach	N/A
Sales Comparison Approach	\$11,075,000
Income Approach	\$11,030,000

The subject building is a single-tenant former owner-occupied office/warehouse building. Due to that fact, the Income Approach was given secondary consideration. A property like the subject is typically not purchased for investment purposes but is usually purchased for owner-occupied use. Therefore, the Income Approach would be a secondary consideration. Recent improved sales located in the Jacksonville/Duval County and Ocala/Marion County area were utilized in order to derive an indication for the Sales Comparison Approach. Finally, the subject's pending contract of \$10,835,000 was given consideration.

Therefore, as a result of our investigations, research and analysis, and giving primary consideration to the Sales Comparison Approach, it is our opinion and conclusion that a market value of the fee simple interest in the subject property, as of May 22, 2024, is as follows:

ELEVEN MILLION SEVENTY-FIVE THOUSAND DOLLARS

\$11,075,000