

**APPRAISAL REPORT**

**On**

**OFFICE CONDOMINIUM BUILDING 200  
PARK  
Xxx ROAD,  
MARIETTA, COBB COUNTY, GEORGIA  
For**

**BANK**

**As Of**

**JULY 19, 2013**

**By**

**SCHLEMMER APPRAISAL COMPANY**

**SCHLEMMER APPRAISAL COMPANY**  
**Commercial Real Estate Appraisers**

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July 24, 2013

Bank  
Atlanta, GA 30339

Dear Mrs. xxx:

At your request, we estimated the Market Value of the office condominium building 200 in Marietta, Cobb County, Georgia. We appraised the Leased Fee Estate. We provide the Market Value as of July 19, 2013, which coincides with the date of inspection. The date of the report is July 24, 2013.

The Market Value as of July 19, 2013, is:

**SEVEN HUNDRED EIGHTY THOUSAND DOLLARS**  
**(\$780,000)**

This report complies with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and Supplemental Standards of Professional Appraisal Practice of the Appraisal Institute and Title XI of the Federal Financial Institution Reform Act of 1989 (FIRREA). A complete appraisal in a self contained format follows. Please advise if we can serve you further. We recognize Mead Schlemmer Registered Appraiser #335527 for his contribution to this appraisal.

Sincerely,



Kayla Schlemmer  
Georgia Certified Appraiser #3329  
KPS/mps1462

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**ADDENDA:**

- Engagement Letter
- Maps
- Subject Photographs
- Comparable Rentals
- Comparable Sales

## SUMMARY AND CONCLUSION

PROPERTY IDENTIFICATION	:	Office Condominium Building 200 Marietta, Cobb County, Georgia
DATE OF APPRAISAL	:	July 19, 2013
DATE OF INSPECTION	:	July 19, 2013
PROPERTY RIGHTS APPRAISED	:	Fee Simple Estate.
LAND AREA	:	.146 acres allocated to subject unit.
BUILDING AREA	:	5,555 <del>7</del> Office Condominium Building. There is an additional 488sf of common area. Built in 1982.
ZONING	:	O & I District
HIGHEST AND BEST USE	:	Office Condominium
EXPOSURE & MARKETING PERIOD	:	12 months.
INCOME APPROACH	:	\$690,000
SALES COMPARISON APPROACH	:	\$780,000
<b><u>TOTAL MARKET VALUE</u></b>	:	<b>\$780,000</b>

## **LIMITING CONDITIONS**

This appraisal is subject to the following conditions:

- ❖ We assume a correct legal description. We assumed no responsibility for matters legal in character nor do we render any opinion as to the title, which we assume good and marketable.
- ❖ All existing liens and encumbrances have been disregarded unless otherwise stated, and the property is appraised as though free and clear under responsible ownership and competent management.
- ❖ We assume any proposed or incomplete improvements included in this report completed in accordance with approved plans and specifications and in a workmanlike manner.
- ❖ Information furnished by others is believed to be reliable, but no responsibility is assumed for its accuracy.
- ❖ Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatories of this appraisal report.
- ❖ Qualified experts proficient in conducting environmental audits must determine the presence of hazardous or toxic materials. As appraisers, we cannot endorse or sanction an environmental audit. However, the presence of hazardous or toxic materials may require a deduction from value. Unless stated in the report, we have not been notified of and were unable to discern any hazardous or toxic materials that might be a detriment to Market Value, nor have we made a deduction from value due to the presence of hazardous or toxic materials.
- ❖ It is our recommendation that the client obtain a qualified engineer, architect, or other Americans With Disabilities Act (ADA) expert to inspect the subject, determine the level of ADA compliance/ non-compliance, and estimate the cost to bring the property into compliance. Any non-conformity could have an effect on the Market Value conclusion. Unless otherwise stated, the value conclusion of this appraisal is based on the assumption the property is in ADA compliance.

## **PURPOSE, DATE, AND INTENDED USER OF THE APPRAISAL**

We estimated the Market Value of the office condominium building 200, Marietta, Cobb County, Georgia. We appraised the Leased Fee Estate. We provide the Market Value as of July 19, 2013, which coincides with the date of inspection. The date of the report is July 24, 2013. The client is xxx Bank. The purpose of this appraisal is to estimate the market value of the aforementioned property. The Intended Use of the report is to be used by xxx Bank as an aid in underwriting a loan, classification of a loan, and/or the disposition of the asset.

"Market Value" or Fair Market Value is defined (by The Dictionary of Real Estate Appraisal 4th Edition) as 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 are 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 each acting in what they consider their 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.

***"Fee Simple Estate"*** is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation.

***"Leased Fee Estate"*** is defined as an ownership interest held by a landlord with the right of occupancy conveyed by lease to others, and usually consists of the right to receive rent and the right to repossession at the termination of the lease.

## **SCOPE OF WORK**

The 2012-2013 Edition of USPAP requires a Scope of Work. The scope of work in an assignment is acceptable when it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in the same or a similar assignment. This basis for measuring the appropriate scope of work currently exists in USPAP (Standards Rules 1-2(f), 3-1(c), 4-2(f), 6-2(c), 7-2(f) and 9-2(e) in the 2012-13 edition), and the concept is included in the SCOPE OF WORK RULE - the type and extent of research and analyses in an assignment, the amount and type of information researched and the analysis applied in an assignment.

Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- extent of research into physical or economic factors that could affect the property;
- extent of data research; and
- type and extent of analysis applied to arrive at opinions or conclusions.

### **Appraisal Scope of Work**

The problem to be solved in this appraisal is to provide the client with a Market Value of the subject property. For this appraisal the scope of work includes a general inspection of the subject property. We identify the property with a tax map and the legal description. We examined the topography, access vegetation, orientation to street, and surrounding uses. We examined similar properties, which recently sold and make note of their attributes. We researched the tax records and comparable data provided by CoStar<sup>®</sup> and Loopnet. We examined the market for similar properties in and around the subject neighborhood. We use information available in the public domain and contacted market participants as necessary. We used data from the Schlemmer Appraisal files.



We recognize the three approaches to valuation: Income, Sales Comparison and Cost Approaches. In this case, this involves the use of a Direct Capitalization for the Income Approach. We check this value indication with the Sales Comparison Approach. We do not use a Cost Approach since the building is a condominium building in an office complex and allocation costs is not reliable. We reconcile the approaches to an indication of the Market Value.

### **COMPETENCY PROVISION**

Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. Our acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the appraisers to believe we lacked the required knowledge or experience to complete this assignment competently. Schlemmer Appraisal Company and the signatories hereto have experience in the appraisal of properties similar to the subject and are deemed qualified by education, training, and experience in the preparation of such reports to comply with the competency provisions of USPAP. The professional qualifications of the individuals who prepared this appraisal are included at the end of the report.

### LEGAL DESCRIPTION

The tax map & survey locate the property.



Deed Book 1444B Pg 3460

AND THE SAID Grantor, for its successors and assigns, will warrant and forever defend the right and title to the above described property unto the Grantee, its successors and assigns, against the lawful claims of all persons claiming by, through or under Grantor.

IN WITNESS WHEREOF, the Grantor has hereunto set its hand and seal the day and year above written.

Sworn to and Subscribed before me:

*[Signature]*  
 (Unofficial Witness)

REGENCY OFFICES, L.L.C.,  
a Georgia limited liability company

*[Signature]* [SEAL]  
 Dennis W. Harvison, Manager

*[Signature]*  
 Notary Public  
 This the 4<sup>th</sup> day of January, 2007.  
 My Commission Expires:





## **PROPERTY HISTORY**

xxxx Park has owned the property since January 4, 2007. They bought the property for \$822,500 from xxxx Offices LLC. The property is an office condominium building located in an Office Condominium Complex. The subject is five suites; two suites are occupied by the owner, operating CPA business. Three of the suites are occupied by tenants. The property is not listed for sale or under contract.

Individuals involved with the chain of title and, if available, various documents such as contracts, deeds, leases, and closing statements provided the property history. We performed no title search and cannot guarantee accuracy.

**TAXES**

Deleted

Total taxes are \$6,486.63. Current year taxes are paid on the subject property.

## **CITY AND NEIGHBORHOOD DATA 2013**

The subject property situates in Marietta, Cobb County, Georgia Location maps follow this discussion.

### **THE ATLANTA METROPOLITAN AREA**

#### **Population Growth**

The Atlanta Regional Commission (ARC) recently-released population estimates show the region added 37,200 new residents between April 1, 2011 and April 1, 2012. This growth is dramatically slower than what the Atlanta region is accustomed to, as the anemic national economy continues to take its toll on the region's growth.

In the last two years combined (since 2010), the region added approximately 72,000 new residents. To put this into perspective, during the fast-growing 2000 decade, the Atlanta region was routinely adding 100,000 new residents each year.

The Atlanta region's slowdown is directly attributable to the national economy. During weak economic periods, people don't move as much because, firstly, job opportunities are slim, thus people aren't moving to take new jobs. Secondly, with the housing market in such disarray, it is hard to sell a house.

According to the 2010 Census, Metro Atlanta (28 counties) ranked third in overall growth in the nation between 2000 and 2010, adding more than 1,000,000 people. Only Dallas and Houston added more population during that period. As of April 2012, the 10-county Atlanta region is home to 4,179,500 people, a population larger than 24 states.

Explanations for the stagnating growth of the region are found in the increasing number of vacant units and the decrease in household size. In 2000, there were just over 69,000 vacant units in the 10-county region, and of the occupied housing units, the average size was 2.62 persons per household. By 2010, due mostly to the recession of 2007, vacant units increased almost threefold to 181,000, and the average household size dipped to 2.58. Overall, the 2000 decade will be remembered for fast growth, but the recession of 2007 largely halted that growth in its tracks, and the region is still trying to recover.

Gwinnett County, which has long been a leader among metro Atlanta counties in population growth, once again led the region in growth last year (2011-2012), adding 9,000 new

residents. This growth, as in almost every other county in the region, is well below the annual average growth experienced in the 1990s and 2000s, when Gwinnett averaged approximately 22,000 new residents each year.

Fulton County added 7,900 new residents last year, ranking second in the 10-county region. Next are DeKalb (+6,300) and Cobb (+5,900).

Between 1990 and 2010, the 10-county region added an average of 77,500 new residents each year, for a total of almost 1.6 million people in that 20-year time frame. As can be seen in Table 1, every county in the region is well below that historic pace.

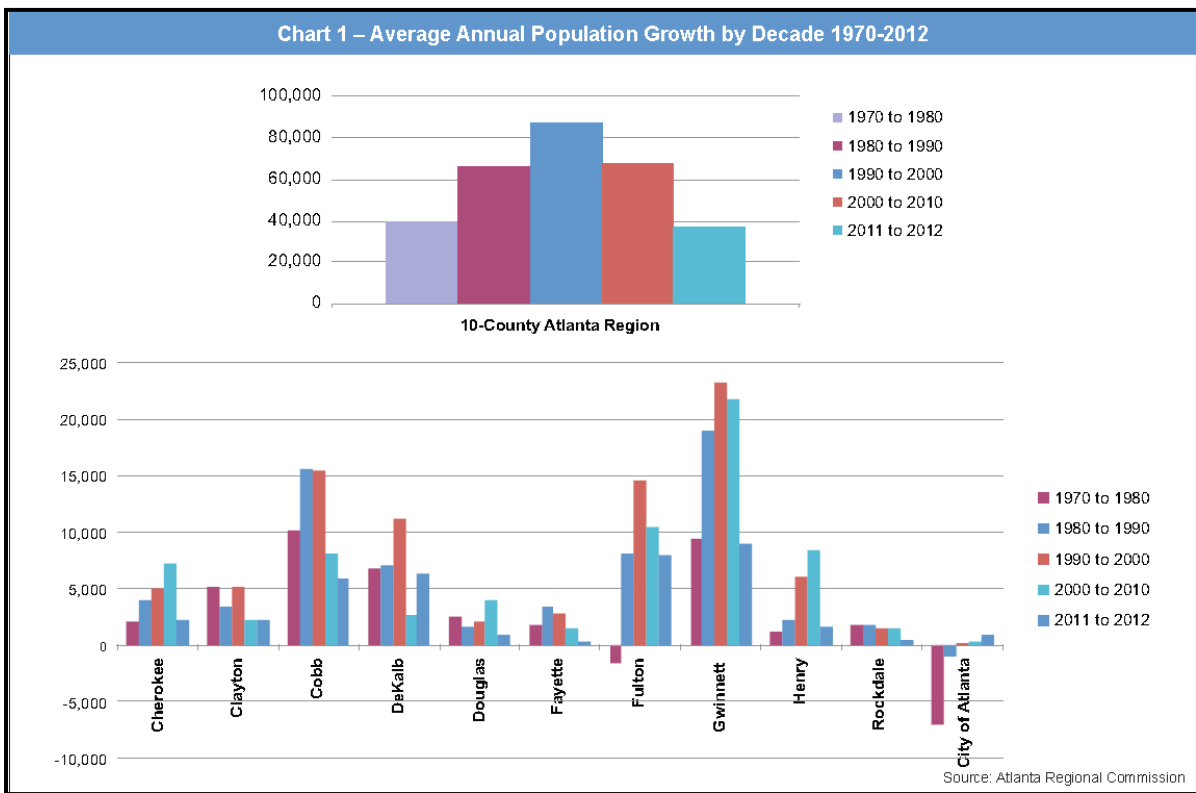
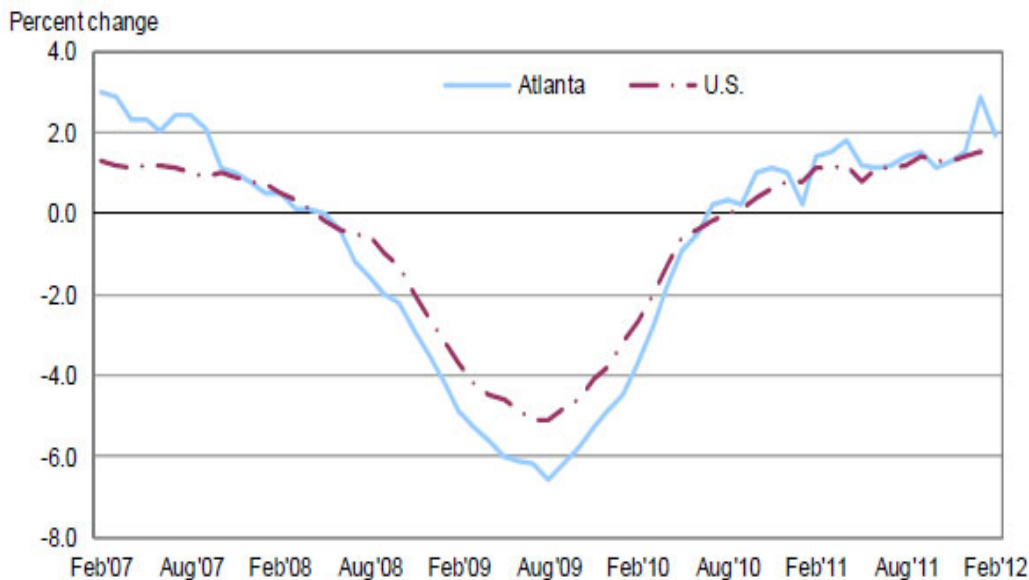


Table 1 – Atlanta Region Population 1970-2012									
	1970	1980	1990	2000	2010	2011	2012	Average Annual Change 2010-2012	Average Annual Change 1990-2010
Atlanta Region	1,500,823	1,896,182	2,557,800	3,429,379	4,107,750	4,142,300	4,179,500	35,875	77,498
Cherokee	31,059	51,699	91,000	141,903	214,346	218,500	220,800	3,227	6,167
Clayton	98,126	150,357	184,100	236,517	259,424	260,000	262,300	1,438	3,766
Cobb	196,793	297,718	453,400	607,751	688,078	693,600	699,500	5,711	11,734
DeKalb	415,387	483,024	553,800	665,865	691,893	694,400	700,700	4,404	6,905
Douglas	28,659	54,573	71,700	92,174	132,403	133,000	133,900	749	3,035
Fayette	11,364	29,043	62,800	91,263	106,567	107,100	107,500	467	2,188
Fulton	605,210	589,904	670,800	816,006	920,581	928,200	936,100	7,760	12,489
Gwinnett	72,349	166,808	356,500	588,448	805,321	814,100	823,100	8,890	22,441
Henry	23,724	36,309	59,200	119,341	203,922	207,800	209,500	2,789	7,236
Rockdale	18,152	36,747	54,500	70,111	85,215	85,600	86,100	443	1,536
City of Atlanta	495,039	424,922	415,200	416,474	420,003	420,700	421,600	799	240

### Employment Growth

Total nonfarm employment for the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) stood at 2,316,400 in February 2012, an increase of 43,900, or 1.9%, from one year ago, the U.S. Bureau of Labor Statistics reported. Regional Commissioner Janet S. Rankin noted that the newly benchmarked series shows the Atlanta area has recorded over-the-year employment gains each month dating back to July 2010. Nationally, nonfarm employment increased 1.6%, the largest increase since December 2006.

**Total nonfarm employment, over-the-year percent change in the U.S. and Atlanta metropolitan area, February 2007–February 2012**



Source: U.S. Bureau of Labor Statistics

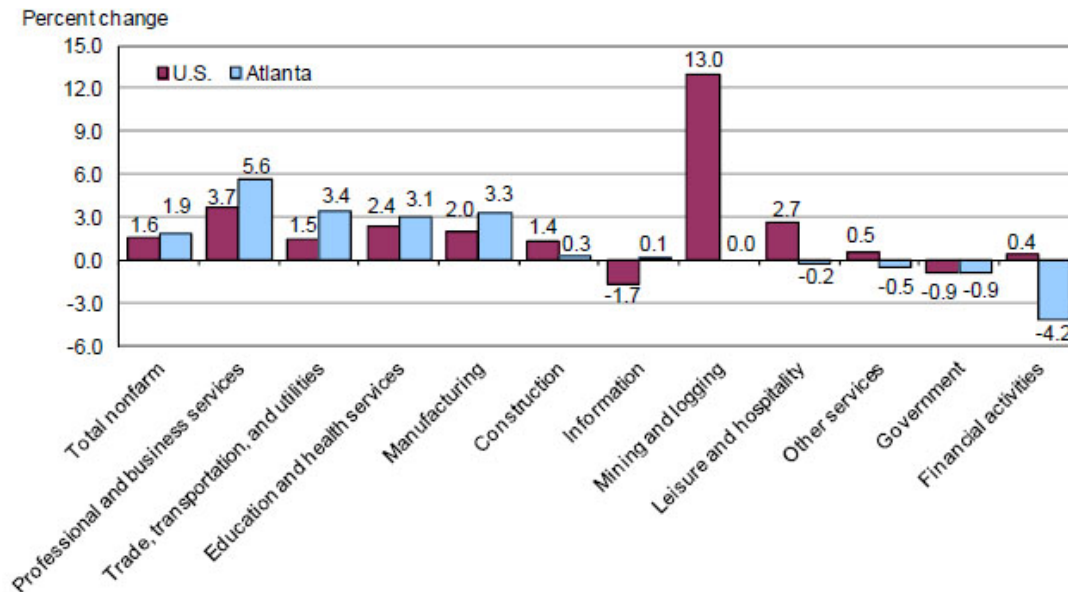


## Industry Employment

In the Atlanta metropolitan area, professional and business services added the most jobs in February 2012, up 21,800 over the 12-month period, accounting for half of the jobs gained. Compared to Atlanta's 5.6% increase, professional and business services nationwide grew at a slower pace, 3.7%. Trade, transportation, and utilities had the second largest over-the-year increase in jobs locally, growing by 17,700. Employment in this super sector rose at a 3.4% rate, more than twice the 1.5% growth averaged nationally.

Both the education and health services and manufacturing super sectors also added jobs in Atlanta over the year, up 8,900 and 4,800, respectively. Employment in education and health services grew 3.1% over the 12-month period outpacing the national increase of 2.4%. Similarly, manufacturing employment advanced 3.3% in the local area compared to 2.0% nationwide.

**Over-the-year percent change in employment by industry supersector, United States and the Atlanta metropolitan area, February 2012**



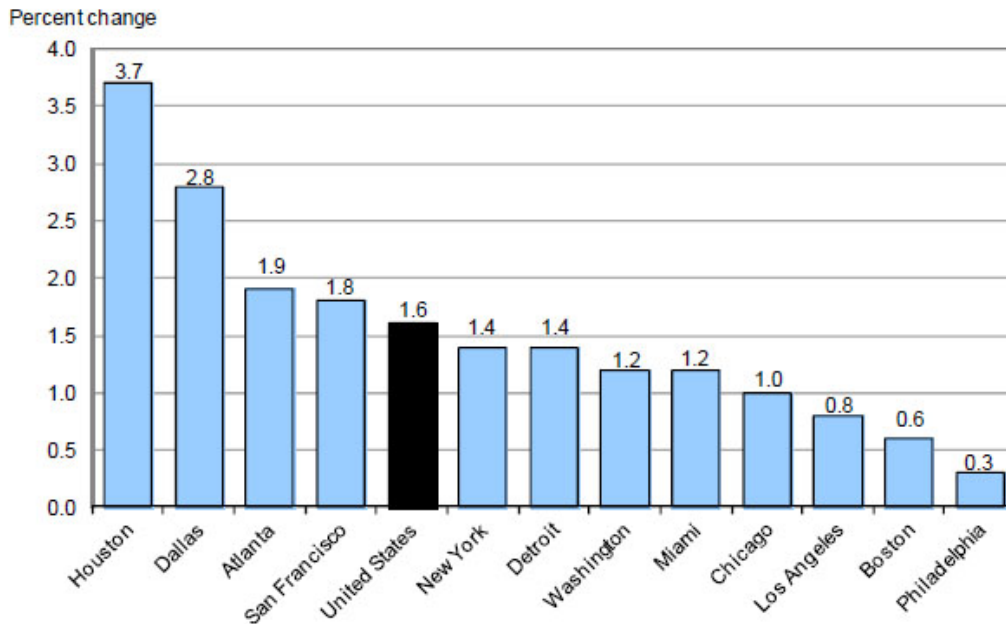
Source: U.S. Bureau of Labor Statistics

In the Atlanta metropolitan area, financial services experienced the largest loss of jobs over the year, down 5,900. Locally, this super sector has sustained losses in 50 out of the last 55 months, with the small employment gains made during mid-2011 the only exception. The 4.2% decline in financial activities locally compared to a 0.4% increase nationally.

The Atlanta area was 1 of the nation's 12 largest metropolitan statistical areas in February 2012. All of these areas experienced over-the-year job gains during the period, though the rates of growth were varied. Four of these areas expanded at a pace above the 1.6% national average and

three others grew by less than 1.0%. Employment growth was strongest in Houston, up 3.7%, more than twice the U.S. average, and slowest in Philadelphia, up 0.3%.

**Over-the-year percent change in employment, United States and 12 largest metropolitan areas, February 2012**



Source: U.S. Bureau of Labor Statistics

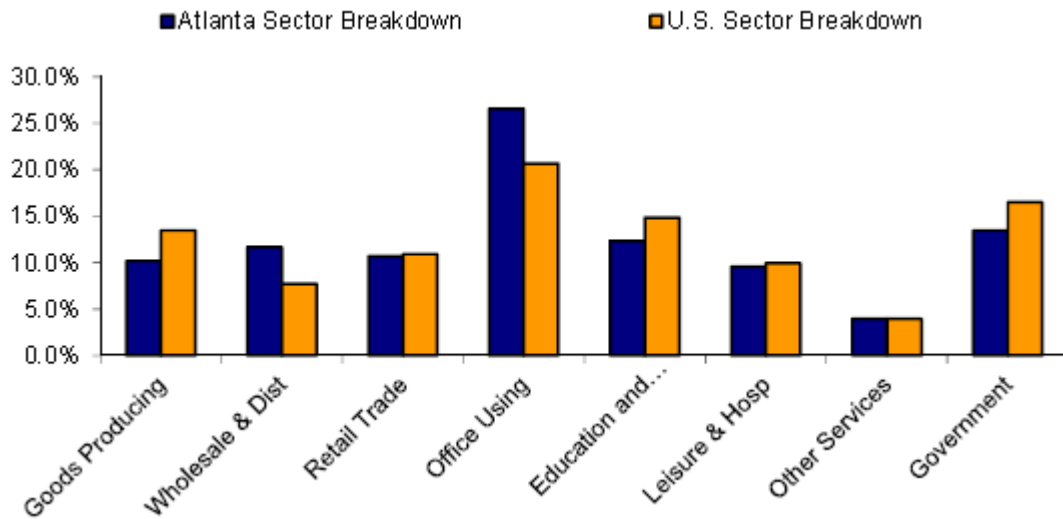
Among the 12 areas, New York added the most jobs since February 2011, up 117,700. Houston and Dallas followed with the addition of 93,400 and 79,400 jobs, respectively. Five other areas added between 44,000 and 34,000 jobs. Only Philadelphia gained fewer than 10,000 jobs over the 12-month period.

Two industry super sectors accounted for most of the job growth in the 12 metropolitan areas from February a year ago. Professional and business services registered the largest employment gains in six areas (Atlanta, Chicago, Detroit, Los Angeles, New York, and San Francisco), and education and health services led in five other areas (Boston, Houston, Miami, Philadelphia, and Washington).

Widespread losses were recorded in the public sector over the year. Government experienced the largest loss of jobs in eight areas and had the second largest drop in three additional areas. Only Washington added public sectors jobs from the prior February, up 5,800. The decline in government employment was largest in New York, down 13,400, followed by Los Angeles (-9,300), and Philadelphia (-9,000).

## Diversity of Business

No one industry dominates the local economy.



Employment Sectors	Historical Growth 2006-2011		Forecasted Growth 2011-2016	
	Atlanta	U.S.	Atlanta	U.S.
Goods Producing	-25.0%	-20.0%	9.3%	7.5%
Retail Trade	-6.2%	-4.6%	19.7%	4.7%
Office Using	-4.3%	-4.4%	16.7%	15.3%
Education and Health Services	15.5%	11.6%	17.6%	14.9%
Leisure and Hospitality	-1.3%	1.6%	16.4%	16.1%
Other Services	-3.7%	-1.8%	20.3%	9.1%
Government	0.1%	0.6%	3.7%	5.1%
Wholesale Trade, Trans & Utilities	-4.2%	-5.0%	9.7%	6.6%

The largest employers in the area have the greatest impact on the economy. The following is a list of the major employers. Note that only corporate employers are included. Retail companies are included only if the location is a corporate headquarters and if so, only the employment at the headquarters is listed.

<b>Top Ten Employers</b>		
Rank	Employer	# of Employees
1	Delta Air Lines, Inc.	27,000
2	Wal-Mart Stores, Inc.	26,000
3	AT&T	19,000
4	Emory University	17,994
5	Publix Supermarkets	9,453
6	The Home Depot U.S.A., Inc.	9,000
7	Emory Healthcare	8,648
8	Centers for Disease Control	8,639
9	WellStar Health System, Inc.	8,583
10	Fort Gillem / Fort McPherson	8,548

### **Transportation**

The interstate highway system provides direct access to a number of major cities in the Southeast. Atlanta is 117 miles southeast of Chattanooga, Tennessee; 146 miles east of Birmingham, Alabama; 160 miles northeast of Montgomery, Alabama; 109 miles north east of Columbus, Georgia; 84 miles northwest of Macon, Georgia; 250 miles northwest of Savannah, Georgia; 145 miles west of Augusta, Georgia; 215 miles west of Columbia, South Carolina; 145 miles southwest of Greenville, South Carolina; and 245 miles southwest of Charlotte, North Carolina.

The Atlanta Hartsfield-Jackson International Airport serves numerous carriers that provide non-stop service to 165 U.S. destinations and 85 international destinations in more than 50 countries. In 2011, passenger volume increased 1.51% to 89.33 million, with international passengers increasing 3.47% to 9.14 million. This allowed the airport to retain the title of the busiest passenger airport in the world for the 13<sup>th</sup> consecutive year. More than 1,300 flights, on average, depart daily.

The airport also serves the air freight industry. In 2011, air cargo volume increased by 17.05% to 659,129 metric tons, with international air cargo increasing 24.22% to 385,136 metric tons. The airport's current \$6 billion-plus capital improvements project includes the recently completed fifth runway, a new, energy-efficient rental car center, a new 12-gate international

terminal, and aesthetic and functional upgrades to its concourses, people movers and parking services.

In addition to Hartsfield-Jackson, the region boasts 20 regional airports with runways 5,000 feet or longer, suitable for corporate jets. Six of these are designated by the FAA to serve as reliever airports for Hartsfield-Jackson.

Passenger rail service is provided by AMTRAK and locally by MARTA's light rail system. Freight rail service is provided by CSX and Norfolk Southern. CSX operates a 24-hour intermodal terminal in Fairburn, where its Hulsey Yard processes 1,000 trucks and 16 trains daily. Atlanta is CSX's fourth largest metro operation in lift volume. In 2008, CSX announced major investments that shorten rail shipment time from Atlanta to California by approximately a day. CSX teams with Burlington Northern Santa Fe to offer direct service from California's ocean ports. Norfolk Southern operates an intermodal hub in Cobb County, where it is investing \$11 million to expand its operation, and the company also operates its East Point Yard, which is the largest Road-Railer hub in the world. The carriers also operate two other yards in metro Atlanta and four other yards in Georgia.

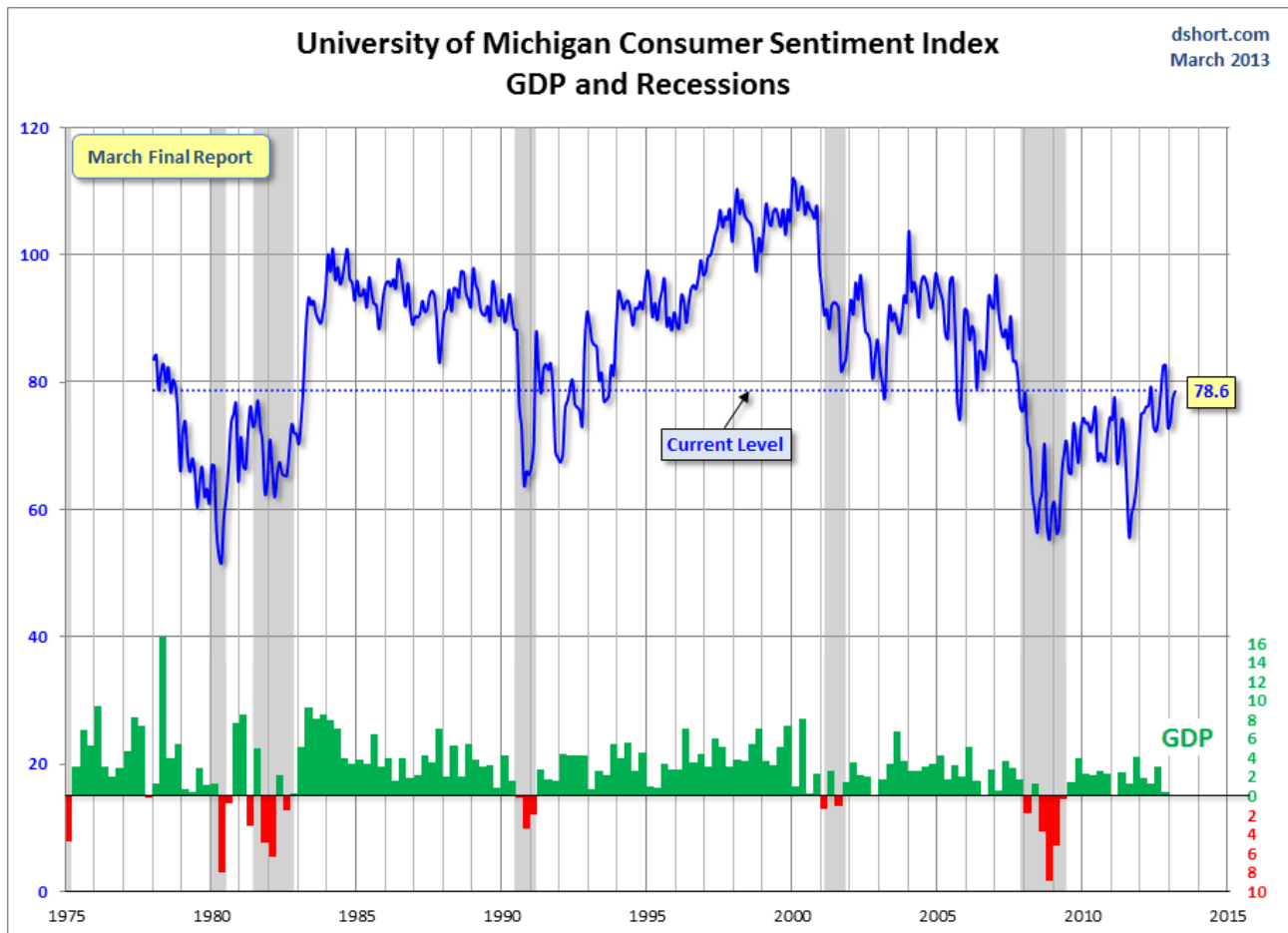
Current efforts are underway to expand the Port of Savannah. The Port of Savannah is directly responsible for an estimated 3,500 new transportation and logistics jobs in Atlanta during 2011. The hope is to expand the port to coincide with the scheduled completion of the expansion of the Panama Canal in 2014, when an estimated 25% of U.S. import freight volume will shift to the East Coast. The Panama Canal's new locks will be able to transport ships that are 235 feet longer, 54 feet wider and will be able to carry nearly three times as many containers than the existing locks.

### **Education**

The Atlanta metro area ranks 7<sup>th</sup> among major U.S. metro areas in producing graduates with bachelor's degrees or higher. Nearly 40 accredited degree-granting colleges and universities in the region offer more than 400 fields of study. More than 220,000 students are enrolled. The largest colleges and universities, ranked by enrollments, are the University of Georgia (33,831), Georgia State University (21,449), Kennesaw State University (20,607), Georgia Institute of Technology (18,747), and Emory University (12,570). The largest college offering two-year degrees is Georgia Perimeter College (21,473).

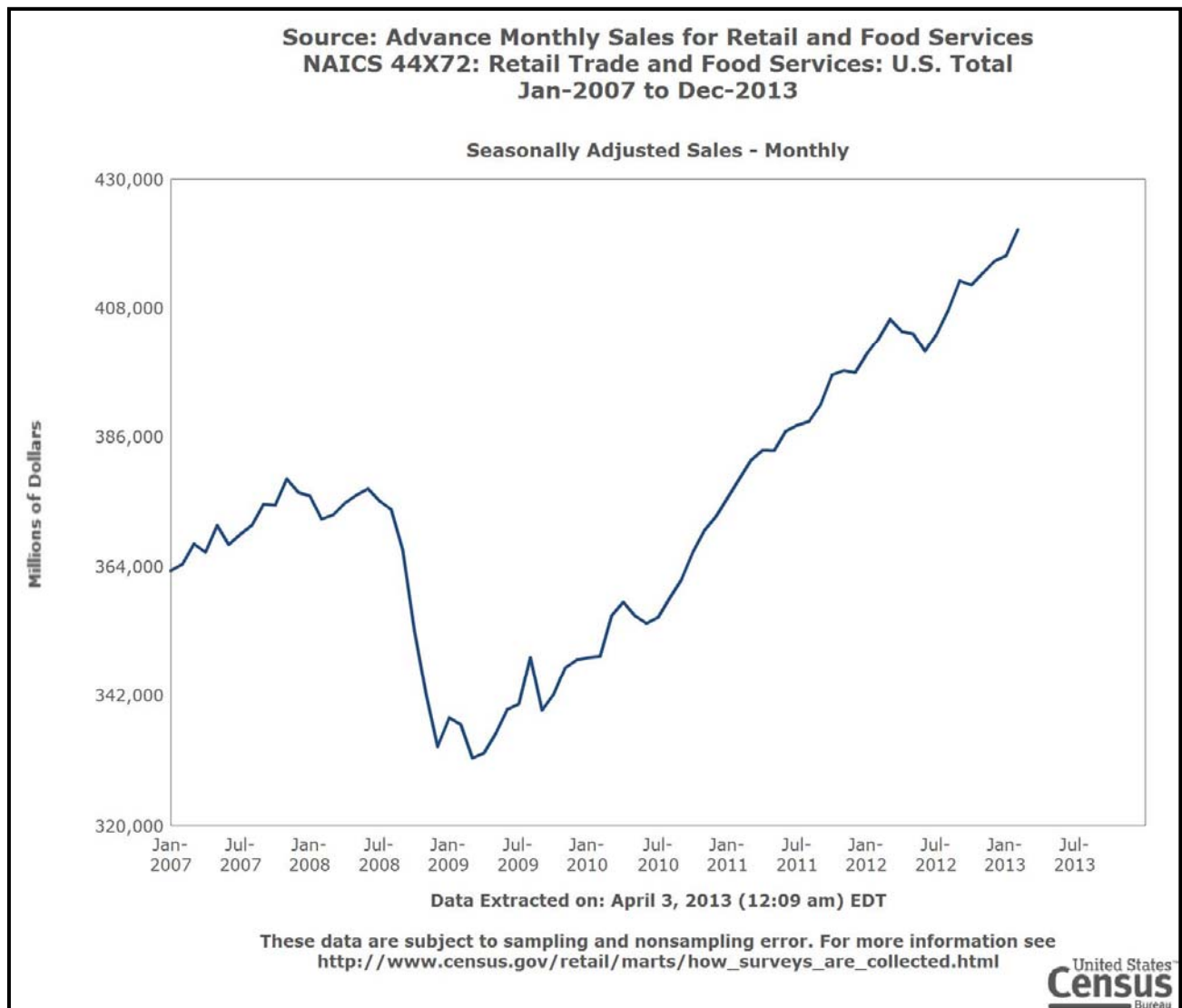
## Forward-Looking Economic Indicators

Some of these indicators of future economic activity include the consumer confidence index, retail sales trends, and employment trends. Since the second half of 2009, the two main national consumer confidence indexes have showed a trend of increased consumer confidence, as measured by consumers' opinions about the current economic conditions and their expectations for the future.

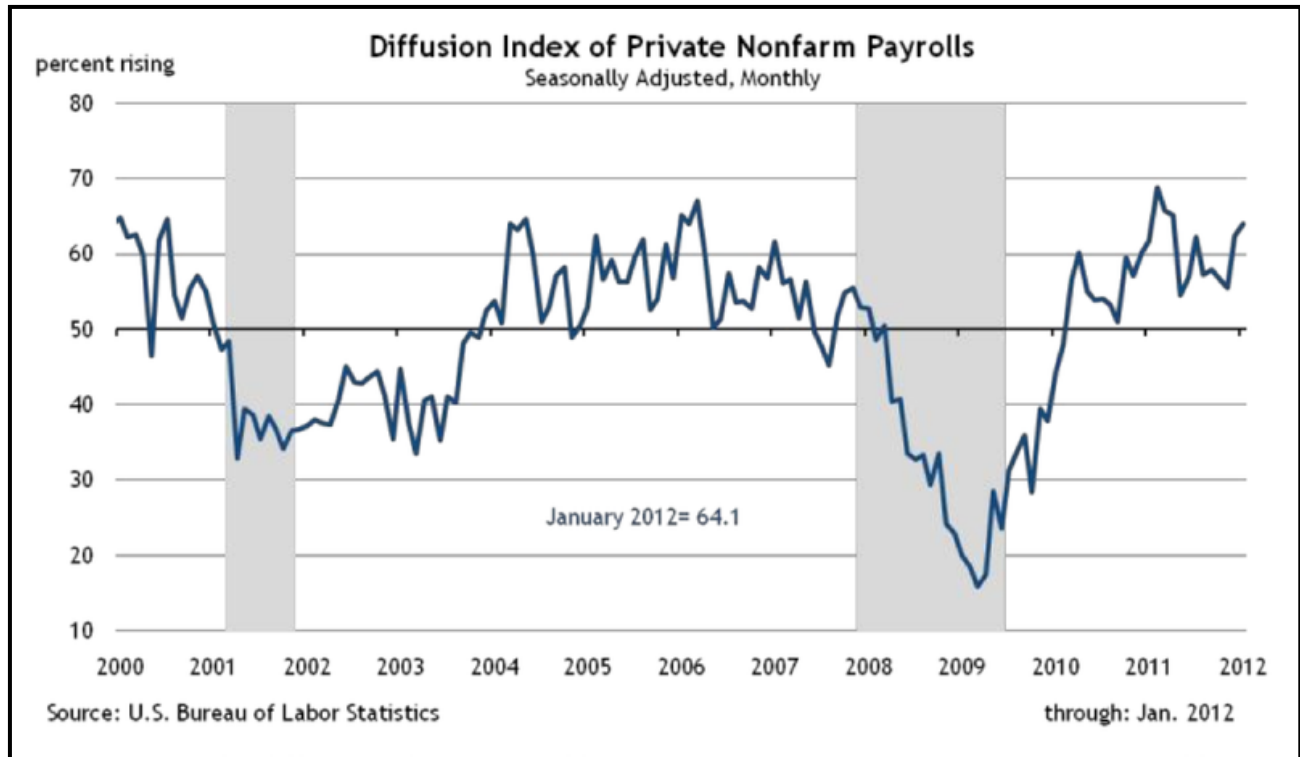


The University of Michigan Consumer Sentiment final number for March came in at 78.6, a substantial bounce from the March preliminary reading of 71.8. Today's number is one point above the 77.6 February final. The [Briefing.com](#) consensus was for a much lower 72.4. The latest number takes us back to a range about midway between recessionary and non-recessionary consumer sentiment.

Retail and food services sales nationally have continued to increase on a year-over-year basis after experiencing significant adjustment between the second half of 2008 through the end of 2009. At the end of 2009, the rate of decline in sales volume slowed significantly. By the beginning of 2011, sales volume started to recover and have continued to improve.



Another indicator of future growth is the Diffusion Index of Private Nonfarm Payrolls. A result that is greater than 50% suggests future employment growth.



Since the first quarter 2010, the index has been above 50%. In 2011, this index declined in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of the year and began to improve in the 4<sup>th</sup> quarter. Though still above 50%, it suggests the growth rate in nonfarm employment may be slowing.

After the significant declines experienced during the Great Recession, the positive growth rates experienced in retail sales and in employment show continuing recovery. The recovery, however, is much less robust than previous recoveries. Consumer confidence shows a gradual upward trend, and employment continues to increase.

### **Recent Developments**

Unemployment in Atlanta had been higher than Georgia and the nation, but employment in Atlanta is expected to improve significantly in 2013. Apartments began staging a recovery in real demand even with modest job growth in 2012. Apartments will continue to top the list as the lowest risk property sector. Rents are increasing and vacancies are low. Cap rates for apartment complexes are declining.

Recently, a number of major employers have announced major hiring plans. This includes Lowe's Home Center adding 1,200 jobs and State Farm is bringing in 500 jobs. State Farm is seeking 20,000<sup>sq</sup> of office space at Hammond Exchange in Dunwoody. ViaSat is adding 275 jobs



at its metro Atlanta campus and is leasing a 60,000<sup>sq ft</sup> office building at Breckenridge Park in Duluth. In downtown Atlanta, the new owner of the Equitable Tower is investing \$85 million in a renovation which will create 1,900 jobs and \$95 million in rental income. The renovated building will now be called 100 Peachtree Street. Other examples include Avalon, a \$600 million mixed-use project breaking ground in Alpharetta on the site of the failed Prospect Park. Buckhead Atlanta is now moving forward on the former Street of Buckhead sites (a failed Carter Development project). These are just a few of the recent indications of a change in the metro economic climate.

Residential development had stalled in 2007, but builders are now beginning buy lots in vacant subdivisions and starting construction. This is in response to a more uniform housing market and lack of inventory. The biggest barrier is the difficulty of qualifying purchasers for mortgages.

This is all just happened recently and appears to be a robust start to a major recovery. Therefore, it is our opinion that the Atlanta economy is now returning to full economic vitality. Caution still rules. We do appear to be at the beginning stages of a major recovery.

**Conclusion** - Atlanta is the center of transportation, communications, education, and business in the southeastern United States. Traditionally, Atlanta has been a national leader in economic growth and diversified employment. However, Atlanta has not fared well during the recent recession. Economic indicators and employment opportunities have improved recently, which are providing support and optimism for a return to sustained growth.

### **NEIGHBORHOOD**

The subject property lies on xxx Road just off of Roswell Road in Cobb County. The immediate area is dominated by offices and retail. Adjacent to the subject is the Market Plaza shopping center and Fidelity Bank. Across the street from the subject is undeveloped land with trees, providing a green space among the busy area. The area is a busy office corridor. Just to the southeast on Johnson Ferry, there is a larger residential development under construction by Aston Woods Homes which will include Townhouses & Single Family Homes. This is a sign of the new recovery.

In summary, the immediate neighborhood evinces improvement. New development had been stalled by the economic downturn. With the recovery, the neighborhood should see increasing economic activity.





*Ashton Woods Homes' New Development on Johnson Ferry Road  
Regency Park Layout*



## **MARKET ANALYSIS**

*From Korpacz Real Estate Investor Survey – 2nd Quarter 2013*

### **Atlanta Office Market**

Investors seeking to capitalize on a solid recovery are flocking to the Atlanta office market to acquire assets. For the 12 months ending March 2013, transaction volume exceeded \$2.0 billion for the first time since year-end 2008, as per Real Capital Analytics. "Solid fundamentals, combined with recovering capital markets, create a good environment for trades," observes an investor. With sales activity on the rise, this market's average overall capitalization (cap) rate dips 10 basis points this quarter (see Table 6). In the next six months, 67.0% of surveyed investors foresee overall cap rates holding steady, while the balance anticipates further cap rate compression of as much as 50 basis points. An emerging confidence in this market is also revealed in the use of higher market rent growth rate assumptions. This quarter, Atlanta's average initial-year market rent change rate exceeds 1.0% for the first time since the start of 2009. While Atlanta is one of the last major office markets to recover, some investors believe that threats to its ongoing success exist. "Any faltering in the U.S. economy will likely curb this market's momentum swiftly," predicts an investor. Another warns, "Rising interest rates and lackluster job growth could halt its recovery."

<b>Table 6</b>					
<b>ATLANTA OFFICE MARKET</b>					
<b>Second Quarter 2013</b>					
	<b>CURRENT</b>	<b>LAST QUARTER</b>	<b>1 YEAR AGO</b>	<b>3 YEARS AGO</b>	<b>5 YEARS AGO</b>
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	7.50% – 10.50%	7.50% – 11.00%	7.75% – 11.00%	7.75% – 14.00%	6.00% – 10.00%
Average	8.95%	9.06%	9.01%	10.43%	8.42%
Change (Basis Points)		- 11	- 6	- 148	+ 53
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	6.75% – 9.25%	6.75% – 9.50%	7.00% – 10.00%	7.00% – 11.00%	5.25% – 9.00%
Average	8.01%	8.11%	8.40%	8.94%	7.25%
Change (Basis Points)		- 10	- 39	- 93	+ 76
<b>RESIDUAL CAP RATE</b>					
Range	7.00% – 9.25%	6.50% – 9.50%	7.00% – 10.00%	7.50% – 11.00%	6.50% – 9.00%
Average	7.91%	7.98%	8.46%	9.21%	7.70%
Change (Basis Points)		- 7	- 55	- 130	+ 21
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	(1.00%) – 3.00%	(1.00%) – 2.50%	(3.00%) – 2.00%	(5.00%) – 0.00%	0.00% – 8.00%
Average	1.04%	0.79%	0.04%	(0.44%)	3.38%
Change (Basis Points)		+ 25	+ 100	+ 148	- 234
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	2.50% – 3.00%
Average	2.25%	2.25%	2.21%	2.31%	2.94%
Change (Basis Points)		0	+ 4	- 6	- 69
<b>MARKETING TIME<sup>c</sup></b>					
Range	1 – 12	1 – 12	2 – 15	1 – 12	1 – 9
Average	5.5	5.5	7.9	7.6	5.0
Change (▼, ▲, =)		=	▼	▼	▲
a. Rate on unleveraged, all-cash transactions    b. Initial rate of change    c. In months					





RESEARCH

# 1Q13 ATLANTA OFFICE MARKET

**Newmark Grubb Knight Frank**

## MARKET REBOUNDS

The Atlanta office market continued with positive fundamentals in the first quarter of 2013, posting a vacancy rate of 21.8%, down 40 basis points from the previous quarter and down 130 basis points from the first quarter of 2012. This was the first time the vacancy rate had dipped below 22.0% since the third quarter of 2009. As in previous quarters, Class A product fared better than other classes, with a vacancy rate of 20.2% which was the lowest since the second quarter of 2009 when the vacancy rate was 20.0%. Significant absorption fueled the market with over 420,000 square feet of positive absorption, up from the slightly negative fourth quarter figure of negative 62,586 square feet and the positive 201,035 square feet in the first quarter of 2012. Average weighted rental rates dropped to \$20.12/sf from \$20.26/sf in the fourth quarter of 2012 and first quarter of 2012.

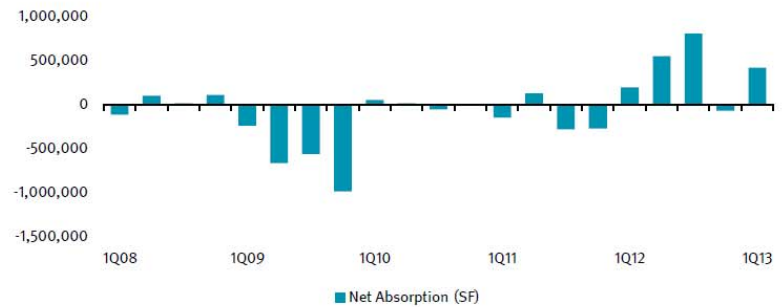
North Fulton/Forsyth saw its first quarter of positive absorption since the second quarter of 2011 and led the market with over 102,000 square feet of absorption. Over half of the absorption was attributed to the Flight Display Systems purchase of 6435 Shiloh Road and occupancy of 56,198 square feet. The vacancy rate for the North Fulton/Forsyth submarket fell from 22.8% in the fourth quarter of 2012 to 22.0% in the first quarter of 2013.

Central Perimeter continued to be a strong submarket ending the quarter with a vacancy rate of 19.4%, down from 20.0% the previous quarter and 24.1% from 12 months ago. The

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)	144,082,542		
	1Q13	4Q12	1Q12
Asking Rent (Price/SF)	\$20.12	\$20.26	\$20.26
Vacancy Rate (%)	21.8%	22.2%	23.1%
Under Construction (SF)	450,000	450,000	450,000
	1Q13	4Q12	YTD
Net Absorption (SF)	423,573	-62,586	423,573
Deliveries (SF)	0	0	0

# IQ13 ATLANTA OFFICE MARKET

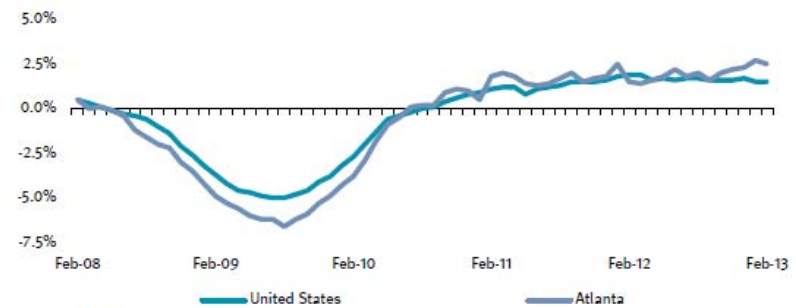


quarter marked the first time the rate was below 20.0% since the third quarter of 2009 when the vacancy was 19.9%. For the fifth consecutive quarter, the submarket posted positive absorption with 90,209 square feet. Major contributors included Airwatch taking 50,442 square feet at 1155 Perimeter Center West and Hughes Telematics' expansion into an additional 34,306 square feet at 2002 Summit Boulevard.

Carter Inc.'s headquarters consolidation in Buckhead of 222,730 square feet will support the market in future quarters and is speculated to be a phased move over several quarters starting in July 2013. Carter's and State Farm's additional jobs will aid the Atlanta's unemployment rate which dropped to 8.3% in February 2013 and 9.3% in February 2012.

## Payroll Employment

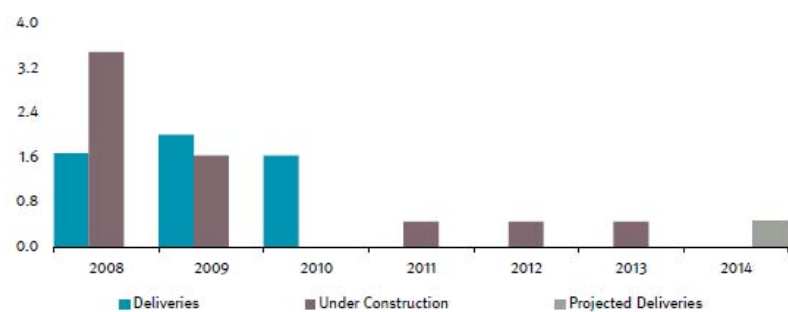
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## Construction and Deliveries

Square Feet, millions



## Select Lease Transactions

Tenant	Address	Submarket	Square Feet
Morrison Herschfield	1455 Lincoln Pky E	Central Perimeter	18,852
Randstad General Partners	1100 Circle 75 Pky NW	Cumberland/Galleria	17,517
Situs	6 Concourse Pky NE	Central Perimeter	11,818
Pursley Friese Torgrimson	1230 Peachtree St NE	Midtown	11,012
Ganek Wright Minsk	4170 Ashford Dunwoody Rd NE	Central Perimeter	9,512

## Select Sales Transactions

Address	Submarket	Square Feet	Sale Price	Price/SF
3333 Piedmont Rd - Terminus 200	Buckhead	566,000	\$164,000,000	\$362
3348 Peachtree Rd - Tower Place 200	Buckhead	259,888	\$56,250,000	\$216
400 Interstate N Pky - Platinum Tower	Cumberland/Galleria	312,591	\$48,100,000	\$154
100 Hartsfield Centre Pky	Airport/South Atlanta	150,068	\$10,000,000	\$67
315 W Ponce De Leon Ave	Decatur	132,000	\$8,850,000	\$67

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Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
<b>CBD Total</b>	<b>17,260,083</b>	<b>0</b>	<b>26.7%</b>	<b>700</b>	<b>700</b>	<b>\$19.85</b>	<b>\$18.62</b>	<b>\$19.35</b>
Downtown	17,260,083	0	26.7%	700	700	\$19.85	\$18.62	\$19.35
<b>Suburban Total</b>	<b>126,822,459</b>	<b>450,000</b>	<b>21.1%</b>	<b>422,873</b>	<b>422,873</b>	<b>\$22.83</b>	<b>\$17.12</b>	<b>\$20.23</b>
Airport/South Atlanta	4,299,945	0	20.0%	22,633	22,633	\$18.37	\$18.78	\$18.79
Buckhead	15,848,817	0	20.6%	86,862	86,862	\$27.19	\$19.22	\$24.91
Central Perimeter	22,692,725	0	19.4%	90,209	90,209	\$22.23	\$18.31	\$20.84
Cumberland/Galleria	20,325,776	0	20.8%	42,452	42,452	\$22.01	\$15.97	\$19.23
Decatur	1,485,552	0	9.8%	12,330	12,330	\$25.99	\$20.10	\$22.37
East Cobb	498,848	0	35.9%	-9,919	-9,919	NA	\$15.37	\$15.37
I-20 East/Conyers	706,403	0	18.6%	-5,186	-5,186	\$22.50	\$17.36	\$18.49
I-20 West/Douglasville	530,653	0	16.5%	-2,580	-2,580	NA	\$17.44	\$17.44
Marietta/Kennesaw	2,321,431	0	19.7%	45,927	45,927	\$20.76	\$17.93	\$18.98
Midtown	15,421,907	450,000	22.3%	31,319	31,319	\$26.63	\$18.30	\$25.56
NE I-85 Inside I-285	6,596,656	0	14.5%	-25,625	-25,625	\$20.00	\$17.63	\$17.29
NE I-85 Outside I-285/Gwinnett	7,595,125	0	25.4%	77,991	77,991	\$18.95	\$17.25	\$18.07
Norcross/Peachtree Corners	6,758,392	0	27.9%	-28,696	-28,696	\$17.31	\$15.34	\$15.82
North Fulton/Forsyth	17,700,493	0	22.0%	102,845	102,845	\$20.09	\$16.23	\$18.69
Northlake/Stone Mountain	2,920,898	0	24.4%	-4,646	-4,646	\$19.75	\$17.80	\$17.61
Northside Drive/I-75	1,118,838	0	17.7%	-13,043	-13,043	\$21.00	\$18.82	\$19.05
<b>Atlanta</b>	<b>144,082,542</b>	<b>450,000</b>	<b>21.8%</b>	<b>423,573</b>	<b>423,573</b>	<b>\$22.37</b>	<b>\$17.25</b>	<b>\$20.12</b>



## RESEARCH

### Atlanta

**Monarch Tower**  
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770.552.2400

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### Glossary of Terms

#### Absorption

A measure of the change in occupied space

#### Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

#### Deliveries

The total RBA of properties added to the inventory once construction has been completed

#### Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

#### Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

#### Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

#### Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

#### Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

#### Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

#### Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of the space

#### Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet in total rentable building area. Owner occupied buildings are not included in the inventory.

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## **REASONABLE EXPOSURE AND MARKETING TIME**

According to the specific definition in the Uniform Standards of Professional Appraisal Practice, **Exposure Time** is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions. We note that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal derives from related facts in the appraisal process: supply and demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal. A 12-month exposure time seems likely.

**Marketing Time** resonates as the reasonable time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. The subject locates in Cobb County, an area with strong demand and growth. Access directly to Johnson Ferry Road offers efficient transportation means and desirability. The location in Marietta attracts investors. According to PWC the typical marketing time for office is 5.5 months. Based on our analysis, we envision a 12-month or less marketing time for the property.

## SITE DESCRIPTION



The building site is currently paved and covered with the subject building. The land appears level and reasonably drained with no evidence of standing water. The frontage on Johnson Ferry Road is adequate for drive access to the site.

- LOCATION : The site is located along xxxx Road, Marietta, Cobb County, Georgia.
- SIZE : .146 acres allocated to the subject unit.
- TOPOGRAPHY & SHAPE : Site is level, at street grade.
- EASEMENTS : Typical easement for utilities only.
- UTILITIES : All available (including sewer).
- ACCESS : Access is provided on Johnson Ferry Road
- FLOOD PLAIN : According to the survey, the subject property does not appear to situate in a flood plain zone (Panel 13067C0131G December 16, 2008).
- SUMMARY : The subject site is of adequate size, shape, and utility to support development of Office Development. No adverse odors, hazards, or nuisances exist.

Deleted Flood Map

## **IMPROVEMENT DESCRIPTION**

The subject condominium building is 5,555sf net rental area according to our measurements. There is an additional 488sf of common space which includes a break room and bathrooms. According to the tax records the building is 5,102sf. We could find no reason for this difference. The building is in average condition. The finish is above average with tray ceilings, crown molding and superior wall coverings and flooring.

TYPE OF IMPROVEMENT : Office Condominium Building.  
 DATE OF CONSTRUCTION : 1982  
 CONDITION : Average.  
 ACTUAL AGE : 31 years  
 EFFECTIVE AGE : 31 years.

### ***CONSTRUCTION DETAILS***

FOOTINGS & FOUNDATION : Poured, reinforced slab on grade with turned-down footings at load-bearing points, sized as required.  
 FRAME : Wood.  
 FLOORS : Wood, Tile and carpet.  
 ROOF : Gable composite shingle.  
 EXTERIOR WALLS : Brick.  
 INTERIOR WALLS : Drywall  
 CEILINGS : Drywall  
 WINDOWS : Anodized aluminum frame and glass  
 DOORS : Glass-frame entrance doors, hollow-core metal interior and exterior doors.  
 ELECTRICAL : Adequate for use.

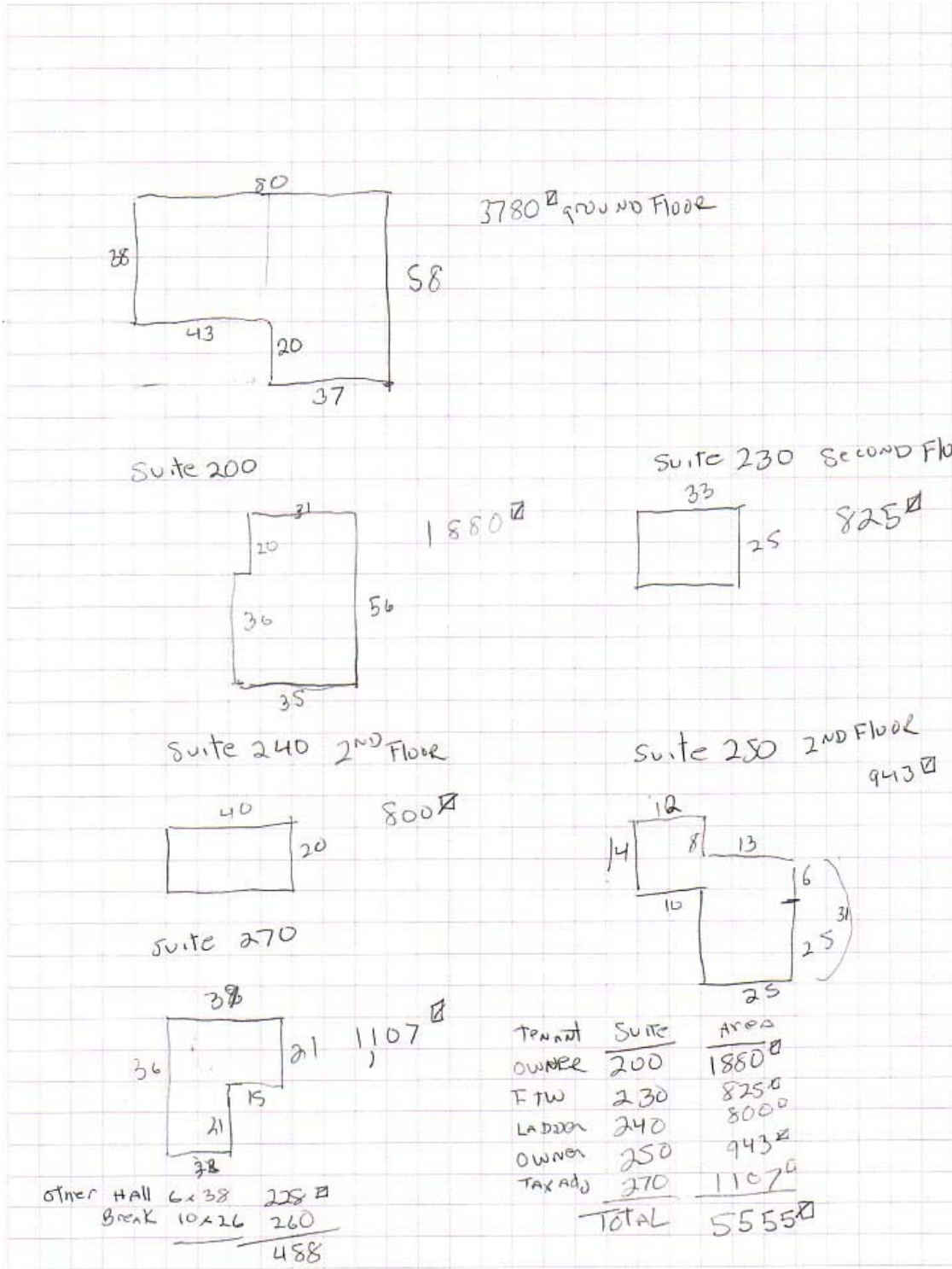
HVAC : Central A/C.

FIRE PROTECTION : None.

SECURITY : None.

PARKING : Parking adequate for intended use.

SITE IMPROVEMENTS : Paved parking. Average landscaping.



Suite sizes as measured

## ZONING

The property is zoned O&I. As such, the site could be used for a number of office and institutional uses.



The following are direct excerpts from the Zoning ordinance



## Sec. 134-215. O&I office and institutional district.

The regulations for the O&I office and institutional district are as follows:

- (1) *Purpose and intent.* The O&I district is established to provide locations for nonretail commercial uses such as offices and financial institutions, which are on properties delineated within or on the edge of a community activity center and a regional activity center as defined and shown on the Cobb County Comprehensive Plan: A Policy Guide, adopted November 27, 1990. The office and institutional district is designed primarily to provide for four-story and smaller office developments, office uses, motels, hotels, banking and professional offices that complement and provide step-down nodal zoning away from more intensive commercial uses and otherwise to implement the stated purpose of this chapter.
- (2) *Definitions.* The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:
  - a. *Accessory retail uses* means retail sales and services accessory to the operation of an office building or institutional use, motel, hotel or high-rise residential development, conducted wholly within the building housing the use to which such activities are accessory, provided that the floorspace used or to be used for such accessory retail uses shall be limited to a total of 25 square feet per dwelling unit in a high-rise residential development or 25 square feet per room in a hotel or motel, or ten percent of the net floor area in an office building or institutional use, and provided that:
    1. Every public entrance to such a use shall be from a lobby, hallway or other interior portion of the primary use structure;
    2. No show window, advertising or display shall be visible from the exterior of the primary use structure; and
    3. No merchandise shall be stored or displayed outside of the primary use structure.
    4. Accessory retail uses shall include eating and drinking establishments, barber shops, beauty shops, laundry and dry cleaning pickup establishments, news stands, florists' gift shops, film developing and printing facilities, stationery stores, shoe repair shops, or convenience food stores (no fuel sales).
    5. Accessory retail use square footage must be in the primary building it serves; accessory use square footages cannot be allocated to other buildings in a multibuilding development.
  - b. *Clinic.* A medical or dental clinic is an organization of specializing physicians or dentists, or both, who have their offices in a common building. A clinic shall include laboratory facilities in conjunction with normal clinic services.
  - c. *Community fair* means a festival or fair such as the North Georgia State Fair conducted wholly within public areas owned by a local government, provided that any activity is conducted at least 200 feet from any property line. Any event shall not exceed 21 days.
  - d. *Designated recycling collection locations* means metal or heavy duty plastic containers designed for shortterm holding of pre-bagged recyclable items such

as tin, aluminum, glass and paper (no perishable or food items allowed) for scheduled minimum monthly pickup, with no on-premises sorting. The center must be maintained in a safe, clean, neat and sanitary fashion and shall not encompass an area larger than 280 square feet.

1. Such location shall be visually screened and maintained.
  2. Such location shall be within the building setbacks unless otherwise approved by the division manager of zoning or his designee due to topography, safety, internal traffic flow, site distance or other site-related circumstances not created by the property owner.
- e. *Group home* means a dwelling shared by six or less persons, excluding resident staff, to live together as a single housekeeping unit and in a longterm, family-like environment in which staff persons provide care, education and participation in community activities for the residents with the primary goal of enabling the residents to live as independently as possible in order to reach their maximum potential. This use shall apply to homes for the handicapped. As used in this subsection, the term "handicapped" shall mean:
1. Having a physical or mental impairment that substantially limits one or more of such person's major life activities so that such person is incapable of living independently;
  2. Having a record of having such an impairment; or
  3. Being regarded as having such an impairment.

However, the term "handicapped" shall not include current illegal use of or addiction to a controlled substance, nor shall it include any person whose residency in the home would constitute a direct threat to the health and safety of other individuals. The term "group home for the handicapped" shall not include alcoholism or drug treatment centers, work release facilities for convicts or ex-convicts, or other housing facilities serving as an alternative to incarceration.

- f. *Professional office* means a structure wherein services are performed involving predominately administrative, professional or clerical operations such as the following: law, doctor, optician, audiologist, accounting, tax preparation, real estate, stockbroker, architect, engineer, manufacturer representative, professional counselor, dentist, investigative services, photographer, insurance, contractor, land surveyor, telephone sales, political/campaign, veterinarian or travel bureau.

(3) *Permitted uses.* Permitted uses are as follows:

Accessory retail sales and services.

Ambulance services, if accessory to hospitals or funeral homes.

Animal hospitals.

Any use allowed within the Residential Senior Living (RSL) district, subject to all requirements of the RSL district.

Athletic and health clubs.

Automotive parking lots or garages.

Banks and financial institutions with drive-in establishments or automated transfer machines.

Bus stations.

Churches, chapels, temples, synagogues, and other such places of worship.

Clinics.

Clubs or lodges (noncommercial).

Colleges and universities, including but not limited to research and training facilities (private).

Community fairs.

Designated recycling collection locations.

Executive golf course (see [section 134-270](#)).

Fraternity and sorority houses and residence halls, if within 1,000 feet of a college or university.

Freestanding climate controlled self-service storage facilities. The following minimum standards shall apply to freestanding climate controlled self-service storage facilities:

1. Building height should not exceed those of adjacent buildings, nor impact the view shed of adjacent residential property.
2. F.A.R. should be 1.0 or as determined appropriate by the board of commissioners.
3. All units shall be accessed through a main or central entrance.
4. All windows or similar architectural features must be "one way" and provide for an opaque screen from view outside of the building.
5. Architectural style/design to be similar or complementary to the predominant architectural design of other commercial uses within the activity center. Said architectural style/design to be approved by the board of commissioners. Any roof-mounted utilities or building components must be sufficiently screened from view of adjoining properties and public right-of-way.
6. There shall be no outside storage allowed nor overnight and/or long-term parking of heavy equipment, commercial equipment or parking of construction or related equipment allowed.
7. There shall be no storage of recreational vehicles and no dry storage of pleasure boats of any type customarily maintained by private individuals for their personal use.
8. There shall be no storage of flammable liquids, highly combustible or explosive materials, or hazardous chemicals.
9. No units within the facility shall be used for or considered to be premises for the purpose of assigning a legal address in order to obtain an occupational license or any other government permit or licenses to do business.
10. There shall be no resident manager or any type of overnight accommodations for such.
11. Landscape plan to be approved by staff with emphasis on planting within the parking facilities.
12. One parking space shall be provided per every 80 individual storage units/areas.
13. Loading area, including adequate turnaround space for a tractor trailer vehicle, must be screened by a permanent architectural or landscape feature or as may be approved by the board of commissioners if not located to side or rear of proposed structure.
14. Lighting plan to be approved by the board of commissioners.
15. No units shall be used to manufacture, fabricate or process goods, to service or repair vehicles, boats, small engines or electrical equipment, or to conduct similar repair activities, to conduct garage sales or retail sales of any kind, to rehearse or practice utilizing band instruments, or for conversion to an apartment or

dwelling unit, or to conduct any other commercial or industrial activities on the site.

16. Dumpster areas and detention areas must be sufficiently screened from view of adjoining properties and public right-of-way.
17. Hours of operation to be established by the board of commissioners, considering the operational hours of surrounding businesses.
18. Special land use permit as provided in [section 134-37](#)

Funeral homes.

Golf courses, 18-hole regulation, public and private (see [section 134-270](#)).

Golf courses, par 3 (see [section 134-270](#)).

Group homes.

Hospitals.

Hotels.

In-home day care.

Medical and dental laboratories, provided that no chemicals are manufactured on-site.

Motels.

Nonprofit (seasonal use) fishing lakes.

Nursery schools and child care centers.

Pain clinic and pain management clinic (except when located in a NAC):

1. No onsite dispensing of any prescription medications or controlled substances.
2. One parking space per 200 gross square feet of building.
3. Hours of operation to be established by the board of commissioners, considering the operational hours of surrounding businesses.
4. Signage and lighting plan to be approved by the board of commissioners.
5. Special land use permit as provided by [section 134-37](#)
6. The maximum length of approval for this use is 12 months.
7. No interior doors allowed from clinic to other adjacent businesses.

Parking for vehicles.

Private parks.

Professional offices.

Radio and television stations.

Radio, television and other commercial towers and antennas subject to [section 134-273](#).

Rest homes, personal care homes and convalescent homes.

Roominghouses and boardinghouses.

Temporary uses.

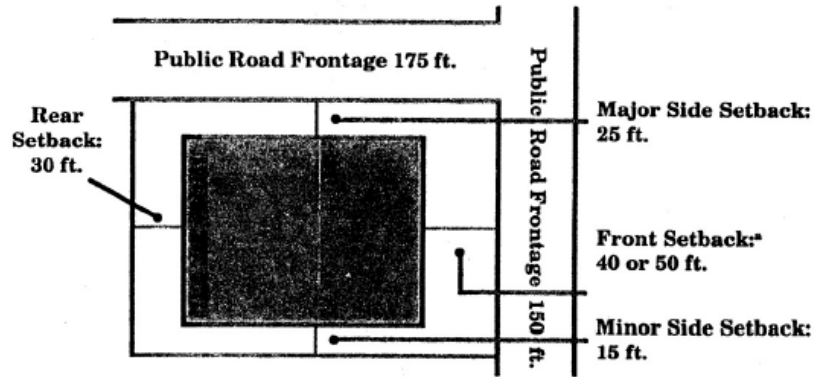
- (4) *Lot size and setback requirements.* Lot size and setback requirements are as follows:
  - a. Minimum lot size: 20,000 square feet.
  - b. Minimum lot width at front setback line: 60 feet.
  - c. Minimum public road frontage: 50 feet.
  - d. Minimum building setbacks: As shown and applied in the following diagram:

MINIMUM BUILDING SETBACK REQUIREMENTS FOR O&I DISTRICT

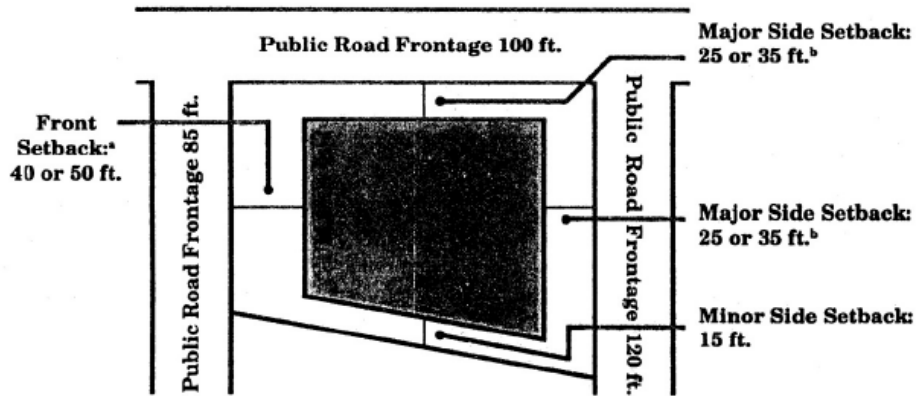
Note: All setbacks shall be measured from future right-of-way.



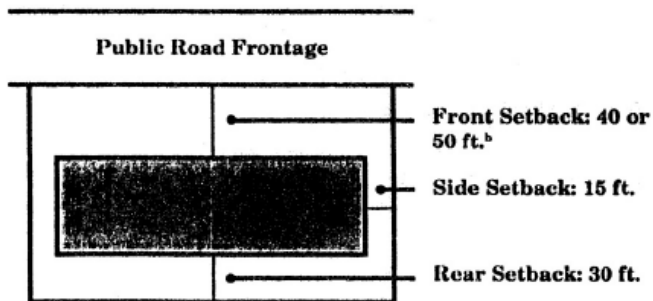
OI



Example for Property with two (2) Public Road Frontages



Example for Property with three (3) Public Road Frontages



Example for Property with one (1) Public Road Frontage

**Minimum Building Setback Requirements for O&I District**

Notes:

<sup>a</sup> Property with shorter amount of road frontage will be the front setback for determining other setbacks (major side, side, rear).

<sup>b</sup> If structure fronts a major side setback, major side setback shall be 35 feet.

- (5) *Landscape buffer and screening requirements.* Unless otherwise noted within this district's requirements, any property within an O&I district which abuts a residentially zoned property shall have a minimum 20-foot landscaped screening buffer. Required buffers may be included within required setbacks; however, in such case that the required buffer is greater than the required setback, the required buffer shall be adhered to. Additionally, necessary private utilities and access drives may be allowed through, over or across a landscaped buffer. Any such uses which are proposed through, over or across a designated undisturbed buffer must be approved pursuant to an original site plan or site plan modification as set forth under [section 134-126](#)
- a. *Objectives.* Undisturbed, planted landscape buffers and berms shall be implemented in connection with a permitted project and shall address the following objectives:
    1. Screening to enhance aesthetic appeal;
    2. Control or direction of vehicular and pedestrian movement;
    3. Reduction of glare;
    4. Buffering of noise; and
    5. Establishment of privacy.
  - b. *Standards.* Buffers and berms shall be required when an O&I district is located within or adjacent to a residential district; a minimum 20-foot buffer is required.
    1. *Buffers.* Landscape buffers are subject to review and approval by the county arborist or county landscape architect in accordance with the following standards:
      - i. Plantings are to be a mix of evergreen trees and shrubs.
      - ii. Species are to be ecologically compatible to the site and appropriate for the design situation.
      - iii. Unless public safety concerns dictate otherwise, buffer should provide a 100 percent visual barrier to a height of six feet within two years of planting.
      - iv. Minimum height of plant materials at installation is five feet for trees and two feet for shrubs.
      - v. Fencing or walls are to be a minimum of six feet in height as approved by the county landscape architect or county arborist.
      - vi. Trees included in buffer plantings may be counted toward site density calculations as required by [chapter 50](#), article VI, pertaining to tree preservation and replacement, subject to review and approval of county arborist.
      - vii. Buffers shall be regularly maintained by the property owner to ensure that the objectives and standards set out in this subsection are met.
      - viii. When topography and existing conditions allow, the required 20-foot buffer should be an undisturbed buffer.
      - ix. Any appeals from a determination by the county landscape architect or county arborist shall be to the board of zoning appeals.
    2. *Berms.* Berms are subject to review and approval by the county landscape architect or county arborist in accordance with the following standards:
      - i. Berms shall be utilized when consistent with surrounding property features.

- ii. Berms shall be stabilized.
  - iii. Berms shall be constructed to be consistent with natural or proposed drainage patterns.
  - iv. Berms shall be regularly maintained by the property owner.
- (6) *Floodplain and wetlands preservation requirements.* Any development must also meet state and federal requirements relating to areas subject to the provisions of [section 134-283](#), regarding mountain and river corridor protection act areas, and [section 134-284](#), regarding metropolitan river protection act areas.
- (7) *Building and structure requirements.* Maximum building height is 52 feet, with no more than four stories.
- (8) *Parking requirements.* See [section 134-272](#) for paved parking specifications.
- (9) *Lighting requirements.* Any project permitted within the O&I district which proposes a lighted facility must have a county department of transportation approved lighting plan in accordance with the minimum conditions listed in [section 134-269](#)
- (10) *Special exception uses.* See [section 134-271](#) for special exception use requirements for all districts. Special exception uses for the O&I district are the uses listed in [section 134-271](#)
- (11) *Special exception uses for community activity centers only.* The following uses, with the proper scrutiny and conditions, may be considered as special exception uses within O&I district, only if they are within properties delineated as community activity centers as defined and shown on the Cobb County Comprehensive Plan: A Policy Guide, adopted November 27, 1990. Any special exception use, for regional activity centers only, shall adhere to the landscape buffer and screening requirements in subsection (5) of this section.
- [a. Reserved.]
  - b. Climate controlled self-service storage facilities, when complementary or accessory to an office park or building.  
The following minimum standards shall apply to climate controlled self-service storage facilities:
    - 1. Building height should not exceed those of adjacent buildings, nor impact the view shed of adjacent residential property.
    - 2. F.A.R. should be 1.0 or as determined appropriate by the board of commissioners.
    - 3. All units shall be accessed through a main or central entrance.
    - 4. All windows or similar architectural features must be "one way" and provide for an opaque screen from view outside of the building.
    - 5. Architectural style/design to be similar or complementary to the predominant architectural design of other commercial uses within the activity center. Said architectural style/design to be approved by the board of commissioners. Any roof-mounted utilities or building components must be sufficiently screened from view of adjoining properties and public right-of-way.
    - 6. There shall be no outside storage allowed nor overnight and/or long-term parking of heavy equipment, commercial equipment or parking of construction or related equipment allowed.
    - 7. There shall be no storage of recreational vehicles and no dry storage of pleasure boats of any type customarily maintained by private individuals for their personal use.



8. There shall be no storage of flammable liquids, highly combustible or explosive materials, or hazardous chemicals.
  9. No units within the facility shall be used for or considered to be premises for the purpose of assigning a legal address in order to obtain an occupational license or any other government permit or licenses to do business.
  10. There shall be no resident manager or any type of overnight accommodations for such.
  11. Landscape plan to be approved by staff with emphasis on planting within the parking facilities.
  12. One parking space shall be provided per every 80 individual storage units/areas.
  13. Overall project must be accessed via a public or private roadway which is internal to the office park, building or shopping center; direct access to an adjoining public roadway shall be subject to approval by the board of commissioners.
  14. No freestanding signage shall be utilized; internal directional signage will be subject to approval by the board of commissioners.
  15. No units shall be used to manufacture, fabricate or process goods, to service or repair vehicles, boats, small engines or electrical equipment, or to conduct similar repair activities, to conduct garage sales or retail styles of any kind, to rehearse or practice utilizing band instruments, or for conversion to an apartment or dwelling unit, or to conduct any other commercial or industrial activities on the site.
  16. Loading area, including adequate turnaround space for a tractor trailer vehicle, must be screened by a permanent architectural or landscape feature or as may be approved by the board of commissioners if not located to side or rear of proposed structure.
  17. Special land use permit as provided in [section 134-37](#)
  18. Hours of operation to be established by the board of commissioners, considering the operational hours of surrounding businesses.
- (12) *Special exception uses for regional activity center only.* The following uses, with the proper scrutiny and conditions, may be considered as special exception uses within the GC district, only if they are within properties delineated as regional activity centers as defined and shown on the Cobb County Comprehensive Plan: A Policy Guide, adopted November 27, 1990. Any special exception use, for regional activity centers only, shall adhere to the landscape buffer and screening requirements in subsection (5) of this section.
- a. Hotel (suite). Any hotel in which more than 35 percent of the units include kitchenettes or kitchen facilities within the suite must apply for a special land use permit as provided in [section 134-37](#). For the purpose of this section kitchenettes or kitchen facilities are defined as a kitchen sink, a stove/cook top and a refrigerator.  
The following minimum standards shall apply to suite hotels:
    1. Minimum acreage is two acres.
    2. All rooms shall be accessed through a main or central lobby.
    3. No rooms shall access to the exterior of the building unless required by fire/safety regulations.



4. The minimum number of floors allowed shall be three floors, unless otherwise approved by the board of commissioners.
  5. Architectural style/design to be approved by the board of commissioners.
  6. All buildings shall have a minimum roof pitch of a four in twelve as defined by applicable building codes.
  7. Conference, meeting or banquet facilities are allowed when supported by adequate parking and approved by the board of commissioners as part of the special land use permit.
  8. Restaurants or other type of eating facilities are allowed when supported by adequate parking and approved by the board of commissioners. "Continental" style dining for the guests of the facility only is allowed within or near the main or central lobby without additional parking.
  9. At a minimum, provisions for weekly cleaning for each suite must be provided.
  10. Each suite must be protected with a smoke detector and sprinkler system approved by the fire marshal or his designee.
  11. Each suite shall be required to include an automatic power off timer for each stove/cook top unit or other type burner.
  12. Parking shall be calculated as one space required for each suite, with an additional ten spaces provided for employees. Parking requirements for conference, meeting or banquet facilities or restaurants or other type of eating facilities within a suite hotel shall be calculated as provided for each use in [section 134-272](#), "traffic and parking," in addition to the above parking requirements and approved by the board of commissioners.
  13. There shall be no outside storage allowed or long term parking of heavy equipment, or parking of construction or related equipment allowed.
  14. A landscaping plan is to be approved by staff with emphasis on planting within the parking facilities.
  15. No facility under this section is to be converted or used primarily as an apartment or condominium.
- b. Climate controlled self-service storage facilities, when complementary or accessory to an office park or building.
- The following minimum standards shall apply to climate controlled self-service storage facilities:
1. Building height should not exceed those of adjacent buildings, nor impact the view shed of adjacent residential property.
  2. F.A.R. should be 2.0 or as determined appropriate by the board of commissioners.
  3. All units shall be accessed through a main or central entrance.
  4. All windows or similar architectural features must be "one way" and provide for an opaque screen from view outside of the building.
  5. Architectural style/design to be similar or complementary to the predominant architectural design of other commercial uses within the activity center. Said architectural style/design to be approved by the board of commissioners. Any roof-mounted utilities or building components must be sufficiently screened from view of adjoining properties and public right-of-way.
  - 6.

There shall be no outside storage allowed nor overnight and/or long-term parking of heavy equipment, commercial equipment or parking of construction or related equipment allowed.

7. There shall be no storage of recreational vehicles and no dry storage of pleasure boats of any type customarily maintained by private individuals for their personal use.
  8. There shall be no storage of flammable liquids, highly combustible or explosive materials, or hazardous chemicals.
  9. No units within the facility shall be used for or considered to be premises for the purpose of assigning a legal address in order to obtain an occupational license or any other government permit or licenses to do business.
  10. There shall be no resident manager or any type of overnight accommodations for such.
  11. Landscape plan to be approved by staff with emphasis on planting within the parking facilities.
  12. One parking space shall be provided per every 80 individual storage units/areas.
  13. Overall project must be accessed via a public or private roadway which is internal to the office park, building or shopping center; direct access to an adjoining public roadway shall be subject to approval by the board of commissioners.
  14. No freestanding signage shall be utilized; internal directional signage will be subject to approval by the board of commissioners.
  15. No units shall be used to manufacture, fabricate or process goods, to service or repair vehicles, boats, small engines or electrical equipment, or to conduct similar repair activities, to conduct garage sales or retail styles of any kind, to rehearse or practice utilizing band instruments, or for conversion to an apartment or dwelling unit, or to conduct any other commercial or industrial activities on the site.
  16. Loading area, including adequate turnaround space for a tractor trailer vehicle, must be screened by a permanent architectural or landscape feature or as may be approved by the board of commissioners if not located to side or rear of proposed structure.
  17. Special land use permit as provided in [section 134-37](#)
  18. Hours of operation to be established by the board of commissioners, considering the operational hours of surrounding businesses.
- (13) *Use limitations.*
- a. Maximum floor area ratio is 0.75 for office uses and 0.25 for retail uses (accessory).
  - b. All structures located within an O&I district shall be appropriately scaled in relation to the transitional nature of the immediate area.
  - c. All refuse and designated recycling collection location facilities must be contained within completely enclosed facilities.
  - d. No outside storage is permitted. Within the O&I district, outside storage shall not include commercial vehicles.
  - e. No adult entertainment uses are permitted.



- No drive-in eating or drinking establishments are permitted.
- g. No uses that emit noxious odors, fumes or sounds are permitted.
  - h. No outside runs are permitted with any veterinary office use permitted within this district.
  - i. Kitchenettes or kitchen facilities are prohibited in motels.
  - j. Maximum impervious surfaces (80%-RAC, 70%-CAC and NAC) shall be established within activity centers as identified by the Cobb County Comprehensive Plan, as may be amended from time to time.
  - k. No loading docks or facilities may be located in the front of any primary structure. Required buffers may be included within required setbacks; however, in such case that the required buffer is greater than the required setback, the required buffer shall be adhered to. Additionally, necessary private utilities and access drives may be allowed through, over or across a landscaped buffer. Any such uses which are proposed through, over or across a designated undisturbed buffer must be approved pursuant to an original site plan or site plan modification as set forth under section 134-126.
- (14) *Accessory buildings, structures, uses and decks.* Any accessory building or structure in excess of 1,000 square feet of gross space shall be located to the rear of the primary structure and at least 40 feet from any residential property line. Any accessory building or structure which exceeds 1,000 square feet of gross space must have the approval of the division manager of zoning or his designee as to the location, architectural design and size prior to commencing construction. The division manager of zoning or his designee shall consider the following criteria for determining the appropriateness of the architectural design and size of the accessory building or structure: compatibility with the surrounding neighborhood, style of exterior (the exterior is to be compatible in style with the primary structure), use of the proposed accessory structure, impact on adjacent properties, and requirements as deemed appropriate by plan review as set forth in this subsection. All accessory buildings, structures and uses in excess of 1,000 gross square feet shall be required to submit for plan review through the community development department or receive approval from the director of the community development department or his designee. Permitted accessory structures and uses are as follows:
- a. Accessory retail sales and service.
  - b. Accessory storage buildings, to include parking garages, subject to the following conditions:
    1. Maximum height is two stories, not to exceed 35 feet.
    2. Such structures shall be located on the same lot as and to the rear of the principal building to which they are accessory.
    3. No accessory building shall be constructed upon a lot until construction of the principal building has commenced.
    4. On a corner lot, no accessory building shall be located closer to the side street right-of-way line than the principal building.
    5. When abutting any other nonresidential district, no garage or other accessory building shall be located closer than five feet to a side or rear lot line.
    6. When an accessory building is attached to the principal building by a breezeway, passageway or similar means, it shall comply with the yard requirements of the principal building to which it is accessory.

7. Where any nonresidential lot adjoins the side or rear of a residential lot, an accessory building shall not be located within any required buffers.
- c. Antennas and satellite dishes, which shall meet the requirements set forth in [section 134-274](#)
  - d. Freestanding parking garages, subject to the following conditions:
    1. Maximum height: four stories.
    2. When abutting any residential property line, freestanding parking garages shall not be located within any required buffers.
    3. When abutting any other nonresidential district, no freestanding garage shall be located closer than five feet to a side or rear lot line.
  - e. Heating and air conditioning units, subject to the following conditions:
    1. When abutting any residential property line, heating and air conditioning units shall not be located within any required buffers.
    2. When abutting any other nonresidential district, no heating and air conditioning units shall be located closer than five feet to a side or rear lot line.
    3. Heating and air conditioning units may be installed on the roof of any structure zoned commercially so long as the heating and air conditioning unit does not exceed the height restrictions stated in this section and the units are placed so as to be hidden from a front or side view.
    4. No ground-based heating and air conditioning unit shall exceed 35 feet in height.
  - f. Incidental storage, provided that the material stored is incidental to the permitted use, as determined by the division manager of zoning or his designee, and stored completely within a portion of the enclosed principal structure permitted within the district, or within a permitted accessory structure.

**The building appears to meet the parking, height and other standards required.**

## **HIGHEST AND BEST USE**

Highest and Best Use as defined in *The Appraisal of Real Estate, Twelfth Edition*, published by the Appraisal Institute, is as follows:

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

The following explains the four major considerations given in determining the highest and best use. We applied the physically possible, legally permissible, financially feasible, and maximally productive tests sequentially. The use that passes all tests represents the highest and best use of the property. We analyzed the highest and best use of the site as though vacant and as improved.

Physically Possible - To determine the physically possible uses, we analyzed the site including the size, topography, and shape. We considered the suitability of the site as if vacant. Additionally, we considered the physical characteristics of the site with respect to the existing improvements to estimate the possibility of altering the use or increasing the intensity of the current use.

Legally Permissible - The legally permissible considerations are those that are not precluded by law, zoning ordinances, or private deed restrictions. We analyzed the effect of these restrictions on the previously identified physically possible uses.

Financially Feasible - We estimated the financial feasibility of the uses that were both physically possible and financially feasible. Financially feasible uses result in a positive net present value.

Maximally Productive - The maximally productive use is the financially feasible use that produces the highest residual land value consistent with a rate of return warranted by the market. The maximally productive use equals the highest and best use.

## **HIGHEST AND BEST USE**

**Physically Possible** - The Site Description analysis indicates that there are no undue limitations restricting development of the subject site. The subject is constructed as an office condominium, but not precluding other uses.

**Legally Permissible** - The primary restrictions for the legal use are in the zoning ordinance. As stated in the Zoning section, the zoning permits office.

**Financially Feasible** - The financially feasible uses are derived through an analysis of the data and conclusions presented in the City and Neighborhood Analysis, Market Analysis and valuation sections. Based on the foregoing, office represents the financially feasible use of the subject as improved.

**Maximally Productive** - The maximally productive use of the financially feasible uses is determined through an analysis of the above conclusions. The existing use represents the maximally productive use of the subject unit. The maximally productive use of the financially feasible uses is determined through an analysis of the above conclusions. An office use represents the maximally productive use of the subject unit as improved.

From the preceding analysis of the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject's use as office condominium is the highest and best use of the subject property as improved.

**Conclusion** - From the preceding analysis of the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject site, the subject's existing use as an office condominium is the highest and best use of the subject property as improved.

## **VALUATION METHODOLOGY**

We valued the subject property using the Income and Sales Approaches. Each method approaches valuation from a different premise.

The Income Approach - Overall Capitalization estimates market rent and expenses, and divides stabilized net operating income by an appropriate market-derived capitalization rate for an indication of Market Value. The Income Approach capitalizes an income into its Market Value. We use contract & market rent to project an appropriate income.

We use the Sales Comparison Approach using recent sales of similar condos. The Sales Comparison Approach involves comparing recent sales of similar condos to the subject to estimate Market Value based on the theory that value closely relates in prices paid for similar properties. Adjustments made to sales for various elements of comparison (characteristics of properties that cause the prices to differ) result in values indicative of the utility provided by the subject. Similarities between each sale and the subject as well as confidence in the applied adjustments determine the influence of each sale on the Sales Comparison Approach estimate.

The theory of substitution, which affirms that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equal desirability, supports the Cost Approach. Depreciation of the improvements adjusts for aging and obsolescence. Due to the subject being a condominium unit we elect not to use this approach.

We consider and evaluate the significance, applicability; defensibility of each approach used and we correlate the indications into a Market Value estimate.

## INCOME APPROACH

### INCOME

#### Contract Rent

Deleted

The owner and three tenants fully occupy the subject building. The calculated rent for the two suites occupied by the owner is \$27.47/sf. The tenants pay from \$9.00/sf to \$13.01/sf. The rents are full service except xxxxx pays their own utilities.

Market Rent– Rental rates vary according to the quality of construction, age and condition of the building, location, date of lease, lease terms, and tenant improvements. Most recent lease agreements in this market have three- to five-year terms with a 3% annual escalation on a f Gross or Full Service basis. The rental rate ranges from \$14.00/sf to \$17.00/sf Full Service. The owner is charging himself \$27.47/sf a year which is well above Market Rent. This is not an arms length rental rate. We use Market Rent in our model for the owner occupied suites.

<b>SUMMARY OF COMPARABLE RENTALS</b>					
<b>No.</b>	<b>Name/Location</b>	<b>Lease Date</b>	<b>Gross Building Sq. Ft.</b>	<b>Leased Area Sq. Ft.</b>	<b>Rent/ Sq. Ft.</b>
1	Riverway Office Park 501 Johnson Ferry Rd Bldg F Marietta, GA 30068	Jul-13	4,350	1,087	\$14.00
2	Johnson Square Office Park 1517 Johnson Ferry Rd - Bldg 1517 Marietta, GA 30062	Jul-13	8,334	4,167	\$14.00
3	Providence Place 2850 Johnson Ferry Rd Marietta, GA 30062	Jul-13	4,350	1,087	\$14.00
4	2,600 SF Office Condo 2880 Johnson Ferry Rd Marietta, GA 30062	Jul-13	11,280	2,600	\$17.00



<b>COMPARABLE LEASES SUMMARY OF ADJUSTMENTS</b>				
	<b>Rental 1</b>	<b>Rental 2</b>	<b>Rental 3</b>	<b>Rental 4</b>
Rent/Square Foot	\$14.00	\$14.00	\$14.00	\$17.00
Gross/Net Adjustment (Lease Terms)	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Rent/Square Foot	\$14.00	\$14.00	\$14.00	\$17.00
Date of Lease	Jul-13	Jul-13	Jul-13	Jul-13
Date of Appraisal	Jul-13	Jul-13	Jul-13	Jul-13
Number of Months	-	-	-	-
Time Adjustment/Year	0.00%	0.00%	0.00%	0.00%
Time Adjustment/Month	0.00%	0.00%	0.00%	0.00%
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%
Time-Adjusted Rent	\$14.00	\$14.00	\$14.00	\$17.00
<b><i>Adjustments:</i></b>				
Location	0%	0%	0%	0%
Access/Exposure	0%	0%	5%	0%
Age/Condition	-5%	0%	0%	0%
Size	0%	5%	0%	0%
Finish	10%	5%	10%	5%
Total Adjustments	5%	10%	15%	5%
<b>Adjusted Rent/Sq. Ft.</b>	<b>\$14.70</b>	<b>\$15.40</b>	<b>\$16.10</b>	<b>\$17.85</b>
Average -	\$16.01			
<b>Market Rent -</b>	<b>\$16.00</b>			

Based on our experience and inspection of the subject building and the market information, we select a Market rent of \$16.00/sf full service for the subject building. It appears that the rent the owner pays himself is well Market Rent while the tenants are paying rental rates well below Market Rent. We model the subject property with both the tenant Contract Rent and Market Rent substituted for the owner's suites. We also model the subject property using Market Rent for the all the suites.

#### **Vacancy, Absorption, and Credit Loss**

This is primarily an owner occupied type of property. As such vacancy rates are less important. The submarket vacancy is 19.7% for office product. Based on market information we do include a minimal 5% vacancy and credit loss.

## Deleted Chart

### EXPENSES

The modeled terms are gross with the Landlord paying taxes, insurance and all expenses. We include expenses of management, structural maintenance and replacement allowances.

Real Estate Taxes - The taxes are paid by the landlord. Taxes are \$6,486.63 or \$1.17/sf. This is similar to other office properties in the area. We use \$1.17/sf.

Insurance – The insurance expense was \$628 or \$.11/sf. The Expense Comparables report insurance expenses of \$0.10/□ to \$1.00/□ . An insurance expense of \$0.11/□ reasonable and is used in this analysis. This expense is paid by the landlord.

Management and Leasing Expenses – Based on our survey, management and leasing expenses for Office buildings in the Atlanta metro area typically range from 2% to 5% of effective gross income. Fees vary based on size, occupancy, management requirements, and the specifics of the management contracts. For example, some management contracts are a flat percentage of effective gross income and others have a lower percentage but allow recovery of administrative salaries and office space cost. We estimate an appropriate management fee and leasing expense of 3.00% of effective gross income for the subject property.

Utilities - The utility expense for this office was \$4,875 or \$0.86/□ . The landlord pays this expense.

Condominium Fees – Typical Condo fees for this type of complex include grounds maintenance and exterior maintenance of the building as well as an umbrella fire insurance policy. The fee is \$1,079/month or \$2.33/□ . The landlord pays this expense.

Repair/ Maintenance - The repair of this condo building costs \$3,458 or \$0.62/sf. The landlord pays this expense.

### CAPITALIZATION RATE

#### Comparable Sales Capitalization Rates

The following table exhibits recent capitalization rates for similar buildings sold in the area:

Office Cap Rates Sales					
No.	Name/Location	Date	Sale Price	Net Income	Cap Rates
1	12,000 SF Class B Office Condominium 4200 Northside Pky NW Atlanta, GA 30327	Mar-13	\$1,600,000	\$133,560	8.35%
2	2,250 SF Class C Office Building 3535 Roswell Dr - Bldg 13 Marietta, GA 30062	May-11	\$337,500	\$28,125	8.33%
3	4,615 SF Class B Office Building 2513 Shallowford Rd - Bldg 100 Marietta, GA 30066	May-13	\$563,030	\$41,766	7.42%
4	2,010 SF Office Condo 171 Village Pky NE Marietta, GA 30062	Mar-12	\$240,000	\$18,392	7.66%
<b>Subject</b>					7.94%

Similar condominiums trade with fairly low capitalization rates since most condos are purchased for owner use and not rental income investments.

<b>Table 6</b> <b>ATLANTA OFFICE MARKET</b> Second Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
<b>DISCOUNT RATE (IRR)*</b>					
Range	7.50% – 10.50%	7.50% – 11.00%	7.75% – 11.00%	7.75% – 14.00%	6.00% – 10.00%
Average	8.95%	9.06%	9.01%	10.43%	8.42%
Change (Basis Points)		- 11	- 6	- 148	+ 53
<b>OVERALL CAP RATE (OAR)*</b>					
Range	6.75% – 9.25%	6.75% – 9.50%	7.00% – 10.00%	7.00% – 11.00%	5.25% – 9.00%
Average	8.01%	8.11%	8.40%	8.94%	7.25%
Change (Basis Points)		- 10	- 39	- 93	+ 76
<b>RESIDUAL CAP RATE</b>					
Range	7.00% – 9.25%	6.50% – 9.50%	7.00% – 10.00%	7.50% – 11.00%	6.50% – 9.00%
Average	7.91%	7.98%	8.46%	9.21%	7.70%
Change (Basis Points)		- 7	- 55	- 130	+ 21
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	(1.00%) – 3.00%	(1.00%) – 2.50%	(3.00%) – 2.00%	(5.00%) – 0.00%	0.00% – 8.00%
Average	1.04%	0.79%	0.04%	(0.44%)	3.38%
Change (Basis Points)		+ 25	+ 100	+ 148	- 234
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	2.50% – 3.00%
Average	2.25%	2.25%	2.21%	2.31%	2.94%
Change (Basis Points)		0	+ 4	- 6	- 69
<b>MARKETING TIME<sup>c</sup></b>					
Range	1 – 12	1 – 12	2 – 15	1 – 12	1 – 9
Average	5.5	5.5	7.9	7.6	5.0
Change (▼, ▲, =)		=	▼	▼	▲

a. Rate on unleveraged, all-cash transactions    b. Initial rate of change    c. In months

Cap rates have been lower for small office buildings. Cap rates vary greatly due to the primary owner occupancy use considerations. Given the condition of the building and the local market, we select a capitalization rate of 7.75%. The Income Approach follows.

**CONTRACT RENT CAPITALIZATION**

Value By Income Approach - Overall Capitalization					
<i>Income:</i>					
Gross Income					
Suite 200	Owner	1,880	x	\$ 16.00	= \$ 30,080
Suite 230		825	x	\$ 11.27	= \$ 9,298
Suite 240		800	x	\$ 9.00	= \$ 7,200
Suite 250	Owner	943	x	\$ 16.00	= \$ 15,088
Suite 270		1,107	x	\$ 13.00	= \$ 14,391
Total Gross Income		5,555			\$ 76,057
Less Vacancy & Credit Loss @		5%			\$ (3,803)
Plus Recoveries					
Effective Gross Income					\$ 72,254
<i>Expenses:</i>					
Fixed Expenses					
Real Estate Taxes		\$ 1.17		\$ 6,499	
Insurance		\$ 0.11		\$ 628	
Total Fixed Expenses					\$ 7,127
<u>Operating Expenses</u>					
Management Fee		3%		\$ 2,168	
Condo Fee		\$ 2.33		\$ 12,943	
Repair/ Maintenance		\$ 0.62		\$ 3,444	
Utilities		\$ 0.86		\$ 4,777	
Total Operating Expenses					\$ 23,332
<u>Capital Expenses</u>					
Total Capital					\$ -
Total Expenses and Replacement Allowance					\$ 30,459
Net Income Before Recapture					\$ 41,795
<i>Capitalization:</i>					
\$ 41,795	Capitalized @	7.75%	=		\$ 539,287
					\$ 539,287
VALUE BY INCOME APPROACH				Rounded	\$ 540,000

**MARKET RENT CAPITALIZATION**

Value By Income Approach - Overall Capitalization					
<i>Income:</i>					
Gross Income					
Suite 200	Owner	1,880	x	\$ 16.00	= \$ 30,080
Suite 230		825	x	\$ 16.00	= \$ 13,200
Suite 240		800	x	\$ 16.00	= \$ 12,800
Suite 250	Owner	943	x	\$ 16.00	= \$ 15,088
Suite 270		1,107	x	\$ 16.00	= \$ 17,712
Total Gross Income		5,555			\$ 88,880
Less Vacancy & Credit Loss @		5%			\$ (4,444)
Plus Recoveries					
Effective Gross Income					\$ 84,436
<i>Expenses:</i>					
Fixed Expenses					
Real Estate Taxes		\$ 1.17		\$ 6,499	
Insurance		\$ 0.11		\$ 628	
Total Fixed Expenses					\$ 7,127
<u>Operating Expenses</u>					
Management Fee		3%		\$ 2,533	
Condo Fee		\$ 2.33		\$ 12,943	
Repair/ Maintenance		\$ 0.62		\$ 3,444	
Utilities		\$ 0.86		\$ 4,777	
Total Operating Expenses					\$ 23,698
<u>Capital Expenses</u>					
Total Capital					\$ -
Total Expenses and Replacement Allowance					\$ 30,825
Net Income Before Recapture					\$ 53,611
<i>Capitalization:</i>					
\$ 53,611	Capitalized @	7.75%	=		\$ 691,759
					\$ 691,759
VALUE BY INCOME APPROACH				Rounded	\$ 690,000

We conclude the Market Rent Capitalization is more reflect of the value of the subject property by the Income Approach.

## SALES COMPARISON APPROACH

The value of the subject derives from an analysis of comparable sales in the subject area. We analyzed the comparable sales on the basis of sale price per  $\text{sq. ft.}$ . We gathered numerous sales offering a firm indication of what the subject property is now worth. We used sales in the metro area. The methodology applies adjustments to the comparable sales for any differences compared to the subject characteristics. The comparable sales range from \$119.40/ $\text{sq. ft.}$  to \$150.00/ $\text{sq. ft.}$  for Condominiums ranging in size from 2,010  $\text{sq. ft.}$  to 12,000  $\text{sq. ft.}$ . The following table summarizes the comparable sales:

<b>Office Condo Sales</b>					
<b>No.</b>	<b>Name/Location</b>	<b>Date</b>	<b>Sale Price</b>	<b>Rentable Area Sq. Ft.</b>	<b>Sale Price/ Sq. Ft.</b>
1	12,000 SF Class B Office Condominium 4200 Northside Pky NW Atlanta, GA 30327	Mar-13	\$1,600,000	12,000	\$133.33
2	2,250 SF Class C Office Building 3535 Roswell Dr - Bldg 13 Marietta, GA 30062	May-11	\$337,500	2,250	\$150.00
3	4,615 SF Class B Office Building 2513 Shallowford Rd - Bldg 100 Marietta, GA 30066	May-13	\$563,030	4,615	\$122.00
4	2,010 SF Office Condo 171 Village Pky NE Marietta, GA 30062	Mar-12	\$240,000	2,010	\$119.40

The Addenda contains details of the comparable sales and a location map. The differences and adjustments to these comparable sales follow.

### Property Rights Conveyed

A transaction price reflects the real property interest conveyed. Ground leases often exemplify this. The revenue-generating potential of a property can be limited by the terms of existing leases. In the valuation process, adjustments reflect the differences between contract rent and market rent. The appraiser then relates the market data to the subject property. The appraiser must precisely define the real property rights conveyed in each comparable transaction selected for analysis.

**Financing and Conditions of Sale**

In this scenario, adjustments equate the sales to market terms on a cash-equivalent basis. An analysis of the comparable sales indicated that no special financing terms applied. Each sale appears a "cash-to-seller" transaction or financed at or near market terms. Therefore, no adjustment applies due to financing terms or conditions of sale. Each of the comparable sales appears an arm's-length transaction between willing buyers and sellers under no undue influence.

**Date of Sale**

This adjustment reflects the sales based on current market conditions. Our research did not reveal actual resales or matched-pair sales that indicate a precise adjustment for time. Conversations with brokers and investors active in the subject area reveal that values decreased steadily over the past few years. The period of decline was from 2008 through 2010. Prices appear to be stable. The market appears to be now on the rise but the increase is yet to be significant. We apply no time adjustments.

**Comparative Adjustments**

Adjustments for the differences of other value factors result from a matched-pair sales analysis.

All sales characterize the subject. We stress all sales in our analysis. The following adjustments derived from an analysis of the comparable sales and our experience with similar properties:

<b>SALES COMPARISON SUMMARY OF ADJUSTMENTS</b>					
	Sale 1	Sale 2	Sale 3	Sale 4	
Sale Price Per Unit	\$133.33	\$150.00	\$122.00	\$119.40	
Date of Sale	Mar-13	May-11	May-13	Mar-12	
Date of Appraisal	Jul-13	Jul-13	Jul-13	Jul-13	
Number of Months	4	26	2	16	
Time Adjustment Per Year	0%	0%	0%	0%	
Time Adjustment Per Month	0.00%	0.00%	0.00%	0.00%	
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%	
Time-Adjusted Sale Price	\$133.33	\$150.00	\$122.00	\$119.40	
Adjustments:					
Location	-5%	5%	5%	5%	
Exposure	0%	0%	0%	0%	
Finish	5%	5%	5%	10%	
Age & Condition	0%	-10%	-10%	0%	
Size	10%	0%	0%	0%	
Total Adjustments	10%	0%	0%	15%	
Adjusted Sale Price Per Unit	\$146.67	\$150.00	\$122.00	\$137.31	
Average	\$139.00				
Unit Value Used	\$140.00				
<b>VALUE INDICATED BY THE SALES COMPARISON APPROACH</b>					
<b>Total Area</b>	<b>5,555</b>	<b>Sq. Ft. X</b>	<b>\$140.00</b>	<b>=</b>	<b>\$777,700</b>
					<b>\$777,700</b>
				<b>Rounded</b>	<b>\$780,000</b>

**Sale 1** requires a downward adjustment for superior location. Sale 1 also requires upward adjustments for larger size and inferior finish.

**Sale 2** requires an upward adjustment for inferior location and for inferior finish and a downward adjustment for newer construction.

**Sale 3** requires an upward adjustment for inferior location and a downward adjustment for newer construction. .

**Sale 4** requires an upward adjustment for inferior location and for inferior finish.



## **RECONCILIATION**

The value indications for the subject property follow:

<b>INCOME APPROACH.....</b>	<b>\$690,000</b>
<b>SALES COMPARISON APPROACH .....</b>	<b>\$780,000</b>

The Income Approach considers contract rents, market rents, expenses, and investors' growth assumptions and yield requirements. The Income Approach provides a good indication of Market Value for properties which are purchased for investment. Offices condominium buildings similar to the subject are not often purchased for investment but are purchased by owner users. Certainly in the current market, investors would not purchase this type of office product for current rental income at price levels owner users pay. In addition, if we use Contract Rent, the tenants below Market Rents skew the Income Approach downward. We rely less on this approach.

The Sales Comparison Approach provides a meaningful indication of Market Value due to the recent sales of similar office condominium in the subject market. Most office condominium units such as the subject sell to owner users. We used nearby four sales to provide a good indication of market value. The Sales Comparison Approach best reflects the value of the subject property for an owner user. The Sales Comparison Approach provides a reliable approach.

We rely primarily on the Sales Comparison Approach for our value estimate.

### **Conclusion**

Based on the foregoing, the Market Value as of July 19, 2013 is:

**SEVEN HUNDRED EIGHTY THOUSAND DOLLARS**  
**(\$780,000)**

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited by the reported assumptions and limiting conditions and is my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and the report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report No one other than Mead Schlemmer provided significant real property appraisal assistance to the person(s) signing this certification. The reported analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- Per 539-3-.02 of the GA Appraisal Act: My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board.



Kayla Schlemmer  
Principal Appraiser  
Certified Real Estate Appraiser No. 3329  
July 24, 2013

## QUALIFICATIONS OF APPRAISER

**Kayla P. Schlemmer**  
**Schlemmer Appraisal Company**  
**1928 Lake Lucerne Dr SW**  
**Lilburn, Georgia 30047**  
**404 617 9162 kschlemm@comcast.net**  
**Certified Appraiser #3329**

### EXPERIENCE:

**2008 to Present: Principal, Schlemmer Appraisal Company**

**2009 to Present: Consultant Appraiser to Quentin Ball Appraisal LLC**

**1995 to 2008: Kirkland & Company Senior Appraiser**

19 years of full-time appraisal and real estate consultation experience involving residential, commercial, industrial properties in 23 States. Discounted cash flows involve ARGUS. Five years experience in Real Estate Brokerage.

**1979 to 1995: City and Regional Planner**

City and Regional Planning including work in Maine, New Jersey, North Carolina, Louisiana, and Georgia. Extensive work in coastal issues: Town Planner for seaport town of Yarmouth Maine, Senior Planner with the State of Maine Coastal Program where oversaw Harbor Planning & Planning Grant Program. Director of Planning for Coastal Georgia Development Center which provided regional planning and local planning for the entire 9 county coastal regional of Georgia. .

**Appraisal of all types of Commercial Real Estate in metro Atlanta. Appraised over 1,500 properties.**

Extensive experience with Office, Retail, Multifamily & Industrial Property Valuation. Emphasis on intown “New Urban Development”, issues involving zoning and development regulations and tenant occupied investment properties.

**Island Properties Marinas & Waterfront Properties –** Appraised properties on Cumberland Island, Georgia including raw land & Plum Orchard Mansion. Wassaw Island, Georgia, Horn Island, Mississippi, Cat Island Mississippi:, Round Island & Deer Island, Mississippi:, Naval Base at Singing River Island near Pascagoula, South Padre Island, Texas. Clients include: National Park Service, The Trust for Public Lands, Nature Conservancy, and private parties. Appraised Marina & Waterfront property on Lake Lanier, 20,000 acre Cain Hoy Plantation in Charleston, South Carolina, Marina on Fripp Island, SC; Consolidated Yacht Corp. & Marina, Miami, Fl., Maritime Metals Ship Dismantling Facility, Port Arthur, TX.,

**Historic Properties –** Appraised Barnsley Gardens near Rome, Georgia, Plum Orchard Mansion on Cumberland Island, several homes and land within the Martin Luther King Jr. Historic District of Atlanta, Ga., Historic Whitehall Mill in Athens, Ga., Bass High School (converted to loft apartments using the Secretary of Interior Standards), Atlanta, Ga.

### **EDUCATION:**

BA - Arizona State University, Majored in Anthropology, Graduated summa cum laude.

**Masters of City and Regional Planning**, University of North Carolina at Chapel Hill, Majored in land use and real estate development.

Courses in Historic Preservation, Armstrong University, Savannah, Ga.

Marina Appraisal Course completed 2003 from the International Marina Institute.

### **PROFESSIONAL AFFILIATIONS:**

**(Georgia) State Certified Real Property Appraiser (No. 3329)**

Certified Real Estate Broker, State of Georgia

Member of American Institute of Certified Planners (AICP) 1981

**Phi Beta Kappa 1976**

Phi Kappa Phi 1976

**CLIENTS:** Pension Funds, Industrial Corporations, Banks, Mortgage Bankers, Trusts, Insurance Companies, Real Estate Investors and Developers, Governmental Agencies, Attorneys, Architects, and Certified Public Accountants.

**QUALIFICATIONS OF APPRAISER**

**Mead P. Schlemmer**  
**Schlemmer Appraisal Company**  
**1928 Lake Lucerne Dr SW**  
**Lilburn, Georgia 30047**  
**404 702 2375 Mschlemm1@comcast.net**  
Registered Appraiser #335527

**EXPERIENCE:**

**2008 to Present: Schlemmer Appraisal Company**

4 year of full-time appraisal experience involving residential, commercial, industrial properties in two States. Discounted cash flows involve ARGUS.

**Appraisal of all types of Commercial Real Estate in metro Atlanta. Appraised over 100 properties.**

Extensive experience with Office, Retail, Multifamily & Industrial Property Valuation. Emphasis on in town "New Urban Development", issues involving zoning and development regulations and tenant occupied investment properties.

**EDUCATION:**

BA – University of West Georgia, Majored in Philosophy.

**Appraisal Education**

Appraisal Principles

Appraisal Procedures

National Uniform Standards of Professional Appraisal Practice

**Appraisal Institute**

General Appraiser Income Approach (Part I) Jun 2 - 5, 2009

General Appraiser Site Valuation & Cost Approach May 4 - 7, 2009

Real Estate Finance Statistics and Valuation Modeling Apr 1 - May 1, 2009

General Appraiser Sales Comparison Approach Mar 30 - Apr 2, 2009

**PROFESSIONAL AFFILIATIONS:**

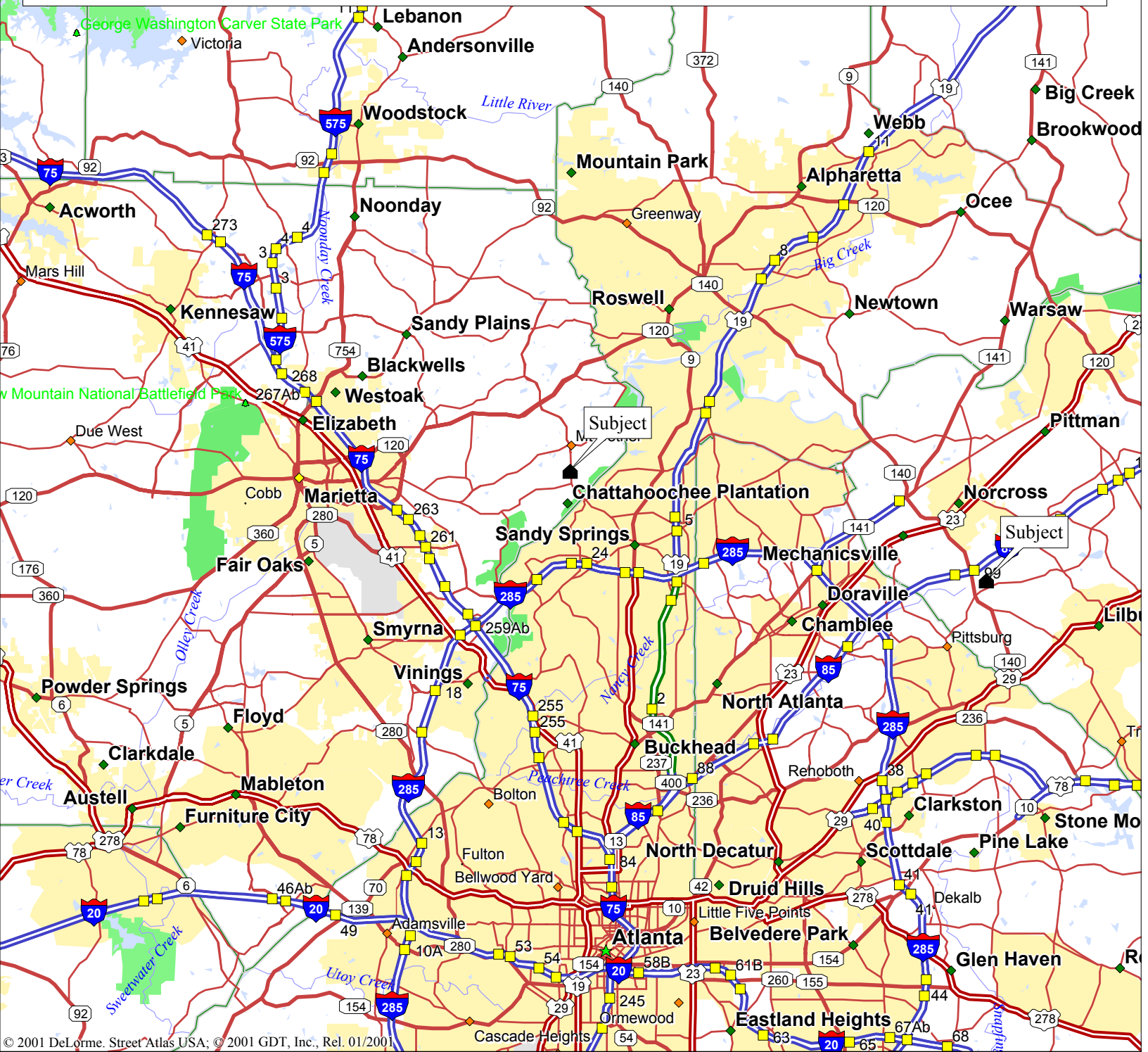
**(Georgia) State Registered Real Property Appraiser (No.335527)**

**Appraisal Institute Member**

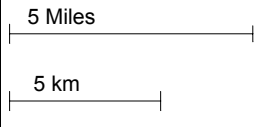
**CLIENTS:** Pension Funds, Industrial Corporations, Banks, Mortgage Bankers, Trusts, Insurance Companies, Real Estate Investors and Developers, Governmental Agencies, Attorneys, Architects, and Certified Public Accountants.

**ADDENDA**

# Area



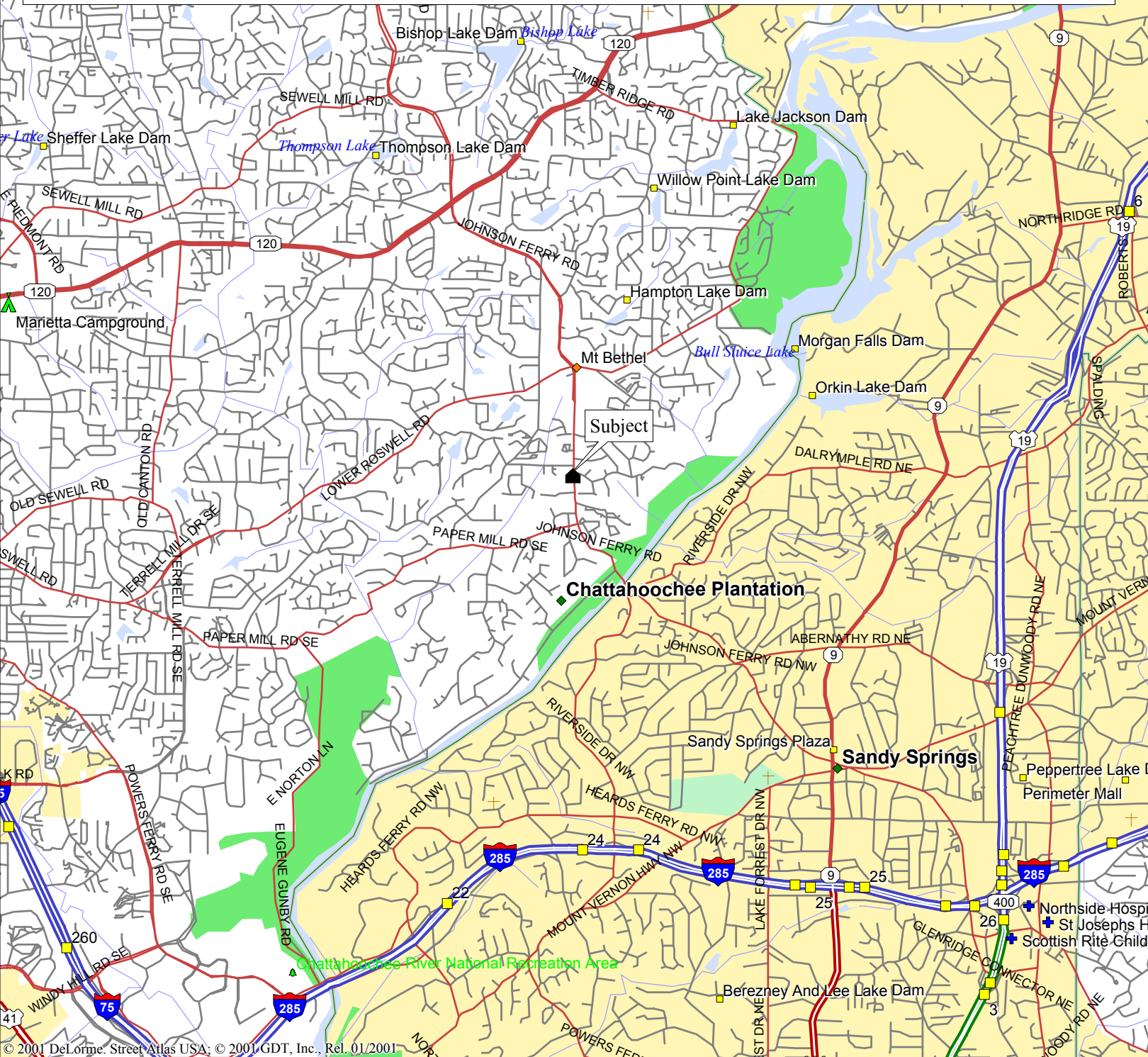
Mag 11.00  
Wed Jul 17 08:36 2013  
Scale 1:250,000 (at center)



- |                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Local Road                  | State Capital     | Water             |
| Major Connector             | Small Town        | Military Reserve  |
| State Route                 | Park/Reservation  | National Park     |
| Interstate/Limited Access   | Locale            | State Park/Forest |
| Interstate/Unlimited Access | City              | River/Canal       |
| Toll Highway                | County Boundary   |                   |
| US Highway                  | Population Center |                   |
| Exit                        | Land              |                   |



# Neighborhood



Mag 13.00  
 Wed Jul 17 08:35 2013  
 Scale 1:62,500 (at center)  
 1 Miles  
 2 km

- |                           |                   |               |
|---------------------------|-------------------|---------------|
| Local Road                | Small Town        | Land          |
| Major Connector           | Hospital          | Water         |
| State Route               | Park/Reservation  | National Park |
| Interstate/Limited Access | Campground        | River/Canal   |
| Toll Highway              | Locale            | City Park     |
| US Highway                | Cemetery          |               |
| Exit                      | County Boundary   |               |
| Point of Interest         | Population Center |               |

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**SUBJECT PHOTOGRAPHS**



**SUBJECT BUILDING 200 AT 1225 JOHNSON FERRY ROAD**





**SUBJECT PHOTOGRAPHS**



**STREET VIEWS**



**SUBJECT PHOTOGRAPHS**



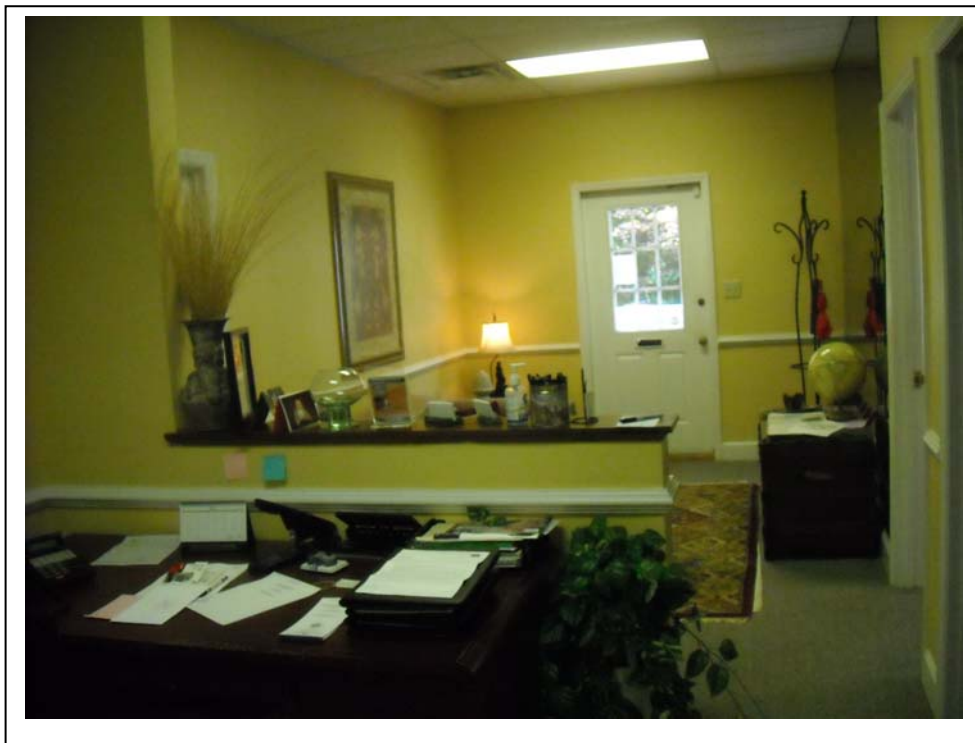
**INTERIOR OF SUBJECT**



**SUBJECT PHOTOGRAPHS**



**INTERIOR OF SUBJECT**

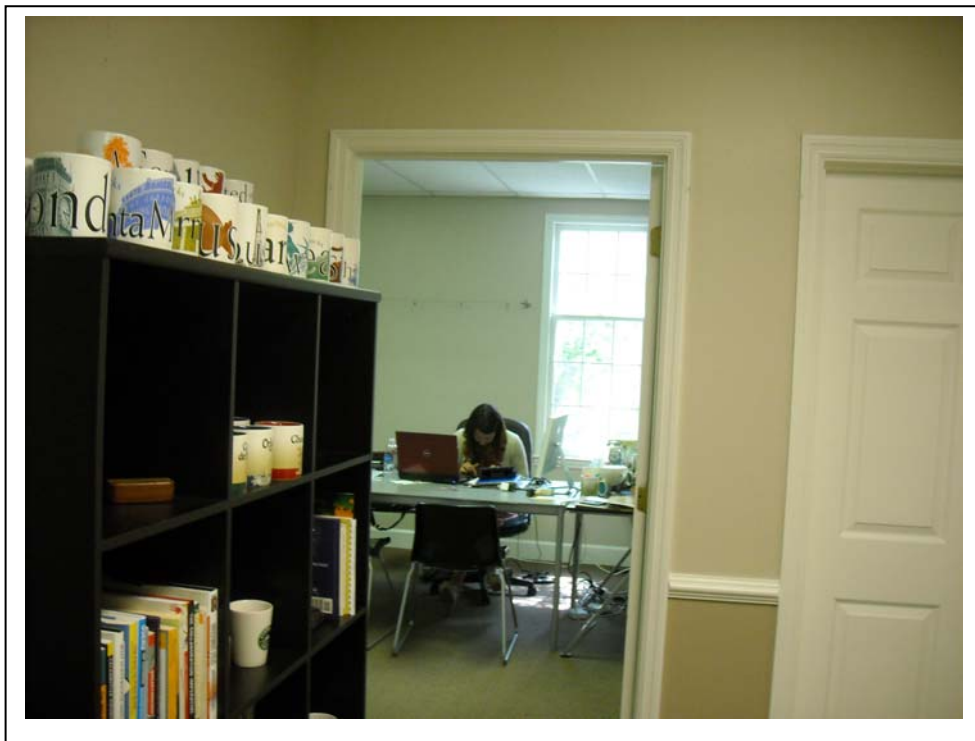




**SUBJECT PHOTOGRAPHS**



**INTERIOR OF SUBJECT**



**SUBJECT PHOTOGRAPHS**



**INTERIOR OF SUBJECT**



## Rental No. 1



<b>Name</b>	:	Riverway Office Park
<b>Street Address/Location</b>	:	501 Johnson Ferry Rd Bldg F
<b>City/County/State</b>	:	Marietta, GA 30068
<b>Lessee</b>	:	Available
<b>Verification</b>	:	John Hintz (770) 998-4817
<b>Lease Term</b>	:	5 years
<b>Leased Date</b>	:	Jul-13
<b>Leased Area</b>	:	1,087 Sq. Ft.
<b>Gross Building Area</b>	:	4,350 Sq. Ft.
<b>Monthly Rent</b>	:	
<b>Rent Per Square Foot</b>	:	\$ 14.00 Full Service
<b>Expenses</b>		
<b>Real Estate Taxes</b>	:	Lessor
<b>Insurance</b>	:	Lessor
<b>Structural Maintenance</b>	:	Lessor
<b>Utilities</b>	:	Lessor
<b>CAM</b>	:	na

4,350square foot office building , Average condition built in 2000. Four sided brick with vinyl soffits & windows; Architectural shingles.

## Rental No. 2



<b>Name</b>	:	Johnson Square Office Park		
<b>Street Address/Location</b>	:	1517 Johnson Ferry Rd - Bldg 1517		
<b>City/County/State</b>	:	Marietta, GA 30062		
<b>Lessee</b>	:	Undisclosed		
<b>Verification</b>	:	Shaun Weinstock (404) 591-6387		
<b>Lease Term</b>	:	3 years		
<b>Lease Date</b>	:	Jul-13		
<b>Leased Area</b>	:	4,167	Sq. Ft.	Rentable
<b>Gross Building Area</b>	:	8,334		
<b>Rent Per Square Foot</b>	:	\$14.00	Full service	
<b>Expenses</b>				
<b>Real Estate Taxes</b>	:	Lessor		
<b>Insurance</b>	:	Lessor		
<b>Structural Maintenance</b>	:	Lessor		
<b>Utilities</b>	:	Lessee		
<b>CAM</b>	:	Lessee		

Rent located close to the subject. The rent is \$10.00/sf net or \$14.00/sf Modified Gross. The building is in average condition. Built in 1982. Johnson's Square, 1501-1523 Johnson Ferry Rd, is a twelve building office park built in the Williamsburg style. The buildings range from 4100 to 25,000 sf; total project size is 121,500 sf. Complex includes workout room and tenant conference room.



## Rental No. 3



<b>Name</b>	:	Providence Place	
<b>Street Address/Location</b>	:	2850 Johnson Ferry Rd	
<b>City/County/State</b>	:	Marietta, GA 30062	
<b>Lessee</b>	:	Undisclosed	
<b>Verification</b>	:	Cheri Chellino (678) 585-0070	
<b>Lease Term</b>	:	5 years	
<b>Lease Date</b>	:	July-13	
<b>Leased Area</b>	:	1,087	Sq. Ft.
<b>Gross Building Area</b>	:	4,350	Sq. Ft.
<b>Rent Per Square Foot</b>	:	\$14.00	Full Service
<b>Expenses</b>			
<b>Real Estate Taxes</b>	:	Lessor	
<b>Insurance</b>	:	Lessor	
<b>Structural Maintenance</b>	:	Lessor	
<b>Utilities</b>	:	Lessor	
<b>CAM</b>	:	Lessee	

### Remarks:

1,087SF office condo located in an office building close to the subject. Built in 1996 building is in Average condition. Providence Place are 2-story Williamsburg style office. The rent is \$10.00/sf or \$14.00/sf Full Service.

## Rental No. 4

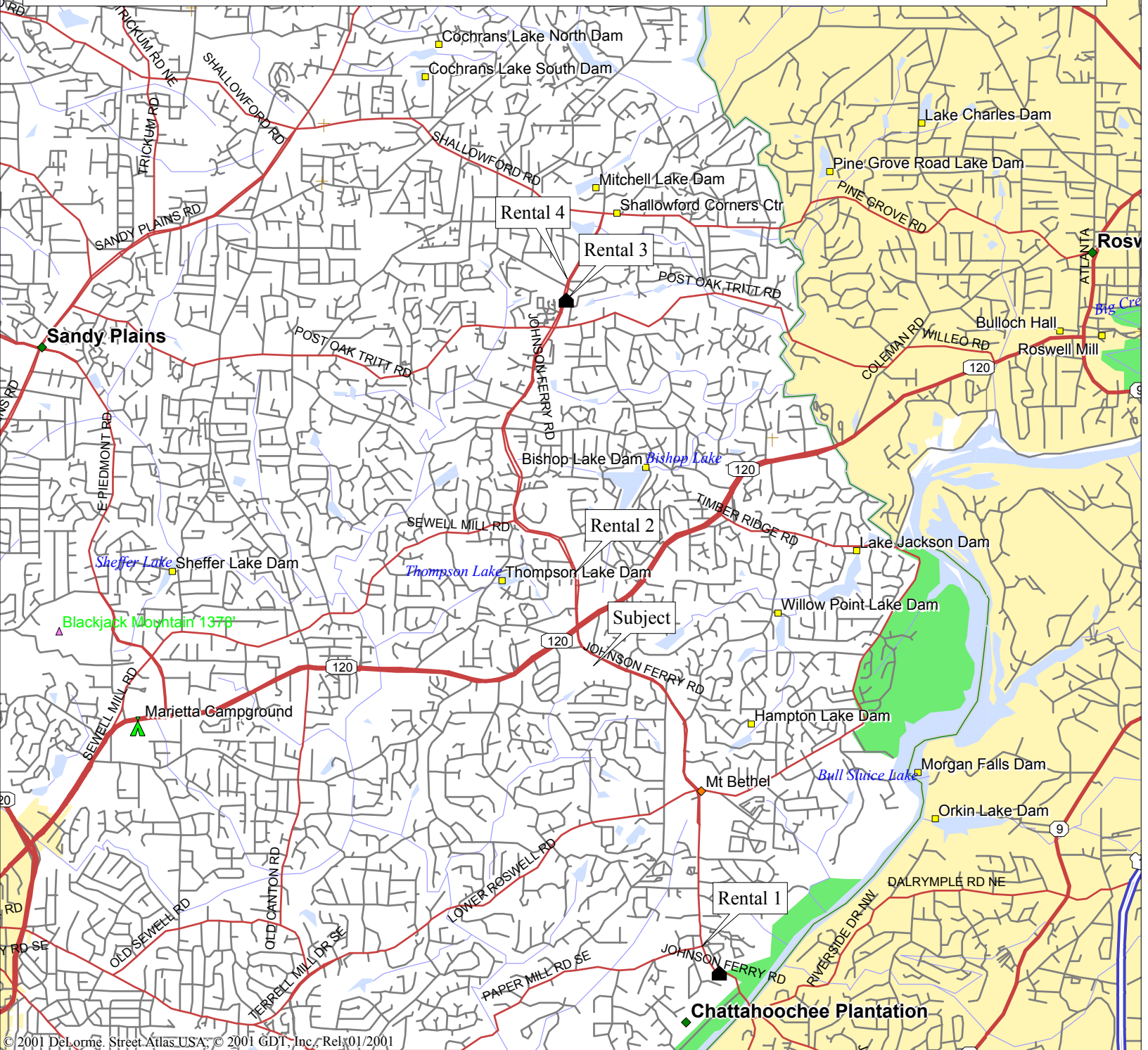


<b>Name</b>	:	2,600 SF Office Condo
<b>Street Address/Location</b>	:	2880 Johnson Ferry Rd
<b>City/County/State</b>	:	Marietta, GA 30062
<b>Lessee</b>	:	Undisclosed
<b>Verification</b>	:	Tom York (770) 552-6010
<b>Lease Term</b>	:	5 years
<b>Lease Date</b>	:	Jul-13
<b>Leased Area</b>	:	2,600 Sq. Ft.
<b>Rent Per Sq. Ft.</b>	:	\$17.00 full service
<b>Gross Building Area</b>	:	11,280 Sq. Ft.
<b>Expenses</b>		
<b>Real Estate Taxes</b>	:	Lessor
<b>Insurance</b>	:	Lessor
<b>Structural Maintenance</b>	:	Lessor
<b>Utilities</b>	:	Lessee

### Remarks:

2,600 SF office condo located in an office building close to the subject. Built in 1997. The building is in Average condition. \$13.00/sf net which translates to \$17.00/sf gross

# Comparable Rentals



Mag 13.00  
 Wed Jul 24 10:22 2013  
 Scale 1:62,500 (at center)  
 1 Miles  
 2 km

- |                           |                   |
|---------------------------|-------------------|
| Local Road                | Locale            |
| Major Connector           | Cemetery          |
| State Route               | County Boundary   |
| Interstate/Limited Access | Population Center |
| Point of Interest         | Land              |
| Small Town                | Water             |
| Summit                    | National Park     |
| Campground                | River/Canal       |

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## SALE NO. 1



<b>Name</b>	:	12,000 SF Class B Office Condominium
<b>Street Address/Location</b>	:	4200 Northside Pky NW
<b>City/County/State</b>	:	Atlanta, GA 30327
<b>Grantor</b>	:	RMS Property Holding Company LLC
<b>Grantee</b>	:	TDD Property Holding Company LLC
<b>Verification</b>	:	Document No: 52437-0622
<b>Sale Price</b>	:	\$1,600,000
<b>Sale Date</b>	:	Mar-13
<b>Land Area</b>	:	0.14 Acres
<b>Area</b>	:	12,000 Sq. Ft.
<b>Gross Building Area</b>	:	12,000 Sq. Ft.
<b>Price Per Sq. Ft.</b>	:	\$133.33
<b>Gross Income</b>	:	\$144,000
<b>Net Income</b>	:	\$133,560 Cap Rate: 8.35%

Office Condo located Northside Parkway in Atlanta Georgia. It is a brick building with Georgian style architecture. The building is accessible to I-75. It has ample parking, on-site management, exterior signage and high speed internet. This property is a condominium unit within North Parkway Square Office complex. Built 1988.

## SALE NO. 2



<b>Name</b>	:	2,250 SF Class C Office Building
<b>Street Address/Location</b>	:	3535 Roswell Dr - Bldg 13
<b>City/County/State</b>	:	Marietta, GA 30062
<b>Grantor</b>	:	Edinborough LLP
<b>Grantee</b>	:	Daniel Brunner
<b>Verification</b>	:	Document No: 14855-5997
<b>Sale Price</b>	:	\$337,500
<b>Sale Date</b>	:	May-11
<b>Land Area</b>	:	0.08 Acres
<b>Area</b>	:	2,250 Sq. Ft.
<b>Gross Building Area</b>	:	2,250 Sq. Ft.
<b>Price Per Sq. Ft.</b>	:	\$150.00
<b>Gross Income</b>	:	\$29,250
<b>Net Income</b>	:	\$28,125 Cap Rate: 8.33%

Office Condo located on Roswell Drive. The building is in average condition. Built 2001

## SALE NO. 3



<b>Name</b>	:	4,615 SF Class B Office Building
<b>Street Address/Location</b>	:	2513 Shallowford Rd - Bldg 100
<b>City/County/State</b>	:	Marietta, GA 30066
<b>Grantor</b>	:	Brownstone Associates, Inc
<b>Grantee</b>	:	Lassiter Heights
<b>Verification</b>	:	Document No: 15067-2500
<b>Sale Price</b>	:	\$563,030
<b>Sale Date</b>	:	May-13
<b>Land Area</b>	:	0.50 Acres
<b>Area</b>	:	4,615 Sq. Ft.
<b>Gross Building Area</b>	:	4,615
<b>Price Per Sq. Ft.</b>	:	\$122.00
<b>Gross Income</b>	:	\$46,150
<b>Net Income</b>	:	\$41,766 Cap Rate: 7.42%

Office Condo located on Shallowford Road. Built 2006 professional office building in spaces are in use for medical, financial or lawyers office. This property is reported as being an Institutional Grade Investment with credit tenant WellStar.



## SALE NO. 4

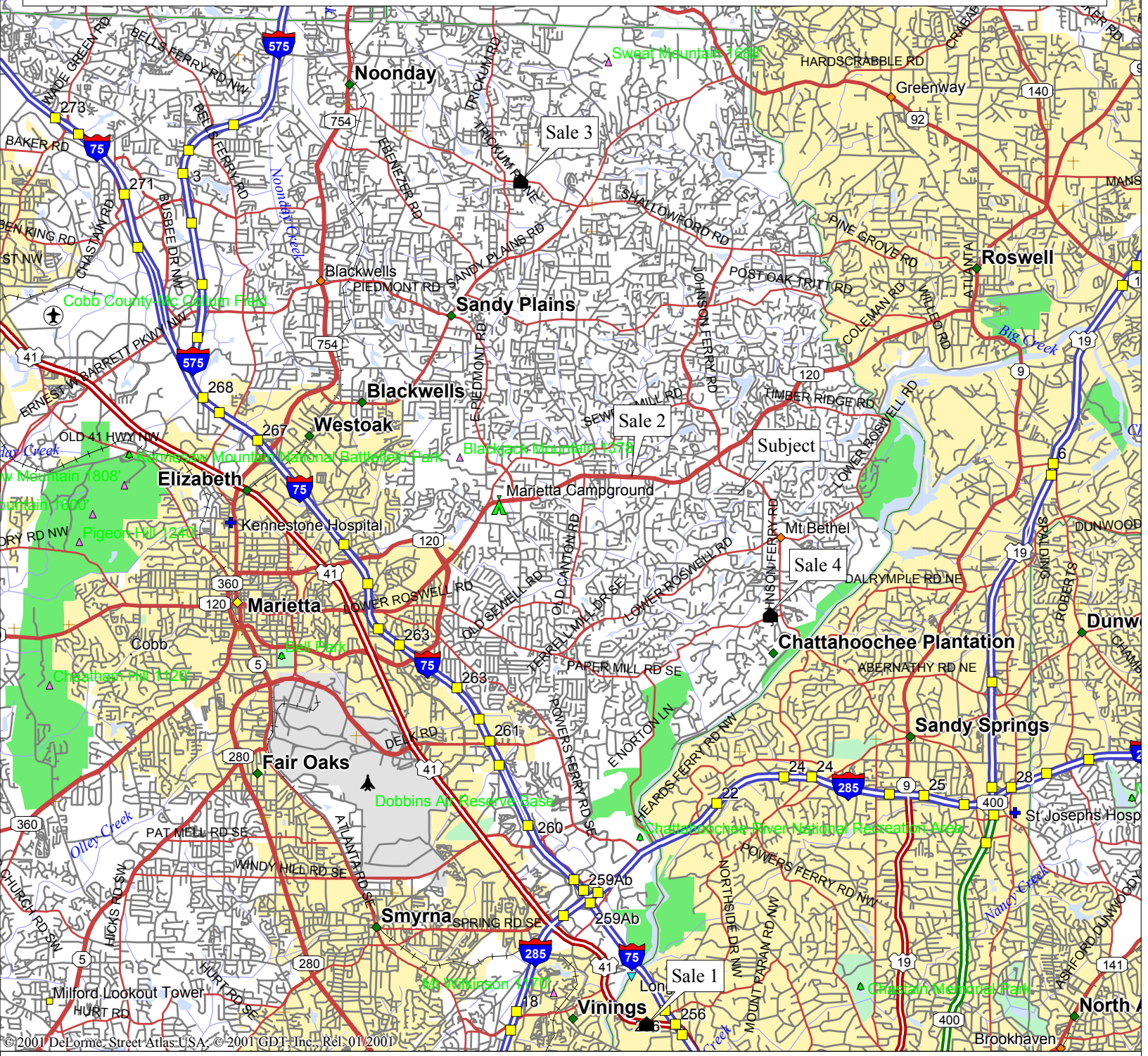


<b>Name</b>	:	2,010 SF Office Condo
<b>Street Address/Location</b>	:	171 Village Pky NE
<b>City/County/State</b>	:	Marietta, GA 30062
<b>Grantor</b>	:	Zions Bank
<b>Grantee</b>	:	The Macallan Group, LLC
<b>Verification</b>	:	Scott Hutchison (770) 242-7917
<b>Sale Price</b>	:	\$240,000
<b>Sale Date</b>	:	Mar-12
<b>Land Area</b>	:	0.09 Acres
<b>Area</b>	:	2,010 Sq. Ft.
<b>Price Per Sq. Ft.</b>	:	\$119.40
<b>Gross Building Area</b>	:	4,020 Sq. Ft.
<b>Gross Income</b>	:	\$20,100
<b>Net Income</b>	:	\$18,392 Cap Rate: 7.66%

Located in Village Parkway in Marietta, Georgia. The office is in average condition. Built in 1986.



# Comparable Sales



Mag 12.00  
 Wed Jul 24 10:33 2013  
 Scale 1:125,000 (at center)

2 Miles  
 2 km

Local Road	Exit	Campground
Major Connector	Railroad	Locale
State Route	Point of Interest	City
Trail	Small Town	Military Airport
Interstate/Limited Access	Summit	Public Airport
Interstate/Unlimited Access	Geographic Feature	Cemetery
Toll Highway	Hospital	County Boundary
US Highway	Park/Reservation	Population Center