

## APPRAISAL REPORT

VETERINARY CLINIC 3518 E. RANCIER AVENUE, KILLEEN, BELL COUNTY, TX 76543

EFFECTIVE DATE: JANUARY 11, 2023
REPORT DATE: JANUARY 19, 2023

PREPARED FOR

CITY OF KILLEEN
MS. CORNELIA PHELAN
3118 COMMERCE DR.
KILLEEN, TX 76543

STATEWIDE COMMERCIAL REAL ESTATE APPRAISERS

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January 19, 2023

City of Killeen Ms. Cornelia Phelan 3118 Commerce Dr. Killeen, TX 76543

Subject Property: Veterinary Clinic 3518 E. Rancier Avenue Killeen, TX 76543

Dear Ms. Cornelia Phelan,

As requested by our client, City of Killeen, we are providing an appraisal report of the above-referenced property. The purpose of this appraisal is to develop an opinion of the 'As Is' Market Value of the subject property with an effective date of January 11, 2023 reported on January 19, 2023. The value is of the Fee Simple interest of the subject property. The appraisers 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. It is our opinion that the requested Market Value estimate is as follows:

Value Conclusions							
Premise	Premise Interest Appraised Effective Date Value Conclusion						
Current As Is	Fee Simple	1/11/2023	\$1,710,000				

#### **Hypothetical Conditions**

There are no hypothetical conditions for this appraisal.

#### **Extraordinary Assumptions**

A current survey has not been provided to the appraisers; therefore, this appraisal has been prepared under the extraordinary assumption that the information available, and this land size, is accurate. The appraisers reserve the right to revisit and/or amend this appraisal should information be provided that is contradictory to this assumption (i.e. Survey), if deemed appropriate by the appraisers.

Market value, as used herein, is defined 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 is the consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby: a) buyer and seller are typically motivated; b) both parties are well informed or well advised, and each acting in what he considers his own best interest; c) a reasonable time is allowed for exposure in the open market; d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and e) 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. (source: 12 CFR - 34.42(g))

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning that lead to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP – 2020-2022 Edition), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and Title XI Regulations.

It should be noted that the value estimate is based on a Reasonable Exposure period of 12 months or less, which is based on an analysis of market transactions and on our interpretation of market participants in Bell County and the surrounding area.

The appraisal has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The appraisal is not based on a requested minimum valuation, specific valuation, or loan approval.

Respectfully submitted,

PARAMOUNT PROPERTY ANALYSTS MA

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## SUMMARY OF SALIENT FACTS



	Subject Summary
Property Identification	
Property Name	Veterinary Clinic
Address	3518 E. Rancier Avenue
City	Killeen
County	Bell
State	TX
Zip	76543
Tax ID	432926
Legal Description	Joyner Subdivision, Block 0001, Acres 0.782
Owner	Michael J. & Nora M. Joyner
Site Characteristics	
Land SF	33,977
Acres	0.7800
Topography	Generally Level
Zoning	B-5; Business District
Improvement Characteristics	
GBA	5,940
Quality	Good
Condition	Average
No. of Buildings	1
No. of Stories	1

	Report Dates			
Report Date	1/19/2023			
Inspection Date	1/11/2023			
As Is Date of Value	1/11/2023			

Highest and Best Use				
Highest and Best Use as Vacant	commercial use			
Highest and Best Use as Improved	owner occupied veterinary clinic use			

Highest and Best Use as Improved	owner occupied veterinary clinic use	
	Intended Use and Users	

Intended Use
The intended use of the appraisal is for internal valuation purposes.

#### Intended Users

The intended user of this report is the client, City of Killeen.

As Is Value Indications			
As Is	Current 01/11/2023		
Interest Appraised	Fee Simple		
Estimated Exposure Time	12 months		
Estimated Marketing Time	12 months		
No. of Land Sales	3		
Land Analysis Value	\$130,000		
Cost Approach			
Cost Approach Value	\$1,710,000		
Sales Comparison Approach			
No. of Improved Sales	3		
Sales Approach Value	\$1,710,000		
Income Capitalization Approach			
Income Approach Value	N/A		
Conclusion	\$1,710,000		

#### **Hypothetical Conditions**

There are no hypothetical conditions for this appraisal.

#### **Extraordinary Assumptions**

A current survey has not been provided to the appraisers; therefore, this appraisal has been prepared under the extraordinary assumption that the information available, and this land size, is accurate. The appraisers reserve the right to revisit and/or amend this appraisal should information be provided that is contradictory to this assumption (i.e. Survey), if deemed appropriate by the appraisers.

## AERIAL MAP AND SUBJECT PROPERTY PHOTOS





AERIAL VIEW
\*BOUNDARIES ARE APPROXIMATE



**Subject Property – Exterior View** 



**Subject Property – Exterior View** 



**Subject Property – Exterior View** 



**Subject Property – Reception/Waiting Area** 



**Subject Property – Typical Restroom** 



Subject Property – Administration Area



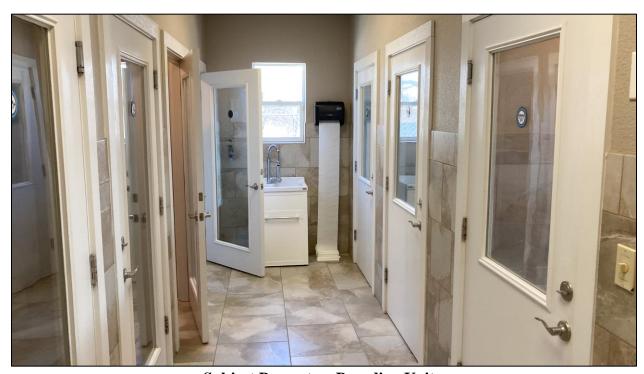
Subject Property – Exam Room



Subject Property – Typical Office



Subject Property – Exam Area



**Subject Property – Boarding Units** 



**Subject Property – Boarding Kennels** 



Street View – Looking East along Rancier Ave.



Street View – Looking West along Rancier Ave.

## PREFACE



#### **Preface**

An appraisal is a type of research into the law of probabilities with respect to real estate valuation. Through an appraiser's education, training, experience, knowledge, and integrity, he or she is able to project sellers' and buyers' activities into a forecast of real estate values. Because of the individuality and uniqueness of each property, comparisons of like properties often entail adjustments in arriving at a conclusion. Financial consideration for similar properties sometimes reflect sentiment, compassion, sympathy, bias, politics, specific needs, lack of understanding and other factors not considered by the impartial appraiser. The appraiser is an advocate of the property being appraised. His judgment and opinion cannot be altered by principals of the transaction, the lender, seller, purchaser, or broker.

An appraisal cannot be guaranteed; cannot be proved. However, the opinion of value can be substantiated and justified and the final opinion of value is the result of professional analysis of a considerable quantity of physical and economic facts. An appraisal must not be considered absolute but should be used as a basis of negotiation between parties involved in the property, whatever their interests.

With the foregoing in mind, the reader is invited to review the following report, which sets forth the data and reasoning leading to the estimate of value of the property under appraisement.

This is an Appraisal Report, as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2. The analyses and conclusions contained in this report are specific to the needs of the client and for the intended use as stated as follows: The appraiser is not responsible for any unauthorized use of this appraisal report.

#### ABBREVIATIONS UTILIZED IN APPRAISAL REPORT

RR – Railroad NRA – Net Rentable Area
IH – Interstate Highway GBA – Gross Building Area
NOI – Net Operating Income GIM – Gross Income Multiplier

US – United States EGIM – Effective Gross Income Multiplier

 $FM-Farm-to-Market & SF-Square\ Foot \\ ROW-Right\ of\ Way & FF-Front\ Foot \\ SH-State\ Highway & LF-Linear\ Foot \\ CR-County\ Road & OAR-Overall\ Rate \\ \label{eq:control}$ 

## INTRODUCTION AND DEFINITIONS



#### **Introduction and Definitions**

#### DATE AND PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to develop an opinion of the 'As Is' Market Value of the subject property of the subject based on market conditions as of January 11, 2023.

#### MARKET VALUE DEFINITIONS

Market Value is defined 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 is acting in what they consider their own best interests:
- 3. A reasonable time is allowed for exposure in the open market;
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by someone associated with the sale.

Source: Section 34 of Title 12, Code of Federal Regulations and subsequent Interagency publications

#### **REAL ESTATE**

An identified parcel or tract of land, including improvements, if any.<sup>1</sup>

#### FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

#### LEASED FEE INTEREST

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>3</sup>

<sup>&</sup>lt;sup>1</sup> The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Page 154.

<sup>&</sup>lt;sup>2</sup>The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Page 73.

<sup>&</sup>lt;sup>3</sup> The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Page 105.

#### LEGAL DESCRIPTION

Joyner Subdivision, Block 0001, Acres 0.782, Bell County, TX

#### MARKETING/EXPOSURE TIME PERIOD

Marketing and exposure times are important considerations in the appraisal process. While these two-time frames may appear to be similar, there are distinct differences. Marketing time is an estimate of the 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. Conversely, 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; a retrospective estimated based upon an analysis of past events assuming a competitive and open market.

The reasonable marketing time is a function of price, time, use, and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone. The known days on market of the sales are presented below:

Improved Sales Summary Table						
Comp	Address	Price				
	City	Date	Days On Market			
1	4701 McCullough Avenue	\$3,000,000				
	San Antonio	5/28/2021	N/A			
2	13560 Briar Forest Dr	\$2,420,000				
	Houston	2/15/2022	203			
3	3355 Fry Road	\$3,551,000				
	Katy	4/15/2022	121			

The following chart summarizes estimates of marketing time for various property types as reported by *PricewaterhouseCoopers (PwC)*.

Marketing Time (in months)						
	PwC					
Property Type	Range	Average				
Office - CBD	3-12	8.10				
Office - Suburban	1-15	7.00				
Office - Medical	1-12	4.60				
Office - Secondary	2-14	6.50				
Retail - Regional Mall	3-18	11.40				
Retail - Power Center	3-12	6.20				
Retail - Strip Shopping Center	1-18	7.10				
Industrial - Warehouse	1-9	3.40				
National Self-Storage	1-3	2.00				
National Apartments	1-12	4.30				
Student Housing	2-8	4.60				
Net Leased Assets	2-18	6.30				
Hotel - Full-Service	1-12	6.70				
Hotel - Limited-Service Midscale	2-12	6.80				
Hotel - Luxury/Upper-Upscale	1-12	6.30				
Hotel - Select-Service	1-8	4.40				
PwC Investor Survey 3rd Quarter 2022						

Based on the survey data, the comparable sales, the location of the subject property, and the current economic conditions, we have estimated a marketing period at 12 months or less.

Based on this information, it is estimated that an appropriate exposure time for the subject properties should be around 12 months or less. This time frame assumes reasonable marketing efforts and an asking price similar to the value contained herein.

#### INTENDED USER

The intended user of this report is the client, City of Killeen.

#### PROPERTY RIGHTS APPRAISED

The value estimate contained herein is based on the Fee Simple interest of the subject property based on market conditions as of January 11, 2023.

#### **INTENDED USE**

The intended use of the appraisal is for internal valuation purposes.

#### SCOPE OF THE APPRAISAL

The term "scope of the appraisal" is defined as the extent of the process of collecting, confirming, and reporting the pertinent data contained in an appraisal report. In this appraisal, an attempt was made to collect and verify all relevant general and specific data pertaining to the subject property and the subject market area. Information was obtained from real estate and economic publications, the appraiser's own files, as well as contacts with other appraisers, brokers, developers, and other knowledgeable people in the subject market area. The information obtained from these sources was verified by more than one source and is felt to be reliable, but is not guaranteed.

The valuation of the subject property involved the following steps: 1) an inspection of the subject property and surrounding neighborhood to observe physical conditions, amenities, and available services; 2) a detailed highest and best use analysis to determine the most profitable use for the subject property; 3) an estimate of market value of the subject property by consideration of the Cost and Sales Comparison Approach.

As noted in the Certification, Nathan Vernon has made a personal inspection of the property that is the subject of this report. Timothy T. Mayfield, MAI has not made a personal inspection of the property that is the subject of this report. We may or may not have not formally inspected all of the Comparables Sales and/or Comparable Rentals included in this report and the descriptions have been derived from discussions with the local market participant who confirmed the details or the listing on MLS, Costar, or any other listing service available to the appraiser. Photos of Comparables may have been taken from these listing services, with permission, and aerial photos have been taken from Google Earth. This appraisal has been prepared based on the assumption that all information and photos of the Comparables included is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.

#### HAZARDOUS MATERIAL DISCLOSURE

The existence of potentially hazardous material, which may or may not be present on the property, was not observed during the inspection, nor is there any knowledge of the existence of such materials on or in the property. Various construction materials may contain items that have been or could in the future be determined to be hazardous (toxic) or undesirable, and may need to be specifically treated or removed. For example, some properties have transformers and other electrical components contain PCB's, and asbestos is sometimes used in components such as fireproofing, heating and cooling systems, air duct insulation, spray-on and tile acoustical materials, linoleum floor tiles, roofing, drywall and plaster. There may be hazardous or undesirable metals, minerals, chemicals, hydrocarbons, and biological and/or radioactive items (including electric and magnetic fields) in the soils, water, building components, above or belowground containers or elsewhere in areas that may or may not be accessible or noticeable. Such items may leak or otherwise be released. Real estate appraisers have no expertise in the direction or correction of hazardous or undesirable items. Expert inspections are necessary and are advised. Current or future laws may require clean up or correction by past, present, and/or future owners and/or operators. It is the responsibility of the client to retain qualified experts to detect and correct such matters and to consult with legal counsel of their choice to determine what provisions, if any, they may wish to include in transaction documents regarding the subject property.

#### AMERICANS WITH DISABILITIES ACT DISCLOSURE

The United States Congress enacted the Americans with Disabilities Act (ADA) in 1990, which, among other things, is intended to make many business establishments equally accessible to persons with a variety of disabilities. The Americans with Disabilities Act Amendments Act (ADAAA) made major changes to the definition of "disability" and became effective January 1, 2009. The requirements of ADA and ADAAA may or may not require modifications to the subject property, which could include the installation of or modifications to access ramps, door widths, public restrooms, etc. State and local laws also may mandate changes to the subject improvements. Real estate appraisers are not qualified to advise the client what, if any, changes may be required now, or in the future. Owners and tenants should consult the attorneys and qualified designated professionals of their choice for information regarding these matters. Real estate appraisers also cannot determine which attorneys and/or designated professionals have expertise in this area.

#### USPAP COMPETENCY PROVISION COMPLIANCE

According to the competency provision of the Uniform Standards of Professional Appraisal Practice (USPAP), "an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently..." This assignment involves the appraisal of a veterinary clinic. The appraisers involved in this assignment have adequate knowledge and experience in the appraisal of this type of property within this particular market area; therefore, no further steps were taken to comply with the competency provision of USPAP.

<sup>4&</sup>lt;u>Uniform Standards of Professional Appraisal Practice</u>; page B-4; The Appraisal Foundation, December 1990; Washington, D.C.

# HISTORY AND PROPERTY TAX ASSESSMENT



#### **History and Property Tax Assessment**

According to Bell County deed records, the subject property is currently owned by Michael J. & Nora M. Joyner with a deed transfer date of January 25, 2011. No other known transactions have occurred in the past (3) years. Per a conversation with the owner, the subject is listed for sale at \$2,000,000 (real estate only).

Tax Summary			
Taxing Authority	Bell County		
Tax Year(s)	2022		
Total Tax Rate	2.104509		
Assessment Year(s)	2022		

	Real Estate Assessment and Taxes								
Tax ID	Land	Improvements	Other	Total Assessment	Tax Rate	Taxes			
432926	\$131,486	\$378,328	\$0	\$509,814	2.1045087	\$10,729			
Totals	\$131,486	\$378,328	\$0	\$509,814		\$10,729			

Notes: There are no known past due taxes.

## AREA DATA



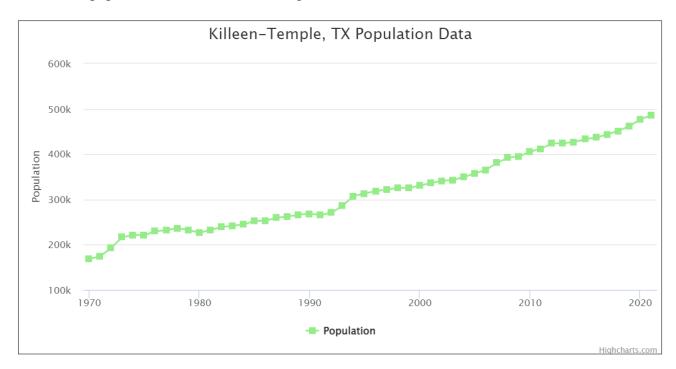
#### Area Data

#### KILLEEN-TEMPLE-FORT HOOD MSA

Killeen-Temple-Fort Hood is a metropolitan statistical area in Central Texas that covers three counties - Bell, Coryell, and Lampasas. At 340 square miles Fort Hood is one of the largest military installations in the world and is the only post in the United States capable of stationing and training two Armored Divisions. Temple is known as the "Wildflower Capital of Texas" but it is also known for its strength as a regional medical center. Between Scott & White Memorial Hospital, the Veteran's Hospital Center, and other smaller clinics, Temple is home to more physicians per capita than any other community in the nation.

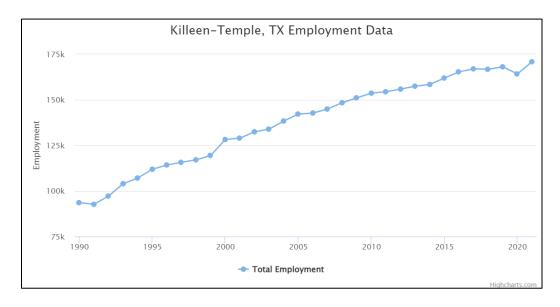
#### **Population**

Population growth in Killeen-Temple-Fort Hood MSA grew approximately 81% between 1990 and 2021. The MSA grew by approximately 217,281 people since 1990. Killeen-Temple-Fort Hood MSA had a 2021 population of 486,101, according to the U.S. Census Bureau.



			Components of Change				
			Total Population			International Immigration	Net Domestic
Date	Population	% Change	Change	Births	Deaths		Migration
1990	268,820	0.89%	2,357	4,520	1,300		
1991	265,657	-1.18%	-3,163	5,458	1,673		
1992	270,722	1.91%	5,065	5,239	1,812	261	-3,36
1993	286,593	5.86%	15,871	5,576	1,786	380	7,87
1994	307,884	7.43%	21,291	6,489	1,912	389	12,94
1995	313,222	1.73%	5,338	6,269	1,843	433	-1,87
1996	318,613	1.72%	5,391	6,233	1,864	415	-43
1997	321,821	1.01%	3,208	6,342	1,944	436	-5,16
1998	325,335	1.09%	3,514	6,432	1,946	426	-3,56
1999	325,473	0.04%	138	6,507	1,985	434	-5,78
2000	330,714	1.61%	5,241				
2001	336,409	1.72%	5,695	6,713	2,058	192	-2,65
2002	341,231	1.43%	4,822	6,679	2,158	-1,754	2,59
2003	342,865	0.48%	1,634	6,779	2,174	-6,014	7,30
2004	349,745	2.01%	6,880	6,431	2,107	3,222	-5,39
2005	357,533	2.23%	7,788	6,348	2,261	132	1,85
2006	365,460	2.22%	7,927	7,275	2,287	1,797	-2,63
2007	380,804	4.20%	15,344	7,172	2,238	-93	8,14
2008	392,237	3.00%	11,433	7,185	2,362	744	2,35
2009	395,375	0.80%	3,138	6,794	2,377	380	-5,18
2010	405,300	2.51%	9,925	1,858	516	610	93
2011	412,491	1.77%	7,191	7,943	2,487	707	-1,97
2012	423,703	2.72%	11,212	7,075	2,473	3,257	3,15
2013	424,219	0.12%	516	7,760	2,535	1,944	-6,76
2014	426,787	0.61%	2,568	7,644	2,723	1,987	-4,36
2015	433,038	1.47%	6,251	7,674	2,857	2,418	-95
2016	436,933	0.90%	3,895	7,523	2,946	1,507	-2,18
2017	443,436	1.49%	6,503	7,020	2,799	930	1,34
2018	451,657	1.85%	8,221	7,164	3,025	505	3,55
2019	461,665	2.22%	10,008	6,985	2,990	197	5,79
2020	476,784	3.28%	15,119	1,670	935	21	62
2021	486,101	1.95%	9,317	7,008	3,826	47	6,0

#### **Employment**

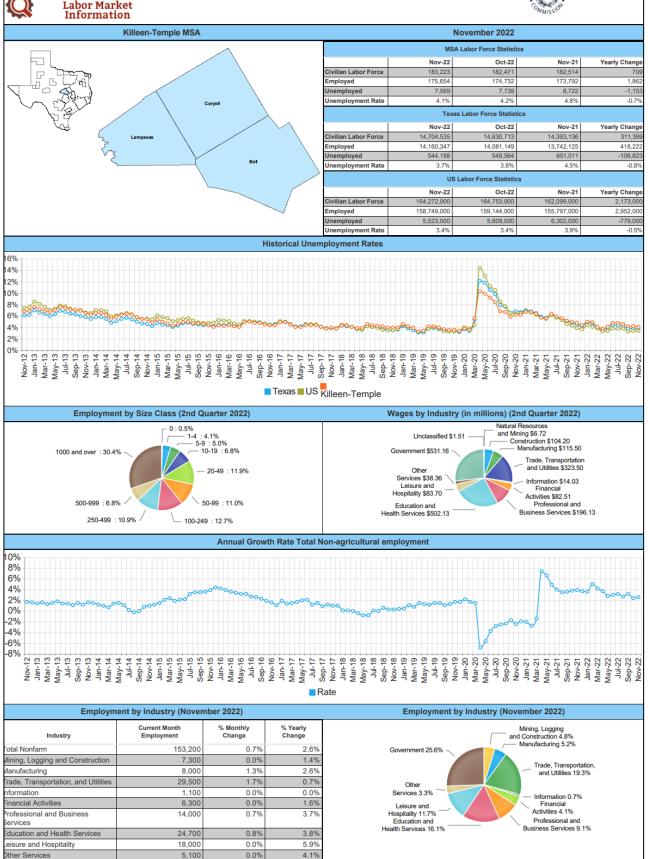


	Employment		Unemployment			
		% Change		Unit Change		
Date	Total	Year Ago	Rate	Year Ago		
2016	165,332	2.10%	4.52	-0.18		
2017	166,954	0.98%	4.28	-0.23		
2018	166,727	-0.14%	4.16	-0.12		
2019	168,084	0.81%	3.84	-0.32		
2020	164,193	-2.31%	6.87	3.02		
2021	170,870	4.07%	5.68	-1.19		
Monthly Data						
Nov-21	173,792	2.84%	4.78	-1.41		
Dec-21	173,928	2.96%	4.39	-1.86		
Jan-22	173,078	2.97%	5	-1.7		
Feb-22	175,182	3.87%	4.94	-1.75		
Mar-22	176,201	4.29%	4.06	-2.31		
Apr-22	175,489	2.90%	3.84	-1.81		
May-22	174,491	1.97%	4.14	-1.44		
Jun-22	173,543	1.91%	4.76	-1.62		
Jul-22	173,687	1.99%	4.78	-1.08		
Aug-22	172,939	1.36%	4.58	-0.98		
Sep-22	173,781	1.42%	4.24	-0.99		
Oct-22	174,732	1.11%	4.24	-0.78		
Nov-22	175,654	1.07%	4.13	-0.65		

Killeen-Temple-Fort Hood MSA's total employment has been on the rise for many years. However, due to COVID-19 and the economy shutdowns, the total employment in 2020 was 164,193 according to the Texas A&M University Real Estate Center. As of November 2022, employment was 175,654 and a current unemployment rate of 4.13%.







#### Major Employers in the Area

COMPANY	<b># EMPLOYEES</b>	Company	Employees
	500000	HARKER HEIGHTS HIGH SCHOOL	250
Baylor Scott & White Healthcare	8,290	FAMILY CARE HOME HEALTH	210
		INDIAN OAKS	200
McLane Company, Inc.	1,600	SETON MEDICAL CTR HARKER HTS	150
	***	H-E-B FOODS	150
Wilsonart International	895	CRACKER BARREL OLD COUNTRY STR	115
Walmart Distribution Center	645	PRIMERICA FINANCIAL SVC	100
Walifial Colstitution Center		SKIPCHA ELEMENTARY SCHOOL	100
Pactiv Corporation	600	UNION GROVE MIDDLE SCHOOL	100
Tacar Serperation	000	MOUNTAIN VIEW ELEMENTARY SCH	99
H-E-B Retail Distribution Center	500	HARKER HEIGHTS ELEMENTARY SCHL	89
		WARD GROUP	80
Artco-Bell Corporation	441	BIG SUR WATERBEDS	68
		WALMART SUPERCENTER	65
Performance Food Group	405	CINEMARK AT MARKET HEIGHTS	65
		GOODWILL	60
Texas Hydraulics, Inc.	400	CREATIVE CONCRETE COATING	60
		DICK'S SPORTING GOODS	60
Scott & White Health Plan	392	MC DONALD'S	60
5 B C	255	MOSAIC	55
E.R. Carpenter L.P.	355	OLD NAVY	50
BNSF Railway Company	300	R K BASS ELECTRIC INC	50
bitor Katiway Company	300	RELOCATION DEPARTMENT	49
Fikes Wholesale, Inc.	258	FISH CITY GRILL	40
02000200000000000000000000000000000000		BARNES & NOBLE	40
Reynold's Consumer Products	240	HULONA MILLSAPS REALTOR	40
		CLEO BAY HONDA	40
Acer America Corporation	232	MC DONALD'S	35
		CHICK-FIL-A	34
Panel Specialist, Inc.	156	KELLER WILLIAMS REALTY	32
		HARKER HEIGHTS FIRE DEPT	31
PDI	140	Source: City of Harker Heights	

#### **Economy**

The economy of the Killeen-Temple metro area is largely influenced by the presence of Fort Hood, the area's largest employer. Approximately 46,000 soldiers are assigned to Fort Hood. The large concentration of military dependents strongly influences the area's business climate as well as the approximately 1,000 soldiers who separate from the service each month. With advanced high-tech training, these soldiers provide an experienced and well-disciplined labor pool. Fort Hood is the largest employer in Texas at a single location, and, therefore, makes a major economic impact on a wide area of Central Texas and has a significant effect on the state as a whole.

#### Fort Hood

Major Units Assigned to Fort Hood include: Headquarters, III Corps; 1st Cavalry Division; 4th Infantry Division; 3rd Signal Brigade; the U.S. Air Force's 3rd Air Support Operations Group; 13th Corps Support Command (COSCOM); 13th Finance Group; 21st CAV Brigade (Air Combat); 89th Military Police Brigade; 504th Military Intelligence Brigade; the Dental Activity (DENTAC); the Medical Support Activity (MEDDAC); the U.S. Army Operational Test Command (USAOTC) and various other units and tenet organizations.

Fort Hood is also the source of Killeen's abundant labor supply, which replenishes itself constantly. Between 600 and 1,000 soldiers leave the military service each month at Fort Hood, providing a

source for technically skilled, highly disciplined employees. About 60 percent of the soldiers leaving the Army at Fort Hood remain in the area. About two-thirds of the more than 40,000 soldiers stationed at the premier Army post are married and bring spouses to the labor market, averaging 2.8 dependents per soldier.

#### Climate

The area's climate produces very warm to hot summers and mild winters. The monthly average low temperature is 56.4 degrees, with the monthly average high temperature at 77.8 degrees. The annual average temperature is 69.7 degrees.

#### **Transportation**

The major east/west thoroughfare is U.S. Highway 190, which provides access eastward to Interstate Highway-35 in Belton and westward to U.S. Highway 183 in Lampasas. Interstate Highway-35 is the major north-south corridor between Dallas/Fort Worth and Austin/San Antonio. Another major north/south highway is State Highway 195. Loop 363 (HK Dodgen Loop) encircles the City of Temple. There are also numerous secondary thoroughfares providing adequate access throughout the area.

Draughon Miller Airport is operated by the City of Temple. This aviation facility occupies 988 acres and consists of a runway, taxiway facilities, general aviation terminal, ample free parking, T-hangers, corporate hangers, aircraft, and parking aprons.

The Killeen-Fort Hood Regional Airport celebrated its first flight on Aug. 2, 2004. The \$83 million, 83,000-square-foot terminal building is state-of-the-art and the first airport facility in the United States to open after Sept. 11, 2001.

The existing Killeen Municipal Airport now serves light private and business aircraft. Central Texas College also has a Career Pilot Training Program utilizing two large hangars and almost two dozen aircraft.

Central Texas is serviced by the Burlington Northern/Santa Fe and Union Pacific railways. Amtrak provides passenger service. Motor freight service is available through American Freightways, Central Freight Lines, Clarksville Refrigerated Lines, L & S Trucking, McGuire Transportation, Merit Transportation, Roadway Express, and Southwestern Motor Transport.

#### **Cultural Arts**

The Cultural Activities Center (CAC) hosts three separate professionally produced musical and theatre entertainment series, as well as international symphony and orchestra performances with The Central Texas Orchestral Society. Gallery exhibitions and events are held in its banquet facilities, courtyard, meeting rooms, and a 487-seat auditorium.

The Temple Civic Theatre performs six main-series productions each year along with other special presentations.

The Temple Pool of Tears Veterans Memorial is located in the downtown plaza. In the center of a long reflecting pool, a weeping young boy stands saluting a soldier and holding a folded United States flag under his arm.

Temple has five unique museums. The Bell County Museum is housed in the restored Carnegie Library Building in Belton's National Historic District. Established in 1991, the museum serves the community as a resource for the collection, interpretation and preservation of the historical heritage of the Bell County area. From pre-history to the land grant period, from the formation of the County in 1850 to the establishment of Fort Hood, the region's history is richly portrayed in permanent and rotating exhibits.

The Czech Heritage Museum celebrates Central Texas' Czech Americans, who settled in Texas in the 19th century. The museum has Czech costumes, dolls, puppets, handcrafted items, quilts, antique music instruments, a replica of the first Czech log cabin, military artifacts, tools, a doctor's office, a pioneer kitchen, and a library containing 23,000 books; 18,000 of which are in Czech.

The Railroad and Heritage Museum, housed in a restored Santa Fe Depot, has an outstanding collection of railroad and pioneer Texana material. The museum contains 10,000 square feet of exhibits and models and includes items that highlight the diversity of Central Texas and the accomplishments of the numerous citizens who helped tame the Texas frontier. The museum is positioned within walking distance of the community-built Whistle Stop Playground.

The Scott & White Log Cabin Medical Museum features exhibits on the history of Scott & White Memorial Hospital and Clinic, one of the largest multi-specialty group medical practices in the United States. Scott & White evolved from a partnership established in 1897 by two pre-eminent surgeons; Arthur Carroll Scott and Raleigh R. White Jr. The museum is located in what was Dr. Scott's retreat and study, a log cabin nearly 150 years old.

Wilson House is a quintessential mid-century dwelling, with interior surfaces almost completely covered in plastic laminates. Its owner and designer is also the founder of Wilsonart Inc., an international laminate manufacturer located in Temple.

At Fort Hood, two museums are available to visitors. The 1st Cavalry Division Museum exhibits more than 150 years of cavalry uniforms, equipment, arms from sabers to assault helicopters; emphasis is on division combat during World War II, in Korea, and in Vietnam. The 4th Infantry Division Museum offers the history of the Division through a series of self-guided exhibits which use artifacts, text and photographs showing soldiers in service to their country through three wars.

#### Recreation

The area offers lakes, golf courses, nature trails, historic sites, auto racing, and biking. Numerous festivals are held on weekends from early spring to late fall.

Belton Lake (nine miles west of Temple on the Leon River), a 12,300-surface acre Corp of Engineer's lake with a 136-mile shore line, attracts two million visitors per year. Lake Belton, impounded in 1954, has 11 parks with boat ramps, picnicking, camping, and bank access for fishing.

Stillhouse Hollow Lake (15 miles southwest of Temple) has 6,340 surface acres and brings about half a million people to its shores annually. Stillhouse Hollow, impounded in 1968, has five parks. Four have boat ramps and some have fishing docks.

Wildflower County Club and Residential Area, a Club Corp of America development, covers 735-acres, including a clubhouse, pool, tennis courts and an 18-hole, par 72 golf course.

At Stained Glass & Goodies, a wide variety of handmade stained-glass creations are available. Group tours can be arranged, and classes are also offered.

The Marsden Ogletree Stagecoach Stop, west of Copperas Cove city limits, served as a post office, stage stop, general store, and a residence for many years. The annual Ogletree Gap Folk life Festival is held in and around the building. The building was built in 1878.

Texas Thunder Speedway in south Killeen offers fans five classes of racing. Racing at the speedway is open to anyone with a race car that meets technical regulations.

Dirt-bike riders and all-terrain vehicle enthusiasts can enjoy their sport on Fort Hood. Riders have almost 3,000 acres of prime riding terrain. There are water crossings, open trails, heavily wooded sections and steep uphill and downhill areas. The Central Texas area also has popular mountain biking areas located at Stillhouse Hollow Lake.

Wild flowers decorate the land in spring. Butterfly Weed, Mexican Hat, Winecup, Rain Lily, and Bluebonnets bloom along roadsides, in pastures, and on steep cliffs and banks.

In the last few years, Killeen has concentrated on preserving its history and its historical buildings. Among the preservation efforts is Avenue D School, a school built in 1923. The building, which features decorative stonework, has been restored and now is used as Killeen's City Hall. Bethel Primitive Baptist Church, the oldest church building in Killeen, features a steep gable roof and double-door entry with Gothic-inspired window details. It now houses the Killeen Area Heritage Association. The Santa Fe Depot, which now is home to the Greater Killeen Chamber of Commerce, was built in 1913 after the first structure was destroyed by fire. After the railroad took the building out of service, it was acquired by the City of Killeen and moved to its present location.

#### Conventions

Numerous convention opportunities exist through local colleges and industry, as well as area hotels and meeting facilities. Additionally, annual festivals, ample local recreation facilities and the area's central location provide ample opportunity to expand convention occupation.

Temple's Frank W. Mayborn Civic and Convention Center, located adjacent to the Cultural Activities Center (CAC), contains 40,000 square feet of exposition, performance and meeting space. Its 18,540-square-foot Main Hall is divisible by three. The Main Hall is surrounded by six carpeted, self-contained meeting rooms. The Mayborn Center accommodates meetings of 2,400, performances of 2,001, banquets of 1,650, and dinner dances of 1,200.

The Cultural Activities Center (CAC) offers Wendland Hall (a 1,800-square foot multi-purpose room), the Education Room (800 square feet), and the Music Room (400 square feet). The CAC has also recently completed an expansion project, which added an additional 10,000 square feet of space to the existing structure. The new facility includes the Scott & White Foyer, the Jean & Durward Howard Gallery, Strasburger Hall, the Popejoy Servery, and Tranum Coat Room.

The Bell County Exposition Center, located at the intersection of IH-35 and US-190 in Temple, is a domed events center (seats up to 9,400) with meeting spaces and covered exposition areas. The Exposition Building encompasses more than 100,000 square feet, and is the largest of its kind in Central Texas. The Special Events Room (for 20 to 250 people), Assembly Hall (for up to 1,200 people), and an outdoor plaza offer additional meeting options.

The Killeen Civic and Conference Center opened in April of 2002. More than 400 events were booked into the center during the first year of operation.

#### Medical

Scott and White Memorial Hospital and Clinic is one of the nation's largest medical centers, emphasizing high-tech, comprehensive, personalized health care enhanced by education and research. For almost 30 years, S&W has been aligned with Texas A&M University Health Science Center/College of Medicine as a teaching hospital. Scott and White employs over 7,600 medical and support staff, including over 500 medical doctors and nonmedical scientists, at 19 area and regional offices and clinics. Three major components in Temple are: a 483-bed hospital, a clinic, and the 185,000-member Scott & White Health Plan. Scott & White has over 1.5 million patient visits annually.

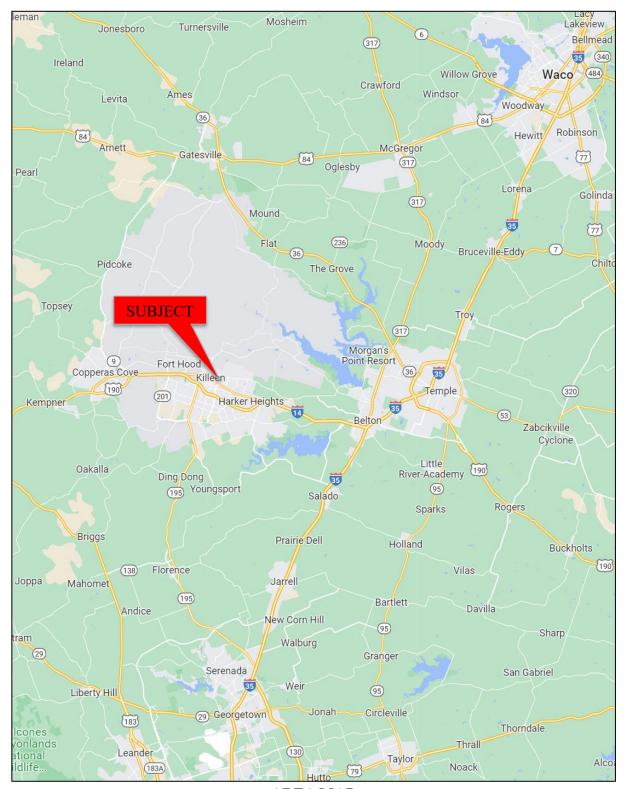
King's Daughters Hospital, established almost one hundred years ago, continues to serve the Temple area residents with a full-service, 145-bed, acute-care hospital. The institution has fully equipped surgical suites for inpatient and outpatient procedures, in addition to a state-of-the-art critical care unit. King's Daughters Hospital has 400+ medical & support staff. King's Daughters Clinic employs 250+ medical and support staff at two Temple locations.

The Olin E. Teague Veterans' Center is a major component of the largest Veterans Administration medical complex in Texas and the 4th largest in the U.S. Temple's facility employs over 2,800 and covers a primary service area of 40 counties including 200,000 veterans. It has a 300+ bed acute care hospital, a 408-bed domiciliary, and a new 65-bed state nursing home. The Teague Center is located on a 185-acre campus across from Temple College. Through its partnerships with Texas A&M University's Health Science Center, Scott & White, and Darnall Army Community Hospital at Fort Hood, the Temple VA Medical Center also serves as a major medical teaching and research center.

#### Education

School districts in the MSA include, but are not limited to Temple ISD, Killen ISD, Holland ISD, Belton ISD, Academy ISD, Salado ISD, Rogers ISD, Troy ISD, Copperas Cove ISD, Gatesville ISD, Oglesby ISD, and Lampasas ISD.

Central Texas also features numerous higher education facilities including Central Texas College, University of Mary-Hardin Baylor/Belton, and Temple Junior College/Temple.



**AREA MAP** 

# NEIGHBORHOOD DATA



# **Neighborhood Data**

# **NEIGHBORHOOD ANALYSIS**

A neighborhood is generally part of a larger city, town or community. According to The Appraisal of Real Estate, 15<sup>th</sup> edition, a neighborhood is defined as a grouping of complimentary land uses. It is usually considered to be an area with definite boundaries that exhibit fairly high degrees of homogeneity as to use, tenancy and certain other property characteristics.

Area Description & Boundaries		
Neighborhood:	Killeen	
Location:	Suburban	
Neighborhood Boundaries		
North:	Fort Hood	
South:	Chaparral Road	
East:	Nolanville	
West:	S. Fort Hood St.	

The neighborhood boundaries extend from Fort Hood to Chaparral Road on a north south axis and from Nolanville to S. Fort Hood St. on an east west axis.

# **MAJOR THOROUGHFARES**

The primary thoroughfares which provide access to the subject property neighborhood are Veterans Memorial Blvd., U.S. Hwy 190, S. Fort Hood Street, and IH-35.

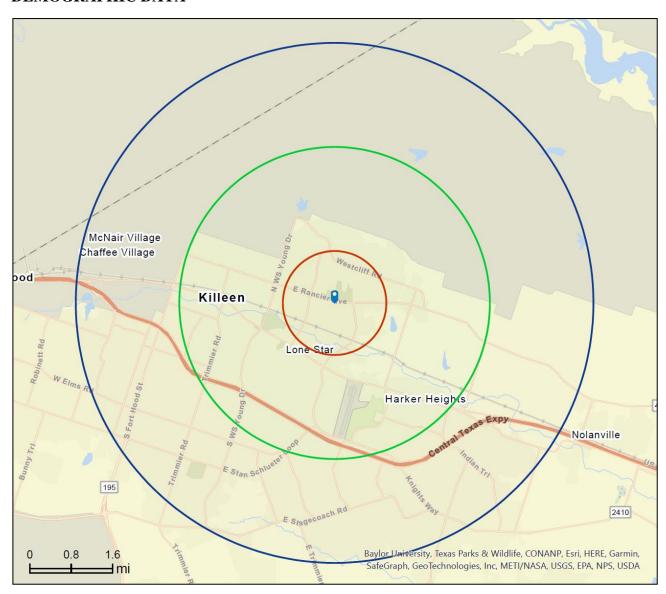
#### **ACCESSIBILITY**

The subject neighborhood has convenient access to employment within the neighborhood and other nearby neighborhoods. Churches, retail centers, and recreation facilities are easily accessible from the neighborhood. There are several major traffic routes that allow convenient travel throughout the neighborhood. The subject neighborhood is considered to have good accessibility via the abovementioned thoroughfares.

#### LAND USE

The neighborhood is approximately 85% built-up and is primarily comprised of multi-family and residential development along secondary thoroughfares and commercial properties along primary thoroughfares. The subject property's neighborhood is located in a place that is in the growth stage of development.

# **DEMOGRAPHIC DATA**



	1 mile	3 miles	5 miles
Population			
2010 Population	9,382	58,640	130,676
2020 Population	9,156	58,338	137,937
2022 Population	9,428	60,096	142,005
2027 Population	9,851	63,617	148,884
2010-2020 Annual Rate	-0.24%	-0.05%	0.54%
2020-2022 Annual Rate	1.31%	1.33%	1.30%
2022-2027 Annual Rate	0.88%	1.15%	0.95%
2022 Male Population	49.3%	50.1%	50.1%
2022 Female Population	50.7%	49.9%	49.9%
2022 Median Age	30.0	30.7	30.1

**Population** - In the identified area, the current year population is 142,005. In 2020, the Census count in the area was 137,937. The rate of change since 2020 was 1.30% annually. The five-year projection for the population in the area is 148,884 representing a change of 0.95% annually from 2022 to 2027. Currently, the population is 50.1% male and 49.9% female.

	1 mile	3 miles	5 miles
Households			
2022 Wealth Index	31	38	49
2010 Households	4,179	23,430	48,317
2020 Households	4,170	23,542	51,748
2022 Households	4,293	24,350	53,335
2027 Households	4,503	25,855	56,086
2010-2020 Annual Rate	-0.02%	0.05%	0.69%
2020-2022 Annual Rate	1.30%	1.51%	1.35%
2022-2027 Annual Rate	0.96%	1.21%	1.01%
2022 Average Household Size	2.19	2.43	2.59

**Households** - The household count in this area has changed from 51,748 in 2020 to 53,335 in the current year, a change of 1.35% annually. The five-year projection of households is 56,086, a change of 1.01% annually from the current year total. Average household size is currently 2.59, compared to 2.59 in the year 2020. The number of families in the current year is 35,897 in the specified area.

	1 mile	3 miles	5 miles
Mortgage Income			
2022 Percent of Income for Mortgage	14.2%	14.2%	16.5%
Median Household Income			
2022 Median Household Income	\$40,021	\$41,265	\$52,438
2027 Median Household Income	\$46,948	\$49,394	\$58,806
2022-2027 Annual Rate	3.24%	3.66%	2.32%
Average Household Income			
2022 Average Household Income	\$52,440	\$56,491	\$70,760
2027 Average Household Income	\$60,665	\$65,762	\$82,080
2022-2027 Annual Rate	2.96%	3.09%	3.01%
Per Capita Income			
2022 Per Capita Income	\$23,034	\$23,159	\$27,164
2027 Per Capita Income	\$26,743	\$26,984	\$31,470
2022-2027 Annual Rate	3.03%	3.10%	2.99%

**Households by Income** – Current median household income is \$52,438 in the area, compared to \$72,414 for all U.S. households. Median household income is projected to be \$58,806 in five years, compared to \$84,445 for all U.S. households. Current average household income is \$70,766 in this area, compared to \$105,029 for all U.S. households. Average household income is projected to be \$82,080 in five years, compared to \$122,155 for all U.S. households. Current per capita income is \$27,164 in the area, compared to the U.S. per capita income of \$40,363. The per capita income is projected to be \$31,470 in five years, compared to \$47,064 for all U.S. households.

	1 mile	3 miles	5 miles
Housing			
2022 Housing Affordability Index	154	150	127
2010 Total Housing Units	4,845	27,190	53,959
2010 Owner Occupied Housing Units	1,263	8,870	21,666
2010 Renter Occupied Housing Units	2,916	14,557	26,652
2010 Vacant Housing Units	666	3,760	5,642
2020 Total Housing Units	5,012	26,960	57,029
2020 Vacant Housing Units	842	3,418	5,281
2022 Total Housing Units	5,159	27,892	58,872
2022 Owner Occupied Housing Units	1,058	8,584	22,613
2022 Renter Occupied Housing Units	3,236	15,766	30,721
2022 Vacant Housing Units	866	3,542	5,537
2027 Total Housing Units	5,412	29,617	61,966
2027 Owner Occupied Housing Units	1,116	9,225	24,16
2027 Renter Occupied Housing Units	3,387	16,630	31,919
2027 Vacant Housing Units	909	3,762	5,88

**Housing** – Currently, 38.4% of the 58,872 housing units in the area are owner occupied; 52.2%, renter occupied; and 9.4% are vacant. Currently, in the U.S., 58.2% of the housing units in the area are owner occupied; 31.8% are renter occupied; and 10.0% are vacant. In 2020, there were 57,029 housing units in the area and 9.3% vacant housing units. The annual rate of change in housing units since 2020 is 1.42%. Median home value in the area is \$164,257, compared to a median home value of \$283,272 for the U.S. In five years, median value is projected to change by 6.91% annually to \$229,419.

# **CONFORMITY**

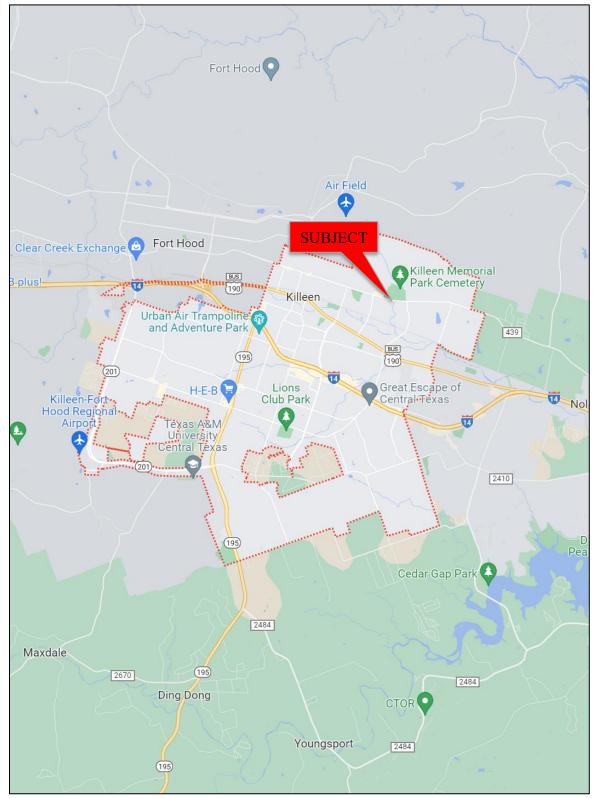
The construction quality of improved properties fronting the major thoroughfares within the neighborhood is generally of good conformity.

# **ZONING**

The City of Killeen utilizes zoning ordinances in an attempt to ensure property conformity and balances for land use within the city. Single family zoning is found along most secondary thoroughfares with some type of commercial zoning along major thoroughfares.

# **CONCLUSIONS**

In summary, the neighborhood is positively influenced by its easy access to Veterans Memorial Blvd., U.S. Hwy 190, S. Fort Hood Street, and IH-35. The neighborhood is also positively influenced by convenient accessibility provided by several additional major traffic routes that extend to the immediate area and throughout the Bell County area. The area is in a growth stage of development and has had increased population and home values in the past ten years and both are anticipated to continue to increase over the next five years. Based on surrounding property influences and recent trends, property values should generally remain steady in the near term.



**NEIGHBORHOOD MAP** 

# SITE DATA



	Site Summary
Parcel ID	432926
Location	The subject property is located along the south line of Rancier Avenue, east of N. 46th Street in Killeen, TX.
Current Use	vacant veterinary clinic
Highest and Best Use Site as Vacant	commercial use
Highest and Best Use Site as Improved	owner occupied veterinary clinic use
Legal Description	Joyner Subdivision, Block 0001, Acres 0.782
Map Latitude	31.115835
Map Longitude	-97.690721
Site Analysis & Comments	the subject site has overall average visibility and accessibility. There do not appear to be any negative aspects which could limit development of the subject site.

	Site Size Attributes	
Gross Land Area (Sq Ft)	33,977	
Gross Land Area (Acres)	0.7800	

Site Characteristics	
Approved or Zoned	Zoned
Corner Lot	No
Primary Frontage Street Name	Rancier Ave.
Frontage - Primary Street (Feet)	162
View	Average
Access	Average
Site Visibility	Average
Landscaping	Typical
Topography	Generally Level
Shape	Generally Rectangular
Soil Conditions	The soil conditions observed at the subject appear to be typical of the
	region and adequate to support development.

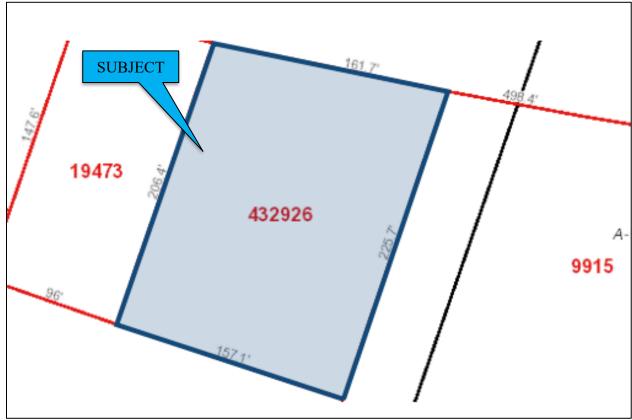
	Site Hazards
FEMA Map #	48027C0280E
FEMA Map Date	9/26/2008
Flood Zone	X
In Flood Plain	is not
-	There are no known adverse encumbrances or easements. Please
Encumbrance / Easement Description	reference Limiting Conditions and Assumptions.
For the control of th	There are no known adverse environmental conditions on the subject
Environmental Issues	site. Please reference Limiting Conditions and Assumptions.

Site Utilities / Amenities	
Adequacy of Utilities	The subject's utilities are typical and adequate for the market area.
Public Electricity	The site is served by public electricity.
Water Supply Type	City water
Sewer Type	City sewer

Zoning Summary	
Zoning Authority	City of Killeen
Zoning District	Business District
Zoning Code	B-5; Business District
Current Use Legally Conforming	The subject is legal and conforming use.



**ZONING MAP** 



TAX MAP



# **INTERFLOOD**

# IMPROVEMENT DATA



Improvements Summary	
Number of Buildings	1
Predominant Construction	Brick with pitched roof
Construction Quality	Good
Overall Land to Building Ratio	5.72 to 1
Overall Floor Area Ratio (FAR)	0.174825175
Overall Deferred Maintenance	None observed

Building Summary			
Building Name/ID	Commercial Building		
Building Description	Veterinary Clinic		
Construction Class	D - Masonry Veneer		
Construction	Brick with pitched roof		
Construction Quality	Good		
Year Built	2011		
Effective Age	7		
Total Economic Life	40		
Remaining Economic/Useful Life	33		
Condition	Average		
Appeal and Appearance	Average		
Number of Stories	1		

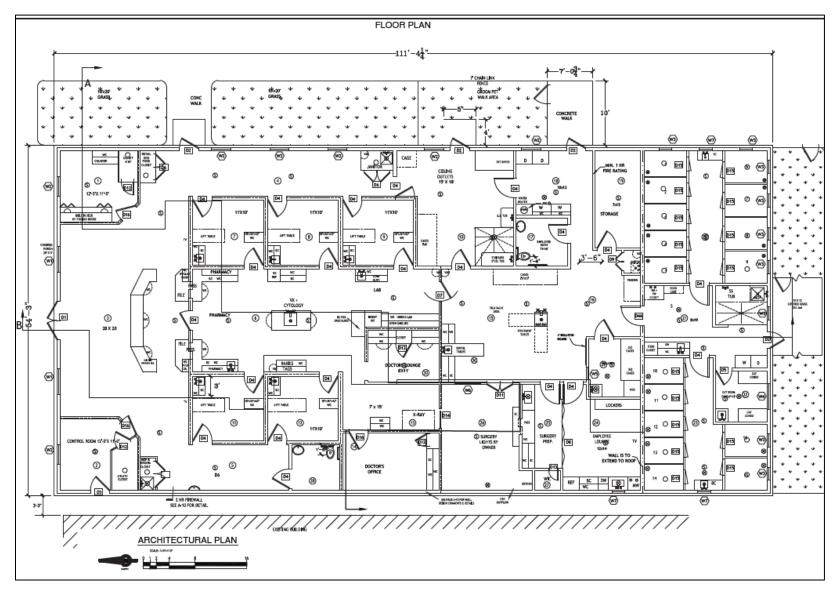
	Building Area	
Gross Building Area	5,940	
Rentable Area	5,940	
Building Efficiency Ratio	1.00	
Land to Building Ratio	5.72	

Foundation Frame/Ext.		
Foundation	Poured concrete slab	
Frame	Metal	
Exterior Walls	Brick	
Windows	Fixed Casement	
Roof Type	Pitched	
Roof Cover	Composite Shingle	

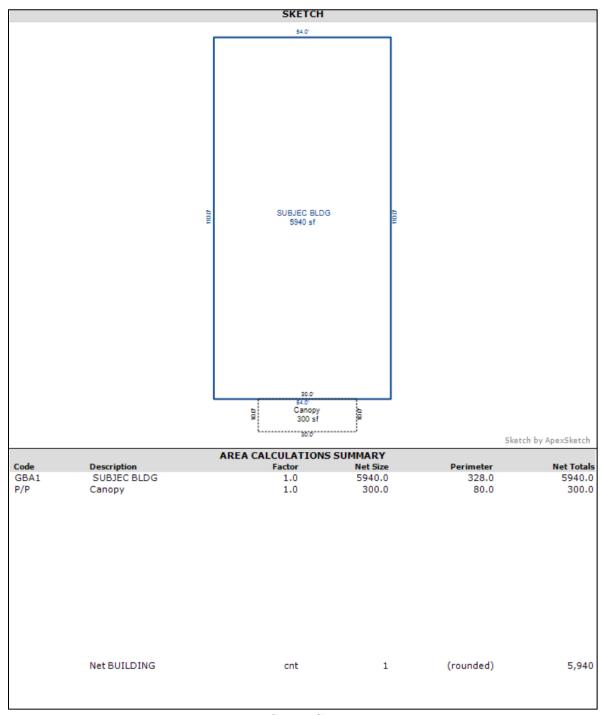
Interior		
Floor Plan Layout	Average	
Floor Covering	Ceramic Tile	
Walls	Ceramic Tile/Painted Drywall	
Ceiling Cover	Paint Drywall	
Interior Lighting	A mix of fluorescent and incandescent lighting.	
Restrooms	Public and employee	

Mechanical Systems		
Heating	HVAC	
Cooling	HVAC	
Electrical	Adequate, assumed to code	
Plumbing Condition	Adequate, assumed to code	
Security	Security Cameras	

Other Improvement Attributes			
Deferred Maintenance	None observed		
Building Description Comments	The subject property is improved with a 5,940 SF veterinary clinic. There are (5) exam rooms, a surgical suite, boarding & grooming areas, public and employee restrooms, a waiting area, (4) offices, kitchen, x-ray area, and prep room. Other improvements include paved parking, artificial turf area, security system, and signage. The roof was replaced September 2022.		



**FLOOR PLAN** 



**SKETCH** 

# MARKET ANALYSIS & SWOT



# **MARKET ANALYSIS**

# COSTAR SNAPSHOT OF KILLEEN RETAIL MARKET

#### **Overview** Killeen Retail 12 Mo Rent Growth 12 Mo Deliveries in SF 12 Mo Net Absorption in SF Vacancy Rate 110K 274K 3.6% As with other mid-sized metros in the Texas Triangle, potential job cuts at Fort Hood, which casts a shadow on the Killeen retail market remains on relatively firm the metro's outlook in the eyes of skeptical analysts. Killeen is relatively illiquid too, with only about 1% to 3% footing. Occupancies were above 96% by late December 2022 and rent growth was 50 basis points ahead of the of inventory changing hands in any given year over the national average. Very little remains in the construction past decade. Large trades, while infrequent, do occur pipeline as well, which means that—so long as local job here as institutional buyers have looked to tertiary growth keeps pace—demographic tailwinds are likely to markets in recent years, but the general trend is still one support the retail market here over the next couple of of a relatively smaller volume of sales. years. Downside risks include the prospect of any **KEY INDICATORS** Under Net Absorption **Current Quarter RBA Availability Rate Deliveries SF** Vacancy Rate Market Rent Construction Malls 1,560,854 15.1% \$28.08 11.1% (1,000)0 Power Center 1,498,976 0.6% \$20.25 0.6% 0 7.7% 1,015 0 0 Neighborhood Center 3.720.257 7.6% \$16.76 0 \$17.12 (3,527)0 Strip Center 1,833,773 2.5% 2.8% General Retail 15,027,797 1.8% \$16.11 2.0% 4,036 0 2,210 0 Market 23,641,657 3.6% \$17.34 3.4% 524 2,210 Historical Forecast Average **Annual Trends** 12 Month Peak When Trough When Vacancy Change (YOY) -0.7% 5.0% 3.5% 8.7% 2007 Q1 3.1% 2018 Q3 Net Absorption SF 274K 380.778 1.495.013 2008 Q2 (360.737)2019 Q3 99.672 91,301 Deliveries SF 110K 344.248 114,741 1.020.464 2008 Q4 2022 Q2 Rent Growth 4.1% 1.4% 1.5% 5.2% 2022 Q1 -2.5% 2009 Q4 Sales Volume \$40M \$39.2M \$122M 2020 Q1 \$5M 2012 Q2

Based on the above information from Costar for retail space in Killeen TX, it appears the retail market is relatively strong.

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1/17/2023

Page 2

**CoStar**™

# Strengths, Weaknesses, Opportunities, & Threats (SWOT)

# **Strengths/Opportunities**

- Located along a primary thoroughfare
- The property is in an area that is increasing in population

# Weaknesses/ Threats

- Elevated Consumer Price Index, per Bureau of Labor Statistics
- Elevated Interest Rates, per Federal Reserve

# HIGHEST AND BEST USE



# **Highest and Best Use**

A property is an integral part of its neighborhood and cannot be treated as an entity separate and apart from its environment. The value of real property is not intrinsic, but flows into the property from surrounding forces and shares the future with the neighborhood in which it is located. Real Estate is valued in terms of its highest and best use. According to The Appraisal of Real Estate, 15<sup>th</sup> edition, highest and best use is defined as the reasonable, probable, and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. The highest and best use of the site as if vacant may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the land.

The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be 1) physically possible; 2) legally permissible; 3) financially feasible; and 4) maximally productive. These criteria are usually considered sequentially. Explanations for each criteria are as follows:

# 1) Physically Possible Uses

Many characteristics of the subject parcel such as size, shape, topography, frontage, depth, ingress, egress, and utility are factors which must be considered when estimating the possible physical uses of the site. Also included are the off-site improvements, such as public utilities, roadway maintenance, infrastructure, and all other physical aspects that might affect the uses to which a site can be developed.

# 2) Legally Permissible Uses

Consideration is given to legally permissible uses such as deed restrictions, zoning districts, building codes, historic district controls, and environmental regulations, as they may preclude or enhance the potential highest and best use.

# 3) Financially Feasible Uses

In determining which uses are physically possible and legally permissible, several uses are eliminated from consideration. Then the uses that meet the first two criteria are analyzed further to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.

# 4) Maximally Productive Uses

Of the financially feasible uses, the use that produces the highest price or value is considered to be the most profitable likely utilization of a property. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future.

It should be noted that the "most profitable use" may take the form of amenities; thus, it cannot always be interpreted strictly in terms of money. The use that produces the greatest return to the property is considered to be the maximally productive use. After satisfying the four criteria of being physically possible, legally permissible, financially feasible, and maximally productive, the remaining use is considered to be the highest and best use of the property.

After analyzing the data gathered in the Site Analysis, the following analysis considers the highest and best use of the subject as if vacant. In this analysis, the subject land will be considered for all uses that are physically possible, legally permissible, financially feasible, and maximally productive.

# Highest and Best Use of the Site (as if Vacant):

# 1) **Physically Possible**

As previously explained in the report, the subject site has overall average visibility and accessibility. There do not appear to be any negative aspects which could limit development of the subject site. Therefore, the possible use of the tract based on physical characteristics includes most uses.

# 2) Legal Restrictions

The City of Killeen utilizes zoning ordinance to maintain conformity in the city. The subject is zoned B-5; Business District. There do not appear to be any land use restrictions imposed on the site, other than zoning regulations. Should information be provided to the contrary, we reserve the right to review land use restrictions and amend the appraisal if deemed necessary by the appraisers. Therefore, the subject site as vacant could be utilized for most uses.

# 3) Financially Feasible

The surrounding properties and land uses are considered when determining feasible uses. The subject property is located along the south line of Rancier Avenue, east of N. 46th Street in Killeen, TX. It is positioned on and near primary traffic routes and secondary roadways within an area primarily improved with a variety of commercial and residential properties. Based on current market conditions, average visibility and access, and location, the potential use which would provide a positive return to the land would most likely be for a commercial use.

# 4) Maximally Productive

As will be seen in the Sales Comparison Approach, there have been continued sales of similar properties in this area, which shows the continued demand for properties similar to the subject property. Therefore, the maximally productive use for the subject land would most likely be a commercial use.

# 5) Conclusion

After analyzing all four criteria for highest and best use, it is our opinion that the highest and best use of the subject property "As Vacant" is for a commercial use.

# **Highest and Best Use of the Improved Property**

In estimating the highest and best use of an improved property, the improvements contribute to the total property value and have an effect on its value are considered. The subject property consists of an existing veterinary clinic.

# 1) Physically Possible

The physically possible uses of the property include owner occupied veterinary clinic use. The subject's existing improvements conform to many of the surrounding properties in terms of appearance and drive-up appeal.

# 2) Legally Permissible

The City of Killeen utilizes zoning ordinance to maintain conformity in the city. The subject is zoned B-5; Business District. There do not appear to be any land use restrictions imposed on the site, other than zoning regulations. Should information be provided to the contrary, we reserve the right to review land use restrictions and amend the appraisal if deemed necessary by the appraisers. The subject is legal and conforming use.

# 3) Financially Feasible

The financially feasible uses for the subject include owner occupied veterinary clinic use. The subject property is improved with average quality constructed medical office building and compares favorably with many of the neighboring facilities in terms of construction style, appearance, and condition. Therefore, the appraiser has determined the Highest and Best use to be an owner occupied veterinary clinic use.

# 4) Maximally Productive

Based on the sales and rents contained herein, there have been continued sales and leasing of similar properties in the area, which shows the continued demand for properties similar to the subject property. Therefore, the maximally productive use for the subject would most likely be an owner occupied veterinary clinic use.

# 5) Conclusion

After analyzing all four criteria for highest and best use, it is our opinion that the highest and best use of the subject property "As Improved" is an owner occupied veterinary clinic use.

# THE APPRAISAL PROCESS



# The Appraisal Process

These three approaches provide market data from three different sources when all are available. One is known as the Cost Approach, which involves an estimate of reproduction cost new and of accrued depreciation as of the date of the value estimate, plus an estimate of the value of the site based upon the sales of similar or comparable sites. The second approach is the Direct Sales Comparison Approach which has as its premise a comparison of the subject property with others of similar design, utility and use that sold in the recent past. The third approach is the Income Approach which involves translating net income which, when capitalized in a manner that in commensurate with the risk and the life expectancy of the improvements, will indicate the present value of the income stream.

Normally, these three approaches will each indicate a different value. The best possible judgment must be exercised to estimate what value the ownership interests being appraised are worth under the market conditions or standards specified in the appraisal problem. That is why alternative techniques for approaching a professionally acceptable and reliable valuation conclusion are used.

The appraiser, in applying the tools of analysis at his disposal to the problem in question, seeks to simulate the thought process of the most probable decision maker rather than a particular one with specified individual interests. The various approaches to valuation are merely simulations of these alternative courses of action potentially open to the decision maker. The appraiser's judgments concern the applicability of alternative tools of analysis to the facts of the problem, the data and information needed to apply these tools, and the selection of the analytical approach and data most responsive to the problem in question.

Thus, depending upon the type of property appraised or the purpose of the appraisal, one approach may carry more weight or may furnish a more reliable indication of value for the subject property. In other instances, because of the inadequacy or unavailability of data, one or two of the approaches may be accorded little weight in the final value estimate.

The value indications developed via consideration of the Cost Approach and Sales Comparison Approach follow in subsequent sections of this report. In the subject's neighborhood most similar properties are owner occupied and therefore the Income Approach to value was not deemed applicable. The elimination of the Income Approach is not considered to affect the credibility or the reliability of the value conclusion contained in this report.

# COST APPROACH



# **Cost Approach**

As mentioned in the previous introduction to valuation, the Cost Approach attempts to arrive at an estimate of reproduction costs for the improvements, less all accrued depreciation, plus the site value derived from the current market to arrive at a total cost estimate of value. The first step in that procedure is to estimate a site or land value, as if vacant, from comparable sales in the local market.

# SITE VALUATION

The Sales Comparison Approach is used to estimate land value. The methodology includes an analysis of what buyers in the area are paying for similar properties. The value of the subject is derived from comparison with sales of comparable properties. It is necessary to evaluate factors such as date of sale, location, size, utilities, flood plain, development potential and other factors when making the comparison.

The following land analysis was undertaken to estimate the site's value:



	Transaction					
Address	1607 Trimmier	Date	3/15/2021			
City	Killeen	Price	\$180,000			
State	TX	Price per Acre	\$189,076			
Zip	76541	Price per Land SF	\$4.34			
Tax ID	22385	Financing	Cash to Seller			
Grantor	Camex Holdings, LLC	Property Rights	Fee Simple			
Grantee	Lisa Grace Enterprises	Conditions of Sale	Market			
Legal Description	A0389BC Nathan Halbert,	Days on Market	688			
	Acres 0.952					
ID	13559	Transaction Type	Closed Sale			
	· ·	Site				
Acres	0.95	Topography	Generally Level			
Land SF	41,469	Zoning	B-1; General Business			
Primary Frontage Feet	200	Flood Zone	X			
Shape	Generally Rectangular	Encumbrance or Easement	No adverse known			
Utilities	All Available	Environmental Issues	No adverse known			

# Comments

The above commercial land comparable is 0.952 acres. Lot is cleared and ready for development.

Note: The confirming appraiser did not inspect this Comparable and all information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was downloaded via Google. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.



Transaction					
Address	920 S. W S Young Dr.	Date	11/29/2021		
City	Killeen	Price	\$415,000		
State	TX	Price per Acre	\$239,607		
Zip	76513	Price per Land SF	\$5.50		
Tax ID	496517	Financing	Cash to Seller		
Grantor	Tyler & Yang Hee Jensen	Property Rights	Fee Simple		
Grantee	SWIFGO @ Killeen	Conditions of Sale	Market		
Legal Description	Catvic Subdivision, Block 001,	Days on Market	353		
ID	13558	Transaction Type	Closed Sale		
		Site			
Acres	1.73	Topography	Generally Level		
Land SF	and SF 75,446 Zoni		B-3; Business District		
Primary Frontage Feet	340	Flood Zone	X		
Shape	Slightly Irregular	Encumbrance or Easement	No adverse known		
Utilities	All Available	Environmental Issues	No adverse known		

# Comments

The above commercial land comparable is 1.734 acres. Lot is cleared and ready for development.

Note: The confirming appraiser did not inspect this Comparable and all information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was downloaded via Google. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.

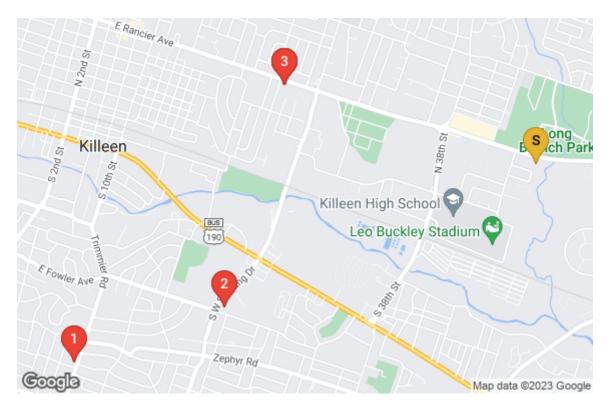


Transaction					
Address	1906 E. Rancier Avenue	Date	2/10/2022		
City	Killeen	Price	\$140,000		
State	TX	Price per Acre	\$142,276		
Zip	76541	Price per Land SF	\$3.27		
Tax ID	131590	Financing	Cash to Seller		
Grantor	Haun Investments, LLC	Property Rights	Fee Simple		
Grantee	Jose & Maria Camarena	Conditions of Sale	Market		
Legal Description	Grandy Addition, Block 001,	Days on Market	349		
	Lot 0003				
ID	13557	Transaction Type	Closed Sale		
	:	Site			
Acres	0.98	Topography	Generally Level		
Land SF	42,863	Zoning	B-5; Business District		
Primary Frontage Feet	171	Flood Zone	X		
Shape	Generally Rectangular	Encumbrance or Easement	No adverse known		
Utilities	All Available	Environmental Issues	No adverse known		

# Comments

The above commercial land comparable is 0.984 acres. This lot is asphalt paved with a perimeter fence. The appraiser has given no value to the improvements.

Note: The confirming appraiser did not inspect this Comparable and all information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was downloaded via Google. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.



Land Sales Map Legend			
Legend	Address	City	Distance
Subject	3518 E. Rancier Avenue	Killeen	
Comp 1	1607 Trimmier	Killeen	2.5496 miles
Comp 2	920 S. W S Young Dr.	Killeen	1.7391 miles
Comp 3	1906 E. Rancier Avenue	Killeen	1.3361 miles

COMPARABLE LAND SALE MAP & LEGEND

# **Land Sales Analysis**

The subject site consists of 0.7800 acres. It has average accessibility to allow for its highest and best use. All of the land sales were located in areas which would point towards a similar highest use.

# Property Rights Conveyed

Adjustments do not appear necessary for this factor.

# **Financing**

This adjustment is included in the form of an estimated Cash Equivalent Sales Price recited in the outline summary of the sale itself. By making this adjustment first, all of the data is on a common cash or cash equivalent basis, the same as the basis for the value of the appraised property. All of the sales were cash to the seller and required no adjustments.

# **Conditions of Sale**

A terms of sale adjustment is utilized when there is evidence that the buyer and/or seller involved in a transaction are non-typically motivated. All of the Comparable Sales utilized are transactions that occurred under normal circumstances and transferred under typical terms.

#### **Market Conditions**

Based on sales analysis and discussions with market participants, it appears that property prices have increased since 2021 and 1.0% upward adjustments per year were applied.

# Location

The subject property is located along the south line of Rancier Avenue, east of N. 46th Street in Killeen, TX. Comparable Sales 1 and 2 are located on hard corners and considered to have superior frontages and access and downward adjustments were applied. Comparable Sale 3 is considered to be similar and no adjustment was applied.

# Size

Where deemed appropriate, the data was adjusted employing the doubling technique to reflect the economies of scale. Said theory concludes that in general larger tracts of land sell for lower unit prices (price per square foot or acre), and smaller parcels of land sell for higher unit prices. All of the Comparable Sales are larger than the subject and upward adjustments were applied.

# Flood Plain

The subject site is not situated in the 100 year flood plain, according to the available FEMA flood maps (Map# 48027C0280E, September 26, 2008). However, the appraiser is not qualified to make a specific determination, therefore recommends that a determination be made by a qualified professional. We reserve the right to amend the appraisal if and when this documentation is provided. None of the Comparable Sales appear to be located in the 100-year flood plain and no adjustments were applied.

# **Development Potential**

The subject site is generally rectangular in shape and has access to all utilities. Comparable Sales 1 and 2 are considered to have similar development potential and no adjustments were applied. Comparable Sale 3 is considered inferior with asphalt paving, which would require removal prior to developing, and an upward adjustment was applied.

Land Analysis Grid Primary Site		Com	p 1	Com	p 2	Com	р 3
Address	3518 E. Rancier	1607 Tr	immier	920 S. W	•	1906 E.	
	Avenue			Dr	-	Aver	
City	Killeen	Kille	en	Kille	en	Kille	en
State	TX	T	<	T	<	T	(
Date	12/30/2022	3/15/2	2021	11/29/	2021	2/10/2	2022
Price		\$180,	000	\$415,	000	\$140,	000
Land SF	33,977	41,4	69	75,4	46	42,8	63
Price Per SF		\$4.3	34	\$5.5	50	\$3.2	27
Transaction Adjustn	nents						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Cash to Seller	0.0%	Cash to Seller	0.0%	Cash to Seller	0.0%
Conditions of Sale		Market	0.0%	Market	0.0%	Market	0.0%
Expend. After Sale		\$0.0	00	\$0.0	00	\$0.0	00
Adjusted Price/SF		\$4.3	34	\$5.5	50	\$3.2	27
Market Trends Through	12/30/2022 1.0	1.8	%	1.1	%	0.9	%
Adjusted Price/SF		\$4.4	42	\$5.	56	\$3.3	30
Characteristics Adju	ıstments						
Location							
% Adjustment		-20	%	-40	%	0%	6
Qualitative		Supe	rior	Supe	rior	Simi	lar
Acres	0.78	0.9	5	1.7	3	0.9	8
% Adjustment		2.5	%	10.0	)%	2.5	%
Flood Zone	Х	Х		X		X	
% Adjustment		0%	6	0%	6	0%	6
Development Potential							
% Adjustment		0%	6	0%	6	159	%
Qualitative		Simi	lar	Simi	lar	Infer	ior
Adjusted Price/SF		\$3.0	65	\$3.8	89	\$3.	87

The comparables indicate an adjusted range of \$3.65 to \$3.89 per SF, with an average of \$3.80/SF and a median of \$3.87/SF. The appraiser has concluded near the average and median of the range or \$3.85/SF.

Land Value Ranges & As Is Reconciled Value					
Number of Comparables: 3	Unadjusted	Adjusted	% ∆		
Low:	\$3.27	\$3.65	12%		
High:	\$5.50	\$3.89	-29%		
Average:	\$4.37	\$3.80	-13%		
Median:	\$4.34	\$3.87	-11%		
Reconciled Value/Unit Value:		\$3.85	land sf		
Subject Size:		33,977			
Indicated Value:	•	\$130,811			
Reconciled Final As Is Value:		\$130,000			
One Hundred T	hirty Thousand Dol	lars			

#### REPLACEMENT COST

The replacement cost is defined as: "The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.<sup>5</sup>" This amount has been estimated by utilizing cost figures derived from Marshall and Swift Valuation Services. Marshall & Swift indicated a range of \$131.00 to \$293.00 per square foot for a (construction class D) veterinary hospital building (hard and soft costs) as a reasonable cost estimate for the actual building, excluding land costs.

#### INDIRECT COST ESTIMATES

Indirect Costs include architectural (plans, etc.), legal council, administrative costs, surveying, engineering and developers' profit and overhead. These items are included in the above-indicated range.

# ENTREPRENEURIAL INCENTIVE

Entrepreneurial Incentive is a market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk. (Appraisal Institute) It is market sensitive and typically varies with changes in economic conditions. Entrepreneurial incentive also varies with the size and type of development. It is usually calculated as a percentage of the total construction costs (normally excluding land) before depreciation. Based on conversations with entrepreneurs and developers, the range is usually 5-15%. The appraiser has concluded in the middle of the range, or 5.00%.

# **ECONOMIC LIFE**

For the subject property, we have primarily consulted the Marshall & Swift to estimate total economic life. For a veterinary hospital building of similar construction quality as the subject, it appears a range of 35 to 40 years encompasses the indicated economic life. The subject property was constructed in 2011 and therefore has an effective age of 7 years. Marshall & Swift indicated that by the time these buildings were 40 years old, they had reached a complete life cycle, and that an alternative highest and best use would soon be found if possible. Considering complete rehabilitation and consulting Marshall & Swift, the life expectancy of a building such as the subject is 40 years indicating a remaining economic life of 33 years.

# ESTIMATE OF ACCRUED DEPRECIATION

Accrued depreciation is the difference between the replacement cost new of the improvements and the present value of those improvements, both measured as of the date of the appraisal. In other words, the estimate of accrued depreciation related to the subject property is an estimate of the losses in value from all causes, as of the date of the appraisal. Accrued depreciation is divided into three categories: physical deterioration, functional obsolescence, and external obsolescence. Each type of depreciation is discussed below:

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<sup>&</sup>lt;sup>5</sup> The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition, Page 197.

#### **Breakdown Method:**

The breakdown method provides for the most accurate measurement of accrued depreciation. In this method, each category of depreciation is handled separately, providing an independent measurement for each type of depreciation. The first type of depreciation to be considered is physical deterioration.

# **Physical Deterioration**

Physical deterioration is typically referred to as being either curable or incurable. Curable physical deterioration, also known as deferred maintenance, is represented by what a prudent purchaser would consider necessary to immediately correct or repair upon purchase of the property. The costs that would be incurred in these repairs would be offset by the increased value of the repaired property. The subject improvements have no items of deferred maintenance.

Incurable physical deterioration is present when the cost to remodel or replace an item exceeds the potential value increase. Based on previous conclusion, the average economic life of the subject building is estimated to be approximately 40 years. While it is possible that the structure could remain standing for a longer period of time, the improvements will ultimately reach a point beyond which repair and maintenance becomes too costly, without further extension renovation or rehabilitation. Physical incurable deterioration has been estimated using the Marshall& Swift Tables through the Swift Estimator.

The general depreciation tables used by Marshall & Swift were developed from actual case studies of sales and market value appraisals and formed the basis of the extended life theory which encompasses a remaining life and effective age approach. From confirmed sales prices the land value was deducted to obtain a building residual, and the replacement cost of the building was computed. The difference between the replacement cost new of the building and the residual sales price of the building was divided by the replacement cost new, to give the market depreciation in percentage. A similar procedure was followed with the market value appraisals, always excluding those observed cases having excessive obsolescence. The data was then collated by type of construction and usage, plotted with similar typical total life expectancies, with curves computed for the groupings, for which sufficient data was available, for statistical reliability. From these curves, a matching family of empirical mathematical curves was found, from which the depreciation for any initial (when new) life expectancy could be computed under normal market conditions. (Source: Marshall Valuation Service Handbook, Section 97, Pg. 1)

# **DEPRECIATION - COMMERCIAL PROPERTIES**

	ı -		TYPIC	^ΔΙ ΙΙΕ	FFXDI	FCTANC	Y IN Y	FΔRS			1		TYPICAL LIFE EXPECTANCY IN YEARS									
EFFECTIVE	70	60									EFFECTIVE	70	60	55	50	45	40	35	30	25	20	
AGE IN YEARS	10	00				- PERC					AGE IN YEARS	10	60		1AINING LIFE EXPECTANCY – YEARS						20	
1	0	0	0	0	1	1	1	2	2	3	1	1	69	59	54	49	44	39	34	29	24	19
2	1 0	1	1	1	1	2	2	3	5	7		2	68	58	53	48	43	38	33	28	23	18
3	1 0	1	1	1	2	3	4	5	7	10		3	67	57	52	47	42	37	32	27	22	17
4	1	1	1	2	3	4	5	7	10	14		4	66	56	51	46	41	36	31	26	21	16
5	1	1	2	3	4	5	6	9	13	18		5	65	55	50	45	40	35	30	25	20	15
6	1	2	2	3	4	-6-	- 8	11	16	22	1	6	64	54	49	44	39	34	29	24	19	14
7	Ιi	2	3	4	5	7	10	14	19	26		7	63	53	48	43	38	33	28	23	18	13
8	1	2	3	5	6	8	11	16	22	30		8	62	52	47	42	37	32	27	22	17	12
9	2	3	4	5	7	10	13	18	25	35		9	61	51	46	41	36	31	26	21	16	11
10	2	3	4	6	8	11	15	21	29	40		10	60	50	45	40	35	30	25	20	15	10
11	2	4	5	7	9	13	17	24	32	45	1	11	59	49	44	39	34	29	24	19	14	9
12	2	4	6	8	10	14	19	26	36	50		12	58	48	43	38	33	28	23	18	13	8
13	2	5	6	9	12	16	22	29	40	55	ı	13	57	47	42	37	32	27	22	17	12	7
14	3	5	7	10	13	18	24	32	44	60	ı	14	56	46	41	36	31	26	21	16	11	6
15	3	6	8	11	14	20	26	35	48	65		15	55	45	40	35	30	25	20	15	10	5
16	3	7	9	12	16	22	28	39	52	69	1 1	16	54	44	39	34	29	24	19	14	9	4
17	4	7	10	13	18	24	31	42	56	73		17	53	43	38	33	28	23	18	13	8	4
18	4	8	11	14	19	26	34	46	60	76		18	52	42	37	32	27	22	17	12	7	3
19	4	9	12	16	21	28	36	49	64	78		19	51	41	36	31	26	21	16	11	6	2
20	5	9	13	17	23	30	39	53	68	79		20	50	40	35	30	25	20	15	10	5	2
21	5	10	14	18	25	32	42	57	71	80	1	21	49	39	34	29	24	19	14	9	5	2
22	6	11	15	20	27	35	45	60	73	00		22	48	38	33	28	23	18	13	8	4	-
23	6	12	16	21	29	37	48	63	75			23	47	37	32	27	22	17	12	7	3	ŀ
24	i 7	13	17	23	31	40	52	66	77			24	46	36	31	26	21	16	11	6	3	
25	7	14	19	25	33	43	55	69	79			25	45	35	30	25	20	15	10	6	2	1
26	8	15	20	27	35	46	58	72	80		1	26	44	34	29	24	19	14	9	5	2	
27	9	16	21	28	37	49	61	75				27	43	33	28	23	18	13	8	4	_	1
28	9	17	23	30	40	52	64	77				28	42	32	27	22	17	12	7	4		1
29	10	18	24	32	42	54	68	78				29	41	31	26	21	16	11	7	3		1
30	11	20	26	34	45	57	72	79				30	40	30	25	20	15	10	6	3		i
32	13	22	30	38	50	62	75	80			1	32	38	28	23	18	13	8	5	2		
34	15	25	34	43	55	68	77					34	36	26	21	16	11	7	4	_		
36	17	28	38	48	61	73	79					36	34	24	19	14	10	6	3			
38	19	32	42	53	67	77	80					38	32	22	17	12	8	5	2			
40	21	35	46	59	72	79					$\perp$	40	30	20	15	10	7	4				ì
42	25	39	51	65	75	80	PROPERTIES INCLUDED					42	28	18	13	9	6	3				
44	28	43	56	70	77		Section 11 All apartments, hotels, resorts					44	26	16	12	8	5					
46	31	48	60	74	78		Section 12 Motels, lodges, large multiples & resorts						24	14	10	7	4					1
48	34	53	64	77	79		Section 13 All Section 14 All					48	22	13	9	6	3					
50	38	58	68	79	80		Section 14 All Section 15 All except libraries					50	20	11	8	5	3					
55	48	67	75	80			Section 16 All except churches and fraternal bldgs.						16	8	6	3						
60	57	74	78				Section 17 All commercial and industrial uses					60	12	6	4							
65	65	78	80				Section 18 None Section 64 All commercial and industrial uses					65	9	4	3							
70	71	80					ı					70	7	3								
75	75						For live	s iess than	zu years,	see Page	26.	75	5									
80	78										1	80	4									
													•									_

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12/2020

# **Functional Obsolescence**

Functional obsolescence is a loss in value resulting from defects in design. It can also be caused by changes that, over time, have made some aspect of a structure, such as its materials or design, obsolete by current standards. Similar to physical deterioration, the defect may be curable or incurable. To be curable, the cost of replacing the out-modeled or unacceptable aspect must be the same as or less than the anticipated increase in value. Curable functional obsolescence is measured as the cost to cure the condition.<sup>6</sup> In the case of the subject property, there were no items of functional obsolescence noted.

<sup>&</sup>lt;sup>6</sup> The appraisal of Real Estate; 15<sup>th</sup> edition

# **External Obsolescence**

External obsolescence is a loss in value as a result of diminished utility to the structure due to negative environmental forces outside the boundaries of the site. This type of depreciation can occur from two different types of influences: one being locational factors and the other being economic factors. This type of obsolescence is always incurable on the part of the owner, landlord, or tenant since it occurs outsides of the property bounds. Based on a comparison of the Cost Approach and the Sale Comparison Approach, it is estimated that there is not measurable economic obsolescence.

# Marshall & Swift

Cost Source: Marshall & Swift

No. of Stories Multiplier: 1.000

Height/Story Multiplier: 1.000

Perimeter Multiplier: 1.000

Current Cost Multiplier: 1.080

Combined Multipliers: 0.929

Cost of Improvements - Building(s)								
Item	Bldg. SF	Base Cost	Multiplier	Profit	Adjusted Replac. Cost	Replac. Cost	Less Depreciation	Depreciated Replac. Cost
Veterinary Hospital Class D/Good-Exc. Quality (Sec 15, Pg 28)	5,940	\$258.50	0.940	5.0%	\$255.03	\$1,514,884	7.0% \$106,042	\$1,408,842
	Rej	olacement	Cost - All Bi	uilding In	nprovements	\$1,514,884	\$106,042	\$1,408,842

Cost of Improvements - Site								
ltem	Units	Base Cost	Profit	Adjusted Replac. Cost	Replac. Cost	Less De	epreciation	Depreciated Replac. Cost
Site Dirtwork, Etc.	1	\$15,000	5.0%	\$15,750	\$15,750	15.0%	\$2,362.50	\$13,388
Concrete - Parking Areas	15,589	\$6.10	5.0%	\$6.41	\$99,848	15.0%	\$14,977	\$84,870
Misc.	1	\$85,000	5.0%	\$89,250	\$89,250	15.0%	\$13,388	\$75,863
Replacement Cost - All Site Improvements			\$204,848	•	\$30,727	\$174,120		

Cost Approach Conclusion "As Is"				
Buildings (Depreciated)	\$1,408,842			
Site Improvements (Depreciated)	\$1,408,842 \$174,120			
Subtotal	\$1,582,962			
Plus Primary Site Value	\$130,000			
Cost Approach Value Indication	\$1,712,962			
Rounded	\$1,710,000			

# SALES COMPARISON APPROACH



# <u>Sales Comparison Approach – Improved</u>

The Sales Comparison Approach is a method of estimating market value whereby a subject property is compared with comparable properties that have sold recently. One premise of the Sales Comparison Approach is that the market will determine a price of the property being appraised in the same manner that it determines the prices of comparable, competitive properties. In this approach, the comparison is applied to the unique characteristics of real estate that cause its prices to vary. Following are the comparable improved sales utilized and conclusion via this approach.

The following analysis pertains to the "as is" market value via the Sales Comparison Approach.

# Comparable 1



	Trans	action	
ID	10153	Date	5/28/2021
Address	4701 McCullough Avenue	Price	\$3,000,000
City	San Antonio	Price Per SF	\$256.65
State	TX	Conditions of Sale	Market
Tax ID	1128661	Transaction Type	Closed Sale
Grantor	Kirlin Holding Co LLC	Financing	Cash to Seller
Grantee	STNLR 24 LP	Property Rights	Leased Fee
Legal Description	NCB 7332 Blk 19 Lot 47 (Eagle Veterinary Hospital)	Days on Market	N/A
Book/Page or Reference Doc	20210148189	Verification	Seller

		Site	
Acres	0.40	Topography	Generally Level
Land SF	17,424	Zoning	OCL; Outside City Limits
Primary Frontage Feet	110	Flood Zone	None Apparent
Shape	Rectangular	Encumbrance or Easement	No adverse known
Utilities	All public available	Environmental Issues	No adverse known
Corner	Yes		
	Improveme	ents & Financial Data	
GBA	11,689	Construction Class	Unknown
Year Built	2010	Construction	Concrete Tilt-Up
Effective Age	10	Condition	Good
Property Type	Hospital-Veterinarian	Quality	Good

# Comments

Note: The confirming appraiser performed a drive by inspection of this Comparable and all information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was taken by the confirming appraiser. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.

# Comparable 2



	Trans	action	
ID	10803	Date	2/15/2022
Address	13560 Briar Forest Dr	Price	\$2,420,000
City	Houston	Price Per SF	\$404.68
State	TX	Conditions of Sale	Market
Tax ID	ID0410360000480	Transaction Type	Closed Sale
Grantor	FGT Clinic LLC	Financing	Conventional
Grantee	BRFR Houston LLC	Property Rights	Leased Fee
Legal Description	TR 19B-1 ABST 80 J Wheaton	Days on Market	203

Book/Page or Reference Doc RP202282222 Verification CoStar, Broker

Site						
Acres	0.71	Topography	Generally Level			
Land SF	30,901	Zoning				
Primary Frontage Feet	250	Flood Zone	None Apparent			
Shape	Rectangular	Encumbrance or Easement	No Adverse Known			
Utilities	All available to site	Environmental Issues	No Adverse Known			
Corner	No					
	Improveme	nts & Financial Data				
GBA	5,980	Construction Class	Unknown			
Year Built	2000	Construction	Masonry			
Effective Age	15	Condition	Good			
Property Type	Hospital-Veterinarian	Quality	Good			

# Comments

Note: All information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was downloaded from MLS. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.

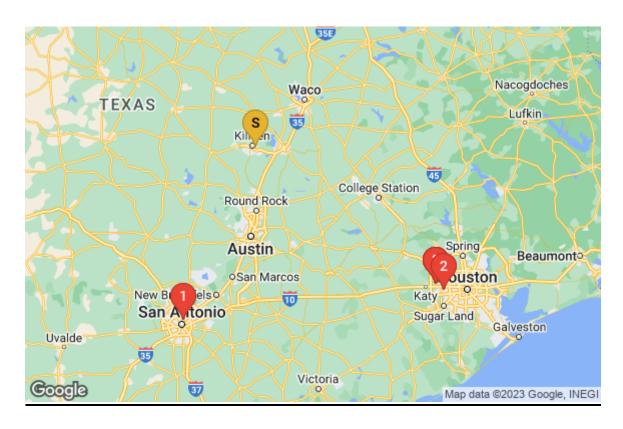
# Comparable 3

	- A	The State of the S	THE RESERVE AND ADDRESS OF THE PARTY OF THE
	Trai	nsaction	
ID	10806	Date	4/15/2022
Address	3355 Fry Road	Price	\$3,551,000
City	Katy	Price Per SF	\$398.99
State	TX	Conditions of Sale	Market
Tax ID	ID1213750010001	Transaction Type	Pending Contract
Grantor	Kalley Properties LLC	Financing	Conventional
Grantee	Nebo Bandovic	Property Rights	Leased Fee
Legal Description	Res A Blk 1 Mayde Creek Animal Clinic	Days on Market	121
Book/Page or Reference Doc	Not yet recorded	Verification	CoStar, Broker

		Site	
Acres	1.72	Topography	Generally Level
Land SF	75,027	Zoning	
Primary Frontage Feet	183	Flood Zone	None Apparent
Shape	Rectangular	Encumbrance or Easement	No Adverse Known
Utilities	All available to site	Environmental Issues	No Adverse Known
Corner	No		
	Improveme	ents & Financial Data	
GBA	8,900	Construction Class	Unknown
Year Built	2000	Construction	Wood
Effective Age	15	Condition	Good
Property Type	Hospital-Veterinarian	Quality	Good

### Comments

Note: All information about this property was derived from public record, the confirmation source listed, Costar, MLS, among others. The photo was downloaded from MLS. We assume this information is correct and the appraisal has been prepared based on the assumption that all information provided to us is accurate. Should any information become available that is contradictory to this assumption, we reserve the right to revisit and/or amend this appraisal, if deemed necessary.



\*COMPARABLE SALES 2 & 3 ARE IN CLOSE PROXIMITY TO EACH OTHER\*

Improved Sales Map Legend				
Legend	Address	City	Distance	
Subject	3518 E. Rancier Avenue	Killeen		
Comp 1	4701 McCullough Avenue	San Antonio	123.0251 miles	
Comp 2	13560 Briar Forest Dr	Houston	154.6393 miles	
Comp 3	3355 Fry Road	Katy	147.5433 miles	

# COMPARABLE SALE MAP & LEGEND

# **IMPROVED SALES ANALYSIS**

The Comparable Data overall provided a good indication as to the subject property's estimated value via the Sales Comparison Approach.

# **Property Rights Conveyed**

All of the Comparable Sales sold Leased Fee, superior to the interest appraised for the subject, and downward adjustments were applied.

# **Financing**

This adjustment is included in the form of an estimated Cash Equivalent Sales Price recited in the outline summary of the sale itself. By making this adjustment first, all of the data is on a common cash or cash equivalent basis, the same as the basis for the value of the appraised property. All of the sales were cash to the seller and required no adjustments.

# Conditions of Sale

A terms of sale adjustment is utilized when there is evidence that the buyer and/or seller involved in a transaction are non-typically motivated. All of the comparable sales utilized are transactions that occurred under normal circumstances and transferred under typical terms or have previously been adjusted.

# **Market Conditions**

After a comparison of the sales included herein and per discussions with local market participants, it appears that prices for similar properties have remained relatively stable since 2021 and no adjustments have been applied.

### Location

The subject property is located along the south line of Rancier Avenue, east of N. 46th Street in Killeen, TX. Comparable Sale 1 is located along McCullogh Ave. in San Antonio and is considered superior and a downward adjustment was applied. Comparable Sale 2 is located along Briar Forest Dr. in Houston and is considered superior and a downward adjustment was applied. Comparable Sale 3 is located along Fry Rd. in Katy and is considered to be superior to the subject and a downward adjustment was applied.

# Land to Building Ratio

The subject has a land to building ratio of 2.68 to 1. Comparable Sale 1 has a smaller ratio and an upward adjustment was applied. Comparable Sale 2 has a similar ratio and no adjustment was applied. Comparable Sale 3 has a larger ratio and a downward adjustment was applied.

# Gross Building Area

Also, where deemed appropriate the data was adjusted employing the doubling technique to reflect the economies of scale. Said theory concludes that in general larger buildings sell for lower unit prices (price per square foot), and smaller buildings sell for higher unit prices.

### Year Built

The subject property was constructed in 2011. Comparable Sale 1 is considered similar and no adjustment was applied. Comparable Sales 2 and 3 have older construction dates when compared to the subject property and upward adjustments were applied.

# Quality/Condition

The subject property is of good construction with good medical interior finish-out. Comparable Sale 1 is considered to be superior with concrete/metal/glass construction and a downward adjustment was applied. Comparable Sale 2 is considered superior with a standing seam roof and steeper pitch and a downward adjustment was applied. Comparable Sale 3 is considered superior with stucco exterior and a clay tile roof and a downward adjustment was applied.

Analysis Grid		Com	p 1	Com	p 2	Com	р 3
Address	3518 E. Rancier	4701 Mc(	_	13560 Bria		3355 Fr	/ Road
	Avenue	Aver	nue	Dr			
City	Killeen	San Antonio		Houston		Katy	
State	TX	ΤX	(	T	(	T	(
Date	1/11/2023	5/28/2	2021	2/15/2	2022	4/15/2	2022
Price		\$3,000	0,000	\$2,420	,000	\$3,551	,000
GBA	5,940	11,6	89	5,98	30	8,90	00
Price Per SF		\$256	.65	\$404	.68	\$398	.99
Transaction Adjustme	ents						
Property Rights	Fee Simple	Leased Fee	-5.0%	Leased Fee	-5.0%	Leased Fee	-5.0%
Financing		Cash to Seller	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale		Market	0.0%	Market	0.0%	Market	0.0%
Expenditures After Sale	е	0		0		0	
Adjusted Price/SF		\$243	.82	\$384	.45	\$379	.04
Market Trends Through	1/11/2023 0.09	% 0.0	%	0.0	%	0.0	%
Adjusted Price/SF		\$243	.82	\$384	.45	\$379	.04
Characteristics Adjus							
Location							
% Adjustment		-5.0	%	-25.0	0%	-25.0	0%
Qualitative		Supe	rior	Superior		Superior	
Land to Building Ratio	5.72	1.4	9	5.1	7	8.4	3
% Adjustment		20.0		0.0%		-7.5	%
GBA	5,940	11,6		5,980		8,90	
% Adjustment		10.0%		0.0%		7.5	
Year Built	2011		2010		00	200	
% Adjustment		0%		5%		5%	
Quality	Good	God		Good		Good	
% Adjustment		-5%		-5%		-59	
Adjusted Price/SF		\$292	.58	\$288	.34	\$284	.28

The comparables indicate an adjusted range of \$284.28 to \$292.58 per square foot, with an average of \$288.40/SF and a median of \$288.34/SF. The appraiser has concluded near the average and median of the range or \$288.00/SF.

Value Ranges &	As Is Reconciled Va	alue	
Number of Comps: 3	Unadjusted	Adjusted	% Δ
Low:	\$256.65	\$284.28	11%
High:	\$404.68	\$292.58	-28%
Average:	\$353.44	\$288.40	-18%
Median:	\$398.99	\$288.34	-28%
Reconciled Value/Unit Value:		\$288.00	
Subject Size:		5,940	
Indicated Value:		\$1,710,720	_
Plus Surplus Land Value:		\$0	
As Is Indicated Value:		\$1,710,720	_
Reconciled Final As Is Value:		\$1,710,000	
One Million Seven Hu	ndred Ten Thousan	d Dollars	

# RECONCILIATION & FINAL ESTIMATE



# Reconciliation and Final Estimate – "As Is"

COST APPROACH: \$1,710,000 SALES COMPARISON APPROACH: \$1,710,000 INCOME APPROACH: N/A

The Cost Approach was employed through estimation of replacement costs, which after deducting all forms of depreciation and adding the land value produces a reliable indication for properties of newer age and those not affected by economic obsolescence. For the subject, the other approaches support the economic feasibility of the development. The Cost Approach has been included and the value produced via this approach is:

\$1,710,000

The Sales Comparison Approach included sales of similar properties. All were selected for being comparable to the subject in one or more of several categories including age, condition, construction and location. This approach indicated the following:

\$1,710,000

The Income Approach tends to indicate what the typical purchaser or investor in income-producing properties will pay for a future income stream, and is best used in the case of an income-producing property. The income for the subject is well-supported by comparable rentals and expenses were reasonably estimated. Our value via the Income Approach is as follows:

N/A

The subject property is owner occupied and therefore the appraiser has not included the Income Approach. The appraiser has given equal weight to the Sales Comparison Approach and the Cost Approach. As of January 11, 2023, the estimated "As Is" Market Value of the subject property through this appraisal, subject to all limiting conditions, is as follows:

"AS IS" MARKET VALUE: \$1,710,000

# CERTIFICATION



# **Certification**

We certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we 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.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results. The appraisal assignment was not passed on a requested minimum valuation, a specific valuation, or the approval of a loan.
- our 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.
- Nathan Vernon made a personal inspection of the property that is the subject of this report.
   Timothy T. Mayfield, MAI has not made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the people signing this certification.
- The appraisers 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.
- 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.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Timothy T. Mayfield, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

The following concludes the requested value for the subject property:

Value Conclusions				
Premise	Interest Appraised	Effective Date	Value Conclusion	
Current As Is	Fee Simple	1/11/2023	\$1,710,000	

PARAMOUNT PROPERTY ANALYSTS MASTATEWIDE COMMERCIAL REAL ESTATE APPRAISERS

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Nathan Vernon State Certification TX-1381214-G Ph: 979-485-9999 Email: office@ppabv.com

# ASSUMPTIONS AND LIMITING CONDITIONS



# **Assumptions and Limiting Conditions**

This appraisal is subject to the following assumptions and limited conditions:

This appraisal report and all of the appraisers work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

The intended user of this report is the client, City of Killeen. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk. The appraiser(s) total liability in connection with any claims relating to the appraisal is limited to the amount of the appraisal fee paid by the client.

Mutual Limitations of Liability: Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of Appraiser's services under this Agreement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and it Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the higher of \$2,750 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.

The legal description furnished to the Appraiser is assumed to be correct. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title, which is assumed to be good. Any existing liens, easements, deed restrictions, clouds, encumbrances, and other conditions have been disregarded and the property appraised as though free and clear under responsible ownership and competent management. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.

We have made no survey and assume no responsibility in connection with such matters. We believe the information furnished by others identified in this report to be reliable, but we assume no responsibility for its accuracy. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and

federal building codes and ordinances. The construction and condition of the improvements mentioned in the body of this report is based on observation, and no engineering study has been made which would discover any latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study was made. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of Paramount Property Analysts by ownership or management; and we inspected less than 100% of the entire interior and exterior portions of the improvements. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in the appraisal. Accordingly, if negative findings are reported by engineering consultants, Paramount Property Analysts reserves the right to amend the appraisal conclusions reported herein.

The distribution of the total valuation between land and improvements in this report applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal, and are invalid if so used.

It is assumed there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee. No guarantee is made as to the adequacy of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning, plumbing, electrical service, insulation, or any other construction matters. If any interested party is concerned about the existence, conation, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Information (including projection of income and expenses) provided by others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal are believed to be from reliable sources. The value conclusions are subject to the accuracy of said data. Engineering analyses of the subject property were neither provided for use nor made as part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is based on an investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are based on our analysis as of the date of the appraisal. These values are not valid in other time periods or as conditions change. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. Since the values are based on estimates and assumptions which are inherently subject to uncertainty and variation depending on evolving events, we do not represent them as results that will be achieved.

Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor

are the rights associated with extraction or exploration of such elements considered unless otherwise stated in the appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

Paramount Property Analysts is not aware of any contemplated public initiatives, government development controls, or rent controls that would significantly affect the value of the subject.

The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market Value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.

Any cash flows included in the analysis are forecast of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. We do not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of Paramount Property Analysts.

Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Paramount Property Analysts to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

Acceptance and use of information in this report in any manner or purpose is acknowledgment that the entire report has been read by the user and that he agrees with the conclusion and the data contained in this report. The client agrees to notify the appraiser of any error, omissions or invalid data within 15 days of receipt of the appraisal and return the report along with all copies to the appraiser for correction prior to any use whatsoever. Information contained in the appraisal may be utilized by the specified client, but the report remains the property of Paramount Property Analysts. The company or appraiser(s) liability will not exceed the fee actually collected by the appraiser and possession of the report carries no right of publication or distribution without written approval from Paramount Property Analysts.

No evidence of toxic or hazardous materials were viewed during the inspection. We were not provided the documentation of this removal; and therefore, as a special limiting condition this appraisal has been prepared under the assumption that the subject property is free and clear of all

toxic or hazardous waste contamination, and it is the appraiser's suggestion that the site be inspected by a qualified authority to determine whether or not the subject property is contaminated. The appraiser, however, is not qualified to test such substances or conditions. The presence of such substances, such as asbestos, urea formaldehyde foam insulation, contaminated ground water, or other hazardous substances or environmental conditions, may affect the value of the property, and the value rendered herein would be invalid. The value estimate is predicated on the assumption that there are no such conditions on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to Paramount Property Analysts. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions, and projected levels of operation.

We are not required to give testimony or attendance in court by reason of this appraisal with reference to the property in question unless arrangements have been made therefore.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser. This report shall not be used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.

Neither all nor any part of the contents of this reports shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation.

Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.

The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

Paramount Property Analysts assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Paramount Property Analysts maintains an affiliate relationship with Kathy McKinney-Certified General Appraiser, Ryan Healy-ARA, Karen Dixson, Charles M. Tomblin, P.E., and George Abraham, CVA, CBA, BCA, CMEA and on occasion subcontracts Real Estate, Mineral, and Business Enterprise Valuation services.

Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor Paramount Property Analysts assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

# HYPOTHETICAL CONDITIONS

There are no hypothetical conditions for this appraisal.

# **EXTRAORDINARY ASSUMPTIONS**

A current survey has not been provided to the appraisers; therefore, this appraisal has been prepared under the extraordinary assumption that the information available, and this land size, is accurate. The appraisers reserve the right to revisit and/or amend this appraisal should information be provided that is contradictory to this assumption (i.e. Survey), if deemed appropriate by the appraisers.

# **ADDENDA**



# **ENGAGEMENT LETTER**

# **M** PARAMOUNT PROPERTY ANALYSTS

STATEWIDE COMMERCIAL REAL ESTATE APPRAISERS

www.ppabv.com

North Texas Division Dallas, TX 75225 Phone: (214) 550-8834

South Texas Division San Antonio, Texas 78213 Phone: (210) 265-6453 Headquarters Central Texas Division 3600 State Highway 6 S Ste 103 College Station, Texas 77845 Phone: (979) 485-8999 Fax: (979) 485-8544

> East Texas Division Houston, Texas 77046 Phone: (281) 661-3633

West Texas Divisions: San Angelo, TX 76904 Phone: (325) 340-4389

Alpine, TX 79830 Phone: (432) 360-3052

December 7, 2022

Attention: Cornelia Phelan

City of Killeen 3118 Commerce Dr Killeen, TX 76543 254-501-6612

cphelan@killeentexas.gov

Reference: Proposal to appraise of 3518 E Rancier Ave, Killeen, Bell County, Texas 76543.

Dear Ms. Phelan:

As requested, this letter serves as our proposal to provide an Appraisal Report<sup>1</sup> for the above referenced property.

The purpose of this appraisal is to estimate the "As Is" Market Value of the fee simple surface estate<sup>2</sup> of 3518 E Rancier Ave, Killeen, Bell County, Texas 76543 for internal valuation purposes.

The intended user of the appraisal report is City of Killeen.

The term "scope of the appraisal" is defined as the extent of the process of collecting, confirming, and reporting the pertinent data contained in an appraisal report. In this appraisal, an attempt will be made to collect and verify all relevant general and specific data pertaining to the subject property and the subject market area. Information will be obtained from real estate and economic publications, the appraiser's own files, as well as contacts with other appraisers, brokers, developers and other knowledgeable people in the subject's market area. The information obtained from these sources will be verified by more than one source and will be deemed reliable, but is not guaranteed.

The valuation of the subject property to be appraised will involve the following steps: 1) a detailed highest and best use analysis to determine the most profitable use for the subject property; 2) an estimate of market value of the subject property by consideration of the Cost, Income and Sales Comparison Approaches. The appraiser is bound by current Uniform Standards of Professional Appraisal Practice (USPAP) guidelines.

In addition to all other terms and conditions of this agreement, Appraiser and Client agree that Appraiser's services under this agreement and appraisal report(s), and any use of the report(s),

<sup>&</sup>lt;sup>1</sup> The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition, Page 163.

<sup>&</sup>lt;sup>2</sup> The Dictionary of Real Estate Appraisal, 7th Edition, Page 73.

are and will be subject to the statements, limiting conditions and other terms set forth in the appraisal report(s). Appraiser's standard appraisal statements, limiting conditions and terms are attached to this agreement as Exhibit "A" and incorporate herein. Appraiser may determine additional conditions and terms affecting the appraisal during performance of the assignment which may be identified in the report(s).

Paramount Property Analysts will deliver the Appraisal Report for a fee of \$2,750.00 in approximately 3-4 weeks. It is hereby understood and noted that the appraiser will not be available for any expert witness testimony regarding this assignment. Your signature below and payment of the agreed-upon fee above confirms your authorization to proceed with this assignment. Signor understands and agrees that payment will be as follows: 1) Retainer of \$1,375.00 due up front prior to commencement and 2) Remainder to be paid prior to delivery. We can take payment in the form of a **company check, cashier's check, money order or credit card.** By countersigning this engagement letter, you acknowledge you are responsible for payment of fees outlined herein.

	Sincerely,
Acknowledged by:	•
Digitally signed by Jessica	PARAMOUNT PROPERTY ANALYSTS
Jessica Green Green Date: 2022 12 19 13:40:24	STATEWIDE COMMERCIAL REAL ESTATE APPRAISERS
-06'00'	1 1 1 1 1 1 1
Signature	Livelly & Maybell
	Timothy T. Mayfield, MAI, COO
Jessica Green, Animal Services Director	State Certification TX-1338382-G
Jessica Green, Annhai Services Director	Ph: (214)-550-8834 Email: tim@ppabv.com
Print name and title	
	1
	1491
	Brian M. Stephen, MAI, CEO
Date	State Certification TX-1320550-G Ph: (979)-485-8999
Date	Email: bstephen@ppabv.com

Enclosures: Assumptions & Limiting Conditions,

Appraiser Qualifications, Company Profile, Territory Map, References, Definitions

# STATE CERTIFICATIONS



# Certified General Real Estate Appraiser

Appraiser: Timothy Tavis Mayfield

License #: TX 1338382 G License Expires: 04/30/2023

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz Commissioner



# Certified General Real Estate Appraiser

Appraiser: Nathan Vernon License #: TX 1381214 G

License Expires: 08/31/2024

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz Commissioner

# **Appraiser Qualifications**

# Tim Mayfield, MAI

- Masters of Land Economics and Real Estate
- BS in Mechanical Engineering
- General Certified, MAI designation

Tim has over ten years of appraisal experience. He received a Bachelor's Degree in Mechanical Engineering in 2001 and a Master's Degree in Land Economics & Real Estate in 2005, both from Texas A&M University. He is a general certified real estate appraiser with the MAI designation from the Appraisal Institute.

# Nathan Vernon

- BSBA in Management
- General Certified

Nathan is a general certified real estate appraiser appraiser living in College Station, Texas. He has owned multiple companies including an irrigation company and a hydraulic repair company. He also has work experience in residential and commercial construction projects, along with insurance adjusting claims.

# PARAMOUNT PROPERTY ANALYSTS Real Estate Appraisers and Consultants

Paramount Property Analysts provides territorial coverage for commercial, and farm/ranch valuation services for entire State of Texas and is centrally located in College Station, with offices in *Houston, Dallas*, and *San Angelo*, Texas. Paramount Property Analysts was founded in 1992 to provide professional appraisal and real estate counseling services. Brian M. Stephen is the sole owner of the firm. Since 1984, Mr. Stephen has been engaged in evaluating various types of real estate, including commercial, industrial, special purpose properties, farm and ranches, and vacant land, throughout entire State of Texas. Clients included banks, mortgage lenders, insurance companies, government agencies, asset management companies, developers, and individuals. The staff of Paramount Property Analysts has developed the expertise to analyze all types of real property through intensive education provided by the Appraisal Institute. These services include appraisals, investment counseling, and feasibility and market studies for such purposes as: mortgage loan, estate planning, investment analysis, and condemnation purposes.

The firm of Paramount Property Analysts is dedicated to the highest standards of professionalism and subscribes to the Code of Ethics and Professional Practice of the Appraisal Institute. The company, through its principals and staff, will continue to provide the highest quality, reliable service for which it is recognized and meet the challenges of the ever-changing field of real estate in the endeavor.

# PRINCIPALS OF PARAMOUNT PROPERTY ANALYSTS

BRIAN M. STEPHEN, MAI is President of Paramount Property Analysts has been a practicing real estate appraiser and consultant since 1984. He holds a Bachelor of Business Administration degree from Sam Houston State University. His qualifications include MAI designation of the Appraisal Institute, licensed real estate broker in the State of Texas and licensed property tax consultant for Texas. Real estate and appraisal education includes real estate land and real estate finance at Sam Houston State University, Real Estate Principles, Basic Valuation Procedures, Standards of Professional Practice, Capitalization Theory and Techniques Parts A and B, Narrative Report writing, and Case Study courses with the Appraisal Institute. Mr. Stephen's background in real estate appraising includes commercial, industrial, residential, condemnation, special-use properties, feasibility studies, and real estate consultation. The Appraisal Institute conducts a program of continuing education for its designated members. MAIs and SRPAs who meet the minimum standards of this program are awarded periodic education certification. Mr. Stephen is currently certified under this program. Mr. Stephen is currently a State certified General Real Estate Appraiser, Certificate No. TX-1320550-G for Texas. He has been designated an expert witness in Leon and McLennan counties for a Bankruptcy and Condemnation case, respectfully.

# BRIAN M. STEPHEN, MAI

brian@ppabv.com (979) 485-8999

### SUMMARY

Experienced Real Estate Appraiser with an extensive background in appraisal reviews, production, supervision and consulting in many diverse markets.

### **EXPERIENCE**

Paramount Analysts, LLC - College Station, TX
Owner 1992 to present

# National Realty Consultants - Houston, TX

Senior Real Estate Appraiser - Reviewer - Consultant 1984 to 1992

- Direct and manage real estate appraisal services and consultations for clients involving commercial, industrial, mixed-use, agricultural, student housing, specialuse and undeveloped properties throughout the United States.
- Directly responsible for executing appraisals for office, retail, industrial, hotel and multi-family/student housing properties for large portfolios of insurance companies, pension funds and large banks with values up to \$300 million.
- Develop and plan project requirements for property appraisals; develop new clientele for providing services.
- Perform initial client interviews and site analyses; define project scope.
- Execute appraisals based on market value in fee simple, leased fee or leasehold interest; conduct feasibility studies and associated financial/economic analyses.
- Prepare and submit reports to clients with interpretive review.
- Perform appraisal reviews (daily) of clients' outside appraisal reports as well as inhouse appraisals to assure accuracy and completeness.

# **EDUCATION**

### Sam Houston State University - Huntsville, TX

B.B.A. - Finance 1984

The Appraisal Institute

MAI Designation- Member of Appraisal Institute

Real Estate and Appraisal Courses

Real Estate Principles, Basic Valuation Procedures, Standards of Professional Practice, Capitalization Theory and Techniques Parts A and B, Narrative Report Writing Case Studies

Expert witness in Leon County Texas on high pressure gas pipeline Condemnation case. Expert witness in Bankruptcy case on appraisal of heavy industrial manufacturing facility located near Waco, Texas.

# <u>Texas Real Estate Commission</u> <u>State Certified Real Estate Appraiser</u>

Texas Real Estate Brokers License #377481

Texas: Certificate #TX-1320550-G

Licensed Property Tax Consultant

Texas: Registration # 3668

# **SPECIALIZATION**

Mr. Stephen specializes in the appraisal of real estate for the following property types:

Type of Property	Property Specifics
Special Purpose	Golf Courses, Texas World Speedway, Angleton Race Track, Ice Skating Rinks, Airport ground lease evaluation/consultation; Ground Water rights, 60 plus Bank Buildings including First City, former Southwest Savings branches, multi-tenant Bank owned building; other special purpose properties including 1.0 million square foot former Cotton Warehouse, 300K square foot Candle Making Plant, Timeshare units, Auto dealerships, vacant Hospital, Resort Facility, Bowling alleys, Mobile home parks, Daycare facilities, Churches, Gymnasiums Schools/Educational Facilities and Car Washes.
Farm and Ranch/Agricultural	Large income producing ranches up to 30,000 acres all over Texas.
Hotel/Motel	Lodging facilities ranging from Mom and Pop operated motel to chain operated motel to high rise luxury full service flagged hotels.
Student Housing	Various student housing apartment communities in College Campus cities.
Multi-Family	Garden type apartment projects ranging from 20 units to 600+ units with estimated values ranging from \$300,000 to \$10 million plus.
Retail	Ranging from small strip centers to large community centers of 200,000 square feet and up; estimated values ranging from \$500,000 to \$15 million plus.
Convenience Stores	From Mini Marts to Convenience Stores with 3 or more inline retail spaces.
Restaurants	Have appraised numerous fast food and sit down restaurants including Pizza Huts, Dairy Queens, Whataburger's, Shoney's, etc. including those with long term absolute net leases.
Office	Single tenant office buildings and multi-tenant high rise downtown; values ranging from \$350,000 to \$30 million plus.
Light and heavy industrial; Research and Development Flex (R&D)	Single tenant light industrial metallic structure to multi-tenant service distribution of 150,000 square feet plus; and heavy manufacturing facilities values from \$300,000 to \$5 million plus and R & D Flex properties.
Land	Environmentally contaminated sites, ± 700 acres on South Padre Island, commercial & residential subdivision land.

# Timothy T Mayfield, MAI

Permanent: (512) 940-3115 ~ Tim@ppabv.com MAI Designation – Member of the Appraisal Institute

# State Certified General Real Estate Appraiser—TX-1338382

**EDUCATION** 

Texas A&M University, College Station, Texas Texas A&M University, College Station, Texas Masters of Land Economics and Real Estate of Science Bachelor

Graduation: May 2005 Engineering Graduation: May 2001

### SIGNIFICANT COURSEWORK

Real Estate Development Real Estate Appraisal Real Estate Investment Income Property Analysis Commercial Real Estate Law Land Economics Market Analysis for Development Real Estate Development Analysis Real Property Valuation Analysis of Real Estate Investments **Managing Construction Operations** Real Property Finance Hotel/Motel Valuation Appraising Convenience Stores

General Appraiser Market Analysis and Highest & Best Use General Appraiser Site Valuation & Cost Approach General Appraiser Sales Comparison Approach

### **SKILLS**

Argus, Microsoft Word, Windows Operating System, Microsoft Excel, Microsoft PowerPoint, IBI-Focus programming language, Patran Command Language

# WORK EXPERIENCE

# Paramount Property Analysts, College Station, Texas

7/03-Present

Mechanical

Senior Commercial Real Estate Appraiser: Perform appraisals of various types of commercial real estate, including retail, office, apartment/student housing, hotel/motel, subdivision development, industrial, and farm & ranch properties. Value fee simple and leasehold interests for the purposes of financing, disposition and acquisition. Responsibilities involve all aspects of the appraisal process including market research and demographic analysis, comparable verification and data collection, subject property inspection, financial analysis and report writing.

# El Paso Energy Corp, Houston, Texas

5/01-7/03

Asset Management Analyst: Took the lead role in the development and implementation of the new gas trading system. It is an intranet based system that tracks trades made throughout the day. Performed open season operations which include preparing and posting the initial offering of pipeline capacity, evaluating all bids according to net present value, and preparing posting the winning bids. Gathered any data needed by the traders and generated reports using the IBI-Focus programming language.

### Universal Computer Systems, College Station, Texas

10/00-5/01

Quality Control: Checked that computers were operating property before being sent out to the customer. Evaluated the manufacturing process of products to ensure quality and efficiency. Tested computer software to make sure there were no system errors and the program ran as designed for the customer.

# PARAMOUNT PROPERTY ANALYSTS

# **REFERENCES**

Eddie Zimmerman Senior Real Estate Analysts Texas A&M University (979) 458-6350 ezimmerman@tamus.edu

Jeff Shillings, MAI Appraisal Review Department Haginas Chapman & Shillings Houston, TX (281) 550-9200 jeff.shillings@haginas.com

> Brian Frilot Wells Fargo RETECH San Antonio, TX (210) 856-7088 frilot@wellsfargo.com

Sara Oates Texas Appraisal Management & Review (512) 402-0029 sara@totalamr.com

Cameron Comire
Credit Analysts
The Bank & Trust of Bryan/College Station
979-260-2100
ccomire@banktbt.com

Steve Bledsoe Senior Vice President Guaranty Bank and Trust-Bryan/College Station, TX (979) 485-2913 sbledsoe@gnty.com

Jo Ann Parks
Senior Lending Assistant
Independent Bank
512-272-9292
jparks@ibtx.com

Steve Mobley Extraco Banks (979) 229-2363 smobley@extracobanks.com

Fred Bayliss Real Estate Attorney College Station, TX (979) 693-8361 jbayliss@baylisslaw.net

# PARAMOUNT PROPERTY ANALYSTS PARTIAL CLIENT LIST

Austin Bank Bank of America BB&T

Brazos County Bank

Citizens Bank

Citizens National Bank

City Bank of Texas

Commercial State Bank

Community Bank of Texas

Commerce National Bank

**Crockett National** 

**BBVA Compass Bank** 

Extraco Banks

Farmers State Bank

Fidelity Bank of Texas

First Community Credit Union

First National

First National Bank of Anderson

First National Bank of Bedias

First National Bank of Huntsville

First National Bank of Mertzon

First National Bank of Paducah

First Financial Bankshares, Inc.

First State Bank

Fort Davis State Bank

Guaranty Bank & Trust

Haginas & Shillings

Heritage Bank

Iberia Bank

Independent Bank

Lubbock National Bank

MidSouth Bank

Normangee State Bank

Oldham Goodwin Group, LLC

Payne, Malechek, Scherr, Campbell & Moore, PC

Pioneer Bank

Prosperity Bank

Regions Bank

Sage Capital

State National Bank

Stockmans Bank

# PARTIAL CLIENT LIST CONTINUED

Synovus
Texas A&M Systems Real Estate Office
Texas First Bank
Texas Regional Bank
The Bank & Trust of Bryan/College Station
The Bank & Trust of San Angelo
Total Appraisal Management and Review
TransPecos Bank
Vantage Bank
Vera Bank
Wells Fargo RETECH