



Broker Opinion of Value

Prepared for:

Mr. Charles Ching

Successor Agency to the San Pablo Redevelopment Agency

April 19, 2018

Prepared by:

Eric Dakin – CA License No. 01816124

Managing Broker

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Dakin & Dakin Commercial Real Estate Services

619 Buck Avenue, Suite B

Vacaville, CA 95688

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



April 19, 2018

Mr. Charles Ching
Assistant to the City Manager
Successor Agency to the San Pablo Redevelopment Agency
13831 San Pablo Avenue, Building 1
San Pablo, CA 94806

Sent via Email

charlesc@sanpabloca.gov

**RE: Broker Opinion of Value
14501, 14535, and 14555 San Pablo Avenue
San Pablo, CA 94806
APN: 413-352-017, 013, & 012**

Dear Mr. Ching:

The following report is a Broker Opinion of Value of 14501, 14535, and 14555 San Pablo Avenue located in San Pablo, CA, having the APN's: 413-352-017, 413-352-013, and 413-352-012 respectively. 14501 San Pablo Avenue is further described as one multi-tenant retail building and one single-tenant retail building totaling approximately $\pm 6,624$ square feet situated on approximately ± 0.53 acres, 14535 San Pablo Avenue is further described as ± 0.21 acres of vacant land, and 14555 San Pablo Avenue is further described as ± 0.10 acres of vacant land (the "Subject Property"). All parcels comprising the Subject Property are contiguous in location. 14501 San Pablo Avenue, as a portion of the Subject Property, was included in a previous Broker Opinion of Value, dated March 4, 2017 (the "Original Broker Opinion of Value"). For the purpose of this Broker Opinion of Value separate values are provided for each parcel that collectively define the Subject Property. This Broker Opinion of Value is in abbreviated format and the intended recipient must have a copy of the Original Broker Opinion of Value in order to fully understand the analysis and conclusions detailed in this report.

For the purpose of this report, the market comparison approach for sales will be used. The value opinion offered is in terms of cash or cash equivalence.

Please review the enclosed information and contact me with any questions.

Best regards,

DAKIN & DAKIN COMMERCIAL REAL ESTATE SERVICES

A handwritten signature in black ink, appearing to read "ED", with a stylized flourish at the end.

Eric Dakin
Managing Broker
CA License No. 01816124

Enclosures

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



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SECTION I

SUBJECT PROPERTY DESCRIPTION

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



14501 San Pablo Avenue



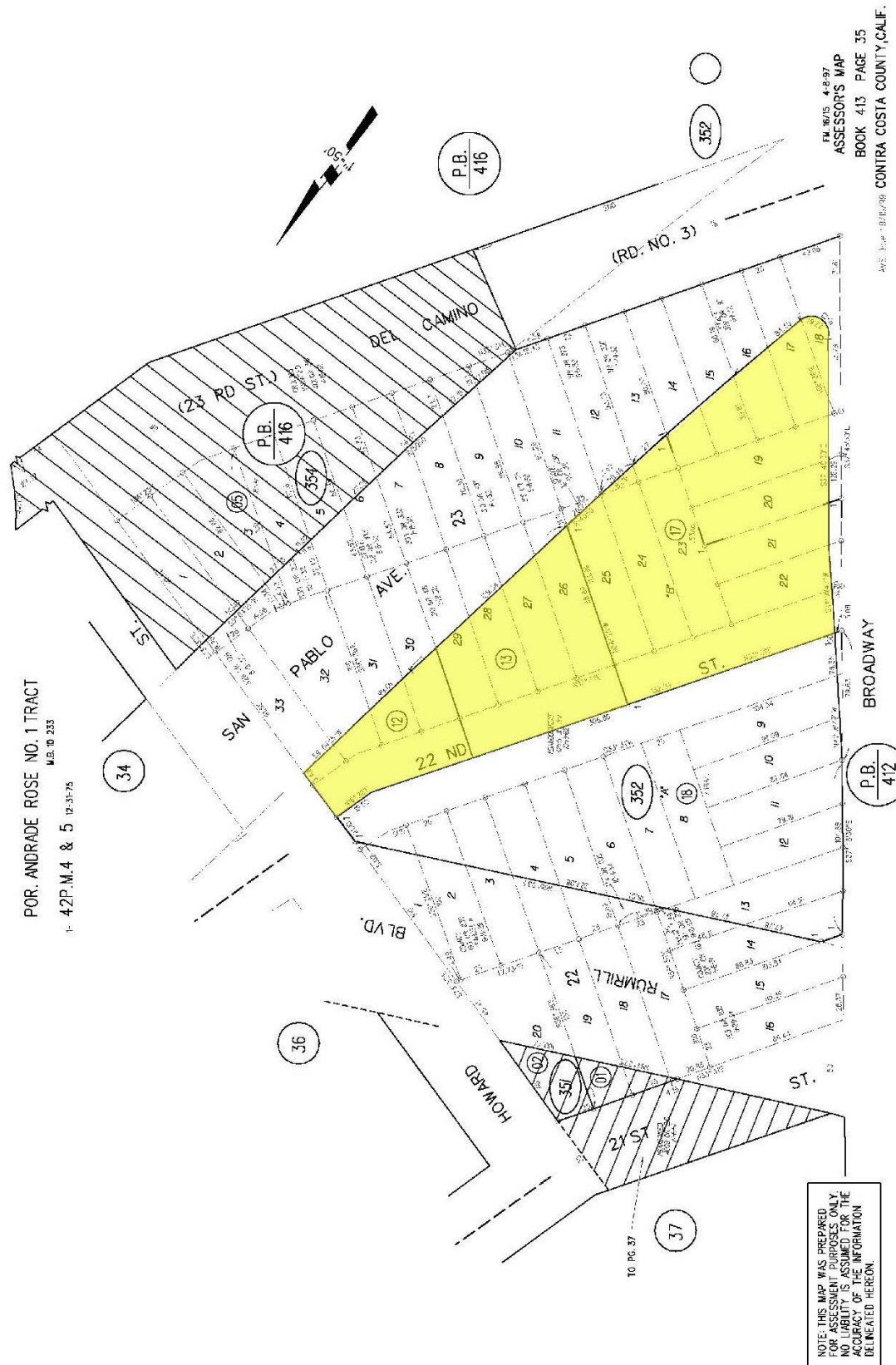
14535 & 14555 San Pablo Avenue

SUBJECT PROPERTY SUMMARY	➤ Address:	14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA
	➤ Parcel Size:	14501 San Pablo Avenue - ±0.53 Acres (±23,087 SF) 14535 San Pablo Avenue - ±0.21 Acres (±9,200 SF) 14555 San Pablo Avenue - ±0.10 Acres (±4,500 SF)
	➤ Building Size:	14501 San Pablo Avenue - ±6,624 SF (2-Buildings) 14535 San Pablo Avenue – N/A 14555 San Pablo Avenue – N/A
	➤ FAR:	14501 San Pablo Avenue - ±28.7% 14535 San Pablo Avenue – N/A 14555 San Pablo Avenue – N/A
	➤ Occupancy:	14501 San Pablo Avenue - ±80.5% (Two-Buildings - (1) Multi-Tenant & (1) Single Tenant); 14535 & 14555 San Pablo Avenue – N/A
	➤ Primary Use:	Retail
	➤ Zoning:	San Pablo Avenue Specific Plan (SP2) (per City of San Pablo)
	➤ APN:	14501 San Pablo Avenue - 413-352-017 14535 San Pablo Avenue - 413-352-013 14555 San Pablo Avenue - 413-352-012

SUBJECT PROPERTY OVERVIEW

LOCATION & APN:	14501 San Pablo Avenue (APN: 413-352-017) 14535 San Pablo Avenue (APN: 413-352-013) 14555 San Pablo Avenue (APN: 413-352-012)																		
OWNER:	City of San Pablo Redevelopment Agency																		
PARCEL SIZE:	14501 San Pablo Avenue: ±0.53 acres (±23,087 SF) 14535 San Pablo Avenue: ±0.21 acres (±9,200 SF) 14555 San Pablo Avenue: ±0.10 acres (±4,500 SF)																		
BUILDING SIZE:	14501 San Pablo Avenue: ±6,624 SF 14535 San Pablo Avenue: NO STRUCTURE 14555 San Pablo Avenue: NO STRUCTURE																		
14501 SAN PABLO AVENUE TENANT ROSTER:	<table><tr><th><u>TENANT</u></th><th><u>SIZE (SF)</u></th><th><u>RENT / Month, Gross</u></th></tr><tr><td>7-11</td><td>±2,391</td><td>\$6,154.78</td></tr><tr><td>Pizza Hut</td><td>±1,400</td><td>\$5,463.65</td></tr><tr><td>Modern Nails</td><td>±600</td><td>\$780.00</td></tr><tr><td>Karate Studio</td><td>±940</td><td>\$800.00</td></tr><tr><td>Vacant</td><td>±1,290</td><td>N/A</td></tr></table>	<u>TENANT</u>	<u>SIZE (SF)</u>	<u>RENT / Month, Gross</u>	7-11	±2,391	\$6,154.78	Pizza Hut	±1,400	\$5,463.65	Modern Nails	±600	\$780.00	Karate Studio	±940	\$800.00	Vacant	±1,290	N/A
<u>TENANT</u>	<u>SIZE (SF)</u>	<u>RENT / Month, Gross</u>																	
7-11	±2,391	\$6,154.78																	
Pizza Hut	±1,400	\$5,463.65																	
Modern Nails	±600	\$780.00																	
Karate Studio	±940	\$800.00																	
Vacant	±1,290	N/A																	
OPERATING EXPENSES (ANNUAL):	±\$23,823.99																		
ESTIMATED NOI:	\$134,557.17 (Q1-2018)																		
PARKING:	±4/1,000 SF (±28 stalls)																		
OCCUPANCY:	±80.5%																		
TENANCY:	Multiple																		
STORIES:	Single																		
YEAR BUILT:	1983																		
ACCESS:	San Pablo Avenue, Broadway Avenue, & Rumrill Blvd.																		
ZONING:	San Pablo Avenue Specific Plan (SP2)																		
COMMENTS:	Property consists of two buildings (1-Multi-Tenant Tenant). Property is located at the signalized intersection of San Pablo Avenue and Broadway Avenue with right-in and right-out access only. Building and monument signage are available. Tenant roster lease terms consist of (2) leases being month-to-month, (1) lease expiring in 2019, and (1) lease expiring in 2021.																		

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



SECTION II

SALE

COMPARABLES



MARTINEZ, CALIFORNIA SALE COMPARABLE

Address:	724-736 Main Street
Purchaser:	Yu Chak & Helen J 2008 Trust
Seller:	Dinh Linh D
Site Size:	±0.23 acres (±10,019 SF)
Building Size:	±7,985 SF
FAR:	±79.7%
Occupancy:	±100%
Tenancy:	Multiple
Sale Amount:	\$1,488,000.00
Price per Square Foot:	\$186.35
Financing:	\$967,000 – 1 st Deed of Trust with GBC International Bank
Special Assessments:	None
Close of Escrow:	September 22, 2017
Access:	Main Street and Ferry Street
Parking:	±0.63/1,000 SF (5 surface spaces)
Zoning:	Central Commercial (CC) subject to the Central Martinez Specific Plan – City of Martinez
APN:	373-193-009-9
Cap Rate:	±7.5%
NOI:	±\$111,600 (Actual)
Comments:	The property is situated at the lit intersection of Main Street and Ferry Street. The property is subject to the Central Martinez Specific Plan and is in the Downtown Historic Overlay District. The property was fully leased at time of sale and only on the market for 3 months. The property is well maintained, underwent an exterior renovation (including the addition of a parklet) and has a diverse mix of tenants, including Subway.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



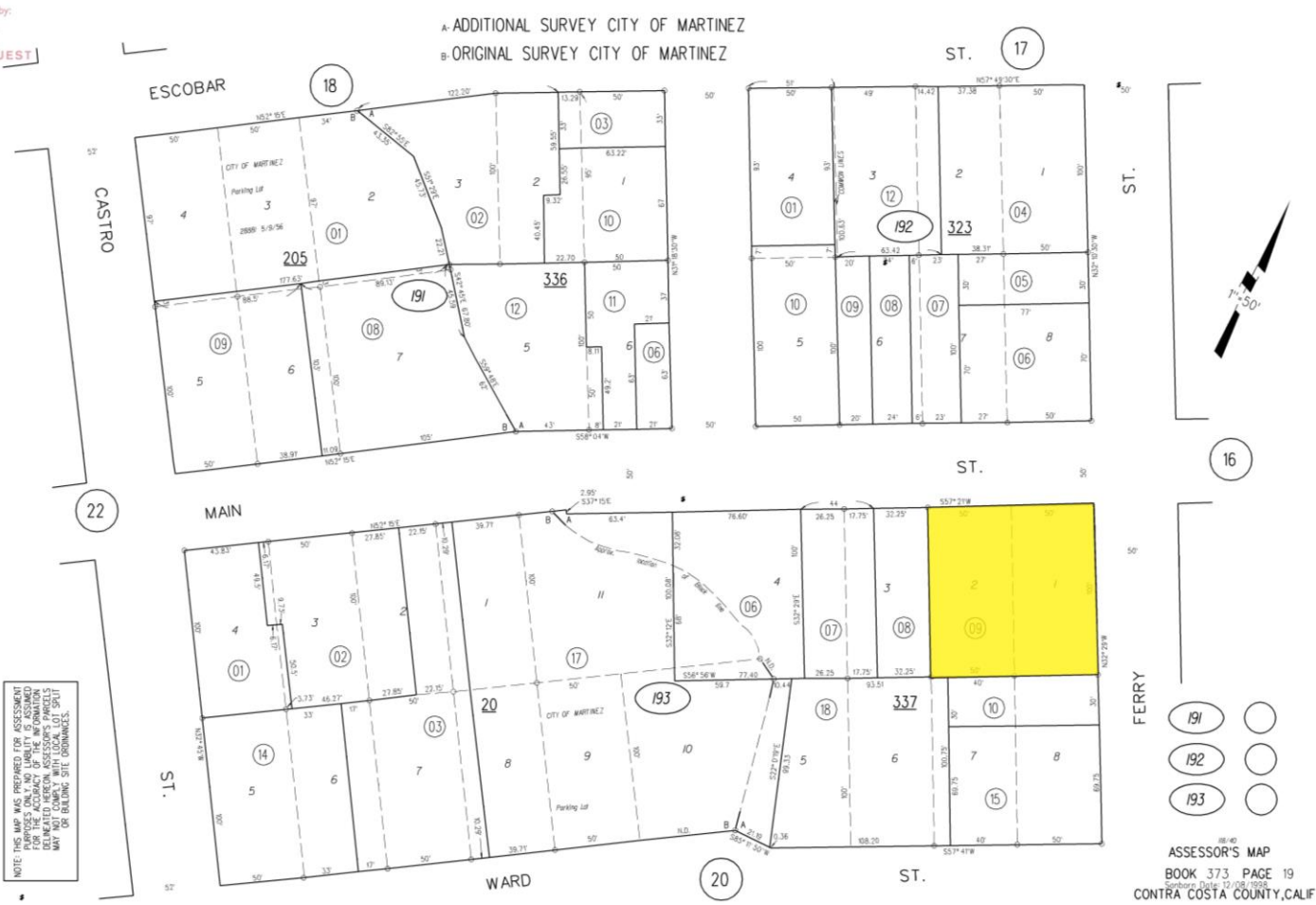
BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]

Provided by:
PARCELQUEST



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



VALLEJO, CALIFORNIA SALE COMPARABLE

Address:	300 Sonoma Boulevard
Purchaser:	Naran Investments LLC
Seller:	Nick Mehmeti
Site Size:	±0.37 acres (±16,117 SF)
Building Size:	±4,964 SF
FAR:	±30.8%
Occupancy:	±0%
Tenancy:	Multiple
Sale Amount:	\$851,000.00
Price per Square Foot:	\$171.43
Financing:	\$433,750 – 1 st Deed of Trust
Special Assessments:	None
Close of Escrow:	March 2, 2018
Access:	Sonoma Boulevard and Magazine Street
Parking:	±3.22/1,000 SF (16 stalls)
Zoning:	Planned Development Commercial (PDC) – City of Vallejo
APN:	0061-211-060
Cap Rate:	N/A
NOI:	None reported at time of sale.
Comments:	The property has ±120 feet of frontage along Magazine Street and ±158 feet of frontage along Sonoma Boulevard. The property suffers from deferred maintenance, a lack of stable tenant history, and severely blighted properties in the immediate surrounding area.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



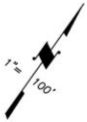
[PARCEL MAP]

POR. SEC. 19 & 30, T.3N., R.3W., M.D.B.& M.

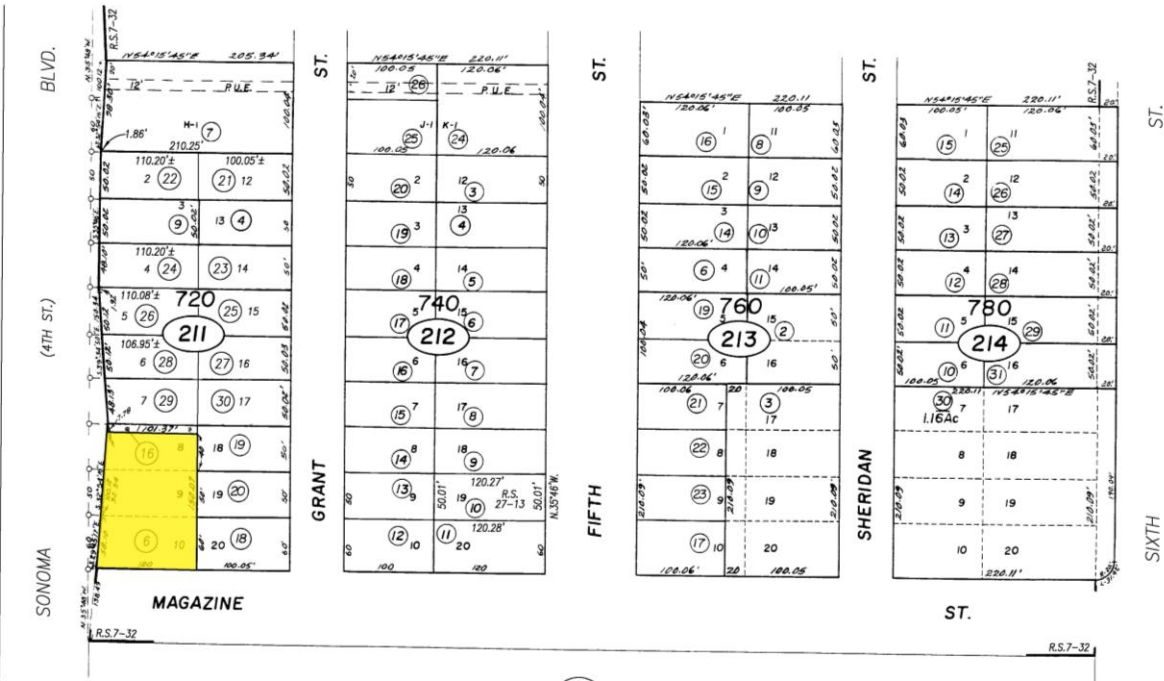
Tax Area Code
7000

61-21

17



16



Bk. 62

Vallejo, City of , R.M. Bk. 01 Pg. 122 & 123
Assessor's Block Numbers Shown in Ellipses, Assessor's Parcel Numbers Shown in Circles

Map Correction	1-03-07	DV
212-10 (RS)	1-05-06	DV
211-29 & 30 (CW)	7-06-06	JS
REVISION	DATE	BY

NOTE: This map is for assessment purposes only. It is not intended to define legal boundary rights or imply compliance with land division laws.

CITY OF VALLEJO
Assessor's Map Bk. 61 Pg. 21
County of Solano, Calif.

08 09

BRENTWOOD, CALIFORNIA SALE COMPARABLE

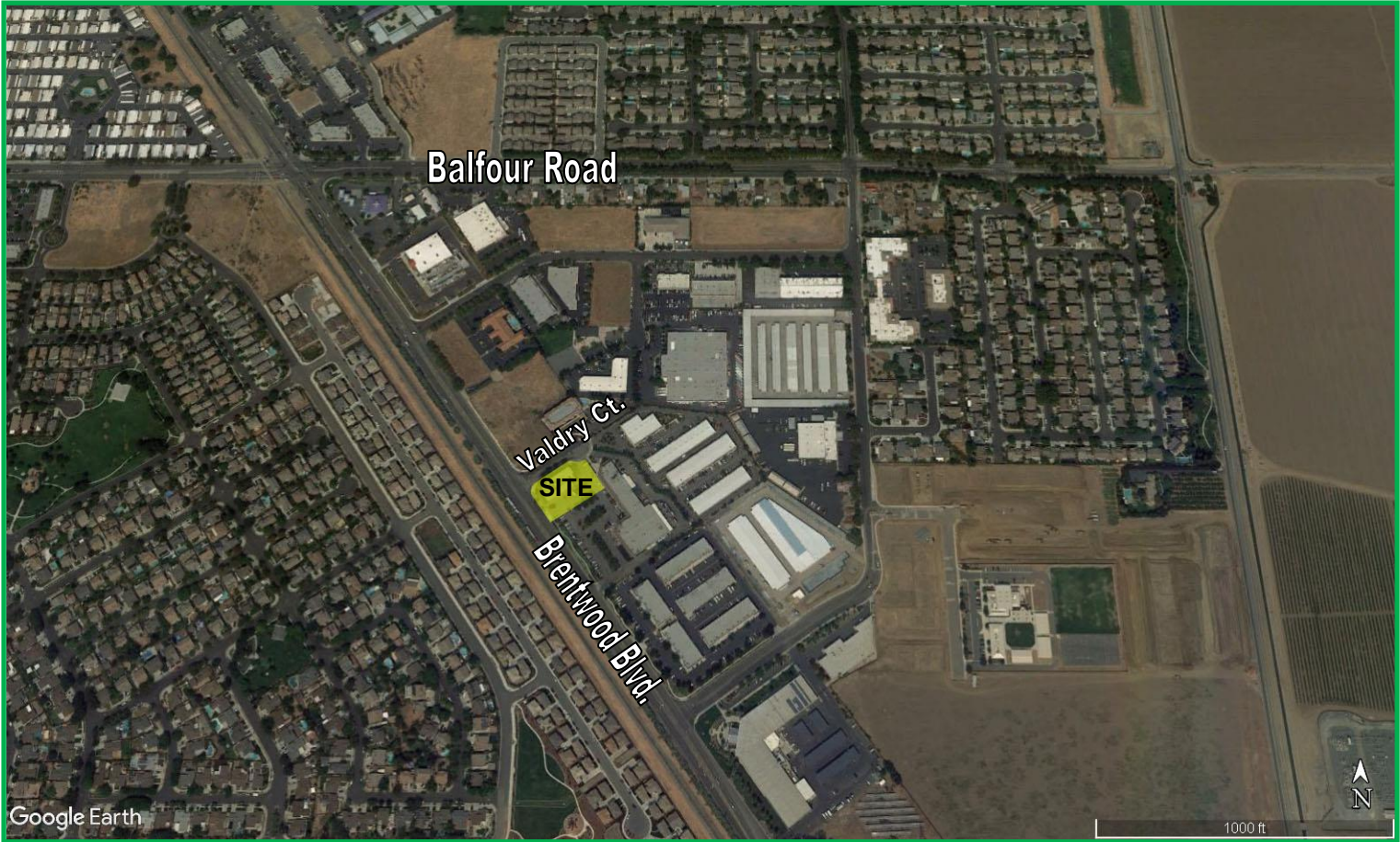
Address:	8890 Brentwood Boulevard
Purchaser:	Saint Vincent De Paul Society
Seller:	Leonard & Erlinda McCurley
Site Size:	±0.59 acres (±25,526 SF)
Building Size:	±8,583 SF
FAR:	±34%
Occupancy:	±100%
Tenancy:	Single
Sale Amount:	\$1,900,000.00
Price per Square Foot:	\$221.37
Financing:	\$950,000 – 1 st Deed of Trust from Seller
Special Assessments:	None
Close of Escrow:	January 3, 2018
Access:	Brentwood Boulevard and Valdry Court
Parking:	±4.66/1,000 SF (40 stalls)
Zoning:	Planned Development 12 Subarea C (PD-12) – City of Brentwood
APN:	010-160-026
Cap Rate:	N/A
NOI:	N/A - Owner Operator
Comments:	Buyer intends to occupy the property and operator a thrift store. Seller financed \$950,000 secured by a 1 st Deed of Trust against the property. Property is located at the corner of the non-lit intersection of Brentwood Boulevard and Valdry Court with access off of both thoroughfares. Previous use was a flooring supply store. Building has signage directed at the intersection. The property is well maintained and situated on an outparcel in front of the Country Plaza shopping center.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]

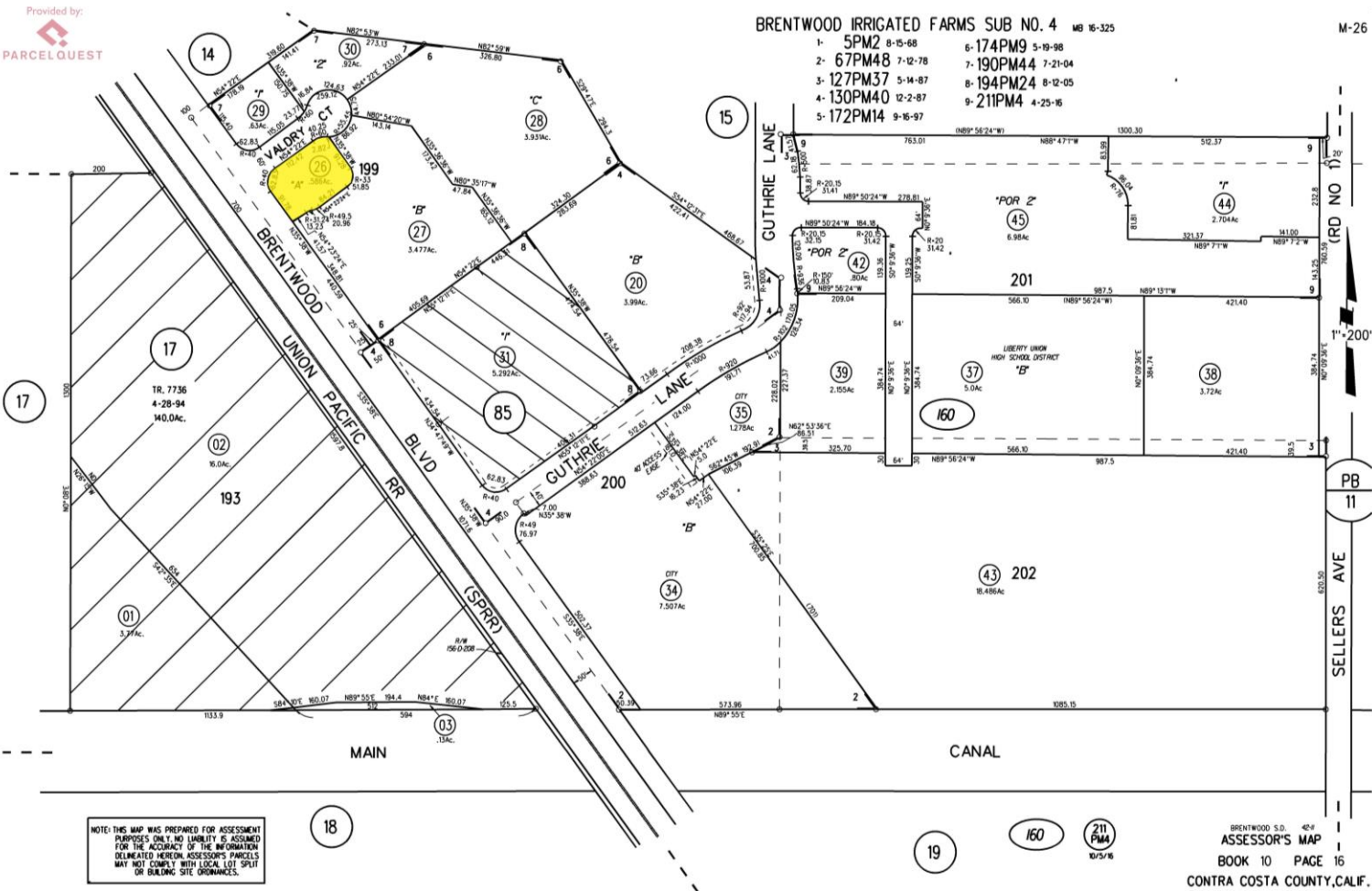


BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



EL CERRITO, CALIFORNIA SALE COMPARABLE

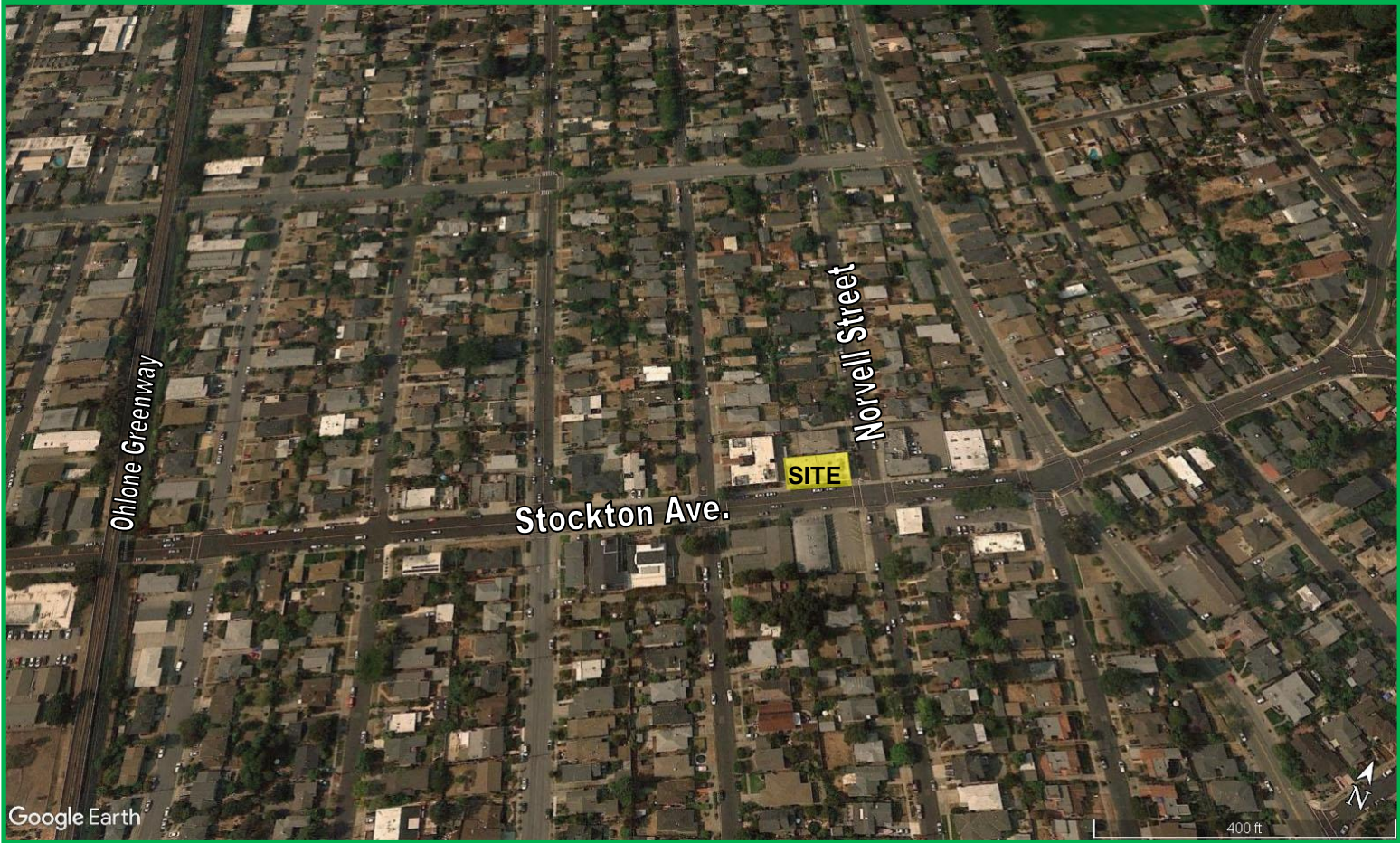
Address:	6921-6931 Stockton Avenue
Purchaser:	Zacari Investments LLC
Seller:	Susannah S Lujan-Bear
Site Size:	±0.12 acres (±5,227 SF)
Building Size:	±4,840 SF
FAR:	±93%
Occupancy:	±100%
Tenancy:	Multiple
Sale Amount:	\$1,295,000.00
Price per Square Foot:	\$267.56
Financing:	None – All Cash
Special Assessments:	None
Close of Escrow:	September 6, 2017
Access:	Stockton Avenue and Norvell Street
Parking:	Street Parking
Zoning:	Neighborhood Commercial (NC) – City of El Cerrito
APN:	503-255-014-6
Cap Rate:	±5.6%
NOI:	±\$72,520
Comments:	The property is situated at the corner of Stockton Avenue and Norvell Street. The property is very well maintained and was 100% leased to five (5) tenants at the time of sale, which have long term leases and the property has enjoyed 0% vacancy for over 10 years. The property is in close proximity to public transportation and surrounding residential and benefits from strong demographics in the immediate surrounding area.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]

Provided by:
PARCELQUEST

BLOCKS 7 to 10 & 15,16 BOULEVARD GARDENS TRACT No.1
M.B. 1-P.11



ASSESSOR'S MAP
BOOK 503 PAGE 25
CONTRA COSTA COUNTY, CALIF.



PINOLE, CALIFORNIA
SALE COMPARABLE

ADDRESS:	1599 San Pablo Avenue
PURCHASER:	1599 San Pablo Avenue, LLC
SELLER:	Antounian Missirian Family Trust
SITE SIZE:	±0.58 acres (±25,443 SF)
SALE AMOUNT:	\$300,000.00
PRICE PER SQUARE FOOT:	\$11.79
FINANCING:	None
SPECIAL ASSESSMENTS:	None
CLOSE OF ESCROW:	April 28, 2017
ACCESS:	San Pablo Avenue and Appian Way
UTILITIES:	In Street
ZONING:	Residential Mixed Use (RMU) – City of Pinole
APN:	402-040-029-9, 402-040-044-8, & 402-040-045-5
TOPOGRAPHY:	Sloping
FILL:	None known. Requires grading.
COMMENTS:	The property consists of three (3) contiguous parcels situated at the lit intersection of San Pablo Avenue and Appian Way. Zoning allows for 20.1 to 35 dwelling units per acre and requires a minimum 51% residential use pursuant to the San Pablo Avenue Specific Plan. The property was not improved and did not have any entitlements at the time of sale. Asking price was \$300,000.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]





**RICHMOND, CALIFORNIA
SALE COMPARABLE**

ADDRESS:	Moran Avenue near 34 th Street
PURCHASER:	Robert and Jeanette Jackson
SELLER:	WCC Healthcare District
SITE SIZE:	±0.65 acres (±28,334 SF)
SALE AMOUNT:	\$301,000.00
PRICE PER SQUARE FOOT:	\$10.62
FINANCING:	None – All Cash
SPECIAL ASSESSMENTS:	None
CLOSE OF ESCROW:	June 1, 2016
ACCESS:	Moran Avenue and 34 th Street
UTILITIES:	To site
ZONING:	Industrial Water Related (IW) – City of Richmond
APN:	526-170-001-6
TOPOGRAPHY:	Flat
FILL:	None
COMMENTS:	The property is ±1.25 gross acres, however, as a result of required setbacks related to an adjacent creek, the usable acreage is reduced to ±0.65 acres. The property is very irregular in shape (generally triangular) and had a metal utility building situated on it at time of sale. According to the City of Richmond zoning for the property is Industrial, Water Related (IW) although the General Plan identifies it as Public, Cultural, and Institutional (PCI). The property is surrounded by residential development, a casino, and medical.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



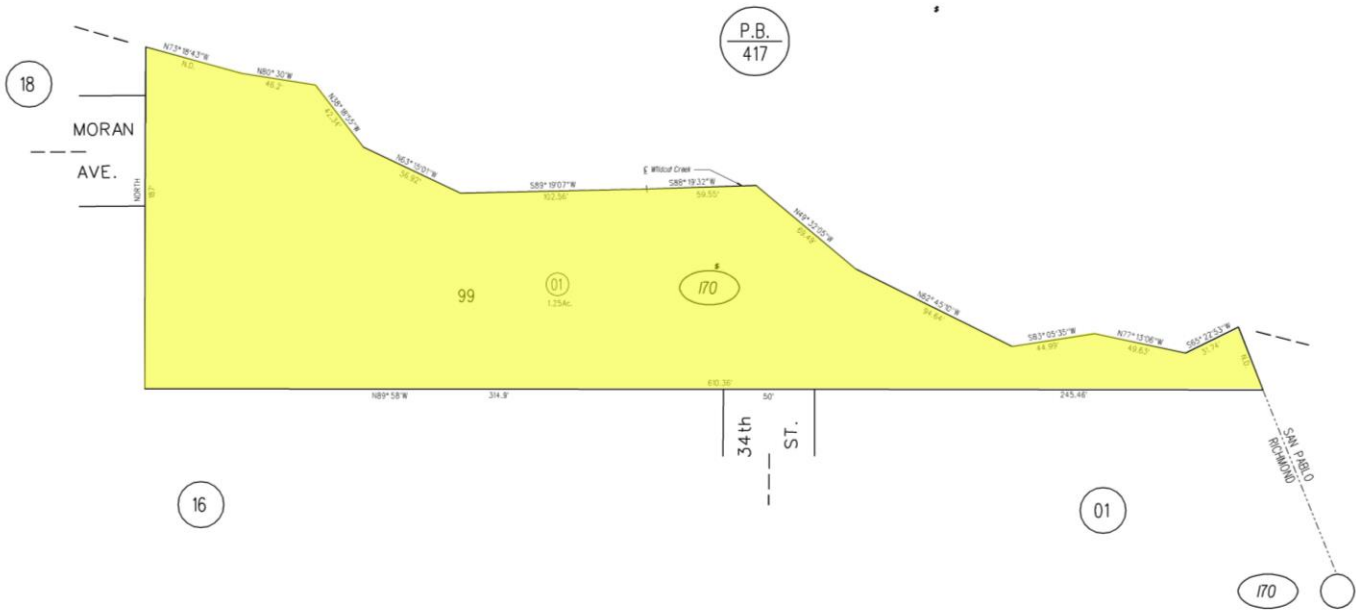
BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]

POR. LOT 99 SAN. PABLO RANCHO



FOR 150-40 & 02
ASSESSOR'S MAP
BOOK 526 PAGE 17
CONTRA COSTA COUNTY, CALIF.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



VALLEJO, CALIFORNIA SALE COMPARABLE

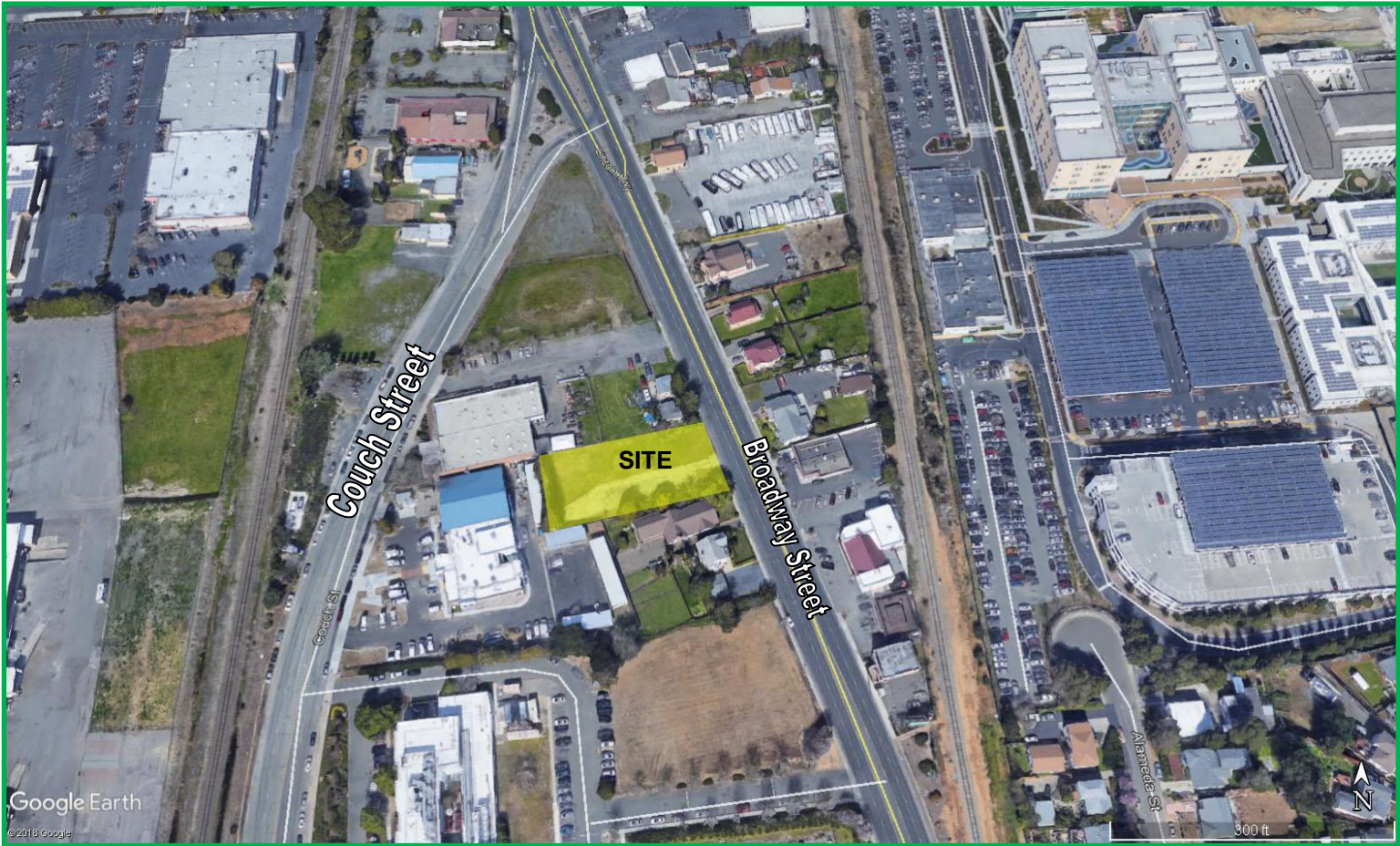
ADDRESS:	1645 Broadway Street
PURCHASER:	Mas Holdings LLC
SELLER:	Gy Holdings LLC
SITE SIZE:	±0.53 acres (±23,174 SF)
SALE AMOUNT:	\$275,000.00
PRICE PER SQUARE FOOT:	\$11.87
FINANCING:	None – All Cash
SPECIAL ASSESSMENTS:	Yes
CLOSE OF ESCROW:	October 11, 2017
ACCESS:	Broadway Street
UTILITIES:	To site
ZONING:	Linear Commercial (CL) – City of Vallejo
APN:	0053-023-180
TOPOGRAPHY:	Flat
FILL:	None known
COMMENTS:	The property is situated along the four (4) lane thoroughfare of Solano Way. The property is surrounded by residential development. The property is improved with curb, gutter, a partial sidewalk, and a curb cut for driveway access. The property was previously improved with a single structure. The property is in close proximity to a Kaiser hospital.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]

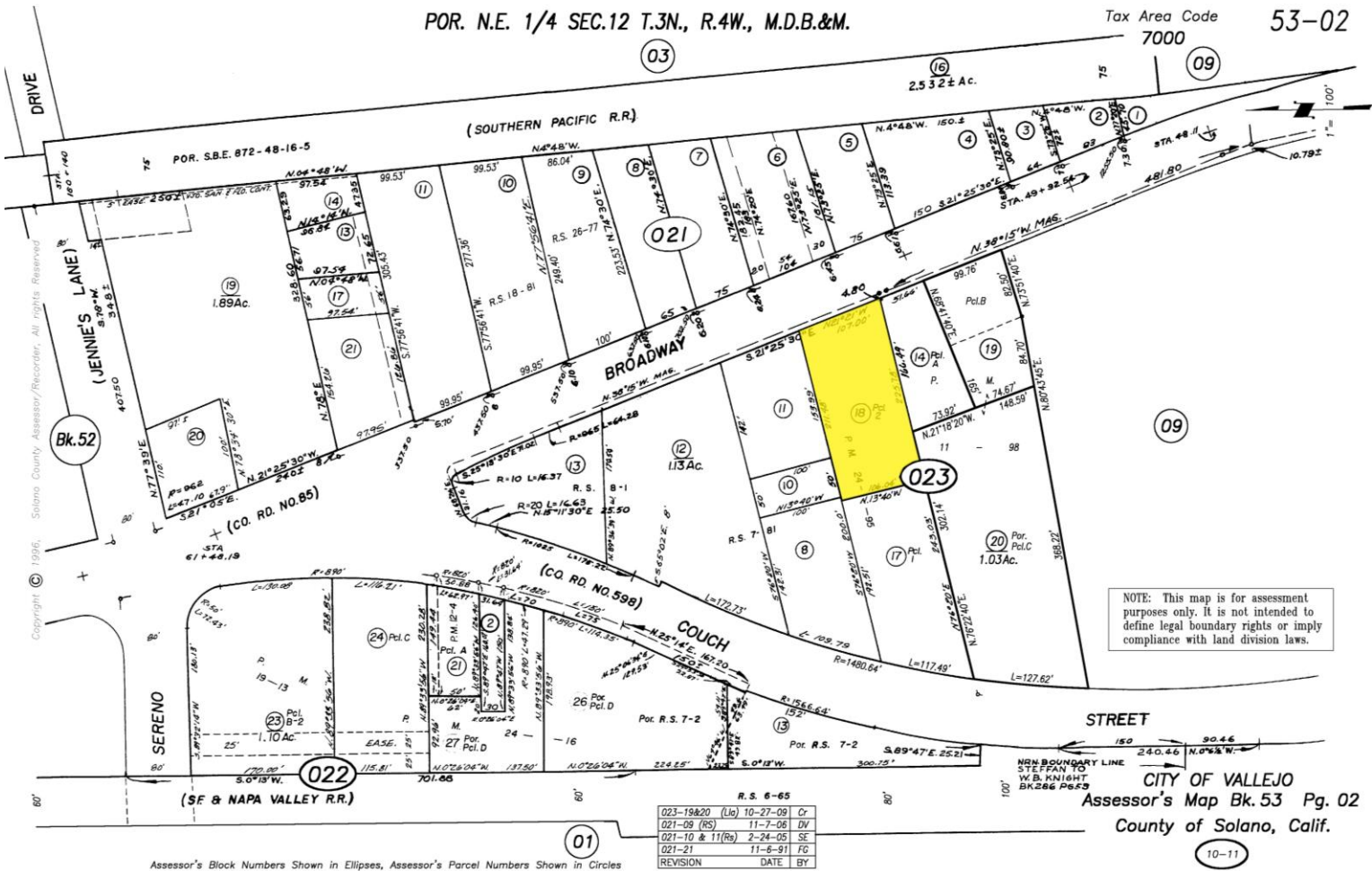


BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



CONCORD, CALIFORNIA SALE COMPARABLE

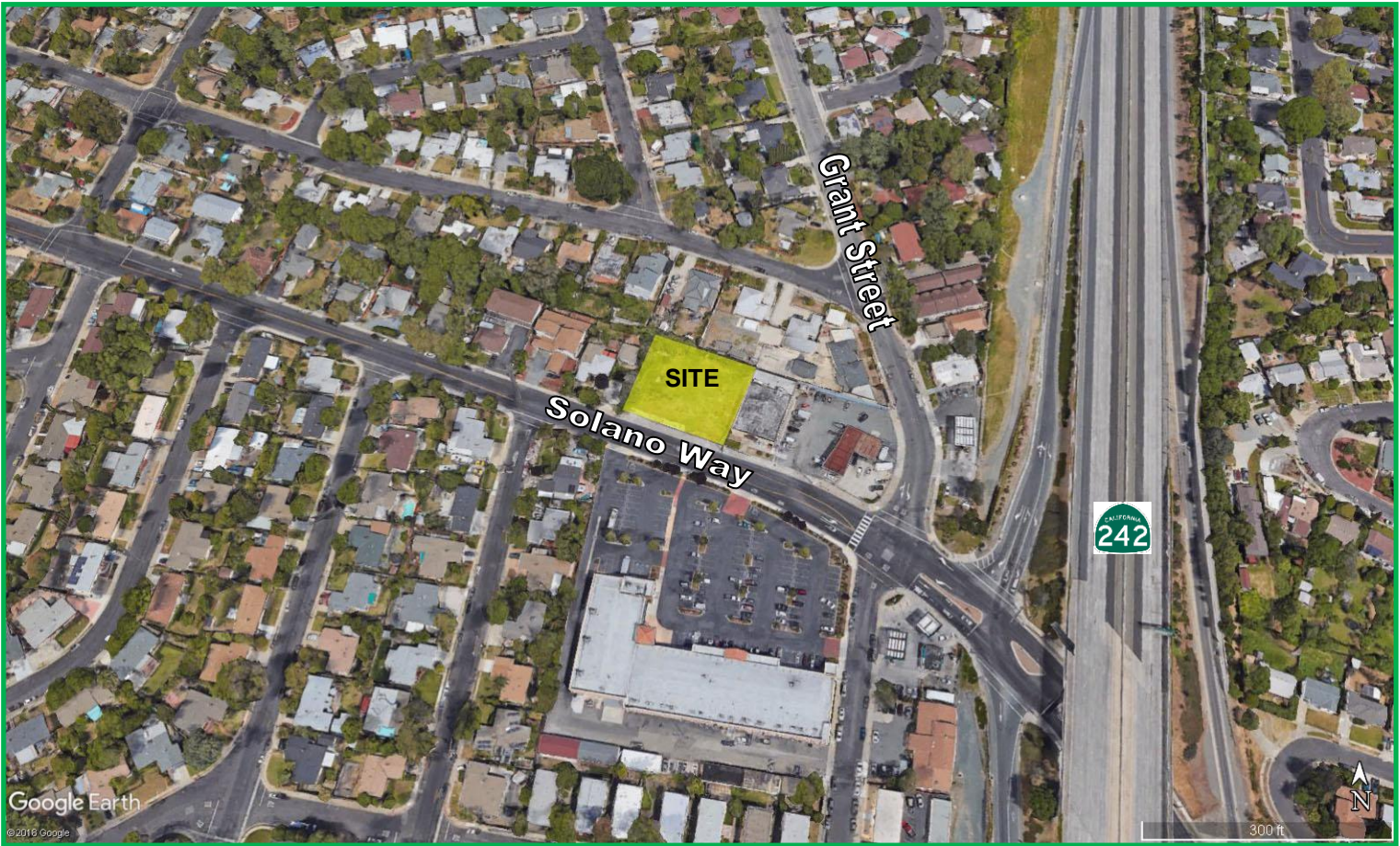
ADDRESS:	2185 Solano Way
PURCHASER:	Raymundo Ramirez
SELLER:	Solano Way LLC
SITE SIZE:	±0.43 acres (±18,748 SF)
SALE AMOUNT:	\$275,000.00
PRICE PER SQUARE FOOT:	\$14.67
FINANCING:	None – All Cash
SPECIAL ASSESSMENTS:	None
CLOSE OF ESCROW:	November 17, 2017
ACCESS:	Solano Way
UTILITIES:	To site
ZONING:	Neighborhood Commercial (NC) – City of Concord
APN:	110-235-018-6
TOPOGRAPHY:	Flat
FILL:	None
COMMENTS:	The property is improved with curb, gutter, and sidewalk. The property is located in close proximity to John Muir Hospital and is surrounded by compatible commercial and residential development. The property has an efficient rectangular shape with more frontage than depth and both right and left in and out access. The property is infill with all surrounding properties improved. Asking price was \$345,000.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[AERIAL]



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



[PARCEL MAP]

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PARCELQUEST





SECTION III

SUMMARY / ANALYSIS



BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



SUMMARY / ANALYSIS

14501 San Pablo Avenue

SALE COMPARABLES ANALYSIS

Comparable	Subject	1	2	3	4	
Property name	SUBJECT					
Property Address	14501 San Pablo Avenue	724-736 Main Street	300 Sonoma Boulevard	8890 Brentwood Boulevard	6921-6931 Stockton Ave.	
City, State	San Pablo, CA	Martinez, CA	Vallejo, CA	Brentwood, CA	El Cerrito, CA	
PROPERTY DATA						
Property Type	Retail	Retail	Retail	Retail	Retail	
Construction Class	C	C	C	C	C	
Construction Quality	Average	Average	Average	Average	Average	
Condition	Average	Good	Average	Good	Good	
Number of Stories	1	1	1	1	1	
Year Built/Renovated	1983	1905		2000	1953	
Size (Sq. Ft.)	±6,624	±7,985	±4,964	±8,583	±4,840	
SITE DATA						
Site Area Usable SF	±23,087	±10,019	±16,117	±25,526	±5,000	
Site Area Usable AC	±0.53	±0.23	±0.37	±0.59	±0.12	
Coverage (FAR)	28.7%	79.7%	30.8%	33.6%	96.8%	
FINANCIAL DATA						
Occupancy	81%	100%	0%	100%	100%	
NOI	\$134,557	\$111,600	\$0	N/A	\$72,520	
Cap Rate	NA	7.5%	0.0%	N/A	5.6%	
Sale Date	NA	Sep-17	Mar-18	Jan-18	Sep-17	
Sale Price	NA	\$1,488,000	\$851,000	\$1,900,000	\$1,295,000	
Sale Price PSF	NA	\$186.35	\$171.43	\$221.37	\$267.56	
Compare to Subject	NA	VI	VI	I	A	
Adjustment to Value	NA	30%	30%	10%	0%	
Value Indication PSF	NA	\$242.26	\$222.86	\$243.51	\$267.56	
ADJUSTMENTS TO VALUE						
Pricing Matrix	\$ Amount	\$ PSF		Highly Superior (HS)		-30%
High Value	\$1,772,317	\$267.56		Superior (SU)		-10%
Average Value	\$1,616,587	\$244.05		Average (A)		0%
Low Value	\$1,476,225	\$222.86		Inferior (I)		10%
Likely Market Value	\$1,755,360	\$265.00		Very Inferior (VI)		30%

COMPARABLE #1:

The first comparable consists of a ±7,985 square foot multi-tenant building, situated at the lit intersection of Main Street and Ferry Street in the heart of Downtown Martinez, CA. The property was fully leased at time of sale and only on the market for 3 months. The property is well maintained, underwent an exterior renovation (including the addition of a parklet) and has a diverse mix of tenants, though Subway is the only regionally recognized tenant in the building.

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



This property is determined to be very inferior to 14501 San Pablo Avenue because of its lack of dedicated parking, lack of monument signage, and comparatively weaker credit roster of tenants.

COMPARABLE #2:

The second comparable consists of a $\pm 4,964$ square foot multi-tenant retail strip center building in Vallejo, CA. The property is located at the corner of the lit intersection of Sonoma Boulevard and Magazine Street with access off of both thoroughfares. The property is surrounded by an older service station to the Southeast, older multi-family residential to the East, vacant land parcels to the North and North West, and a community center to the Southwest. Many properties in the surrounding area suffer from severe deferred maintenance contributing to blight. The property does have ± 120 feet of frontage along Magazine Street and ± 158 feet of frontage along Sonoma Boulevard, though signage is limited to the building and the property suffers from deferred maintenance and a lack of stable tenant history. This property is considered to be very inferior to 14501 San Pablo Avenue because of its severe deferred maintenance, lack of monument signage, historical high vacancy, and inferior market location.

COMPARABLE #3:

The third comparable consists of an $\pm 8,583$ square foot single-tenant building in Brentwood, CA. The property is located at the corner of the non-lit intersection of Brentwood Boulevard and Valdry Court on an outparcel in front of the Country Plaza, anchored by ACE Hardware. The property has curb cut access off of both Brentwood Boulevard and Valdry Court, though access off of Brentwood Boulevard is limited to right-in right-out only. The property has 40 surface parking stalls on site. The Buyer purchased the property intending to occupy it and operate a thrift store. The Seller provided financing of \$950,000, or 50% of the \$1,900,000 purchase price. This property is determined to be inferior to 14501 San Pablo Avenue because of its single tenancy layout, limited access, and lack of income generation, though the property is of newer construction, in better condition, and located in the shadow of a regionally recognized tenant anchored shopping center.

COMPARABLE #4:

The fourth comparable consists of a ±4,840 square foot multi-tenant retail building in El Cerrito, CA. The property is 100% leased to five (5) tenants that have occupied the property for over ten years each. The tenant mix is diverse, consisting of unique retail, coffee and tea bar, co-working office, spiritual center, and a day spa. The property is very well maintained, located in the Lower-Hills neighborhood, in close proximity to public transportation, and is walkable to surrounding residential neighborhoods. Store frontage is limited to Stockton Avenue though the building extends along Norvell Street which leads to a residential neighborhood. Parking is limited to the street. The \$1,295,000 sale price represents a 7.5% discount from the \$1,400,000 asking price, though the property was only on the market for 23 days prior to sale and the length of escrow was only 10 days. The property is determined to be average compared to 14501 San Pablo Avenue because of its superb condition, historical zero vacancy, desirable location, and positive local market demand.

[SUMMARY / ANALYSIS CONTINUED ON FOLLOWING PAGE]

BROKER OPINION OF VALUE

14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



14535 & 14555 San Pablo Avenue

SALE COMPARABLES ANALYSIS

Comparable	Subject	5	6	7	8	
Property name	SUBJECT					
Property Address	14535 & 14555 San Pablo Avenue	1599 San Pablo Avenue	Moran Avenue near 34th Street	1645 Broadway Street	2185 Solano Way	
City, State	San Pablo, CA	Pinole, CA	Richmond, CA	Vallejo, CA	Concord, CA	
PROPERTY DATA						
Property Type	Land	Land	Land	Land	Land	
Construction Class	N/A	N/A	N/A	N/A	N/A	
Construction Quality	N/A	N/A	N/A	N/A	N/A	
Condition	N/A	N/A	N/A	N/A	N/A	
Number of Stories	N/A	N/A	N/A	N/A	N/A	
Year Built/Renovated	N/A	N/A	N/A	N/A	N/A	
Size (Sq. Ft.)	0	0	0	0	0	
SITE DATA						
Site Area Usable SF	±13,700	±25,443	±28,334	±23,174	±18,748	
Site Area Usable AC	±0.31	±0.58	±0.65	±0.53	±0.43	
Coverage (FAR)	N/A	N/A	N/A	N/A	N/A	
FINANCIAL DATA						
Occupancy	N/A	N/A	N/A	N/A	N/A	
NOI	N/A	N/A	N/A	N/A	N/A	
Cap Rate	NA	N/A	N/A	N/A	N/A	
Sale Date	NA	Apr-17	Jun-16	Oct-17	Nov-17	
Sale Price	NA	\$300,000	\$301,000	\$275,000	\$275,000	
Sale Price PSF	NA	\$11.79	\$10.62	\$11.87	\$14.67	
Compare to Subject	NA	I	VI	I	A	
Adjustment to Value	NA	10%	30%	10%	0%	
Value Indication PSF	NA	\$12.97	\$13.81	\$13.06	\$14.67	
ADJUSTMENTS TO VALUE						
Pricing Matrix	\$ Amount	\$ PSF		Highly Superior (HS)		-30%
High Value	\$200,979	\$14.67		Superior (SU)		-10%
Average Value	\$186,731	\$13.63		Average (A)		0%
Low Value	\$177,689	\$12.97		Inferior (I)		10%
Likely Market Value	\$191,800	\$14.00		Very Inferior (VI)		30%

COMPARABLE #5:

The fifth comparable consists of three (3) separate and contiguous parcels of land totaling ±0.58 acre (25,443 square feet). The property is situated at the lit intersection of San Pablo Avenue and Appian Way in Pinole, CA. Zoning allows for mixed use development projects and requires a minimum 51% of building improvements be residential. At the time of sale there were no entitlements for any development project. This property is determined to be inferior to 14535 & 14555 San Pablo Avenue because of required extensive grading and access being limited to right-in right-out only.

COMPARABLE #6:

The sixth comparable consists of a ± 1.25 gross acre parcel, however, as a result of the required setback from the adjacent creek, the net usable area is ± 0.65 acres (28,334 square feet). The property is situated at the end of Moran Avenue in Richmond, CA. The property is accessed from Moran Avenue and 34th Street via separate gated entry points. The property is highly irregular in shape and is limited in use by restrictive zoning. This property is determined to be very inferior to 14535 & 14555 San Pablo Avenue because of its highly irregular shape, developability constraints, and restrictive zoning.

COMPARABLE #7:

The seventh comparable consists of a ± 0.53 acre (23,174 square feet) parcel of land along the four (4) lane thoroughfare of Broadway Street in Vallejo, CA. The property is surrounded primarily by residential development and was previously improved with a structure. The property does have certain improvements in place such as curb, gutter, curb cut, and partial sidewalk, though these improvements show signs of severe deterioration and deferred maintenance. The property does have right and left in and out access only from Solano Way and is in close proximity to a Kaiser Hospital. This property is determined to be inferior to 14535 & 14555 San Pablo Avenue because of its location in the less desirable Vallejo market and the uncomplementary surrounding uses.

COMPARABLE #8:

The eighth comparable consists of a ± 0.43 acre (18,748 square foot) parcel of land situated along Solano Avenue in Concord, CA. The property is improved with curb, gutter, and sidewalk, is located in close proximity to John Muir Hospital and surrounding commercial and residential development. The property is also in close proximity to Highway 242. The asking price was \$345,000. The property is determined to be average when compared to 14535 & 14555 San Pablo Avenue because of its efficient shape, ease of access, and zoning that accommodates flexible commercial development.

MARKET OVERVIEW:

Overall, the East Bay Retail Market continued to experience strong activity over the past twelve (12) months. Much of this can be credited to strong consumer confidence and positive economic fundamentals such as strong employment gains. However, the North I-80 Corridor of the Contra Costa County Retail Market yielded a higher vacancy rate than surrounding areas, 5.4% compared to 5% in Alameda County. When looking closer at the North I-80 Corridor, according to Cushman and Wakefield, the vacancy rate at the end of 2017 was 7.3%, the highest of the seven surrounding submarkets, and the submarket experienced 17,213 square feet of negative net absorption. Class A property types continue to outpace Class B and C property types in positive net absorption and rent growth through the fourth quarter of 2017. In the East Bay Region, the majority of the 2.7 million square feet of available retail space is Class B or C. While overall demand is healthy, strong credit tenants are trending towards national credit anchored Class A power and lifestyle centers rather than neighborhood or community retail centers. Regional or national credit retailers, who survived the rounds of bankruptcies in 2017, are taking time to perform strategic site selection due diligence when searching for locations. As a result, investors look for higher quality, well maintained properties in an effort to hedge risk and fill vacancy with stronger credit tenants whose uses are compatible with other tenants. This makes it difficult for Class B or C properties to compete, especially those that suffer from deferred maintenance, a lack of term leases, and a lack of strong credit tenants. The North I-80 Corridor did not see any new construction starts in the fourth quarter of 2017, compared to about 800,000 square feet of retail space was under construction for the overall East Bay Region. This is fairly common in markets where vacancy for existing retail stock is high relative to surrounding markets. This is another indicator that demand for retail space is focused outside of the North I-80 Corridor. This will likely keep rent growth flat for properties offering older product with deferred maintenance and a lack of strong draw anchor tenants. Over the past twelve (12) months, investors were challenged to find quality properties with strong credit tenants and upside potential. Those with exchange requirements continued to settle for lower quality properties or traded into other property categories (i.e. industrial). Moving forward, with new construction deliveries topping the 800,000 square foot mark for Class A space, and strong credit tenants waiting for better quality product, it is likely that investor demand for Class B and C properties will be stagnate at best, and new construction starts may not occur until local market conditions improve.

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Further depressing construction starts in high vacancy markets, interest rates have been trending upward over the past twelve (12) months in an effort by the Fed to address accelerating economic conditions. Anticipated positive economic impacts from the new tax law, strong performance of the stock markets, and outperforming wage growth have led to these interest rate increases which negatively impacts underwriting valuations and buyer/developer demand.

SUBJECT PROPERTY:

14501 San Pablo Avenue is approximately $\pm 6,624$ total square feet, consisting of one multi-tenant building and one single-tenant building, situated on ± 0.53 acres.



Multi-Tenant Building



Single-Tenant Building

The multi-Tenant building is occupied by 7-11 (term lease expiring in less than 12 months), Modern Nails (month-to-month), and a Karate Studio (month-to-month), while one space is vacant. The Single-Tenant building is occupied by Pizza Hut (term lease expiring in less than 4 years).

14535 & 14555 San Pablo Avenue consists of two (2) separate, but contiguous parcels of land totaling ± 0.31 acres. Both parcels are assumed to have been previously improved with small

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14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



structures. 14535 San Pablo Avenue has right-in right-out access off of San Pablo Avenue, while 14555 San Pablo Avenue has access through an adjacent property fronting Rumrill Boulevard. Separately, 14535 & 14555 San Pablo Avenue do not provide an opportunity for economies of scale for development which could make a single project cost prohibitive and less desirable without assembling both parcels.



14535 San Pablo Avenue



Access from San Pablo Avenue

It is important to note that current ownership, a public agency, is not subject to Ad Valorem Taxes, however for the purpose of this report we assume a non-public agency buyer, who will be subject Ad Valorem Taxes at an estimated rate of 1.2616% of assessed value. The parcel is irregular in shape (triangle) and is located at the lit intersection of San Pablo Avenue and Rumrill Boulevard. Access is limited to right-in and right-out only from both thoroughfares due to hard median separation.

The Property is subject to the San Pablo Avenue Specific Plan – SP2, is identified as an “Opportunity Site” and “Focus Area,” and designated as Mixed Use Center North land use. This land use accommodates a wide variety of uses that focuses on efficient development of land, including higher density residential and commercial mixed use compatible and complementary to Contra Costa Community College student population. San Pablo Avenue Specific Plan development guidelines provide for flexible vertical development with a maximum height of 60 feet, coverage of 2.5, and 60 residential dwellings unit per acre. However, it is assumed that the Property will require substantial infrastructure improvements to accommodate a mixed-use project. 14501 San Pablo Avenue offers monument and building signage. Current construction

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quality for 14501 San Pablo Avenue shows as outdated relative to similar buildings of the same product type and suffers from deferred maintenance. The properties are surrounded by comparable buildings and retail to the South, East, and West.



14501 San Pablo Avenue Monument Signage



14535 & 14555 San Pablo Avenue

ASSUMPTIONS

14501 San Pablo Avenue

- ±6,622 sq. ft. (two buildings)
- Multi-Tenant Retail - ±19% Vacancy
- Operating Expenses are ±\$23,823.99 (Annually)
- Cap Rate of ±7.5%
- Historical Vacancy and Lack of Term Leases
- Stabilization Costs
- Deferred Maintenance
- Required Capital Improvements
- Interest Rates Increased

14535 & 14555 San Pablo Avenue

- Parcels require infrastructure improvements
- Parcels were previously improved with structures
- Access is limited to right-in right-out only
- Irregular shaped parcels
- Individual parcel size makes development cost prohibitive

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14501, 14535, & 14555 San Pablo Avenue, San Pablo, CA



Based on the assumptions provided herein, and information provided to us, our Opinion of Value for the Subject Property is:

14501 San Pablo Avenue	<u>\$1,794,093.00 (as rounded)</u>
14535 & 14555 San Pablo Avenue	<u>\$191,800.00 (as rounded)</u>

SECTION IV

DISCLAIMER

BROKER OPINION OF VALUE

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Disclaimer: THIS IS NOT AN APPRAISAL

This Real Estate Broker's Opinion of Value is intended for the sole and exclusive use of Charles Ching and The Successor Agency to the San Pablo Redevelopment Agency ("the Client") and may not be relied upon by any person or entity other than the Client for any purpose whatsoever. This Real Estate Broker's Opinion of Value represents only the opinion of Dakin & Dakin Commercial Real Estate Services as to the value of the Subject Property, subject to the assumptions and qualifications set forth herein. Dakin & Dakin Commercial Real Estate Services is not licensed to perform real property appraisals. Accordingly, this Real Estate Broker's Opinion of Value does not constitute an appraisal of the Subject Property and has not been prepared in accordance with the Uniform Standards of Professional Appraisal Practice. The Real Estate Broker's Opinion of Value set forth herein is specifically qualified by, and based solely upon, the relevant facts, circumstances, and market conditions that exist as of the date of this Real Estate Broker's Opinion of Value, and we undertake no obligation to update, modify, or supplement this Real Estate Broker's Opinion of Value to the extent that such facts, circumstances or market conditions subsequently change.

DISCLOSURES, EXPERT MATTERS AND RESPONSIBILITIES OF PARTIES

The following is intended to describe the responsibilities undertaken by Dakin & Dakin Commercial Real Estate Services and by Client with regard to disclosure issues and expert matters as described below:

EXPERT MATTERS: There are a number of potentially significant matters related to commercial properties, which may be material to a particular transaction, the evaluation of which would require specialized expertise which is beyond the expertise and/or responsibility of the Broker (“Expert Matters”). Broker recommends that parties to a potential lease or sale transaction obtain the advice of qualified professionals and experts prior to the consummation of any transaction. Parties to a sale or lease transaction should not and will not rely on Broker with regard to Expert Matters, but instead will rely entirely on their own investigation and those of qualified professionals and experts.

Expert Matters may include, but are not limited to, the following: the use, generation, storage or presence of hazardous or toxic substances and underground storage tanks; natural hazards, such as fire, flood, or earthquake; building safety and structural integrity of roof, walls, and foundations or any improvements located on the Property; operation or condition of mechanical, plumbing, utility or life safety systems; mold, fungus, water damage, or effects of moisture; compliance with Americans with Disabilities Act (ADA); compliance with building and fire codes; tax, accounting, or legal effects or consequences of the proposed transaction; survey, linear or area measurements of the Property; availability of utilities and utility connections, adequacy, availability and condition of sewer lines and/or connections, public transportation, or other infrastructure; zoning and permitted land uses; insurance policies and premiums; architectural design or engineering; geotechnical/soil condition; termites or other pests or rodents; statements of income and expense or other financial statements; the financial soundness of a prospective tenant or subtenant; condition of title; or existing taxes, assessments or liens.

Broker has no responsibility to, has not made and will not make an independent investigation or determination with respect to any Expert Matters. Any information communicated by Broker regarding any of the Expert Matters arises from third party sources and has not been and will not be independently verified by Broker.

DISCLOSURES: Owners of real estate must comply with California law for the disclosure of any and all known material facts concerning their property to prospective tenants or buyers. To meet this requirement, Broker recommends that Owners of real estate obtain legal advice from a qualified legal professional. Broker shall have no responsibility for property disclosures beyond the delivery and/or disclosure of information provided by the Owner or known to the Broker. Parties to a sale or lease transaction should not and will not rely on Broker with regard to matters of disclosure required by Owners, but instead will rely entirely on their own investigation and that of qualified professionals and experts.

Matters requiring disclosure may include, but are not limited to, the following: Natural Hazard Disclosures (including whether or not the property is located in a flood hazard area, fire hazard severity zone, forest fire risk area, earthquake fault zone, or a seismic hazard zone), toxic mold disclosures, known material defects, presence or proximity to hazardous materials, compliance with the Americans with Disabilities Act (ADA), compliance with zoning laws, and whether or not the property is located in a special tax zone (such as a Mello-Roos Community Facilities District) or a special assessment district.