

## Restricted Use Appraisal Report

**Use Restriction:** The report may not be understood without additional information in the appraiser's work file. The depth of discussion contained in this report is specific to the needs of the client for their intended use.

**State Identity of the Client:**

Mr. Steve Potter, CEO  
Mid Continent Library  
15616 E 24 Hwy  
Independence, MO 64050

**State the Intended Use of the Appraisal:**

Estimate market value for asset management.

**State the Intended User:**

Client and/or their assigns. Possession of a copy of this report does not make the holder an intended user.

**State Subject Address:**

1000 Kent St, Liberty, Clay County, Missouri 64068.

**State the Assessor's Parcel Number:**

15405000200400

**Summary Legal Description:**

LIBERTY SHOPPING MALL REPLAT 4 REPLAT TR F TR 2

**State the Real Property Interest Appraised:**

Fee simple

**Owner Name**

Library District No. 3

**State the Effective Date of the Appraisal, Inspection Date, and the Date of the Report:**

The effective date is August 13, 2020

The inspection date is August 13, 2020

The date of the report is August 18, 2020

**State Current and Proposed Use:**

The subject is an owner occupied single story building used for a public library.

**Type of Value: Market Value**

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**State Scope of Work Used to Develop the Appraisal:**

- I inspected the subject's interior, exterior, and neighborhood on the inspection date. Prior to that I researched neighborhood demographic trends in the area and MSA as published by various sources (KC Star, Loopnet, etc).
- I reviewed commercial real estate transaction data related to the neighborhood and subject on Heartland MLS, Loopnet, and Commercialsearch.com.
- I interviewed the branch manager and client for property information.
- I reviewed historic information on the subject in the Clay County Assessor website and via phone.
- The property was built by the owner for their use as a library in 1982 with a 7,500 SF building. It grew by 10,000 SF in 1992 to better serve the growing community. It has not been listed for sale or rent on the open market since constructed or enlarged.

**State all extraordinary assumptions and/or hypothetical conditions and that their use might have affected the assignment results:**

No extraordinary assumptions were used in the development of this appraisal.

No hypothetical conditions were used in the development of this report.

**Summarize the results of analyzing the subject sales, agreements of sale, options and listings in accordance with Standard 1-5:**

The assessor's website shows no transfer history. The purpose of the appraisal is to estimate its market value for a potential sale.

**Summary Neighborhood Description:**

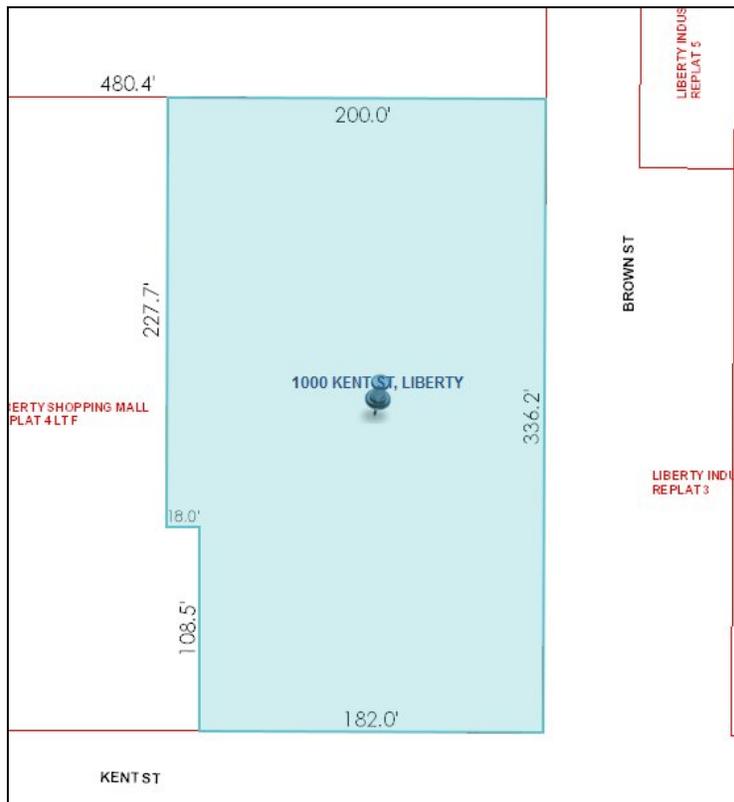
The site is a mostly rectangular site on the west side of Brown St some 640' south of MO-291 in central Liberty, a town in the northeast part of the Northland submarket. This area is a few blocks southeast of one of the Main and Main intersections in Liberty which is the MO-152 and 291 interchange where the Liberty Triangle was rebuilt. This took over 50 acres of dysfunctional space and re-developed it with several anchors, pad users, and in-line space consisting of a HyVee grocer, Lowe's home improvement store, national fast food and sit down restaurants like Chik-Fil-A, Raising Cane's, Texas Roadhouse, Pizza Ranch, Starbucks, and Olive Garden, plus several in-line spaces.

Brown is an interior street in a business area between higher intensity commercial retail on its north and lower intensity retail, light industrial, and residential to its south.

- Uses to the north and west are higher intensity retail consisting of a Sutherlands home improvements store and a Price Chopper, both of whom anchor the Liberty Corners shopping center. This has about 61,000 SF of inline space and five outbuildings used for a bank, two retailers, and two fast food restaurants (McDonald's and Hardee's).
- West of the subject is a business park with office-retail-and shop styled spaces. Tenants are thrift stores, swimming pool supply stores, churches, dance centers, a tunnel car wash, a plumbing supply store, a vocational tech school, a manufacturing facility, probation and parole office, and the Liberty School districts support service center.
- Uses to the south are a McCray lumberyard that services the area's construction user base, then several single family residential subdivisions with housing from \$180,000 to \$375,000.
- Land immediately around the subject is nearly fully developed. A 9.32 acre vacant site owned for a senior living development is west of the McCray lumber. The other vacant site is 1.77 acres on MO-291 between an auto repair center and a vet clinic.

### Summary Site Description

Dimensions were taken from the assessor's website. As shown below, the site has 336' frontage on the west side of Brown with a single curb cut. Depth is 200' east to west on the north side adjoining Sutherlands with no curb cut. The south land west lines have indirect access sharing a curb cut with the south adjoining site used for a roller rink. This opens to the subject's parking lot. The building takes most of the site's northeast corner with parking on the south and west. Site area is 65,340 SF, or 1.50 acres.



The site is slightly above the level Kent St that is about 1' lower on the south line. The site is basically flat from east to west.

The asphalt parking lot holds 58 cars which is a parking ratio of 3.22 spaces per 1,000 SF. Some are on the sites southeast side but most are on the south side. There is no parking in front of the 10,000 SF addition on the sites north line so the parking isn't very convenient. The 4,400 SF of grass in front of this addition could be used to add about 12 spaces which isn't a tremendous addition but would be beneficial.

The land to building ratio is 3.63:1 which is just below the typical 4:1 ratio so there is a little more structure than site in comparison to many nearby improvements. Grass lawn and treed landscaping is on the north, northeast, southeast, and south perimeter areas. A metal fence is between the subject and the north situated Sutherlands. No visible stormwater retention/detention area is on the site as it uses the city's underground stormwater system. Concrete sidewalks are on both the Brown and Kent St frontages making it consistent with sites around it.

C-2 zoning allows for "commercial enterprises that may be auto-oriented in use or design. These uses should be destination retail and commercial spaces that provide essential business, retail, and services to the community and region and provide a diversified economy for the greater Liberty area". The subject complies with the height-capped three stories max, 15' front yard setback, and nominal side and rear yard setbacks as it does not adjoin either R-1 or C-O zoning.

Both Kent and Brown have modest traffic counts as this is an interior business area south of the main collector, MO-291. The site does have a good location though for many second tier commercial uses like offices, service businesses, institutional facilities, or destination uses like houses of worship. Overhead power lines are on the Kent St frontage but don't seem to be problematic. The site has decent configuration, topography, and utility services adequate for a wide range of uses. The zoning excludes uses like high intensity retail uses but this isn't a limitation because of its interior location. Another curb cut on the sites northwest Brown St frontage connecting south into the existing parking lot would be beneficial and improve internal circulation.

### **Summary Improvement Description**

The structure is two mostly rectangular buildings attached by a breezeway. The southern building dates to the 1982 construction with the north building the 1992 addition. The south building is 75' by 100' with covered porticos nearly midway up the east and west building lines. The north building is at a T- to this south building with dimensions of 75' by 140'. Its gross building area is 18,000 SF. These result in a land to building ratio of 3.63 : 1, resulting in a floor area ratio of 0.28, meaning the improvements occupy 28% of the total site area.

Both sections have poured concrete slabs on grade with stucco covering either block or poured concrete walls. Both have metal roof decking over metal joists and 9' interior clear height. Both lack drive-in or dock doors which are not commonly found or necessary in retail or service-styled buildings.

Interior finishes are carpeted floors, drop ceiling with recessed light fixtures, painted block walls, zoned HVAC system with gas furnaces and electric AC condensers on a rear-located, fenced pad between the buildings. Commercial grade metal windows with thermal glass and operating panels are on the east, south, and west sides. The structure seems to be solid and with actual ages of 38 and 28 years, respectively. .

The building is used for a library and gets heavy use. Interior features are two common half-baths on the northwest corner of the original building, two private half baths in the southwest corner office area where there is also a break room with kitchenette. Offices are along the south wall with the reception area in its middle. The north building is mostly open space save for an electric and mechanical area in its southwest corner. Wear is noted but appropriate for the use intensity. No extensive deferred maintenance was noted. The owner is not planning on making any more improvements to it as a new library is being built a couple miles south.

The building has all utilities at reasonable sizes for most office, retail, or commercial sale and service uses. Water services are mostly in the south building so extensions and reconfiguration would be required to serve the north building. Both buildings have minimal partitioning and would be easy to reconfigure. The south building has 75' depth and good exposure to the parking lot. Since retail bays are about 75' deep this could be divided into several bays arrayed east to west for multiple tenancy.

The north building is a little harder to use either in its existing layout or for future use. Its front facing Brown is narrow relative to its 140' depth. There isn't any parking near this building either but spaces and a curb cut are possible despite some associated costs.

**Condition of Property:**

- The structure, slab, perimeter walls, windows, doors, and roof are in decent condition with no deferred maintenance noted and no repairs necessary assuming that the settlement issues have been resolved as reported. It is basic, institutional grade construction.
- The interior finishes are modern-built for heavy use. They show some wear and lack embellishments.

**Remaining Economic Life:**

The building was erected in approximately 1982 and 1992 according to the assessor. Its weighted age is approximately 33 years. I estimate a total economic life of 45 years and an effective age of approximately 20 years. Due to good maintenance and updating it seems like the building will have at least 25 to 40 years remaining physical life with an economic life in that range too.

**Flood Designation:**

No flood hazard is visible nearby on the assessor's mapping GIS with flood layers turned on.

**Assessment and Taxes:**

The subject is not valued by the assessor as the library district is tax exempt.

A 20,000 SF rectangular light industrial/neighborhood service building is across the street east on a 2.07 acre site. It is valued at \$56.85 PSF with 2019 taxes at \$1.81 PSF.

An 11,500 SF L-shaped office building at 910 Kent rests on a 1.58 acre site. The occupant is the probation and parole office. The site and improvements are valued at \$80.65 PSF with taxes of \$2.57 PSF.

I would expect the assessor would value the subject in this \$80 PSF range because of the full finish, low ceilings, and use. This would result in taxes around \$2.50 PSF, or \$45,000 per year.

**Highest and Best Use Conclusion:**

The highest and best use of the site as if vacant would be for construction of a commercial building oriented to maximize its corner frontage benefits. The site could hold a structure up to 18,000 SF in one or more structures. These should be arrayed with buildings and customer parking in the front with good proximity to the entries with employee parking at the rear. Likely users would be service offices like community outreach or service organizations, engineers or architects, CPA's, medical equipment companies or the like as Liberty Hospital and some senior living is in the city. The time frame for such a use could easily be as short as 1 to 3 years based on a lack of available land on this east side of I-35 with adequate zoning and other features.

The highest and best use of the property as-is is for re-configuration of the existing structure for one or more commercial retail styled uses like those mentioned above. Additional parking could be added on the north or northwest to provide better functionality. Demolition of the two buildings for a new structure does not seem to be financially feasible at this time because the land value with the site improvements less demolition costs are lower than the value of the property as valued based on its improvements.

**State the most probable buyer:**

The most probable buyer is an investor, user, or redeveloper who would put the structure to a modern low to modest-intensity commercial oriented use that doesn't need heavy traffic count but proximity to other non-retail commercial service businesses.

**State the Appraisal Methods and Techniques Employed. Explain Exclusion of any Approach:**

I developed an opinion of value for the subject from the sales comparison approach considering the improvements. This was used as it reflects value better than alternative approaches like the cost or income approaches. It is appropriate to use the sales approach when valuing commercial buildings in this part of the Kansas City MSA. The approach uses a price PSF of gross building area unit value to reflect all components of value. It is derived from the market by dividing the sale price of a property by its respective gross building area. The resulting unit value contains all value but is spread over the building area for simplicity.

I did not develop the cost approach for the subject. Most market participants wouldn't find it meaningful given the library use and wouldn't develop this approach. They would however estimate the value of the site as if vacant to determine feasibility of the remaining structure (if any).

The income approach was not developed. The subject is not and has not been rented. Rental is possible but would likely require reconfiguration and significant changes in its mechanical systems and probably its exterior that are too varied to estimate without some sort of plan.

Information used to analyze the market, the property, and develop the opinion of value not included in this report are retained in the appraiser's workfile in compliance with USPAP.

**Value Analysis:**

I analyzed commercial real estate sales activity to develop an opinion of value for the subject. To do this I searched Platte, Clay, and then Jackson for recent sales of fully finished buildings with ages and sizes like the subject. They also had similar but somewhat varying uses (offices, church, strip office, etc). Over 25 sales were reviewed but the best five were used to arrive at the conclusion that the subject's market value is \$82.00 PSF, which equals \$1,476,000.

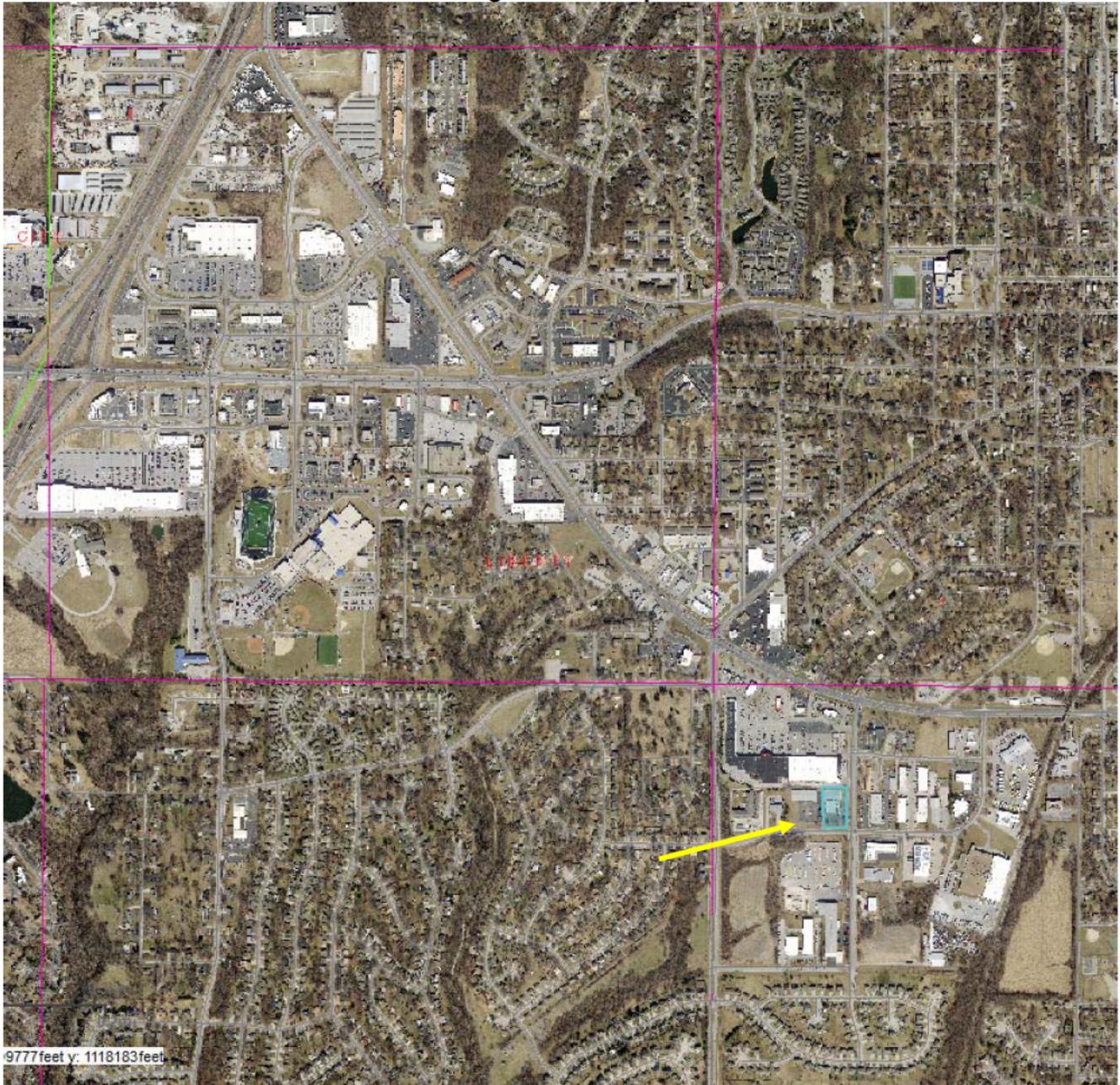
I then back-checked the appraised value to the land to test the cost approach. Dividing the \$1,476,000 appraised value by the 65,340 SF site area results in a value of \$22.59 PSF of site area. Prime sites in the county sell in that range where they have higher traffic counts and higher demand. Sites more like the subject typically sell for no more than \$10 PSF under normal circumstances, the site value could be up to \$653,400 if it were vacant. The difference between this and the \$1,476,000 value shows that the improvements add over \$800,000 value and demolition of these improvements isn't feasible.

**State Value Opinions and Conclusions:**

**Sales Approach**

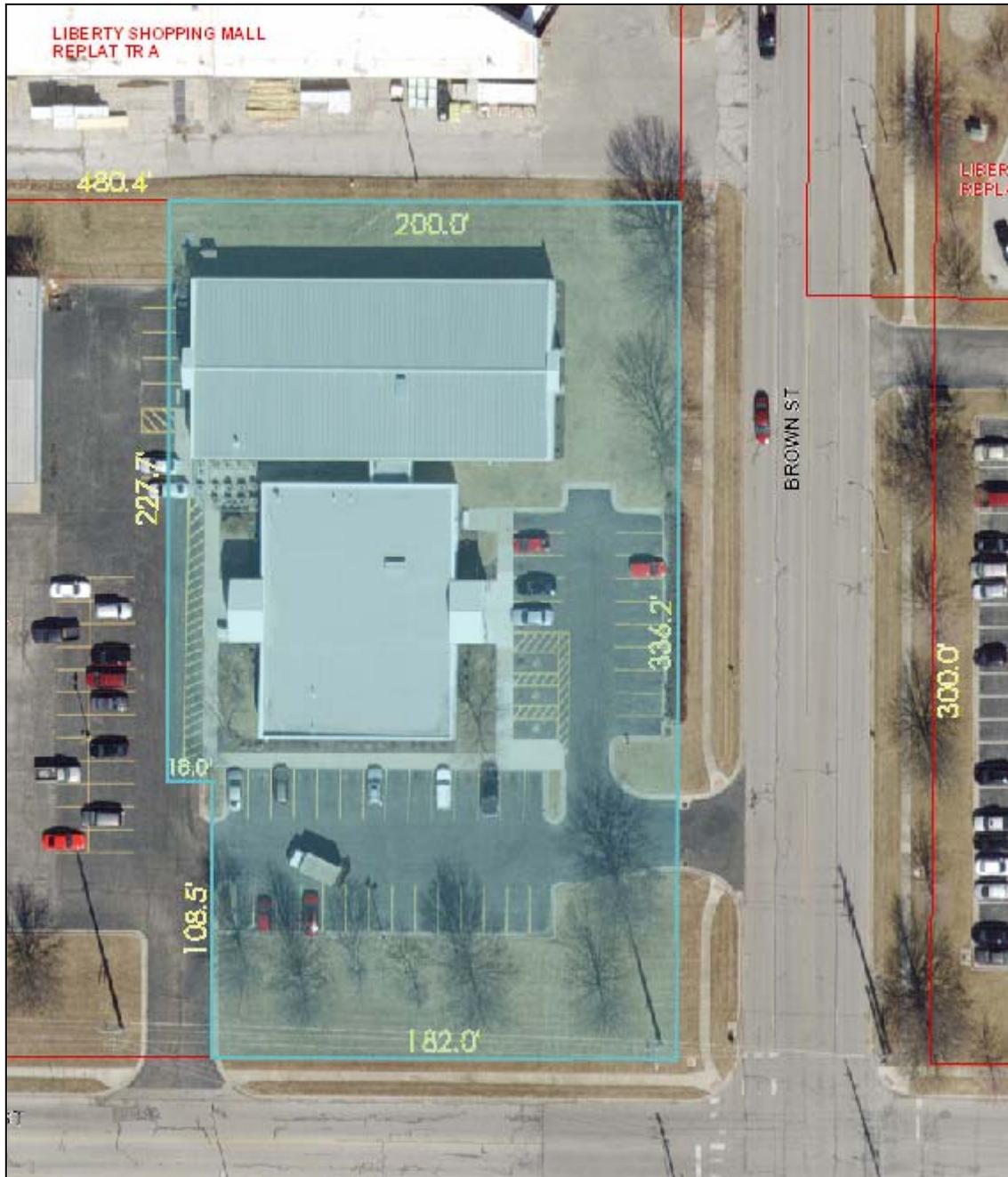
**\$1,476,000**

Neighborhood Maps





Site Plans



Photographs



Front facing northwest



Rear facing northeast



Street scene north on Kent from Brown



Northeast corner facing southwest





Original portion rear facing entry



Addition facing south

## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
1. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
2. I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
3. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
7. I have made a personal inspection of the property that is the subject of this report.
8. No one provided significant real property appraisal assistance to the person signing this certification.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, I **have** completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Members.



Brian McHenry, MAI  
State Certified General Appraiser, Missouri No. RA-002690

## Assumptions and Limiting Conditions

1. This appraisal is subject to the following general assumptions and limiting conditions.
2. Title to the property is assumed to be good and marketable and the legal description correct.
3. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
4. All sketches in this report are intended to be visual aids and should not be construed as surveys of engineering reports.
5. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
6. This opinion of value applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
7. Possession of this report or a copy thereof does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraiser. This appraisal report was prepared for the sole and exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express written consent of the appraiser.
8. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.
9. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
10. The land, and particularly the soil, of the area under appraisal appears firm and solid. Subsidence in the area is unknown or uncommon, but we do not warrant against this condition or occurrence.
11. Subsurface rights (minerals and oil) were not considered in making this appraisal.
12. We inspected the buildings involved, if any, in this appraisal report and damage, if any, by termites, dry rot, wet rot, or other infestations was reported as a matter of information, and no guarantee of the amount or degree of damage, if any, is implied.
13. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
14. We inspected, as far as possible, by observation the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these matters and unless specifically considered in the report, the value estimate is subject to any such conditions that could cause a loss in value. Condition of heating, cooling, ventilating electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.
15. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. If the presence of substances such as asbestos, urea formaldehyde foam insulation, radon gas or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition

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, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.

16. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. Unless otherwise noted within the appraisal report, we have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
17. Neither all nor any part of the contents of this report 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 the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.
18. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

