

**LISTING,
OPTION, AGREEMENT:**

The subject has been listed for sale since March 10, 2011 with Michael Gillis of RE/MAX 440-Perkasie for \$3,500,000. Mr. Gillis indicated there have been some calls on the property, he has had people walk through the building. However, no offers have been submitted.

**EXPOSURE/
MARKETING TIME:**

Exposure/marketing period are both estimated to be 12 months.

OCCUPANCY:

At time of inspection, 2 units were tenant-occupied.

ASSESSMENT/TAXES:

\$303,435/\$2,701.

ZONING:

"W-1 Waterfront Development District". Industrial use is not permitted. According to William Payne, Director of Planning Department, the subject was in use prior to the W-1 classification, are non-conforming and industrial uses can continue. If the building becomes vacant for more than 1 year, future uses must conform to the applicable classification. It can be reconstructed if damaged subject to certain restrictions.

FLOOD DATA:

The subject is not in a special flood hazard area per FEMA map no. 42045C0184F, dated November 18th, 2009.

**MARKET
VALUE ESTIMATE:**

\$815,000.

PRESENTATION OF DATA

Identification of the Property: *The subject property consists of entire block bounded by Engle Street, Jeffrey Street, Front Street and Delaware Avenue within the City of Chester, Delaware County, Pennsylvania. It is legally referred to as tax map #49-10-00795-00, #49-10-00610-00, #49-10-00595-00 and #49-10-00022-00.*

Chester City: *Chester City is in the southern part of Delaware County and fronts on the Delaware River. It is in the older urban ring surrounding Philadelphia and located 10+ miles southwest of Center City.*

The city covers 4.8 square miles. Its land use is a mixture of older residential, commercial and industrial uses. Chester City is located along the Delaware River. The municipality of Eddystone is located northeast along the river and Trainer and Marcus Hook are located south along the river. Chester City straddles Interstate 95. The subject is located on the east side of 95. Surrounding municipalities on the western side of Interstate 95 include Upland in which Crozer Chester Medical Center is located, Chester Township, Brookhaven and Swarthmore.

Recent development in the city of Chester include the completion of the Harrah's casino project, as well as the soccer-specific stadium – PPL Park, which is home to Philadelphia Union, a Major League Soccer club. The stadium's development was the result of combined funds of \$30 million from Delaware County and \$47 million from the Commonwealth of Pennsylvania.

The stadium site is located on Chester's waterfront along the Delaware River, just southwest of the Commodore Barry Bridge, in close proximity to the subject. It is poised to be a catalyst for economic development on the

waterfront, with additional plans calling for a riverwalk amidst other entertainment, retail, and residential projects.

Life Stage/Trend: Stable.

Percent Built-Up/Land Uses: *100% built-up urban location. Primarily residential. Commercial/retail development is concentrated along West 9th Street in the form of commercial retail stores and individual commercial and office uses.*

Access: *This section of Chester is accessed by Interstate I-95 which connects with the Blue Route, several minutes away, and connects I-95 and Philadelphia International Airport on the south with the Pennsylvania Turnpike on the north. The foregoing are convenient links to locations across the Delaware Valley and lead directly to the interstate highway system. New Jersey is available via the Commodore Barry Bridge and Delaware readily accessible via I-95.*

Mortgage terms remained tight during the 3rd Quarter 2011 while equity dividend rates increased somewhat. Moreover, net operating income was down for virtually all property types except apartments and lodging facilities, thus, the decreased cap rates did not result in increased property values.

In conclusion, the trend for the area and local real estate market is expected to be stable into the foreseeable future.

PROPERTY DESCRIPTION: *The subject consists of 3 industrial buildings with one and half-stories, multi-tenanted fluted block and block light industrial buildings with a flat roof, metal plate glass windows and doors, eleven drive-thru doors, and two tailgate loading doors on the right side. Gross building area is approximately 47,800 square feet.*

Information contained herein is based on our physical inspection of the subject property, the subject's legal description, a building plan by Thomas Phalen, as well as information supplied by the ownership and various municipal county offices.

Details pertaining to the land and building are set forth below.

LAND

Shape: *Basically rectangular.*

Topography: *Basically level at street grade, sloping up gradually at the subject's front elevation.*

Frontage: *Approximately 300' along Delaware Avenue, 300' along Engle Street, 300' along W. Front Street and 300' along Jeffrey Street.*

Gross Land Area: *2.06± Acres (90,000± SF).*

Site Improvements: The site improvements include concrete curbs along Delaware Avenue. The subject has a macadam-paved parking area along the side of the buildings.

Building Coverage: 53%.

Land-to-Building Ratio: 1.87 to 1.

Easements/Encroachments: Normal utility easements assumed. No adverse easements or encroachments noted.

Building Description: As noted, the subject contains three industrial buildings. There are eight separate units; the rear of the property has 4 warehouse units, each with a front pedestrian entrance and metal tailgate door. The front of the building is made up of 2 office units and three warehouse units with drive in loading.

According to information obtained from property management, the units are known from front to rear as Units A, B, C, D, E, F, G and Unit C-2.

Unit "A" has a front pedestrian entrance that leads to office space, and restroom. An interior doorway provided access to the rear warehouse area, with tailgate loading at the side of the unit.

Finish for the warehouse area consists of a concrete floor, cinder block walls, and an exposed corrugated steel ceiling. Unit A has 6,500 SF.

Unit "B" has a front foyer pedestrian entrance that leads to an open warehouse area, with rear drive-thru doors and restrooms in warehouse area.

Finish for the warehouse area consists of a concrete floor, cinder block walls, and an exposed corrugated steel ceiling. Unit B has 5,000 SF.

Unit "C-1" has a front pedestrian entrance that leads to 1,200 SF of office space, kitchenette area and restroom. An interior doorway provided access to the rear 10,000 SF warehouse area with additional storage space located on the mezzanine level. Unit C-1 has 11,200 SF.

Unit "C-2" has a front foyer pedestrian entrance that leads office area. Typical finish for the office space includes carpeted floors, with painted sheetrock walls and ceilings. The (2) powder rooms were similar in finish, offering ceramic tile flooring, painted sheetrock walls and ceilings. Fixtures in each included single commodes and porcelain sinks. Unit C-2 has 1,900 SF.

Unit "D" is an open warehouse/garage unit with pedestrian door and overhead door. Unit D has 6,600 SF.

Unit "E" is an open warehouse/garage unit with pedestrian door and overhead door. Unit E has 6,800 SF.

Unit "F" is an open warehouse/garage unit with pedestrian door and overhead door. Unit F has 6,800 SF.

Unit "G" is a detached warehouse with pedestrian door and overhead door. Unit G has 3,000 SF.

Gross building area is approximately 47,800 square feet, which is divided as follows:

Warehouse	44,800 SF (93.7%)
Office	<u>3,000 SF (6.3%)</u>
Total GBA	47,800 SF (100%)

Warehouse areas are heated via individual ceiling-hung heating units. Since our last appraisal some heating units are not working.

The finished spaces have gas-fired hot air heating and roof mounted central air-conditioning systems. Each unit has separate pro rata electric service and its own water service.

The structure was reportedly constructed in 1960 and 1980 and was in fair condition³ at time of inspection. Roof repairs are needed.

OWNERSHIP: *Ownership is in the name of Riverside Management Group LLC as of October 15th, 2010 for \$1.00 as recorded in deed book 4827 page 1. Prior sale to Frederick and Edwina Onorato for \$395,000.*

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The property is also being offered for lease at approximate \$2.00/SF NNN with Jeff Dowd of Zommick McMahon Commercial Real Estate Inc. The initial asking rent was \$4.50/SF, however, our discussion with the agent indicated there has been little activity at \$4.50/SF and he suggested lowering the asking rent to be more competitive.

³ *It is assumed that there are no structural conditions or defects of the property that were not detected. The appraisers are not acting as a professional building inspector and/or engineer and do not have the skill or expertise needed to make such inspections. The appraisers assume no responsibility for these matters. If the intended user has any questions regarding these items, it is the client's/intended user's responsibility to order the appropriate inspection*

OCCUPANCY: At time of inspection, 2 units were tenant occupied, including unit "B" at \$1,000/mo. and unit "C-2" at \$800/mo. Copies of leases were not provided.

ASSESSMENT AND TAXES: Property has a total assessment of \$303,435 and taxes are \$2,709.

ZONING: Previous zoning documents obtained from the City indicated the subject was situated within "M-2 and M-1, Manufacturing –" zoning district. The subject is now zoned "W-1 Waterfront Development District". Industrial use is not permitted. Permitted uses include office, commercial retail, hotels, motels, certain recreational and residential uses among others. The minimum lot size required is 2 acres.

According to William Payne, Director of Planning Department, the subject was in use prior to the W-1 Waterfront Development classification, are non-conforming and industrial uses can continue. If the building becomes vacant for more than 1 year future uses must conform to the applicable classification. It can be reconstructed if damaged subject to certain restrictions.

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