

## THE SITE

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The subject site is located on the west side of North Roxboro Road about 800 feet ( $\pm$ ) north of Latta Road / Infinity Road in Durham, North Carolina. The street address is 5337 North Roxboro Road. The site has a rectangular shape and contains  $\pm 1.55$  acres (67,648 SF). It has a single drive onto North Roxboro Road from its 100 feet of frontage. North Roxboro Road is a five lane, asphalt paved road with curb and gutter along the shoulders. It leads southward to urban Durham City and northward to rural Durham County.

Public water and sewer, electricity, telephone and natural gas are available to the site. It is level to gently sloping, at or slightly above the grade of the fronting street, and developed with paved parking on the front and side, landscaping, and graveled parking and loading areas on the rear of the lot. The parking areas can accommodate about 30-40 vehicles.

The lot is zoned CN Neighborhood Commercial which permits a wide variety of retail, office, restaurant and related uses.

## THE IMPROVEMENTS

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The improvements on the site contain about 15,180 square feet consisting of a one-story brick and frame building on the front (residential type construction) and an adjoining one story, metal pre-engineered building containing 12,000 square feet. Built in phases in 1984 and 1988, the metal building is in good condition, normal wear and tear notwithstanding. Construction features of the metal building include: concrete slab floor (on grade; sealed); masonry (brick or block) metal wall panels with two overhead doors on rear and metal panels on sides, and glass/aluminum frame front entry door; metal roof cover with insulated panels on walls and roof; lay-in fluorescent lights with suspended acoustical ceiling in the mezzanine office and strip lights in the showroom and warehouse area; linoleum floor in the restrooms and carpet in the front showroom area and mezzanine office; multiple restrooms with three fixtures each; and side concrete sidewalk along existing parking area.

The building is divided into a showroom and warehouse. The front showroom area (with restrooms) contains 9,180 square feet which is at the front portion of the lot. The front of the building is a showroom for Flooring By Design and also the retail space for Pretty Woman, a lady's spa. The warehouse area adjoining the showroom contains 6,000 square feet of floor area with an additional

1,500 square feet ( $\pm$ ) in mezzanine offices. The warehouse area has heating provided by suspended gas heaters and central heating and cooling units. Other improvements on the site include an old shed, gravel and paved parking areas and landscaping (trees, shrubs, and lawn) around the building.

You have reported to me that there are five heating ventilation and cooling (HVAC) units and that those units were installed around 1987 or 1988. The age of the units is therefore about 26 years old. The roof covers on the metal building are original and also about 26 years old.

The HVAC and roof covers are considered to be nearing the end of their useful economic life. They will have to be replaced in the coming years or periodically maintained to be in good operating condition.

You and Cheryl Dalton provided information to me on your opinion of the items of deferred maintenance that would need attention in the near or very near future. Those items include: Reseal and stripe paving and driveway; replace or extensively repair roof cover; replace HVAC systems; repair retaining wall at loading dock and reinforce the adjoining concrete pad; improve dumpster pit drainage; paint outside of building; and repair sections of wall and roof insulation.

Ms. Dalton further provided estimates of costs for replacement of the HVAC units from Stephenson Heating and Air and roof cover replacement from Andy Ward of DW Ward Construction. The Stephenson estimate for repair and replacement of the HVAC units was \$46,000. The Ward estimate for a new cover on about 6,565 square feet of showroom area was \$21,500 (\$3.27/SF) excluding work by others to remove and replace roof mounted equipment. At the same unit cost of \$3.27 per SF, the replacement of the entire metal roof cover would be in a range of about \$40,000 (12,000 SF @ \$3.27.SF).

The replacement of the HVAC units and roof cover could cost in the range of \$86,000 (\$46,000 plus \$40,000). Considering additional items of deferred maintenance as mentioned above, the total cost of maintenance is in a range of about \$100,000. Not all of this cost would necessarily be incurred in the next year but over a period of the next few years as building systems further deteriorate.

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### LEGAL INFORMATION

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Walter C. Young and wife, Helen S. Young acquired the subject property from Paul R. Burmahl and wife, Valerie P. Burmahl by a deed dated June 20, 1984 and recorded in Deed Book 1163, page 751 of the Durham County Registry. Revenue stamps of \$200.00 were attached to the deed, indicating a price of \$200,000. A copy of the deed is attached in the addenda.

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### TAX INFORMATION

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The subject is identified as Lot 24 of Block 1 on Durham County Tax Map 825, Lebanon Township, and as Durham Tax parcel 182992. The total tax value of \$675,827 is allocated \$343,710 to land and \$332,117 to improvements. The 2013 tax burden is \$9,068.92.

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### HIGHEST AND BEST USE

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It is my opinion that the subject property, as improved for retail sales and warehousing, is utilized as one of the potential highest and best uses. If vacant, such a use would be considered among the most profitable highest and best uses. It would not, in my opinion, be economically feasible to demolish the existing structure in order to attempt to possibly develop the site with a more profitable highest and best use. It is my opinion that the subject property currently represents one of the highest and best uses of the subject property.

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### OPINION OF VALUE – FEE SIMPLE INTEREST

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An opinion of value of the fee simple interest in the subject property has been made by use of the sales comparison approach and the cost approach.

***The Sales Comparison Approach:*** The sales comparison approach applies the principle of substitution in that it is based on the premise that an informed, prudent and rational purchaser will pay no more for a property than it would cost to acquire a similar competitive property with the same or similar utility. The approach involves the collection of pertinent details relative to actual sales of similar properties and a comparison of those sales to the subject property. The unit of comparison which has been used is the Property Sales Price per square foot of building area. The property sales prices' per foot of gross building area is determined by dividing the price of the sale by the sale improvement's building area. The building area of the subject is estimated to be 15,180 square feet.