

Parking Property Advisors, LLC

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February 17, 2018

Capital City Development Corporation ("CCDC")
John Brunelle, Executive Director
121 N. 9th Street, Suite 501
Boise, ID 83702

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Ted Anglyn
President
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SUBJECT: Capitol & Front Garage
245 S Capitol Boulevard
Boise, Ada County, Idaho 83702

Dear Mr. Brunelle:

Parking Property Advisors ("PPA")/Anglyn Property Advisors ("APA") has appraised and consulted on parking garages nationwide for 11 years. CCDC obtained my services to assess the market value of the Capitol & Front Garage in downtown Boise.

The purpose of this consulting letter is to address three issues:

1. Use or Investment Value.
2. Cost Considerations.
3. Market Premium Considerations.

A significant issue that CCDC should study is the "Use" or "Investment" value a developer or a specific user or users would have to consider for any nearby development that would provide parking spaces in the vicinity of this particular property. Stated differently, this particular parking structure appears to currently strategically provide parking for both the Grove Hotel and the 255 Boulevard Condominiums. In the event the garage were sold to a third party user that party may eventually elect to not provide a reasonable parking arrangement for these users. In turn, the Grove Hotel and the 255 Boulevard Condominium occupants may be compromised to find near or proximate parking. Due to the current agreement/lease, this situation may not arise for some time. However, certain users often want full control of the parking facilities they use.

PPA is aware of two such garages that transacted to adjacent users in 2017. These two garages sold for a significant premium to historic prices in their respective markets to adjacent users. These sales are depicted as follows:

ADDITIONAL SALES COMPARISON DISCUSSION			
	Subject	Comparable 1	Comparable 2
Property Name	Capitol & Front	EZ Park	Manger Garage
Address	245 S Capitol Blvd	300 Caroldelet St.	115 E Congress St
City	Boise	New Orleans	Savannah
County/Parish	Ada	Orleans	Chatham
State	Idaho	Louisiana	Georgia
Sale Date		6/26/2017	5/1/2017
Effective Sale Price		\$27,551,000	\$20,100,000
Number of Spaces	207	529	399
Year Built	1998	2006	1974
Year Renovated			
Price per Space		\$52,081	\$50,376

The first garage is located in New Orleans and was purchased by the adjacent office owner for a premium. The second garage is located in Savannah, Georgia and was purchased by an adjacent hotel owner for a significant premium with plans to add additional parking to this structure.

Second Issue – Cost Considerations

A significant issue with the subject property is that this garage represents a subterranean garage in a prime CBD location. Typical cost manuals available to most appraisers, (e.g. Marshall & Swift), are hard to compare to a subterranean garage.

PPA has been provided a February 2, 2018 Opinion of Probable Cost – One Level Subterranean Garage report prepared by Kimley-Horn. Kimley-Horn is a respected National parking garage consulting firm. Reviewing the costs to complete provides an alternative cost type analysis to provide a replacement type property. The replacement type cost analysis is of a hypothetical 207 space garage without design issues associated with tandem and other design/layout issues confronted by this garage. This type analysis does provide a cost estimate for what someone in a densely developed location would have to consider in the event a nearby, proximate surface lot were not available as an alternative type parking facility. Following is the replacement cost analysis summary provided by Kimley-Horn, modified to reflect depreciation on an age-life method for this 20 year old garage. NOTE: the typical useful life for these type garages is commonly referenced as 50 years. The specific details are attached to this consulting letter.

Concept Level Opinion of Probable Project Cost						
				Cost	Cost PSF	Cost/Space
Construction Cost				\$9,064,000	\$111.90	\$43,787
Owner Soft Cost	25%			<u>\$2,266,000</u>		<u>\$10,947</u>
Total Project Cost				\$11,330,000		\$54,734
Estimated Age			20			
Estimated Useful Life			50			
Percent Depreciated			40%	\$4,532,000		
Depreciated Cost New				\$6,798,000		
Contributory Value of Stie				0		
Indicated Hypothetical Depreciated Cost				\$6,798,000		

NOTE: due to the subterranean nature of the property, no specific site value was assigned; however, applying the same reported \$60 psf unitary value applied in 2015 when used to purchase encroachments, easements and air rights for the Grove Plaza and Boise Centre development would provide an imputed site value for the garage. The specific allocation would have to be on a prorate share of the garage area to the total.

Market Considerations

Parking assets in the Boise (and Idaho) market represent desirable investments. Three properties that have transacted in the past 15 months from the Idaho Department of Lands reflect substantial premiums to their respective appraised market value. These three properties with the corresponding appraised values are summarized as follows:

	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	Capitol & Front		Multiple	Lincoln Road Lot
Address	245 S Capitol Blvd	Multiple	816 - 826 Bannock St	961 E. Lincon Rd
Property Type		Three Surface Lots	Comm./20 spaces	Parking w/excess land
City	Boise	Boise	Boise	Idaho Falls
County	Ada	Ada	Ada	Bonneville
State	Idaho	Idaho	Idaho	Idaho
Sale Date		12/6/2017	12/1/2016	12/1/2016
Number of Spaces	207	58	20	
Effective Sale Price		\$1,637,700	\$6,575,000	\$330,000
Appraised Value	\$3,850,000	\$920,000	\$4,545,000	\$220,000
Sale Price/Appraised Value		78%	45%	50%

While the subject (improved with structures above) does not have the same alternative highest and best use, likely a premium would be reflected in an auction type environment based on the previous three comparable transactions.

Recommendation

In the event that the CCDC desires to dispose of the Capitol & Front Garage, PPA recommends a “Use” price strategy in addition to a pure income in place type analysis. This type analysis would consider the alternative costs to replace the garage with a facility with overall similar utility. Two other items to consider:

1. The CCDC has raised parking rates significantly in the past few years. Purchasing this property may insulate a user or users from further parking rate increases.
2. Parking demand downtown continues to be significant with most public garages experiencing long waiting lists.
3. In the event this garage were to sell to a private user, property taxes going forward would need to be considered.

For marketing, the CCDC may consider a possible auction type format or as an alternative marketing strategy for this asset, the CCDC may benefit from engaging a national parking broker operation.

Respectfully submitted,

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