

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 18-053

**RESOLUTION AUTHORIZING SALE OF CERTAIN SURPLUS REAL PROPERTY
LOCATED IN TRAVIS COUNTY, TEXAS (PARCEL 51R)**

WHEREAS, by Resolution No. 11-026, dated March 30, 2011, the Board authorized and directed the Executive Director to execute a contract to purchase Parcel 51 and Parcel 51R, as described therein, for the Manor Expressway (290E) Phase I Project (the "Project"); and

WHEREAS, Parcel 51R is a 0.158-acre remainder tract out of the William H. Sanders Survey No. 54, Abstract No. 690, located at 9745 US 290 East, Travis County, Texas as described by metes and bounds description in Exhibit A hereto (the "Property") which was severed from and purchased to facilitate the acquisition of certain right-of-way for the Project; and

WHEREAS, the Property has linear frontage along the south line of US 290 East but does not have legal access along the frontage and therefore can only be accessed from adjoining tracts; and

WHEREAS, since its purchase, the Property has not been used by the Central Texas Regional Mobility Authority ("Mobility Authority") for any purpose; and

WHEREAS, pursuant to and under the authority of Texas Transportation Code, Chapter 370, Subchapter E and other applicable law, the Board has determined that the Property is not necessary or useful to the Mobility Authority; and

WHEREAS, as required by Texas Transportation Code, Chapter 370, Subchapter E, an independent, professional appraisal report of the Property has been submitted to the Mobility Authority, and an amount has been established to be reasonable market value for the Property. A copy of the appraisal report is attached hereto as Exhibit B; and

WHEREAS, the Mobility Authority has received inquiries from the owner of the adjoining tracts regarding the potential purchase of the Property; and

WHEREAS, the Executive Director, after consulting with staff, recommends that he be authorized to take such actions as are necessary to sell the Property for an amount not less than the appraised value.

NOW, THEREFORE, BE IT RESOLVED, that the Board has determined that the Property is a surplus remainder that constitutes severed real property that is not necessary or useful to the Mobility Authority; and

BE IT FURTHER RESOLVED, that the Executive Director is specifically authorized to take all actions necessary to effectuate the sale of the Property for an amount not less than the appraised value at no additional cost to the Mobility Authority.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 26th day of September 2018.

Submitted and reviewed by:



Geoffrey Petrov, General Counsel

Approved:



Ray A. Wilkerson
Chairman, Board of Directors

Exhibit A

EXHIBIT ____

DESCRIPTION OF 0.158 OF ONE ACRE

DESCRIPTION OF 0.158 OF ONE ACRE OF LAND OUT OF THE WILLIAM H. SANDERS SURVEY NO. 54, ABSTRACT NO. 690, IN AUSTIN, TRAVIS COUNTY, TEXAS, SAME BEING A PORTION OF THAT CERTAIN TRACT OF LAND DESCRIBED AS 0.501 OF ONE ACRE IN A DEED TO DANIEL PEREZ, OF RECORD IN DOCUMENT 2002081840, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, SAID 0.158 OF ONE ACRE OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod set with a TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT) aluminum cap, at the northeast corner of this tract, same being in the proposed south right-of-way (ROW) line of U.S. Highway 290, and in the east line of said Perez tract, and the west line of that certain tract of land described as 2.50 acres (Tract Two) in a deed to Robert Hurst Rental Company, of record in Volume 5697, Page 2338, Deed Records, Travis County, Texas, from which point a 1/2" iron rod found at the southeast corner of said Hurst Tract Two, being at an interior ell corner of that certain tract of land described as 22.497 acres in a deed to Nancy Swenson Smith and Agnes Swenson Aldridge, of record in Volume 11995, Page 152, Real Property Records, Travis County, Texas bears, N71°25'55"E 103.98 feet and S10°52'58"E 488.41 feet;

- 1) THENCE, with the east line of this tract, and said Perez tract, being a west line of said Hurst Tract Two, S10°59'35"E, 66.53 feet to a calculated point at the southeast corner of this tract and said Perez tract being an interior ell corner of said Hurst Tract Two;
- 2) THENCE, with the south line of this tract and said Perez tract being a north line of said Hurst Tract Two, S71°28'53"W, passing at 104.35 feet a 60D nail found and continuing 0.37 feet for a total distance of 104.72 feet to a calculated point at the southwest corner of this tract and said Perez tract, being the southerly northwest corner of said Hurst Tract Two, same being in the east line of that certain tract of land described as 3.65 (Tract One) in said Hurst deed, from which point a 3/4" iron rod found at the southwest corner of said Hurst Tract Two and the south corner of said Hurst Tract One bears, S10°54'43"E 423.51 feet;

- 3) THENCE, with the west line of this tract and said Perez tract, being the east line of said Hurst Tract One, N10°54'43"W, 66.45 feet to 1/2 " iron rod set with a TxDOT aluminum cap at the northwest corner of this tract, same being in the proposed south ROW line of U.S. Highway 290;
- 4) THENCE, with the north line of this tract, being the proposed south ROW line of U.S. Highway 290, crossing said Perez tract, N71°25'55"E 104.64 feet to the POINT OF BEGINNING and containing 0.158 of one acre within these metes and bounds, more or less.

Bearing Basis Note

The bearings described herein are Texas State Plane Grid bearings (Texas Central Zone, NAD83 (93HARN). The Combined Scale Factor is 1.00011). The reference for this project is "Austin RRP", a fixed control point, and "BM1078", a TxDOT survey monument, having a grid bearing of N60°54'59"E, and a grid distance of 21590.95 feet.

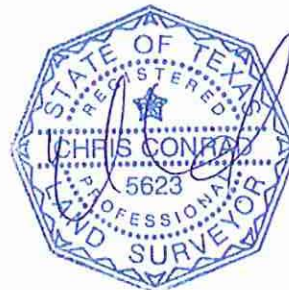
STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
 COUNTY OF TRAVIS §

That I, Chris Conrad, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a survey made on the ground under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, this the 7th day of April, 2011 A.D.

SURVEYED BY:

McGRAY & McGRAY LAND SURVEYORS, INC.
 3301 Hancock Drive, Suite 6 Austin, Texas 78731
 (512) 451-8591



Chris Conrad, Reg. Professional Land Surveyor No. 5623

Note: There is a plat to accompany this description. 'Parcel-51 Remainder'
 Issued 4/7/11

GRAPHIC SCALE



(IN FEET)
1 inch = 40 ft



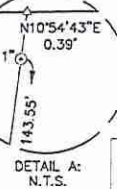
PLAT OF
0.158 ACRES OUT OF
WILLIAM H. SANDERS
SURVEY NO. 54
ABSTRACT NO. 690

STATE OF TEXAS
VOL. 663, PG. 27-DRTC
(8.421 AC.)

U.S. HIGHWAY 290
(R.O.W. VARIES)

EXISTING R.O.W. LINE

SEE
DETAIL B



DETAIL A:
N.T.S.



DETAIL B:
N.T.S.

ROBERT HURST
RENTAL COMPANY
VOL. 5697, PG. 2338
DRTC
TRACT TWO--(2.50 AC.)

NANCY SWENSON
SMITH AND
ACNES SWENSON
ALDRIDGE
VOL. 11995, PG. 152
RPRTC
(22.497 AC.)

PROPOSED
STATE OF TEXAS
ACQUISITION

0.342 AC.

PROPOSED R.O.W. LINE

P.O.B.

PROPOSED R.O.W. LINE
AND PROPOSED ACCESS
DENIAL LINE

LEGEND

- 1/2" IRON ROD SET WITH TXDOT ALUM. CAP
- IRON PIPE FOUND (SIZE NOTED)
- 1/2" IRON ROD FOUND (UNLESS NOTED)
- ▲ 60D NAIL FOUND
- (XXX) RECORD INFORMATION
- P.O.B POINT OF BEGINNING

ROBERT HURST
RENTAL COMPANY
VOL. 5697, PG. 2338
TRACT ONE--(3.65 AC.)

DANIEL PEREZ
DOC. 2002081840
OPRTC
(0.501 AC.)

0.158 AC.

WILLIAM H. SANDERS
SURVEY NO. 54
ABS. NO. 690

Notes:

1. This survey was done without the benefit of a Title Commitment or abstract report.
2. Improvements shown are taken from TxDot aerial survey digital files.

Bearing Basis Note:

1. Bearings are based on the Texas State Plane Coordinate System, Central Zone, NAD83(93) Harm.

SURVEYOR'S CERTIFICATE

STATE OF TEXAS:
TRAVIS COUNTY:

The undersigned does hereby certify that this survey was this day made on the ground of the property legally described hereon and that to the best of my knowledge and belief is correct; and that on the ground there are no apparent or visible discrepancies, and no apparent or visible deed line conflicts, except as shown hereon.

SURVEYED BY: McGRAY & McGRAY LAND SURVEYORS, INC.
3301 Hancock Drive, Suite 6
Austin, Texas 78731 (512) 451-8591

04/07/11

Chris Conrad, Registered Professional Land Surveyor No. 5623 Date
Note: This copy of this plat is not valid unless an original signature through an original seal appears on its face. There is a description to accompany this plat.



NANCY SWENSON SMITH
AND HUSBAND,
RICHARD L. SMITH
UNDIVIDED $\frac{1}{2}$ INTEREST
TO
AGNES SWENSON ALDRIDGE,
ROBERT V. ALDRIDGE AND
WAYNE ALDRIDGE
DOC. 2005116820
OPRTC
(22.497 AC.)



DETAIL C:
N.T.S.

FLOOD PLAIN NOTE (FOR INSURANCE PURPOSES ONLY; NOT FOR CONSTRUCTION, PERMITTING, OR OTHER USES; AN ENGINEER MUST BE CONSULTED FOR THE ACTUAL LOCATION OF THE FLOOD PLAIN): No portion of this tract is within an identified (shaded) special flood hazard area, including the 100-year flood, but is within Zone X, areas determined to be outside the 500 year flood-plain, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for Travis County, Texas, and Incorporated Areas, Map No. 48453C 0480H dated SEPTEMBER 26, 2008.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding. Registered Professional Land Surveyors in Texas are not licensed to determine flood areas.

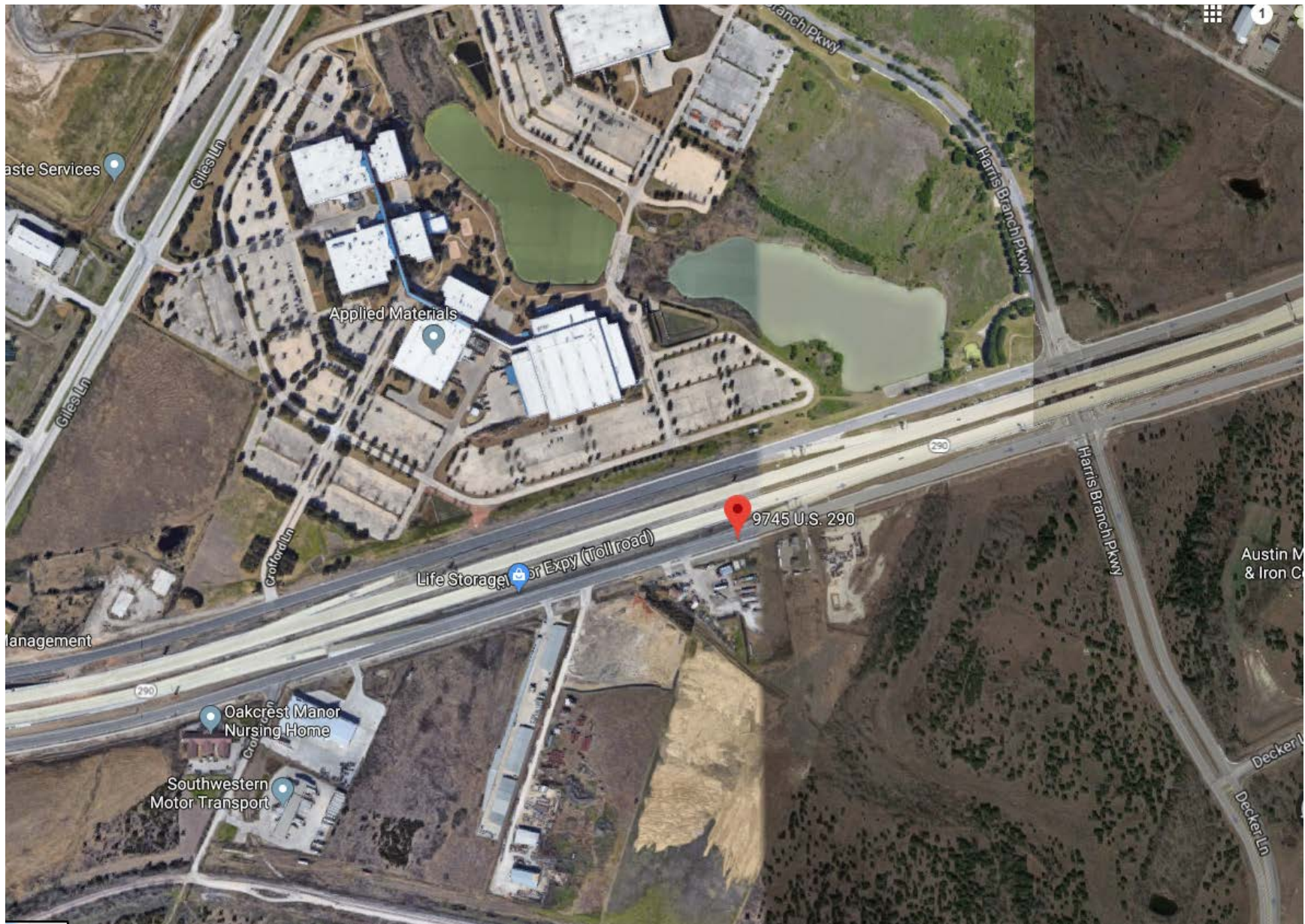


Exhibit B

Appraisal Report

Summary Appraisal Report concerning a 0.158-acre tract at 9745 U.S. Highway 290 E in Austin, Travis County, Texas; WFS File No. V-72-18

***Central Texas Regional Mobility Authority
Attn: Mike Heilgenstein, Executive Director
3300 North IH-35, Suite No. 300
Austin, Texas 78705***

The W.F. Smith Company
Real Estate Appraisers & Consultants

September 12, 2018

Central Texas Regional Mobility Authority

Attn: Mike Heilgenstein, Executive Director
3300 North IH-35, Suite No. 300
Austin, Texas 78705

RE: Appraisal of 0.158 acres of vacant land located at 9745 E. U.S. Highway 290 in Austin, Travis County, Texas. WFS File No. V-72-18

Dear Mr. Heilgenstein,

At your request, we have inspected and appraised the property legally described as 0.158 acres, more or less, out of the William H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas.

The purpose of this inspection and appraisal is to estimate the "As Is" Market Value of the Fee Simple Interest in the subject property, as of the effective date, August 30, 2018 (the date of our inspection). It is our understanding that the use of this appraisal will be to assist the client, Central Texas Regional Mobility Authority, along with their employees and board members (Intended Users) in estimating the current market value of the subject to help establish a possible sales price.

Texas Courts have defined "Market Value" as follows:

Market value is the price which a property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is brought by one who is under no necessity of buying it, taking into consideration all the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

(Source: State Department of Highways and Public Transportation Appraisal and Review Manual, Addition II, Section 2.03, Pages 37-38)

This report conforms with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The appraisers certify that this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan. The value of the subject property as stated within this report is based upon an estimated marketing period of 12 months to a single buyer. This is based on adequate exposure to the open market, as well as competitive pricing and aggressive marketing.

After a thorough analysis of the subject property, the surrounding area, and the best available market data, it is our opinion that the "As Is" Market Value of the Fee Simple interest as of August 30, 2018 is as follows:

THIRTY FIVE THOUSAND DOLLARS

(\$35,000)

Your attention is directed to the following report which details the market data leading to our final value conclusion. Should you have any questions about the market data or our rationale, please feel free to call.

Respectfully submitted,

THE W. F. SMITH COMPANY



Ashley K. Applegate
State Certified General Real Estate Appraiser
Certificate # TX 1380728-G



W. F. (Dubb) Smith, III, MAI, SRPA, SRA
State Certified General Real Estate Appraiser
Certificate # TX 1321084-G

APPRAISAL OF 0.158 ACRES OF VACANT LAND LOCATED AT 9745 E. U.S. HIGHWAY 290
IN AUSTIN, TRAVIS COUNTY, TEXAS. WFS FILE NO. V-72-18

FOR

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY
ATTN: MIKE HEILGENSTEIN, EXECUTIVE DIRECTOR
3300 NORTH IH-35, SUITE NO. 300
AUSTIN, TEXAS 78705

BY

THE W. F. SMITH COMPANY
4161 EAST HIGHWAY 290 WEST
DRIPPING SPRINGS, TEXAS 78620

AS

OF

AUGUST 30, 2018 - "AS IS"

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Name: Parcel 51R, 9745 E US Hwy 290, Austin, Texas

Effective Dates Of Appraisal: August 30, 2018, as is the date of our inspection.

Date of Appraisal: September 12, 2018

Property Appraised: The subject is a 0.158-acre remainder tract from a previously condemned property (acquired for expansion of US Hwy 290 E).

Legal Description: 0.158 acres, more or less, out of the William H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas.

Site: The subject site contains approximately 0.158 acres, located along the south line of US Hwy 290 E (west of SH 130) in the City of Austin. The subject has access to all public utilities. The site has linear frontage along the south line of US Hwy 290 E, but has not legal access. The tract can only be accessed from adjoining tracts. An access easement is not in place at this time, the subject is legally landlocked.

Improvements: None; the subject is vacant land.

Highest and Best Use:

As If Vacant: Assemblage with an adjoining land tract.

Value Conclusions:

9745 E US Hwy 290 E, Austin, Texas	Market Value
"As Is" Market Value as of August 30, 2018:	\$35,000

INTRODUCTION

DATE OF VALUE ESTIMATES

The effective date of this appraisal is the date of inspection, August 30, 2018.

DATE OF REPORT

The date of the report is September 12, 2018.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current "As Is" Market Value of the Fee Simple interest in the herein described real property.

CLIENT, INTENDED USE AND USER OF THE APPRAISAL

It is our understanding that the intended use of this appraisal will be to assist the client, Central Texas Regional Mobility Authority, along with their employees and board members (Intended Users) in estimating the current market value of the subject to help establish a possible sales price.

FEE SIMPLE DEFINED

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation. The subject is vacant and owner occupied.

SCOPE OF THE APPRAISAL

The subject property consists of 0.158-acre vacant land tract. The subject is a remainder parcel from a previously acquired land tract utilized for expansion of the US Hwy 290 E right of way. The subject has no legal access to the right of way (there is an access denial line in place along the north perimeter/US Hwy 90 E).

First the appraisers gathered comparable land sales to estimate the value of the subject property which includes the 0.158 acres. Area developers and brokers were consulted regarding the lack of legal access, and from there the appraiser's determined the highest and best use of the subject property. Adjustments to the comparable land sales were then applied, with emphasis on access (or lack thereof).

The specific data collected relating to the subject property and to comparable properties included the physical, location, cost, income and expense information on the subject as well as the comparables. The quantity and quality of the data collected was felt to be sufficient for the appraisers to make accurate judgments during the appraisal valuation section.

Three traditional approaches to value were considered in the appraisal of the subject property. Only the Sales Comparison Approach was utilized. The subject is a vacant land tract, the Cost and Income Approaches to value would not be reliable indicators of market value due to the nature of the tract. In summary, we believe a thorough investigation and analysis was undertaken to adequately arrive at an "as is" market value conclusion for the subject.

COMPETENCY

We have appraised many properties similar to the subject and are competent to complete the appraisal.

PRIOR APPRAISAL

We have not previously appraised the subject property.

MARKET VALUE DEFINED

Texas Courts have defined "Market Value" as follows:

Market value is the price which a property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is brought by one who is under no necessity of buying it, taking into consideration all the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

(Source: State Department of Highways and Public Transportation Appraisal and Review Manual, Addition II, Section 2.03, Pages 37-38)

This appraisal report has been prepared with the intent to conform with the appraisal standards required by Title XI of FIRREA (Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989). This report also conforms with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Standards of Professional Appraisal Practice of the Appraisal Institute.

EXPOSURE PERIOD

In order to estimate the exposure period to achieve a sale for the subject property, we considered several factors such as supply and demand of similar properties as well as exposure periods of recent sales. The appraisers searched within the subject neighborhood and found numerous sales of similar properties. In determining an appropriate marketing period, we consulted with buyers, sellers and brokers active in the retail market. All of the participants we spoke with indicated that a sale can be procured within twelve months for projects of this type.

LEGAL DESCRIPTION

0.158 acres, more or less, out of the William H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas.

OWNERSHIP HISTORY

The subject property consists of a 0.158-acre remainder parcel from a larger 0.502-acre parent parcel that was purchased in 2011 for right of way expansion purposes. The parent parcel was purchased by Central Texas Regional Mobility Authority for \$250,000 or \$11.48/SF of land area. The seller was Daniel Perez, who sold the property on April 29, 2011. Record of ownership transfer is found in Document Nos. 2011061207 and 2014073364.

The subject was referred to as Parcel 51R in the special warranty deed, and it is expressly conveyed that access will be denied to and from the transportation facility across the proposed right

of way line and "Access Denial Line" as described, being the entire common boundary line between the proposed US Hwy 290 facility and the remainder of the abutting property (the subject of this appraisal).

The access denial line runs the entire length of the subject's frontage, 104.64 linear feet, along the south line of US Hwy 290 E. The adjoining tracts to the east and west have not been denied access to the right of way.

One of the adjoining property owners has approached the subject owner about purchasing the subject, a contract price has not been established to date, nor is the subject under contract. The subject is not and has not been listed for sale in the three years proceeding this appraisal report.

This is all that has happened for at least the last three years.

The previous information is not intended as a guarantee of the chain of title. The information has been included to satisfy the requirements of Uniform Standards of Professional Appraisal Practice. Should a decisive abstract be desired, a title search should be performed by a title company.

APPRAISAL PROCESS

A Description and Analysis Section describing and relating data concerning the Area/City, the Neighborhood, the Site, and the Improvements is undertaken to develop the pertinent market characteristics and factual data for further processing in the valuation process. The analysis of all these characteristics is developed in an effort to establish the Highest and Best Use of the site as if vacant and the whole property as improved.

The Valuation Section is then undertaken considering all pertinent market factors that relate to the subject property as recognized in the Description and Analysis Section of the report. The valuation process is typically approached through the use of three recognized valuation techniques, each based upon an underlying basic concept or premise. These three approaches are the Cost Approach, the Sales Comparison Approach and the Income Approach. Each of these valuation techniques develops a value indication for the subject property, falling into a pattern of reasonable limits. Then, through the process of reconciliation, a final market value estimate is correlated.

The first valuation technique is referred to as the "Cost Approach", which is a physical analysis of the real property where the property is analyzed with respect to land and improvements. The Cost Approach is based upon the premise that value is inherent to the object itself and that "cost" and "value" tend to coincide. The value indication is developed by estimating the site value through direct sales comparison and estimating the improvement's value, by reproduction cost new less all accrued depreciation, if any. The respective estimates of value of the land and the improvements are then summed to indicate an estimate of value from the Cost Approach. This approach has not been utilized.

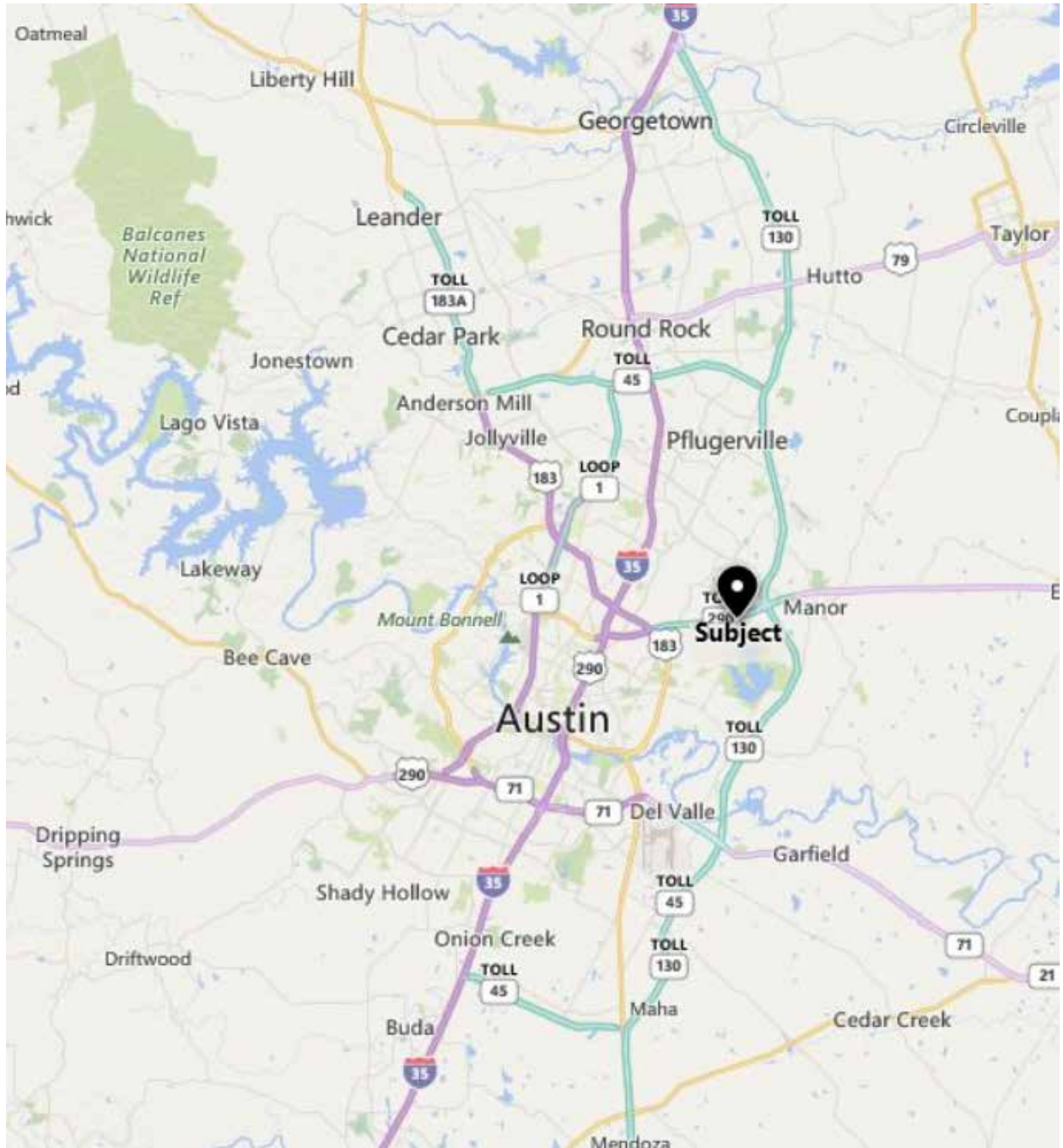
The second valuation technique is referred to as the "Sales Comparison Approach." It is based on the premise that persons in the marketplace can buy by comparison. Hence, the "principle of substitution" is represented, which basically states that a prudent purchaser/investor will pay no more for a property than the cost of procuring an equally desirable substitute property in the market; given that the substitute property possesses the same utility as the property being appraised. This approach is derived by analyzing comparable property sales by some unit or units of comparison and by adjusting appropriately for the dissimilarities between them and the subject; thus yielding an indication of value from the Sales Comparison Approach. This approach has been applied.

The third valuation technique is referred to as the "Income Approach," which is based on the premise that the typical purchaser/investor in the market buys real property in anticipation of its capability to produce an acceptable return on the invested capital; thus, this approach reflects the "principle of anticipation." Taking a potential gross income stream and reducing it by the expenses attributable to the production of that income stream, thus yielding a net operating income, develop this approach. This net income estimate is then capitalized at an appropriate market derived capitalization rate into an indication of value from the Income Approach. This approach has not been utilized.

The correlation of a "Final Market Value Estimate" is then developed through reconciliation of pertinent value affecting factors reflected in each approach. During this process of review and reconciliation, the appraiser considers the strengths and weaknesses of each approach with respect to the property being appraised. Consideration must be given to pertinent physical, legal and economic conditions which exist and influence the value of the subject property. The final market value estimate is concluded through this reconciliation process.

AREA, NEIGHBORHOOD AND PROPERTY ANALYSIS

AREA MAP



AUSTIN AREA ANALYSIS – 2018

The Austin Metropolitan Area contains five counties: Travis, Hays, Williamson, Caldwell and Bastrop. The land area consists of 4,280 square miles. Area cities and towns include: Austin, Cedar Park, Georgetown, Leander, Pflugerville, Round Rock, Hutto, Taylor, Lockhart, San Marcos, Buda, Kyle, and Bastrop.

According to the U.S. Census Bureau, the Austin MSA experienced the largest population increase in Texas and was one of the country's fastest-growing cities during the 1990s and 2000's, growing by nearly 48 percent. Austin is the state capitol and one of the most vibrant communities in the state. It is the center for state government, education, and in recent years, Austin has diversified its economic base further through the attraction of high-technology industries. The state's largest institution of higher learning, the University of Texas, resides in Austin. The area has been experiencing substantial growth over the years, with new construction occurring in the residential, apartment, industrial, retail and office markets. According to Forbes.com and based on data from the U.S. Bureau of Labor Statistics, Austin is now ranked 2nd among the fastest growing economies in the U.S. with GRP growth of 37.1% between 2010 and 2015.

DEMOGRAPHIC INFORMATION

The 2016 population was 2,056,168, a 2.918% increase since 2015 and a 20% increase since 2010. Austin is among the fastest growing cities in the nation. Local economist Angelos Angelou estimate the Austin metro area added another 70,000 people in 2017.

Date	Population	% Change	Total Population Change	Births	Deaths	International Immigration	Net Domestic Migration
2005	1,453,358	3.1	43,300	23,686	6,733	7,199	22,535
2006	1,515,485	4.3	62,127	24,481	7,281	7,243	41,069
2007	1,577,856	4.1	62,371	25,680	7,345	6,577	40,211
2008	1,633,870	3.6	56,014	26,628	7,627	6,391	33,838
2009	1,682,338	3.0	48,468	26,750	8,079	6,406	25,654
2010	1,716,289	2.0	33,951	6,306	1,950	1,167	5,608
2011	1,781,409	3.8	65,120	25,236	8,294	5,742	29,482
2012	1,835,298	3.0	53,889	24,846	8,411	5,694	30,984
2013	1,884,439	2.7	49,141	25,367	9,030	6,290	26,433
2014	1,943,465	3.1	59,026	25,931	9,412	7,331	33,412
2015	1,998,104	2.921%	56,715	26,874	9,894	6,964	32,976
2016	2,056,405	2.918%	58,301	27,375	10,304	6,878	33,395
2018*	2,156,168						

Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Note: Decade years represent April 1, Census data, not the mid-year estimates.

*2018 data is projected.

EMPLOYMENT

Austin's desirable living conditions have attracted numerous employers along with the well-educated work force, resulting in an unemployment rate that is consistently below the national average. Austin's location within the "right to work" State of Texas, along with other factors, provides an adequate, relatively union free, labor force at competitive wages. Given these factors, the Austin area is a hot commodity for people from the West Coast, Midwest, and Northeast to find employment. Consequently, Austin has had a relatively low and stable jobless rate since 2007 that is generally below the national average. The Austin MSA unemployment rate reported September 2017 was 2.9%. (State of Texas was 4.0% and the Nation was 4.1%). Below is a chart illustrating

the annual change in employment rate for the Austin MSA.

UNEMPLOYMENT RATE

Year	Austin MSA	Texas	U. S.
2008	4.3%	4.8%	5.8%
2009	6.9%	7.6%	9.3%
2010	7.0%	8.2%	9.4%
2011	6.6%	7.8%	8.3%
2012	5.7%	6.7%	7.8%
2013	5.1%	6.2%	6.6%
2014	4.2%	5.1%	5.5%
2015	3.3%	4.4%	5.0%
2016	3.2%	4.6%	4.5%
2017	2.9%	4.0%	4.1%

Surrounding Counties – November 2016-2017

County	Employment	Unemployment Rate
Austin MSA	1,092,569	2.9
Bastrop Co.	37,900	2.9
Caldwell Co.	17,520	2.9
Hays Co.	100,165	2.9
Travis Co.	668,207	2.9
Williamson Co.	268,777	2.9

Source: U.S. Bureau of Labor & Statistics, Texas A&M Real Estate Center

The following are the top employers in Austin, whom employ more than 6,000 workers:

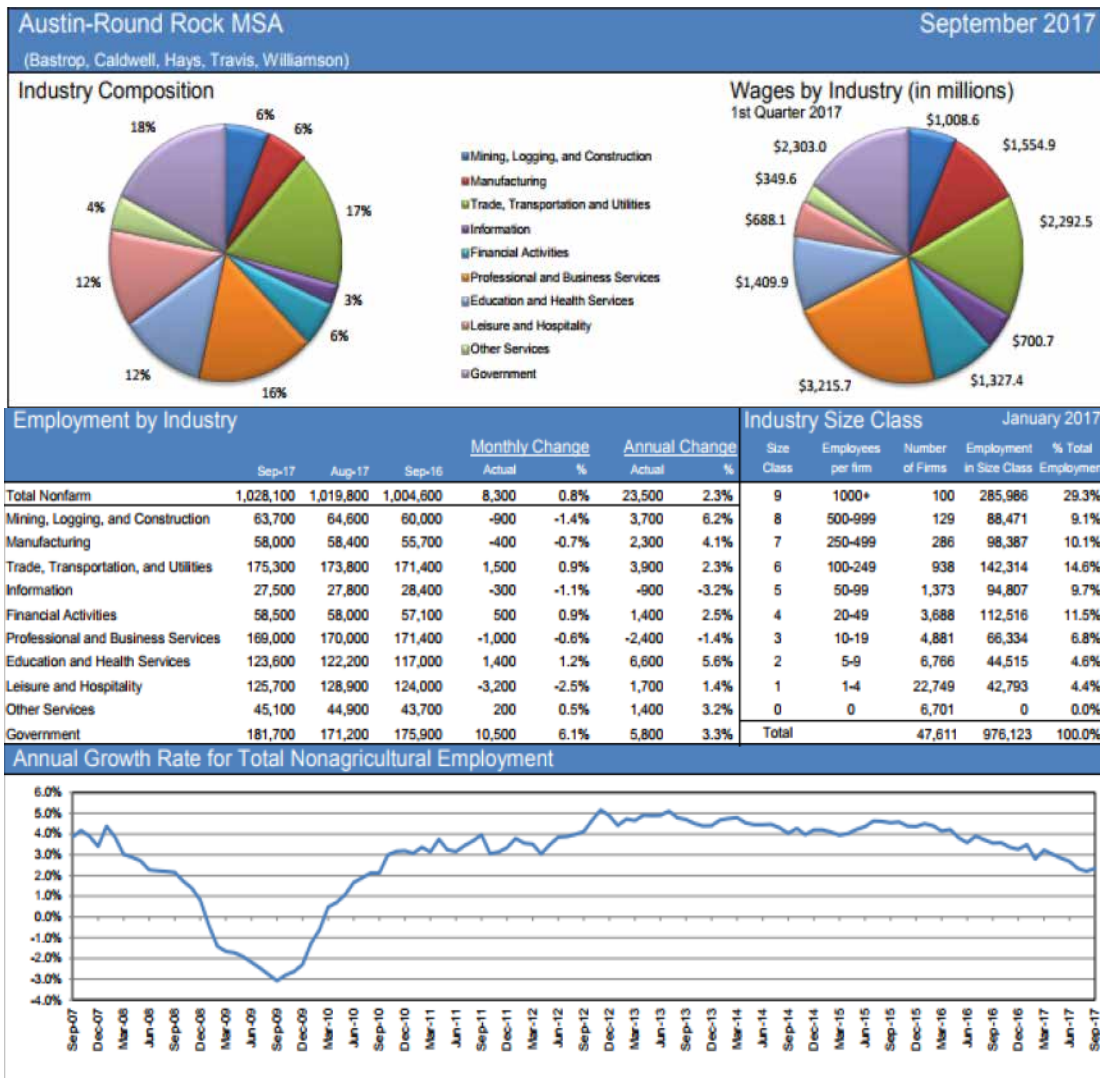
COMPANY	DESCRIPTION
Employing 6,000 & over	
Apple	Computer maker's tech, chip engineering, & admin support center (Americas Hdq.)
Austin Independent School District	Public education
City of Austin	Government
Dell Technologies	Computer technology solutions & equipment mfg./sales (Hdq.)
Federal Government	Government
IBM Corp.	Computer systems, hardware, software, & chip R&D
Samsung Austin Semiconductor	Semiconductor chip mfg., R&D (Hdq.)
Seton Healthcare Family	Healthcare (Hdq.)
St. David's Healthcare Partnership	Healthcare (Hdq.)
State of Texas	Government
University of Texas at Austin	Higher education, public

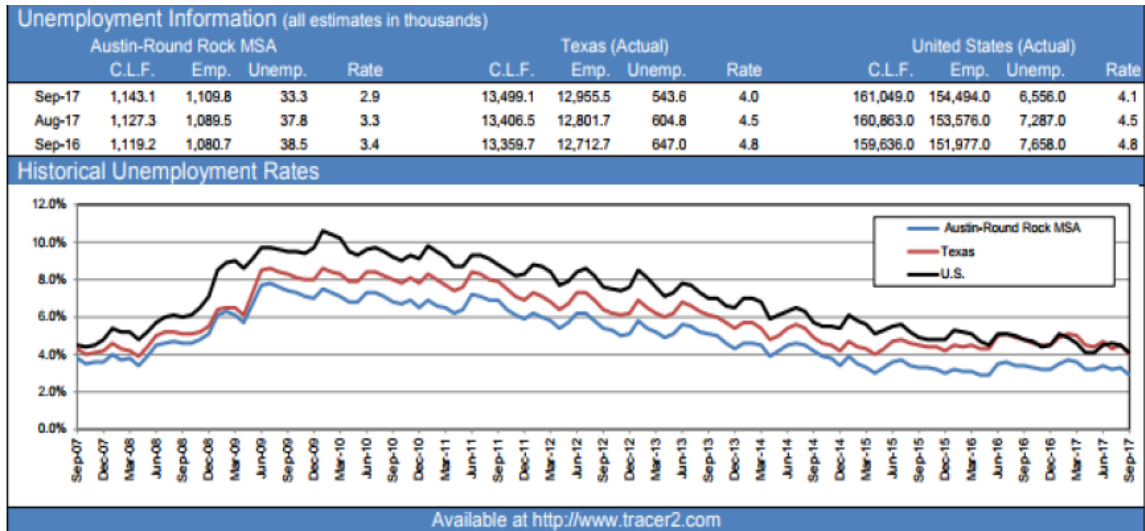
LOCAL ECONOMY

State and local government dominate Austin's economy. As the State Capitol and an education center, the Austin area derives a much larger share of its income from government earnings than is typical for the State or the nation. Located in the center of a primarily conservative state, the local government is a stronghold for liberal political practices. These practices include a sometimes-rigid

environmental regulatory agency that has attracted non-polluting industries with its desirable quality of life. These rigid policies result in a slower process in terms of new construction permits and growth. As a result, the housing market maintains some stability because of the heightened demand this causes. Major new industrial developments have occurred in medical and pharmaceutical products, electronics, computers and video equipment. The Bureau of Economic Analysis report shows that recent growth in Austin was led by the professional and business services sector, which grew by 1.6 percentage points. That sector has been fueled by population gains in the region, which is also tied to booming employment from major companies — among them Apple, Facebook, Google and Amazon — increasing their presence in Austin.

The Austin, Round Rock and San Marcos MSA reported jobs increased from 1,004,600 to 1,028,100, according to the latest figures published by the Texas Workforce Commission. This marks a 2.34% year-over-year increase compared with September 2016, a net increase of 23,500 new jobs. In September 8,300 new non-farm jobs were added during the month (according to the Texas Workforce Commission). September's figures also reverse a downward trend in the job growth rate that started in April. While Austin is nowhere near the peak (6.1% job growth in January 2016), we are still growing. This new data puts the city at a pace of a relatively healthy 2.3% job growth rate. However, there is a continued decline in key high-income sectors. Both the Professional and Business Services and the Information sectors slid—by 1.4% and 3.2% respectively. The highest rate of growth in September was in the Mining, Logging & Construction sector, which grew 6.2% during the period.





In summary, Austin is operating at full employment with a reported unemployment rate of 2.9% which compares favorably to the Texas rate of 4.0% and the U.S. rate of 4.1%. With a diverse employer field and an increasing educated population, the Austin economy has a strong outlook for continued growth into 2018, with continued low unemployment expected.

Real Estate

The last year has been another strong year for Austin’s new home industry. According to the 3rd Quarter, Metro Study current pace of annual starts if 16,719, up 19.1% year over year (YOY). The market peaked prior to the Great Recession in 3Q06 with 18,406 annual starts. The MetroStudy survey team recorded 4,586 starts in the third quarter, which is 4% higher than the previous quarter and 12.5% increase YOY. Strong growth in closings has allowed inventory levels to remain somewhat constrained as Austin heads into the 2018 spring selling season.

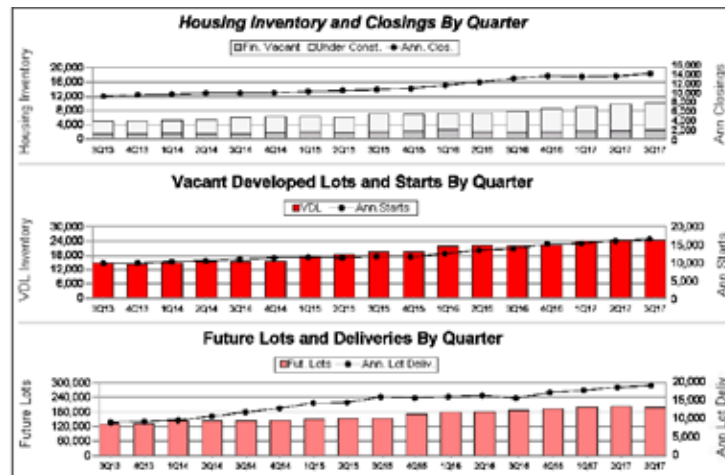
Starts and closing continue to be concentrated in submarkets associated with major commuting routes. Pflugerville tops the list, but other submarkets aligned with Highway 130, I-35 and the 183A toll road also make the top ten for quarterly starts:

Submarket	3Q17 Starts	3Q17 Closings
Pflugerville	500	315
Cedar Park/Leander West	354	414
Kyle/Buda	399	423
Manor	323	281
Del Valle	287	183
Hutto	250	271
Liberty Hill	330	234
Cedar Park/Leander East	214	222
Round Rock East	232	178
Georgetown West	247	212

Much of the activity took place in suburban and even rural locations as closer-in locations approach build-out. The top five submarkets (Cedar Park/Leander West, Pflugerville, Kyle/Buda, Manor, Del Valle) accounted for 40% of the starts and closings in the Austin region. The top ten subdivisions in the area expanding with starts outpacing closings (primarily located in the north area of the MSA). The Kyle/Buda area continues to slow, but remains constrained in terms of housing inventory, at 6.8 months. Siena continues to achieve over 400 starts (Hutto Submarket).

Over the last year, several new communities came online to target Millennial buyers and other shoppers constrained by income. In addition, builders de-featured or resized product in an effort to challenge land, labor and development costs, which continue to grow. The median new home base price (based on annual starts) as of 3Q17 was \$305,000, which is record high price. The summer of 2017 was the first time the Austin market recorded over \$1 billion in homes sales, over six straight months (March – August). June alone recorded \$1.483 billion in sales. However, momentum slowed in September and dipped slightly below 2016 and 2015 figures to a median home price of \$289,000. Inventory continued to remain steady at a 3.0-month supply.

We continue to see a movement toward the single-family condo regimes and attached product, both developed in order to serve home shoppers who needed or wanted to stay below \$250,000. We expect to continue to see the greatest demand in the \$200,000 to \$300,000 price range in the single-family residential market. That segment generated 8,000 starts from 3Q16 to 3Q17, capturing nearly half of the market.



The amount of new home supply continues along its record-setting track. Under construction inventory in Austin hit a new high of 7,732 units in 3Q17. Total Inventory (models, finished vacant and under construction) is up 29.4 percent YOY to 10,816 units, the most ever recorded in the market. That figure represents 9.1 MOS at the current closings pace. It has been at least ten years since the market has reported that level of supply.

The number of finished vacant homes jumped 36.6% year over year to 2,488 units. Yet given the strong starts pace, that level of finished inventory still represents only 2.1 months. For the past five quarters, the percentage of Finished Vacant homes has hovered between 23-24%, which is a healthy level.

Figure 7: AUSTIN SFD & TH Housing Inventory

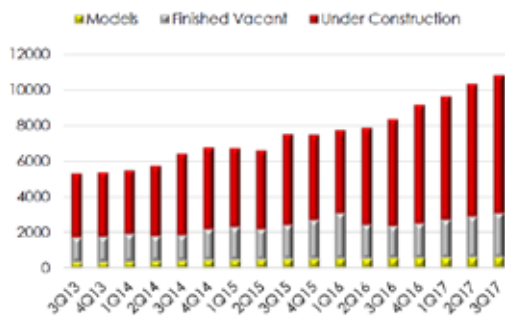


Figure 6: SFD & TH Annual Starts & Closings by Price Segment



While new home inventory has remained healthy overall, the situation remains softer in upper price ranges and in certain submarkets. As we look at Finished Vacant Inventory by price we see that price points above \$300,000 are approaching equilibrium and could easily tip toward over-supply. (Figure 6.) While closings so far are keeping pace, any softening of the market at this price point could significantly affect not only that range but also those above it.

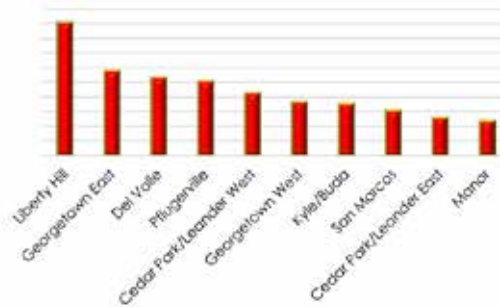
The supply of Vacant Developed Lots increased from 22,068 in 3Q16 to 24,356 in 3Q17, an increase of 10.4% YOY. However, due to the strong starts pace, supply actually dropped to 17.5 MOS overall. Yet performance varies significantly according to price band. Lot supply for homes priced between \$200,000 and \$399,000 ranges from 11 to 14.5 MOS and is thus significantly constrained.

Developers are doing their best to add more supply. Once again, we hit a new record in 3Q17: annual lot deliveries totaled 19,007, the highest ever. Liberty Hill leads the pack for most new lots underway for delivery later this year and into 2018.

Figure 8: Austin SFD & TH Lot Inventory by Price



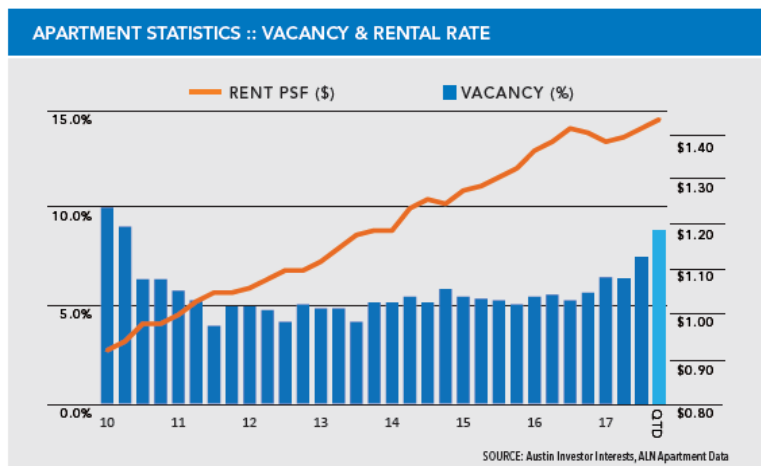
Figure 9: Lots under Construction by Submarket—Top Ten



Apartments

The Austin area completed nearly 11,300 apartments during the last twelve months which is up from the previous year by 9,400 units. Nearly 8,500 rentals have come online year to date through the third quarter, with approximately 2,900 of these units delivered in the southern portion of the metro. Developers will remain focused on this area of Austin as an additional 2,000 units are slated for completion next year, though some attention is shifting east and north.

Approximately 4,500 units have been added to inventory in the come over the last five years, with inventory set to rise by 600 apartments in the final three months of the year. Developers have an additional 500 units scheduled for completion here in 2017.



Household formation has largely favored renting rather than homeownership during the last 12 months, and the absorption of nearly 10,200 apartments over this span resulted in the one of the highest net absorption periods in the last 10 years. Supply additions will outstrip demand for a second consecutive year, and vacancy remains at 6.0 percent, which is two points higher than 2015.

Class C apartments boast tightest conditions, produce healthy rent growth. Apartment vacancy is tightest for Austin’s Class C units, reaching 5.3 percent in the third quarter. Low vacancy in this segment has encouraged strong rent gains over the last 12 months, with the average effective rent climbing more than 4 percent to over \$1,000 per month. Development activity is concentrated in the Class A segment, and the spread between effective rents in the two classes is large enough to keep many renters from moving into newer luxury buildings. As a result, demand for upgraded older properties will remain strong.

The average asking rents across classes for Austin, the South Region of the State and across the Nation are compared below (as published by Integra):



Looking south, the average rent for an apartment in San Marcos is \$1,195 per month, a 5% increase compared to the previous year, when the average rent was \$1,135. The average rent in Buda is \$1,145 (+3% growth), and Kyle reports an average monthly rent of \$1,055, a +5% growth over the year.

Healthy occupancy at properties in Cedar Park and sizable demand for units in the area encouraged a 4.0 percent increase in the average rent to \$1,175 per month. Other northern suburbs also achieved healthy gains, with rent in Hutto increasing by 10%. Average rents in Georgetown and Round Rock reported a decrease in the average asking rent. However, this is largely due to new deliveries in the absorption phase.

Investors remain optimistic about job growth and strong demographic trends in the metro area.

Though down from a cyclical peak, apartment building activity remains elevated, producing thousands of luxury Class A apartments.

Housing

Single-family home sales declined in the city of Austin but increased across the Austin-Round Rock Metropolitan Statistical Area (MSA) for the second month in a row, according to the November 2017 Central Texas Housing Market Report released by the Austin Board of REALTORS®.

Brandy Guthrie, 2017 President of the Austin Board of REALTORS® commented, “Due to rapid population growth throughout Central Texas, Austin continues to have one of the highest demands for housing in the nation. Homes sales are the strongest where price points are the lowest and where development options are available, such as parts of Williamson and Hays counties. We are seeing some slowing home price appreciation and housing inventory gains, which is normalizing us to a more stable market and aligning us with long-term historical market trends.”

The pace of home price growth continued to slow in November. In the Austin-Round Rock MSA, the median price for single-family homes increased 2.9 percent year-over-year to \$296,500. In Williamson County, the median price for single-family homes was unchanged from November 2016, or \$275,000. In Hays County, median price increased 4.0 percent to \$260,000 and in Travis County, median price increased 6.1 percent to \$341,000. In the city of Austin, the median price for single-family homes increased 6.8 percent year-over-year to \$360,000.

Housing inventory increased 0.2 months to 2.5 months of inventory across the Austin-Round Rock MSA and 0.1 months to 2.0 months of inventory in the city of Austin in November. At a county level, housing inventory was 2.9 months in Hays County, 2.5 months in Travis County and 2.4 months in Williamson County.

The 2018 Austin-area housing market is expected to be similar to 2017, very strong but slower as residents and high-income earners continue to look to the suburbs to reside.

A historical look at the housing market within the Austin-Round Rock MSA is below.

<i>Date</i>	<i>Sales</i>	<i>Dollar Volume</i>	<i>Average Price</i>	<i>Median Price</i>	<i>Total Listings</i>	<i>Months Inventory</i>
2007	27,571	\$6,783,518,944	\$246,038	\$183,292	9,163	4.0
2008	22,068	\$5,369,952,456	\$243,337	\$187,319	10,911	5.1
2009	20,407	\$4,830,082,305	\$236,688	\$185,150	10,131	5.1
2010	19,547	\$4,819,525,215	\$246,561	\$189,356	10,906	5.3
2011	21,032	\$5,281,514,091	\$251,118	\$189,900	7,494	3.9
2012	25,196	\$6,705,431,385	\$266,131	\$202,975	5,940	2.4
2013	29,965	\$8,601,111,424	\$287,039	\$220,000	5,062	1.8
2014	30,137	\$9,267,487,161	\$307,512	\$240,000	4,982	2.0
2015	31,517	\$10,449,121,329	\$331,539	\$260,000	5,300	2.0
2016	32,957	\$11,452,411,293	\$347,496	\$280,000	6,509	2.1
2017	26,250	\$972,000,000.65	\$347,496	\$289,000		3.0

Source: Real Estate Center

Retail

Per the 3Q17 market report published by Marcus & Millichap, the retail market in Austin has continued its strong performance with overall vacancy remaining well below historical norms. Deliveries outpaced absorption this year, pushing up vacancy to 3.5% (which is the first annual increase since 2009). However, some large block space in the Northwest came online as

businesses like Office Depot and Gander Mountain declared bankruptcy. An estimated 1.6 million square feet will have been completed in 2017 and early 2018, with significant additions occurring in the suburban areas of Austin. Developers and retailers continue to follow the rooftops to other areas of the metro, with more than half of all completions during the period occurring in Cedar Park. Development continues to be heavy in Hays County, Round Rock and East Austin (each submarket boasts more than 200,000 SF underway).

Austin continues to boast one of the lowest retail vacancy rates in the country despite ticking up over the past 12 months. Hays County has one of the tightest vacancy rates in the metro, despite adding over 1.5 million square feet since 2009.

The average asking rent surpasses the prior high during the last year and now sits 4.9% above the previous peak at \$21.83/SF. Several submarkets recorded rent advancements above 10 percent: Bastrop County, Cedar Park, East Austin, Far Northeast Austin, Hays County and Southwest Austin.

The market statistical snapshot by submarket as presented by Transwestern is below.

Monthly Retail Lease Statistics By Submarket*

SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUPANCY	TOTAL OCCUPANCY	AVERAGE NET RENT
Central Business District (CBD)	63	1,826,593	28,904	27,586	98.7%	98.6%	\$39.00
Central & West Central	230	7,368,276	(184,119)	138,623	93.8%	93.5%	\$22.33
Cedar Park & Far Northwest	249	10,836,176	417,987	248,605	95.4%	95.1%	\$23.30
East & Northeast	150	5,602,037	58,533	268,877	95.9%	95.5%	\$21.00
Hays County	206	7,832,673	33,191	151,496	98.1%	98.0%	\$24.20
North	163	6,599,219	(26,241)	99,443	96.5%	96.5%	\$18.57
Northwest	129	4,841,436	38,251	130,246	96.5%	96.5%	\$22.97
Round Rock & Far Northeast	254	9,632,693	152,670	266,447	94.8%	94.8%	\$21.66
South & Southeast	293	11,831,818	(86,693)	190,013	97.5%	97.3%	\$23.08
Southwest	188	7,973,666	90,010	152,716	97.7%	97.7%	\$27.83
AUSTIN	1,925	74,344,587	522,493	1,674,052	96.3%	96.2%	\$23.31

*Starting in Q3 2017, the building size tracked has been lowered from 25,000 SF to 10,000 SF for inclusion in this report. We also added Hays County. SOURCE: Transwestern, CoStar



Buyer interest for retail properties remains strong, especially within the multi-tenant assets. There was a 9% rise in the average price per square foot to \$330, and cap rates compressed 10 basis points to 6.9%. Single-tenant prices surged 19 percent over the last year to nearly \$460 per square foot as first-year yields declined 30 basis points to 5.9 percent. Expansion of local and regional retailers into inline space will continue to drive down vacancy and attract investors to the metro.

Office

As predicted, the office market has remained extremely strong and rates have seen a slight increase over the past quarter. The trend of big companies eating up large spaces has become the norm and the expansions of tech giants and co-working spaces have continued to embolden landlords and developers to bring speculative product to the market. Unfortunately for tenants, not enough of this product is becoming available beyond the preleasing phase to have a meaningful impact on rates or landlord concessions. The occupancy rate of direct space in the Austin office fell slightly to 91.2% per Aquila Commercial and Transwestern reported direct occupancy as 91.5%. However, Transwestern surveys now include smaller structures and Hays County. Both Aquila and Transwestern reported positive net absorption for 3Q17. Submarkets that saw a decrease in vacancy over the quarter include Central, East, North/Domain, Northwest, Round Rock, South, and Southwest. The Round Rock submarket saw the largest decrease in vacancy, falling from 9.3% to 5.0% over the quarter.

Austin's office market posted 41,974 square feet of negative net absorption in Q3 2017. The three

submarkets that experienced the largest positive net absorption gains over the quarter include Northwest, Central and Round Rock. A majority of the positive net absorption in the third quarter happened in the class A North/Domain submarket, totaling 96,755 square feet of positive net absorption. Some of this can be attributed to Social Solutions moving into their 25,231 square foot space at Braker Pointe III (10801 North MoPac Expressway). The second highest positive net absorption occurred in class B space in the Northwest submarket, with 66,183 square feet absorbed in the third quarter. Austin's office market posted 41,974 square feet of negative net absorption in Q3 2017. The three submarkets that experienced the largest positive net absorption gains over the quarter include Northwest, Central and Round Rock.

There were four leases signed in Q3 in the South submarket including Nexstar taking 17,900 square feet at Mirabeau at 2330 South Lamar Boulevard. The submarket with the most square feet leased in Q3 was the CBD with 283,695 square feet. The most notable is Facebook's 231,506 square foot lease at Third and Shoal (208 Nueces Street). Third and Shoal is set to deliver in Q3 of 2018.

The large amount of new multi-tenant space, most of which is considered Class "A" space, drove an increase in quoted rental rates to \$30.77 per square foot, with CBD reporting \$40.99 per square foot net. A summary of average net rents, net absorption and average asking rates by Class are summarized below:

Monthly Office Lease Statistics By Submarket

SUBMARKET	NO. OF BLDGS	INVENTORY	YTD NET ABSORPTION	YTD LEASING ACTIVITY	DIRECT OCCUP.	TOTAL OCCUP.	CLASS A NET RENT	CLASS B NET RENT	CLASS C NET RENT	AVE NET RENT
CBD	87	13,310,756	496,057	1,219,299	91.4%	90.2%	\$40.99	\$29.14	\$26.83	\$36.56
Central & West Central	80	5,459,728	(29,849)	355,680	94.4%	94.0%	\$30.91	\$18.69	\$18.02	\$21.72
North	67	7,057,373	295,500	814,099	92.4%	91.8%	\$32.50	\$19.23	\$15.47	\$23.50
Northeast & East	73	6,001,224	284,442	367,226	83.3%	82.7%	\$34.40	\$23.10	\$16.47	\$24.23
Northwest & Far NW	216	17,009,002	143,262	1,071,764	92.4%	91.1%	\$23.75	\$20.12	\$16.04	\$21.94
Round Rock & Cedar Park	46	2,970,523	134,057	147,139	92.8%	91.9%	\$23.03	\$17.75	\$17.10	\$19.70
South	43	2,922,390	101,020	208,839	95.3%	95.2%	\$33.04	\$22.98	\$20.68	\$25.02
Southeast	22	2,394,577	35,905	656,480	90.7%	90.7%	\$18.50	\$16.78	\$16.32	\$16.75
Southwest	135	11,404,345	382,015	1,418,967	91.8%	89.0%	\$26.76	\$21.35	\$17.72	\$25.23
AUSTIN	769	68,529,918	1,842,409	6,259,493	91.5%	90.3%	\$30.77	\$21.10	\$18.45	\$25.50

SOURCE: Transwestern, Colliers



The citywide average gross rental rate decreased marginally over the quarter from \$34.03 per SF in Q2 2017 to \$34.02 per SF in Q3 2017. Class A rental rates in Austin's CBD decreased by 0.8% over the quarter to \$49.43 per SF from \$49.84 per SF in the second quarter of 2017. Overall suburban Class A rental rates increased, from \$33.57 per SF to \$34.80, over the quarter (gross). Citywide class B rental rates increased in Q3 to \$28.50 per square foot from \$28.18 in Q2. Class B rental rates in the CBD increased by 6.9% over the quarter from \$40.28 per square foot to \$43.08 per square foot.

New office construction and deliveries continue to add inventory throughout the city. Currently there is more than 3.8 million square feet of office space in 20 buildings that were either approved for development or under construction. Out of that total, 60% is pre-leased and will be delivered over the end of 2017 and the first half of 2018. Preleasing has been particularly strong in the CBD, Northwest, and Central markets. Looking ahead, we expect the office market to be generally flat, but strong. Job growth has slowed in some sectors, while other sectors continue to report growth. CBD properties will likely continue to report strong occupancies and possibly see density increases, while concessions could return to attract tenants to the suburban markets to older properties. In general, we predict continued demand for a variety of office space will remain strong and should result in strong positive absorption going through 2018.

Industrial

Activity in the Austin industrial market increased during the third quarter after the previous quarter's sluggish performance. New leases and expansions generated 29,485 square feet of positive net absorption moving the year-to-date net gain to 444,181 square feet. While tenant move-outs mitigated the potential gain, several sizeable leases prevailed to keep absorption in the black for the quarter. Commerce Center South Building 10 was the only project delivered in the third quarter, adding 96,280 square feet to the service center inventory in the Southeast sector.

With new supply outpacing demand, local industrial properties closed the quarter with a citywide vacancy rate of 8.3%, which is up compared to 7.8% last quarter and 6.1% recorded in the same quarter of the previous year. The Round Rock submarket experienced the strongest activity with 112,050 square feet of the total citywide gain; meanwhile, the North and the East sectors both saw substantial negative absorption. The industrial market experienced some key leases to create positive absorption during the third quarter, including Opcity Inc. (49,293 sf) at Bergstrom Tech Center, Singulex (35,681 sf) at Crystal Park Bldg. 12, and Seton (28,800 sf) at Met Center II Bldg. 12.

Flex/Service Centers experienced a rebound during the third quarter resulting in 133,319 square feet of positive net absorption. On the other hand, the Warehouse market experienced 103,834 square feet of negative net absorption. The East submarket was hit the hardest with the loss of 105,942 square feet.

The cost of renting office warehouse space remained at mid-year rates during the third quarter, currently ranging between \$0.60 - \$0.85 per square foot per month on a triple net basis while the price for bulk warehouse ranges between \$0.45 - \$0.70 and \$0.65 - \$0.90 for manufacturing space. Among Service Center/Flex properties, asking rental rates range between \$0.80 - \$1.25 per square foot per month.

Given the current market conditions, tenants may begin to see lower rates if vacancies remain on the higher end of the spectrum for consecutive quarters. Currently, more than 1.2 million square feet of industrial space is currently under construction. The active Southeast submarket can expect to see more than 626,000 square feet of new industrial space come online by the end of the year led by Southpark Commerce Center V and two buildings at Park 183. Another project soon to reach completion is The Collective at South Congress, which will feature 83,775 square feet of industrial space.

While the Austin industrial market has experienced a relatively sluggish performance, the recent pick up in leasing activity during the third quarter could be a good sign as we head into the fourth quarter and with new lease space soon to come online.

Geographical Sector & Building Use

Office/Bulk/Manufacturing/Warehouse			
	Existing SF	Current Vacancy	Under Construction*
Round Rock	2,667,147	2.7%	0
North	10,280,458	6.5%	0
Northeast	4,611,789	11.7%	0
East	1,283,071	9.2%	0
Southeast	5,876,799	10.1%	0
South	1,878,884	0.1%	0
Total	26,598,148	7.5%	0

*Expected to deliver within 6 months

Flex/R&D			
	Existing SF	Current Vacancy	Under Construction*
Round Rock	723,056	5.3%	395,980
North	5,035,849	4.7%	0
Northeast	2,741,934	10.1%	0
East	0	0.0%	0
Southeast	4,631,999	16.2%	741,951
South	131,848	0.9%	83,775
Total	13,264,686	9.8%	1,221,706

*Expected to deliver within 6 months

Average Rental Rates/SF (NNN)			Current Quarter Absorption			
	Annual	Monthly	9/30/17	Flex/ R&D	Office/ Warehouse	Total
Flex/R&D	\$9.60-\$15.00	\$0.80-\$1.25	Round Rock	26,700	85,350	112,050
Bulk Warehouse	\$5.40-\$7.80	\$0.45-\$0.65	North	(7,928)	(73,413)	(81,341)
Office Warehouse	\$7.20-\$10.20	\$0.60-\$0.85	Northeast	40,758	(9,466)	31,292
Manuf/Warehouse	\$7.80-\$9.60	\$0.65-\$0.80	East	0	(105,942)	(105,942)
			Southeast	74,989	(7,863)	67,126
			South	(1,200)	7,500	6,300
			Total	133,319	(103,834)	29,485

POLITICAL ENVIRONMENT

Growth and quality of life are at the forefront of major concerns in the city. There is a strong constituency favoring controlled growth to protect Austin's quality of life. This group makes Austin more politically difficult for developers than other Texas cities, and these political restraints should continue to limit new developments and maintain barriers to entry, thereby increasing values due to limitations on new supply.

The City remains committed to the environmental protection of the surrounding hill country lakes and creeks, and there are restrictions on impervious cover and drainage. The general political climate is not favorable for development but very encouraging to new business requirements. This causes a two-edged economic sword. Job growth increases while housing supply is continually thwarted. This restrictive development attitude causes support for very strong housing prices due to supply limitations as demand increases.

TRANSPORTATION

Austin's location, 200 miles south of the Dallas-Fort Worth Metroplex, 160 miles northwest of Houston, and 77 miles northeast of San Antonio, makes it easily accessible to all parts of the state and region. IH-35 and Mopac Expressway (Loop 1) are the major north-south traffic arteries for the city. The extension of Mopac to State Highway 45 in the north and State Highway 45 in the south has been completed. Loop 360 is a major north-south thoroughfare in West Austin, and "loops" around the western portion of the city to ease congestion. State Highway 130 and State Highway 45 (toll roads) have been opened between North Mopac Boulevard, Round Rock and along the Pflugerville/Manor/Georgetown corridor. SH 130 now connect to IH-35 at Georgetown and IH-10 outside of Seguin to the far south.

The Austin Bergstrom International Airport, which opened in 1999, provides major airline service for the Austin area. Major airlines serving the facility include Air Canada Express, Alaska Airlines, American Airlines, British Airways, Delta Airlines, Frontier Airlines, JetBlue Airways, Southwest Airlines, United Airlines, and Virgin America.

UTILITIES AND TEXAS

The City of Austin owns and operates the electric utility system and the water and wastewater system. Current property values help provide additional funds for the city as well as preserving low property tax rates. The tax assessments are based on 100% of the appraised market value of the property.

Tax rates are established for two categories: (1) for the operation of the public-school system of the city, and (2) for operation of municipal government and providing services such as police and fire protection, and parks and playgrounds.

Due to rapid growth in the Austin area, there are numerous water and municipal utility districts on the fringes of the city. The 2017 tax rates for the districts in Travis County range from approximately \$0.020/\$100 to \$1.540/\$100 of assessed valuation.

EDUCATION

Austin is serviced primarily by the Austin Independent School District. The Eanes, Round Rock, Pflugerville, Manor, Taylor, Lago Vista, Lake Travis, Leander, Liberty Hill and Del Valle School Districts serve the outlying areas of Austin. Also, there are numerous private institutions providing education from kindergarten through grade 12.

Among the region's strong assets is the Central Texas workforce, representing one of the most educated talent pools in the country. Approximately 42.6% of the adults within the Austin Metro have at least a bachelor's degree, compared to 30.6% nationally, which lands Austin in the top 10 among the largest metros. There are over 50 colleges and universities within the region, and over 400,000 enrolled students within a 100-mile radius. The growing work force has a median age over four years younger than that of the rest of the nation. Listed below are Fall 2016 enrollments for the larger institutions in the Austin MSA.

Area Universities and Enrollment

University of Texas at Austin	51,211
Texas State University (San Marcos)	38,524
Austin Community College	41,898

SUMMARY

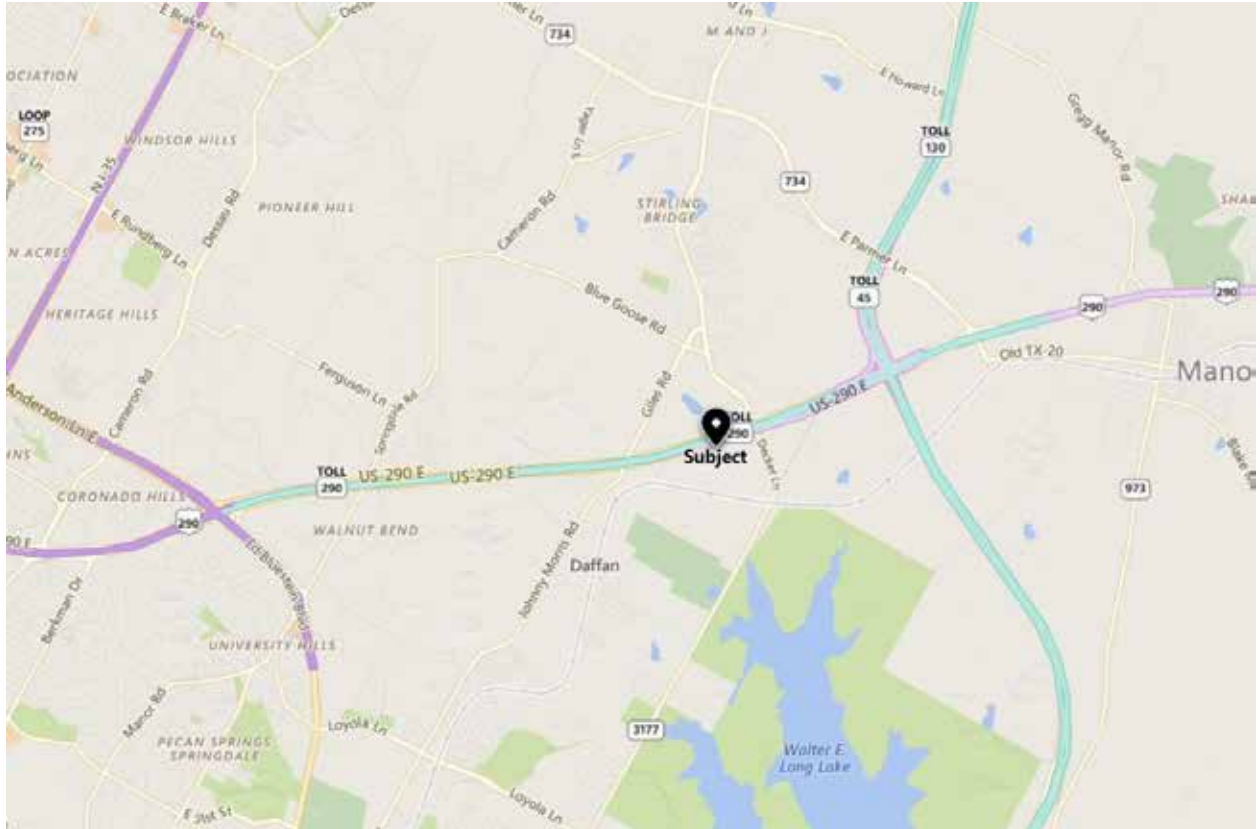
Austin continues to experience new industrial growth from clean industries and the supportive companies that follow these industries. However, due to the restrictive attitude towards new development within the City of Austin and the ETJ along with the lengthy approval periods (from 18 to 24 months) the Austin economy is somewhat insulated from extreme oversupply. The highly restrictive and pro-environment Austin City Council and staff are extremely diligent and therefore slow in approving any development.

The main focus in the Austin area and the Texas economy is that Austin is viewed as a desirable location. It appears that Austin is one of the major job creating cities in Texas, along with San Antonio, Dallas, and Houston (the oil capital of the United States), indicates that the Texas economy overall and subsequently the Austin economy, should continue to improve and continue to grow.

The State has rebounded since the recession and reported a surplus in 2013-2016. The outlook in the Texas and Austin area remains positive now and in the future. Austin will continue forward as a fertile market in the tech industry pushing job growth in a positive direction. This along with further expanding creative media, green energy, and health care industries will help allure out of state workers thereby pushing the market forward. An influx of persons in the job market will only continue to intensify the housing demand in the area as we have witnessed in the single-family and multi-family sectors. Vacancy rates in office, retail, and industrial sectors are also at healthy levels, so the rents for each respective part of the market should continue to increase with demand rising. Given all of the factors provided in this analysis, the Austin market is still growing and will continue moving positively in the future.

However, there are multiple economic factors to watch out for going into next year. Slowing job growth in Central Texas, the impact of Hurricane Harvey on the price of building materials and housing development costs, and the overhaul of the U.S. tax plan are all factors that could hinder market growth and negatively impact affordability in the Austin area in 2018.

NEIGHBORHOOD MAP



NEIGHBORHOOD ANALYSIS

The purpose of the neighborhood analysis is to provide a bridge between the study of general influences on all property values, as was done in the preceding Austin Area Analyses and the analysis of a particular subject which follows in the Site Analysis. The Appraisal of Real Estate, Fourteenth Edition defines a neighborhood as "a group of complementary land uses." This section of the appraisal emphasizes the four forces as they influence value: social, economic, government and environment. However, these forces are analyzed in terms of the defined neighborhood in which the subject exists.

The subject tract is located on the east line of FM 973 and south of FM 1660. The subject neighborhood is located in Eastern Travis and Williamson Counties. The subject neighborhood is also located in the Manor ISD. The neighborhood was examined by the appraisers and concluded to have the following boundaries:

North:	State Highway 79
South:	State Highway 71
East:	SH 95
West:	IH-35

When analyzing a neighborhood comprised of such diverse property types, it is necessary to first divide the analysis into segments of the forces to be analyzed. These forces include Land Use and Economic Factors, Infrastructure and Linkage Attributes, Demographic Profile and Neighborhood Trends. These forces and how they affect the subject site are described below.

Land Use

The subject neighborhood is located in eastern Travis County. Properties in this area are mostly large acreage home sites or vacant land with commercial uses on major thoroughfares. The land uses at this time are estimate in the following table.

Land Use Exhibit

<u>Land Use</u>	<u>% of Total Area</u>
Undeveloped/Farm	50%
Residential	35%
Non-Residential	10%
Public	5%
Total:	100%

The table shows that 50% of the neighborhood is undeveloped at this time. Existing developments are concentrated in the western portion of the neighborhood. Residential land use comprises subdivisions in a majority of the western and northern portions of the neighborhood.

Major thoroughfares through the area include U. S. Highway 290, U. S. Highway 183, SH 130 toll road. Major neighborhood thoroughfares include FM 973, Blake Manor Road, Parmer Lane and Greg Lane.

Commercial uses are located along the major thoroughfares such as U.S. Highway 290, State Highway 79, and FM 973. The major arteries through the subject neighborhood include U.S. Highway 290 East, State Highway 79, and FM 973.

The subject neighborhood has seen tremendous growth since 2013 residential development has

increased dramatically in Manor to the south and Pflugerville to the west.

Commercial activity has picked up in Manor, Texas over the last several years. Wal-Mart built a store along south line of US Highway 290 on the east side of Manor. This included a Wal-Mart Store along with restaurants Panda Express and Whataburger. Additionally, Auto Zone and a retail center were also constructed.

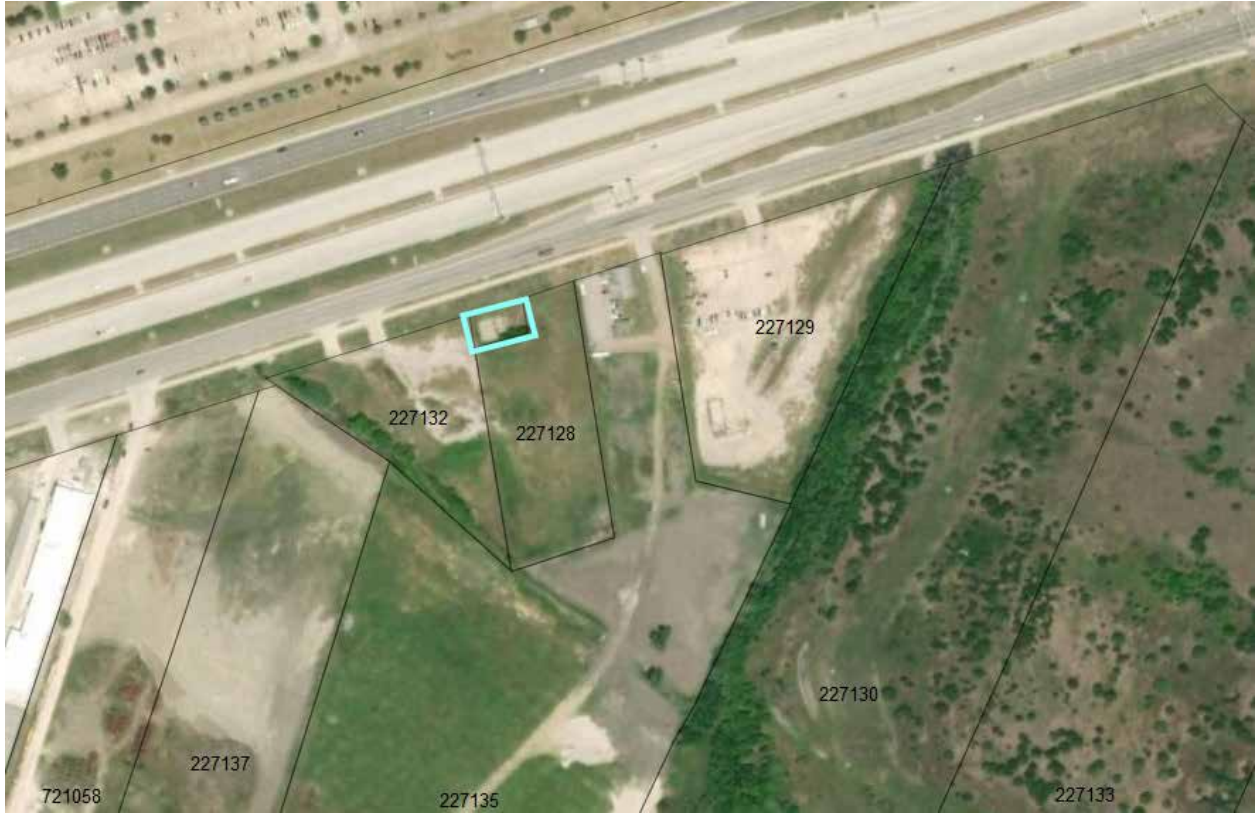
Also, after the completion of the US Highway 290 and Lexington Street intersection, retail pad sites including McDonald's, Starbuck's, Taco Bell and O'Reilly's auto parts have been constructed. This has been part of the Shadowview Shopping center which has included several in-line retail strip center buildings.

The outlook of this neighborhood appears to be good in the long term as many people wish to live closer in to the downtown area.

Conclusion

In summary, the neighborhood can be characterized by vacant land and new single-family residential development in the majority of the neighborhood. The subject neighborhood has slowly picked up in growth since a majority of the neighborhood is starting to be developed. Although the economy is in a downturn this area should remain stable over the next several years with possible growth of infill tracts throughout the neighborhood.

AERIAL PHOTOGRAPH



SITE ANALYSIS

"Site analysis is a careful study of the factual data in relation to the neighborhood characteristics that create, enhance, or detract from the utility and marketability of the land or site as compared with competing comparable land or sites" (From The Appraisal of Real Estate, Fourteenth Edition, published by The Appraisal Institute, 2013).

The property is legally described as 0.158 acres, more or less, out of the William H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas. The subject is located at 9745 US Hwy 290 E in Austin, Travis County, Texas.

Below is a brief synopsis of the general characteristics pertaining to the subject property.



Size:	0.158 acres or 6,882 square feet
Shape:	Rectangular
Frontage:	The subject has frontage along the south line of US Hwy 290 E. The subject has an access denial line in place along the right-of-way line. At this time, the subject has no legal access, nor are any easements across adjoining tracts in place.
Topography:	The subject site is basically level and at street grade with the US Hwy 290 E frontage road.
Soil Conditions:	A detailed soil or subsoil analysis was not made for the subject property. This appraisal is contingent upon no detrimental soil condition that negatively affect development.
Floodplain:	No portion of the subject property is located within the floodplain according to the Federal Flood



Utilities: The tract has access to all public utility services.

School District: Manor Independent School District.

Zoning: None, City of Austin 2-Mile ETJ

Easements: Typical utility easements along property lines are assumed and do not appear to inhibit development.

Environmental Concerns: An environmental site assessment was not furnished to the appraisers. We did not observe any environmental hazards upon our inspection; however, we are not qualified engineers. This appraisal is contingent upon no detrimental materials located on the subject tract.

Endangered Species: We are unaware of any endangered species situated on the subject tract.

Improvements: None. The subject is vacant land.

Surrounding Land Uses: The subject property is surrounded by vacant land

tracts, currently used for outdoor storage (containers and vehicle tow lot).

Tax Assessment:

The subject is not currently assessed by TCAD. The subject is located in the following taxing jurisdictions.

Entity	Description	Tax Rate
03	TRAVIS COUNTY	0.369000
0A	TRAVIS CENTRAL APP DIST	0.000000
2J	TRAVIS COUNTY HEALTHCARE DISTRICT	0.107385
34	MANOR ISD	1.515000
68	AUSTIN COMM COLL DIST	0.100800
72	TRAVIS CO ESD NO 12	0.100000
Total Tax Rate:		2.192185

Conclusion:

The subject lot is basically level and at street grade. All utilities are in place, and the subject is not currently zoned. The subject has no known legal access at this time.

SUBJECT PHOTOGRAPHS



HIGHEST AND BEST USE ANALYSIS

The term highest and best use as used in this appraisal report is defined as,

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value.'

(From The Appraisal of Real Estate, Fourteenth Edition, published by The Appraisal Institute, 2013)

The highest and best use of the land as though vacant and as improved must meet four criteria:

Legally Permissible – The uses that are legally permitted by private restrictions, zoning, building codes, historic district controls and environmental regulations on the site.

Physically Possible – The use to which it is physically possible to put the site in question.

Financially Feasible – The possible and permissible uses that will produce a net income or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization.

Maximally Productive – Of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is the highest and best use.

The highest and best use criteria shown above must be addressed with regard to the subject property on an as if vacant basis and in the preferred sequential order of analysis to derive our opinion of highest and best use.

1. Legally Permissible

Zoning and land use restrictions must be considered when determining highest and best use. As discussed in the Zoning Information section of this report, the subject property is not located within the City of Austin and is not zoned. The subject is located within the Austin two-mile ETJ and must adhere to all subdivision and site development standards promulgated by the City.

The subject has no known legal access at this time. The subject is deed restricted from having access to the right-of-way via an "Access Denial Line". An easement over an adjoining property, or assemblage would provide legal access. A sidewalk is in place along the right-of-way, access via foot is permitted.

Considering the legally permissible uses for the subject property it appears limited use of the property is possible. If the subject had legal access, a wide variety of uses would be available to the subject property including retail, commercial and office.

2. Physically Possible

In arriving at a conclusion of highest and best use for the subject property, it was also necessary to consider the physical aspects of the site. As discussed in the Site Analysis, the subject does not appear to be encumbered or adversely affected by soil conditions or damaging easements. However, the subject has no known legal access (except via foot from the sidewalk).

The subject consists of 0.158 acres of land, and the property is fairly level and at street grade with the US Hwy 290 E frontage road. No portion of the property is located in the floodplain.

For a typical commercial use to succeed, the property must be located along a major artery or must be in proximity to other traffic generators. The subject's location is felt to be suited for commercial use, except that vehicular access is prevented by the access denial line along the right-of-way. The traffic flow along US Hwy 290 E (Manor Expressway) is heavy. The subject has good visibility. It is the major thoroughfare from the Manor area to Austin.

According to our information, utilities are provided to the site and are adequate to support a commercial development. The subject property is surrounded by vacant land utilized for outdoor storage and sales. It appears that the only appropriate use for the subject would entail assemblage with an adjoining tract to gain legal access.

3. Financially Feasible

Property uses that are expected to produce a positive return are regarded as financially feasible. Austin jobs grew at a 0.9% annualized rate over the three months through May 2018. Austin's unemployment rate fell to a low of 2.9% in May, from 3.0% in April. This is well below the May Texas and U.S. jobless figures of 4.1% and 3.8%, respectively.

Austin's industrial market remained tight during the second quarter of 2018, with the overall vacancy rate rising slightly to 6.8%, an increase of 10 basis points quarter-over-quarter, and year-over-year. In addition, net absorption continued in positive territory for the fourth consecutive quarter at 143,490 sq. ft.—though down from Q1 2018's 783,605 sq. ft. Solid demand led to an overall NNN average annual asking rent increase during Q2 2018. The price to rent both Flex and Manufacturing space dropped, while the cost of Warehouse/Distribution space increased, pulling the overall average rent up \$0.12 to \$10.45 per sq. ft., a figure that has remained largely unchanged from this time last year at \$10.41. Close to 1 million sq. ft. has been delivered in 2018, with about 44% of that space available for occupancy. Rates for industrial real estate throughout Austin show that the Northwest submarket has the highest prices for industrial space at \$12.36. The average rate for Flex space is currently highest in the Northeast submarket, at \$13.74 per sq. ft.; Manufacturing rates peak in the Georgetown/Round Rock submarket, at \$11.50; and Warehouse/Distribution space is at its high point in the Southeast at \$11.72. Part of the appeal of the Southeast industrial submarket, located primarily east of IH-35, and surrounding the Austin Bergstrom International Airport, is the easy access to San Antonio, Central Texas and Houston via the surrounding major highways.

Austin's retail market remained tight during the second quarter of 2018, with the overall vacancy rate rising slightly to 4.2%, an increase of 30 basis points quarter-over-quarter, and 50 basis points year-over-year. With the rate at such a low level, small fluctuations up and down are not particularly significant. Net absorption was down 13.8% quarter-over-quarter to 365,580 sq. ft., though up 31.6% year-over-year. In addition, metro Austin leasing activity is at 529,683 sq. ft., on par from the previous quarter. The retail market saw overall average asking rates rise \$0.13 per sq. ft. quarter-over-quarter to finish at \$22.03 per sq. ft.—an all-time high—on a triple-net basis. Austin's retail market has been gradually tightening for the last ten years and has seen occupancy rates at or above 95% for fifteen consecutive quarters, or Q4 2014.

In consideration of this information, as well as data collected in our market research, we believe sufficient demand exists for a mixed industrial/retail use. Given the surrounding land uses and visibility, but smaller size of the tract, it would be likely a small owner occupant with an outdoor storage or sales company would desire the tract (if legal access was available). However, given the lack of legal access, and the fact the tract is not very walkable (and public parking is not available nearby), we believe assemblage with the adjoining tract to be the only financially feasible use for the subject.

4. Maximally Productive

The maximally productive criteria analyzes the use that produces the greatest net return to the property. From the analysis of the physically possible and legally permissible criteria, we determined that assemblage of the subject with the surrounding tract to be the maximally productive use of the site. We believe that the highest and best use for the subject is for assemblage of the subject with the adjoining tracts.

SALES COMPARISON APPROACH

LAND VALUATION

The first step in the valuation process is to estimate the market value of the subject site "as if vacant". In estimating the site's current market value, the subject market area was researched for recent sales of similar vacant sites. After gathering the most comparable sales which could be located, the Sales Comparison Approach was performed to estimate the value of the land as if vacant.

The Sales Comparison Approach is based upon the principle of substitution. "The principle of substitution states that when several similar or commensurate commodities, goods or services are available, the one with the lowest price attracts the greatest demand and widest distribution." (From *The Appraisal of Real Estate*, Fourteenth Edition, published by the Appraisal Institute).

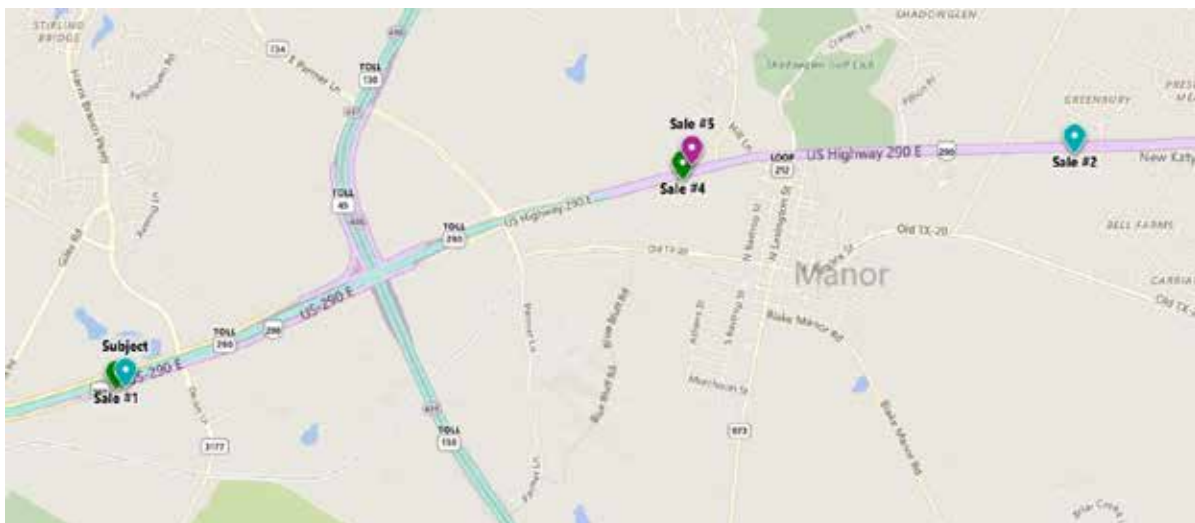
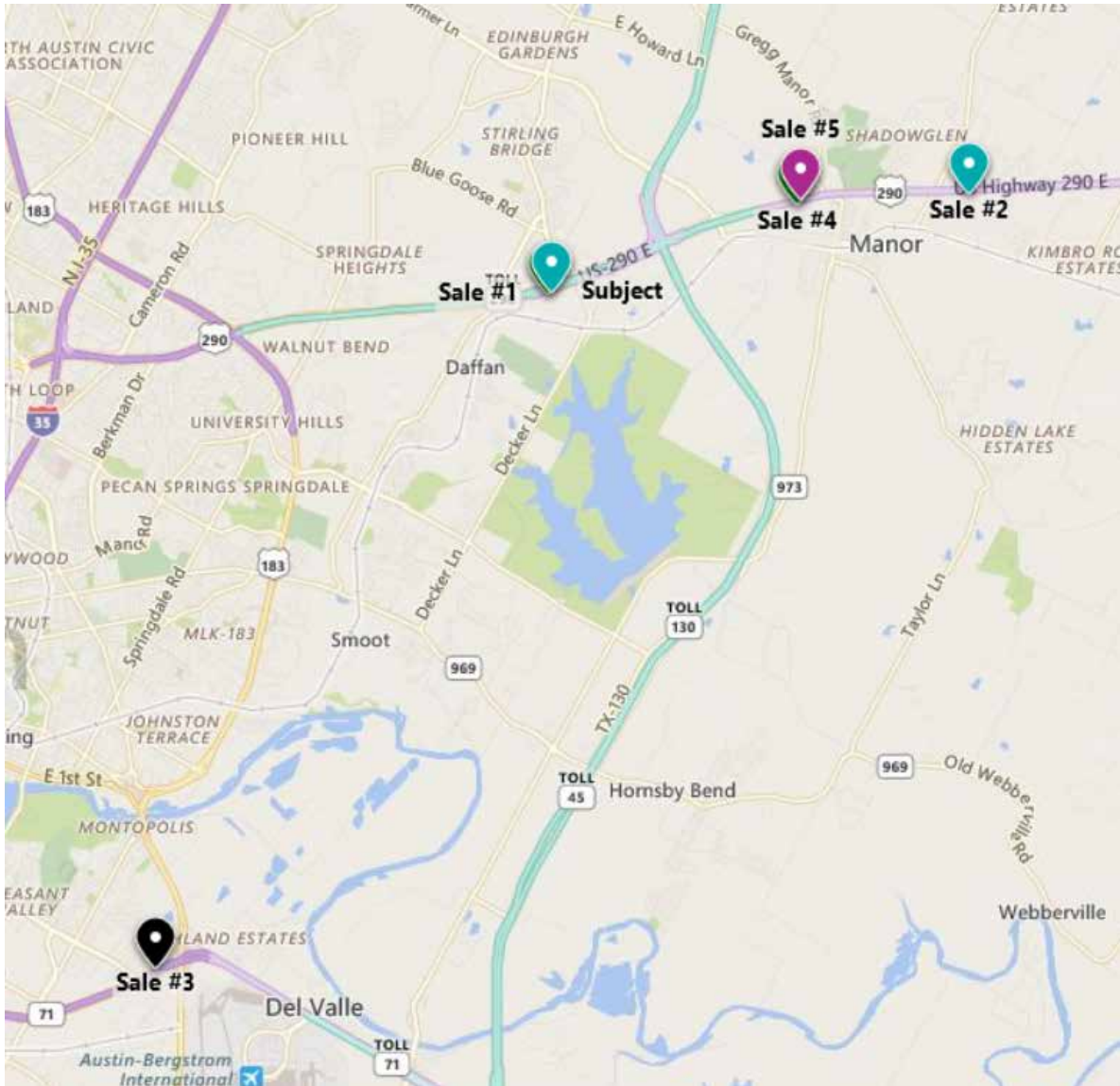
The applicability of this approach is based upon the assemblage of similar sales data for comparison, from which market derived adjustments for relevant factors can be extracted. The sales data is compared to the subject on the basis of significant characteristics exhibited in the subject property. When specific characteristics differ between the comparables and the subject property and are also considered to affect the sales price or value, adjustments are made to the comparable's per unit sales price. Factors such as location, date of sale, floodplain and size are typical value influencing characteristics. The comparative analysis is referred to as a paired sales analysis and, by market comparison, reflects desires and actions of typical buyers and sellers in the marketplace.

To estimate the appropriate adjustments for the dissimilar characteristics, the appraisers have utilized a pure pairing process where possible. This process compares two sales which are similar in all respects except for the characteristic for which an adjustment is to be derived, thereby isolating the variable in question. The adjustment generally represents the per unit percentage price differential between the two sales. This pairing process is employed for each characteristic in an attempt to extract market-derived adjustments. Each pairing is based upon the adjusted prices obtained from the prior adjustment, if any, which creates a new adjusted value.

It should be noted, however, that so-called "pure" pairings do not always exist and occasionally the appraisers are forced to rely on alternative sources for the estimation of an appropriate adjustment for a particular attribute. Following the presentation of the comparable land sales is a discussion of the characteristics for which adjustments are deemed necessary. In addition to an explanation of the basis for these adjustments, the appraisers have explained the extraction of the actual adjustment factors from the market data.

The reader's attention is directed to the following pages for the factual summaries and details of the comparable sales utilized to value the subject property. A discussion and analysis of these comparables will be presented following the sales comparables.

COMPARABLE LAND SALES MAP



COMPARABLE LAND SALE NUMBER ONE



Location: 9741 US Highway 290 East, Austin, Travis County, Texas.

Legal Description: 4.3133 acres in the W.H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas

Parcel Nos: R227132 and R

Date: March 5, 2018

Recording Data: Document Number 2018032975

Grantor: Robert Hurst Rental Company

Grantee: Patrick M. Callan

Consideration: \$950,000.00 (Confirmed)

Terms: Cash to Seller

Price/Unit: \$5.06/Square Foot (Confirmed)

Size: 3.3133 acres or 136,473 square feet

Shape: Irregular.

Frontage: Approximately 535 total linear feet of frontage along U. S. Highway 290. The tract is two parcels, that wrap around a small parcel, intermittently disrupting the total linear frontage of the tract. Only the west parcel has access to the roadway at this time, via two existing driveways. It is unknown if the east parcel

has legal access to the roadway, as the small out parcel has an access denial line in place.

Terrain: Generally level with some slope to the south, mostly clear.

Floodplain: Less than 2% along the west and south property lines.

Utilities: All available.

Zoning: None; Austin ETJ

Comments: The property was purchased as an investment, and is currently being utilized for yard storage for a wrecker service.

The subject was listed on the market with an asking price of \$1,000,000 for a period of 278 days. The price was reduced to \$950,000 after six months. Within two months of reducing the asking price, the tract was placed under contract (at the then current asking price). The buyer paid cash.

This tract wraps around the subject on the east, south and west property lines. The buyer of this tract is the interested buyer of the subject property.

Confirmation/Date: Broker Jeffrey Slanker @ 512.225.8625; 8/18; AKA

File Number: V-72-18

COMPARABLE LAND SALE NUMBER TWO



Location:	12421 US Highway 290 East, Manor, Travis County, Texas.
Legal Description:	Lot 2, Manor Storage, Travis County, Texas
Date:	July 20, 2017
Recording Data:	Document Number 2017097241
Grantor:	Hardy Realty, Inc. Employees Pro
Grantee:	Manor Plaza, LLC
Consideration:	\$525,000.00 (Calculated)
Terms:	Cash to Seller
Price/Unit:	\$4.02/Square Foot (Confirmed)
Size:	3.00 acres, 130,680 square feet
Shape:	Slightly Irregular rectangle
Frontage:	Approximately 300 feet of frontage along U. S. Highway 290.
Terrain:	Basically level, mostly clear.
Floodplain:	None
Utilities:	All available except sewer.
Zoning:	None
Comments:	The property was purchased as an investment.

Confirmation/Date:

Phil Morris with Retail Solutions @ 512-474-5557;
10/17; JDG

File Number:

I-7-17

COMPARABLE LAND SALE NUMBER THREE



Location:	Northeast corner of John Glen Way and East Ben White Boulevard, Austin, Texas
Legal Description:	Lot 1B, Block A, Airport Commerce Section 2, a resubdivision of Lot 1, Block A, Travis County, Texas.
Parcel Number:	883012
Date:	December 14, 2016
Recording Data:	Document No. 2016206765
Grantor:	W2 Hill ACP II, LP
Grantee:	Zenith Hospitality, LLC
Consideration:	\$1,695,315
Terms:	Cash to seller
Price/Unit:	\$14.07/SF
Size:	2.7660 acres or 120,489 square feet
Shape:	Rectangular
Frontage:	The tract has frontage along East Ben White Boulevard and John Glen Way.
Terrain:	Level
Floodplain:	None
Utilities:	All public utilities extended to site.
Zoning:	"CS-CO-NP" – Commercial Services with Conditional

Overlay and Neighborhood Plan

Surrounding Land Uses:

The subject is surrounded by a hotel to the north, vacant land to the east, a mobile home park to the south across East Ben White Boulevard and vacant land to the west.

Comments:

This property was purchased for an Aloft Hotel to be built in 2018.

Confirmation/Date:

Vijay Patel (Grantee) @ 512-590-9957; 11/17; JDG

File Number:

SP-34-17

COMPARABLE LAND SALE NUMBER FOUR



Location:	Southeast corner of US Highway 290 and Eintrage Drive, Manor, Hays County, Texas
Legal Description:	Lot 2, Block A, Las Entradas South, Section 1, Travis County, Texas.
Date:	August 27, 2015
Recording Data:	Document #2015138836
Grantor:	Las Entradas Development Corporation
Grantee:	Kaslik Bay, LLC
Consideration:	\$500,000
Terms:	Cash to seller
Price/Unit:	\$12.49/SF
Size:	0.9190 acres or 40,030 square feet
Shape:	Irregular rectangular
Frontage:	The lot has frontage along US Highway 290, Eintrage Drive and a private road along the south line. It also has reciprocal access with surrounding subdivision land uses to the east.
Terrain:	Basically level at street grade with both frontage roads.
Floodplain:	None
Utilities:	All public
Zoning:	"C-1" – Light Commercial

Comments:

The site was purchased to build a convenience store with fuel pumps. The grantor will also deed restrict any other lot sales from convenience stores for five years.

Confirmation/Date:

Review of contract; 6/15;JDG

File Number:

SUB-17-15

COMPARABLE LAND SALE NUMBER FIVE



Location:	Northeast corner of US Highway 290 and Tillgang Pass, Manor, Hays County, Texas
Legal Description:	Lot 5, Block A, Las Entradas North, Section 1, Travis County, Texas.
Date:	October 1, 2015
Recording Data:	Document #2016158801
Grantor:	Las Entradas Development Corporation
Grantee:	Kaslik Bay, LLC
Consideration:	\$560,000
Terms:	Cash to seller
Price/Unit:	\$14.01/SF
Size:	0.92 acres or 39,967 square feet
Shape:	Irregular rectangular
Frontage:	The lot has frontage along US Highway 290, and along the proposed Tillgang Pass. It will also have reciprocal access with surrounding subdivision land uses.
Terrain:	Basically level at street grade with both frontage roads.
Floodplain:	None
Utilities:	All public
Zoning:	"C-1" – Light Commercial

Comments:

The site was purchased to build a convenience store with fuel pumps. The grantor will also deed restrict any other lot sales from convenience stores for five years.

Confirmation/Date:

Review of contract; 6/15;JDG

File Number:

SUB-17-15

VACANT LAND SALES ANALYSIS

The Comparable Land Sales presented on the previous pages have been compared to the subject with respect to such factors as market conditions, location, size, topography, floodplain and utilities.

The appraisers chose to utilize these sales due to the fact that they all possessed the same or similar land use potential as the subject property. As previously mentioned in our highest and best use analysis, we feel that the subject property would be best utilized for future commercial development (through assemblage). All of the sales were felt to have a similar highest and best use as the subject.

For the purpose of analyzing these Sales, we have used the price per square foot measure. The appraisers found various similarities and differences between the comparables and the subject. In order to accurately estimate the value of the subject, it was necessary to adjust when differences existed. These adjustments were derived from actual market extractions, opinion of brokers and landowners in the area, cost analysis and from the appraisers past experience. Below is a summary of the Sales, along with a discussion of each type of adjustment made to the Comparable Sales.

Sale	Location	Date	Size (Acres)	Price/SF
1	9741 US Highway 290 East, Austin	3/18	3.3133	\$5.06
2	12421 US Highway 290 East, Manor	7/17	3.00	\$4.02
3	Northeast corner of John Glen Way and East Ben White Boulevard, Austin	12/16	2.766	\$14.07
4	SEC US Highway 290 and Eintrage Drive, Manor	8/15	0.9190	\$12.49
5	NEC of US Highway 290 and Tillgang Pass, Manor	10/15	0.92	\$14.01
Subj.	9745 US Highway 290 East, Austin	8/18	0.158	NA

Property Rights Conveyed

We are appraising the fee simple interest in the subject. The market data used in this analysis reflects fee simple conveyance.

All of the comparable sales have legal access and frontage. The subject is essentially landlocked at this time. The subject is a remainder parcel from a previously acquired land tract utilized for expansion of the US Hwy 290 E right-of-way. The subject has no legal access to the right-of-way (there is an access denial line in place along the north perimeter/US Hwy 90 E). The subject's property rights via denied vehicular access and lack of easement access from adjoining tracts decreases the current usability of the tract, and decreases the number of investors that would be interested in the subject.

We have surveyed the market for comparable sales, and are aware of one similar 2018 transaction that occurred in Drippings Springs, on a tract with a 15' wide access easement from US Hwy 290 W. This is a central infill tract within the community, well suited for a mixed-use commercial development (if marketable access was available). The tract cannot be fully developed with a commercial project due to the inferior easement access and the unwillingness of the adjoining property owner to increase the access width due to their own development requirements. The tract had been listed on the market for a number of years, until recently an adjoining property owner on the northwest corner purchased the tract for assemblage. Mr. Scott Daves, the broker on the

transaction, stated if the tract would not have been limited by legal access, the selling price would have been at least 40% to 60% higher. As a result of the diminished access, the tract sold for much less as an assemblage parcel. During a pairing process employed by the appraisers, it was determined that superior legal access would have resulted in a likely selling price of at least 52% higher. We further consulted area developers at Riverside Resources regarding their knowledge of tracts with denied access. There is a consensus amongst market participants that the diminished property rights as a result of denied access can affect the market value up to 80%, with factors such as size, walkability, and location also having a role in value. We have adjusted all of the comparable sales down 50% for superior property rights (in relation to legal access and lack of restrictions).

Financing

Favorable financing may have an effect on the ultimate sales price. Where favorable financing is present, a portion of the sales price may be attributable to the value of the financing. This value, if recognized by the market participants, would be deducted from the sales price to reflect the cash equivalent sales price of the real estate. The comparable sales did not require adjustments for this item.

Conditions of Sale

Adjustments for conditions of sale generally take into consideration the motivations of the buyer and seller. When atypical motivations such as duress or transactions between related parties are recognized, adjustments should be considered. Of the sales considered in this analysis, no unusual motivations were noted for any of the comparable sales and no adjustment was necessary on this basis.

Market Conditions

The market conditions adjustment takes into consideration the difference in sales prices due to changes in the market. The comparable sales were all conveyed between August 2015 and March 2018. An overview of the comparable sales indicates an adjustment based on market conditions of approximately 10% annually, or 0.833% per month. Therefore, this adjustment was necessary for all five of the comparable sales. See following table for adjustment calculations.

<u>Sale</u>	<u>Date</u>	<u># Months</u>	<u>% Appreciation</u>	<u>% Adjustment</u>
1	Mar-18	5	0.00833	4%
2	Jul-18	11	0.00833	9%
3	Dec-16	20	0.00833	17%
4	Aug-15	36	0.00833	30%
5	Oct-15	34	0.00833	28%

Location

The subject is located along the south line US Hwy 290 E, just west of SH 130. This area is in the growth stage, numerous vacant land tracts are present, and new construction is occurring. Adjustments for access has been previously addressed in the Property Rights Conveyed. The location adjustment is tailored to neighborhood and synergy in this adjustment component.

Comparable Sale One is adjacent to the subject property, and Sale Two is east of the subject in a similar neighborhood as the subject. No adjustments are necessary. Sales Three, Four and Five are very superior in location, as these tracts are located within high synergy areas, with superior

demand for speculative land. Downward 40% adjustments for superior neighborhood location has been applied.

Size

The subject consists of approximately 0.158 acres. The comparable sales range in size from 0.9190 acre to 3.3133 acres. Typically, a smaller tract will sell for a higher price per square foot than a larger site, all other attributes equal. Previous pairings indicate anywhere from 5% to 20% per halving or doubling in size. In this scenario, we have utilized a 5% adjustment for doubling or halving in size. All of the comparable sales have been adjusted upward for inferior size.

Topography, Floodplain and Usable Area

The subject property consists of 0.158 acres. The property is fairly level and at street grade. All of the comparable sales were felt to be fairly similar in topography, no adjustment was necessary on this basis.

Improvements

The subject property and the comparable sales are vacant tracts. No adjustments are warranted.

Other Adjustments

None of the comparable sales required any further adjustments.

Your attention is directed to the Comparable Sales Grid on the following page.

CERTIFICATE

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

- The statements of fact contained in this report are true and correct.
- 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.
- 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.
- I have not performed 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, W. F. (Dubb) Smith, III, has completed the continuing education program of the Appraisal Institute."

"The Appraisal Institute conducts a program of continuing education for its designated members. MAI's and designated members who meet the minimum standards of this program are awarded periodic educational certification." *"I, William F. (Dubb) Smith, III, am currently certified under the continuing education program of the Appraisal Institute."*

To the best of the appraisers' knowledge the subject property does not contain any toxic substances such as hazardous waste, asbestos or radon gas which would adversely impact the market value of the subject. Additionally, to the best of the appraisers' knowledge, there are no properties within the immediate area which contain these substances. This is not a guarantee that these substances do not occur in the subject property or within the immediate area.

Respectfully submitted,

THE W. F. SMITH COMPANY

Ashley K. Applegate
State Certified General Real Estate Appraiser
Certificate # TX 1380728-G

W. F. (Dubb) Smith, III, MAI, SRPA, SRA
State Certified General Real Estate Appraiser
Certificate # TX 1321084-G

CONTINGENT AND LIMITING CONDITIONS

This report is subject to the following limiting conditions:

The legal description furnished is assumed to be correct. The firm assumes no responsibility for matters legal in character, nor renders any opinion as to the title, which is assumed to be good. The property is appraised as having knowledgeable ownership and competent management.

The firm has made no survey and assumes no responsibility in connection with such matters. The information identified in this report as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed. The construction and condition of the improvements mentioned in the body of this report is based on observation and no engineering study has been made which would discover any latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study was made.

The distribution of the total evaluation between land and improvements (if any) in this report applies only under the existing program of utilization. The separate estimates for land and improvements (if any) must not be used in conjunction with any other appraisal, and are invalid if so used.

We are not required to give testimony or attendance in court by reason of the appraisal with reference to the property in question, unless arrangements have been made previously thereof.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser.

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 valuation conclusions, the identity of the appraiser or firm with which he is connected or any reference to the Appraisal Institute and the SRPA or MAI designation.

We are not qualified to detect the presence of potentially hazardous materials such as urea-formaldehyde foam insulation, asbestos, toxic wastes, etc. While it is assumed the property (land and improvements) is free from the influence of same, such condition is not warranted by The W.F. Smith Company.

This appraisal conforms to the Uniform Standards of Professional Practice (USPAP) adopted by the Appraisal Standards Board of The Appraisal Foundation.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. 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 non-compliance with the requirements of ADA in estimating the value of the property.

QUALIFICATIONS OF W. F. (DUBB) SMITH, III, MAI, SRPA, SRA

William F. Smith, III, graduated with a Bachelors of Science degree from Texas A & M University, College Station, Texas. He is currently President of The W. F. Smith Company, 4161 E. Hwy. 290 Suite 100, Dripping Springs, Texas, 512-328-4330 (phone), 512-858-2097 (fax) and wfsmithco@austin.rr.com (email). Presently he is involved in the evaluation of commercial, residential, land, apartments, subdivisions, light industrial and special purpose properties. A partial resume of specific qualifications are outlined as follows:

Professional Memberships, Designations & Licenses

MAI - Member of the Appraisal Institute – 1985
SRPA - Senior Real Property Appraiser - 1983
SRA - Senior Residential Appraiser - 1992
Texas Real Estate Brokers License #227484
Member of Texas Capitol Area Builders Association
State Certified General Real Estate Appraiser Certificate # TX 1321084-G
TREC Approved Real Estate School Instructor
Member Austin Board of Realtors
Member San Marcos Board of Realtors

Education

B.S. Degree from Texas A & M University (Real Estate Economics, 1978)
AIREA Course 1A: Principles of Real Estate
SREA Course 201: The Appraisal of Income Properties
SREA Narrative Report Writing Seminar
SREA R-2 Examination (Residential Narrative Report Exam)
AIREA Course 4: Litigation Valuation Appraisal for Condemnation & Civil Proceedings
AIREA Course 2-1: Case Studies
AIREA Course 2-2: Valuation Analysis and Report Writing
AIREA Course 2-3: Standards of Professional Practice
AIREA: Comprehensive Examination
SREA Course 301: Market and Feasibility Analysis
UT Law School: Valuation of Assets in Bankruptcy Seminar
SREA: Standards of Professional Practice Seminar
AIREA: Mortgage Equity Analysis, Highest & Best Use and Cash Equivalency Seminars
AIREA: Course 2-3: Standards of Professional Practice
SREA: The Challenge of Measuring Economic Obsolescence
SREA: Standards of Professional Practice
UT Law School: Valuation of Assets in Bankruptcy Seminar
Austin Institute of Real Estate: Real Estate License Recertification
U.T. School of Law: Bankruptcy Seminar
Standards of Professional Practice Part B
U.R.A.R. Seminar
AI: Limited Appraisals
AI: Market Extractions
AI: Standards of Professional Practice, A&B
AI: Real Estate Trends
AI: Principles of Real Estate, Instructor
AI: Legal Update
AI: USPAP
Columbia Institute: Tax Free Exchange of Residential Property, No. 712
Columbia Institute: CompuTaught Appraisal Methods, No. 940
Columbia Institute: Basic Real Estate Finance, No. 814
Champions School: Asset Management
Champions School: Fair Housing
Champions School: Environmental Hazards

Education (continued)

RE Campus: Professional Property Management
AI: Appraisal Review Seminar
AI: USPAP 400
AI: USPAP 420
AI: Highest and Best Use 520
AI: USPAP 210
AI: USPAP 400
AI: Analyzing Distressed Properties
AI: Analyzing Operating Expenses
AI: Forecasting Revenues

Experience

Mr. Smith has been actively engaged in the real estate profession since March 1977, when he began marketing commercial and residential properties. He has been engaged in the appraisal profession since January 1978. His previous employment affiliations include: The Bryan City Tax Office, Real Property Analysts Houston, and Executive Vice President of R. Robinson & Associates, Inc. He has operated his own appraisal services company since 1984. His experience entails commercial and residential appraisals, investment counseling, ad valorem tax valuations, and appraisals for condemnation proceedings. Mr. Smith is a qualified expert witness in District Court, County Court and Federal Bankruptcy Court.

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1321084 G**

Issued: **07/11/2017**

Expires: **06/30/2019**

Appraiser: **WILLIAM F SMITH III**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

QUALIFICATIONS OF ASHLEY K. APPLGATE

Ashley Applegate is a graduate of Texas A & M University in College Station, Texas. While attending Texas A & M University she received a Bachelor of Arts degree in International Studies with an emphasis in Global Economics and Spanish. She is currently a state certified general real estate appraiser with the W. F. Smith Company, which is located at 4161 East U. S. Highway 290 Suite 100 in Dripping Springs, Texas.

Professional Memberships and Licenses

State of Texas Certified General Real Estate Appraiser, Certificate No. 138028-G

Education

Texas A & M University
Bachelor of Arts Degree, International Studies, 2005

McKissock, Expert Witness for Commercial Appraisers, 2016
McKissock, Commercial Appraisal Review, 2014
Appraisal Institute, Real Estate Finance Statistics and Valuation Modeling, 2014
Appraisal Institute, General Appraiser Income Approach Part II, 2014
McKissock, General Appraiser Highest and Best Use Analysis, 2012
Appraisal Institute, General Appraiser Site Value & Cost Approach, 2011
Appraisal Institute, General Appraiser Sales Comparison Approach, 2010
Appraisal Institute, General Appraiser Report Writing & Case Studies, 2009
Appraisal Institute, General Appraiser Income Approach Part I, 2008
Career Web School, U.S.P.A.P., 2007
Career Web School, Appraisal Principles, 2007
Career Web School, Appraisal Procedures, 2007

Experience

August 2007 – Present: Employed by the W. F. Smith Company in Dripping Springs, Texas as a state certified general real estate appraiser. The scope of this position includes the appraisal of a wide variety of real properties including commercial office, retail, industrial, subdivision, special use and vacant properties. Certificate No. 138028-G

August 2005 – August 2007: Employed by the Farm Credit System with both First Ag Credit and Capital Farm Credit in Texas as a Loan Officer. The scope of this position included all aspects of lending, credit analysis and title examination of rural commercial properties, rural improved properties and vacant land tracts.

CERTIFICATE

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser


Number: **TX 1380728 G**

Issued: **08/03/2017**

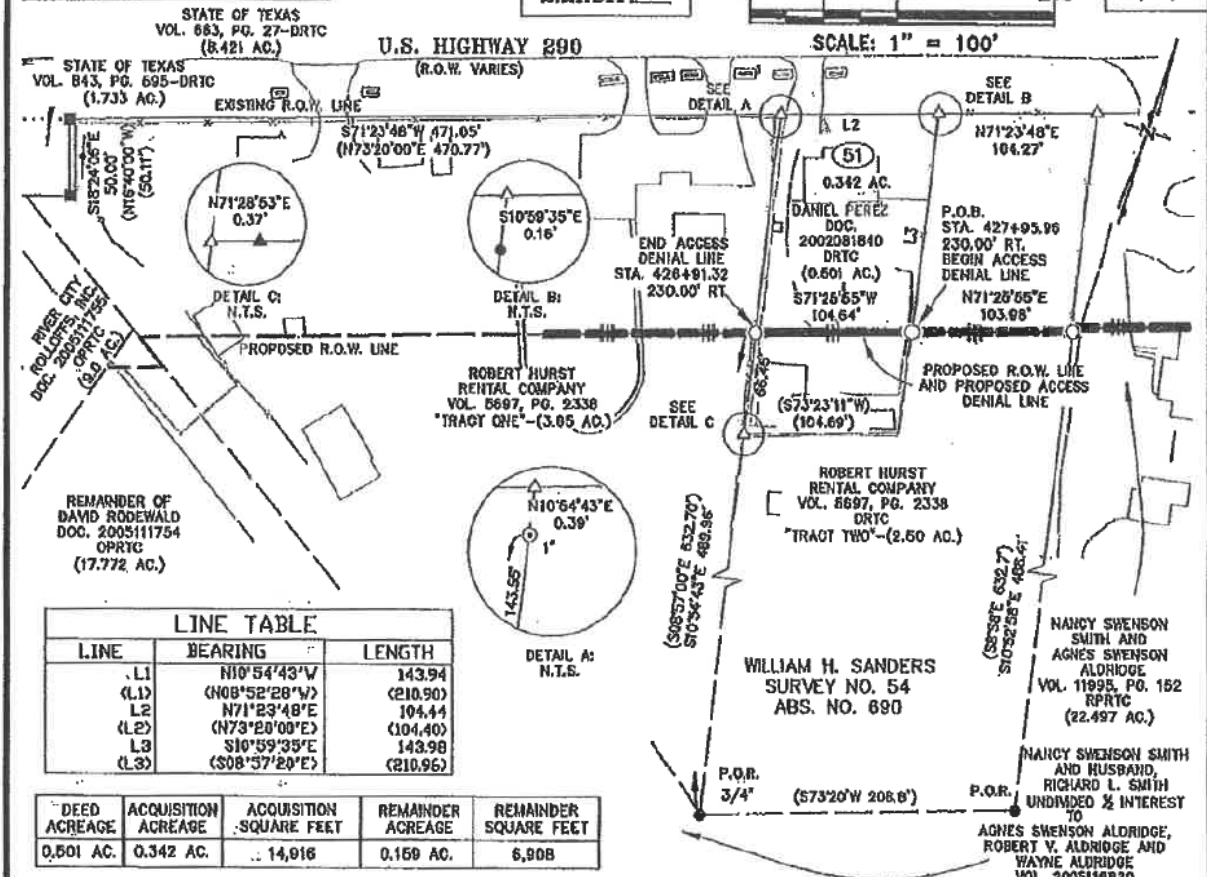
Expires: **08/31/2019**

Appraiser: **ASHLEY KAY APPLIGATE**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

ADDENDA



LINE TABLE		
LINE	BEARING	LENGTH
L1	N10°54'43"W	143.94
(L1)	(N08°52'28"W)	(210.90)
L2	N71°23'48"E	104.44
(L2)	(N73°20'00"E)	(104.40)
L3	S10°59'35"E	143.98
(L3)	(S08°57'20"E)	(210.96)

DEED ACREAGE	ACQUISITION ACREAGE	ACQUISITION SQUARE FEET	REMAINDER ACREAGE	REMAINDER SQUARE FEET
0.601 AC.	0.342 AC.	14,916	0.169 AC.	6,908

NOTES:
 1) BEARINGS AND COORDINATES ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(93) HARN. ALL DISTANCES AND COORDINATES WERE ADJUSTED TO SURFACE USING A COMBINED SCALE FACTOR OF 1.00011.
 2) SEE PAGES 1, 2, AND 3 OF 4 FOR A DESCRIPTION OF THIS PARCEL.
 3) IMPROVEMENTS SHOWN ARE TAKEN FROM TXDOT AERIAL SURVEY DIGITAL FILES.
 4) THIS SURVEY WAS DONE WITHOUT A TITLE REPORT OR EASEMENT SEARCH.
 5) ENGINEER'S BASELINE IS NOT THE SAME AS THE ORIGINAL SURVEY "CENTERLINE".
 6) ACCESS WILL BE DENIED TO AND FROM THE TRANSPORTATION FACILITY ACROSS THE PROPOSED RIGHT-OF-WAY LINE AND THE PROPOSED "ACCESS DENIAL LINE" AS SHOWN HEREON, BEING THE ENTIRE COMMON BOUNDARY LINE BETWEEN THE PROPOSED U.S. 290 HIGHWAY FACILITY AND THE REMAINDER OF THE ADJUTING PROPERTY.
 SURVEYED BY: MCGRAY & MCGRAY LAND SURVEYORS, INC., 3301 HANCOCK DR., STE 6, AUSTIN, TX 78731/ 512/451-8591

LEGEND
 ■ TXDOT TYPE I CONCRETE MONUMENT FOUND
 ■ TXDOT TYPE II CONCRETE MONUMENT FOUND
 ■ 1/2" IRON ROD SET WITH TXDOT ALUM. CAP TO BE REPLACED WITH A TXDOT TYPE II CONCRETE MONUMENT AFTER ACQUISITION
 ○ 1/2" IRON ROD SET WITH TXDOT ALUM. CAP
 ○ IRON PIPE FOUND (SIZE NOTED)
 ● 1/2" IRON ROD FOUND (UNLESS NOTED)
 ▲ 60D NAIL FOUND
 △ CALCULATED POINT
 ○ FENCE POST
 N.T.S. NOT TO SCALE
 (XXX) RECORD INFORMATION
 P.O.B POINT OF BEGINNING
 P.O.R. POINT OF REFERENCE
 --- ACCESS DENIAL LINE
 PRTC PLAT RECORDS OF TRAVIS COUNTY
 DRTC DEED RECORDS OF TRAVIS COUNTY
 RPRTC REAL PROPERTY RECORDS OF TRAVIS COUNTY
 OPRTC OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY



Chris Conrad signature
 09/17/10
 CHRIS CONRAD, REG. PROF. LAND SURVEYOR NO. 5623
 SURVEYED ON GROUND UNDER MY DIRECT SUPERVISION

MCGRAY & MCGRAY
 LAND SURVEYORS, INC.
 3301 HANCOCK DRIVE #6
 AUSTIN, TEXAS 78701
 (512) 451-8591

PLAT OF 0.342 AC. OF LAND OUT OF THE WILLIAM H. SANDERS SURVEY NO. 54, ABSTRACT NO. 690, SAME BEING A PORTION OF THAT CERTAIN TRACT OF LAND DESCRIBED AS 0.501 AC. IN A DEED TO DANIEL PEREZ, OF RECORD IN DOCUMENT 2002081840, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS.

TRAVIS COUNTY
 U.S. 290
 CSJ 0114-02-085
 PARCEL 51
 PAGE 4 OF 4

August 1, 2018

Central Texas Regional Mobility Authority
Mike Heiligenstein, Executive Director
3300 North IH 35, Suite #300
Austin, TX. 78705

RE: Proposal for Appraisal Services concerning the property located at 9745 East Highway 290 in Austin, Travis County, Texas.

Dear Mr. Heiligenstein:

Per your request, I provide this Proposal for Appraisal Services concerning the above referenced property in Austin, Texas. It is my understanding that the purpose of this Appraisal Service assignment is to estimate the As-Is market value of the subject property.

The fee for this assignment will be \$2,200.00 with a completion time of 3 weeks from the date we receive this signed and dated contract and appraisal fee. We request the fee be paid in advance and it will act as a retainer for the assignment.

If you agree to the terms of this Proposal for Appraisal Services, please return a signed and dated copy of this document as well as the retainer and we will begin the assignment. Any consultation, litigation support, court time, pre-trial preparation, stand by time, testimony, etc. will be billed separately at \$250 per hour if required. I appreciate the opportunity to provide this information.

Regards,

THE W. F. SMITH COMPANY



W.F. (Dubb) Smith, III, MAI, SRA, SRPA
State Certified General Real Estate Appraiser
Certificate # TX 1321084-G



Central Texas Regional Mobility Authority
Mike Heiligenstein, Executive Director

8/1/18
Date