

**Appraisal Report of**  
**11535 South Cicero Avenue**  
**Alsip, Illinois**

**For**  
**The Chateau Bu-Sché**

**Permanent Index Number**  
**24-22-300-053**

December 7, 2020

Mr. Jeff Bussean, President  
The Chateau Bu-Sche  
11535 South Cicero Avenue  
Alsip, Illinois 60803

Re: 11535 South Cicero Avenue  
Alsip, Illinois

Permanent Index Number: 24-22-300-053  
Township: Worth

Dear Mr. Bussean:

At your request, we have inspected and prepared a retrospective Market Value appraisal of the property located at 11535 South Cicero Avenue in Alsip, Illinois. This appraisal has been completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and is not intended for federally related financing purposes.

The subject property consists of a two-story, masonry, banquet hall facility containing approximately 25,640 square feet of gross building area. The building was originally constructed in 1974 with additions built in 1998 and 2006. The improvement is situated on a parcel of land containing approximately 300,608 square feet, or 6.90 acres that is zoned B-3, Business Taverns District by the Village of Alsip, Illinois.

**We note that 106,374 square feet, or 2.44 acres of this site is located in the Calumet Feeder flood plain and is considered to be unusable surplus land resulting in a net useable site area of 194,234 square feet or 4.46 acres.**

The purpose of this appraisal is to express our opinion of the retrospective market value of the fee simple interest in the land and improvements subject to the definitions of value, assumptions and limiting conditions, and certification contained in the attached appraisal report.

We have carefully inspected the subject property and have made a thorough investigation and analysis of current market and economic factors in order to arrive at a sound opinion of its retrospective market value. *This valuation is exclusive of any potential impact of the Corona Virus moving forward which was not yet an issue on January 1, 2020.*

Based on the data and conclusions presented in the attached report, it is our opinion the retrospective market value of the subject property as of January 1, 2020, was:

The Chateau Bu-Sche´  
December 7, 2020  
Page Two

This appraisal may not be used or relied upon by anyone other than the client, for any purpose whatsoever, without the express written consent of First Real Estate Services, Ltd.

Respectfully submitted,

FIRST REAL ESTATE SERVICES, LTD.



Richard J. Kopacz, Appraiser  
Certified General Real Estate Appraiser  
#553.001469 Exp. Date: 9/21



Gary M. Skish, Supervising Appraiser  
Certified General Real Estate Appraiser  
#553.001869 Exp. Date: 9/21



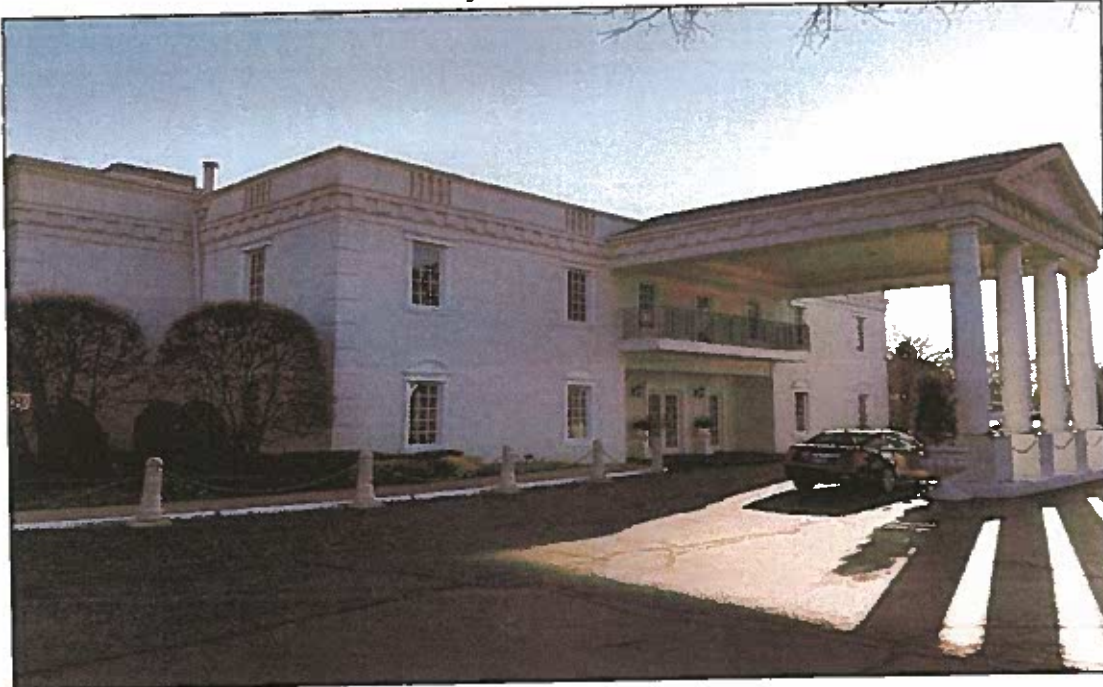
Mr. John Pamphilis  
Illinois Associate Real Estate Trainee Appraiser  
#557.006601



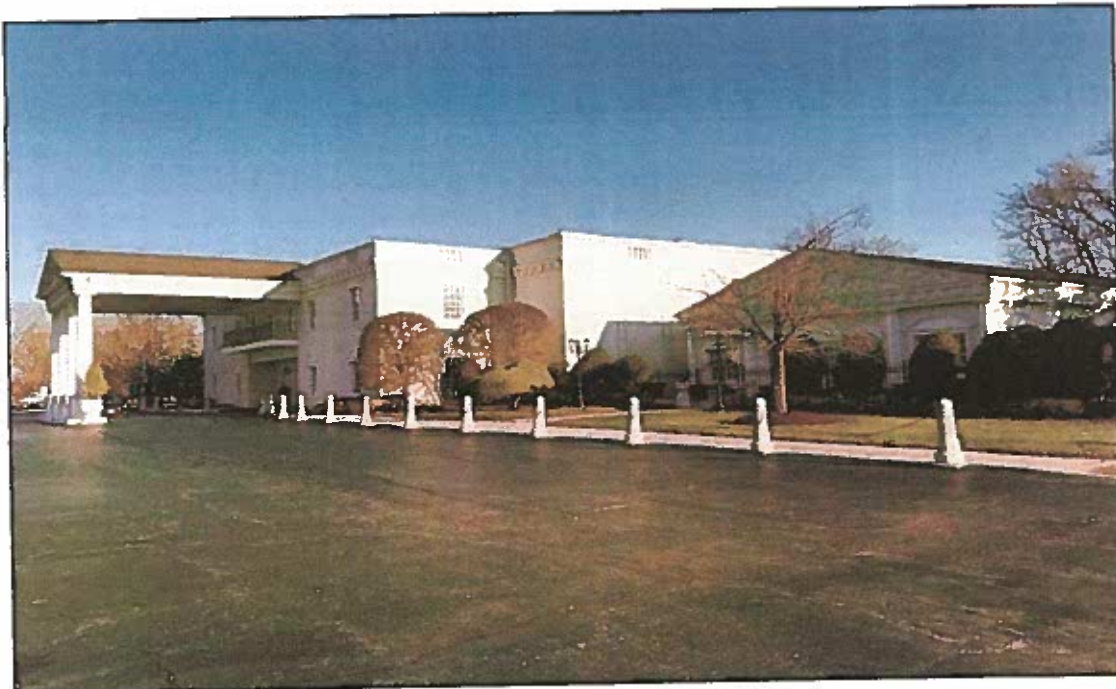
Gary T. Peterson, MAI, MBA  
Reviewed and Approved  
Certified General Real Estate Appraiser  
#553.000191 Exp. Date: 9/21

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**Subject Photographs**



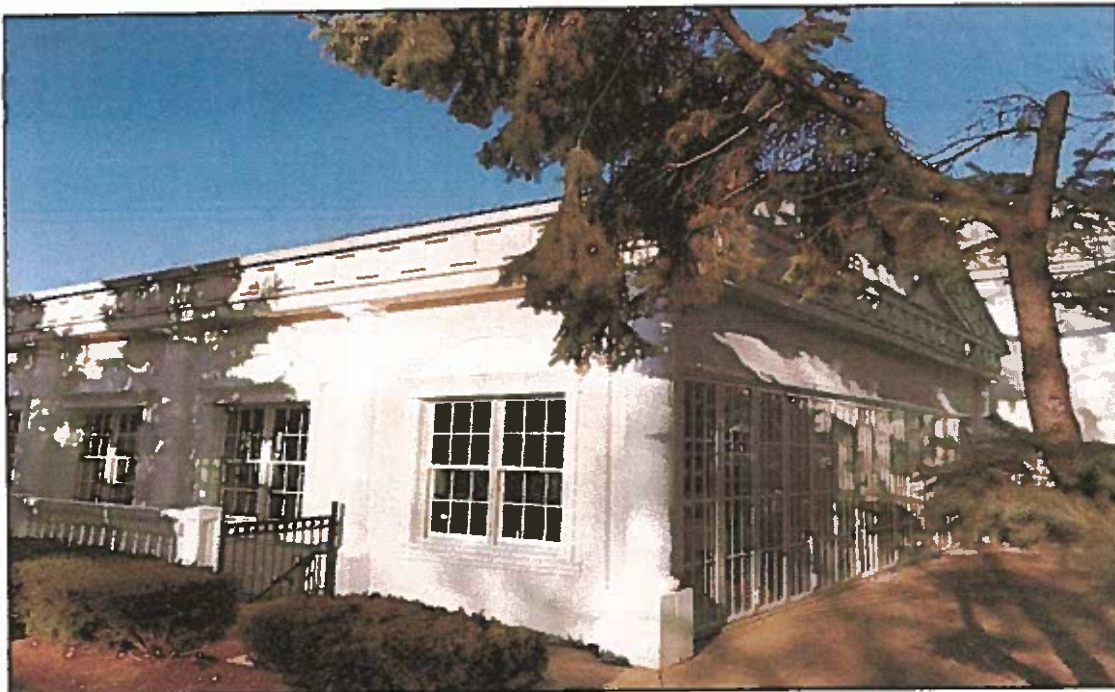
**WEST ELEVATION LOOKING SOUTHEAST**



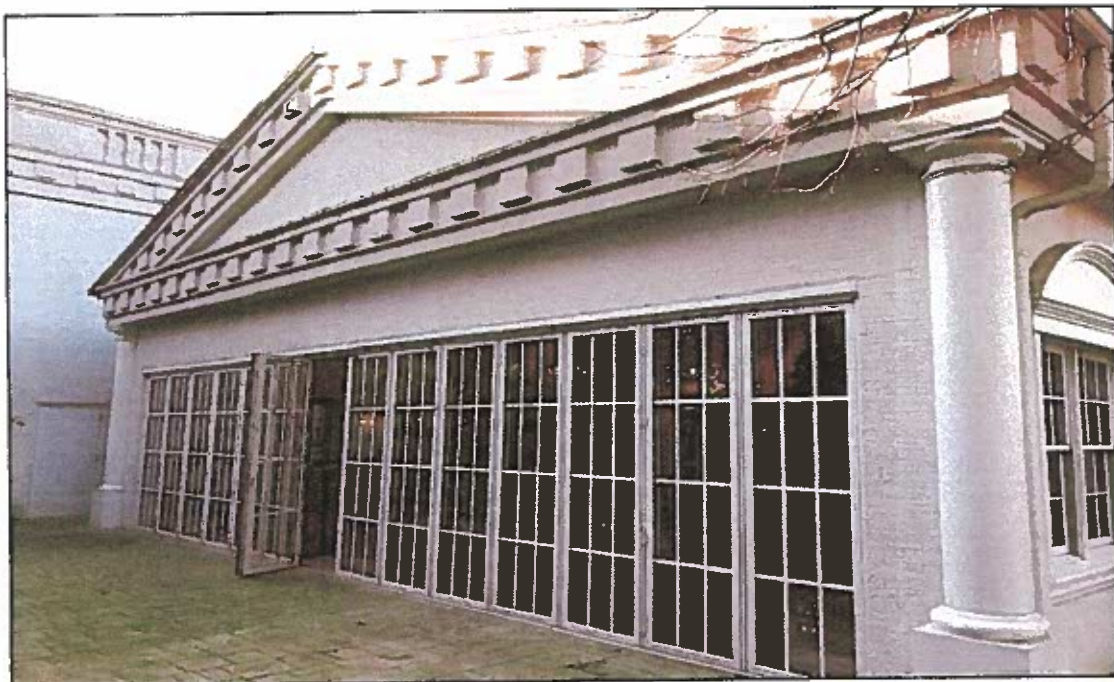
**WEST AND SOUTH ELEVATIONS LOOKING NORTH**



**Subject Photographs**

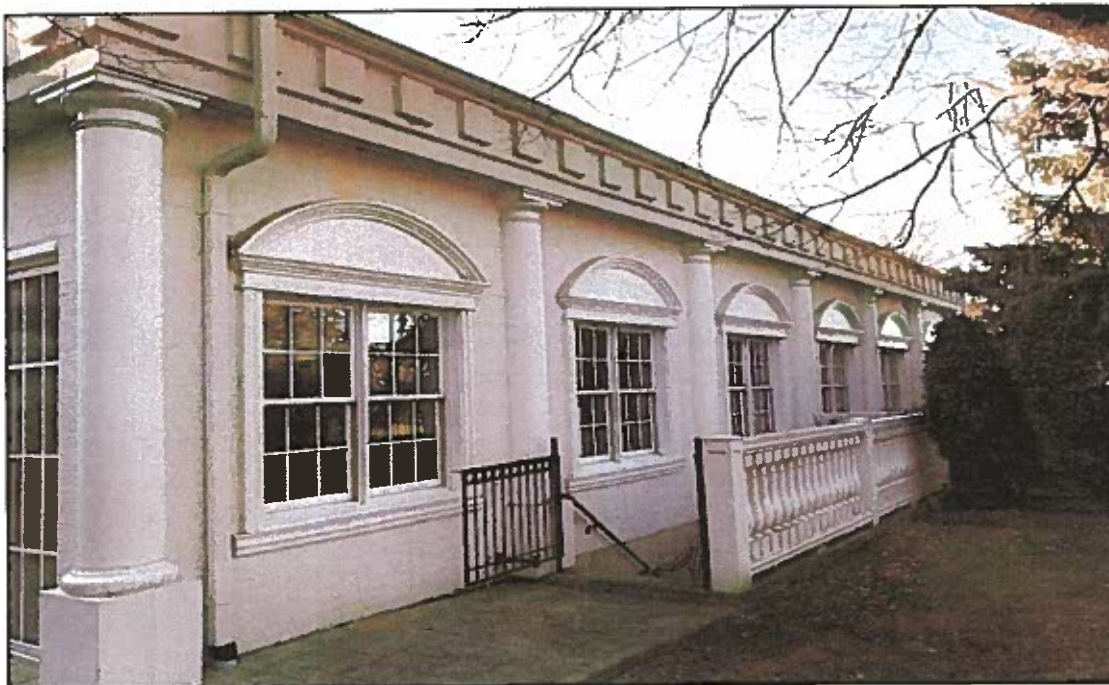


**PARTIAL SOUTH AND EAST ELEVATIONS LOOKING NORTHWEST**

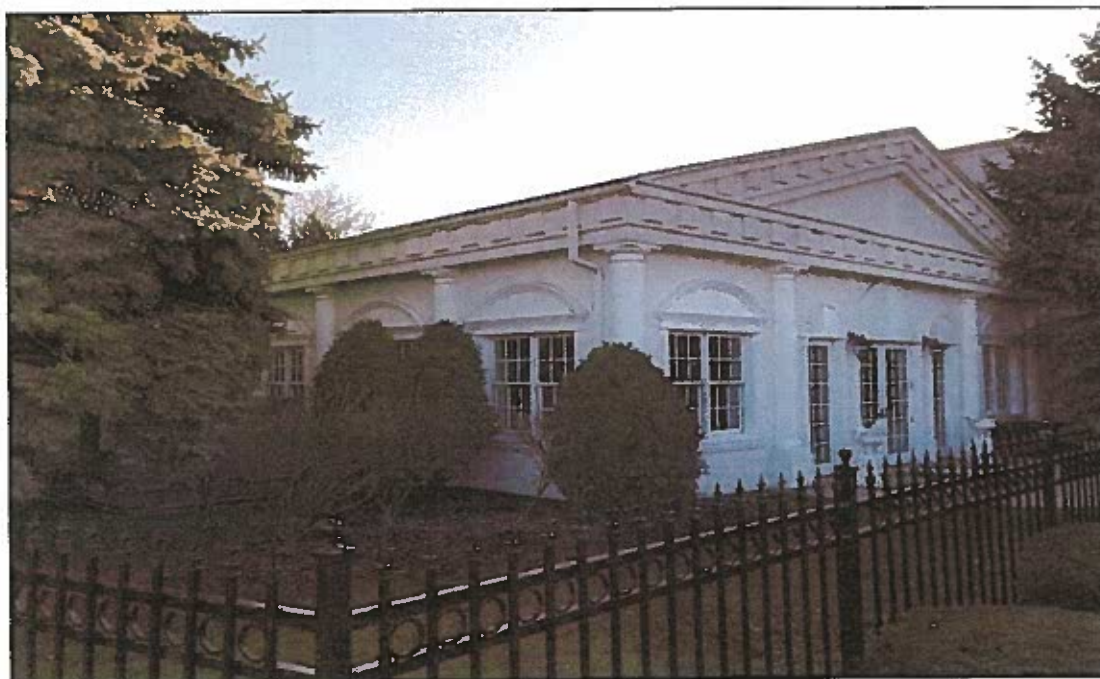


**EAST ELEVATION LOOKING SOUTHWEST**

**Subject Photographs**



**NORTH ELEVATION LOOKING WEST**



**PARTIAL NORTH AND WEST ELEVATIONS LOOKING SOUTHEAST**



**Subject Photographs**

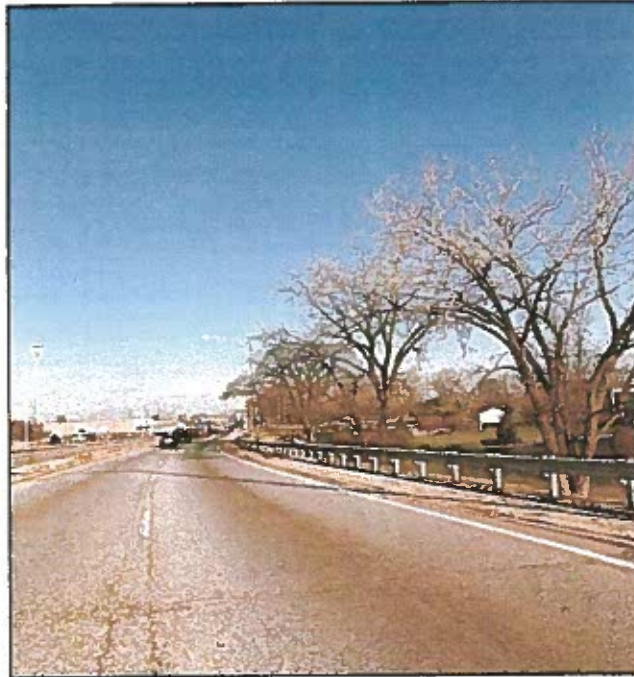


**LOOKING NORTH ACROSS PARKING LOT**



**LOOKING SOUTH ACROSS NORTH PARKING LOT**

**Subject Photographs**



**LOOKING NORTH ON CICERO AVENUE**



**LOOKING SOUTH ON CICERO AVENUE**



## Subject Photographs

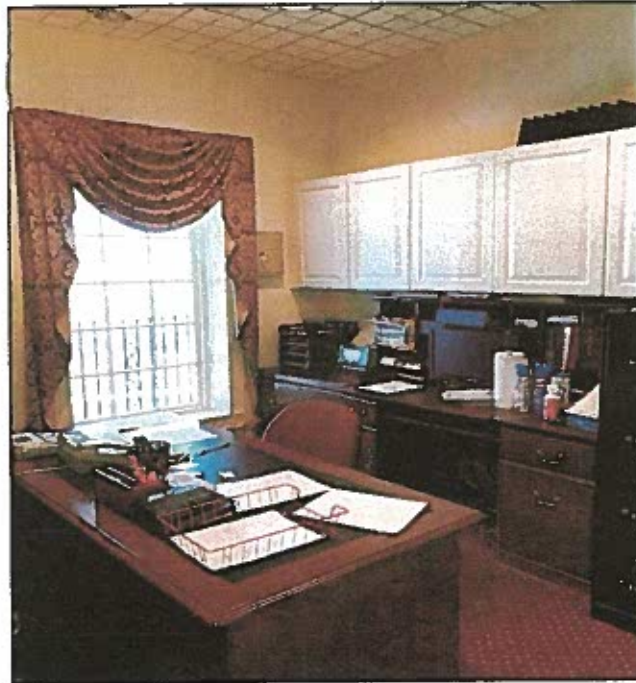


EXAMPLE OF LOBBY



EXAMPLE OF OPEN OFFICE AREA

## Subject Photographs



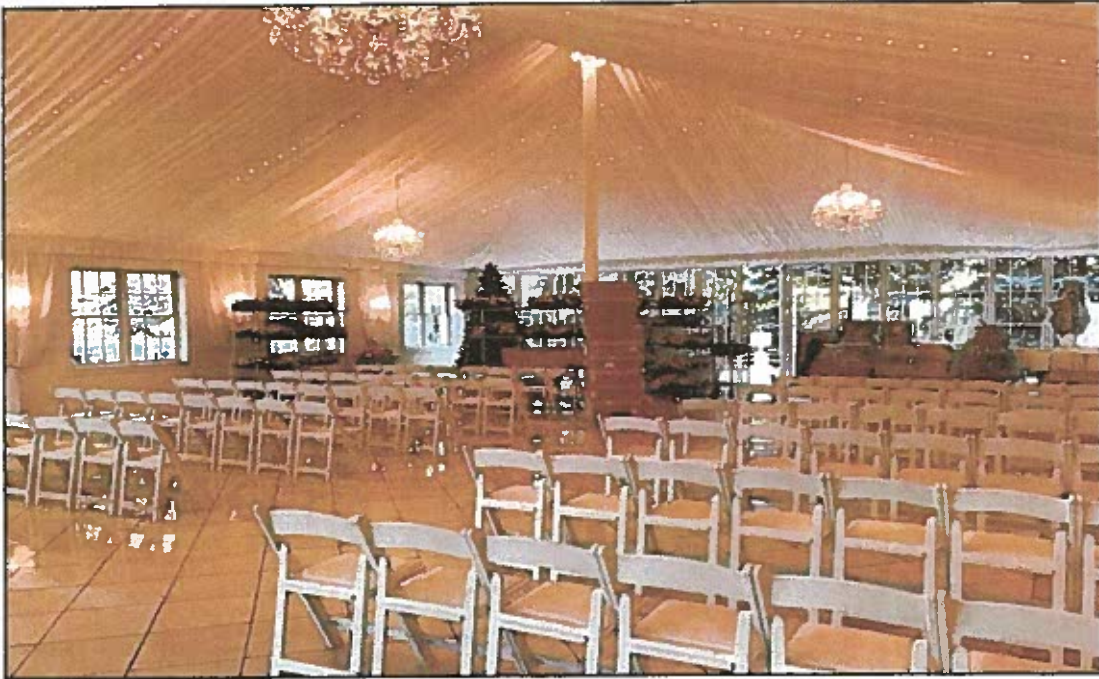
EXAMPLE OF PRIVATE OFFICE



EXAMPLE OF BANQUET DINING SPACE



## Subject Photographs



EXAMPLE OF NORTH BANQUET SPACE



EXAMPLE OF SOUTH BANQUET DINING SPACE



**Subject Photographs**



**EXAMPLE OF KITCHEN SPACE**



**EXAMPLE OF KITCHEN SPACE**

## Subject Photographs



EXAMPLE OF 2<sup>ND</sup> FLOOR HALLWAY



EXAMPLE OF UPSTAIRS BANQUET SPACE



## Subject Photographs



EXAMPLE OF UPSTAIRS KITCHEN



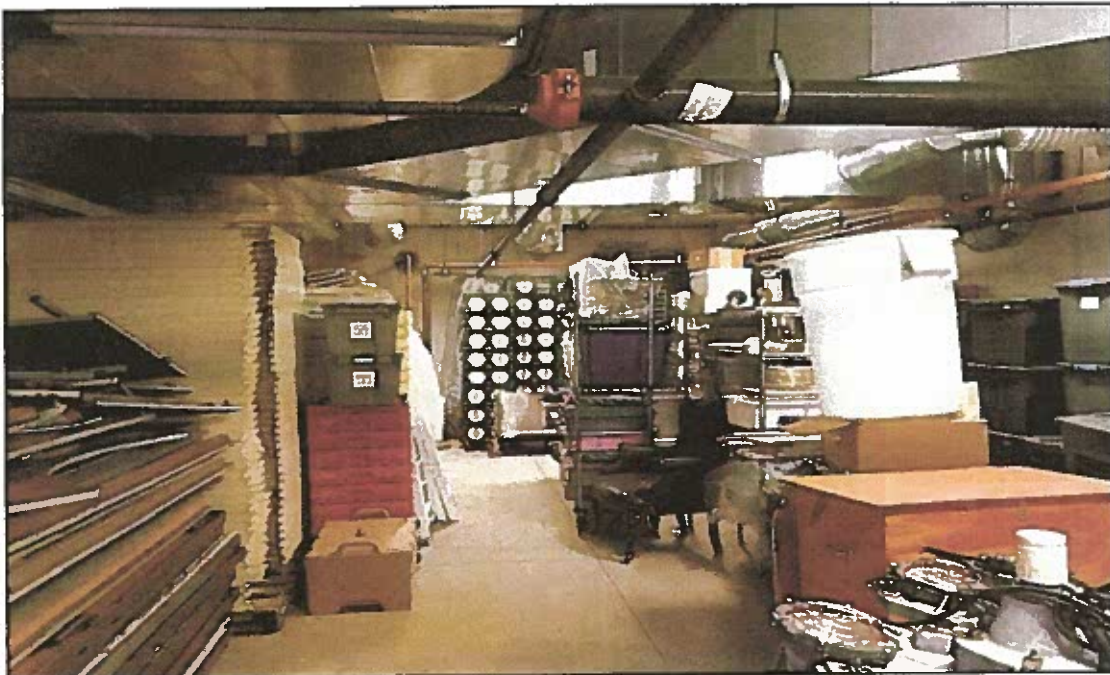
EXAMPLE OF BRIDAL DRESSING ROOM



**Subject Photographs**



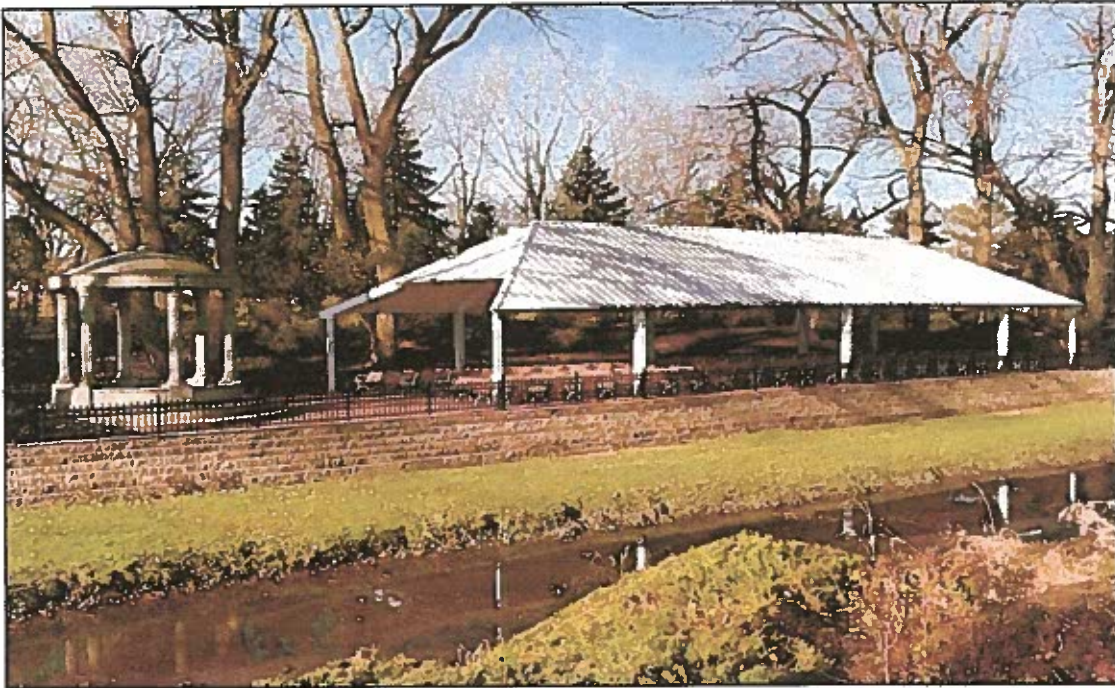
**EXAMPLE OF RESTROOM**



**EXAMPLE OF BASEMENT SPACE, 1 OF 2**



## Subject Photographs



EXAMPLE OF GAZEBO AND COVERED PAVILLION



STONYCREEK ENTERING SUBJECT SITE FROM NORTHWEST BOUNDARY

# INTRODUCTION





## **PROPERTY RIGHTS APPRAISED - Continued**

eminent domain, police power and escheat. (*The Dictionary of Real Estate Appraisal*, Sixth Edition, published by The Appraisal Institute)

Our appraisal assignment in this case is to estimate the Fee Simple market value of the property. The Value in Use or Leased Fee Value could be drastically higher than the Fee Simple Value in some cases. The Fee Simple Value is simply measuring a different bundle of rights.

## **INTENDED USE OF THE APPRAISAL**

The intended use of this appraisal is to provide an estimate of the market value of the subject property as of January 1, 2020 which may be used only for ad valorem purposes.

## **DEFINITION OF MARKET VALUE**

Market Value is defined in *The Appraisal of Real Estate*, 13<sup>th</sup> ed. Chicago: 24-25; 12 C.F.R. Part 34.42 (g)., published by the Appraisal Institute, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by any undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

## **SCOPE OF THE ASSIGNMENT**

A physical inspection of the subject property was made by either the appraiser or a representative of First Real Estate Services, Ltd. Any physical description information such as a plat of survey, site plan, floor plans, floor layouts, blueprints or a prior appraisal were utilized (if available) from the client or its representative. A visual review of the comparable improved sale properties, and an analysis of regional and neighborhood trends was also performed. All market data was verified by either the buyer, seller, broker, deed, title company, preparer and/or leasing agent wherever possible via the COMPS®.COM, Inc. Data service or our database files. The accumulated data was summarized and then processed into a value by the consideration of the three approaches to value. We have performed an appraisal process that is based on the cost approach, the income approach and the sales comparison approach to value. The results of the aforementioned appraisal process are presented in a summary appraisal report format in conformance with the reporting requirements set forth under the Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation. The appraisal is subject to the assumptions and limiting conditions and certifications presented in the summary appraisal report.

## **HISTORY OF THE PROPERTY**

According to the public records and/or conversations with the property owner or its representative, title to this property has not transferred in the past three years. To the best of our knowledge, the property is also not under current agreement or option to purchase and is not currently listed for sale or lease.

## **SPECIFIC LIMITING CONDITION**

Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or the MAI designation. Further, the appraisers and First Real Estate Services, Ltd. assume no obligation, liability, or accountability to any third party. If this



### **SPECIFIC LIMITING CONDITION - Continued**

report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

### **EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS**

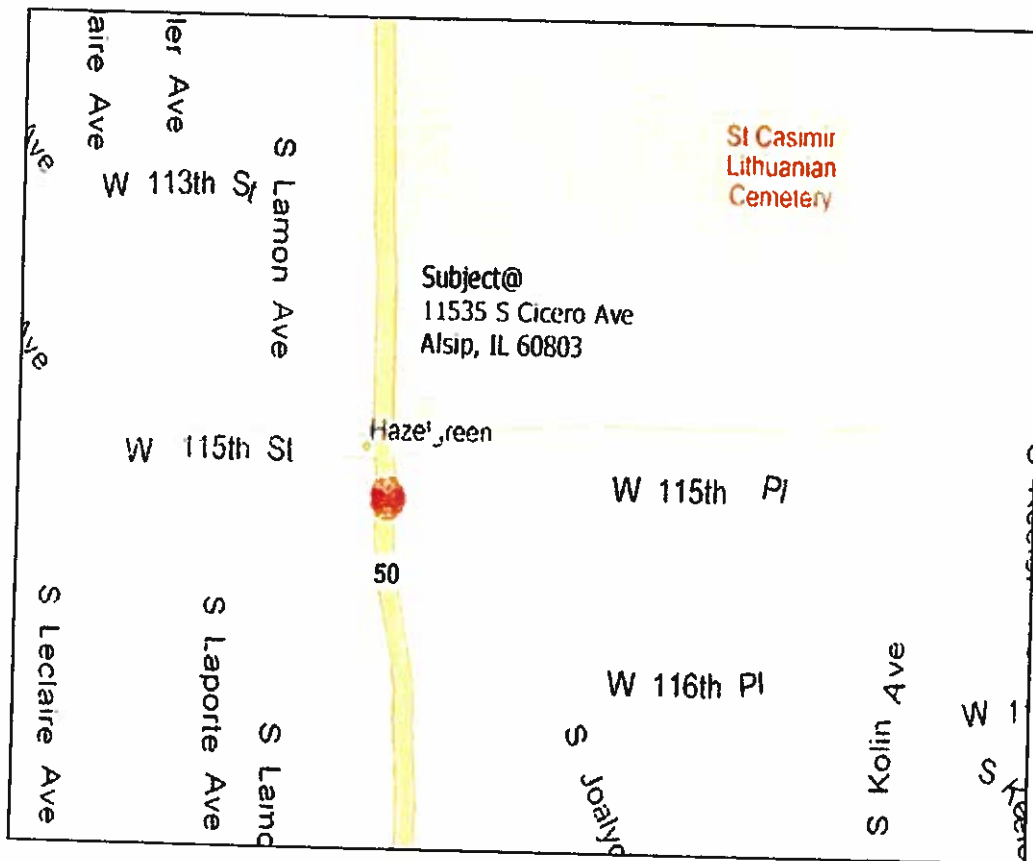
An extraordinary assumption is an assumption, directly related to the assignment, which if found to be false could alter the appraiser's opinions or conclusions. A hypothetical condition is that which is contrary to what exists, but is supposed for the purpose of the analysis. The date of the report indicates the perspective from which the appraiser is examining the market and the effective date of the appraisal establishes the context for the value estimate. Retrospective appraisals in which the effective value date is prior to the date of the report may be required for property, estate, or inheritance tax matters; condemnation proceedings; suits to recover damages; and similar situations. The property was inspected on November 23, 2020. The opinion of value contained herein is premised on conditions prevailing as of January 1, 2020, the effective date of this appraisal. This summary appraisal report was prepared during the month of December, 2020.

### **COMPETENCY PROVISION**

The Appraisers have full knowledge and experience in the nature of this assignment. All necessary and appropriate steps have been taken in order to complete the assignment competently. There is no lack of knowledge or experience that would prohibit this assignment to be completed in a professional, competent manner.

## **DESCRIPTIVE SECTION**

## NEIGHBORHOOD MAP



## **NEIGHBORHOOD ANALYSIS**

A neighborhood is defined as an entire community or portion of a larger community or in which there is a homogenous group of inhabitants, buildings, or business enterprises.

The subject property is located at 11535 South Cicero Avenue in the Village of Alsip. The Village, located 17 miles south of the Chicago Loop, is surrounded by the communities of Oak Lawn, Blue Island, Palos Heights, the City of Chicago, and Crestwood. This suburb is roughly bordered by 111th Street to the north, the Calumet Sag Channel to the south, Kedzie Avenue to the east, and Ridgeland Avenue to the west. More specifically, the subject property is bordered by 115<sup>th</sup> Street to the north, 119<sup>th</sup> Street to the south, Pulaski Road to the east, and Cicero Avenue to the west. Maps of Alsip and the subject property and their locations relative to the Chicago MSA are presented above and elsewhere throughout this report.

## **NEIGHBORHOOD ANALYSIS - Continued**

The southwestern suburban community of Alsip has grown from a farm area to a small industrial center. According to the Chicago Metropolitan Agency for Planning (CMAP), the most current (2018) population estimate of the village is 19,179 persons representing 7,213. According to the 2010 Census and the 2014-2018 American Community Survey, the population decreased by 0.5 percent between 2010 and 2018. The median household income was estimated at \$58,566 while the median resident age was reported at 36 years.

According to the Northern Illinois MLS, the median sale price for detached single-family homes in 2019 was \$194,423 representing 166 transactions with an average market time of 76 days. In 2018, the median sale price was \$184,900 representing 145 transactions with an average market time of 168 days. In 2019, the median sale price for attached single-family homes was \$82,000 representing 82 transactions with an average market time of 55 days. In 2018, the median sale price was \$76,000 representing 80 transactions with an average market time of 70 days.

Aside from the residential population of Alsip, the daytime population doubles to 40,000 persons. Alsip hosts some 750 commercial, industrial, and warehousing businesses including Coca-Cola, Keebler, Crown Cork, Union Carbide, and Griffith Laboratories. Furthermore, the redevelopment of the vacated Sears, Roebuck, and Company carpet distribution facility has brought new industry to the village.

From a retail aspect, Alsip does not contain any large shopping malls, but there are numerous malls located in the nearby suburbs such as Westfield Mall, Evergreen Plaza, Ford City Shopping Center, and Orland Square. Delmar Plaza and the Tri-State Swap-O-Rama, which hosts the area's largest flea market every Sunday are located in Alsip along with a number of specialty shops, retailers, and restaurants.

Alsip and the respective subject property are located near major roadways and highways which provide easy access to the entire Chicago Metropolitan Area. The Tri-State Tollway (I-294), which bisects the village, runs northwest while the Dan Ryan Expressway (I-57), located east of Alsip, runs north/south. Drive time to the Chicago Loop is approximately 45 minutes while the Rock Island



## **NEIGHBORHOOD ANALYSIS - Continued**

Line trains, with a stop in nearby Blue Island, reach the Loop in approximately 38 minutes. Additionally, drive times to Midway and O'Hare airports are 15 and 35 minutes, respectively.

In summary, overall property values in the subject property neighborhood should remain relatively stable for the short term. For the long term, overall property values should remain relatively stable with possible fluctuations due to changing economic conditions and/or significant changes in the overall character and use trends for the subject neighborhood.

## **BANQUET HALL MARKET OVERVIEW**

Events at banquet halls include weddings, private parties, organizational events, and corporate events. With event demand growing, respondents to the American Express Meetings & Events Forecast predict that rise will equal about 2.41% in North America in 2019.

### **Event Trends**

In 2019, there will further movement toward combining corporate events with festivals, as elements of the former become a means of engagement for the latter. For example, the Forbes' Under 30 Summit, a gathering of 7,000 30-and-under entrepreneurs, goes so far as to host an actual music festival in Boston as part of the event.

According to Endless Events, many gatherings still feel like copycats of other successful conferences. These events fail to establish their own identity and lack authenticity. Kimbre Lancaster, Senior Global Event and Field Marketing Manager at Split, states we're going to see a continued trend of bringing people closer together at events via a more personalized experience. People don't want a cookie cutter, dry experience. And, according to Aleksandra Panyukhina, Head of Event Marketing, SEMrush, event marketers should focus on creating unique concepts for every single activity, avoid the commonly used patterns, and put the experience and emotions of attendees first. There is no way to deliver the best experience possible for every attendee while staying generic.

With so many events getting larger and packing more into their agendas, we are seeing an increasing number of people looking for smaller, more intimate events where they can form deeper connections with both other attendees as well as speakers Per Kathleen Booth, Vice President - Marketing, IMPACT. These trends will continue to support the many smaller facilities around the Chicago area.

Other trends include greater focus on data security for event attendees. A continuous stream of cyber threats has hit even tech giants like Facebook resulting in data breaches compromising the personal details of millions of customers. Events may handle huge amounts of data, making them very attractive targets for malicious entities. This is why event organizers need to work hand in hand with

## **MARKET OVERVIEW - Continued**

data security specialists and encryption shouldn't be optional, it should be enabled by default. This goes for all communications, including (and especially) the event's WiFi.

### *Food Trends*

Perhaps even more important for event planners than the rise of vegetarianism and veganism is the demographics of those following the diet. The portion of U.S. consumers under 49 who consider themselves vegans or vegetarians is more than double that of consumers over 50. With the younger demographic being a majority of the modern attendee base, planners need to pay attention. That means working with venues and caterers who can put innovative vegetarian food and beverages on the plate.

According to the ITA Group, what's popular on the plate is ever changing, which makes it fun to take those trends we are seeing in restaurants and incorporate them at group events. Look for breakfast options that use local ingredients to create flavors inspired by global cuisines. Or clarified cocktails, which are "ultra-smooth" drinks made using a culinary centrifuge. Expect to hear more about vegan seafood options and even cell-cultured meats (lab grown). The hospitality industry is increasingly passionate about reducing food waste and finding ways to increase their sustainable operations. Movements already in the works include straw bans in various cities and pasta straws have been spotted in restaurants. Additionally, there's a continued shift from formal settings to ones that are focused on more interaction, more conversation, and engagement amongst attendees.

### *Public Facility Options*

In the Chicago area private banquet halls must compete with facilities offered by the parks districts and forest preserves. The Chicago Parks district offers over a dozen such facilities with many more in the suburban areas.

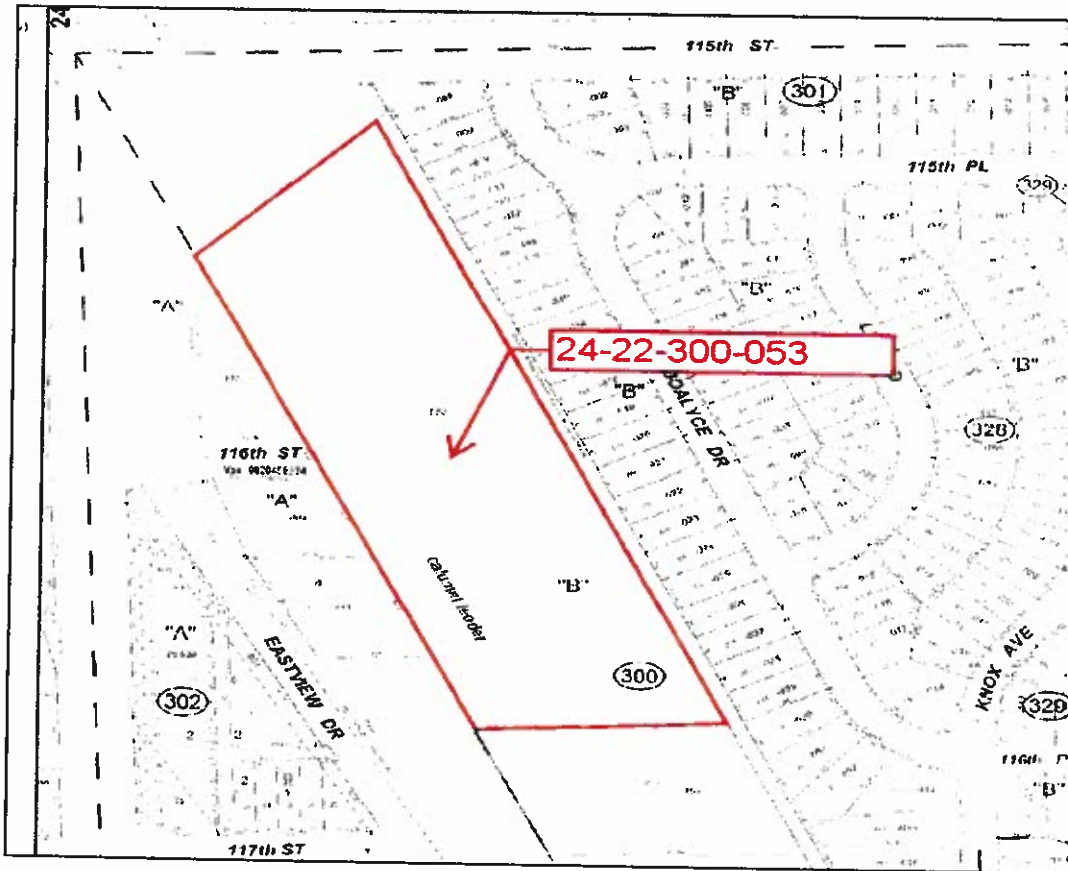


## **MARKET OVERVIEW - Continued**

### Conclusion

Demand for banquet hall facilities is expected to be moderate according to industry analysts. Changes in consumer tastes regarding event preferences will require banquet hall operators to adapt their existing facilities to changes in consumer demand. Increases in operating costs due to cyber security threats, changing food trends, and public facility options are expected to decrease profit margins.

## SIDWELL MAP



### **SITE DATA**

#### **LOCATION:**

11535 South Cicero Avenue  
Alsip, Illinois

#### **SITE:**

The subject site is an irregular-shaped, land-locked parcel of land with dimensions of approximately 339' x 862' x 342' x 1,107'. The site has access from 115<sup>th</sup> Street to the north via Eastview Drive which is located along the site's west lot line and along the east side of Cicero Avenue. The total area is approximately 300,608 square feet, or 6.90 acres. The site is situated in the southeast quadrant of the intersection of 115<sup>th</sup> Street and Cicero Avenue. As previously noted, approximately 106,374 square feet, or 2.44 acres of the site area is

## **SITE DATA - Continued**

unuseable surplus land that is located in the Calumet Feeder flood plain resulting in a net site area of 194,234 square feet, or 4.46 acres.

### **SOIL AND SUBSOIL:**

The soil conditions appear adequate for this usage; however, a soil report has not been made available to the appraisers and we, therefore, have not considered soil conditions to be a detrimental influence. The appraisers have assumed that the subject property does not have any hazardous substances within the building or soil that would be considered detrimental unless otherwise noted. Hazardous substances, if present within a facility, can introduce an actual or potential liability that will adversely affect the marketability and value of the facility. Such liability may be in the form of immediate recognition of existing hazardous conditions. Future liability could stem from the release of currently nonhazardous contaminants, such as asbestos fibers or toxic vapors from urea-formaldehyde foam insulation, caused by aging or building renovations.

### **UTILITIES:**

All standard utilities such as gas, water, and electricity are available to the subject site.

### **ADJACENT LAND USES:**

Residential to the east; a cemetery across 115<sup>th</sup> Street to the north; Stony Creek waterway adjacent to the west and south; and a utility easement followed by a Public Storage across Cicero Avenue to the west.

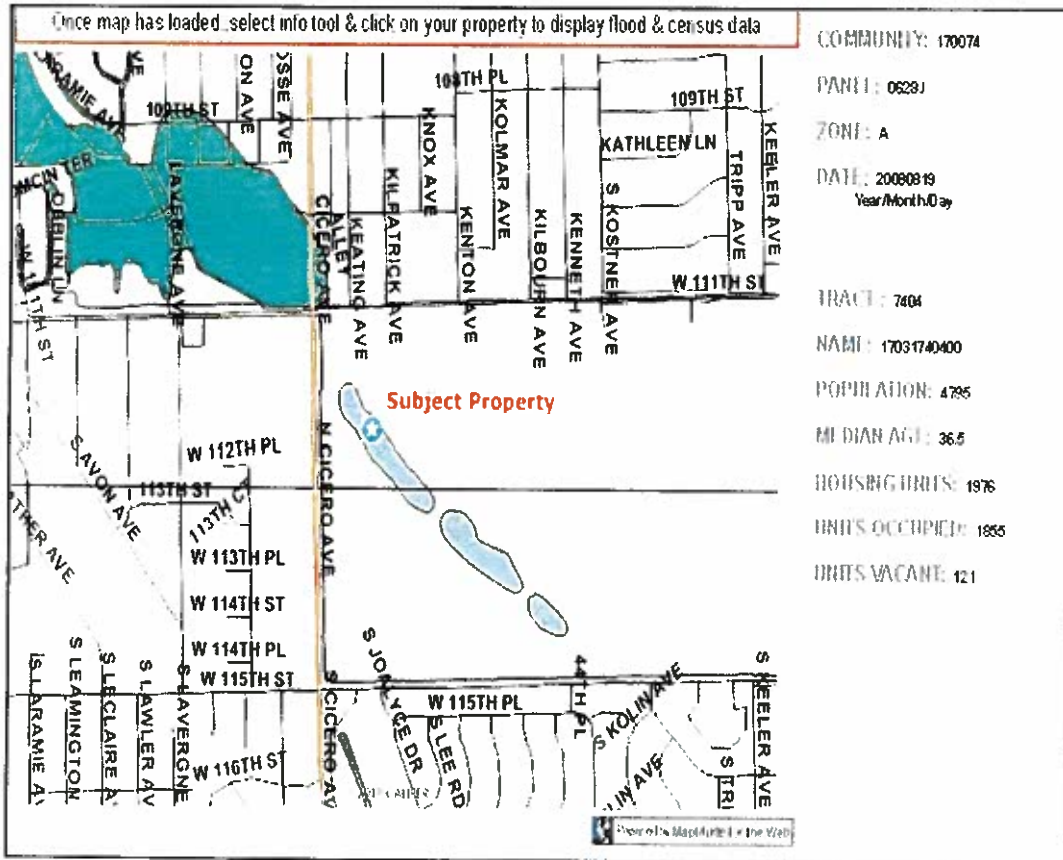
### **TOPOGRAPHY AND DRAINAGE:**

The site appears level with no apparent drainage problems.



## SITE DATA - Continued

### FLOOD MAP



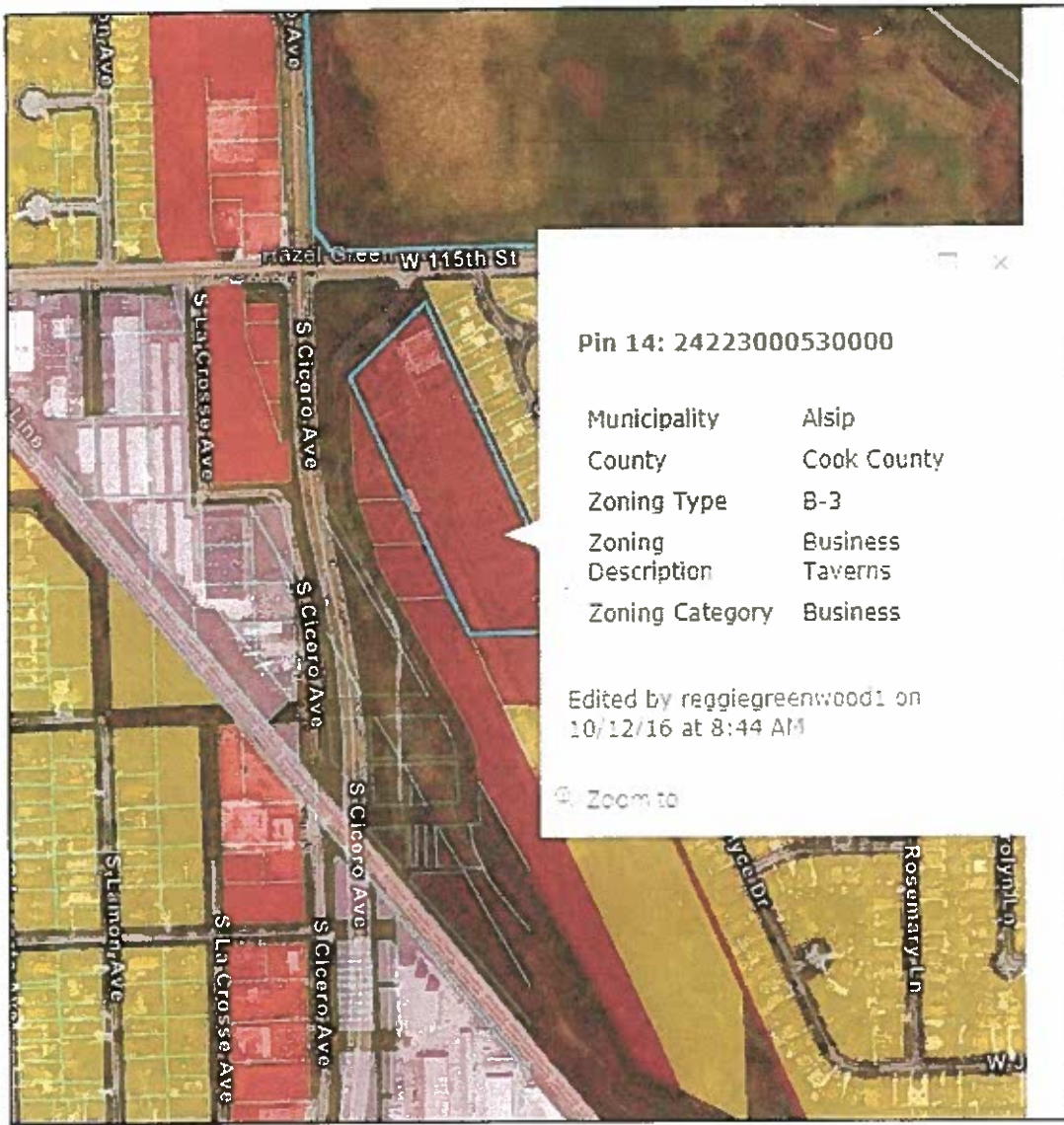
### FLOOD HAZARD AREA:

According to the Federal Emergency Management Agency, Flood Hazard Insurance Program, Community Panel Number 170055 0636J, dated August 19, 2008; approximately 194,234 square feet, or 4.46 acres of the subject site is located in a Zone X, which is an area of minimal flood risk and approximately 106,374 square feet, or 2.44 acres is located in a Zone A, which is defined as an area inundated by a 1% annual chance of flooding for which no base flood elevations have been determined. A copy of the flood map is presented above.

### STREET IMPROVEMENTS:

All streets and parkways are improved with concrete curbs, gutters and sidewalks.

# ZONING MAP



## **ZONING DATA**

The subject property is zoned B-3, Business Taverns District, by the Village of Alsip, Illinois. This zoning designation allows the village to control high-density developments while also allowing such a development to benefit the surrounding neighborhood. This zoning district may allow a wide variety of commercial uses, including the subject's current use as a banquet facility. Any development within this zoning designation must conform to several guidelines set by the zoning and planning commissions of the Village of Alsip.

Based on a review of the zoning ordinance and a review of the zoning criteria, it is the opinion of the appraisers that the subject property is a permitted use under this classification. It also appears that the subject building conforms to the zoning classification and its restrictions. We do recommend further investigation for verification of restrictions.



## **DESCRIPTION OF IMPROVEMENTS**

<b>General Description:</b>	The subject property consists of a two-story, masonry, banquet hall facility containing approximately 25,640 square feet of gross building area.
<b>Year Built:</b>	Originally constructed in 1974 with additions built in 1998 and 2006.
<b>Foundation:</b>	Reinforced concrete foundation walls and footings and partial basement with concrete slab and load-bearing walls.
<b>Clear Ceiling Heights:</b>	Office & Banquet Halls: 10 feet; Foyer: 22 feet; Basement: 8 feet.
<b>Exterior Walls:</b>	Painted brick over masonry block.
<b>Roof:</b>	Predominately flat, steel joists and deck with built-up tar and rubber membrane and gable-type with wood rafters and decking covered with asphalt shingles.
<b>Framing:</b>	Masonry load-bearing walls with steel interior beams and columns.
<b>Floors:</b>	Reinforced concrete slab on grade. Upper floor composed of steel joists and deck with lightweight concrete topping.
<b>Windows:</b>	Double-pane, wood frame.
<b>Electrical:</b>	1,800 amp, 120/240 volt, multi-panel, three-phase service. Adequate for current use.
<b>Elevators:</b>	One, 2-stop, 3,500 lb. capacity passenger elevator and one, 2-stop 750 lb. capacity wheel chair lift.
<b>HVAC:</b>	Gas-fired, forced-air heating and central air-conditioning throughout provided by roof-mounted package units.
<b>Sprinklers:</b>	100% sprinklered with a wet system.
<b>Plumbing:</b>	Nine washrooms consisting of three men's and six women's equipped with adequate fixtures. Typical finish includes suspended acoustical-tile ceilings,

## DESCRIPTION OF IMPROVEMENTS - Continued

- carpeted and ceramic-tile floors and painted drywall and ceramic-tile walls. Adequate for current use.
- Loading Facilities:** None.
- Interior Finish:** The facility has four banquet halls that are typically finished with suspended acoustical-tile ceilings, carpeted and ceramic-tile floors, painted and wall-papered drywall walls and recessed and surface-mounted incandescent light fixtures.
- The kitchen area is approximately 6,400 square feet and is finished with a suspended acoustical-tile ceiling, a vinyl-tile floor, painted drywall walls and surface-mounted fluorescent light fixtures.
- Office space consists of individual offices and is finished with suspended acoustical-tile ceilings, carpeted floors, painted and wall-papered drywall walls and recessed incandescent, CFL and LED light fixtures.
- Site Improvements:** Asphalt paved parking for approximately 500 cars; landscaping consisting of grass, trees and shrubs; wood-frame canopies; a 400 square foot, masonry 2-car garage; iron and chain-link fencing along the north and east property lines; and signage.
- Physical Condition:** The subject property was in average overall condition as noted at the time of inspection. Items of deferred maintenance and repair work needed include:
- Cracks in the northeast and southeast patio areas.
  - Cracks and settling in the concrete walkway.
  - Cracks and deterioration in the asphalt paved parking lot.
- Functional Utility:** The subject is a special-use property which has a very limited number of alternative users in the market. The property also has a very limited delivery area and inadequate storage space. Also, approximately 35% of subject site is located in a flood plain with Stony Creek waterway channeling through the subject site from the northeast boundary to the east portion of the south boundary.

# **HIGHEST AND BEST USE SECTION**

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*First Real Estate Services, Ltd.*

*120 W. Madison - Ste 618 • Chicago, IL 60602 • 312.578.0600 • Fax 312.578.0609*



## HIGHEST AND BEST USE

*The Dictionary of Real Estate Appraisal*, (6th Edition), published by The Appraisal Institute, defines highest and best use as follows:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for the continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Since the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land as though vacant and available for development, and for the property as improved.

Land has limited value unless there is a present or anticipated use. The amount of value depends on the nature of the land's anticipated use, according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant.

Accordingly, the highest and best use of the land, as if vacant and available for use, may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site. Moreover, the determination of a property's highest and best use set forth in an appraisal may not conform with the existing use.

In estimating highest and best use, there are essentially four stages of analysis:

1. *Permissible (Legal) Use* - Which use is permitted by zoning and deed restrictions on the site in question?
2. *Physically Possible* - To which use is it physically possible to put the site in question?

## **HIGHEST AND BEST USE - Continued**

3. *Financially Feasible* - Which possible and permissible use will produce any net return to the owner of the site?
4. *Maximally Productive* - Among the feasible uses, which use will produce the highest net return or the highest present worth?

These tests have been applied to both the vacant and improved property as described in the following pages. After eliminating potential uses for the subject property by applying each test, a highest and best use of the subject property as vacant and improved is indicated.

### **Highest and Best Use as Vacant**

#### **Legal Permissibility**

Legal permissibility pertains to legal restrictions, as they apply to the subject property. Legal restrictions are of two types: private and public restrictions. Private restrictions may refer to deed restrictions and/or easements. Public restrictions may include: zoning ordinances, general city ordinances, state laws, and federal laws.

The subject property is zoned B-3, Business Taverns District as indicated in the zoning data section of this report. This zoning district allows a variety of commercial uses. No zoning change is anticipated in the near future.

In conclusion, uses allowed under the B-3, Business Taverns District classification are considered legally permissible uses.

#### **Physically Possible**

The next constraint imposed on the highest and best use of the property is that dictated by the physical aspects of the site itself. Size, location, and allowable density are the most important determinants in value. The size of the lot, when considered within the provisions of the zoning, has a considerable influence on its ultimate development. The permitted size determines how the site is developed. In general, the larger the site, the greater the potential for achieving economics of scale and flexibility in development.

## **HIGHEST AND BEST USE - Continued**

The subject land-locked site, which is irregular in shape, contains 300,608 square feet, or 6.90 acres. Utilities are available to the site and Cicero Avenue and 115<sup>th</sup> Street are major thoroughfares. The size and shape of the site allows for commercial development. However, as previously noted, approximately 106,374 square feet, or 2.44 acres of the site area is unuseable surplus land that is located in the Calumet Feeder flood plain resulting in a net site area of 194,234 square feet, or 4.46 acres. Also, the site is land-locked and is only accessible from 115<sup>th</sup> Street via an access road. Therefore, the site's physical aspects do impose constraints upon development of the site to any of the legally permissible uses.

### **Financially Feasible**

After applying the tests of legal permissibility and physical possibility, several potential uses of the site have been eliminated. The next test to apply concerns financial feasibility. A use is considered financially feasible if it is expected to produce a positive return.

In analyzing financially feasible uses of the subject property as vacant we considered the return on the legally permissible and physically possible uses as they relate to all of, but not limited to, the following factors:

1. Growth trends in the subject area
2. Supply and demand of specific property types
3. Overall development mix of the subject neighborhood
4. General demographics of the subject area

Given the nature of Cicero Avenue, it appears that a commercial development on a built-suit basis is most financially feasible at this time. Current market rents have not risen to levels that would support speculative construction given the stagnant state of the local market.

### **Maximally Productive**

Of the legally permissible, physically possible, and financially feasible uses, the use that provides the highest rate of return is considered to be maximally productive. Based upon our estimations of potential returns for all of the legally permissible, physically possible and financially feasible uses,



## **HIGHEST AND BEST USE - Continued**

a commercial development on a built-to-suit basis is the most maximally productive use of the subject site.

### **Highest and Best Use As Improved**

The highest and best use of the property as improved is analyzed for various reasons. The analysis identifies the use expected to produce the highest overall return. Remodeling, renovation, conversion, demolition of and no change to the existing improvements are considered.

Another reason for identifying the highest and best use as improved is to identify comparable properties. The highest and best use as improved should be the same for each comparable as for the subject property.

### **Legal Permissibility**

The current use of the subject property is permitted under the B-3, Business Taverns District zoning classification.

### **Physically Possible**

The subject site is currently improved with a 25,640 square foot (gross) banquet hall facility. The improvements are adequately situated on the site. Access and visibility are somewhat limited because the site is land-locked. Sufficient parking is available to the site. Remodeling, renovation, conversion, and demolition of the improvements were considered. The subject property as currently improved is physically possible.

### **Financially Feasible**

The subject's current use produces an acceptable return to investors by generating income greater than the amount needed to satisfy operating expenses, financial obligation and capital amortization and is therefore, regarded as financially feasible.

## **HIGHEST AND BEST USE - Continued**

### **Maximally Productive**

The maximally productive use of the subject property as improved is the use of the subject property, in light of the current improvements, that provides the highest overall return. The subject site is currently improved with a 25,640 square foot (gross) banquet hall facility. This use is legally permissible, physically possible, and financially feasible.

In conclusion, the highest and best use of the subject property as improved is its current use as a 25,640 square foot (gross) banquet hall facility.