

## BROKER OPINION OF VALUE

Prepared by Key Commercial Real Estate  
2/7/2020

For the Confidential Use by  
Jerod & Patricia Wooldridge

### I. PROPERTY DATA

Parcel Address	720 Nygaard Street, Stoughton WI
Parcel Number	281/0511-063-2145-4
Zoning	PB/Planned Business District
Parcel Size (SF)	20,999 (.48 acres)
Building Size (SF)	2,616
RE Taxes (2019)	\$5,623
RE Tax Assessment FMV	land \$109,200
	building <u>\$154,100</u>
	total \$263,300
Age	17 years (2003 construction)
Description	Building is currently owned and occupied by a child care facility. Given age and assumption that roof, mechanicals and parking lot are original, a buyer will likely incur some capital expenses in the near future. Permanent billboard easement is not income producing.

### II. VALUATION OF BUILDING - INCOME APPROACH

	<u>SF</u>	<u>Rent</u>	<u>Annual</u>	
<b>INCOME</b>				
Rent Revenue	est. 2,616	\$ 16.00	\$ 41,856	
Additional Income			\$ 15,626	
Gross Income			\$ 57,482	
Vacancy (5%)			\$ 2,874	
Income			\$ 54,608	
<b>OPERATING EXPENSES</b>				
Real Estate Taxes			\$ 5,623	
Insurance			\$ 1,671	
Maintenance (5%)			\$ 2,093	
Lawn/Snow			\$ 2,745	
Utilities			\$ 3,494	
Management (self mgmt)			\$ -	
Total Operating Expenses			\$ 15,626	
NOI			\$ 38,982	
Capital Expenditures	(roof, mechanicals, parking lot)		\$ 2,500	
Annual Debt Service (P&I)	Mortg. 1		\$ 15,660	
Annual Debt Service (P&I)	Mortg. 2		\$ 3,192	
Total Other Expenses			\$ 21,352	
Cash Flow			\$ 17,630	(does not take into account any tenant improvement allowance, holding costs, 6% lease commission, legal or other professional fees)
<b>VALUATION</b>				
NOI (Net Operating Income)		\$ 38,982	\$ 38,982	\$ 38,982
CAP Rate		7.500%	8.000%	8.500%
Building Value fully leased		\$ 520,000	\$ 487,000	\$ 459,000
PSF		\$ 198.78	\$ 186.16	\$ 175.46
Estimated Broker Opinion of Value			\$ 473,000	(based on average of above highlighted range)



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**III. VALUATION OF BUILDING - MARKET APPROACH (psf)****Comparable Property Sold**

Price	Price	Bldg SF	\$/SF	Sale Date	Bldg Type	Description
214 S. Forrest St., Stoughton	\$225,000	2,184	\$103.02	4/4/2019	Daycare	Daycare just off of Main St.
1036 Quinn Dr., Waunakee	\$1,560,000	9,428	\$165.46	11/3/2017	Daycare	Built in 2007. Business park setting close to residential.
101 Kearney Way, Waunakee	\$450,000	3,024	\$148.81	5/30/2017	Daycare	Similar bldg/land size. Built in 1986. Neighborhood location with minimal visibility.
120 Enterprice Dr., Verona	\$1,550,000	9,200	\$168.48	2/3/2017	Daycare	Single story, commercial setting, 1998 construction.
2321 Jackson St., Stoughton	\$2,198,600	23,603	\$93.15	12/21/2016	Sr. Living	2 parcels. Located close to subject.
3149 Maple Grove Dr., Madisor	\$600,000	5,318	\$112.82	6/30/2016	Daycare	Building with excess land for expansion.

\*highlighted properties denotes most comparable

**\$160.92** Average price per square foot (PSF) of the MOST comparable properties above

**Comparable Properties For Sale**

	Price	Bldg SF	Psf	Sale Date	Bldg Type	Description
125 Rosewood Ave., Oregon	\$495,000	2,816	\$175.78	n/a	Daycare	Square footage doesn't reflect 1000 sf lower level play area. Listed since 6/2019.
1805 Bourbon St., Cross Plains	\$730,000	6,523	\$111.91	n/a	Daycare	Has full walkout basement with 4,343 sf useable play area not included in \$/psf calc.
520 Business Park Circle, Stoughton	\$299,000	2,470	\$121.05	n/a	Office	Turnkey office building in business park. Currently has an AO.
221 Kings Lynn Rd., Stoughton	\$600,000	6,000	\$100.00	n/a	Office	Brick building just off of Main Street on edge of commercial area. 3,000 sf floor plates, lower level is fully exposed in rear. Upper and lower parking lots.

\*highlighted properties denotes most comparable

**\$136.25** Average price per square foot (PSF) of the MOST comparable properties above

The best suited comparables are those properties that have already sold to give a true indication of market value. As shown above, the most comparable properties to have sold recently range from \$149-\$168 psf. Based on an analysis of these properties, the market value of the subject property psf is estimated at \$168 psf.

**Estimated Broker Opinion of Value**

**\$439,488** (\$168 x 2616 sf)

**III. CONCLUSION**

I believe the target market for the sale of the property is an owner-occupant. While a daycare would be the ideal user and likely pay a premium, the small building footprint lends itself well to an office user such as a real estate firm or insurance group. Additionally, the visibility to Highway 51 and the small outdoor area would be attractive to those seeking exposure for their business, especially those with a small sales component.

The subject property is unique in its size, outdoor space and proximity to the rapidly expanding Kettle Park West retail development. I think a premium can be applied to the subject property to some extent but a realistic sale price is likely between \$450,000 - \$485,000 which is an 8%-8.5% cap which is achievable given the Stoughton market, building quality, etc. That being said, I would feel comfortable listing at \$520,000 knowing we will land a bit lower.

